



Interim Financial Statements

First semester of 2023





Contents

1. Interim management report.....	4
2. Condensed consolidated income statement.....	4
3. Condensed consolidated statement of comprehensive income.....	5
4. Condensed consolidated statement of financial position.....	6
5. Condensed consolidated statement of changes in equity.....	7
6. Condensed consolidated cash flow statement.....	8
7. Notes to the interim financial information.....	9
8. Other operating income	11
9. Services and other goods	11
10. Profit per share.....	11
11. Non-recurring result	11
12. Segment information	12
13. Goodwill.....	13
14. Debt	13
15. Contingencies.....	14
16. Total adjustments for non-cash items	14
17. Total changes in working capital	14
18. Business combination.....	14
19. Related parties.....	15
20. Subsequent events	15
21. Effective tax rate.....	15
22. Alternative performance measures.....	16



The undersigned hereby declare that, to the best of their knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2023, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the company and the undertakings included in the consolidation as a whole, and that the interim management report includes a fair review of the important events that have occurred during the first semester of the financial year and of other legal necessary information.

Rafael Padilla, CEO

Karin de Jong, CFO



1. Interim management report

A detailed report on the development in the first six months of 2023 can be found in Fagron's press release of 3 August 2023.

2. Condensed consolidated income statement

(x 1,000 euros)	Note	June 2023	June 2022
Operating income		372,456	331,221
Revenue		371,573	328,565
Other operating income	8	882	2,656
Operating expenses		319,727	284,419
Trade goods		145,973	138,199
Services and other goods	9	62,712	54,033
Employee benefit expenses		90,674	74,030
Depreciation and amortization		18,958	15,720
Other operating expenses		1,410	2,437
Operating profit		52,728	46,801
Financial income	14	2,465	5,130
Financial expenses	14	-13,011	-7,316
Profit before income tax		42,182	44,615
Taxes	21	8,901	9,317
Net-profit (loss)		33,282	35,299
Attributable to:			
Shareholders of the company (net profit)		33,037	35,166
Non-controlling interest(s)		244	132
Profit (loss) per share attributable to the shareholders during the period			
Profit (loss) per share (in euros)	10	0.45	0.48
Diluted profit (loss) per share (in euros)	10	0.45	0.48



3. Condensed consolidated statement of comprehensive income

(x 1,000 euros)	Note	June 2023	June 2022
Net profit (loss) for the period		33,282	35,299
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Interest hedge	14	962	2,744
Currency translation differences		11,166	26,927
Other comprehensive income for the period		12,128	29,672
Total comprehensive income for the period		45,409	64,970
Attributable to:			
Shareholders of the company		45,215	64,813
Non-controlling interest(s)		195	158

The unrealized currency translation differences of 11.2 million euros in the first six months of 2023 are mainly due to the strengthening of the Brazilian real against the euro at 31 December 2022.

The unrealized currency translation differences in the first six months of 2022 of 26.9 million euros were mainly due to the strengthening of the Brazilian real against the euro at 31 December 2021.



4. Condensed consolidated statement of financial position

(x 1,000 euros)	Note	June 2023	December 2022
Non-current assets		668,727	653,000
Goodwill	13	437,396	429,768
Intangible assets		40,232	33,633
Property, plant and equipment		111,262	104,086
Leasing and similar rights		37,745	39,510
Financial assets		4,252	4,210
Financial Instruments		7,455	13,277
Other non-current fixed assets		3,651	3,731
Deferred tax assets		26,735	24,785
Current assets		355,991	318,010
Inventories		127,161	108,337
Trade receivables		76,965	60,722
Financial instruments		6,808	451
Other receivables		32,844	23,163
Cash and cash equivalents		112,213	125,337
Total assets		1,024,719	971,010
Equity		440,526	410,518
Shareholders' equity (parent)		436,372	404,541
Non-controlling interest(s)		4,155	5,977
Non-current liabilities		383,396	389,484
Provisions		2,208	2,024
Pension obligations		2,719	2,739
Deferred tax liabilities		2,694	4,352
Debt	14	344,509	346,673
Lease Liabilities		31,266	33,697
Current liabilities		200,796	171,009
Debt	14	11	9,461
Lease liabilities		9,712	9,548
Trade payables		119,318	97,856
Tax liabilities for the current year		9,895	7,993
Other current taxes, remuneration and social security		36,377	30,777
Other current payables	18	24,126	15,191
Financial instruments		1,357	181
Total liabilities		584,192	560,493
Total equity and liabilities		1,024,719	971,010



5. Condensed consolidated statement of changes in equity

(x 1,000 euros)	Share capital & share premium	Other reserves	Cash flow hedge reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Balance as of 1 January 2022	520,785	-277,154		-18,823	95,297	320,105	5,361	325,466
Profit (loss) for the period					35,166	35,166	132	35,299
Other comprehensive income		29,647				29,647	25	29,672
Total comprehensive income for the period		29,647			35,166	64,813	158	64,970
Capital increase	453					453		453
Declared dividends					-14,592	-14,592		-14,592
Share-based payments		1,079				1,079		1,079
Balance as of 30 June 2022	521,238	-246,428		-18,823	115,872	371,859	5,519	377,377
Profit (loss) for the period					34,445	34,445	322	34,767
Other comprehensive income		-9,868	7,384			-2,484	136	-2,347
Total comprehensive income for the period		-9,868	7,384		34,445	31,962	458	32,420
Capital increase								
Declared dividends								
Share-based payments		720				720		
Balance as of 31 December 2022	521,238	-255,576	7,384	-18,823	150,317	404,541	5,977	410,518
Profit (loss) for the period					33,037	33,037	244	33,282
Other comprehensive income		11,215	962			12,177	-50	12,128
Total comprehensive income for the period		11,215	962		33,037	45,215	195	45,409
Capital increase	3,293					3,293		3,293
Declared dividends					-18,175	-18,175		-18,175
Share-based payments		1,232				1,232		1,232
Acquisition of non-controlling interests		266				266	-2,017	-1,751
Balance as of 30 June 2023	524,531	-242,862	8,346	-18,823	165,180	436,372	4,155	440,526



6. Condensed consolidated cash flow statement

(x 1,000 euros)	Note	June 2023	June 2022
Operating activities			
Profit before income taxes		42,182	44,615
Taxes paid		-11,189	-8,731
Adjustments for financial items		10,546	2,186
Total adjustments for non-cash items	16	20,058	16,139
Total changes in working capital	17	-18,322	-15,622
Total cash flow from operating activities		43,275	38,587
Investment activities			
Capital expenditure		-20,984	-6,681
Investments in existing shareholdings (subsequent payments) and in new holdings		-5,542	-46,638
Proceeds from sold shareholdings			3,226
Total cash flow from investment activities		-26,526	-50,094
Financing activities			
Capital increase		3,293	453
Dividends paid		-13,086	-9,955
New debt			135,000
Reimbursement of debt		-10,437	-65,122
Payment of lease obligations		-5,743	-4,523
Interest received		2,893	990
Interest paid		-9,456	-6,013
Total cash flow from financing activities		-32,535	50,830
Total net cash flow for the period		-15,787	39,323
Cash and cash equivalents – start of the period		125,337	70,646
Gains (losses) from currency translation differences		2,662	4,026
Cash and cash equivalents – end of the period		112,213	113,996
Changes in cash and cash equivalents		-15,787	39,323



7. Notes to the interim financial information

1. General information

Fagron is a leading global company active in pharmaceutical compounding, focusing on delivering personalized medicine to hospitals, pharmacies, clinics, and patients in more than 30 countries around the world.

The Belgian company Fagron NV has its registered office in Nazareth and is listed on Euronext Brussels and Euronext Amsterdam under the ticker symbol 'FAGR'. Fagron's operational activities are managed by the Dutch company Fagron BV, which is headquartered in Rotterdam.

These condensed consolidated financial statements were approved for publication by the Board of Directors on 1 August 2023.

In the event of differences between the English translation and the Dutch original of the interim financial statements, the latter prevails.

2. Summary of the most important basis for the condensed consolidated interim financial information

This condensed consolidated interim financial information for the first six months of 2023, including the comparative figures for 2022, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information must be read in conjunction with the 2022 annual report (including the principles for financial reporting) which is available at www.fagron.com.

3. Summary of the most important accounting policies

The most important accounting policies used to prepare the condensed consolidated interim financial statements for the first semester of 2023 are consistent with those applied in the Fagron consolidated financial statements for the year ended 31 December 2022.

A summary of the most important accounting policies can be found in the 2022 annual report. The annual report can be consulted on www.fagron.com.

This condensed consolidated interim financial information has been prepared in accordance with IFRS standards and IFRIC interpretations that apply, or which are applied early, as of 30 June 2023 and which have been endorsed by the European Union.

Standards and interpretations applicable for the annual period beginning on or after 1 January 2023

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction



- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately but not yet endorsed in the EU – disclosures are required for annual periods beginning on or after 1 January 2023)

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)

Fagron has determined that the application of these changes to these standards does not have any material effect on these interim financial statements.

4. Seasonality

Revenue and operating profit of Fagron are limitedly impacted by seasonal influences.



8. Other operating income

Decrease of other operating income is mainly due to a release of contingent obligations in 2022 related to acquisitions in North America.

9. Services and other goods

(x 1,000 euros)	June 2023	June 2022
Sales and distribution costs	21,269	20,188
Contracted services	16,025	13,316
Other services and goods	25,417	20,529
Total services and other goods	62,712	54,033

Other services and goods cover a wide range of services and goods such as maintenance, utilities, office supplies and travel costs.

10. Profit per share

(x 1 euro)	June 2023	June 2022
Basic profit (loss) per share	0.45	0.48
Diluted profit (loss) per share	0.45	0.48

The profit used in the calculations are as follows:

(x 1,000 euros)	June 2023	June 2022
Profit (loss) attributable to the shareholders of the company	33,037	35,166

The weighted average number of ordinary shares used in the calculations is as follows:

(Number of shares x 1,000)	June 2023	June 2022
Weighted average number of ordinary shares	72,966	72,860
Effect of warrants and stock options	-	40
Weighted average number of ordinary shares (diluted)	72,966	72,901

On 30 June 2023, the capital represented 73,228,904 shares, of which 103,627 are treasury shares held by Fagron NV.

11. Non-recurring result

A non-recurring item is an event or transaction that is considered abnormal, not related to ordinary company activities, and unlikely to recur in the foreseeable future. This can be a gain or a loss. The total non-recurring profit included in EBITDA amounts to -0.5 million euros (June 2022: -0.8 million euros). Which mainly included legal costs and restructuring costs. In 2022 non-recurring costs mainly included acquisition costs, restructuring costs and a release of contingent consideration related to acquisitions in North America.



12. Segment information

Fagron's divisional structure is tailored to the various activities of Fagron and supports also effective decision-making and individual responsibility. This is in accordance with IFRS 8, which states that the operational segments must be determined based on the components used by the Executive Leadership Team to assess the performance of the operational activities and on which the decisions are based. Fagron reports according to the following segments: Fagron EMEA, Fagron North America, and Fagron Latin America.

The segment results for the reporting period ending 30 June 2023 are as follows:

(x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Revenue	146,084	145,039	80,450	371,573
Intersegment revenue	646	80	82	809
Total revenue	146,730	145,119	80,532	372,381
Operating profit per segment	25,652	18,326	8,750	52,728
Financial result				-10,546
Profit before income tax				42,182
Taxes				8,901
Net profit (loss)				33,282

The segment results for the reporting period ending 30 June 2022 are as follows:

(x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Total
Revenue	137,709	112,294	78,561	328,565
Intersegment revenue	553	81	154	789
Total revenue	138,263	112,375	78,715	329,353
Operating profit per segment	22,245	14,216	10,340	46,801
Financial result				-2,186
Profit before income tax				44,615
Taxes				9,317
Net profit (loss)				35,299

A detailed explanation of the segment profit and disaggregated revenue are provided in the press release of 3 August 2023.



On 30 June 2023, the assets and liabilities, as well as the capital expenditures (investments) are as follows:

(x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Unallocated /inter-segment elimination	Total
Total assets	400,255	324,155	220,720	79,589	1,024,719
Total liabilities	148,296	216,941	52,612	166,343	584,192
Capital expenditure	9,524	10,395	2,823		22,742

On 31 December 2022, the assets and liabilities, as well as the capital expenditures (investments) are as follows:

(x 1,000 euros)	Fagron EMEA	Fagron North America	Fagron Latin America	Unallocated /inter-segment elimination	Total
Total assets	389,344	317,010	206,270	58,387	971,010
Total liabilities	142,593	215,830	52,487	149,583	560,493
Capital expenditure	8,266	6,920	5,291	0	20,477

Gross capital expenditures in the first half of 2023 mainly relate to investments in registration and exclusive distribution and licensing rights in the Benelux of some products, investments in the Tampa facility in the United States and further software implementations. The investment expenditure excludes the change in investment obligations. The unallocated assets mainly relate to cash and cash equivalents. The unallocated liabilities mainly relate to financial debts.

13. Goodwill

The increase in goodwill is explained by business combinations as further explained in note 18 and exchange rate differences mainly caused by a weakening of the US dollar and a strengthening of the Brazilian real against the euro as per 31 December 2022.

14. Debt

On 30 June 2023, the outstanding amount of both term loans was a total of 235 million euros (December 2022: 235 million euros) and an amount of 110.4 million euros has been drawn under the syndicated credit line (December 2022: 112.5 million euros).

During the first six months of 2023 no changes have been made to the interest hedge portfolio. The interest rate risk related to 180 million euros of term loans was hedged with interest derivatives. The duration of the euro interest hedges varies from August 2023 until August 2025. The interest hedge related to the interest exposure on 100 million US dollars has remained unchanged and has an end date of June 2024.

All financial instruments are valued at amortised cost except for derivative financial instruments and contingent considerations for acquisitions, which are valued at fair value. The fair value approximates the carrying amount. The interest hedge for 180 million euro related to the long term debt is accounted for under the IFRS hedge accounting rules, resulting in (re-)valuation through equity.

The (re-)valuation of the financial derivatives through the financial result was 1.4 million euros in financial costs (June 2022: 4.2 million euros financial income) from interest rate derivatives and 2.0 million euros (June 2022: 2.2 million euros) in financial costs from currency derivatives. The 2.0 million euros in financial costs due to the



(re-)valuation of the currency derivatives are largely offset by income from exchange rate differences. The remaining increase in the financial expenses mainly relate to higher interest expenses.

On 30 June 2023, the net financial debt / EBITDA ratio equals 1.88 The EBITDA / net interest expense ratio is equal to 7.58. Fagron thus more than met the financial covenants.

15. Contingencies

Fagron faces certain risks for which no provision has been made because it is unlikely that these risks will have a negative impact for Fagron. In July 2018 and August 2021, Fagron received a tax assessment regarding the amortization of goodwill due to mergers in Brazil. The tax authorities opened a new assessment in April 2023. We dispute these assessments in the total amount of 32.8 million euros and have not made any provision for this purpose. There were no other material changes.

16. Total adjustments for non-cash items

(x 1,000 euros)	June 2023	June 2022
Amortisation of intangible fixed assets	5,348	4,370
Depreciation of property, plant and equipment	5,618	4,996
Depreciation of lease and similar rights	5,566	4,970
Write down on inventories and receivables	2,425	1,385
Profit (Loss) on sale of fixed assets	-141	-651
Movements in provisions	9	-10
Share-based payments	1,232	1,079
Total adjustments for non-cash items	20,058	16,139

17. Total changes in working capital

(x 1,000 euros)	June 2023	June 2022
Changes in operational working capital	-14,119	-14,116
Changes in other working capital	-4,203	-1,506
Total changes in working capital	-18,322	-15,662

18. Business combination

Fair value of acquired assets and liabilities

The provisional determination of the fair value of assets acquired and liabilities assumed in the Wildlife Pharmaceutical acquisition in South Africa resulted in an adjustment of 4.0 million euros to goodwill.

The final determination of the fair value of assets acquired and liabilities assumed from prior acquisitions in 2022 resulted in an adjustment of 0.5 million euros to goodwill.



Contingent considerations

On 30 June 2023, Fagron had 5.5 million euros in contingencies. These fees payable to former shareholders were determined based on business plans at the time of acquisition.

The deferred payments and contingent considerations for business combinations relate to acquisitions in the Netherlands, Germany and South-Africa and vary between 0 euros and a maximum of 5.5 million euros. It is expected that these will be paid in 2023 and 2024.

The considerations are measured at the fair value at acquisition date. This is estimated based on the maximum compensation if the conditions are met.

19. Related parties

The members of the Executive Leadership Team and the non-executive directors are considered as related parties. The remuneration policy is described in the *Corporate Governance Statement* which is part of the 2022 annual report and the *Remuneration policy directors and executive leadership team* available on www.fagron.com. The remuneration is determined on a yearly basis; therefore, no further details are provided in these interim financial statements.

In the first half of 2023, 138,372 performance shares and 134,271 performance share units were granted to Fagron's executive leadership team and employees. The performance objectives are based on a combination of financial objectives and sustainability objectives. Financial objectives for the first grant under the plan for 2022-2024 relate to relative total shareholder return (TSR), organic revenue growth, REBITDA, and operational cash conversion. Sustainability objectives for the first grant under the plan for the period 2022-2024, relate to the reduction of greenhouse gas intensity and employee engagement.

20. Subsequent events

In July 2023, a change has been made to the interest hedge portfolio. The interest rate risk related to 20 million euros of term loans was hedged with an interest derivative. The duration of the euro interest hedge is 3 year until August 2026 and replaces an interest derivative of 30 million euros with a duration date till August 2023.

21. Effective tax rate

Recognised income tax expenses are based on management's best estimate of the weighted average effective income tax rate of 21.1% for 2023 (S1 2022: 20.9%).



22. Alternative performance measures

In addition to the performance measures defined in IFRS, other measures are also used in these interim financial statements. These "alternative performance measures" are set out below:

(x 1,000 euros)	June 2023	June 2022
Operating profit (EBIT)	52,728	46,801
Depreciation and amortization	18,958	15,720
EBITDA	71,686	62,522
EBITDA	71,686	62,522
Non-recurring profit	497	800
REBITDA	72,183	63,322
Total cash flow from operating activities	43,275	38,587
Capital expenditures	-20,984	-6,681
Free cash flow	22,291	31,906

(x 1,000 euros)	June 2023	December 2022
Net financial debt		
Debt- non-current	344,509	346,673
Lease liabilities - non-current	31,266	33,697
Debt- current	11	9,461
Lease liabilities - current	9,712	9,548
Cash and cash equivalents	112,213	125,337
Total net financial debt	273,285	274,042
Inventories	127,161	108,337
Trade receivables	76,965	60,722
Trade payables	-119,318	-97,856
Operational working capital	84,809	71,203



Fagron NV

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2023

The original text of this report is in Dutch

Report on the review of the consolidated interim financial information of Fagron NV for the six-month period ended 30 June 2023

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 7 to 22.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Fagron NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 1 024 719 (000) EUR and the consolidated condensed income statement shows a net profit for the period then ended of 33 282 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

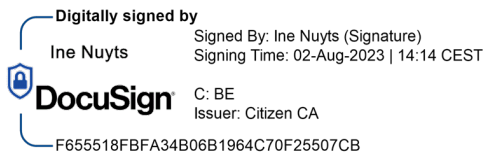
We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Fagron NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Signed at Antwerp.

The statutory auditor



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