HALF-YEAR FINANCIAL REPORT

2018

Dermapharm Holding SE

DERMAPHARM AT A GLANCE

Group results at a glance

		H1 / 2018	H1 / 2017
Revenues	EUR million	280.3	234.2
Adjusted EBITDA*	EUR million	70.9	54.6
Adjusted EBITDA margin	%	25.3	23.3
Unadjusted EBITDA	EUR million	67.1	54.6
Unadjusted EBITDA margin	%	23.9	23.3
Operating result	EUR million	54.0	46.9
EBT	EUR million	52.5	44.5
Consolidated net profit / loss for the period	EUR million	38.0	39.5
Earnings per share	EUR	0.72	0.79

		30 June 2018	31 December 2017
Total assets	EUR million	688.4	415.3
Equity	EUR million	217.3	73.7
Equity ratio	%	31.6	17.7
Cash and cash equivalents	EUR million	180.1	6.3
Net debt	EUR million	148.9	258.5

*EBITDA H1 / 2018 adjusted for non-recurring costs of EUR 3.8 million in connection with the preparations for the IPO and in connection with the acquisitions of Strathmann and Trommsdorff

Note:

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, revenues and earnings contribution were not included in the consolidated net profit until February 2018. Further information on this can be found in note 2.5.

2018 financial calendar

20/11/2018	Publication of 2018 9-Month Financial Report

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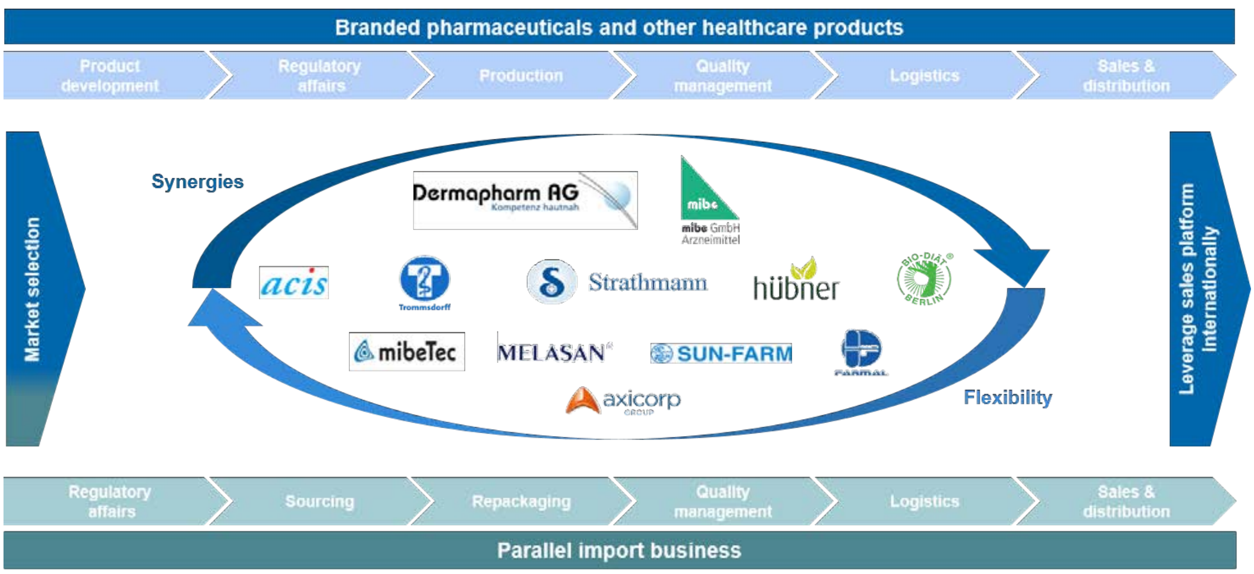
COMPANY PROFILE

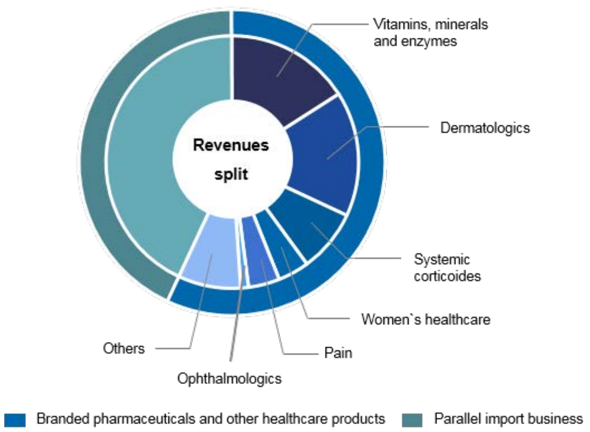
Specialist for off-patent branded pharmaceuticals

We are a leading manufacturer of off-patent branded pharmaceuticals for selected therapy fields. Our product range includes prescription pharmaceuticals as well as OTC and other healthcare products. While our primary focus is on Germany and German-speaking countries, our international presence is growing. In addition to our line of own branded pharmaceuticals, we also conduct business with parallel imports of patented EU branded compounds in Germany. Founded in 1991, Dermapharm is based in Grünwald near Munich. We manufacture our product portfolio at five state-of-the-art production facilities in Germany. Our primary production and development facility and our central logistics hub are located in Brehna, near Leipzig. Dermapharm's portfolio focuses on our selected fields of therapy. Our objective is to become a market leader in these therapy fields by offering a wide range of innovative products. We rely on our team of in-house experts to develop our branded products. We develop prescription and OTC pharmaceuticals, medical devices, dietary supplements, and food supplements. We possess specialist expertise in the targeted acquisition and integration of brands, products and companies.

One of our key strengths is 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 200 pharmaceuticals developed by our team of highly-qualified and experienced professionals. These marketing authorisations also include authorisations for markets outside of Germany. Our comprehensive approach allows us to control the entire supply chain and thus limit any risks of inventory bottlenecks and production problems. This plays a key role in optimising margins at the same time by cutting production costs.



We also operate a parallel import business under the "axicorp" brand. We import pharmaceuticals from other EU Member States and resell them to pharmaceutical wholesalers and pharmacies in Germany. Based on revenues, Dermapharm was one of the top five parallel importers in Germany in the first half of 2018. We leverage axicorp's excellent market access to pharmacies to directly market certain well-known high-volume OTC products that do not require patient counselling as well as the bite away® medical device.



Attractive portfolio

Our product portfolio, which includes well-known brands such as Dekristol®, Ampho Moronal®, Dienovel®, Solacutan®, Keltican® and Prednisolut®, primarily covers highly specialised medical markets with high entry barriers and low levels of competition. Accordingly, we hold a significant market share in the overwhelming majority of these markets. Our attractive and diversified portfolio includes a mix of high-growth products and products with stable revenues. This portfolio covers the following product areas: vitamins/minerals/enzymes, dermatologicals, systemic corticoids, women's healthcare, ophthalmologicals and other healthcare products. Pain management was added as a new strategic therapy field following the acquisition and integration of two pharmaceutical manufacturers, Strathmann and Trommsdorff, in 2018. Our wide range of innovative products offers doctors and pharmacists cost-effective "Made in Germany" solutions for their therapeutic needs.

Our Group's home market is Germany, the largest pharmaceuticals market in Europe based on revenues in 2017. We also have a presence in Austria, Switzerland, Croatia, Poland and Ukraine. Our objective going forward is to market our branded products from our existing product portfolio as well as new product developments in other European markets. We have laid the foundation for doing so by forming distribution subsidiaries in the United Kingdom and Italy.

Hyperthermic medical devices

By acquiring the clinically-tested bite away® and Herpotherm® medical devices, which are approved for the EU and many other markets, we can now market patented products around the world to treat itching and swelling (bite away®) and herpes labialis (Herpotherm®). In multiple European markets the preparation for commercialization has started. The subsidiaries of Dermapharm have already initiated the commercialization in the first half year of 2018. The products underscore our expertise in the field of dermatology and enable us to drive forward our internationalisation efforts.

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 a leading European manufacturer of pharmaceuticals in select markets. To achieve this objective, we set out 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.

Inhouse product development

We are striving to constantly develop and bring to market additional pharmaceuticals and healthcare products. Once our specialists identify a potentially attractive pharmaceutical that fits with our portfolio, we can successfully complete all key production and authorisation processes inhouse – including designing and funding clinical trials. We rely in particular on the expertise of our own experts, some of whom have more than 25 years' experience in developing pharmaceuticals and other healthcare products. We are extraordinarily successful in developing new products, not least because we can subsequently transfer these innovative products directly to our own manufacturing sites.

Internationalisation

In the United Kingdom, Italy and other western European countries, we intend to market selected products from our existing portfolio as well as new product developments. In order to support this expansion, we have obtained marketing authorisations there for certain existing and newly developed pharmaceuticals. In the first half of 2018, we also formed subsidiaries in the United Kingdom and Italy and engaged sales and distribution managers with the relevant know-how for the local markets. Together with our subsidiary mibeTec GmbH, we gained a number of international sales and distribution partners for hyperthermic medical devices, helping us to further step up our internationalisation. We aim to systematically leverage potential acquisitions for our internationalisation objectives.

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. We have always succeeded in integrating the acquisitions into existing structures, thereby promoting organic growth. For instance, our most recent acquisitions include the medical products bite away® and Herpotherm® as well as the pharmaceuticals manufacturers Trommsdorff and Strathmann in 2018. Our objective going forward will also be to continuously review select growth opportunities and seize strategic options in line with our corporate strategy.

LETTER TO THE SHAREHOLDERS

Dear shareholders,

The first six months of the year were primarily marked by the preparations for our successful IPO on 9 February 2018 and our listing on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange as well as the integration of companies we acquired at the end of 2017 and in early 2018.

The first half of 2018 was a success from an operating perspective. We increased consolidated revenues by a further 19,7 % as compared to the same period of the previous year to EUR 280,3 million.

At the same time, EBITDA, adjusted for non-recurring costs, increased by 29,9 % to EUR 70,9 million. EBITDA was adjusted for non-recurring costs totalling EUR 3,8 million in the first half of 2018. These consisted of EUR 1,4 million in connection with the preparations for the IPO and brokerage and consulting costs of EUR 2,4 million in connection with the acquisitions of Trommsdorff and Strathmann.

The unadjusted EBITDA for the quarter amounted to EUR 67,1 million, representing a 22,9 % increase. The "Branded pharmaceuticals and other healthcare products" and "Parallel imports business" divisions contributed to earnings growth in the first six months of the year.

Furthermore, we acquired the companies Strathmann and Trommsdorff, and included the two in our group of consolidated companies for the first time. The new products gained as a result of these acquisitions, as well as other internally developed products that were successfully brought to market, will provide an ideal complement to our broad product portfolio. In comparison with the prior-year period, this allowed us to further reduce our dependency on direct discount agreements with health insurers for generic products and further increase the share of high-margin OTC products, i.e., pharmacy-only and non-prescription drugs.

Furthermore, in the first half of 2018, we systematically pursued our three-pillar strategy, which focuses on in-house product development, internationalisation and reviewing potential M&A targets.

Based on the business trend to date, the Management Board expects the Company's results to be in line with the forecasts issued for 2018. In the further course of the year, we will work to continue expanding Dermapharm's robust market position as a leading manufacturer of off-patent branded pharmaceuticals in selected markets.

Grünwald, September 2018

The Management Board

Dr. Hans-Georg Feldmeier   Karin Samusch

Stefan Grieving   Stefan Hümer

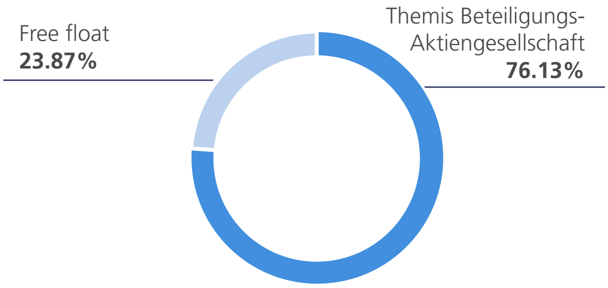
INFORMATION ABOUT THE DERMAPHARM HOLDING SE SHARES

Share information – H1 2018

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
Closing price (31/08/2018)	EUR 28.80
High/low*	EUR 29.65/EUR 23.00
Share price performance (absolute)	+10.8 %
Share price performance (SDAX)	+7.9 %
Market capitalisation (31/08/2018)	EUR 1,55 billion

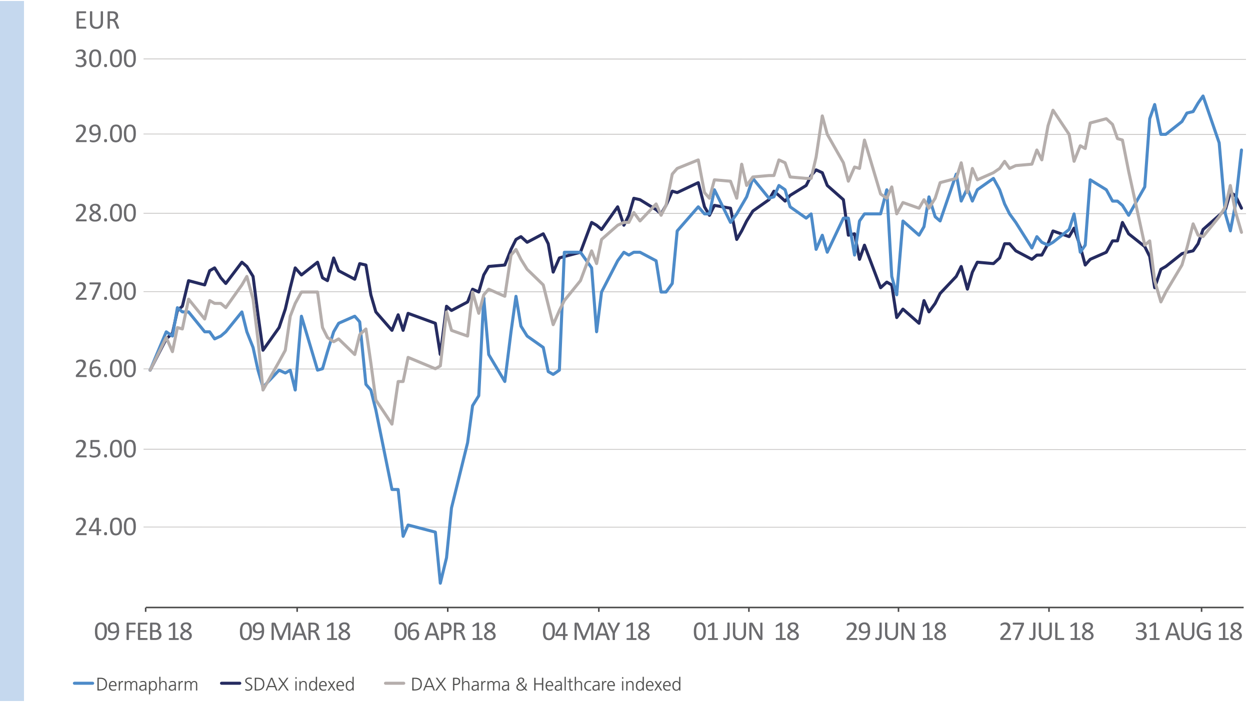
* Closing prices on XETRA trading system of Deutsche Börse AG

Shareholder structure



Information based on voting rights notifications received pursuant to German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") as at 13 February 2018, with the exercised Greenshoe option having been factored in

Dermapharm Holding SE shares (XETRA, in EUR)



2018 Annual General Meeting

Dermapharm Holding SE held its first Annual General Meeting on 26 June 2018 at the Westin Grand Hotel in Munich following the Company's successful IPO on 9 February 2018. At the Annual General Meeting, the Management Board reported in detail on Dermapharm Holding SE's operational and strategic development in financial year 2017 and in the first quarter of 2018. Dermapharm built on its success recent years by recording significant revenue and earnings growth. 87.76 % of the share capital with voting rights was represented at the Annual General Meeting and resolutions on all agenda items were adopted. The Annual General Meeting ratified the actions of the Management Board and of the Supervisory Board for financial year 2017 by a large majority. Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was appointed auditor for the 2018 financial year.

A detailed breakdown of the voting results can be viewed at any time on the Company's investor relations website, https://ir.dermapharm.de/index-EN.php, under "AGM".

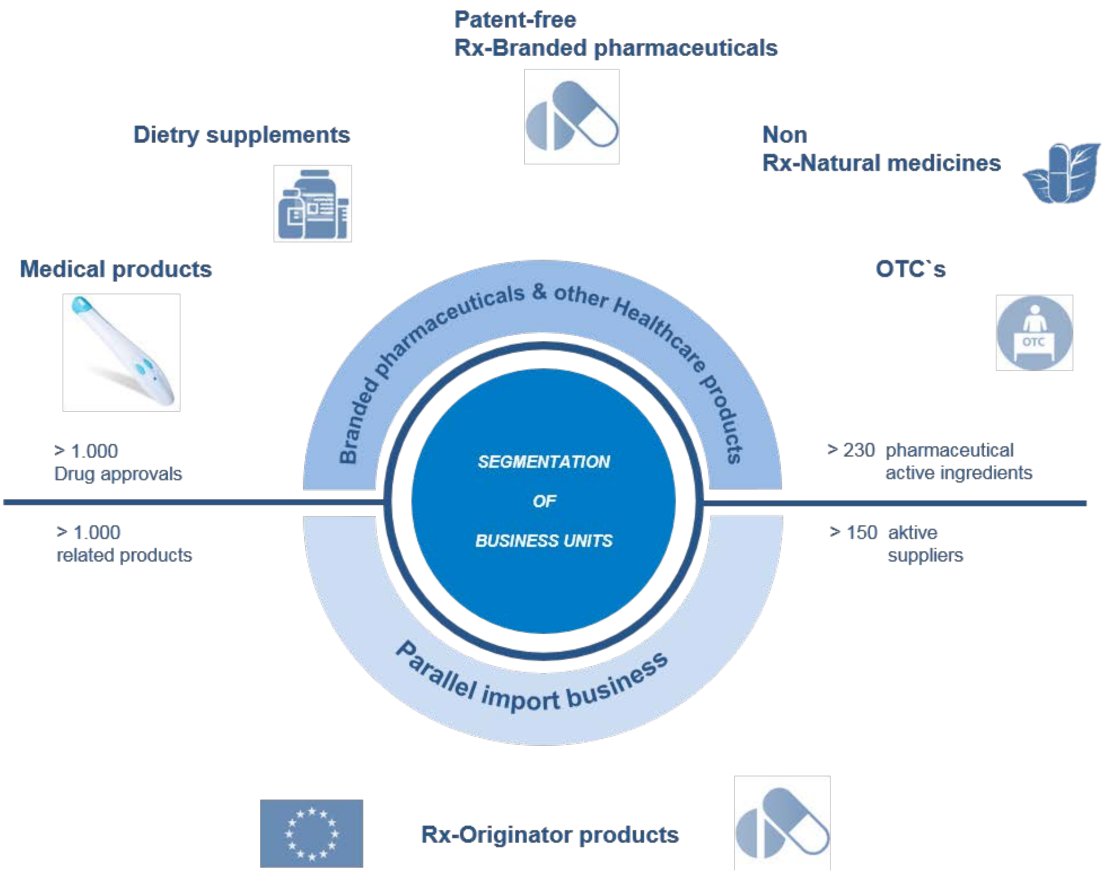
INTERIM GROUP MANAGEMENT REPORT

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 therapy fields, over-the-counter drugs and natural remedies as well as parallel imports of branded compounds in Germany, with a growing international presence. The Company focuses on the two divisions "Branded pharmaceuticals and other healthcare products" and the "Parallel imports business".



Strategy

Building on its strong position in the German pharmaceuticals and parallel imports markets, Dermapharm plans to further expand the business. Dermapharm aims to consistently leverage both organic and external growth opportunities to become the leading European manufacturer of pharmaceuticals in select 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.

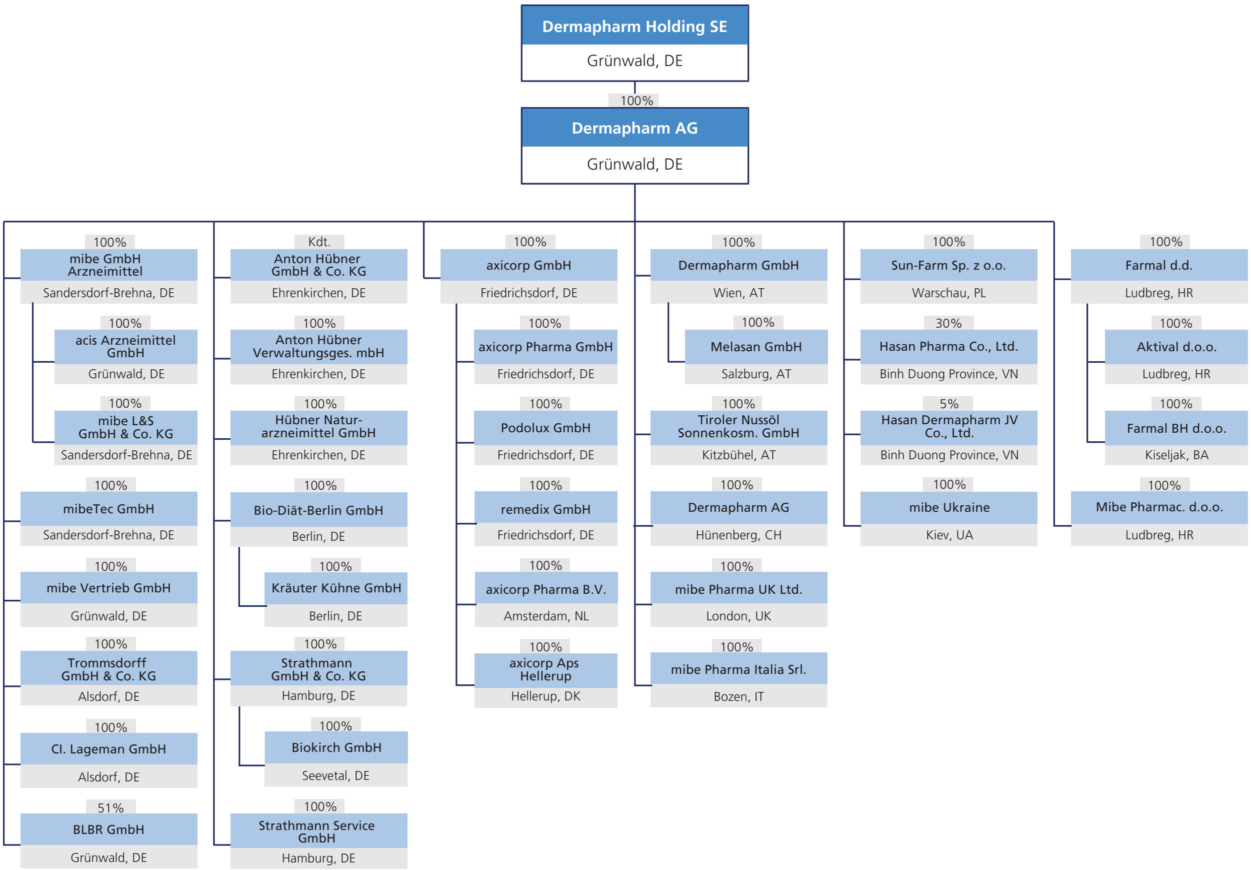
In order to expand the range of the product portfolio, Dermapharm continually strives to develop additional branded pharmaceuticals and healthcare products and launch them on the market. Dermapharm's product pipeline currently comprises over 40 ongoing development projects with new products for the niche markets selected by Dermapharm. This pipeline includes 28 branded pharmaceuticals and other healthcare products – dermatologicals, vitamins, minerals and enzymes, systemic corticoids, gynaecological products and opthalmologics – which are anticipated to be marketable by 2023. For introducing new products, Dermapharm plans to utilise the existing development, manufacturing and marketing capacities and to market the products through the established distribution organisation.

In respect to its international presence, Dermapharm plans to market selected products from our existing product portfolio as well as new product developments in the United Kingdom, Italy and Spain. In order to support these expansion efforts, Dermapharm has obtained marketing authorisations in these markets for certain existing and newly developed pharmaceuticals. In introducing new products, Dermapharm plans to obtain marketing authorisations for several target markets more quickly and cost effectively by executing a combined authorisation process for several countries.

Obtaining new authorisations and acquiring products and companies has 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 acquisition of the medical devices bite away® and Herpotherm® and the acquisition of Bio-Diät-Berlin GmbH followed in September 2017. The latest acquisitions of Trommsdorff with 23 different prescription pharmaceuticals and OTC products and of Strathmann were concluded at the beginning of 2018.

1.2 Group Structure and interests

The following Group structure shows the significant direct and indirect subsidiaries, associates and equity investments as at 30 June 2018:



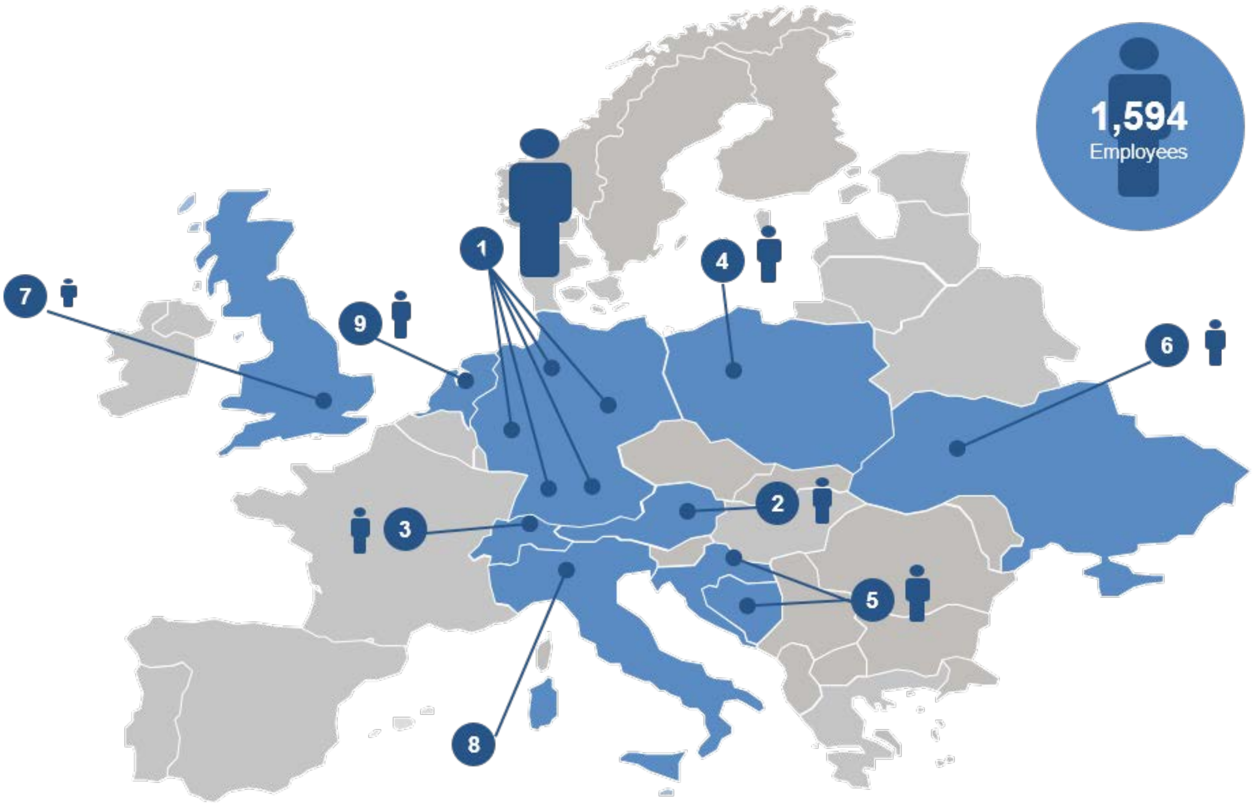
1.3 Sites and employees

Dermapharm maintains production and distribution sites in Germany, its largest sales market, and in Austria, Switzerland, the Netherlands, Croatia, Bosnia and Herzegovina, Poland, Ukraine, UK and Italy.

The majority of all compounds from the branded pharmaceuticals and other healthcare products division are manufactured in the central development, production and logistics centre, mibe GmbH 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 promotion and distribution of all branded pharmaceuticals and healthcare products is performed by our sales staff who visit pharmacies, registered physicians as well as clinics. Parallel imported brand name 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 2018, an average of 1,594 employees worked for Dermapharm (previous year: 1,205 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 imports business

1.4 Management system and performance indicators

At Group level, Dermapharm has two divisions: "Branded pharmaceuticals and other healthcare products" and "Parallel imports business". Objectives adopted by the Management Board are used to ensure efficient planning and management of the divisions. 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 two divisions so that any potential unfavourable trends can be countered in a timely manner. In this way, the management system makes a contribution to securing the continued profitable growth of the Dermapharm Group.

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. In the defined divisions, the specified target figures are reviewed on an ongoing basis and compared with the current business performance (target/ actual comparison). Based on this review, corresponding measures are derived from any variances to the original revenue and EBITDA targets.

Revenues and earnings before interest, taxes, depreciation and amortisation serve as the key management metrics for the Management Board to measure the success of business activities.

1.5 Research and Development

Due to its business model, Dermapharm deliberately chooses not to conduct fundamental pharmaceutical research. The focus is on the development of compounds using pharmaceutical ingredients which as a rule are no longer subject to industrial property rights. The Group's own central development centre in Brehna plays a crucial role in this, along with contract developments and a cooperation with external development partners.

Dermapharm continuously analyses the target markets that its range of products serves. 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 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 to be able to carry out the authorisation process in house.

When possible, Group companies will market newly developed products internationally. The companies thus 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

While the global economy continued to expand in the first half of 2018, the International Monetary Fund (IMF) noted in its July 2018 "World Economic Outlook" that the rate of expansion appears to have peaked in some major economies. The IMF projects global growth to reach 3.9 % in the current year and in 2019. The IMF estimates that the economic output of the US, the world's largest economy, will reach 2.9 % in 2018. Furthermore, the IMF expects economic growth in China to moderate from 6.9 % in 2017 to 6.6 % in 2018.

The IMF projects growth in the euro zone to slow gradually to 2.2 % in 2018. According to the IMF, growth in other euro zone countries such as France, Italy and Spain will also diminish slightly in 2018. The IMF estimates that the economy in Germany will grow by 2.2 % in 2018 and by 2.1 % in 2019.

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

Sector-specific environment

The pharmaceutical and healthcare market benefits in general from demographic changes with an increasingly aging population, global population growth, increasing prevalence of self-medication and health-savvy consumers as well as medical advances. Accordingly, the European pharmaceutical market has grown continuously in recent years.

According to information from the data service IQVIA, the entire European pharmaceutical market generated revenue of EUR 194.8 billion in 2017, corresponding to a year-on-year increase of around 2.3 % (previous year: EUR 190.4 billion).

As Dermapharm's primary market, Germany has a highly developed healthcare system with 152,000 registered physicians, 20,023 licensed pharmacies and 1,951 hospitals in 2016. 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 simultaneously the highest share of health spending covered by public funds in the European Union. According to IQVIA, the German pharmaceutical market, which in 2017 had expanded by 3.5 % to EUR 38.0 billion, continued to pick up pace in the first half of 2018, growing by 6.4 % and generating revenue of EUR 21.6 billion.

Revenue from off-patent pharmaceuticals without discounts from discount agreements increased by 6.1 % in the German pharmacies market in the first six months of 2018 to EUR 3.7 billion (basis: manufacturer 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. Both the market for off-patent pharmaceuticals as well as the OTC market worldwide were marked by a high degree of consolidation in 2017. This mainly took the form of acquisitions and equity investments. A key growth driver in this market is the continuing expiry of patents.

Off-patent pharmaceuticals including off-patent branded compounds accounted for 41.4 % of total revenue of the German pharmaceutical market in the period from January to November 2017 (basis: pharmacy sales prices). This makes Germany one of the countries with the highest share of off-patent pharmaceuticals in Europe.

In the parallel imports business, laws require that at least 5 % of all prescription pharmaceuticals sold under the healthcare system in Germany must be imported from other EEA member states. In financial year 2017, the share of parallel imports exceeded this mandatory percentage of the German pharmaceutical market. In 2017, revenues in the parallel imports market amounted to EUR 3.9 billion compared to EUR 3.7 billion in the previous year (basis: pharmacy sales prices).

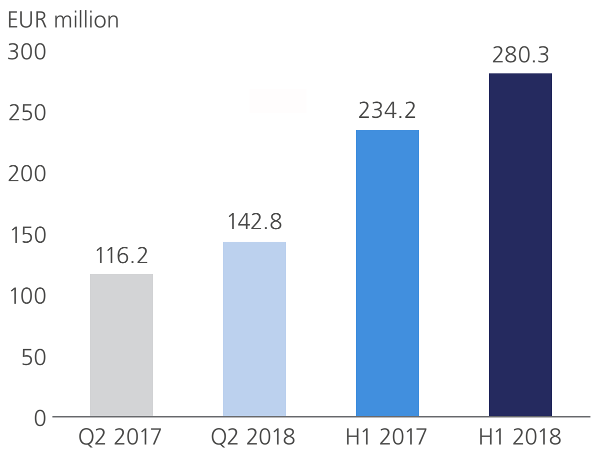
2.2 Results of operations, financial position and cash flows

2.2.1 Group results of operations

Revenues and earnings performance of the Group:

In the first six months of 2018, **Group revenues** increased by 19.7 % from EUR 234.2 million in the prior-year period to EUR 280.3 million. This improvement was due primarily to the rise in revenues in the branded pharmaceuticals and other healthcare products division, organic growth, greater independence with respect to direct agreements with health insurers and the first-time consolidation of Strathmann (as at 1 January 2018) and Trommsdorff (as at 1 February 2018). For further information on the first-time consolidation of both acquisitions please refer to note 2.5.

Half-yearly and quarterly comparison of revenue trend



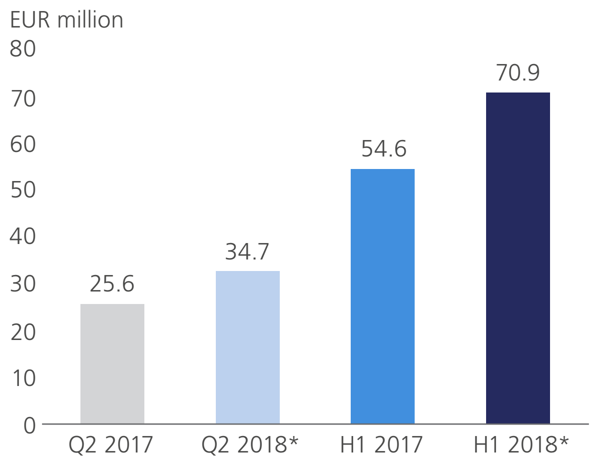
The increase in revenues in the first half of 2018 resulted in a higher **cost of materials** in absolute terms of EUR 139.7 million in the reporting period (prior-year period: EUR 129.5 million). However, the cost of materials ratio improved to 49.8 % (prior-year period: 55.3 %).

Personnel expenses amounted to EUR 43.1 million in the first half of 2018 (prior-year period: EUR 32.0 million). The increase was due mainly to the higher administrative requirements in preparing for the IPO and the additional personnel expenses following the consolidation of Bio-Diät-Berlin and mibeTec GmbH in the fourth quarter of 2017 as well as Strathmann and Trommsdorff in the first quarter of this year. Accordingly, the ratio of personnel expenses to revenues amounted to 15.4 % (prior-year period: 13.7 %).

Adjusted for non-recurring costs in connection with the preparations for the IPO (EUR 1.4 million) and the acquisitions of Strathmann and Trommsdorff (EUR 2.4 million), **EBITDA** increased by 29.9 % to EUR 70.9 million in the first half of 2018 (prior-year period: EUR 54.6 million). The EBITDA margin thus increased to 25.3 % (prior-year period: 23.3 %).

Prior to adjustment, EBITDA amounted to EUR 67.1 million in the first half of 2018 (prior-year period: EUR 54.6 million). Accordingly, the EBITDA margin prior to adjustment amounted to 23.9 % (prior-year figure: 23.3 %). Trommsdorff GmbH & Co. KG was consolidated for the first time on 1 February 2018, the date on which Dermapharm obtained control of the company. Further information on this can be found in note 2.5.

Half-yearly and quarterly comparison of EBITDA growth



* EBITDA adjusted for non-recurring costs in connection with the preparations for the IPO and the acquisitions of Strathmann and Trommsdorff amounting to EUR 3.8 million, of which EUR 3.1 million relate to the second quarter.

Prior to adjustment, earnings before taxes (EBT) amounted to EUR 52.5 million in the first half of 2018 (prior-year period: EUR 44.5 million). Accordingly, the EBT margin amounted to 18.7 %, down slightly from the prior-year figure of 19.0 %.

In the first half of 2018, **earnings after profit and loss transfers** amounted to EUR 38.0 million, up significantly from EUR 8.4 million in the previous year. This increase is due primarily to the profit and loss transfer agreement with Themis Beteiligungs-Aktiengesellschaft, which expired on 31 December 2017.

Segment reporting:

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

H1 2018 EUR thousand	Pharmaceuticals and other healthcare products	Parallel imports	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 from external customers	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 the equity method	*773*	-	-	*773*
EBITDA margin	39.5 %	4.6 %	-	23.9 %

H1 2017 EUR thousand	Pharmaceuticals and other healthcare products	Parallel imports	Reconciliation/ Group holding company	Group
Revenues	110,981	124,049	-	235,030
of which intra-division revenues	*804*	-	-	*804*
Revenues from external customers	110,177	124,049	-	234,226
Revenue growth from external customers	n/a	n/a	-	n/a
EBITDA	51,303	3,284	-	54,587
of which earnings from investments accounted for in accordance with the equity method	*818*	-	-	*818*
EBITDA margin	46.6 %	2.6 %	-	23.3 %

Revenues and earnings performance in the branded pharmaceuticals and other healthcare products division:

Revenues in the branded pharmaceuticals and other healthcare products division reported in the first half of 2018 increased by 48.1 % to EUR 163.2 million (previous year: EUR 110.2 million). The increase was attributable to organic growth in this division and the systematic implementation of the corporate strategy, which targets select, niche markets. This is associated with a further increase in independence with respect to discounts related to direct agreements with health insurers. Furthermore, we acquired the companies Strathmann and Trommsdorff, and included the two in our group of consolidated companies for the first time.

EBITDA reported in the first half of 2018 rose by 25.7 % to EUR 64.5 million (prior-year period: EUR 51.3 million). This increase is mainly based on the positive development of gross profit while expenses for discounts from direct agreements with health insurers and the cost of materials ratio were reduced. The division's EBITDA margin decreased from 46.6 % in the prior-year period to 39.5 % due to the new acquisitions.

Revenues and earnings performance in parallel imports business division:

Revenues in the parallel imports business division reported in the first half of 2018 decreased by 5.6 % from EUR 124.0 million in the prior-year period to EUR 117.1 million. This decrease was caused primarily by the concentration on high-margin yet small-volume pharmaceuticals. In the first quarter of 2018, the German parallel imports market was dominated by three extremely high-volume pharmaceuticals which are only able to generate very slight margins due to the fact that the market is concentrated in the hands of only a few wholesalers operating in a few countries. In the first quarter of 2018, Dermapharm only distributed a limited amount of these pharmaceuticals. Already in the second quarter of 2018, Dermapharm was able to access these pharmaceuticals with improved margins as new wholesalers began operating in additional European countries, meaning that subsequent quarters are likely to be marked by an uptick in momentum for the parallel imports business.

EBITDA reported in the parallel imports business division in the first half of 2018 rose by 63.1 % to EUR 5.4 million (prior-year period: EUR 3.3 million). This development was based primarily on the optimisation of the product portfolio and the related increase in the gross income margin from demand-based purchasing. By shifting the business with reimported anaesthetics in house, costs were also further optimised, resulting in an additional reduction in the dependence on third-party service providers. The division's EBITDA margin increased from 2.6 % in the prior-year period to 4.6 %.

2.2.2 Financial position of the Group

As at 30 June 2018, **total assets** increased year on year to EUR 688.4 million (31 December 2017: EUR 415.3 million). This was due primarily to the first-time consolidation of Strathmann and Trommsdorff as well as the IPO on 9 February 2018.

As at the reporting date, **equity** amounted to EUR 217.3 million (31 December 2017: EUR 73.7 million). Dermapharm's **equity ratio** amounted to a sound 31.6 % as at the reporting date (31 December 2017: 17.7 %). This change was due primarily to the increase in subscribed capital as a result of the IPO and higher capital reserves and retained earnings.

As at 30 June 2018, **non-current liabilities** increased to EUR 284.3 million (31 December 2017: EUR 261.0 million) due mainly to higher provisions for employee benefits. As at the same date, **current liabilities** also increased to EUR 186.7 million (31 December 2017: EUR 80.6 million). This increase was attributable primarily to current financial liabilities of EUR 102.7 million (31 December 2017: EUR 32.3 million), which included EUR 80 million in bridge financing for the Trommsdorff acquisition.

On the asset side of the statement of financial position, **non-current assets** increased to EUR 337.1 million as at 30 June 2018 (31 December 2017: EUR 222.4 million). This was due mainly to the increase in intangible assets, goodwill and property, plant and equipment in connection with the acquisitions. **Current assets** also increased, amounting to EUR 351.3 million as at 30 June 2018 (31 December 2017: EUR 192.9 million). This was attributable primarily to the increase in inventories, trade receivables and cash and cash equivalents.

2.2.3 Cash flows of the Group

Dermapharm's financial position and cash flows continued to show a positive development in the reporting period. Accordingly, the Group's liquidity was guaranteed at all times during the current financial year.

The main sources of liquidity were cash inflows from ongoing business activities and short-term borrowings.

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 increased to EUR 94.2 million in the first half of 2018 (prior-year period: EUR 43.7 million). This was due primarily to the continued positive business performance, an increase in other assets and the acquisitions of Strathmann and Trommsdorff.

Cash flow from investing activities, which reflects the cash outflows for investments less the inflows from disposals, amounted to EUR -95.9 million in the first half of 2018 (prior-year period: EUR -7.5 million). The cash flow from investing activities was weighed down in particular by payments of EUR -85.3 million, less cash acquired (after purchase price adjustment), in connection with the acquisition the subsidiaries Strathmann and Trommsdorff.

Free cash flow, i.e. cash flow from ongoing business activities plus cash flow from investing activities, amounted to EUR -1.7 million in the reporting period (prior-year period: EUR 36.2 million).

Cash flow from financing activities amounted to EUR 175.2 million in the reporting period (prior-year period: EUR -73.4 million). The inflows were due primarily to proceeds from the issue of shares in connection with the IPO, the bridge financing secured to finance the acquisition of Trommsdorff GmbH & Co. KG as well as the reimbursement of interest, which had accrued for two foreign currency derivatives, that Themis Beteiligungs-Aktiengesellschaft had agreed to assume.

Accordingly, as at 30 June 2018, Dermapharm – taking into account exchange rates and bank overdrafts – had cash and cash equivalents of EUR 180.1 million (31 December 2017: EUR 6.3 million).

3. REPORT ON OPPORTUNITIES AND RISKS

The opportunities and risks of Dermapharm's future development are presented in detail in the Group management report for the 2017 financial year (see pages 37–43). No additional opportunities or risks arose in the reporting period.

4. REPORT ON EXPECTED DEVELOPMENTS

Outlook

In its report on expected developments, Dermapharm 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 the financial year 2018.

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.

However, in light of our strategic alignment in the branded pharmaceuticals and other healthcare products division and our consistent implementation of the three-pillar strategy, we believe that the outlook for the future remains positive on balance.

Thanks to the stability of the legal environment and continuous growth of the market for pharmaceuticals imports, we expect that the positive outlook will prevail here as well.

The Management Board therefore expects the Group to experience continued year-on-year growth in financial year 2018 and confirms the forecast made in the 2017 Annual Report.

The Management Board still expects consolidated revenues to increase year on year by 20 % to 25 %, and EBIDTA to increase by 22 % to 27 % over the figure for financial year 2017. These growth rates are based on organic growth and growth from the new acquisitions included in the forecast.

Forward-looking statements

This report contains forward-looking statements that were made at the time this half-year 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 approvals. As a result, the future development of the Group's revenues and earnings will be characterised in equal parts by growth-promoting and growth-inhibiting conditions.

These and other factors could cause actual results, financial position, development or performance of the Company to differ materially from the estimates presented herein.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018 and 31 December 2017

Assets EUR thousand	Notes	30 June 2018	31 December 2017
Non-current assets			
Intangible assets		195,216	133,404
Goodwill		52,310	24,583
Property, plant and equipment		74,193	56,036
Investments measured at equity		4,286	3,513
Investments	3.1	6,174	188
Other financial assets		3,419	4,419
Deferred tax assets		1,481	290
Total non-current assets		**337,079**	**222,433**
Current assets			
Inventories		113,295	81,685
Trade receivables		46,449	24,677
Other financial assets	3.2	1,062	78,318
Other assets		10,150	1,575
Income tax receivables		304	329
Cash and cash equivalents	3.3	180,059	6,286
Total current assets		**351,319**	**192,870**
Total assets		**688,398**	**415,303**

Equity and liabilities EUR thousand	Notes	30 June 2018	31 December 2017
Equity			
Issued capital	3.4	53,840	120
Capital reserves	3.4	101,551	250
Retained earnings	3.4	63,658	25,669
Other reserves	3.4	(1,719)	(2,234)
Contribution in kind not yet registered	3.4	-	49,880
Total equity		**217,330**	**73,685**
Non-current liabilities			
Defined benefit obligations and other accrued employee benefits	3.5	48,884	13,033
Financial liabilities	3.6	218,776	222,483
Other financial liabilities		3,499	4,476
Other liabilities		9,547	10,024
Deferred tax liabilities		3,634	11,026
Total non-current liabilities		**284,340**	**261,042**
Current liabilities			
Other provisions		8,558	7,017
Financial liabilities	3.6	102,690	32,264
Trade payables		26,978	23,367
Other financial liabilities		4,020	5,592
Other liabilities		22,632	9,025
Income tax liabilities		21,850	3,311
Total current liabilities		**186,728**	**80,576**
Total equity and liabilities		**688,398**	**415,303**

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 3 months and the 6 months ended as at 30 June 2018 and 30 June 2017

EUR thousand	Notes	3 months ended at		6 months ended at	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
Revenues	4.1	142,761	116,153	280,255	234,226
Increase/decrease in finished goods and work-in-process		3,682	(469)	(376)	102
Own work capitalised		2,407	2,452	4,619	5,403
Other operating income		2,240	1,094	3,172	1,976
Cost of material		(77,584)	(64,301)	(139,737)	(129,545)
Personnel expenses		(22,777)	(16,312)	(43,076)	(32,004)
Depreciation and amortisation		(7,694)	(3,421)	(12,367)	(6,835)
Other operating expenses		(19,488)	(13,420)	(38,526)	(26,389)
Operating income		**23,547**	**21,776**	**53,964**	**46,934**
Result from investments measured at equity, net of tax		391	443	773	818
Financial income		1,870	2,290	2,210	2,602
Financial expenses		(3,177)	(4,211)	(4,458)	(5,870)
Financial result		**(916)**	**(1,478)**	**(1,475)**	**(2,450)**
Earnings before taxes		**22,631**	**20,298**	**52,489**	**44,484**
Income taxes		(6,027)	(1,067)	(14,500)	(4,962)
Profit for the period		**16,604**	**19,231**	**37,989**	**39,522**
Profit and loss transfers due to profit and loss transfer agreements		-	(14,443)	-	(31,097)
Profit for the period, after profit and loss transfer		**16,604**	**4,788**	**37,989**	**8,425**
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains from remeasurement of defined benefit pension plans		828	-	828	-
Deferred taxes effect relating to items that will not be reclassified		(273)	-	(273)	-
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		132	(410)	(40)	(428)
Other comprehensive income/(loss) for the period, net of tax		**687**	**(410)**	**515**	**(428)**
Total comprehensive income for the period, after profit and loss transfer		**17,291**	**4,378**	**38,504**	**7,997**
Profit for the period attributable to:					
Owners of the company		16,604	19,231	37,989	39,522
		16,604	**19,231**	**37,989**	**39,522**
Total comprehensive income for the period, after profit and loss transfer, attributable to					
Owners of the company		17,291	4,378	38,504	7,997
		17,291	**4,378**	**38,504**	**7,997**
Earnings per share					
Basic earnings per share (in EUR)	4.2	**0.31**	**0.39**	**0.72**	**0.79**

CONDENSED STATEMENT OF CASH FLOWS

for the 6 months ended as at 30 June 2018 and 30 June 2017

		6 months ended at	
EUR thousand	**Notes**	**30 June 2018**	**30 June 2017**
Profit for the period, before profit distribution		37,989	39,522
Amortisation (+)/write-ups (-) of intangible assets		8,135	4,357
Amortisation (+)/write-ups (-) of intangible assets - impairment		568	-
Depreciation (+)/write-ups (-) of property, plant and equipment		3,664	2,478
Increase (+)/decrease (-) in other accrued employee benefits	3.5	(29)	1
Increase (+)/decrease (-) in other current provisions		(83)	82
Other non-cash items		(32)	62
Increase (-)/decrease (+) in inventories		(11,832)	458
Increase (-)/decrease (+) in trade receivables		(18,033)	(3,598)
Increase (-)/decrease (+) in other assets	3.2	64,689	2,013
Increase (+)/decrease (-) in trade payables		285	(4,463)
Increase (+)/decrease (-) in other liabilities		1,923	(1,468)
Share of profit of equity-accounted investees, net of tax		(773)	(818)
Net gain (-)/loss (+) on disposal of intangible assets		146	341
Net gain (-)/loss (+) on disposal of property, plant and equipment		(22)	47
Interest expenses (+)/income (-)		3,354	1,085
Increase/decrease in income tax assets (-/+) and payables (+/-), deferred tax assets (-/+) and liabilities (+/-)	3.7	14,727	4,798
Income tax (-/+)	3.7	(10,456)	(1,211)
Net cash flows from operating activities		**94,220**	**43,686**
Proceeds (+) from sale of intangible assets		48	215
Proceeds (+) from sale of property, plant and equipment		155	121
Acquisition of subsidiary, net of cash acquired		(92,295)	-
Proceeds from overpayments for acquisitions of subsidiaries		6,982	-
Purchase (-) of intangible assets		(5,851)	(5,799)
Purchase (-) of property, plant and equipment		(2,934)	(2,011)
Payments (-) for investment in financial assets	3.1	(2,010)	(10)
Net cash flows used in investing activities		**(95,905)**	**(7,484)**

Payments from the issue of shares	3.4	107,520	-
Transaction costs related to the issue of new shares	3.4	(3,083)	-
Payment (-) of profit transfers due to profit transfer agreements		-	(51,548)
Acquisition (-) of non-controlling interests		-	(6,559)
Proceeds (+) from financial liabilities	3.6	80,000	-
Repayment (-) of financial liabilities	3.6	(13,399)	(14,116)
Payment (-) of finance lease liabilities		(55)	(70)
Proceeds (+) from reimbursement of interest paid		7,613	-
Interest paid (-)		(3,354)	(1,085)
Net cash flows used in financing activities		**175,242**	**(73,378)**
Net increase/decrease in cash, cash equivalents and bank overdrafts		**173,557**	**(37,176)**
Cash, cash equivalents and bank overdrafts at 1 January		(7,204)	(1,051)
Change in cash, cash equivalents and bank overdrafts due to foreign exchange differences		24	(7)
Cash, cash equivalents and bank overdrafts at 30 June		**166,377**	**(38,234)**
Bank overdrafts at 1 January	3.6	(13,490)	(4,867)
Bank overdrafts at 30 June	3.6	(13,682)	(45,733)
Cash and cash equivalents at 30 June	3.3	**180,059**	**7,499**

CONDENSED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2018 and as at 30 June 2017

		Attributable to owners of the company							
EUR thousand	Notes	Issued capital	Capital reserves	Retained earnings	Other reserves	Contribution in kind not yet registered	Total	Non-controlling interests	Total equity
As at 1 January 2017		**1,342**	**250**	**56,274**	**(951)**	**-**	**56,915**	**3,891**	**60,806**
Profit for the period, after profit transfer		-	-	8,425	-	-	8,425	-	8,425
Other comprehensive income/ (loss) for the period		-	-	-	(428)	-	(428)	-	(428)
Total comprehensive income for the period, after profit transfer		**-**	**-**	**8,425**	**(428)**	**-**	**7,997**	**-**	**7,997**
Reduction of statutory reserves		-	-	(2)	-	-	(2)	-	(2)
Acquisition of non-controlling interests without change in control		-	-	(2,668)	-	-	(2,668)	(3,891)	(6,559)
As at 30 June 2017		**1,342**	**250**	**62,029**	**(1,379)**	**-**	**62,242**	**-**	**62,242**
As at 1 January 2018		**120**	**250**	**25,669**	**(2,234)**	**49,880**	**73,685**	**-**	**73,685**
Profit for the period, after profit transfer		-	-	37,989	-	-	37,989	-	37,989
Other comprehensive income/ (loss) for the period		-	-	-	515	-	515	-	515
Total comprehensive income for the period, after profit transfer		**-**	**-**	**37,989**	**515**	**-**	**38,504**	**-**	**38,504**
Issue of share capital	3.4	3,840	103,680	-	-	-	107,520	-	107,520
Acquisition of subsidiary with non-controlling interests	3.4	-	(2,379)	-	-	-	(2,379)	-	(2,379)
Changes resulting from reorganisation	3.4	49,880	-	-	-	(49,880)	-	-	-
As at 30 June 2018		**53,840**	**101,551**	**63,658**	**(1,719)**	**-**	**217,330**	**-**	**217,330**

SELECTED EXPLANATORY NOTES

1. Corporate information

Dermapharm Holding SE (hereafter also referred to as the "Company" or "Dermapharm") as the parent company of the Dermapharm Group (hereafter referred to as the "Group") with its registered office at Lil-Dagover-Ring 7, Grünwald, Germany, is a European company (Societas Europaea, "SE") with its primary activities in the healthcare and pharmaceuticals business in Germany, Switzerland and Austria, particularly in generics, high-quality dermatological and allergic medical products. The Company is registered in the commercial register of the Munich Local Court under 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 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 off-patent branded pharmaceuticals for selected therapy fields. The Group's product range includes prescription pharmaceuticals as well as OTC and other healthcare products. In addition to our line of own branded pharmaceuticals, the Company also conducts business with parallel imports of patented EU branded compounds in Germany.

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 12 September 2018.

2. Significant accounting policies and changes

2.1 Basis of preparation

In accordance with the provisions of § 53 (6) of the Exchange Rules for the Frankfurt Stock Exchange in conjunction with §§ 117 no. 2, 115 (2) no. 1 and no. 2, (3) and (4) of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), the condensed interim consolidated financial statements of Dermapharm Holding SE analogously include condensed interim consolidated financial statements and an interim Group management report. The condensed interim consolidated financial statements were prepared on the basis of International Accounting Standard (IAS) 34 (Interim Financial Reporting). The accounting policies applied in the interim consolidated financial statements are generally the same as those applied in the consolidated financial statements of Dermapharm Holding SE as at 31 December 2017, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) at the reporting date, as well as the supplementary provisions of § 315e (1) of the German Commercial Code (Handelsgesetzbuch, "HGB"). Please see the consolidated financial statements as at 31 December 2017 for more information on the individual accounting policies.

The Group's currency is the euro (EUR). Unless otherwise stated, all amounts are shown in thousands of euros (EUR thousand). Differences may result from the use of rounded amounts or percentages.

The preparation of the condensed interim consolidated financial statements requires the Management Board to make judgments, estimates and assumptions concerning the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions of estimates are recorded prospectively.

2.2 Changes in accounting principles

Subject to the changes described in note 2.3, the same accounting principles were applied in these condensed interim consolidated financial statements as in the consolidated financial statements for financial year 2017. For more information about the Group's accounting principles, please refer to the notes to the consolidated financial statements in the 2017 Annual Report.

2.3 Effects of new or amended financial standards and interpretations

In the first half of 2018, the Group observed and, where relevant, applied the pronouncements and amendments of pronouncements issued by the IASB, and endorsedby the EU, with an initial application date of 1 January 2018. Where these changes have a material impact on the presentation of the Group's net assets, financial position, results of operations and cash flows, they are described in detail below.

IFRS applied for the first time in financial year 2018:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 lays down a comprehensive framework for determining whether, in what amount, and when revenues are recognised. It replaces existing guidelines for the recognition of revenue, including IAS 18 "Revenues", IAS 11 "Construction contracts" and IFRIC 13 "Customer Loyalty Programmes".

In contrast to the previously applicable requirements, the new standard provides for a single, principles based five-step model to be applied to all contracts with customers. In accordance with this five-step model, step 1 is to identify the contract with the customer. Step 2 is to identify the performance obligations in the contract. Step 3 is to determine the transaction price; the standard explicitly governs the treatment of variable consideration, financing components, payments to customers and exchanges. Step 4 is to allocate the transaction price to the individual performance obligations in the contract on the basis of their relative stand-alone selling prices. Step 5 is to recognise revenue when (or as) the entity satisfies the performance obligation.

The Group has reviewed the impact of the first-time application of this standard, and after careful analysis of the existing customer contracts has concluded that the application of IFRS 15 has no effects on the previous accounting policy and therefore no effect on the consolidated net retained profits as at 1 January 2018.

IFRS 9 - Financial Instruments

IFRS 9 sets forth the requirements for the recognition and measurement of financial assets, financial liabilities as well as some contracts for the purchase or sale of non-financial items. This standard supersedes IAS 39 "Financial Instruments: recognition and measurement".

Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets, which reflects the business model in connection with which the assets are held, as well as the characteristics of their cash flows.

IFRS 9 contains three important classification categories for financial assets: measured at amortised cost (AC), measured at the fair value with remeasurement gains or losses in profit or loss (FVTPL), and measured at fair value with remeasurement gains or losses through other comprehensive income (FVOCI). The standard eliminates the existing categories in IAS 39: held-to-maturity, loans and receivables, and available for sale.

Under IFRS 9, derivatives that are embedded in host contracts in which the underlying is a financial asset within the scope of the standard are never accounted for separately. Instead, the hybrid financial instrument is assessed in its entirety with regard to its classification.

The new classification requirements have no effect on the accounting treatment of trade receivables measured at amortized cost.

In accordance with IFRS 9, equity instruments must be measured at fair value through profit or loss. However, if the equity instruments are not held for trading, an entity may make the irrevocable election at initial recognition to measure them at fair value through other comprehensive income (FVOCI), whereby only income from dividends is recognised in profit or loss. Dermapharm exercises this option and classifies equity instruments in the form of equity investments in other entities at fair value through other comprehensive income. However, due to their immateriality, existing equity investments as at the transition date are not measured at fair value but at cost.

Impairments – financial assets and contract assets

IFRS 9 replaces the "incurred loss" model of IAS 39 with a forward-looking expected credit losses model.

The new impairment model must be applied to financial assets that are measured at amortised cost or at FVOCI – with the exception of dividend securities held as financial investments and contract assets.

Trade receivables as well as other receivables, including contract assets

IFRS 9 now provides that an expected loss must be recognised for trade receivables already upon initial recognition. Under IAS 39, a write-down was not recognised until there was an objective indicator of an impairment.

The estimated expected credit losses were calculated based on historical values using actual defaults for the last three years. The Group has determined the calculation of expected credit losses with respect to the ageing structure (days overdue) of the receivables. In light of the extremely small number of defaults in the past, there was no significant increase in recognised write-downs as compared to the write-downs recognised under IAS 39. For reasons of immateriality, the write-downs identified as at the transition date were not recognised.

Cash and cash equivalents

The cash and cash equivalents are callable on demand. Based on the ratings available for the banks at which there are bank balances, and the related probability of default, no write-downs were recognised for these assets as at the transition date or as at 30 June 2018.

Classification — financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities.

However, under IAS 39 all changes that were found in the fair value of liabilities measured at fair value through profit or loss were recognised in profit or loss, whereas under IFRS 9 these changes in fair value will generally be presented as follows:

The change in fair value that is attributable to changes in the credit risk of the liability will be presented in other comprehensive income.

The remaining change in the fair value will be presented in profit or loss.

The Group's assessment showed no material impacts with regard to the classification of financial liabilities as at 1 January 2018.

Hedge accounting

As the Group does not apply any hedge accounting, the revised accounting treatment of these relationships does not have any impact.

Transitional provisions

The Group exercises the option not to adjust comparative figures for previous periods with respect to the changes in classification and measurement (including of impairments). Differences between the carrying amounts of financial assets and financial liabilities due to the application of IFRS 9 were generally recognised in the retained earnings and other reserves as at 1 January 2018. However, as the following table demonstrates, there were no changes to equity as at 1 January 2018.

1 January 2018	Original measurment category and carrying amount acc. to IAS 39				
EUR thousand	Loans and receivables	Available for sale	Held for trading	Other financial liabilities	Remeasurements upon application of IFRS 9 (1 January 2018)
Assets					
Other financial assets	78,835	-	3,902	-	-
of which derivatives	-	-	*3,902*	-	-
of which insurance	*523*	-	-	-	-
of which other receivables	*78,312*	-	-	-	-
Investments	-	188	-	-	-
Trade receivables	24,677	-	-	-	-
Cash and cash equivalents	6,286	-	-	-	-
Liabilities					
Financial liabilities	-	-	-	254,747	-
of which bank loans	-	-	-	*152,003*	-
of which promissory note loans	-	-	-	*81,857*	-
of which participation rights	-	-	-	*7,127*	-
of which bank overdrafts	-	-	-	*13,489*	-
of which leasing liabilities acc. to IAS 17	-	-	-	*271*	-
Other financial liabilities	-	-	4,596	5,472	-
of which derivatives	-	-	*4,596*	-	-
of which other liabalities	-	-	-	*5,472*	-
Trade payables	-	-	-	23,367	-

1 January 2018	New measurement category and carrying amount acc. to IFRS 9			
EUR thousand	**Fair value through profit or loss**	**Fair value through OCI**	**Amortised cost**	**Retained earnings on 1 January 2018**
Assets				
Other financial assets	3,902	-	78,835	-
of which derivatives	*3,902*	-	-	-
of which insurance	-	-	*523*	-
of which other receivables	-	-	*78,312*	-
Investments	-	188	-	-
Trade receivables	-	-	24,677	-
Cash and cash equivalents	-	-	6,286	-
Liabilities				
Financial liabilities	-	-	254,747	-
of which bank loans	-	-	*152,003*	-
of which promissory note loans	-	-	*81,857*	-
of which participation rights	-	-	*7,127*	-
of which bank overdrafts	-	-	*13,489*	-
of which leasing liabilities acc. to IAS 17	-	-	*271*	-
Other financial liabilities	4,596	-	5,472	-
of which derivatives	*4,596*	-	-	-
of which other liabalities	-	-	*5,472*	-
Trade payables	-	-	23,367	-

IFRS published by the IASB but not yet applied:

IFRS 16 - Leases

On 13 January 2016, the International Accounting Standards Board (IASB) published the new standard IFRS 16 "Leases", which generally requires lessees to recognise the contractual rights (assets) and obligations (liabilities) associated with leases in the statement of financial position. Accordingly, lessees no longer have to classify leases as a finance lease or as an operating lease. IFRS 16 applies to financial years beginning on or after 1 January 2019. Early application is permitted. The Group will apply the new standard for the first time as at 1 January 2019 and expects to use the modified retrospective method, i.e. the previous year's figures will not be adjusted. The analysis of the effects of applying IFRS 16 on the consolidated financial statements has not yet been fully completed. Due to the accounting treatment of assets and liabilities in the lessee's statement of financial position under IFRS 16, an increase in total assets is expected at the time of initial application.

The Group has not applied any new or amended standards and interpretations early whose application is not yet mandatory despite having been published.

2.4 Basis of consolidation

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

Corporate acquisitions

Trommsdorff:

As at the 23 January 2018 closing date, Dermapharm AG acquired all the interests in Trommsdorff GmbH & Co. KG and its sole general partner, Cl. Lageman GmbH (jointly referred to as "Trommsdorff"). Further information on this can be found in note 2.5.

Strathmann:

As at the 1 January 2018 closing date, Dermapharm AG acquired the shares and limited partners' interests in Strathmann Service GmbH in Hamburg, Strathmann GmbH & Co. KG in Hamburg and Biokirch GmbH in Seevetal (jointly referred to as "Strathmann"). Further information on this can be found in note 2.5.

BLBR:

On 23 March 2018, Dermapharm AG acquired 51 % of the shares in BLBR GmbH. Further information on this can be found in note 2.5.

First-time inclusion in the group of consolidated companies

On 26 October 2017, DermaTec GmbH was founded with its registered office in Brehna. The company was renamed mibeTec GmbH on 11 July 2018. The object of the company is research, development, manufacture and sales of food products, nutritional supplements, body care products, cosmetics and medical products, in particular technical medical products. mibeTec GmbH is a wholly owned subsidiary of Dermapharm AG. mibeTec GmbH commenced operations in the first half of 2018 and was therefore included in the group of consolidated companies on 1 January 2018.

2.5 Business combinations

Trommsdorff acquisition

As at the 23 January 2018 closing date, Dermapharm AG acquired all the interests in Trommsdorff GmbH & Co. KG and its sole general partner, Cl. Lageman GmbH (jointly referred to as "Trommsdorff"). Trommsdorff produces and distributes 23 different prescription pharmaceuticals and OTC products, specifically Keltican® forte, a dietary product used to treat back pain and Tromcardin® complex, which combines certain minerals and vitamins to treat cardiac arrhythmia. The transaction constituted a business combination as defined under IFRS 3.

The acquisition date under the purchase agreement is 31 December 2017; therefore, the acquisition took economic effect as at this date. However, the company cannot be included in the consolidated financial statements for the first time until the date on which the acquirer obtains control of the acquiree (IFRS 3.8); the date on which the transaction took economic effect is thus irrelevant for these purposes. Since conditions precedent under the purchase agreement had not yet been satisfied as at 31 December 2017, Dermapharm had not yet obtained control of Trommsdorff on this date within the meaning of IFRS 3.8. Dermapharm obtained control of Trommsdorff with the approval from anti-trust authorities, and thus the satisfaction of the final condition precedent, on 23 January 2018. Therefore, 23 January 2018 is the acquisition date under IFRS 3.8. For practical reasons, 1 February 2018 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 the interests in Trommsdorff amounted to EUR 102,682 thousand. This includes a EUR 24,145 thousand loan payable to the acquired company by the former partner, resulting in a purchase price of EUR 78,537 thousand to be paid in cash. As a purchase price payment of EUR 85,519 thousand had already been made to the former partner in January 2018, Dermapharm AG was reimbursed EUR 6,982 thousand in the second quarter of 2018 in accordance with the negotiated escalation clauses.

As at the acquisition date, 1 February 2018, the preliminary fair values of the assets and liabilities (pursuant to IFRS 3.47) were as follows:

EUR thousand	1 Feburary 2018
Consideration in cash	78,537
Loan liability acquired from the former shareholder	24,145
Total consideration transferred	102,682

Identified assets and liabilities	Fair value
Intangible assets	55,125
thereof identified during purchase price allocation	*54,743*
Fixed assets	13,603
thereof identified during purchase price allocation	*3,673*
Inventories	12,105
thereof identified during purchase price allocation	*2,902*
Trade receivables	2,935
Receivables from related parties	24,145
Other current assets	2,062
Cash and cash equivalents	17,432
Deferred tax assets	7,201
Defined benefit obligations	(36,412)
Other provisions	(1,354)
Trade payables	(2,629)
Income tax liabilities	(11,255)
Other current liabilities	(5,153)
Deferred tax liabilities	(605)
Fair value of acquired net assets for 100 %	77,201
Goodwill arising on acquisition	25,481

Acquired gross contractual amounts receivable amount to EUR 2,935 thousand, of which none were estimated to be uncollectible as of the acquisition date. The gross amount corresponds to the fair value as 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 77,201 thousand) resulted in goodwill of EUR 25,481 thousand. Factors underlying this goodwill arise from expected synergies from the combined business activities and other intangible assets that cannot be reported separately, such as the combined workforce.

The tax-deductible goodwill amounts to EUR 11,955 thousand.

The recognised goodwill and the fair values of these assets may still change once the appraisals of the land and buildings are completed.

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

1 February 2018

Identified assets and liabilities as of the acquisition date	Fair value in EUR thousand	Method of valuation	Useful life	Cost of capital
Trademark - Keltican	28,740	Multi-period excess earnings	20 years	9.59 %
Trademark - Tromcardin	19,247	Multi-period excess earnings	20 years	9.59 %
Trademark - Trommsdorff	3,972	Relief from royalty method	15 years	9.46 %
Trademarks (Portfolio) - OTC	845	Multi-period excess earnings	15 years	9.46 %
Trademarks (Portfolio) - RX	1,939	Multi-period excess earnings	15 years	9.46 %
Land (Fair value step up)	2,219	Capitalized earnings method	Indefinite	n/a
Buildings (Fair value step up)	(1,196)	Capitalized earnings method	16 years	n/a
Fixed assets (Fair value step up)	2,650	Depreciated replacement costs	7 years	n/a
Inventories (Fair value step up)	2,902	Replacement costs	n/a	n/a

The former partner of Trommsdorff was Grupo Ferrer Internacional, S.A.

Trommsdorff contributed revenue of EUR 27,146 thousand to consolidated revenue for the period from 1 February 2018 to 30 June 2018. After adjustment of the carrying amounts recognised for assets and liabilities identified as part of the preliminary purchase price allocation, the earnings contribution amounted to EUR 1,077 thousand and the positive effect on the Group's EBITDA amounted to EUR 3,800 thousand in this period.

Had 1 January been applied as the date on which the Trommsdorff acquisition took economic effect, the total revenue contribution from the acquisition would have amounted to EUR 30,560 thousand for the period from 1 January 2018 to 30 June 2018. In light of the preliminary effects of the adjustment to identified assets and liabilities, this would have had a EUR 1,148 thousand effect on consolidated earnings for the period, and the positive contribution to the Group's EBITDA would have amounted to EUR 4,894 thousand.

Strathmann acquisition

On 20 December 2017, Dermapharm AG entered into a purchase agreement with the seller Dr. Detlef Strathmann Verwaltungs GmbH & Co. KG to acquire the shares and limited partners' interests in Strathmann Service GmbH in Hamburg, Strathmann GmbH & Co. KG in Hamburg and Biokirch GmbH in Seevetal (jointly referred to as "Strathmann"). The transfer of the shares and limited partners' interests was subject to conditions precedent, which were satisfied in early 2018. Strathmann produces and distributes a broad range of products, which mainly include OTC products as well as branded prescription pharmaceuticals which complement Dermapharm's existing portfolio ideally. The transaction constituted a business combination as defined under IFRS 3. 1 January 2018 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 the interests in Strathmann amounted to EUR 19,704 thousand. This includes the former partner's EUR 3,934 thousand loan receivable from the acquired company, resulting in a purchase price of EUR 23,638 thousand to be paid in cash. As a purchase price payment of EUR 23,850 thousand had already been made to the former partner in January 2018, Dermapharm AG had a reimbursement claim amounting to EUR 212 thousand against the former partner as at the end of the reporting period in accordance with the negotiated escalation clauses. This amount was paid in the third quarter of 2018.

As at the acquisition date, 1 January 2018, the preliminary fair values of the assets and liabilities (pursuant to IFRS 3.47) were as follows:

EUR thousand	1 January 2018
Consideration in cash	23,638
Loan acquired from the former shareholder	(3,934)
Total consideration transferred	19,704

Identified assets and liabilities	Fair value
Intangible assets	9,715
thereof identified during purchase price allocation	*9,150*
Fixed assets	5,418
thereof identified during purchase price allocation	*1,286*
Inventories	7,742
thereof identified during purchase price allocation	*2,374*
Trade receivables	854
Other current assets	210
Cash and cash equivalents	372
Deferred tax assets	1,313
thereof deferred taxes on the difference to the tax-deductible goodwill	*1,298*
Defined benefit obligations	(296)
Other provisions	(269)
thereof identified during purchase price allocation	*(269)*
Trade payables	(703)
Liabilities to related parties	(3,934)
Income tax liabilities	(1,552)
Other current liabilities	(173)
Deferred tax liabilities	(1,297)
thereof identified during purchase price allocation	*(1,297)*
Fair value of acquired net assets for 100 %	17,400
Goodwill arising on acquisition	2,304

Acquired gross contractual amounts receivable amount to EUR 854 thousand, of which none were estimated to be uncollectible as of the acquisition date. The gross amount corresponds to the fair value as 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 17,400 thousand) resulted in goodwill of EUR 2,304 thousand. Factors underlying this goodwill arise from expected synergies from the combined business activities and other intangible assets that cannot be reported separately, such as the combined workforce.

According to the latest analysis, the tax-deductible goodwill amounts to EUR 6,324 thousand. This figure and the deferred tax assets recognised in this context may still change.

Furthermore, some of the recognised goodwill may still need to be allocated to property, plant and equipment once the appraisals are completed.

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

1 January 2018

Identified assets and liabilities as of the acquisition date	Fair value in EUR thousand	Method of valuation	Useful life	Cost of capital
Trademarks (Portfolio)	4,559	Relief from royalty method	16 years	7.70 %
Customer Relationship Wholesale	2,258	Multi-period excess earnings	9 years	7.09 %
Customer Relationship Pharmacies	306	Multi-period excess earnings	6 years	6.65 %
Customer Relationship Strakan	1,455	Multi-period excess earnings	3 years	6.20 %
Order Backlog Strakan	572	Multi-period excess earnings	1 year	6.02 %
Unfavorable leasing contract	(269)	Present value method	3 years	6.20 %
Inventories (Fair value step up)	2,374	Replacement costs	n/a	n/a
Land (Fair value step up)	157	Capitalized earnings method	Indefinite	n/a
Building (Fair value step up)	975	Capitalized earnings method	30 years	n/a
Fixed Assets (Fair value step up)	154	Depreciated replacement costs	1 year	n/a

Strathmann's former partner was Dr. Detlef Strathmann Verwaltungs GmbH & Co. KG.

Strathmann contributed EUR 11,837 thousand to consolidated revenue for the period from 1 January 2018 to 30 June 2018; after adjustment of the carrying amounts recognised for assets and liabilities identified as part of the purchase price allocation, the earnings contribution amounted to EUR 1,994 thousand over this period.

BLBR acquisition

On 23 March 2018, Dermapharm acquired 51 % of the shares in BLBR GmbH. In addition to contributing EUR 26 thousand to the Company's share capital, Dermapharm must contribute EUR 5,974 thousand to the Company's unallocated capital reserve. Of this amount, EUR 1,974 thousand had already been contributed as at 30 June 2018. The object of the company is the development, manufacture, sales, marketing and brokerage of products and services on the secondary healthcare market. This includes non-pharmacy-only drugs, nutritional supplements, body care products, cosmetics and technical medical devices, provided these do not require governmental approval. The transaction constituted a business combination as defined under IFRS 3. Due to the current lack of sufficient information, it is expected that the company will be consolidated retrospectively for the first time as at the acquisition date for the purposes of the consolidated financial statements as at 31 December 2018. Dermapharm recognises the equity investment at fair value through other comprehensive income. As at 30 June 2018, the cost of EUR 6,000 thousand is considered a reliable estimate of fair value.

2.6 Intangible assets

Various intangible assets were recognised for the first time in connection with the purchase price allocations for Strathmann and Trommsdorff. As at 30 June 2018, the remaining useful lifes and carrying amounts of the Group's material intangible assets arising from these acquisitions were as follows:

30 June 2018	Carrying amount in EUR thousand	Remaining useful life	Asset origin
Trademarks (Portfolio)	4,416	15.5 years	Business combination Strathmann
Customer Relationship Wholesale	2,133	8.5 years	Business combination Strathmann
Customer Relationship Strakan	1,213	2.5 years	Business combination Strathmann
Trademark - Keltican	28,141	19.5 years	Business combination Trommsdorff
Trademark - Tromcardin	18,846	19.5 years	Business combination Trommsdorff
Trademark - Trommsdorff	3,862	14.5 years	Business combination Trommsdorff
Trademarks (Portfolio) - OTC	821	14.5 years	Business combination Trommsdorff
Trademarks (Portfolio) - RX	1,885	14.5 years	Business combination Trommsdorff

Due to an adjustment of the purchase price by EUR 57 thousand, the goodwill from the acquisition of Bio-Diät-Berlin GmbH was reduced by the same amount.

3. Notes to the consolidated statement of financial position

3.1 Investments

Investments increased by EUR 5,986 thousand from EUR 188 thousand as at 31 December 2017 to EUR 6,174 thousand as at 30 June 2018. The increase is due primarily to the equity investment in BLBR GmbH acquired at a cost of EUR 6,000 thousand. Further information on this can be found in note 2.5.

3.2 Other current financial assets

Other current financial assets decreased to EUR 1,062 thousand (31 December 2017: EUR 78,318 thousand). The decrease was attributable primarily to the offsetting of receivables with related parties. Further information on this can be found in note 7.1.

3.3 Cash and cash equivalents

Cash and cash equivalents changed as follows:

EUR thousand	30 June 2018	31 December 2017
Cash at banks and cash equivalents	180,018	6,240
Cash on hand	41	46
Cash and cash equivalents	**180,059**	**6,286**

Please refer to the statement of cash flows for further details.

3.4 Equity

Registration of in-kind capital increase

After the contribution and transfer of all shares of Dermapharm AG was completed effective as at 31 December 2017, the capital increase was recorded in the commercial register of the Munich local court on 4 January 2018. As at 31 December 2017, the Group reported in-kind contribution of EUR 49,880 thousand as equity under the item Contributions in kind not yet registered. After registration, this amount is reported under issued capital.

Initial Public Offering (IPO)

On 29 January 2018, Dermapharm filed an application for admission of securities to trading on the Regulated Market of the Frankfurt Stock Exchange.

Following an amendment to the Articles of Association on 7 February 2018, the share capital 2018 amounts to EUR 53,840 thousand and is divided into 53,840,000 no-par value shares. Each no-par value share carries one vote.

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. Prior to that date, on 8 February 2018, the offer price for Dermapharm's IPO (together with its consolidated subsidiaries) was set at EUR 28.00 per share. A total of 13,455,000 shares in Dermapharm were offered. Of that number, 3,840,000 newly issued shares resulted from a capital increase and 9,615,000 shares stemmed from the holdings of the selling shareholder, including 1,755,000 shares for over-allotments ("Greenshoe option"). The gross proceeds from the capital increase amounting to approximately EUR 107,520 thousand are attributable to Dermapharm. The EUR 103,680 thousand premium was contributed to the capital reserve. The Greenshoe option granted the stabilisation manager in the context of a securities loan the option to offer investors up to 1,755,000 additional shares for over-allotments at the placement price. Joh. Berenberg, Gossler & Co. KG exercised this Greenshoe option on 9 March 2018 in the amount of 1,155,000 shares. Thus, 40,985,000 shares continue to be held by the majority shareholder Themis Beteiligungs-Aktiengesellschaft. As at the end of the reporting date, the free float amounted to approximately 23.87 %.

Transaction costs

In accordance with IAS 32.37, transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. By contrast, the costs that are not directly attributable to the equity transaction must be recognised as an expense.

Certain costs of the IPO were not directly attributable to the new issue of shares but to the initial listing of shares already issued. These costs were allocated based on the ratio of new shares to the total number of Dermapharm's placed shares.

In financial year 2017, EUR 79 thousand in directly attributable transaction costs were recognised. After the IPO, these costs (less EUR 19 thousand in deferred taxes) were offset against the capital reserve. In the first half of 2018, additional costs of EUR 3,061 thousand directly attributable to the capital increase were incurred. These costs (less EUR 742 thousand in deferred taxes) were also offset against the capital reserve.

As at 30 June 2018, costs of acquiring equity (transaction costs after deduction of taxes) totalling EUR 2,379 thousand were deducted from the capital reserve.

3.5 Provisions for employee benefits

Provisions for employee benefits increased to EUR 48,884 thousand (31 December 2017: EUR 13,033 thousand). The increase was attributable primarily to the Trommsdorff acquisition. Trommsdorff had recognised EUR 35,569 thousand in provisions for pensions as at 30 June 2018.

3.6 Financial liabilities

As at 30 June 2018, the current and non-current financial liabilities recognised for the Group were as follows:

EUR thousand	30 June 2018	31 December 2017
Bank loans	137,365	141,059
Promissory note loans	81,327	81,287
Leasing liabilities	84	137
Non-current financial liabilities	**218,776**	**222,483**

EUR thousand	30 June 2018	31 December 2017
Bank loans	88,899	10,943
Promissory note loans	-	570
Leasing liabilities	109	134
Participation rights	-	7,127
Bank overdrafts	13,682	13,490
Current financial liabilities	**102,690**	**32,264**

The second tranche of the participation rights issued in 2010 in the amount of EUR 6,360 thousand was repaid on time in January 2018. In addition, interest of EUR 767 thousand for these participation rights was repaid.

3.7 Income taxes and deferred taxes

Termination of profit and loss transfer agreement:

In light of the termination of the profit and loss transfer agreement between Themis Beteiligungs-AG and Dermapharm AG on 31 December 2017, the consolidated tax group also ceased to apply to Themis Beteiligungs-AG from that date.

A consolidated tax group remains in place between Dermapharm AG and its subsidiaries mibe GmbH Arzneimittel, Mibe Vertrieb GmbH, Hübner Naturarzneimittel GmbH and acis Arzneimittel GmbH.

Since 1 January 2018, current income taxes for the companies included in the consolidated tax group are recognised by Dermapharm AG.

4. Notes to the consolidated statement of comprehensive income

4.1 Revenues

Information on the development of revenue during the reporting period is contained in the Segment Reporting section contained in note 5.

4.2 Earnings per share

On 6 December 2017, the Annual General Meeting of the Company resolved to implement an in-kind capital increase to increase the issued capital by EUR 49,880 thousand from EUR 120 thousand to EUR 50,000 thousand. The EUR 49,880 thousand in-kind capital increase, which was resolved on 6 December 2017 and registered on 4 January 2018, took place in the form of a contribution of 104,960 shares in Dermapharm AG (corresponding to 20 % of Dermapharm AG's share capital) as an in-kind contribution in exchange for the issuance of 49,880,000 new no-par value bearer shares in the Company, with each such share representing a notional interest in the share capital of EUR 1.00. The remainder of the shares in Dermapharm AG were contributed subject to no separate consideration. In order to ensure comparability of earnings per share figures across the different periods, the number of shares was retrospectively adjusted in accordance with IAS 33.64. Based on the contribution as described, 524,800 shares in Dermapharm AG, each such share representing a notional interest in the share capital of EUR 2.56 (actual number of shares outstanding as at 1 January 2017 and 1 January 2016) correspond to 49,880,000 shares, each such Dermapharm AG share representing a notional interest in the share capital of EUR 1.00 after the contribution.

Due to the capital increase conducted in connection with Dermapharm Holding SE's initial public offering on 9 February 2018, the number of shares outstanding increased to 3,840,000.

	6 months ended at	
EUR thousand	**30 June 2018**	**30 June 2017**
Profit for the year – attributable to Dermapharm Holding SE shareholders	37,989	39,522
Weighted average number of shares outstanding (shares in thousand units)	52,991	49,880
Earnings per share	**0.72**	**0.79**

At Dermapharm the calculation of the diluted earnings per share corresponds to the calculation of the basic earnings per share because Dermapharm has not issued any financial instruments that could potentially result in a capital increase or an increase in ordinary shares.

Weighted average number of ordinary shares

Shares in thousand units	30 June 2018	30 June 2017
Number of ordinary shares outstanding at the beginning of the period	50,000	49,880
Number of ordinary shares outstanding at the end of the period	53,840	49,880
Weighted average number of shares outstanding	52,991	49,880
Number of potentially dilutive ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**52,991**	**49,880**

5. Segment information

The newly acquired subsidiaries Trommsdorff and Strathmann as well as the newly founded company mibeTec GmbH are included in the "Branded pharmaceuticals and other healthcare products" division.

The measurement approaches for segment reporting correspond to the accounting policies applied in the IFRS consolidated financial statements as at 31 December 2017.

6 months ended at 30 June 2018 EUR thousand	Branded pharmaceuticals and other healthcare products	Parallel import business	Reconciliation / Group Holding	Group
Revenue	163,648	117,065	-	280,713
thereof intersegment revenue	*458*	-	-	*458*
Revenue from external customers	163,190	117,065	-	280,255
Revenue growth from external customers	48.1 %	-5.6 %	-	19.7 %
EBITDA	64,469	5,355	(2,720)	67,104
thereof result from investments measured at equity	*773*	-	-	*773*
EBITDA margin	39.5 %	4.6 %	-	23.9 %

6 months ended at 30 June 2017 EUR thousand	Branded pharma-ceuticals and other healthcare products	Parallel import business	Reconciliation / Group Holding	Group
Revenue	110,981	124,049	-	235,030
thereof intersegment revenue	*804*	-	-	*804*
Revenue from external customers	110,177	124,049	-	234,226
Revenue growth from external customers	n/a	n/a	-	n/a
EBITDA	51,303	3,284	-	54,587
thereof result from investments measured at equity	*818*	-	-	*818*
EBITDA margin	46.6 %	2.6 %	-	23.3 %

EUR thousand	30 June 2018	30 June 2017
EBITDA	67,104	54,587
Depreciation and impairment	(12,367)	(6,835)
Financial income	2,210	2,602
Financial expenses	(4,458)	(5,870)
Earnings before taxes (EBT)	**52,489**	**44,484**
Income taxes	(14,500)	(4,962)
Profit for the period	**37,989**	**39,522**
Profit and loss transfers due to profit and loss transfer agreements	-	(31,097)
Profit for the period, after profit and loss transfer	**37,989**	**8,425**
Profit attributable to owners of the parent company	37,989	39,522
Earnings per share	**0.72**	**0.79**

6. Additional disclosures on financial instruments

The table below shows the carrying amounts of all financial instruments reported in the consolidated statements 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.

Moreover, the table depicts the fair values of the financial instruments and the IFRS 13 fair value hierarchy level applied to obtain the value.

30 June 2018		Measurement acc. to IFRS 9					
EUR thousand	Carrying amount 30 June 2018	Amortised cost	Fair value through profit or loss	Fair value through OCI	Measure-ment acc. to IAS 17	Fair value 30 June 2018	Fair value level
Assets							
Other non-current financial assets	3,419	597	2,822	-	-	3,419	2
Investments	6,174	-	-	6,174	-	6,174	-
Trade receivables	46,449	46,449	-	-	-	46,449	-
Other current financial assets	1,062	1,055	7	-	-	1,062	2
Cash and cash equivalents	180,059	180,059	-	-	-	180,059	-
Liabilities				-			
Financial liabilities - non-current							
of which bank loans	*137,365*	*137,365*	-	-	-	*141,679*	*2*
of which promissory note loans	*81,327*	*81,327*	-	-	-	*83,106*	*2*
of which participation rights	-	-	-	-	-	-	*2*
of which leasing liabilities	*84*	-	-	-	*84*	*84*	-
Other non-current financial liabilities	3,499	-	3,499	-	-	3,499	2/3
Financial liabilities - current							
of which bank loans	*88,899*	*88,899*	-	-	-	*88,685*	*2*
of which promissory note loans	-	-	-	-	-	*1,564*	*2*
of which participation rights	-	-	-	-	-	-	*2*
of which bank overdrafts	*13,682*	*13,682*	-	-	-	*13,682*	-
of which leasing liabilities	*109*	-	-	-	*109*	*109*	-
Trade payables	26,978	26,978	-	-	-	26,978	-
Other current financial liabilities	4,020	4,000	20	-	-	4,020	2

31 December 2017 EUR thousand	Carrying amount 31 December 2017	Measurement acc. to IAS 39 Amortised cost	Fair value through profit or loss	Measure-ment acc. to IAS 17	Fair value 31 Decem-ber 2017	Fair value level
Assets						
Other non-current financial assets	4,419	523	3,896	-	4,419	2
Investments	188	188	-	-	188	-
Trade receivables	24,677	24,677	-	-	24,677	-
Other current financial assets	78,318	78,312	6	-	78,318	2
Cash and cash equivalents	6,286	6,286	-	-	6,286	-
Liabilities						
Financial liabilities - non-current						
of which bank loans	*141,059*	*141,059*	-	-	*146,213*	*2*
of which promissory note loans	*81,287*	*81,287*	-	-	*83,684*	*2*
of which participation rights	-	-	-	-	-	*2*
of which leasing liabilities	*137*	-	-	*137*	*137*	-
Other non-current financial liabilities	4,476	-	4,476	-	4,476	2/3
Financial liabilities - current						
of which bank loans	*10,944*	*10,944*	-	-	*10,159*	*2*
of which promissory note loans	*570*	*570*	-	-	*1,564*	*2*
of which participation rights	*7,127*	*7,127*	-	-	*7,127*	*2*
of which bank overdrafts	*13,489*	*13,489*	-	-	*13,489*	-
of which leasing liabilities	*134*	-	-	*134*	*134*	-
Trade payables	23,367	23,367	-	-	23,367	-
Other current financial liabilities	5,592	5,472	120	-	5,592	2
Totals per category acc. to IAS 39						
Available for sale	188	188	-	-	188	-
Financial assets held for trading	3,902	-	3,902	-	3,902	-
Loans and receivables	109,798	109,798	-	-	109,798	-
Financial liabilities held for trading	4,596	-	4,596	-	4,596	-
Financial liabilities measured at amortised cost	283,315	283,315	-	-	291,075	-

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.

7. Related party disclosures

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

7.1 Material transactions

Related party transactions (persons):

	6 months ended at	
EUR thousand	**30 June 2018**	**30 June 2017**
Marketing and advertising	605	613
Compensation from Dermapharm AG, Hünenberg, CH	53	57
Total	**658**	**670**

Related party transactions (entities):

	6 months ended at	
EUR thousand	**30 June 2018**	**30 June 2017**
Parent company (Themis Beteiligungs-AG) of Dermapharm	69,065	7,768
Ongoing payment transactions and other	**69,065**	**7,768**
Non-consolidated companies	6,000	-
Acquisition of shareholding	**6,000**	**-**
Parent company (Themis Beteiligungs-AG) of Dermapharm	5,338	-
Tax group	**5,338**	**-**
Parent company (Themis Beteiligungs-AG) of Dermapharm	2,212	-
Associated companies	2	-
Non-consolidated companies	74	-
Bank loans	**2,288**	**-**
Parent company (Themis Beteiligungs-AG) of Dermapharm	944	-
Non-consolidated companies	13	32
Other services	**957**	**32**
Parent company (Themis Beteiligungs-AG) of Dermapharm	268	210
Non-consolidated companies	555	272
Consultancy services	**823**	**482**
Associated companies	67	280
Non-consolidated companies	133	59
Transfer of goods	**200**	**339**
Total	**84,671**	**8,621**

7.2 Open balances with significant related parties

Receivables from related parties:

EUR thousand	30 June 2018	31 December 2017
Parent company (Themis Beteiligungs-AG) of Dermapharm	2,822	71,286
Receivables from ongoing payment transactions and other	**2,822**	**71,286**
Parent company (Themis Beteiligungs-AG) of Dermapharm	-	9,333
Receivables from tax group	**-**	**9,333**
Parent company (Themis Beteiligungs-AG) of Dermapharm	-	1,048
Non-consolidated companies	10	5
Receivables from other services	**10**	**1,053**
Associated companies	-	3
Receivables from interest	**-**	**3**
Non-consolidated companies	48	13
Receivables from transfer of goods	**48**	**13**
Non-consolidated companies	18	-
Associated companies	74	90
Receivables from loans	**92**	**90**
Total	**2,972**	**81,778**

Liabilities to related parties:

EUR thousand	30 June 2018	31 December 2017
Non-consolidated companies	4,000	-
Payables from acquisition of shareholding	**4,000**	**-**
Parent company (Themis Beteiligungs-AG) of Dermapharm	-	3,945
Payables from tax group	**-**	**3,945**
Parent company (Themis Beteiligungs-AG) of Dermapharm	-	420
Payables from consultancy services	**-**	**420**
Parent company (Themis Beteiligungs-AG) of Dermapharm	-	268
Payables from IPO	**-**	**268**
Non-consolidated companies	-	50
Payables from transfer of goods	**-**	**50**
Non-consolidated companies	-	4
Payables from other services	**-**	**4**
Total	**4,000**	**4,687**

8. Events after the reporting period

In order to secure interim financing for intended acquisitions, the Group entered into a credit facility agreement with a German bank on 4 December 2017 with a maximum limit of EUR 80,000 thousand. The full amount was drawn down in January 2018. Pursuant to the agreement dated 22 August 2018, this short-term money market loan was converted into a long-term loan amounting to EUR 75,000 thousand with the interest rate reset to six-month EURIBOR every six months. The conversion will be made as of 28 September 2018.

Grünwald, 12 September 2018, the Management Board

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

DECLARATION OF THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable accounting standards, the condensed interim consolidated financial statements for the period from 1 January 2018 to 30 June 2018 provide a true and fair view of the Group's net assets, financial position and results of operations, and the condensed group management report presents the Group's business performance, including the financial performance and the financial position, in a manner that gives a true and fair view and describes the principal opportunities and risks of the company's anticipated development.

Grünwald, 12 September 2018

Dr. Hans-Georg Feldmeier	Stefan Hümer	Karin Samusch	Stefan Grieving
Chief Executive Officer	Chief Financial Officer	Chief Business Development Officer	Chief Marketing 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 2018 to 30 June 2018, 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 changes in equity, the condensed statement of cash flows and selected explanatory notes – and the interim group management report of Dermapharm Holding SE, Grünwald, for the period from 1 January 2018 to 30 June 2018 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, 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, 12 September 2018

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Niclas Rauscher	Prof. Dr. Thomas Senger
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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