FY 2023 Results

15 February 2024

Rafael Padilla
CEO

Karin de Jong
CFO

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Key Highlights

Rafael Padilla
CEO

Strong FY 2023 performance in-line with guidance

- Organic revenue growth at CER, supported by strong performance at CS in North America and EMEA, and positive performance in Latin America
- REBITDA growth of 13.9% and margin expansion by 40bps YoY, underpinned by operational excellence benefits and M&A integration synergies
- Strong free cash flow generation of 68.1% excluding one-off capex
- Continued roll out of disciplined acquisition strategy with the closing of LSP and Parma Produkt acquisition in 2024
- Continued progress towards greenhouse gas intensity reduction of 24.4% versus target of 30.0% by 2025
- Dividend of €0.30 per share for the year, up 20.0% YoY

	FY 2023	YoY change
Total revenue	€763.0m	+11.6%
Revenue organic growth CER	+10.5%	+670bps
REBITDA	€149.0m	+13.9%
REBITDA margin	19.5%	+40bps
FCF conversion*	68.1%	-150bps
Net debt ratio	1.4x	-0.5x

FCF adjusted for one-off capex in FY 2023

EMEA: Robust performance increasingly supported by diversification

+2.2%
organic revenue growth at CER

21.5%
REBITDA Margin

6
number of quality audits

+14.9%
*Greenhouse gas intensity vs 2019**

B&E reflects solid demand in most markets and benefits of our diversified footprint

Poland impacted by anticipated changes of reimbursement system; Strategic actions undertaken to strengthen market positioning

Compounding Services revenue growth reflective of continued strong performance in Netherlands and positive impact from registrations and drug shortages

Execution of disciplined acquisition strategy: Closed Parma Produkt (Hungary) and LSP (United Kingdom) in 2024

** Greenhouse gas intensity targets are versus financial year 2019*

Poland: Commercial agility provides competitive advantage

Background: Regulatory reform

- Law adopted containing changes to reimbursement system for overall pharmaceutical market
- Proactive and regular engagement with regulatory authorities
- New pricing implemented around year-end 2023 and assessment by regulator expected after six months
- Product mix moving towards bigger unit of measure following new reimbursement tariffs

Fagron: Clear strategic actions

- Provide expert input to government working group
- Increase Fagron Academy by engaging more with pharmacists & prescribers
- Direct selling resulting in new customer acquisitions
- New product launches
  Invest in Fagron Lab
  Adjust product mix

Latin America: Effective strategy execution ensures continued market leadership

+2.3%
organic revenue growth at CER

16.5%
REBITDA Margin

4
number of quality audits

-3.7%
*Greenhouse gas intensity vs 2019**

Reaffirmed market leadership in Brazilian market; customer demand continued upward trend while competitive pressures sustain

Impressive 250bps increase in revenue share of Brands reflecting success of innovative product launches and previous strategic actions

Colombia delivered strong progress through customer wins and upsell from existing customers; Mexico remains attractive market

Ongoing focus on driving new product launches, operational efficiencies and enhanced commercial approach

Maintained focus on further diversification opportunities across segments

** Greenhouse gas intensity targets are versus financial year 2019*

North America: Capitalizing through quality focus and strong demand

+25.5%
organic revenue growth at CER

19.4%
REBITDA Margin

2
number of quality audits

-52.4%
*Greenhouse gas intensity vs 2019**

Improving performance at B&E; Letco integration completed successfully

Exceptional performance at FSS with year-end run-rate of almost $165m; Boston achieved breakeven; shipping to 40 states including New York

Strong underlying growth at Anazao as demand for prevention and lifestyle remains strong; performance also supported by impact of drug shortages

Tampa project progressing as planned as we continue to invest in quality enhancement and capacity expansion

** Greenhouse gas intensity targets are versus financial year 2019*

Quality focus critical in navigating evolving regulatory requirements

2023 Global quality KPIs

Number of facilities to audit globally	Regulatory bodies	Audits globally	Warning letters
31	**75+**	**12**	**0**
Continued investments as quality is key competitive differentiator	Proactive engagement with regulatory bodies to navigate evolving regulatory landsacape	15 recalls globally; All class 2 & 3	St. Pauls facility decommissioning to be completed in Q1 2024

Maintaining focus on key sustainability drivers

Reduce our greenhouse gas emissions

Science-based targets for absolute emission reduction targets approved by SBTi in 2023

Positive impact on workers in our supply chain

2025 target: 75%* suppliers sign Fagron Business Partner Code of Conduct

Increase access to healthcare

18.8m units of compounded medicine supplied in FY 2023

Ensure employee awareness of corporate culture and legal & ethical behavior

99% of employees completed Code of Conduct & Ethics training

** Suppliers collectively representing 75% of value of trade goods*

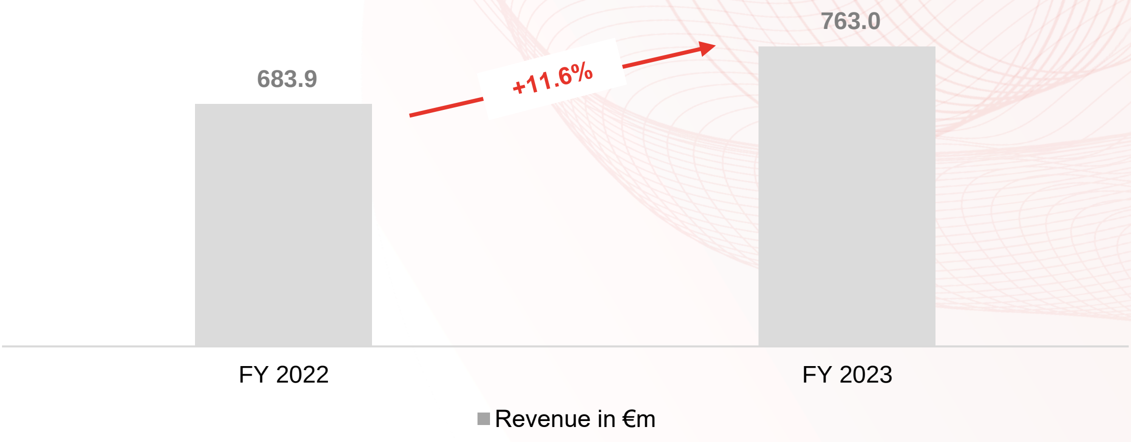
Financial Review

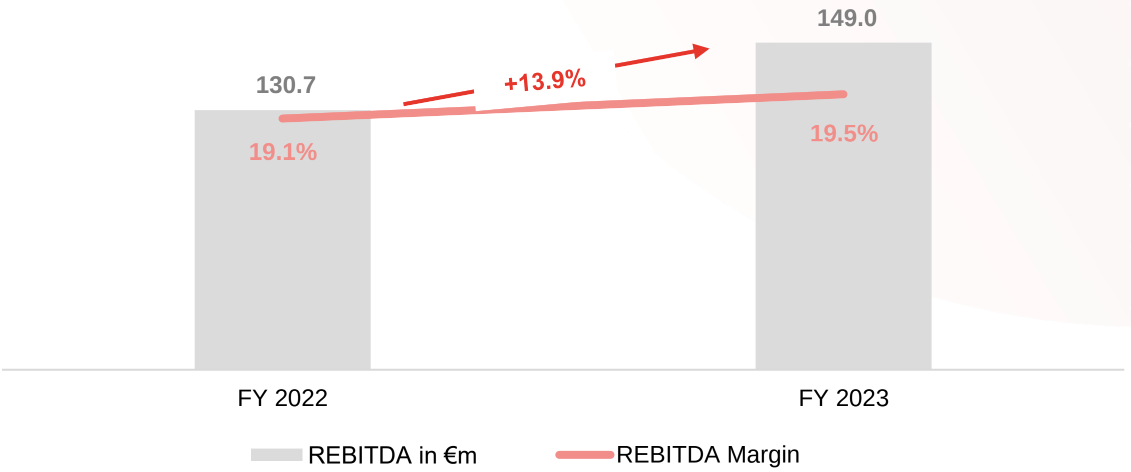
Karin de Jong
CFO

Fagron personalizing medicine

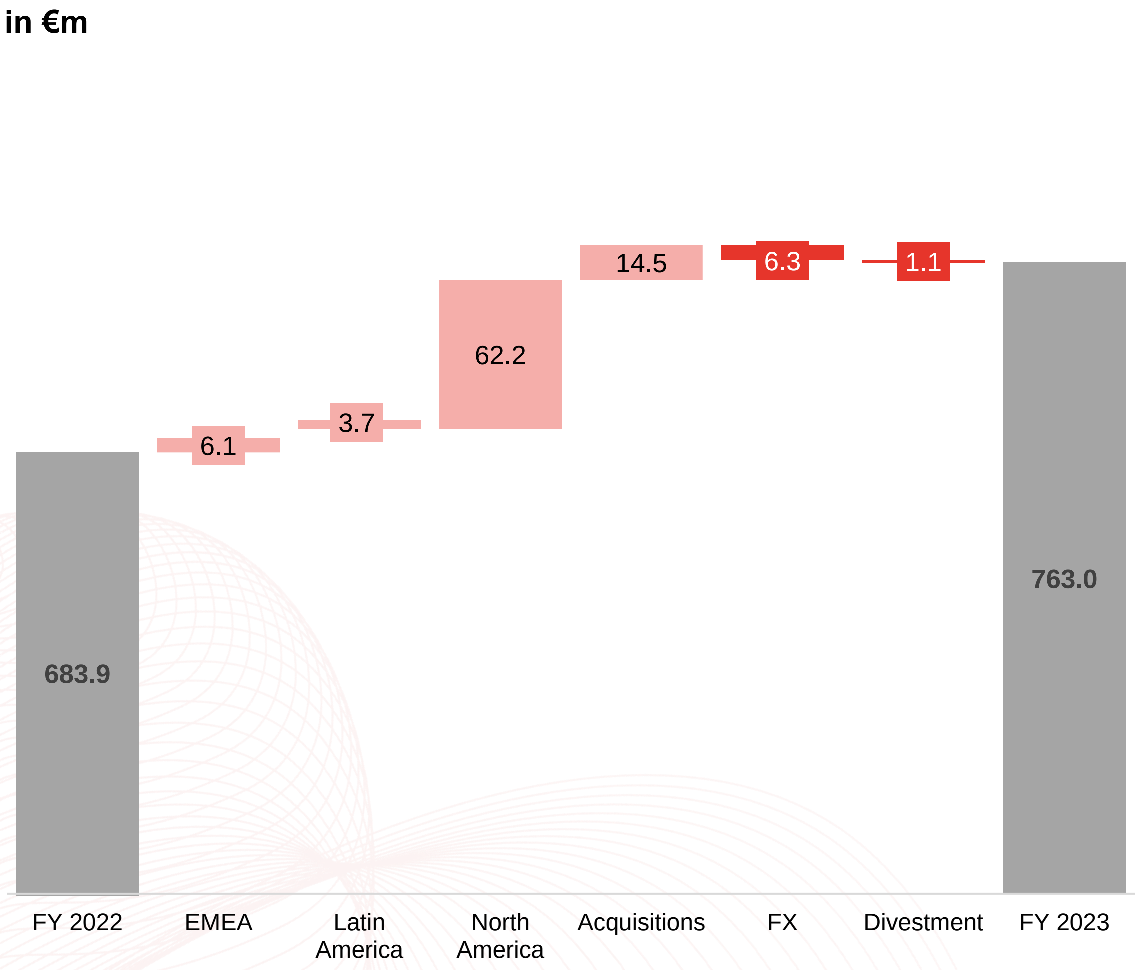
FY 2023 financial highlights

- Revenue growth driven by all regions, with North America showing strongest growth
- Gross margin improved by 160bps driven by price increases in combination with procurement and product mix benefits
- 19.5% REBITDA margin versus 19.1% in FY 2022 reflecting synergies from acquisitions in North America and improvements in operational excellence globally
- EPS increased by 1.0% YoY to €0.97 per share
- Operating cash flow improved by 13.9% to €124.6m
- Net Debt to EBITDA ratio decreased to 1.4x at end of FY 2023





FY 2023 Revenue bridge and P&L statement



Profit & loss account (€m)	FY 2023	FY 2022	Δ
Net revenue	763.0	683.9	11.6%
Gross margin	461.3	402.6	14.6%
Operating expenses	309.2	270.1	14.5%
Share-based payments and LTI	3.2	1.8	78.0%
EBITDA before non-recurrent result	**149.0**	**130.7**	**13.9%**
Non-recurrent result	-1.0	2.7	-137.9%
EBITDA	**147.9**	**133.4**	**10.9%**
Depreciation and amortization	39.3	35.5	10.8%
EBIT	**108.6**	**97.9**	**11.0%**
Financial result	-24.2	-10.1	-138.5%
Profit before income tax	84.4	87.8	-3.8%
Taxes	-13.4	-17.7	24.3%
Net profit	**71.0**	**70.1**	**1.4%**
Net profit per share (€)	**0.97**	**0.96**	**1.0%**
Average number of outstanding shares	72,999,583	72,874,673	

EMEA: Steady performance through the year

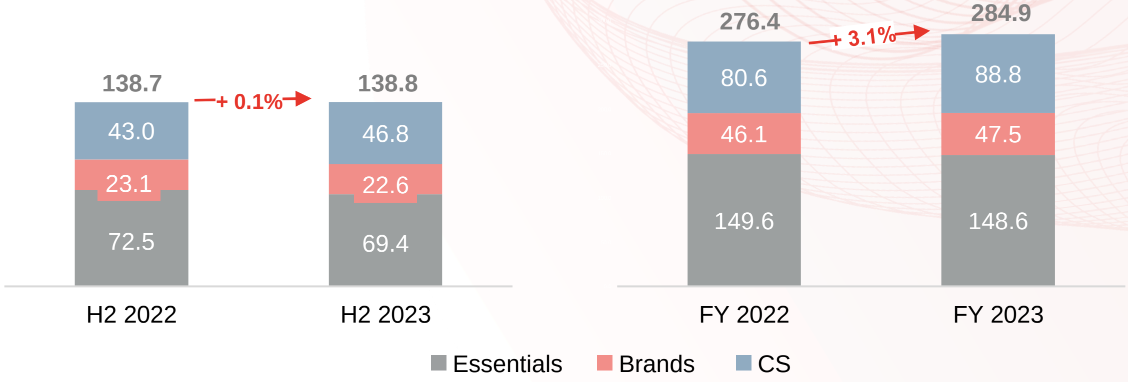
Topline growth of 3.1% supported mainly by Compounding Services

Excluding Poland impact, demand for B&E remained solid in most markets

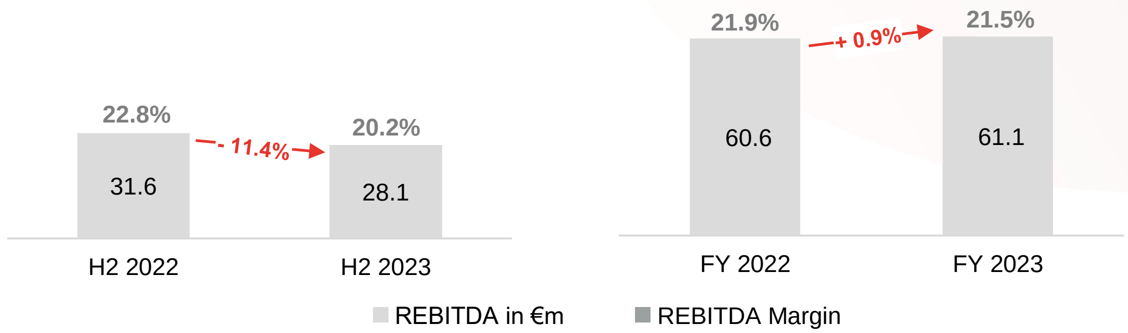
REBITDA margin in H1 2023 very strong, reflecting pricing pass through; H2 2023 reflects slowdown in demand in Q3 and low volumes in Poland in Q4

Closed two strategic acquisitions in line with our diversification strategy in EMEA

Revenue



Profitability



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Latin America: Strategic levers working while competitive pressures sustain

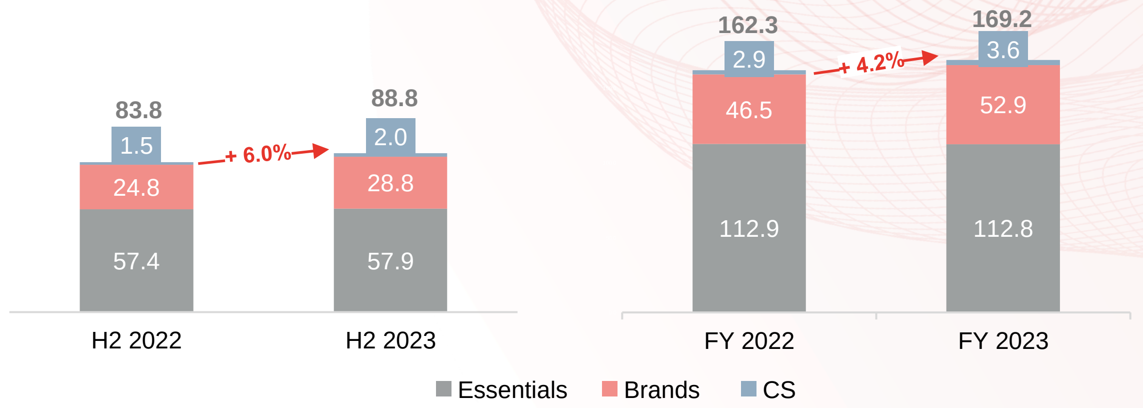
Revenue growth of 4.2%, supported by improved customer demand, Brands, new product launches, and FX impact, partially offset by pricing pressure

Gross margin recovered in second half of year underpinned by operational excellence initiatives and product mix

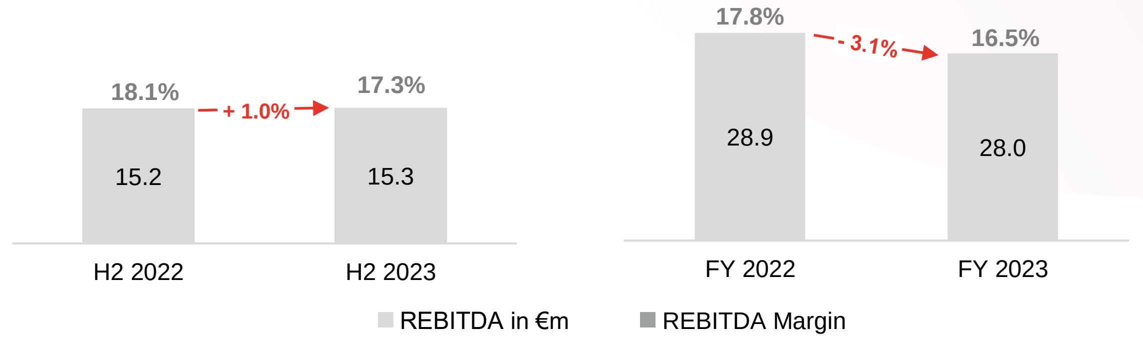
Continued focus on operational excellence including procurement benefits and launch of new products in Brands

REBITDA margin mainly reflecting impact of sustained competitive pressure

Revenue



Profitability



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North America: M&A synergies and operational excellence drive margins

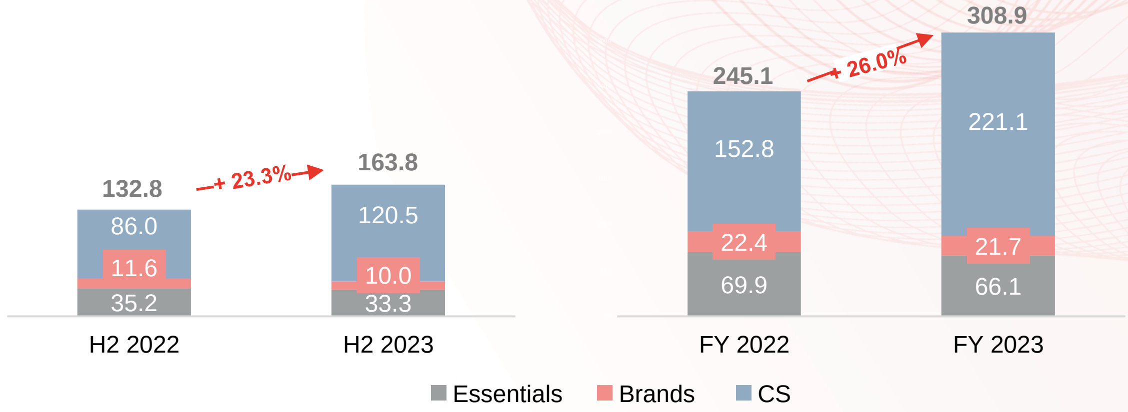
Strong revenue growth driven by exceptional performance at FSS and Anazao

Boston achieved breakeven, while B&E continued its recovery following consolidation of repackaging activities and integration of sales teams and IT systems

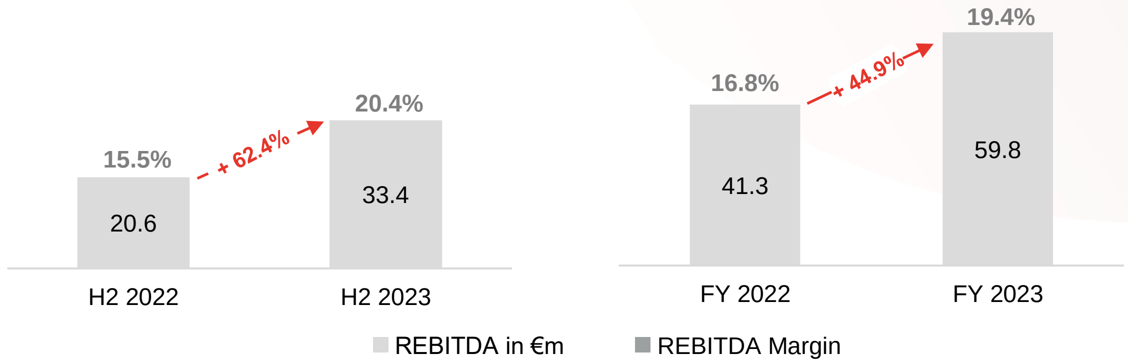
Strong underlying revenue growth at Anazao further supported by continued drug shortages

Solid REBITDA margin recovery supported by progress made in integration of Boston and Letco and improved operational efficiencies

Revenue



Profitability



Free cash flow generation remains strong

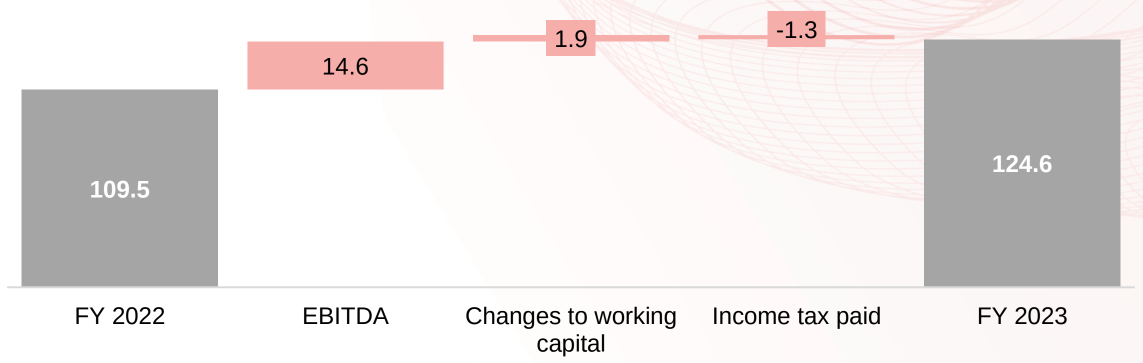
Operating working capital as percentage of annualized revenue decreased by 90bps YoY to 9.3% driven by inventory and operational improvements globally in H2 2023

Operating cash flow increased by 13.9% to €124.6m

Maintenance capex was 3.0% of revenue excluding one-off capex

Free cash flow increased by 11.6% to €101.5m if adjusted for one-off capex

Cash flow from operating activities development (€m)

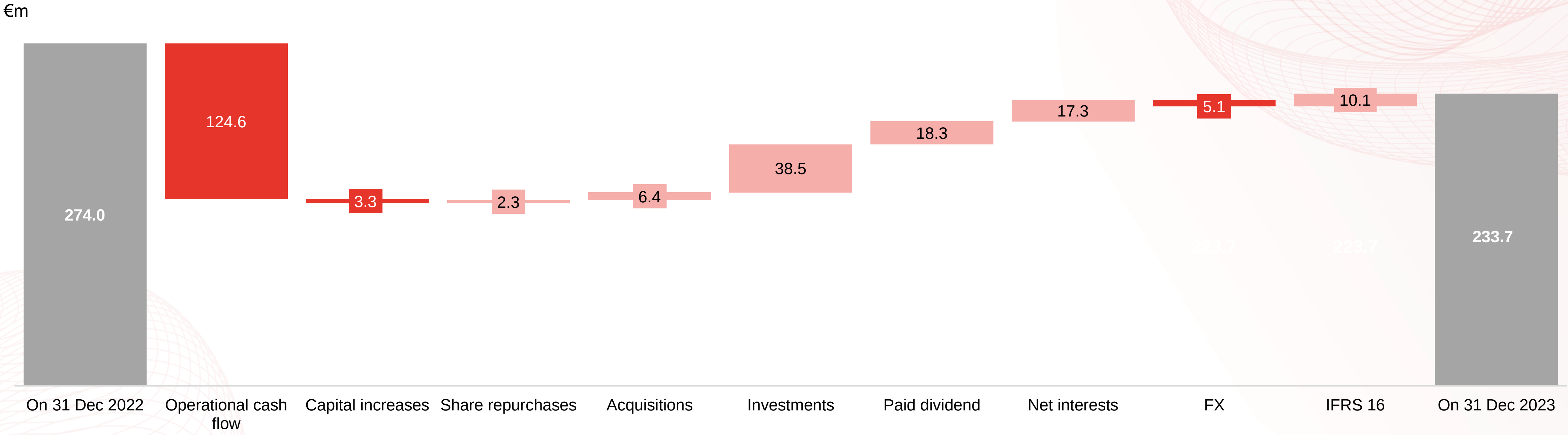


€m	FY 2023	FY 2022
EBITDA	**147.9**	**133.4**
Changes to working capital*	(4.5)	(6.5)
Income tax paid	(18.8)	(17.5)
Cash flow from operating activities	**124.6**	**109.5**

*including impact of non-cash item. There may be rounding differences

Strong balance sheet and significant improvement in net debt

Net debt evolution



Net financial debt decreased by €40.3m to €233.7m

Net Debt to EBITDA ratio at 1.4x versus 1.9x at end of FY 2022

Sufficient headroom to support M&A strategy given internal 2.8x leverage threshold

Outlook

Karin de Jong
CFO

Fagron
personalizing medicine

FY 2024 outlook

	Guidance FY 2024
Organic revenue growth	High single-digit
REBITDA margin	Increase in profitability YoY
Capex as % of revenue	3 – 3.5% of revenue*
Working Capital	12.5 – 13.5% of revenue at year-end (phasing out factoring)

Key business drivers

- Strong underlying demand
- Operational excellence initiatives
- Poland regulation impact
- M&A
- Drug shortages
- Regulatory dynamics
- Macroeconomic environment
- Competitive dynamics

** Excluding one-off capex related to announced projects*

Conclusion

Rafael Padilla
CEO

Fagron personalizing medicine

Global leader in the niche pharmaceutical compounding market

Unique Market Positioning

Defensive Business Model

Strong Cash Generation

Sustainability Focus

Disciplined M&A

Operational Excellence

Together

we create the future of
personalized medicine

Questions

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