

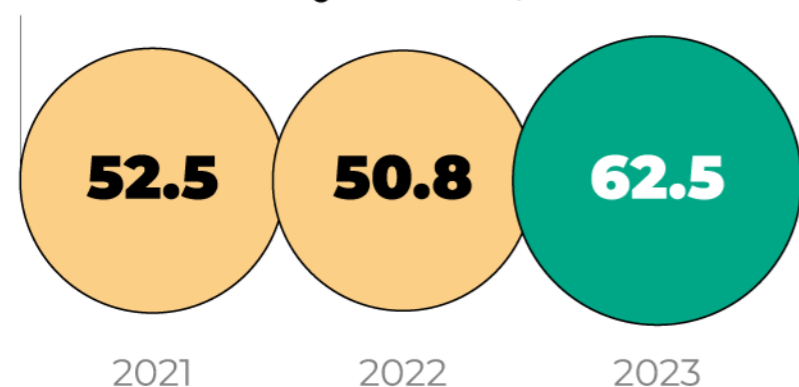
Trends of the Pharmaceutical Market in Ukraine September 2023

SALES OF MEDICINES ARE GROWING IN 2023

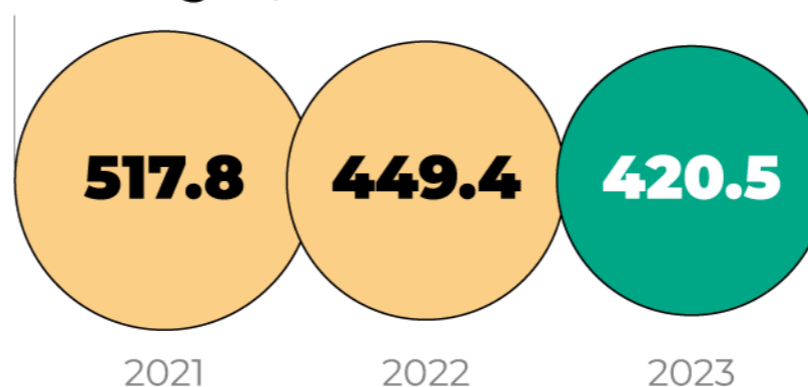
The war was a major challenge for the pharmaceutical market, which led to a 6.1% decrease in pharmacy sales in monetary terms. However, in 2023, drug sales are gradually increasing, indicating a market recovery.

Dynamics of total sales of medicines for the first half of the respective year

In monetary terms, UAH bln



Packages, thou.

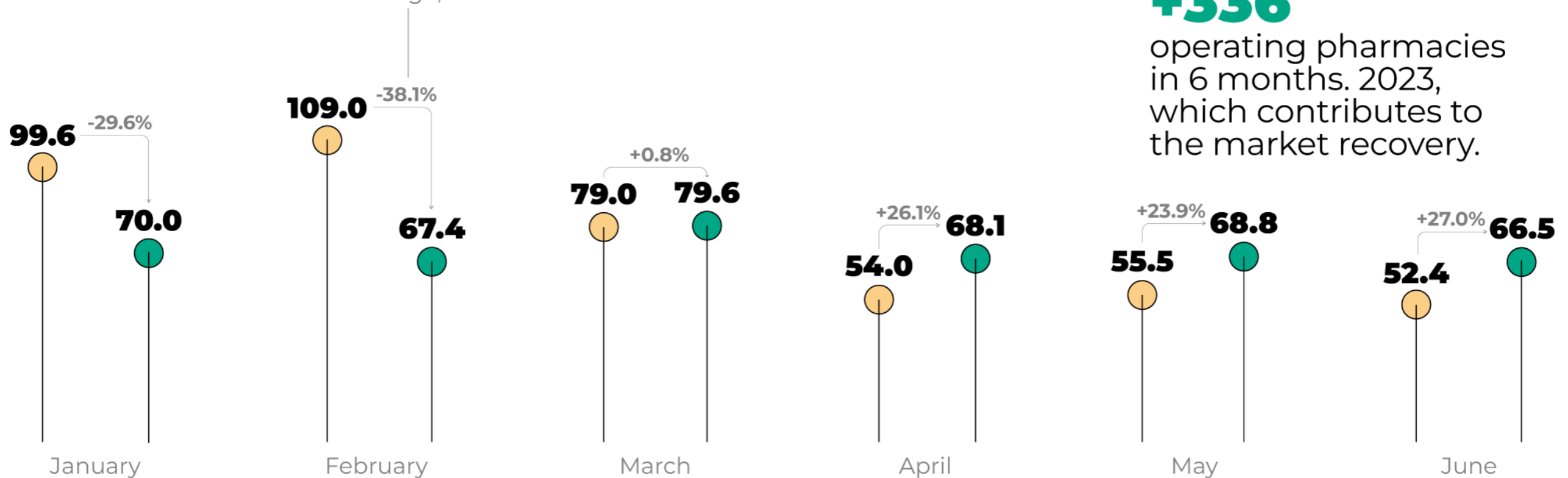


Sales of medicines in 2023 compared to 2022 increased by 23% in monetary terms but decreased by 6.4% in physical terms.

Pharmacy sales of medicines, thou. packs

● 2022 ● 2023

Change, %



+336
operating pharmacies in 6 months. 2023, which contributes to the market recovery.

Source: Proxima Research.

 t.me/uawarininfographics

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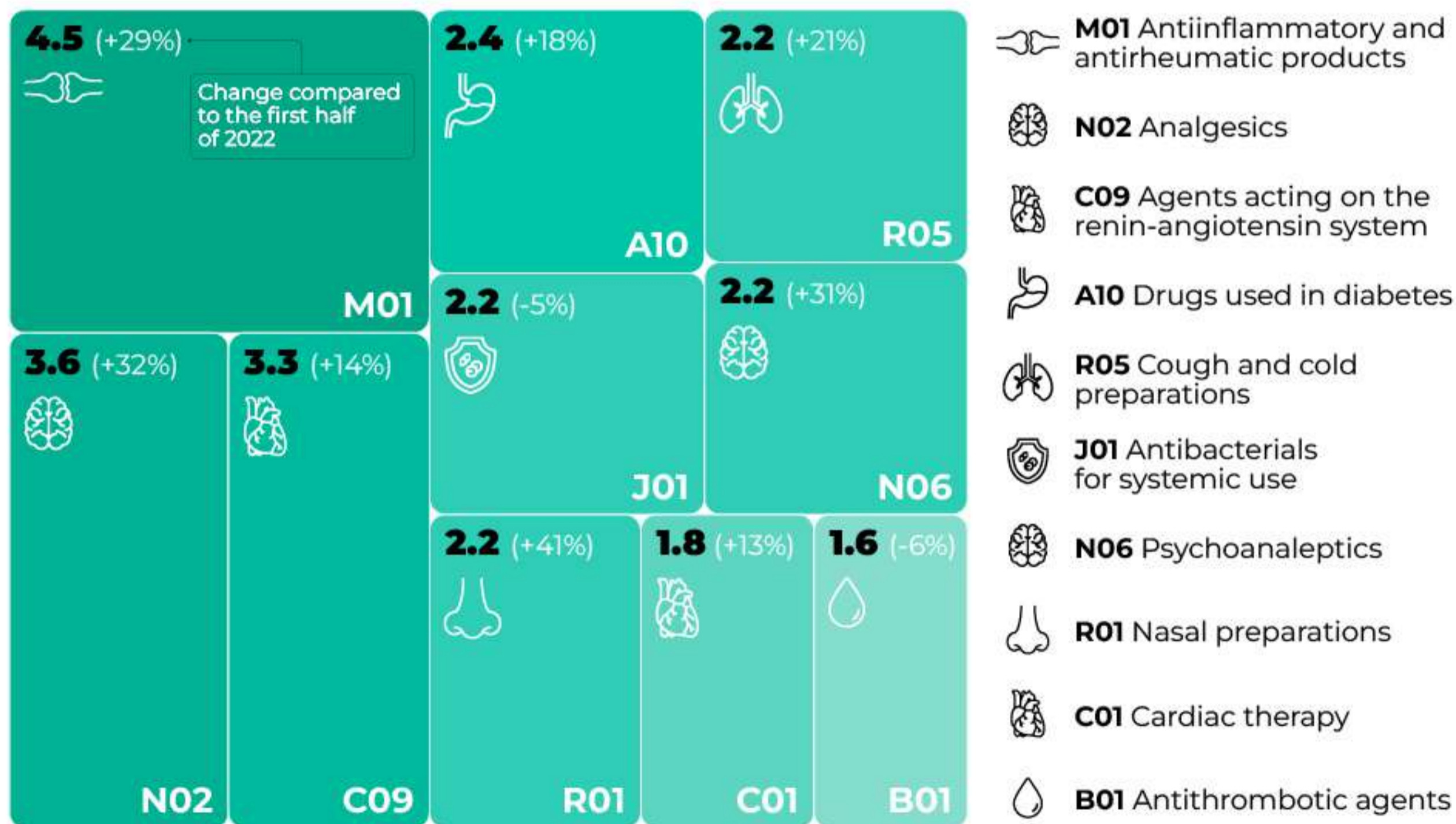

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WHAT MEDICINES DID UKRAINIANS BUY?

The increase in medicine sales in 2023 was mainly driven by price increases due to inflation. Most medicines purchased in Ukraine are in the mid-price segment.

Top 10 most purchased drug groups according to ATC level 2 classification, first half of 2023, UAH billion



Source: Proxima Research.

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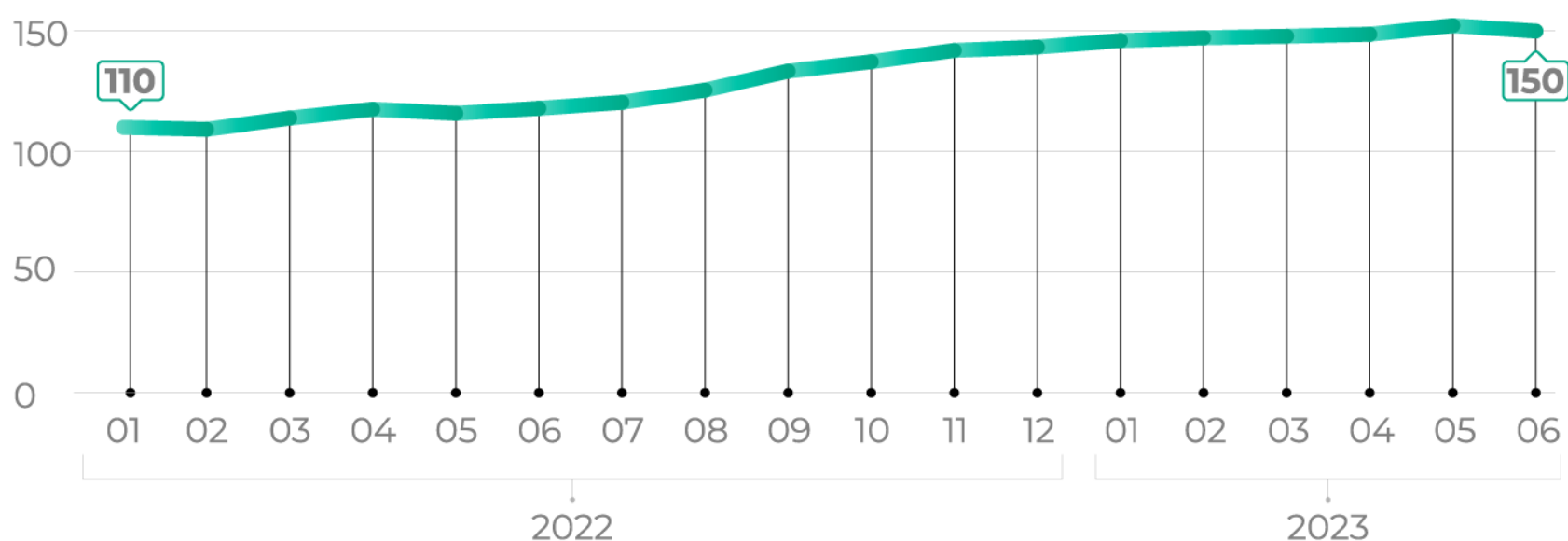
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THE AVERAGE MEDICINES' PACK PRICE **RISED BY 36.3%** SINCE JANUARY 2022

The increase in medicines sales in 2023 is mainly due to inflation. Most of the medicines purchased by Ukrainians are in the low-price segment.

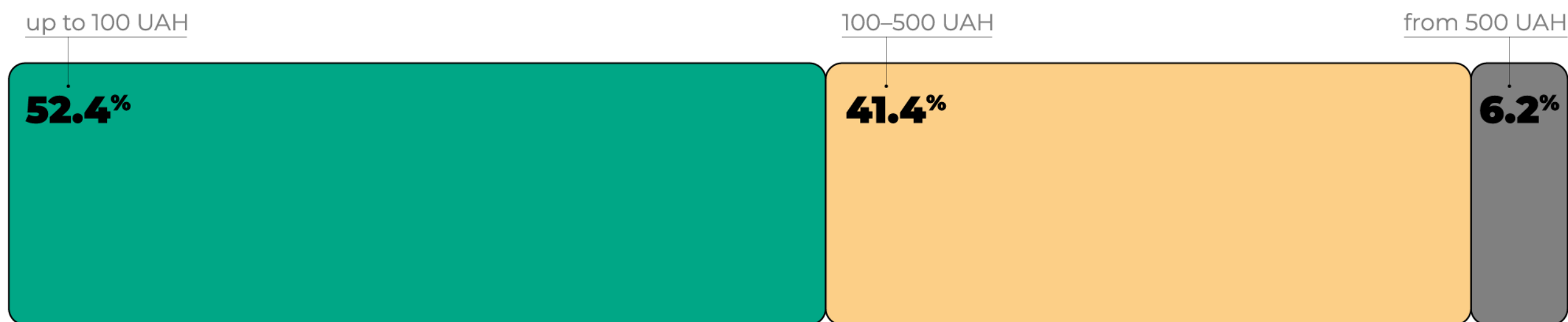
Dynamics of the weighted average value of the sold package of the medicinal product, 2022–2023, UAH



The main reasons for the price growth:

- Inflation
- Increase in the cost of raw materials for the manufacture of medicines
- Increase in distribution costs

Structure of the number of medicines sold by price, the first half of 2023, %

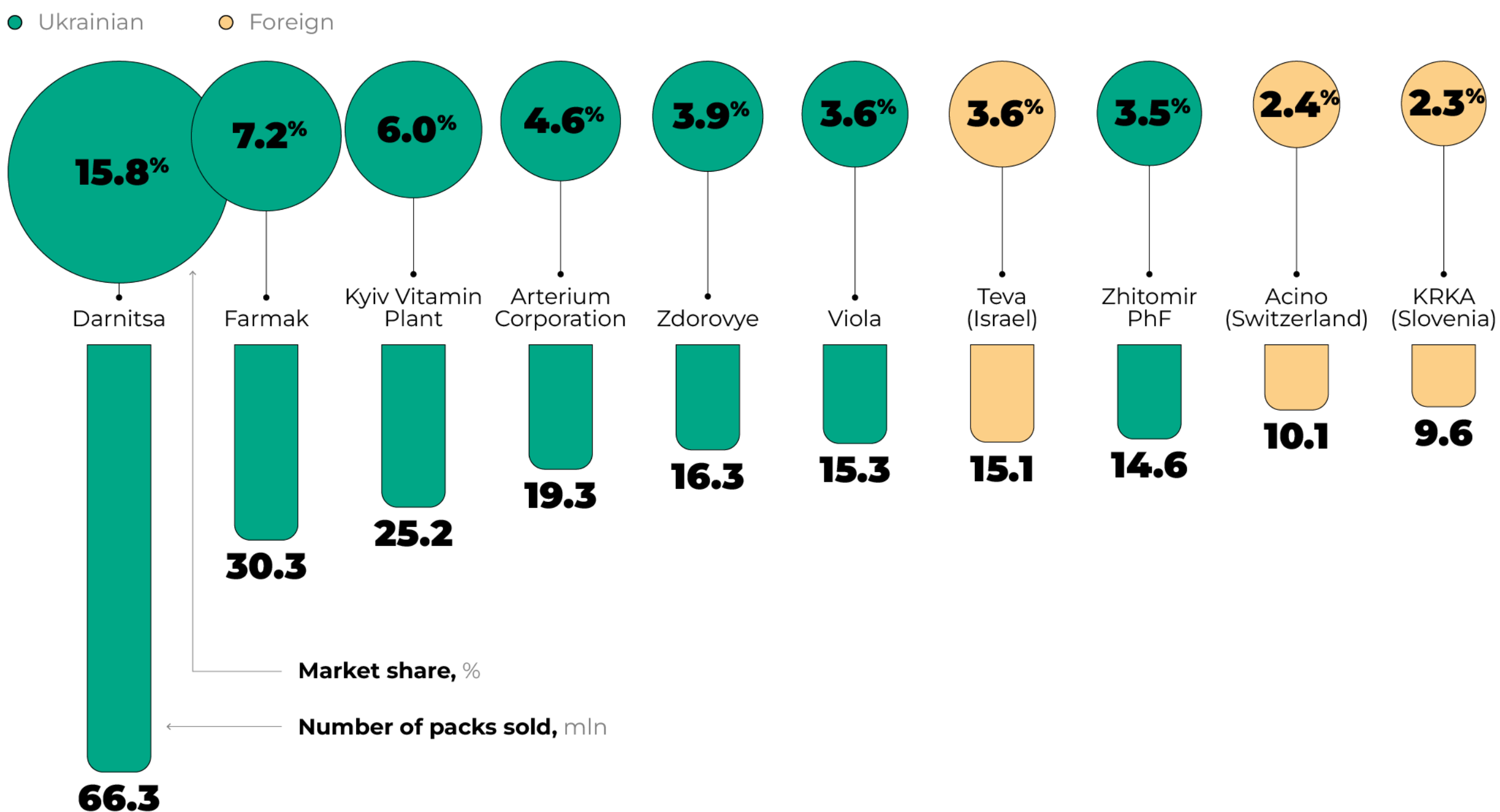


Source: Proxima Research.

UKRAINIAN COMPANIES LEAD THE MARKET

According to the results of the first half of 2023, 7 out of the 10 largest pharmaceutical companies in the Ukrainian market are Ukrainian. The most popular medicines are those manufactured by "Darnitsa". Over 66 million packs were purchased in 6 months of 2023.

Top 10 largest pharmaceutical companies in Ukraine by sales of medicines, for the first half of 2023, %



Source: Proxima Research.

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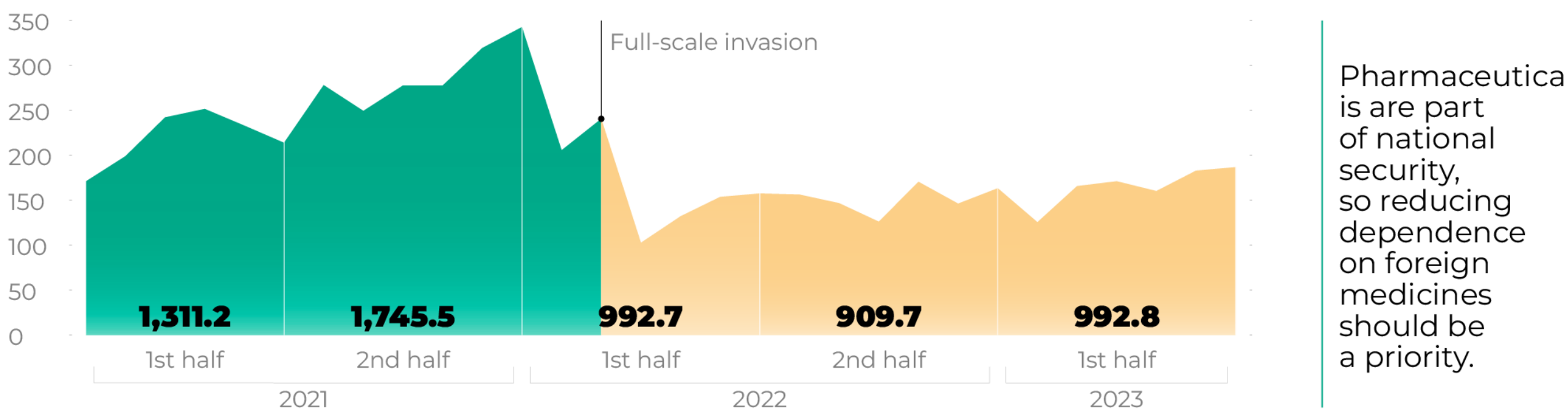

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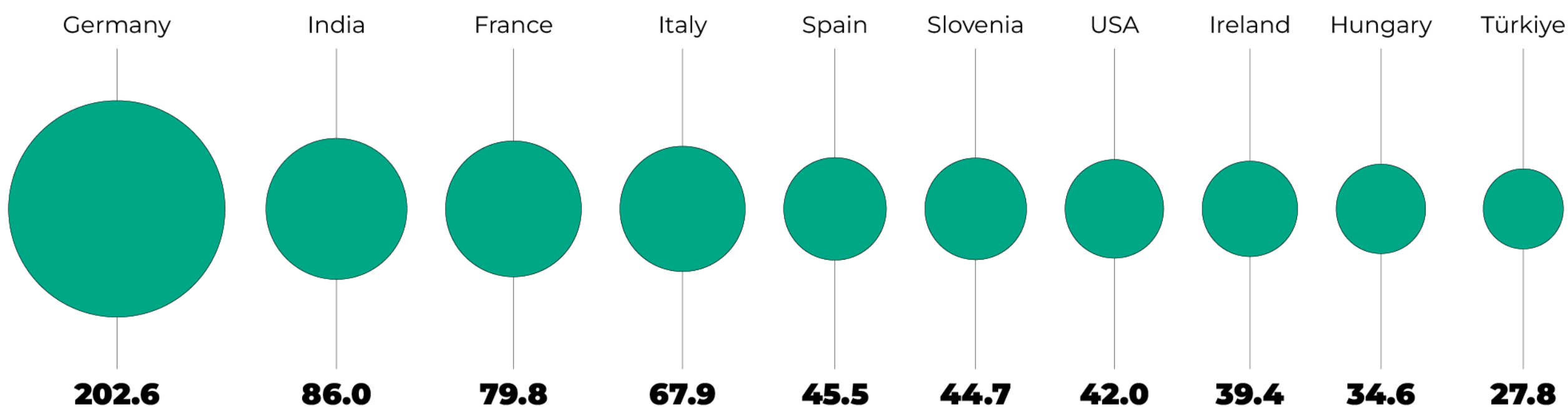
IMPORT OF MEDICINES IS GRADUALLY INCREASING

In 2022, imports of medicines decreased by 37.8%, mainly due to low demand and a large influx of humanitarian medical aid. In 2023, imports are gradually recovering.

Imports of pharmaceutical products, January 2021 – June 2023, USD million



10 largest import destinations for medicines, 1st half of 2023, USD million

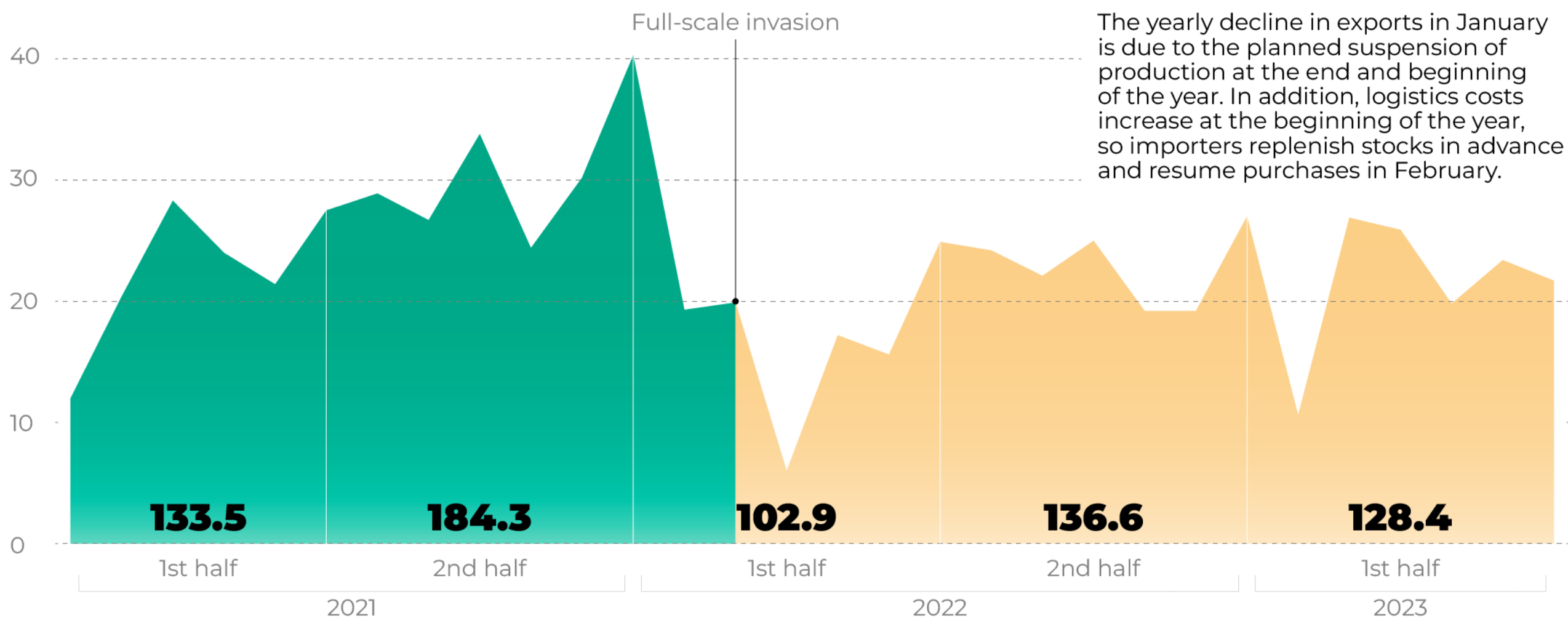


Source: State Customs Service of Ukraine

EXPORTS OF MEDICINES ARE RECOVERING IN 2023

The full-scale invasion harmed the export of Ukrainian pharmaceutical products due to logistical difficulties, loss of production, and warehouse capacity. However, manufacturers managed to overcome the challenges and resume exports.

Exports of pharmaceutical products, January 2021 – June 2023, USD million



What influenced the export recovery?



Entering new markets and expanding export geography.



Replacement of air transportation with road and sea transportation.

Source: State Customs Service of Ukraine

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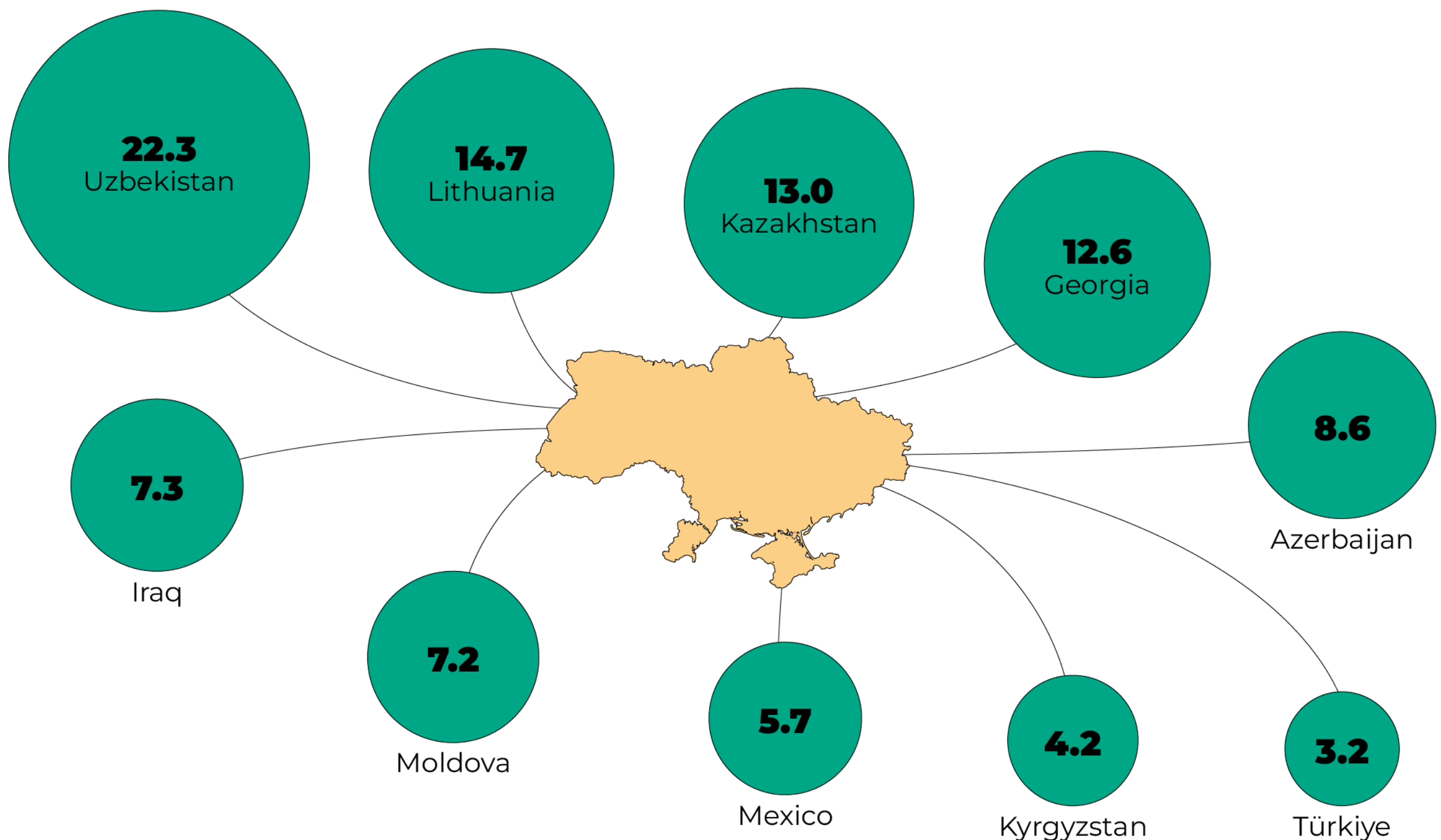
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LEADERS IN IMPORTS OF UA PHARMACEUTICALS

In 2022, Ukrainian pharmaceutical companies stopped selling pharmaceuticals to Russia and Belarus, the main importers from Ukraine. Despite this, companies entered new markets and increased exports in the 1st half of 2023.

10 largest export destinations for Ukrainian pharmaceuticals, H1 2023, USD mln

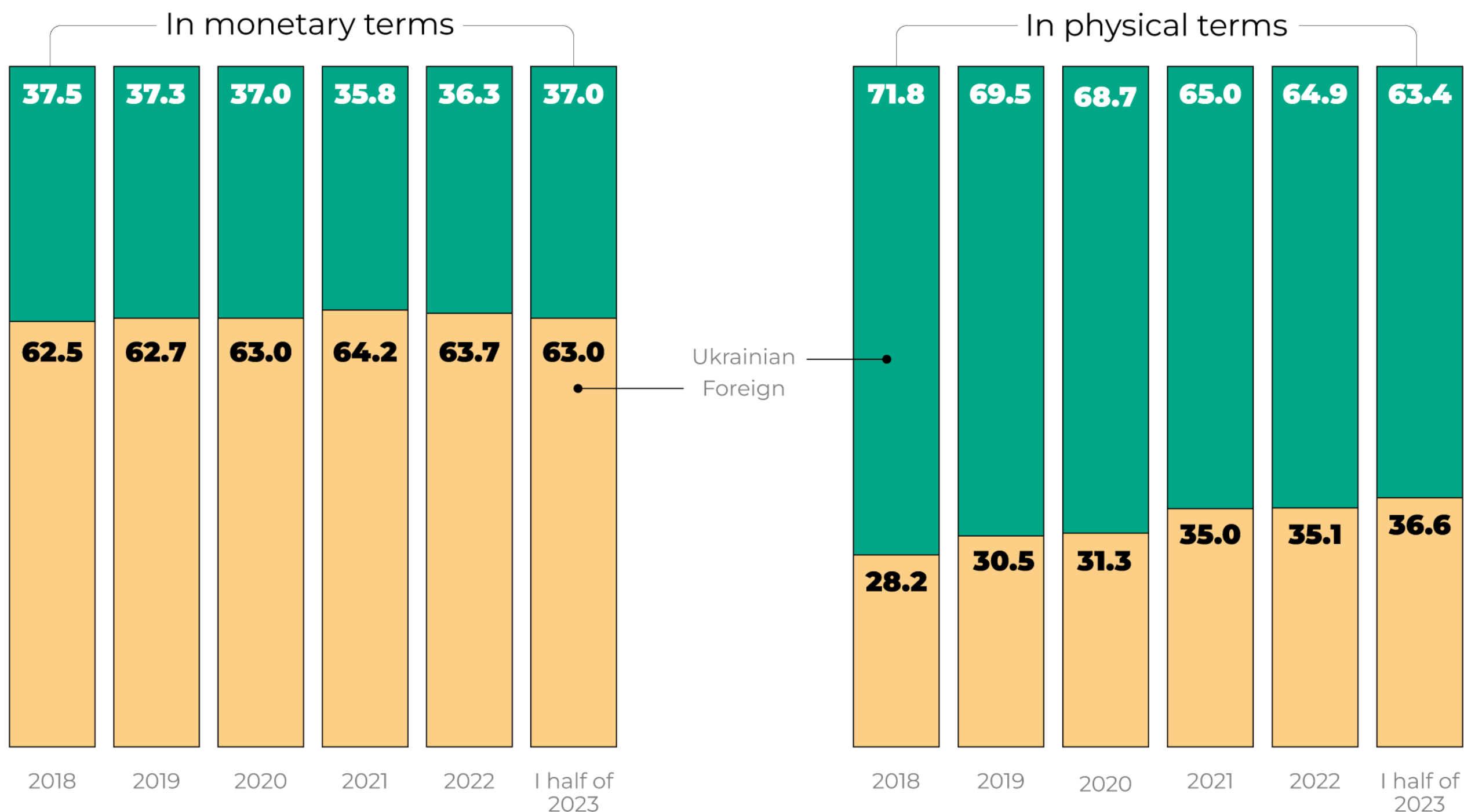


Source: State Customs Service of Ukraine

63.4% OF MEDICINES ON THE MARKET ARE UKRAINIAN

Because Ukrainian medicines are mostly cheaper than foreign ones, their market share in monetary terms is only 37.0%, while in physical terms, it is 63.4%. Increasing the share of Ukrainian pharmaceuticals is a strategic task for the country, as it guarantees the availability of medicines in times of crisis.

Market structure by manufacturers, %



Source: Proxima Research