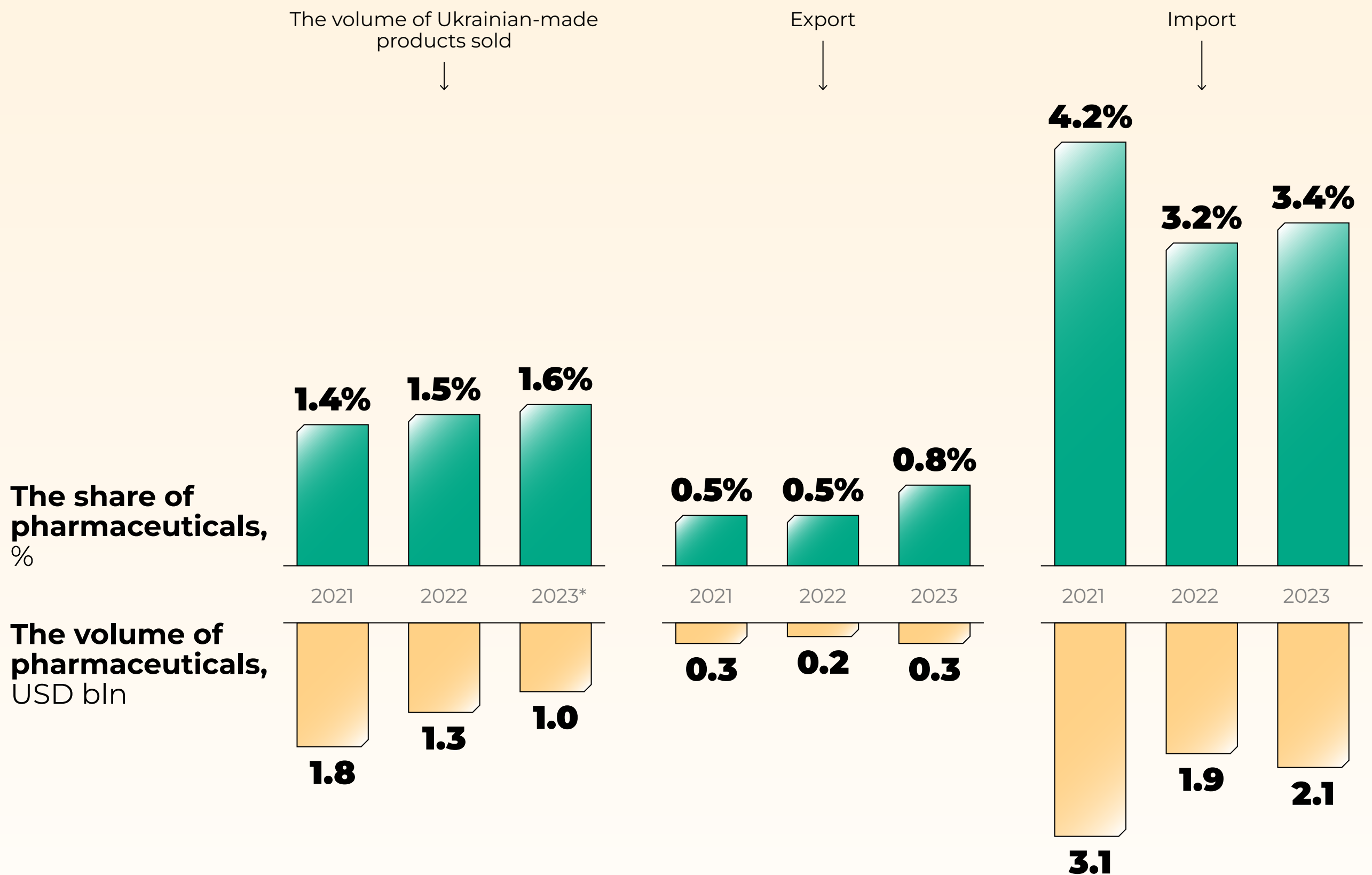


PHARMA DURING THE WAR

March 2024

THE IMPORTANCE OF PHARMA IS GROWING

The outbreak of a full-scale war impacted the pharmaceutical industry in Ukraine. **However, current trends show its growth** and importance for the economy.



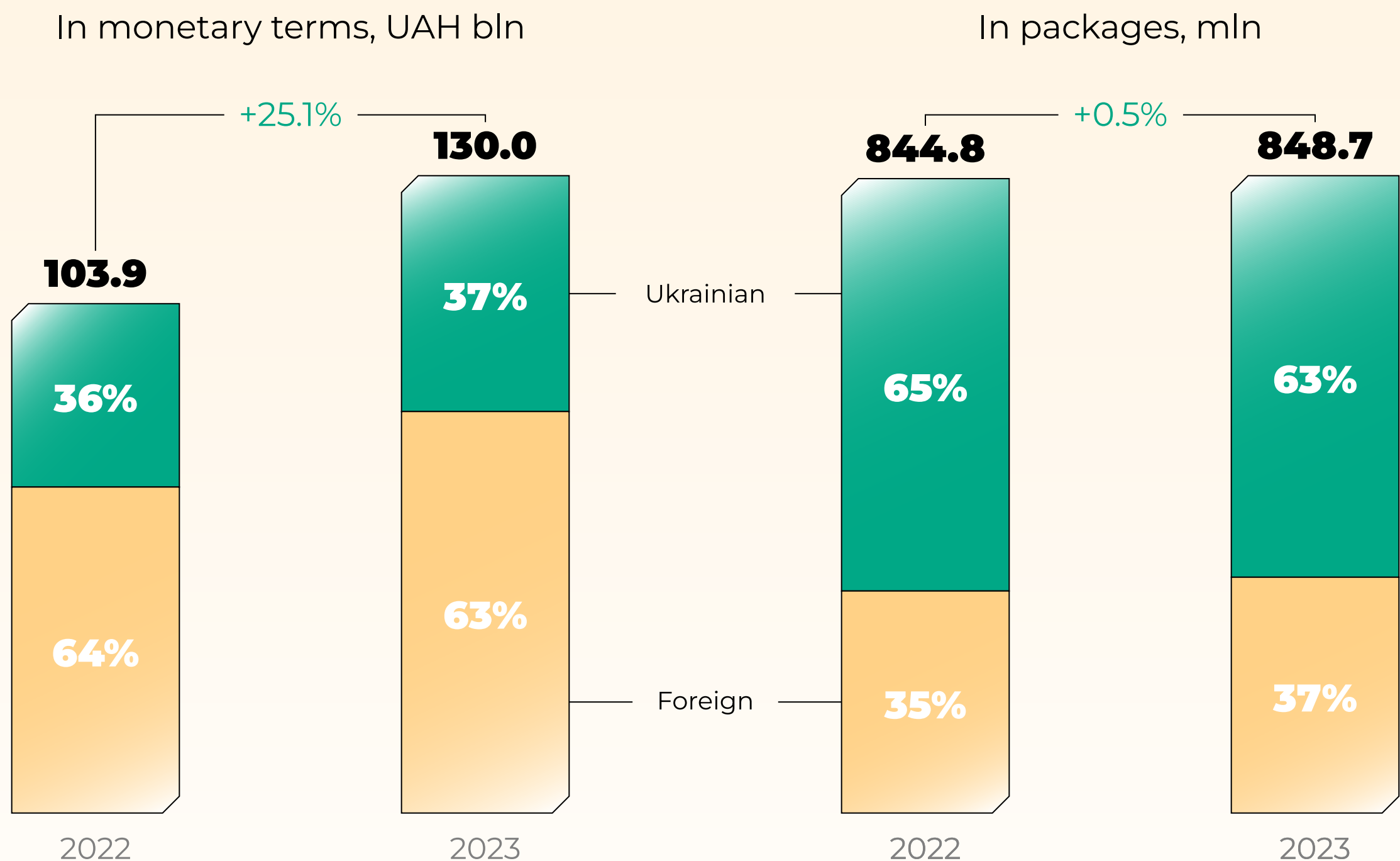
Sources: State Customs Service, State Statistics Service

*as of January-September 2023 (latest available data)

SALES OF MEDICINES IN 2023 INCREASED BY 25%

Due to the full-scale war, pharmacy sales in 2022 decreased by 6.1% in monetary terms and by 20.9% in volume. **However, the market survived and began to recover.** In 2023, the volume of medicines sold increased compared to the previous year.

Total sales of medicines, by manufacturer



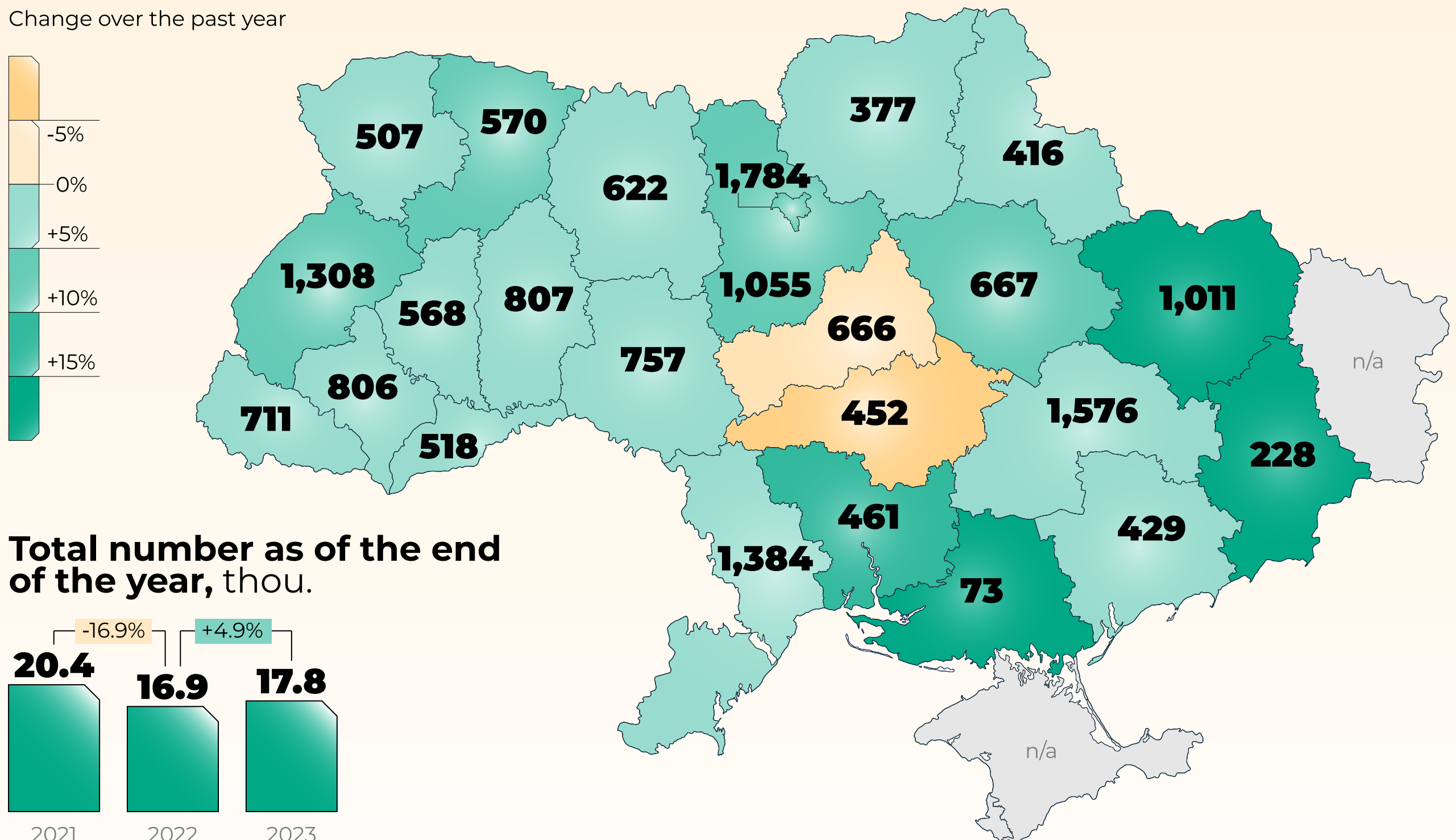
Source: Proxima Research

PHARMACY RETAIL IS RECOVERING

Due to the full-scale war, pharmacy retail lost about 4.1 thousand outlets. However, in 2023, the number of pharmacies **increased by 5%** compared to the previous year.

Pharmacies operating as of the end of 2023

Change over the past year

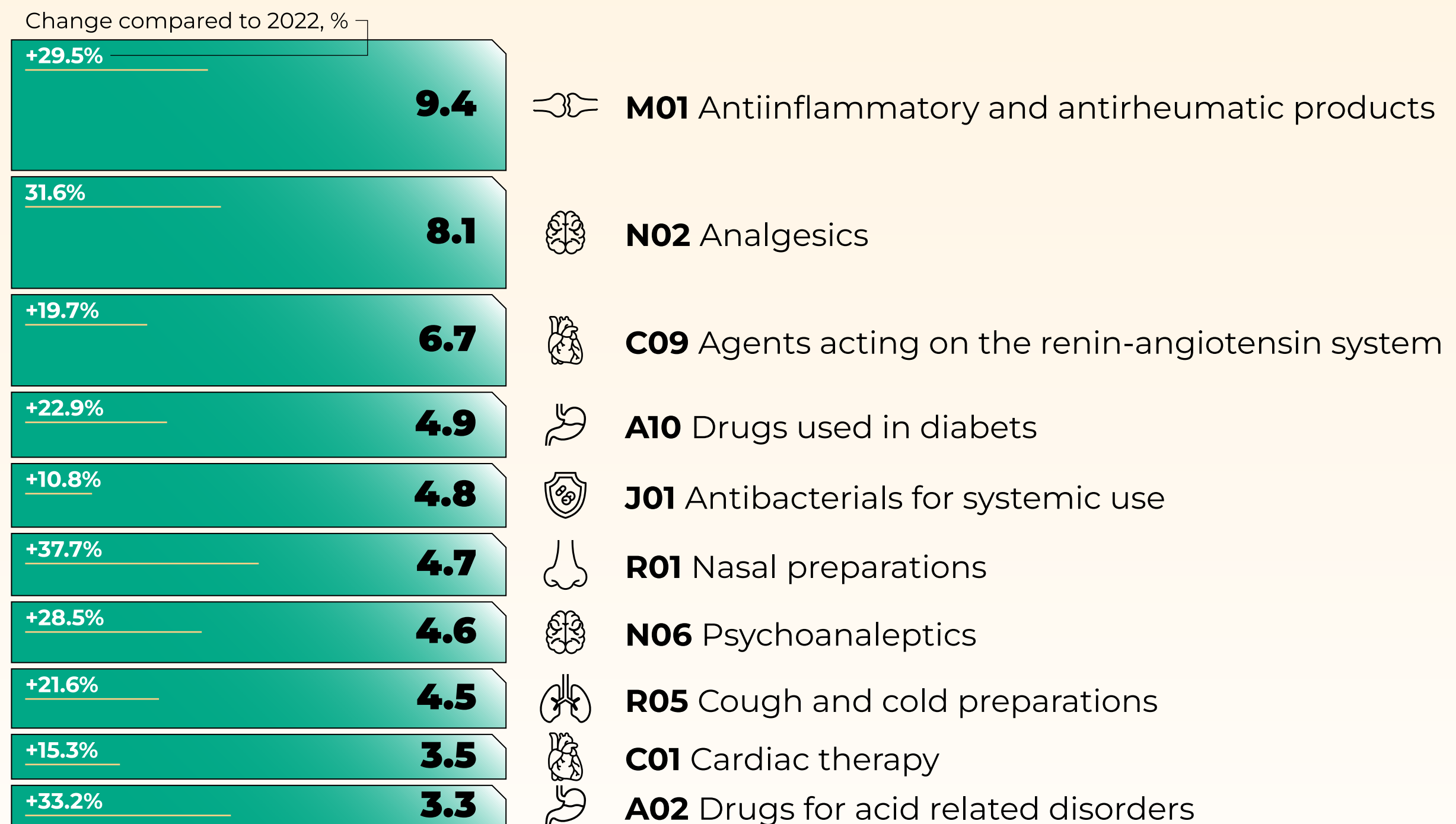


Source: Proxima Research

WHAT MEDICINES DID UKRAINIANS BUY?

The structure of medicines consumption has undergone some changes after the full-scale invasion. In 2023, there was an increase in sales for all ATC classes from the top 10.

Ten groups of medicines that were purchased the most in 2023, according to ATC level 2 classification*, UAH bln



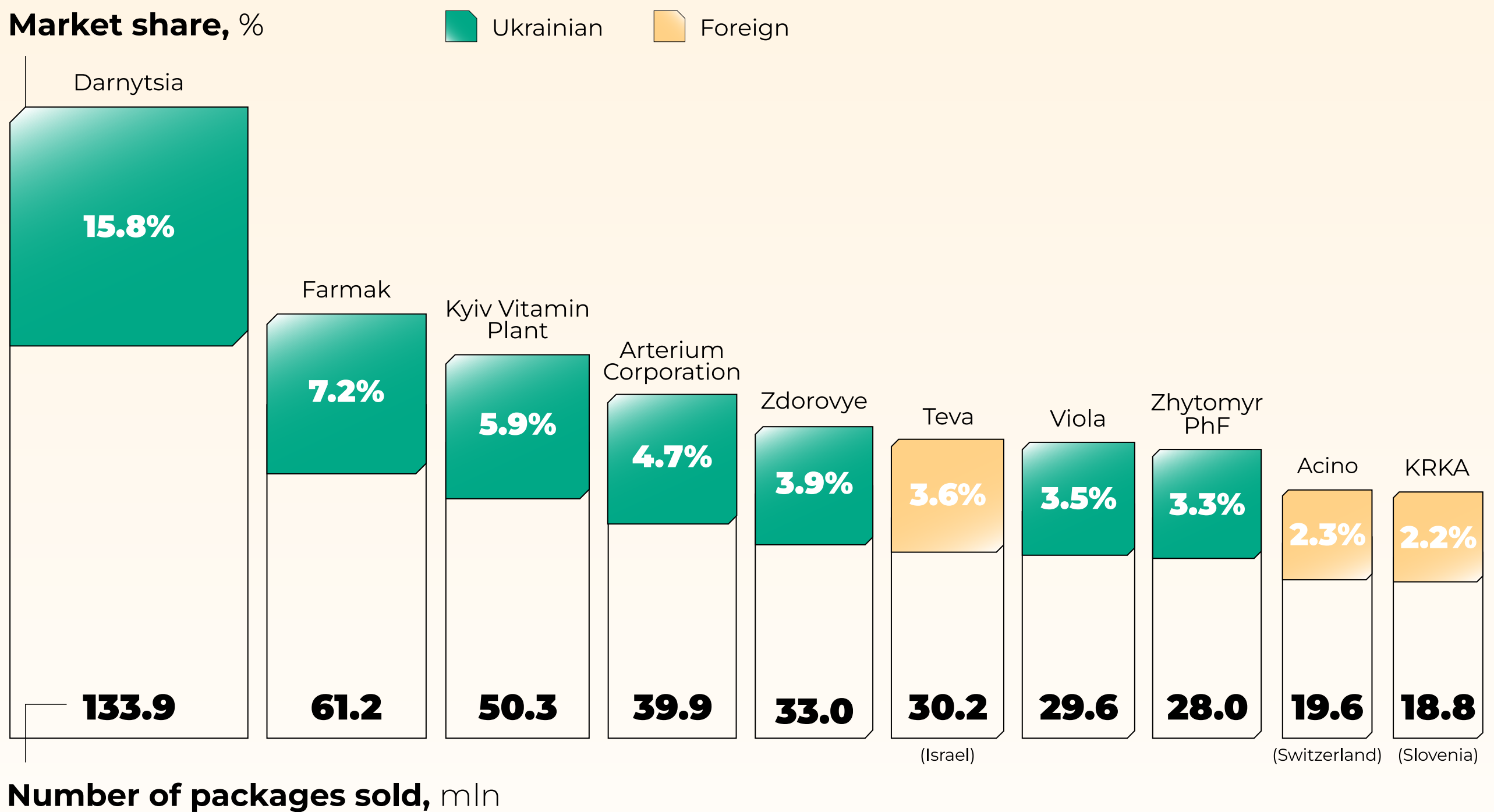
Source: Proxima Research

*ATC classification is an international system of medicines classification

DARNYTSIA IS A MARKET LEADER IN UKRAINE

According to the results of 2023, only 3 of the 10 largest pharmaceutical companies in the Ukrainian market are foreign. **Darnytsia has the largest market share by volume of medicines sold in physical terms.**

10 largest pharmaceutical companies in Ukraine by volume of medicines sold in physical terms in 2023, %

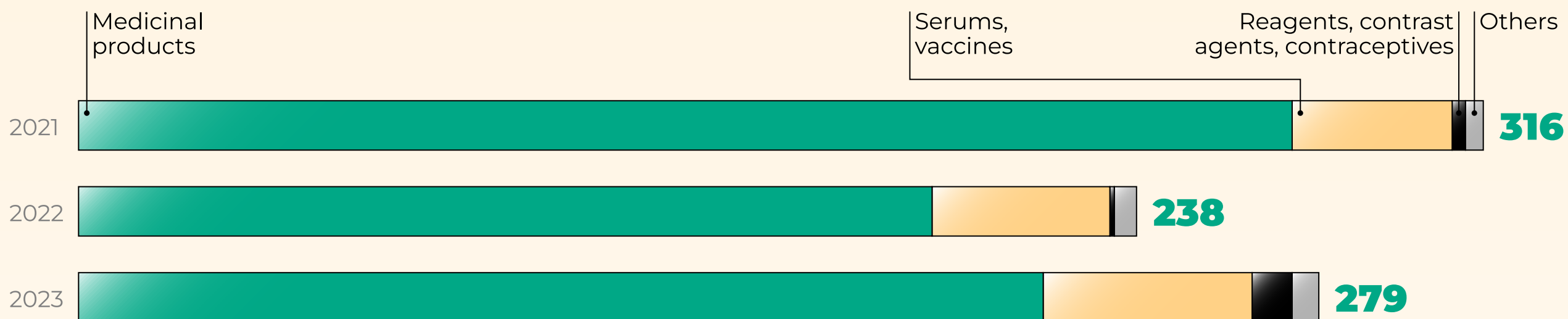


Source: Proxima Research

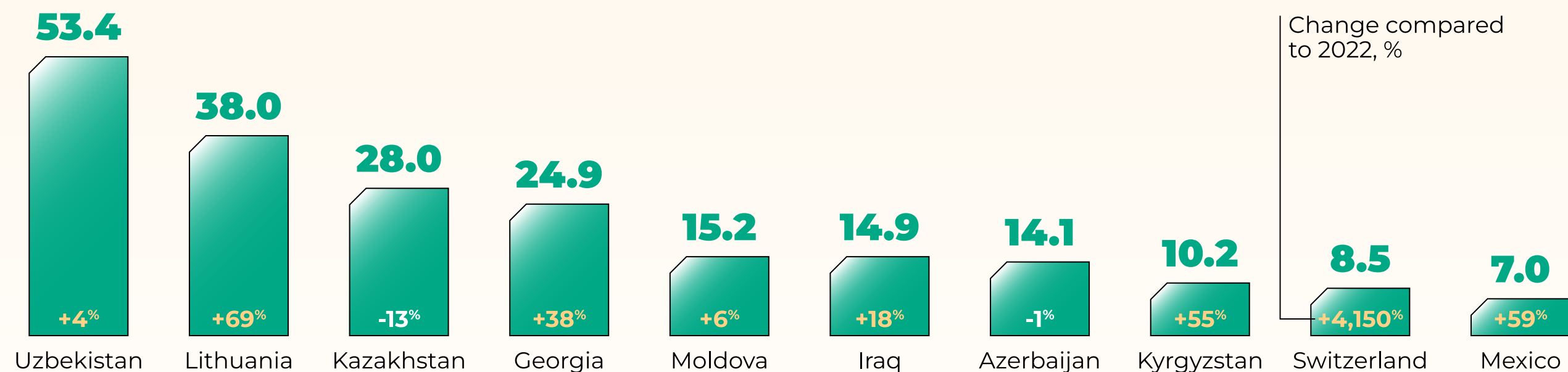
UKRAINE'S EXPORT OF MEDICINES INCREASED BY 17%

As a result of the Russian invasion, exports of the Ukrainian medicines decreased by 25%, but in 2023, there was a recovery. Interestingly, exports to Switzerland increased 40 times in 2023.

Structure of pharmaceutical exports, USD mln



Top 10 export destinations for pharmaceutical products from Ukraine in 2023, USD mln

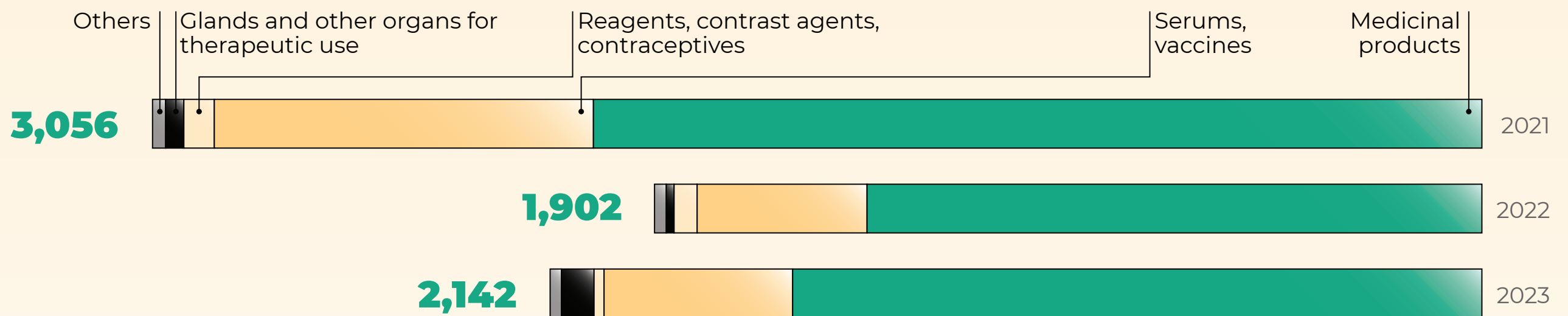


Source: State Customs Service of Ukraine

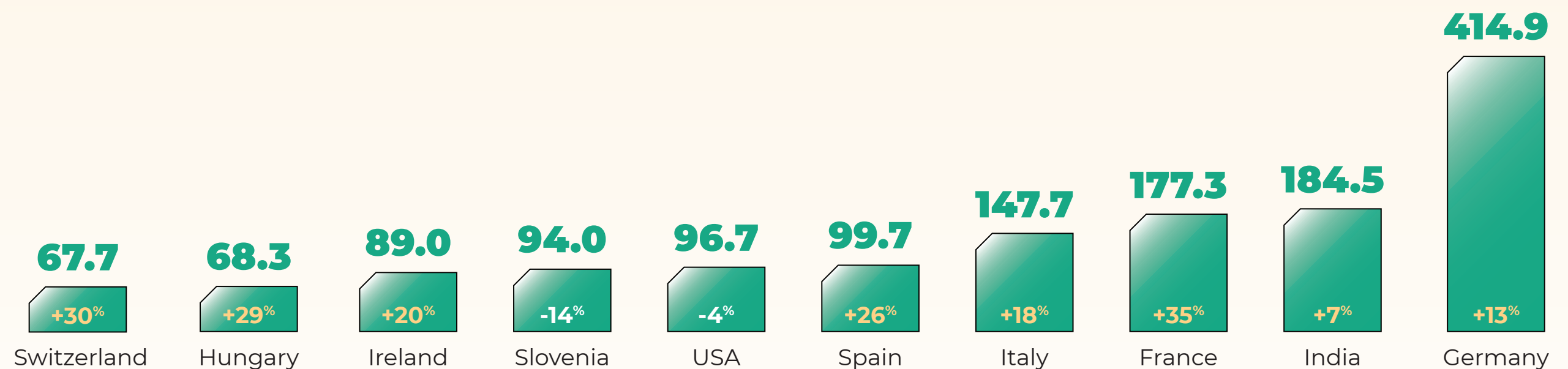
UKRAINE'S IMPORT OF MEDICINES INCREASED BY 13%

Import of pharmaceutical products decreased by as much as 38% due to the full-scale war, but in 2023, the industry is already gradually recovering. About 80% of import are medicines. Germany is the main exporter.

Structure of pharmaceutical import, USD mln



Top 10 countries from which pharmaceutical products were exported to Ukraine in 2023, USD mln

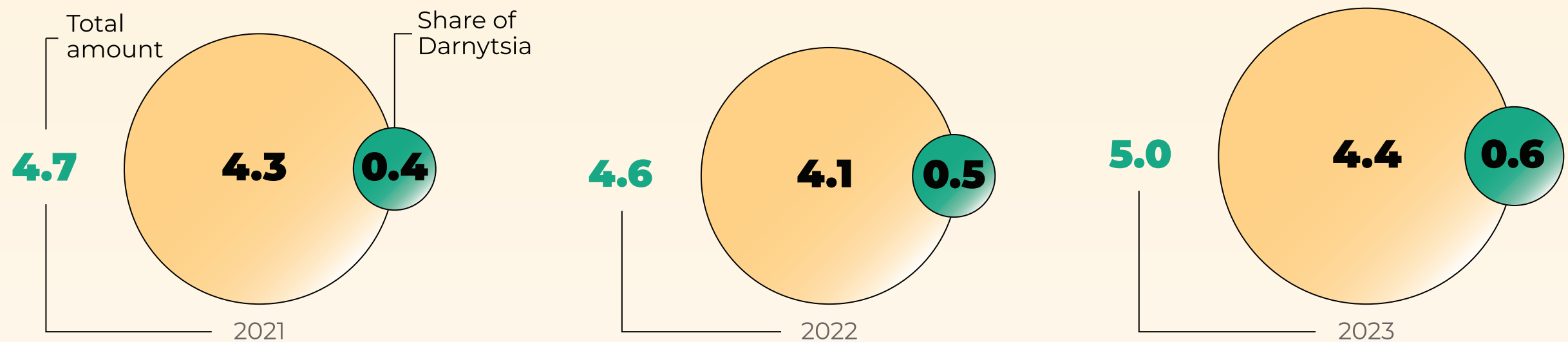


Source: State Customs Service of Ukraine

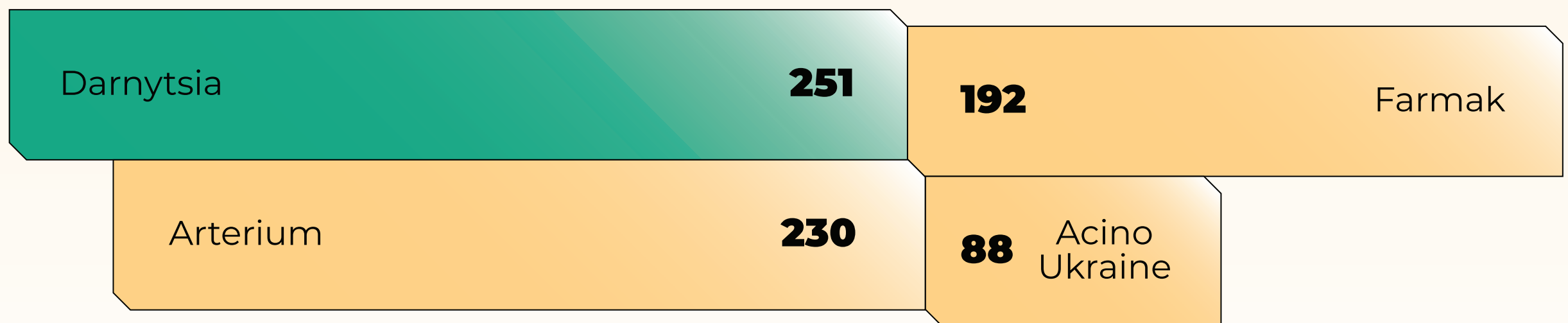
PHARMA IS THE SUPPORT TO THE STATE

During 2 years of the full-scale war, part of the economy has partially declined. However, businesses continue to operate and support the state by paying taxes and helping the Defense Forces and civilians.

Taxes paid by pharmaceutical manufacturers to the State Budget of Ukraine, UAH bln



The amount allocated for the Defense Forces and humanitarian needs by the largest pharmaceutical companies in Ukraine since 24.02.2022, UAH mln



Sources: State Tax Service of Ukraine, Darnytsia, NV