

Regulated information

Nazareth (Belgium)/Rotterdam (The Netherlands), 13 October 2022 – 7.00 AM CET

Fagron delivers topline growth of 21.5% to €173 million

Fagron, the leading global player in pharmaceutical compounding today publishes its quarterly results for the period ending 30 September 2022.

Key Highlights

- **Q3 2022 topline growth across all regions**
 - Revenue increased by 21.5% to €173 million (10.7% at CER) driven by organic growth, acquisitions, and FX
 - Organic revenue growth of 11.5% for Q3 2022 and 13.5% for 9M 2022 (1.7% and 5.1%, respectively at CER)
- **Robust performance in EMEA and proactive strategic actions in Latin America and North America**
 - Continued positive revenue development in EMEA following structured implementation of our strategy
 - Maintaining market leadership in Latin America by streamlining operational approach to counter evolving market dynamics
 - Strong underlying demand in North America affected by global supply chain shortages
 - Inventory management and cost efficiency key focus areas of centralized procurement team to maximize product availability and optimize pricing
- **Continued rollout of disciplined acquisition strategy**
 - Integration of Curaphar, Hiperscan, Pharma-pack, and 503B outsourcing facility in Boston facility advances as planned
 - Accelerated integration of Letco
 - Appraising opportunities across all our markets
- **Further progress on environmental and social initiatives**
 - Committed to set science-based emission reduction targets as part of sustainability strategy

Rafael Padilla, CEO of Fagron comments

"Our results in the third quarter demonstrate the resilience in our business with positive developments in several markets despite an increasingly challenging macro environment. The performance in EMEA has continued its upwards trajectory following a series of actions aimed at enhancing our competitive edge as well as driving efficiencies. In Latin America, increased competitive pressure and end market softness endure and we remain focused on maintaining market leadership by further optimizing operations and driving commercial efficacy to protect profitability. Finally, in North America, we have further reinforced our focus on quality but have seen impact from various external factors such as a continuation of the syringe shortages and shipment disruptions due to Hurricane Ian.

Given the syringe shortages are likely to linger, we expect our Wichita run rate to remain at current levels through the fourth quarter, despite strong underlying demand, and achieve at least US\$95m (annualized) at the end of the period. Combining this with the recently acquired 503B outsourcing facility in Boston, where we have made strong progress by utilizing our commercial expertise at Wichita and have onboarded several new clients, we expect the joint run rate by the end of the year to be above US\$110m (annualized).

We remain confident about the prospects of our business globally and reiterate our FY 2022 and mid-term guidance provided earlier in the year".



Key Financial Figures

Q3 2022

(€ '000)	Revenue per region					
	Q3 '22	Q3 '21	Δ	Δ CER	Organic Δ	Organic Δ CER
EMEA	65,123	59,030	10.3%	9.9%	3.0%	2.6%
Latin America	42,974	36,817	16.7%	0.5%	16.7%	0.5%
North America	64,875	46,512	39.5%	19.8%	18.6%	1.5%
Group	172,972	142,358	21.5%	10.7%	11.5%	1.7%

(€ '000)	Revenue per segment					
	Q3 '22	Q3 '21	Δ	Δ CER	Organic Δ	Organic Δ CER
Essentials	81,920	68,752	19.2%	9.4%	5.6%	-2.4%
Brands	30,162	25,774	17.0%	6.5%	14.9%	3.8%
Compounding Services ¹ (CS)	60,890	47,833	27.3%	14.9%	17.8%	6.3%

9M 2022

(€ '000)	Revenue per region					
	9M '22	9M '21	Δ	Δ CER	Organic Δ	Organic Δ CER
EMEA	202,832	187,896	7.9%	7.3%	2.8%	2.1%
Latin America	121,535	102,245	18.9%	2.7%	18.9%	2.7%
North America	177,169	128,805	37.5%	22.4%	26.0%	12.1%
Group	501,537	418,946	19.7%	10.8%	13.5%	5.1%

(€ '000)	Revenue per segment					
	9M '22	9M '21	Δ	Δ CER	Organic Δ	Organic Δ CER
Essentials	249,226	209,018	19.2%	10.8%	9.0%	1.6%
Brands	85,595	77,188	10.9%	1.9%	11.4%	1.9%
CS ¹	166,716	132,739	25.6%	16.1%	21.5%	12.2%

¹ Previously Compounding Services and Premium Pharmaceuticals



Regional highlights

(€ '000)	EMEA			Latin America			North America		
	Q3 '22	Q3 '21	Δ%	Q3 '22	Q3 '21	Δ%	Q3 '22	Q3 '21	Δ%
Essentials	34,093	32,506	4.9%	29,244	25,531	14.5%	18,584	10,715	73.4%
Brands	11,469	8,799	30.3%	12,961	10,593	22.3%	5,733	6,381	-10.2%
CS ¹	19,562	17,724	10.4%	769	693	11.0%	40,559	29,416	37.9%

EMEA

- EMEA revenue growth continued its positive development on the back of the structured implementation of our strategy. We have continued to optimize our brand strategy, consolidated the GMP repackaging activities in Poland to garner operational efficiency, centralized the back office to optimize procurement, whilst continually focusing on innovation
- Following the Curaphar acquisition we transitioned customers to its registered products whilst phasing out alternative products
- Solid growth in Brands revenue supported by innovative product launches

Latin America

- Positive exchange rate impact continued in Q3 2022 in this evolving and dynamic market
- We are executing our multifaceted strategy to protect market leadership with a focus on ensuring commercial excellence, driving operational efficiency, enhancing product innovation, as well as, assessing opportunities to strengthen our capabilities
- Brands and Compounding Services showed continued healthy organic growth and our diversification strategy of further growth in Mexico and Colombia progressed well
- Geraldino Neder, who has a track record of successful leadership positions in Fagron Brazil of over 10 years, has been appointed as Area Leader Latin America and member of Executive Leadership Team replacing Ivan Marostica, who has left Fagron

North America

- Prioritizing quality remains our key focus and following the FDA audit at our St. Paul facility there is a displacement of sales as part of the remediation plan. We have also accelerated the consolidation of orders at our Letco facility
- Combined with the continued syringe shortages and the impact from Hurricane Ian disrupting shipments from our Anazao facility in Tampa and to several Eastern states from all our sites in the last week of the quarter, this translated in a temporary deceleration in organic sales growth this quarter, despite strong underlying demand
- Combining Wichita and Boston, we expect the run rate by the end of the year to be above US\$110m (annualized)
- Implementation of our remedial action plan at the St. Paul facility progresses well and we submit monthly update reports with the FDA, ensuring our commitment to bring the audit to a satisfactory closure
- During the quarter, the FDA conducted a regular inspection at Anazao's Las Vegas facility, resulting in five observations. We have submitted our response to the observations and update the FDA regularly as we work towards a satisfactory closure of the inspection

Outlook

Assuming no significant changes in current market conditions and excluding the temporary dilutive impact of the Boston acquisition, we expect FY 2022 revenue of between €670 and €690 million and a higher REBITDA margin in the second half of the year compared to the first half of the year.

Our medium-term objectives remain unchanged.



Conference call

Rafael Padilla (CEO) and Karin de Jong (CFO) will elaborate on the third quarter 2022 trading update in a conference call starting at 9.30 AM CET. Registration for the call is available via this [link](#). The presentation by means of which they will explain the developments will be available to download from the Fagron [website](#) from 9.00 AM CET.

Further information

Karen Berg
Global Investor Relations Manager
Tel. +31 6 53 44 91 99
karen.berg@fagron.com

About Fagron

Fagron is a leading global company active in pharmaceutical compounding, focusing on delivering personalized medicine to hospitals, pharmacies, clinics, and patients in 35 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.