

**Performance comparison OTC players
first half year 2020**

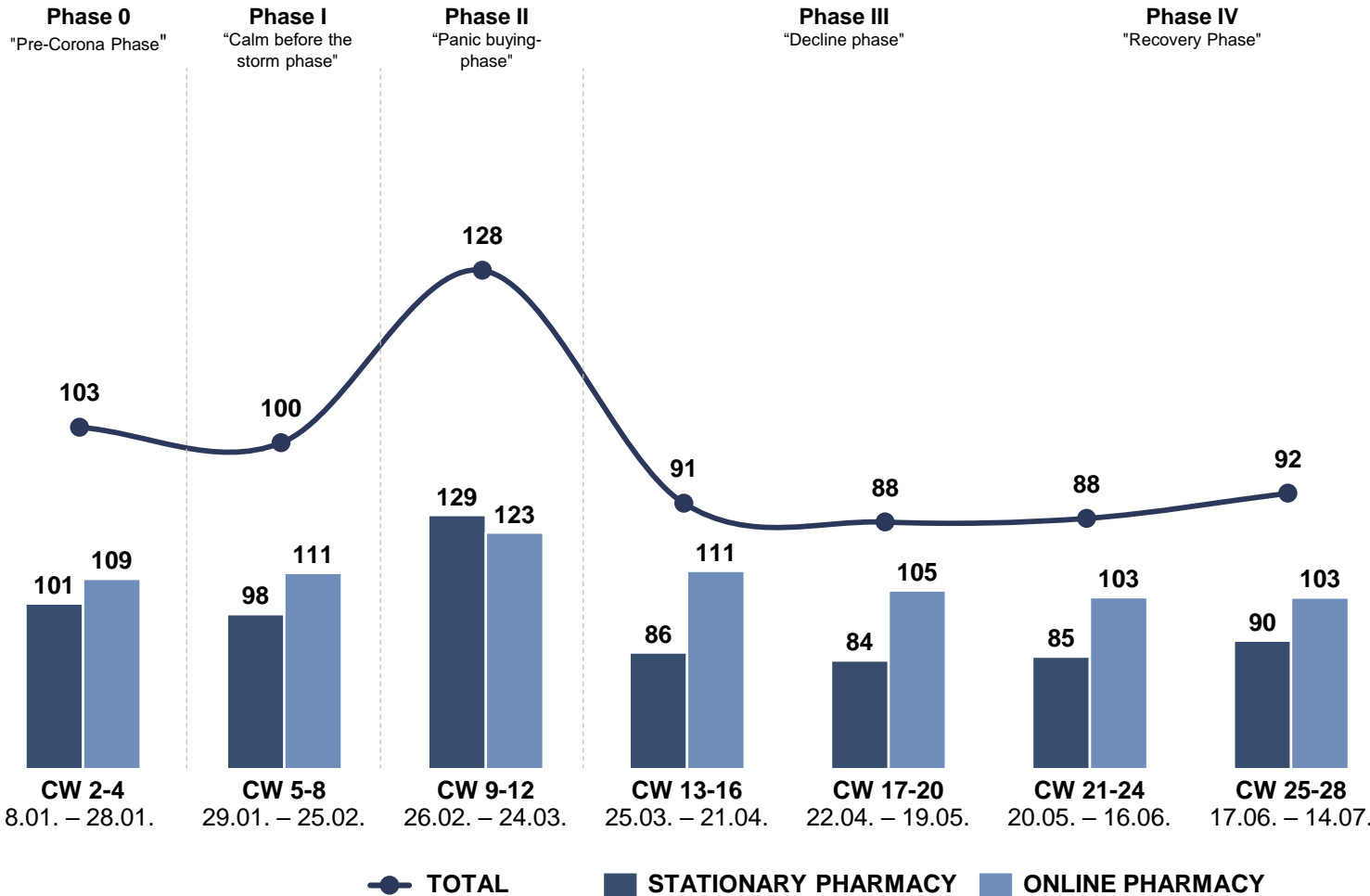
OTC players who pursue a direct-to-consumer approach via differentiated product portfolios are among the winners of the Corona crisis

Executive Summary

1. **Covid-19** has led to an **unusual** and **difficult market development** in the **German pharmacy market** in the **first half year of 2020**. After a **short peak of stocking** by consumers (March 2020), a **negative market development in the pharmacy** followed, whereas the market is now showing a gradual **upward trend** and **recovery phase**.
2. **Performance trap sales:** Manufacturers with **sales oriented business models** (doctors & pharmacies) are **more affected by Corona**. In some cases with **dramatic decline in sales**. Manufacturers who have **had to massively reduce sales activities**, especially **field sales support** on site (pharmacy and doctor) due to contact restrictions are among the losers. The negative influence of the changed recommendation behavior of doctors and pharmacists is strongly felt.
3. **Dependence on a few indications dangerous:** Manufacturers whose product portfolios are highly focused are more affected by market changes. Cold remedies or travel medicine are good examples.
4. **Consumer first:** OTC players such as **PharmaSGP**, whose business model and focus is on a **direct-to-consumer approach**, are **less exposed to structural market changes** and are **more likely to overcome the crisis successfully**. They are therefore also **better equipped for the future**.
5. **Innovations are important:** End-consumer-relevant **product innovations and speed of market introduction** also help to survive despite difficult market conditions. **Dr. Loges** is a good example of this.
6. **Adjustment of marketing strategy necessary:** The Corona crisis shows that **speed** and **flexibility** and a **clear focus on the end user** pave the way for **sustainable market success**. Many pharmaceutical manufacturers are not yet well positioned for this. **PharmaSGP is the exception** and therefore has a **significant competitive advantage**. In the future, **marketing-oriented business models** and **marketing approaches** will come to the **fore more strongly** in the course of the ongoing change and will **continue to gain in importance**.

OTC market has suffered a sharp drop in sales as a result of the crisis, although a recovery phase is slowly taking hold and an upward trend becomes visible

Corona timeline over time 2020, Germany



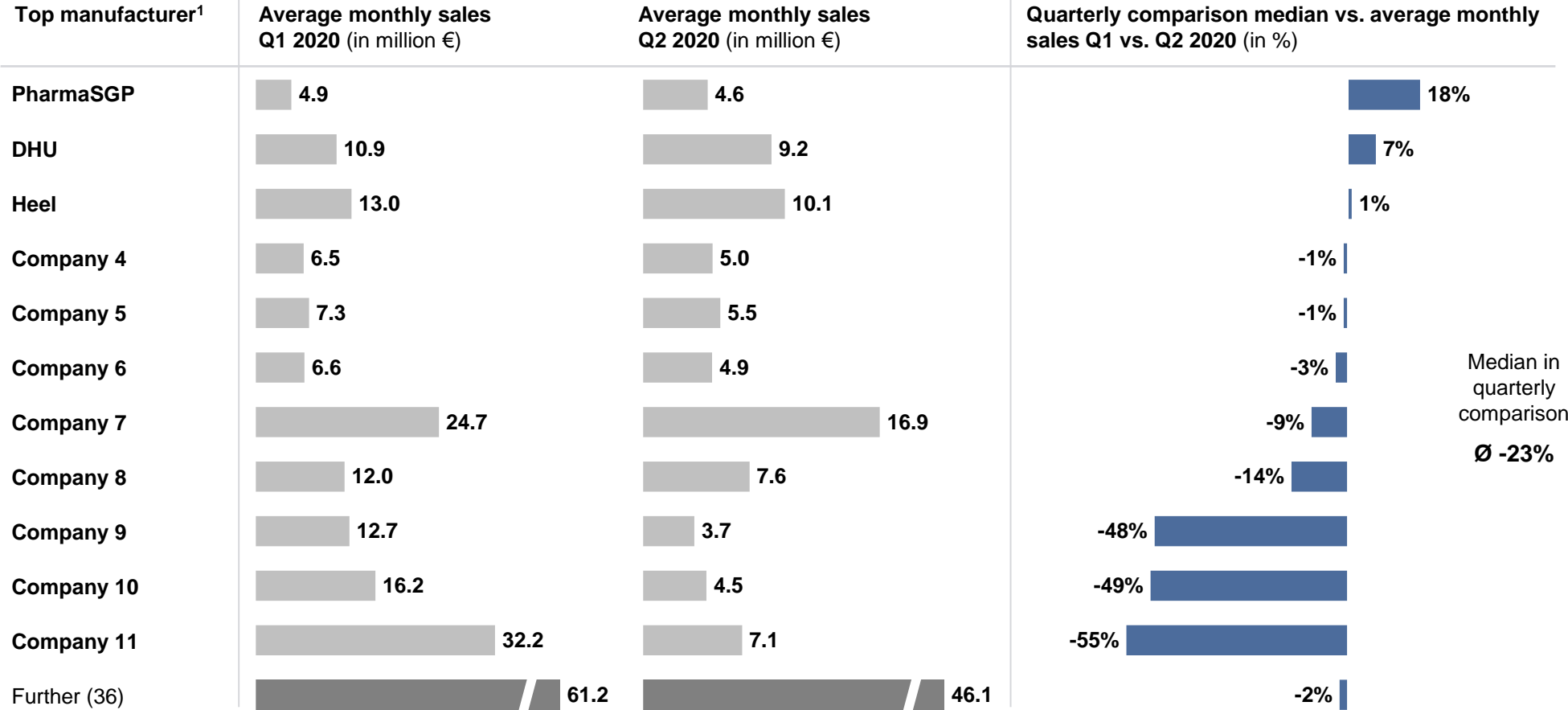
- After **panic buyings in March** and subsequent **slumps in sales**, the market is in a slow **recovery phase** (Index $\hat{=}$ 92, week 25-28)
- **Upward trend** continues in week 29-30, and with an index value of $\hat{=}$ 98-99 is **almost at the previous year's level**
- After substantial sales losses due to the lockdown, **stationary pharmacies regains momentum** (Index $\hat{=}$ 90, week 25-28)
- **Online pharmacies are clearly gaining in importance** in the Corona crisis, but their **market share approaches the previous year's level again** as the stationary pharmacy business recovers
- A further comparison shows that **OTC companies** are affected by the crisis to **varying degrees**

Source: SEMPORA Consulting / Insight Health & DatamedIQ 2020, sell-out to rAVP; week 2 - week 28 vs. previous year 2019

PharmaSGP's end-consumer-focused model is the clear winner of the crisis.

Quarter-on-quarter sales development (Q1 vs. Q2 2020)

OTC players of chemical-free drugs

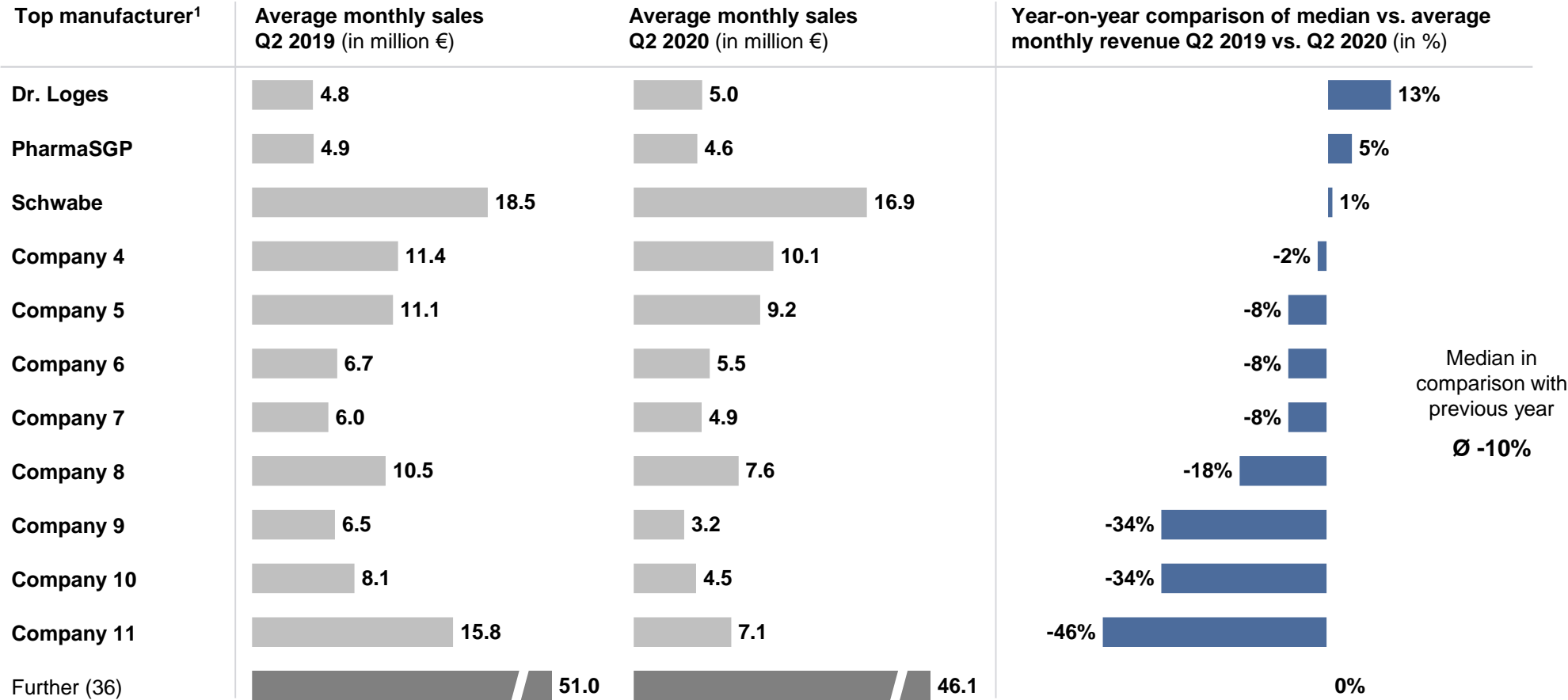


¹Top manufacturer of chemical-free OTC drugs > € 5 million, sell-out to rAVP in MAT 06/2020 Source: Insight Health / DatamedIQ 2020, sell-out to rAVP, Germany

Q2 year-on-year comparison confirms the strengths of the direct-to-consumer model. The positive development of Dr. Loges is due to new product launches.

Year-on-year sales development (Q2 2019 vs. Q2 2020)

OTC players of chemical-free drugs



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