

Voluntary Trade Organizations

French Market Structure & Dynamics

October 2026

The larger the number of affiliates and the higher the sell-out per affiliate of listed products and private labels, the higher VTOs¹ revenues

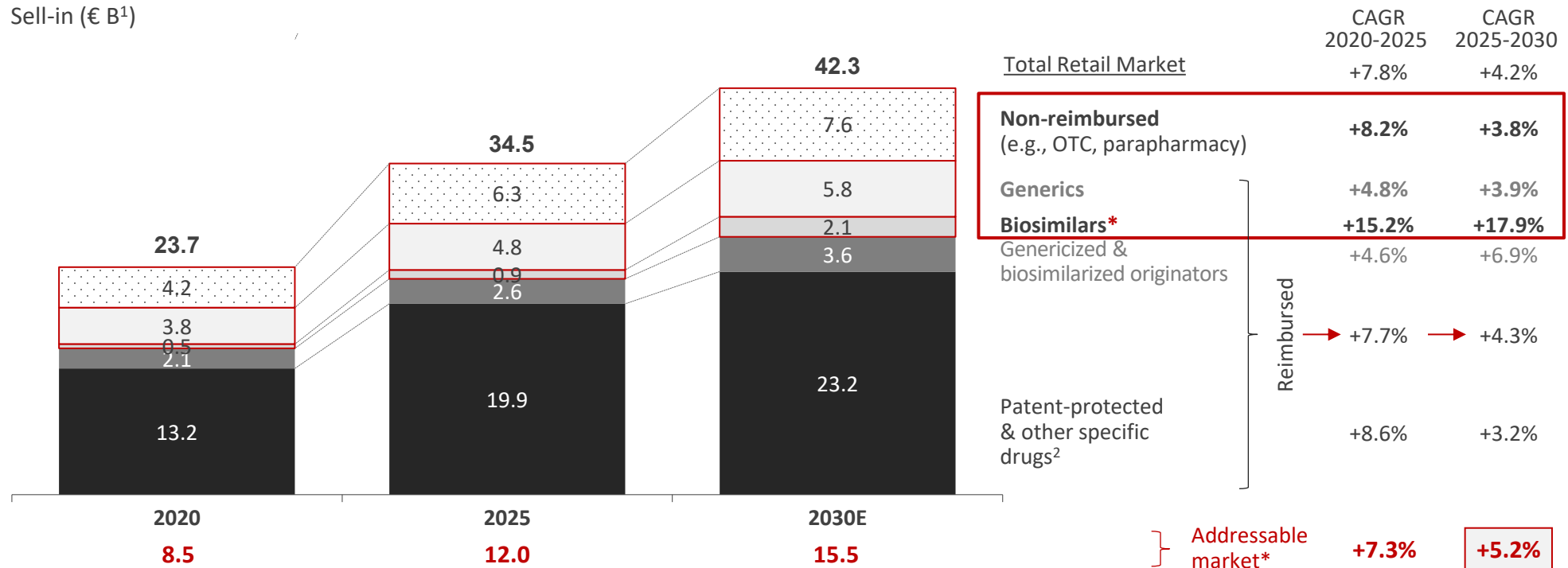
VTOs revenue streams

Listing fees	Private label products	Membership fees & paid services	Commissions from wholesalers
■ VTOs negotiate commercial conditions for generics, biosimilars and various non-reimbursed products (e.g., OTCs, food supplements, certain medical devices and parapharmacy) on behalf of their affiliates... ■ ... and get listing fees from suppliers	■ VTOs can develop and manufacture exclusive products through third parties... ■ ... that they sell to their affiliates ■ These private labels are mainly medical devices, food supplements and parapharmacy products	■ To be a member of a VTO, affiliates must usually, but not always, pay a membership fee ■ In addition, VTOs can charge affiliates for certain services (e.g., training sessions for the staff, management advice, merchandizing services, support for screening initiative)	■ VTOs can get fees from wholesalers based on the level of sales driven by their affiliates ■ The affiliates purchasing from these wholesalers, with whom their VTO has signed an agreement, will get better rebates, especially on non-reimbursed products

The addressable market segments to which VTOs listing fees are applied have been consistently growing since 2020, and should keep on growing at a pace of +5.2% p.a. by the end of 2030

Sell-in by market segment (2020 – 2025 – 2030E)

Sell-in (€ B¹)



■ VTOs listing fees received from suppliers of non-reimbursed products, generics and biosimilars are calculated based on ex-factory prices (sell-in)

Addressable market segments

* Data including non substitutable biosimilars, for which VTOs do not receive fees or affiliates rebates

Sources: GERS – Smart Pharma Consulting estimates

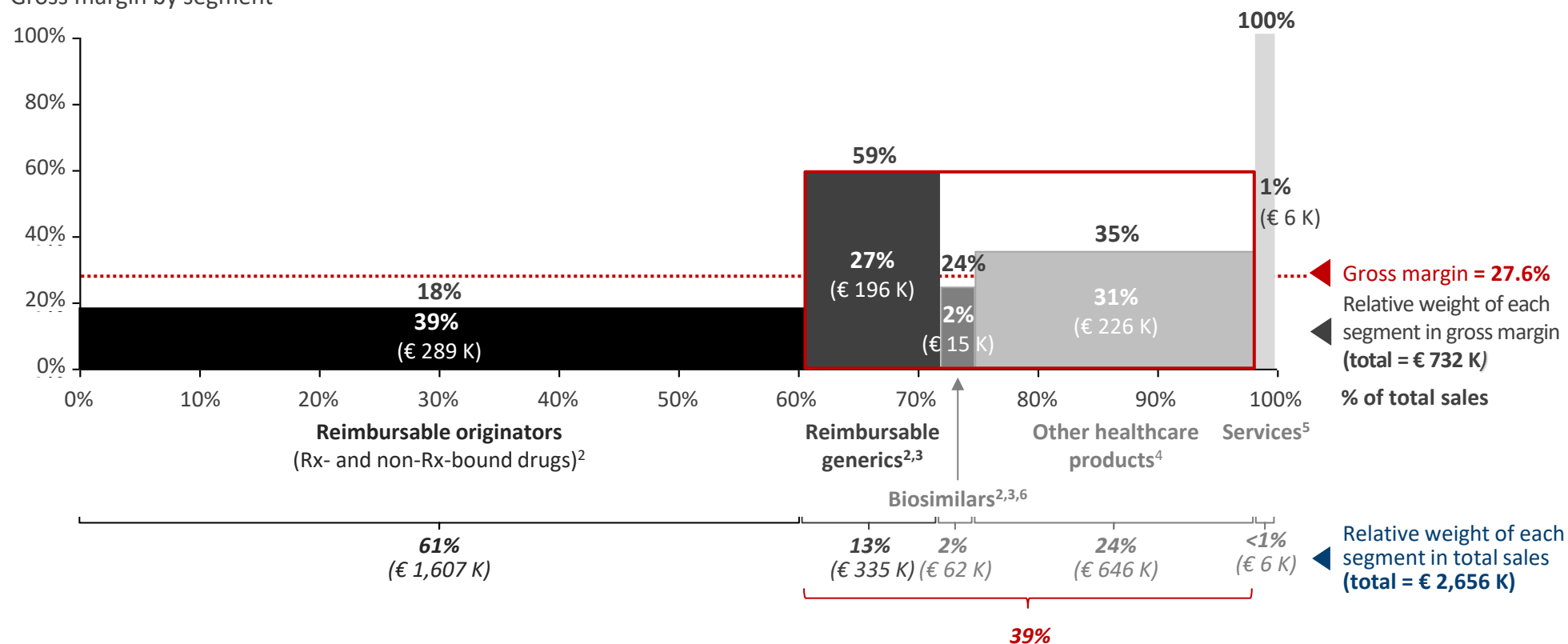
¹ Constant ex-factory prices, before rebates and taxes – ² Sales of drugs not competing with generics or biosimilars and of other specific products (e.g., calcium, sodium, potassium, paracetamol)

VTOs negotiate supplier rebates for generics, biosimilars and other healthcare products¹, which account for 39% of pharmacies' sales and 60% of their gross margin

Detailed structure of retail pharmacies (2025)*

Average annual turnover of a retail pharmacy in 2025: **€ 2,656 K**
(public price excluding VAT)

Gross margin by segment



X Data in % and € correspond to the gross margin contribution

* Data estimated based on a sample of 1,905 retail pharmacies

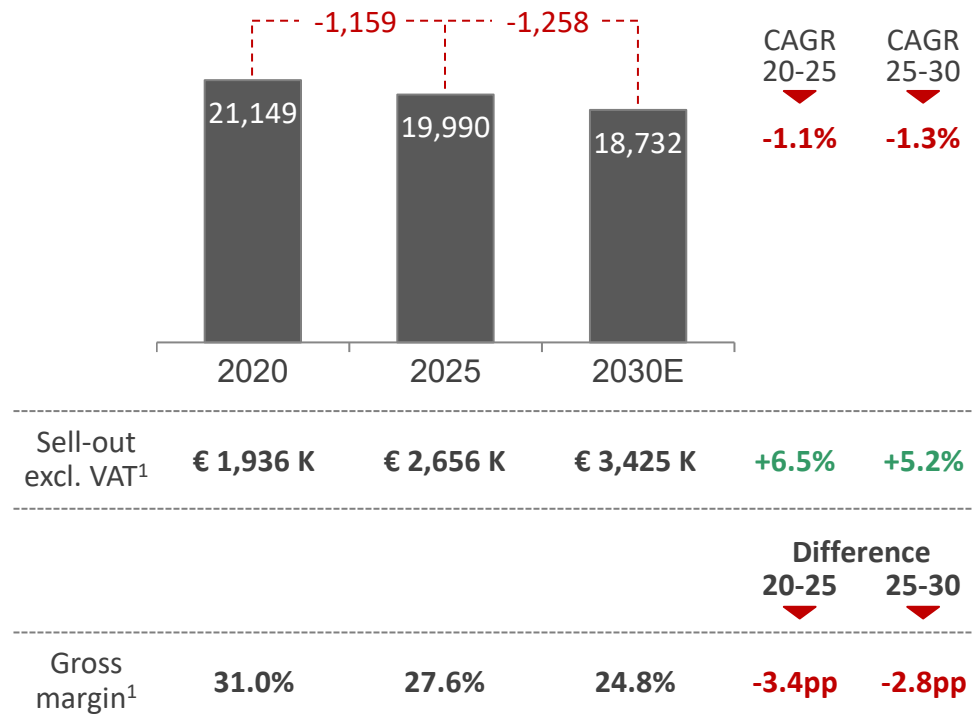
Sources: CGP Experts Comptables (Feb. 2026) – Smart Pharma Consulting estimates

¹ Mainly not reimbursed – ² Including dispensing fee – ³ Including commercial cooperation agreements. The preferred generics supplier ensures ~90% of total segment, making him the 1st contributor to the retail pharmacies' profits – ⁴ Including OTC and "lifestyle" Rx products, medical devices, food supplements, para-pharmacy products, etc. – ⁵ Remuneration for services corresponding to new missions (e.g., vaccination) – ⁶ VTOs negotiate rebates and get listing fees on substitutable biosimilars only (i.e., 86% of the total value)

The gradual decline in the number of retail pharmacies is expected to continue but should not affect the dynamics of drugs sold, either Rx-bound or not

Projection of retail pharmacies performance per outlet (2020 – 2025 – 2030E)

Number of retail pharmacies:

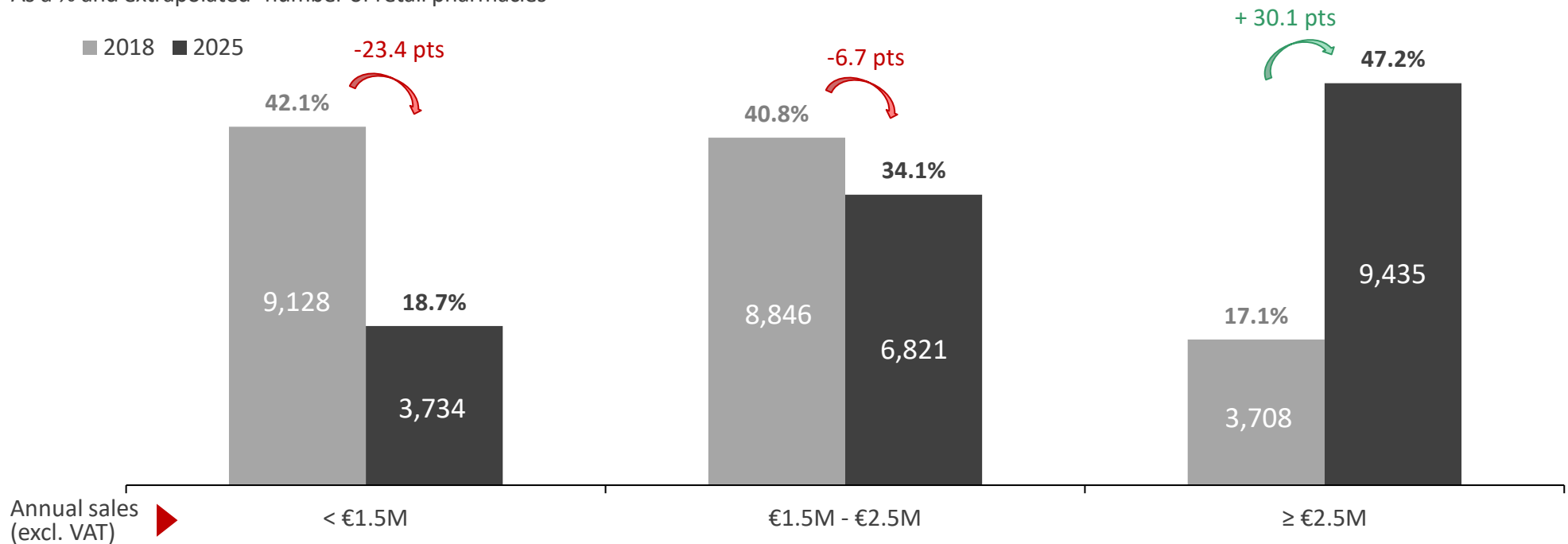


- From 2020 to 2025 an **average annual** of **232 pharmacies closed**
- Most** of these pharmacies were **too small** (< € 1 M annual sales) and with **limited perspectives** of growth, because located **in rural areas** with an **insufficient** number of **physicians** (prescribers)
- When compared to other major European pharma markets, the **density** of pharmacies is **high enough** to **support further decreases** without significantly impacting the national healthcare services
- The **reduction** of the number of outlets should **concentrate sales** of prescription and nonprescription products, **increasing** their **sales** and **gross margin** per outlet

From 2018 to 2025, the number of pharmacies with annual sales < €1.5M more than halved, while those with sales ≥ €2.5M almost tripled, reflecting the consolidation of the pharmacy network

Breakdown of retail pharmacies by size (2018 – 2025)

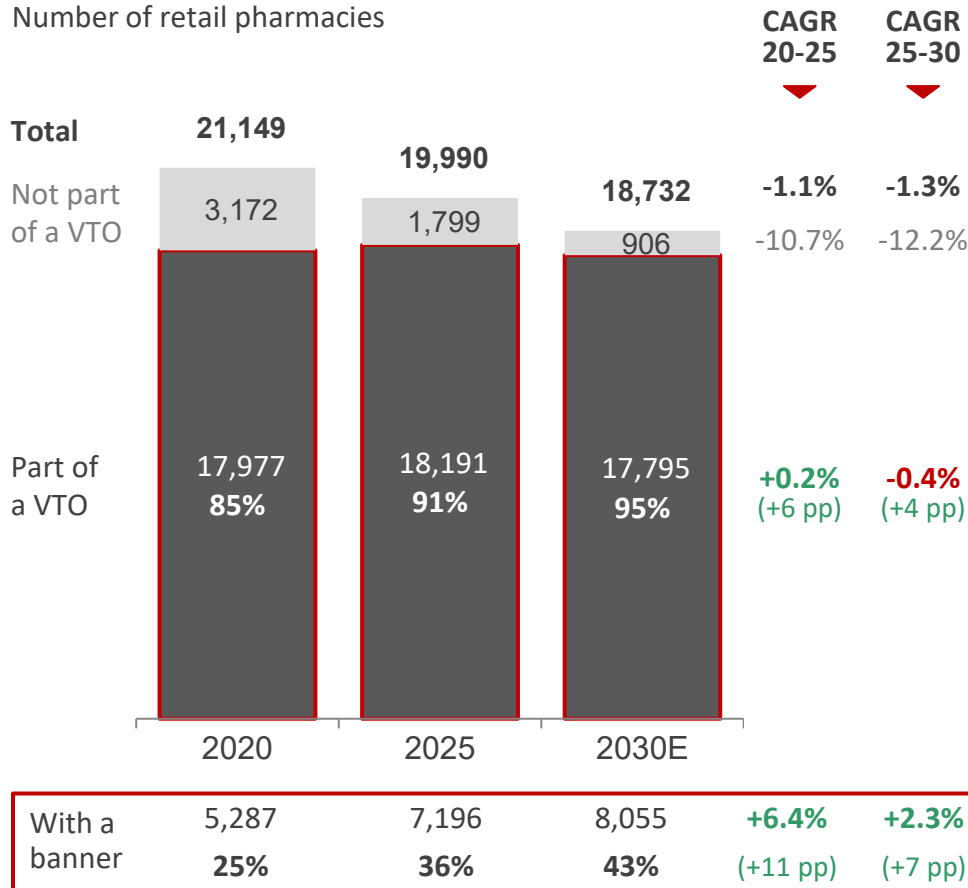
As a % and extrapolated¹ number of retail pharmacies



Larger and well-structured VTOs will have a competitive advantage to recruit new affiliates and acquire “weaker VTOs”, in a context of economic pressure

Projection of number of VTOs’ affiliates (2020 – 2025 – 2030E)

Number of retail pharmacies



- The VTOs landscape **projection** is **driven by economic pressure** along the value chain, leading to:
 - An **increased percentage** of pharmacies affiliated to VTOs, but a **slight decrease** in **absolute number**
 - A **consolidation** of VTOs
- **Well-structured** and **large VTOs** offer to retail pharmacies:
 - Better **purchasing prices**
 - Larger array of **shared services** to boost their sell-out
 - Access to **technical** and **management tools** to improve their operating costs
- The number of **pharmacies** with a **banner** should keep on increasing to enhance brand recognition, and customer trust, supporting traffic and loyalty
- Being part of a **banner** allows pharmacies to **differentiate themselves** and **project a clear market identity**

The IGAS¹ & IGF² report released in May, put forward proposals which, if implemented, could have a major impact on VTOs revenues and EBITDA

IGAS & IGF Report: Executive summary

- In May 2026, IGAS & IGF released a report analyzing financial flows in the drug distribution chain and price transparency, with a focus on generics, hybrids and biosimilars

Proposed recommendations³ likely to impact VTOs

Extend **CEPS** mandatory reporting to **all stakeholders** and include **listing fees** and **commercial services**

Explore **transferring** the purchase of generics, biosimilars and hybrids⁴ to **purchasing centers**

Implement **comprehensive monitoring** of pharma companies' **rebates** and **services**

Allow **oversight of contracts** between pharmacies and VTOs, to verify a **pharmacist's independence**

Evaluate the **feasibility** and **impact** of a **degressive per-prescription fee**, or a **fee package**, to replace the currently volume-linked remuneration

Open **conventional negotiations** with **pharmacists** to **separate** their remuneration from **drug prices**



- Article 10 of the 2027 PLFSS⁵ introduces a **15% tax** applied to VTOs, based on fees they receive from pharma companies for services related to reimbursable medicines, including generics and biosimilars
- The provision remains subject to parliamentary debate and may be amended or removed before the law is published

 Direct or indirect impact on VTOs listing fees paid by suppliers for reimbursed products related to generics, hybrids and biosimilars

 Most important impact – if implemented – on VTOs listing fees for generics, hybrids and biosimilars

Sources: "The pharmaceutical distribution chain", IGAS & IGF (2026) – Smart Pharma Consulting

¹ General Inspectorate of Social Affairs – ² General Inspectorate of Finance – ³ Based on data collected from only 16 retail pharmacies, 10 generics suppliers and one wholesaler – ⁴ Considering the very limited importance and therefore impact of hybrids on VTOs revenues, no specific analysis has been carried out on that market segment in this document – ⁵ Social Security Funding Bill

The IGAS & IGF report could trigger tighter regulation of rebate mechanisms, accelerate VTOs consolidation and encourage them to create more tangible value through services

IGAS & IGF Report: Possible implications for VTOs

Increased control

The report underlines how VTOs capture an increasing share of the value created by Gx, Bx and hybrids which could lead to:

- Regulatory **scrutiny** on **purchasing** and **commercial conditions**
- **Potential** mandatory **disclosures** of certain information

Pressure on rebates

If authorities reduce or force to disclose **commercial conditions**:

- The **economic attractiveness** of VTOs could **weaken**
- The **differentiation** between VTOs would depend **more** heavily on **services** (less on buying power or negotiating role), such as digital tools, logistics & operational support, etc.

VTOs consolidation

- The **decline** of **pharmacies' financial situation** could increase **consolidation**:
 - **Larger VTOs** will become **stronger**, benefitting from **economies of scale** and **scope**
 - **Small regional VTOs** and **unaffiliated pharmacies** would be **more vulnerable** to margin reduction and staff costs, and would be **inclined to join larger groups**

Weakening of independence

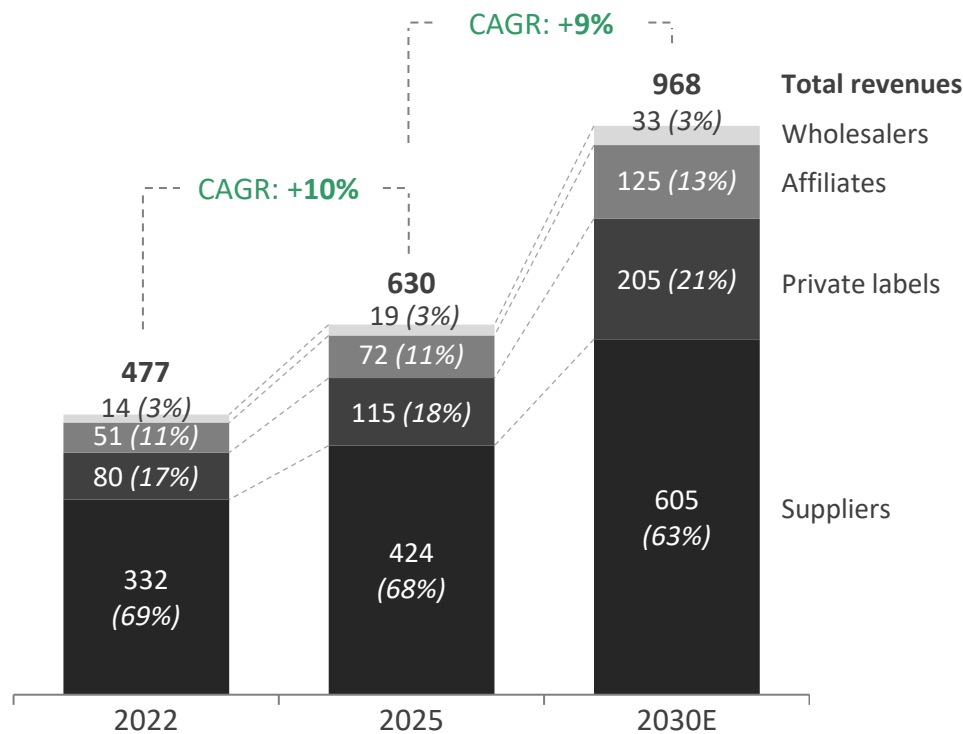
- **Some VTO** contracts **force pharmacists** to **source Gx** and **Bx** from **specific suppliers** and **buy** through “VTO-approved” **wholesalers**, **compromising** pharmacists’ **independence**
- A **national tender-like system** would turn **retail pharmacists** into **State contractors** with **no commercial flexibility** on **reimbursed drugs**

VTOs revenues are expected to continue to grow at the pace of 9% p.a., driven by suppliers' fees and private labels which should together contribute to 81% of the 2025-2030 growth

VTOs market size and dynamics (2022 – 2025 – 2030E)

Estimates

VTOs' sources of revenues (in € M)



- The increasing **revenues** coming from **affiliates** over the 2025-2030 period should **grow** at a faster pace, **driven by quality** and **variety of services** offered by VTOs to **facilitate ordering, simplify pharmacy management** and **boost sell-out** of non-prescription products
- **Private label** revenues should increase by 78%, due to the increasing **demand** of customers **for affordable healthcare products** and of pharmacists for **high-margin products**
- **2025-2030 revenues growth from suppliers** can be split into:
 - **Generics (+ € 22 M)**, despite higher anticipated price cuts imposed by the CEPS¹
 - **Biosimilars (+ € 85 M)**, which are limited to substitutable molecules, will be **driven by new products**, favorable **regulations** and the **ramp up of substitution** by pharmacists
 - **Non-reimbursable products (+ € 74 M)**, the great majority of which can be purchased without prescription

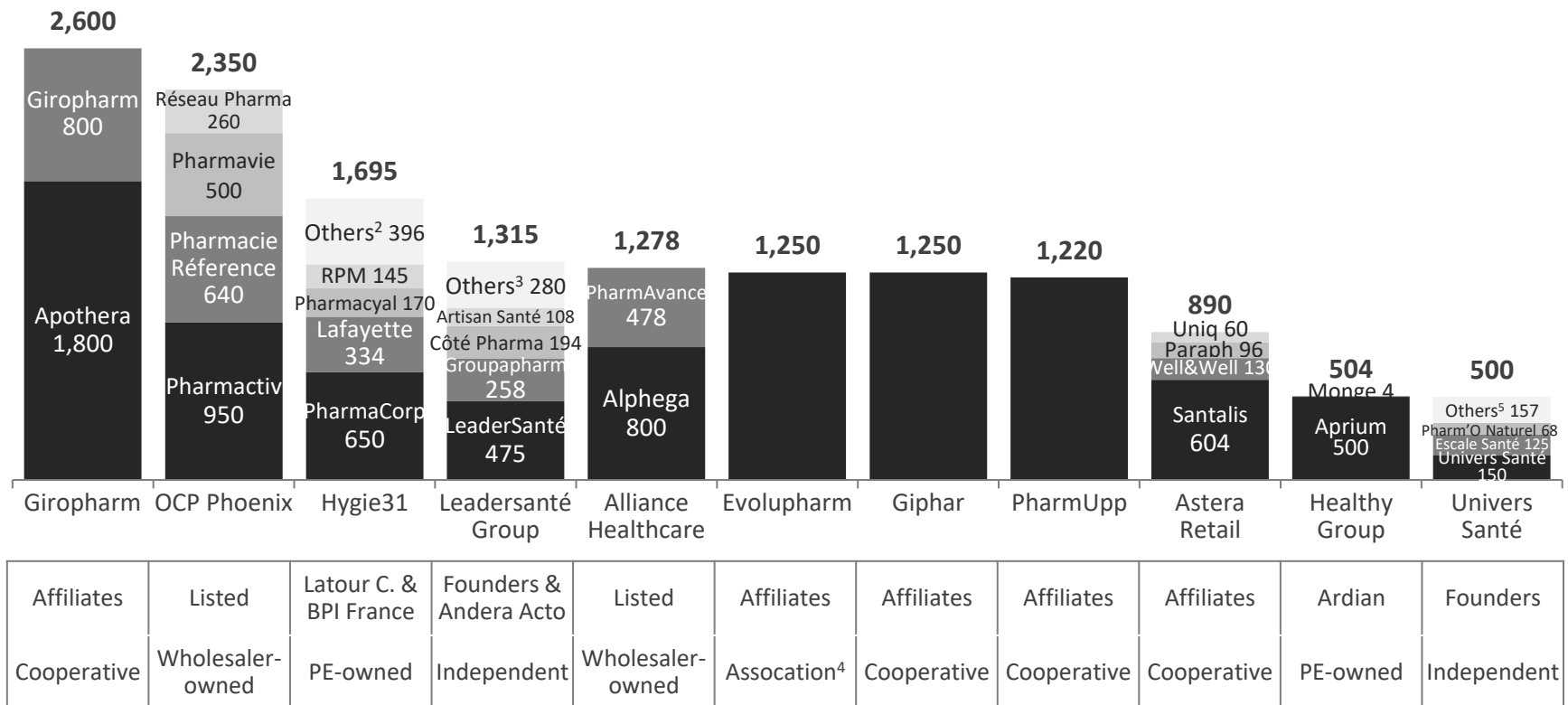
Sources: VTOs interviews – Benchmarking analysis – Desk research – Market experts' interviews – Smart Pharma Consulting analyses and estimates

¹ Estimated at ~€ 200 M p.a. – ² Assuming that only 70% of substitutable biosimilar volumes generated listing fees for VTOs in 2022, increasing to 80% in 2025 and 90% by 2030

Among the biggest pharmacy groups in France, Hygie31 and LeaderSanté bring the largest number of regional VTOs (8 each)

Top VTOs groups by ultimate owner (2025)

VTOs groups by number of affiliates¹

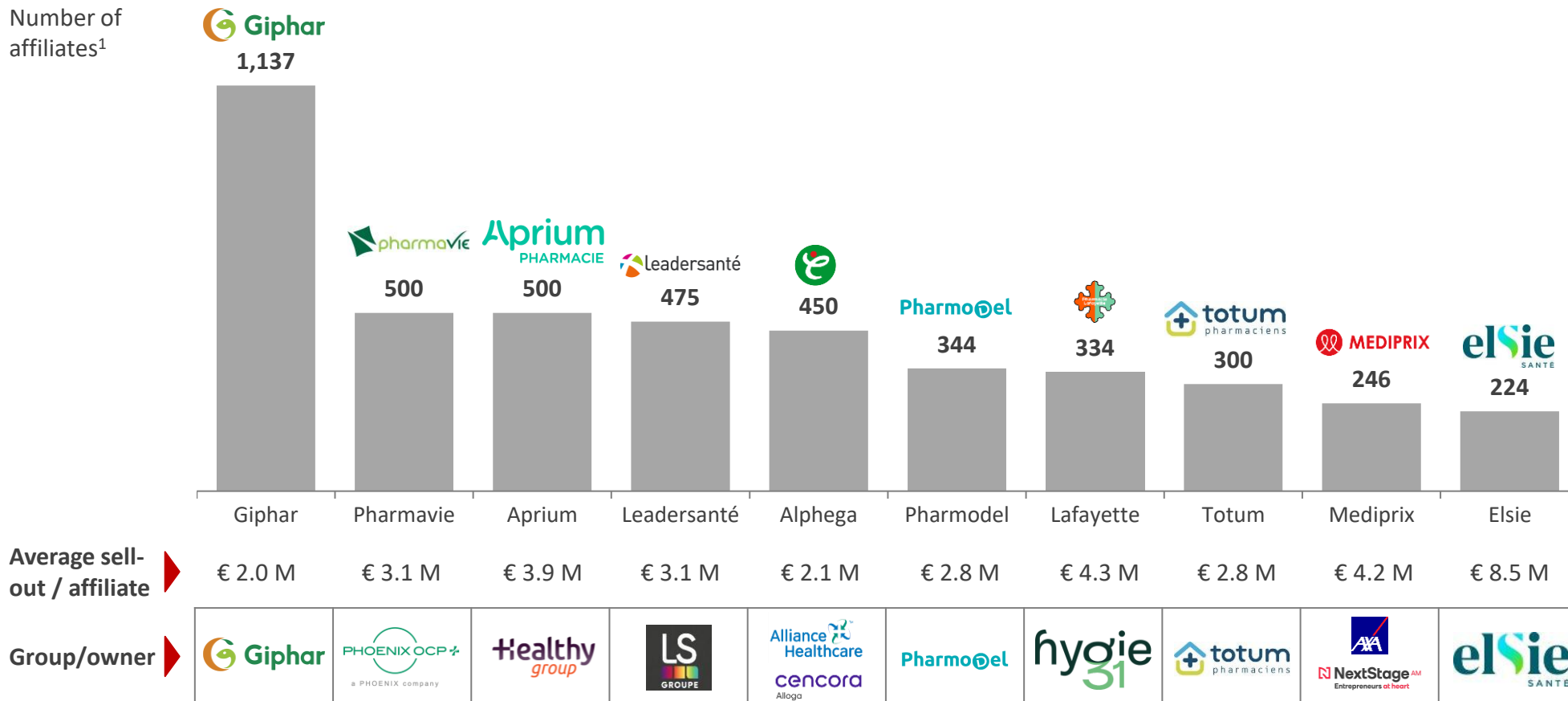


Sources: Le Quotidien du Pharmacien (Nov. 27, 2025) – VTOs websites – Interviews with C-levels of VTOs – Smart Pharma Consulting estimates

¹ Only including integrated members as of Dec. 2025 – ² P&P, Magdaléon, Pharm'Auvergne and Quartz – ³ Lim Access, Norpharm, Simply Pharma, Today Pharma – ⁴ Governed by pharmacists – ⁵ Forum Santé, Before Santé, DL Santé

Top banners (in number of affiliates) can be classified by type of VTOs (wholesaler-backed, independent, cooperative, PE-owned) and the sell-out per affiliate

Top pharmacy banners (2025)

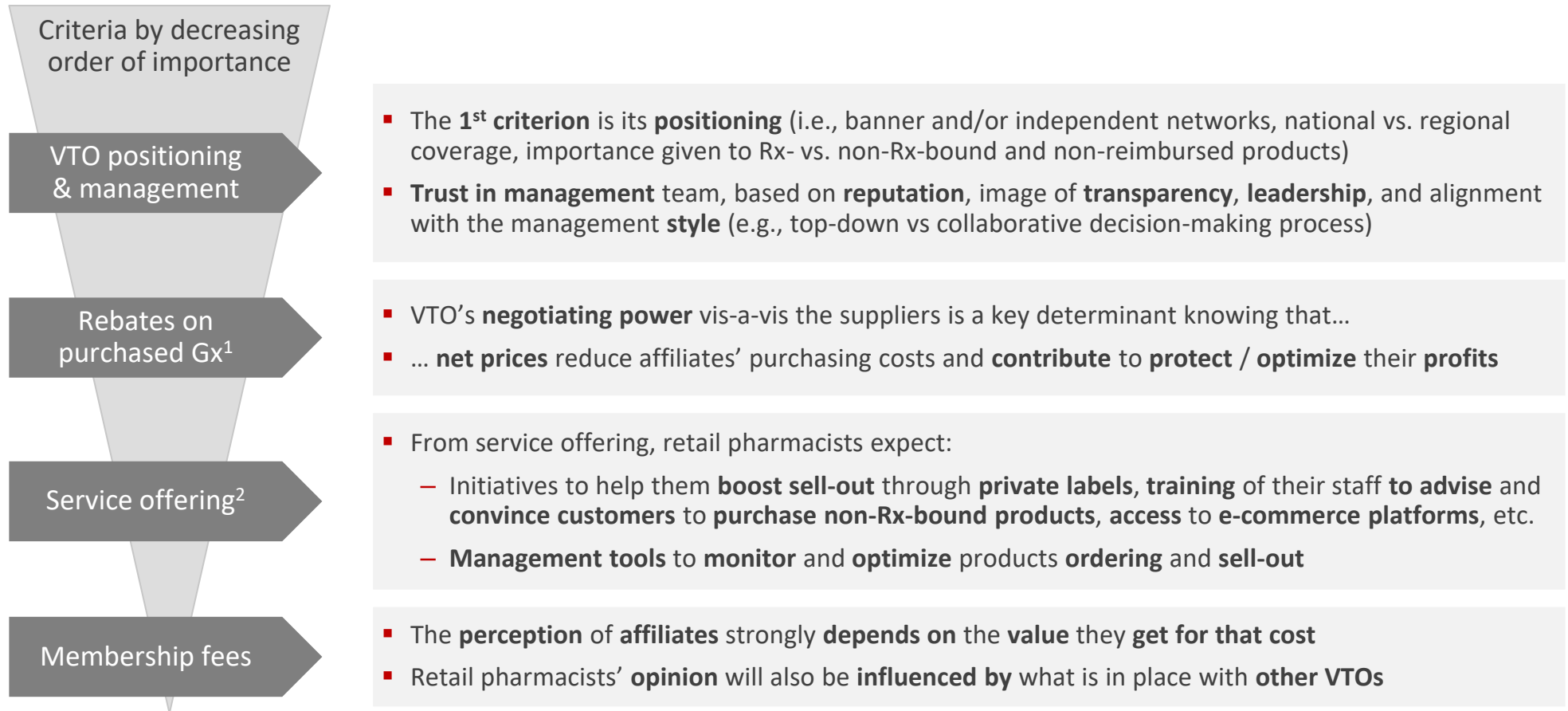


Sources: VTOs websites – Quotidien du Pharmacien (Jan-Jun. 2026) – Smart Pharma Consulting estimates

¹ Only including integrated members as of Dec. 2025

Before selecting a VTO, retail pharmacists must be comfortable with its positioning and trust the management, then its negotiating power and the usefulness of its services are considered

Retail pharmacists' criteria to select a VTO



Sources: VTOs interviews, retail pharmacists' interviews, desk research – Smart Pharma Consulting analyses (July 2026)

¹ To a lesser extent on Bx and non-reimbursed products – ² Including private label offering

By providing prevention and training services, VTOs reinforce their affiliates' expertise and role as a frontline HCP and support public health actions, thus reinforcing their attractiveness

Prevention & Training services for VTO affiliates

Value for affiliates

- Strengthen the pharmacist's role as a **frontline local healthcare provider** (and not a dispenser of drugs) particularly in "medical deserts"...
- ... and enhance the **pharmacy image**, to **differentiate** it from others (not offering such services) in the area
- Improve **patient support** and **care pathways**
- **Reinforce** local **interprofessional collaboration** between pharmacists, physicians, hospitals and specialists
- **Help retain** existing patients and **attract** new ones
- Can **increase** the **average basket** through complementary products (e.g., in oncology)
- **Enhance** the **attractiveness** of the pharmacy profession, especially for younger pharmacists
- **Strengthen** the **overall prevention system**

Limits for affiliates

- **Time and organization:**
 - New priorities and time management
 - Requires time and anticipation
 - Current daily workflow already demanding
- **Cultural change:**
 - Pharmacists must adopt a more **proactive approach**
 - This requires **new skills** and the **engagement** of the **entire** pharmacy **staff** in these new roles
- **Infrastructure** requirements: some concepts require a specific **redesign** of the pharmacy layout (dedicated premises, pharmacy reorganization)
- **Financial limitations** as most of these initiatives are not directly remunerated
- **General public awareness**, which is still low

As VTOs expand their reach and role, pharma companies need to adapt their partnerships to each VTO's business model, positioning and influence over its affiliates

Key Takeaways

1. The number of retail pharmacies is expected to continue to decrease in the coming years, while their average revenue should rise by +5.2% p.a. between 2025 and 2030

2. 91% of retail pharmacies are estimated to be part of a VTO in 2025, a figure expected to rise to 95% by 2030

4. VTOs negotiate rebates for their affiliates and can develop their own exclusive products (private labels) and offer services

6. Those fees are driven by generics and non-reimbursable products in 2025, but biosimilars are expected to become significant by 2030

8. VTOs can be segmented based on their management style, their size, their footprint and the “compliance level” of their affiliates



3. To choose a VTO, retail pharmacists consider its positioning, its negotiating ability, its service offering and its membership fees

5. Their revenue is mainly based on listing fees paid by pharma companies (approx. 67% of their revenues)

7. From 2027 onwards, a 15% tax could be applied to VTOs, based on fees received for reimbursable drugs (incl. Gx and Bx)¹

9. The largest VTO banners include Giphar, PharmaVie, Aprium, LeaderSanté and Alphega

Consulting firm dedicated to the pharmaceutical sector operating
in the complementary domains of strategy, management and organization

Market Insights Series

- This series provides practical tools and recommendations to enhance effectiveness and efficiency of the most important activities or processes in place within pharma companies
- Our tools and recommendations are based on both:
 - Our consulting experience in the pharma sector
 - Our research for innovative, pragmatic and useful solutions
- Each issue is designed to be read in less than 20 minutes

Voluntary Trade Organizations

Market structure & Dynamics

- The VTO market is consolidating, becoming increasingly important for pharma companies that market generics, biosimilars and non-reimbursed products (e.g., OTC and parapharmacy)
- Differences in their positioning, business models and affiliate engagement call for a tailored approach
- Smart Pharma Consulting can help you understand the VTO landscape, segment the market and prioritize the VTOs most relevant to your portfolio and objectives
- We support the development of partnership strategies that reflect each VTO's priorities and ability to translate agreements into pharmacy-level action

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Best regards

Jean-Michel Peny