

Regulated information - inside information

Nazareth (Belgium)/Rotterdam (The Netherlands), 12 October 2023 – 7:00 AM CET

## Continued strong third quarter performance with 11% topline growth to €191 million

Fagron, the leading global player in pharmaceutical compounding today publishes its quarterly results for the period ending 30 September 2023.

### Key Highlights

- **Solid revenue growth continues with 10.6% reported growth (13.9% at CER) and 10.2% organic growth (13.4% at CER) to €191.4 million**
- **Sustained strong performance in North America and solid recovery of Latin America; EMEA reflects completion of pricing pass through**
- **Roll out of global operational excellence initiatives continues**
- **Signing of Parma Produkt acquisition provides entry into attractive Hungarian compounding market**
- **Science Based Targets initiative (SBTi) has approved our near-term science-based emission reduction target**
- **FY 2023 revenue between €750-€770 million; improvement in profitability YoY**

### Rafael Padilla, CEO of Fagron:

*“Our performance through the third quarter reflects the solidity of our diversified and defensive business model in a macro-economic environment that remains dynamic. Our results were driven by further enhancements to our commercial approach, reaping benefits of operational excellence initiatives, as well as excellent execution across our businesses. Organic revenue growth picked up pace this quarter, supported by all our regions, with North America delivering the highest organic growth in its history. This was driven by outstanding performances at both FSS and Anazao, as underlying demand for outsourcing compounding services remains strong. In EMEA, we saw revenue growth softening for the quarter following the completion of the pricing pass-through exercise in the first half of the year. Latin America continued its upward trajectory, supported by our focus on driving operational efficiencies and innovation.*”

*We are also pleased to announce the signing of the Parma Produkt acquisition, which enables access to the attractive Hungarian market in line with our strategic plan to further diversify our EMEA footprint. We remain committed to consolidating the market and are assessing market opportunities across all our regions in line with our disciplined acquisition strategy.*

*Overall, we remain confident about our prospects and reiterate our midterm guidance. For FY 2023 we expect revenue between €750 million and €770 million and reiterate the expected profitability increase YoY.”*



## Key Financial Figures

### Q3 2023

(€ '000)	Revenue per region					
	Q3 '23	Q3 '22	Δ	Δ CER	Δ Organic	Δ Organic CER
EMEA	66,179	65,123	1.6%	2.2%	0.6%	1.0%
Latin America	45,245	42,974	5.3%	4.2%	5.3%	4.2%
North America	79,959	64,875	23.3%	32.1%	23.3%	32.1%
<b>Group</b>	<b>191,384</b>	<b>172,972</b>	<b>10.6%</b>	<b>13.9%</b>	<b>10.2%</b>	<b>13.4%</b>

(€ '000)	Revenue per segment					
	Q3 '23	Q3 '22	Δ	Δ CER	Δ Organic	Δ Organic CER
Essentials	78,034	81,920	-4.7%	-4.3%	-4.8%	-4.3%
Brands	30,831	30,162	2.2%	3.9%	2.2%	3.9%
Compounding Services (CS)	82,519	60,890	35.5%	43.3%	34.5%	42.1%

### 9 months 2023

(€ '000)	Revenue per region					
	9M '23	9M '22	Δ	Δ CER	Δ Organic	Δ Organic CER
EMEA	212,263	202,832	4.6%	5.1%	3.2%	3.5%
Latin America	125,696	121,535	3.4%	1.3%	3.4%	1.3%
North America	224,998	177,169	27.0%	29.3%	21.4%	23.9%
<b>Group</b>	<b>562,957</b>	<b>501,537</b>	<b>12.2%</b>	<b>12.7%</b>	<b>9.7%</b>	<b>10.2%</b>

(€ '000)	Revenue per segment					
	9M '23	9M '22	Δ	Δ CER	Δ Organic	Δ Organic CER
Essentials	244,880	249,226	-1.7%	-2.7%	-3.2%	-4.0%
Brands	91,428	85,595	6.8%	7.0%	5.6%	5.7%
CS	226,649	166,716	35.9%	38.7%	30.9%	33.6%

### Outlook

Assuming no significant changes in current market conditions, we expect FY 2023 revenue of between €750 million and €770 million and an increase in profitability for 2023 compared to 2022.

Our regular maintenance capex remains stable at 3 to 3.5% of revenue, while we are making one-off investments in 2023 and 2024 in North America, to facilitate further growth and enhance operational excellence in the region, and in EMEA in the registration and exclusive license and distribution rights.

We remain committed to our disciplined acquisition strategy in all regions where we are active as part of Fagron's growth strategy.

Our medium-term objectives remain unchanged.



## Regional highlights

### EMEA

(€ '000)	Q3 '23	Q3 '22	Δ	Δ CER	Δ Organic	Δ Organic CER
Essentials	31,895	34,093	-6.4%	-7.4%	-6.6%	-7.6%
Brands	10,970	11,469	-4.4%	-4.1%	-4.4%	-4.1%
CS	23,315	19,562	19.2%	22.8%	15.9%	18.9%
<b>Total revenue</b>	<b>66,179</b>	<b>65,123</b>	<b>1.6%</b>	<b>2.2%</b>	<b>0.6%</b>	<b>1.0%</b>

- EMEA revenue growth pared back during the quarter, following the completion of pricing pass through earlier this year.
- Brands and Essentials revenue development softened after a very strong first semester, while we remain confident about the resilience of our business in the mid-term.
- Poland is likely to see regulatory reforms in its reimbursement systems. However, as there are many variables, the exact impact is difficult to assess. As we have strong competitive and commercial positioning in the country, we are expecting mid-term impact to be limited.
- Compounding Services revenue growth strengthened further across our markets supported by the success of our registration business, bulk compounding, and drug shortages in some markets.
- Signing the agreement to acquire Parma Produkt Kft. allows us access to the attractive Hungarian compounding market and further diversifies our EMEA footprint. The transaction is expected to close early January 2024 upon fulfillment of customary regulatory approvals.

### Latin America

(€ '000)	Q3 '23	Q3 '22	Δ	Δ CER	Δ Organic	Δ Organic CER
Essentials	29,622	29,244	1.3%	-0.6%	1.3%	-0.6%
Brands	14,612	12,961	12.7%	13.1%	12.7%	13.1%
CS	1,012	769	31.5%	33.9%	31.5%	33.9%
<b>Total revenue</b>	<b>45,245</b>	<b>42,974</b>	<b>5.3%</b>	<b>4.2%</b>	<b>5.3%</b>	<b>4.2%</b>

- Brands and Essentials revenue development reflects the strengthening customer demand, supported by the benefits of our operational efficiency programs and innovative product launches, while competitive pressure remains.
- Compounding Services (Colombia) accelerated its growth trajectory, supported by customer wins, and increasing orders from existing customers.

### North America

(€ '000)	Q3 '23	Q3 '22	Δ	Δ CER	Δ Organic	Δ Organic CER
Essentials	16,517	18,584	-11.1%	-4.3%	-11.1%	-4.3%
Brands	5,250	5,733	-8.4%	-0.7%	-8.4%	-0.7%
CS	58,192	40,559	43.5%	53.4%	43.5%	53.4%
<b>Total revenue</b>	<b>79,959</b>	<b>64,875</b>	<b>23.3%</b>	<b>32.1%</b>	<b>23.3%</b>	<b>32.1%</b>

- Brands and Essentials organic revenue development continued its recovery through the quarter following the integration of the Letco activities, despite the inspection that the FDA conducted at



the Decatur repackaging facility towards the end of the quarter. The FDA inspection resulted in one observation, and we will continue to engage the FDA as we work towards a satisfactory closure of the inspection.

- Compounding Services continued its strong growth as both our sterile outsourcing business (Wichita and Boston) and Anazao performed very well, driven by increasing orders from existing customers, new customer wins, and continued drug shortages, while also reflecting the benefits from our investment in operational excellence.
- The combined run rate of the Wichita and Boston sterile outsourcing facilities exceeded US\$150 million (annualized).
- The investments in Anazao and our repackaging activities are progressing as planned.

### ESG

To meet the goals of the Paris Agreement of limiting global warming to 1.5°C, Fagron has set near-term science-based emission reduction targets. These reduction targets have now been approved by the Science Based Targets initiative (SBTi). More information can be found on the Fagron [website](#).

### Webcast

Rafael Padilla (CEO) and Karin de Jong (CFO) will discuss the trading update in a webcast starting at 9.30 AM CET. Registration to the webcast is available via this [link](#). The presentation for the call will be available to download from the Fagron [website](#) around 8.00 AM CET.

### Financial calendar 2024

15 February 2024	Full year results 2023
11 April 2024	Trading update first quarter 2024
1 August 2024	Half year results 2024
10 October 2024	Trading update third quarter 2024

### Further information

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### About Fagron

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.

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.

### Important information regarding forward-looking statements

Certain statements in this press release may be deemed to be forward-looking. Such forward-looking statements are based on current expectations and are influenced by various risks and uncertainties. Consequently, Fagron cannot provide any guarantee that such forward-looking statements will, in fact, materialize and cannot accept any obligation to update or revise any forward-looking statement as a result of new information, future events or for any other reason.

*In the event of differences between the English translation and the Dutch original of this press release, the latter prevails.*