Press release

Regulated information
Nazareth (Belgium)/Rotterdam (The Netherlands), 6 August 2020

Fagron turnover up 9.1%; REBITDA increased 13.2% to € 62.9 million

Limited impact from COVID-19 pandemic

Highlights H1 2020 – Financial

- **Turnover increased 9.1% to € 278.8 million (+14.0% CER[1]); organic growth of 7.2% CER**
- **REBITDA[2] up 13.2% to € 62.9 million (+18.6% CER)**
- **REBITDA margin improved to 22.6% (H1 2019: 21.8%)**
- **EBIT up 14.0% to € 46.2 million**
- **Net profit increased to € 31.6 million (+144.0%)**
- **Operating cash flow of € 27.2 million**
- **Net financial debt /REBITDA ratio of 2.35 at 30 June 2020**

Strategic and operational highlights

- **All regions developed strongly**
- **The impact of the COVID-19 pandemic remained limited in the second quarter of 2020:**
    - **Shift in demand from elective care to care related to COVID-19**
    - **All facilities are fully operational**
    - **Virtually no disruptions in the supply chain**
- **Higher strategic inventories due to COVID-19**
- **Disciplined cost control in view of ongoing global uncertainty about the impact of COVID-19**

Rafael Padilla, CEO of Fagron: *"For Fagron, like many other companies, the first half of 2020 was characterized by the COVID-19 pandemic. Our strong results show the strength of our diversity, both regionally and product-wise. We are proud of our team and their utmost commitment in these times that are challenging for everyone. Our resilience and the entrepreneurship that is present throughout the organization enable us to respond well to the situation.*

On the one hand Fagron benefited from higher demand for COVID-19-related products, as reflected in the turnover growth in Brands and Essentials. We have made every effort to safeguard the availability of our products to continue to serve our customers as best we can. Our comprehensive global network of suppliers and solid setup of our supply chain were beneficial to this.

On the other hand, we faced lower demand for elective care, a development that particularly affected Compounding Services. Clinics were temporarily closed in many regions and non-critical operations were postponed. Also, there was a clear decline in visits to the doctor. We managed the costs of our activities

[1] Constant Exchange Rates
[2] EBITDA before the non-recurring result

Fagron BV
Lichtenauerlaan 182
3062 ME Rotterdam
The Netherlands
T +31 88 33 11 288
F +31 88 33 11 210
www.fagron.com

that were affected by this in a very disciplined way, without losing our focus on strengthening our position in the long term.

All regions developed strongly. In North America and Latin America higher turnover thanks to strong demand in Brands and Essentials combined with effective cost management resulted in a strong improvement in the REBITDA margin.

In the coming half year, we will continue to pursue our policy aimed at making the most of opportunities while being critical of our costs. The COVID-19 pandemic is developing differently in every region and there are vast differences even within regions. In a number of regions, we saw a slight recovery in elective care in June, albeit not yet to the level recorded before the outbreak of COVID-19. In other regions the rate of contamination is still growing. Thanks to our diversified product range and proven strategy we are well-positioned to respond to this evolving situation."

Update on COVID-19

Supply chain

There have been virtually no disruptions to Fagron's supply chain thanks to our global network of suppliers, which provides us with multiple suppliers of each raw material.

Product availability is a critical success factor in the current situation, particularly with respect to products that are facing a shortage due to the sudden increase in demand. Inventory levels are being closely monitored and mitigated by keeping higher inventories of specific products. In addition, Fagron is well-prepared for alternative sourcing scenarios, due in part to its extensive global network of approved suppliers.

Temporary shift in demand for products

The temporary shift in demand as a result of COVID-19 was also evident in the second quarter of 2020. Even though the timing and intensity of COVID-19 related measures differ in the various regions, generally speaking elective care is being postponed or scaled back while demand for specific products in aid of COVID-19 care is exceptionally high. June saw a pickup in demand for elective care in a number of regions, albeit not yet to the level seen before the outbreak of COVID-19. On balance the impact of these shifts on the gross margin was very limited.

Outbreak control measures

The outbreak of the COVID-19 pandemic, along with the measures taken to try to control the spread of the virus, is developing differently in each region. A number of countries where the measures were eased at the start of the summer have reintroduced restrictions. In some regions, particularly in a number of states in the United States and in Brazil, the number of cases is still rising sharply. The picture is therefore extremely varied with a continued high level of uncertainty.

Despite the fact that Fagron currently expects this to have a limited and non-material impact on its performance, the economic uncertainty persists. To mitigate this risk Fagron will continue to manage its cost base, investments and cash flow in a critical and disciplined way. In the past few months Fagron has successfully kept its operating costs under control, for example by temporarily refraining from hiring new staff in non-key positions and slowing down investments. This policy will remain in place throughout the COVID-19 pandemic.

Update on buy-and-build

In the first half of 2020 Fagron completed the acquisition of German company Gako and entered into a partnership with Azelis for the Australian market. Potential acquisitions have not been a priority for the past few months but the focus on possible takeovers is slowly returning. Fagron is keeping an eye on potential acquisition opportunities that may arise in the current market dynamics.

Gako - Germany

Fagron completed the acquisition of the activities of German company Gako at the end of January 2020. Gako is a leading global developer, manufacturer and supplier of mixing equipment that pharmacists can use for the compounding of semi-solid dermatological formulations (primarily creams and ointments) directly in the final packaging or in bulk packaging. The transaction includes all the technologies, scientific data and patents and trademarks, as well as the Gako production facility in Bamberg (Germany). In 2019 Gako realized a turnover of € 4.5 million and an EBITDA margin of approximately 15%.

Azelis partnership - Australia

At the beginning of February 2020 Fagron entered into a partnership with Azelis Australia for the distribution of Essentials and Brands in Australia and New Zealand to strengthen their combined position in the competitive Australian market.

Operational update

Start of construction at new repackaging facility in Poland

Due to the COVID-19 pandemic, the construction of the new GMP facility in Krakow, Poland, for the repackaging of raw materials has been slightly delayed. The new facility is expected to be operational in early 2021 and result in a structural annual margin improvement of € 2 million.

Income statement and balance sheet

Income statement (x € 1,000)	H1 2020	H1 2019	Δ
Net turnover	**278,750**	**255,399**	**+9.1%**
Gross margin	166,557	155,934	+6.8%
As % of net turnover	*59.8%*	*61.1%*	
Operating costs	103,623	100,344	+3.3%
As % of net turnover	*37.2%*	*39.3%*	
EBITDA before non-recurrent result	**62,934**	**55,590**	**+13.2%**
As % of net turnover	*22.6%*	*21.8%*	
Non-recurrent result	-1,654	-1,397	-18.4%
EBITDA	**61,280**	**54,193**	**+13.1%**
As % of net turnover	*22.0%*	*21.2%*	
Depreciation and amortization	15,084	13,663	+10.4%
EBIT	**46,196**	**40,530**	**+14.0%**
As % of net turnover	*16.6%*	*15.9%*	
Financial result	-7,172	-7,045	-1.8%
Profit before taxes	39,024	33,485	+16.5%
Taxes	-7,466	-6,714	-11.2%
Net profit from continued operations	**31,559**	**26,771**	**+17.9%**
Result from discontinued operations	0	-13,839	
Net profit	**31,559**	**12,932**	**+144.0%**
Recurrent net profit[3]	32,822	28,006	+17.2%
Net profit from continued operations per share (€)	0.44	0.37	
Recurrent net profit per share (€)	0.46	0.39	
Average number of outstanding shares	72,075,277	71,740,277	

Balance sheet (x € 1,000)	30-06-2020	31-12-2019
Intangible fixed assets	394,526	418,137
Property, plant and equipment	117,635	121,208
Deferred tax assets	20,133	18,420
Financial assets	3,676	4,287
Operational working capital	60,846	44,763
Other working capital	-55,076	-63,251
Equity	231,326	246,440
Provisions and pension obligations	9,450	11,431
Financial instruments	548	507
Deferred tax liabilities	1,942	339
Net financial debt	298,476	284,847

[3] Recurring net profit is defined as profit before non-recurring items and the revaluation of financial derivatives, adjusted for tax

Notes to the consolidated results

Income statement

Consolidated turnover amounted to € 278.8 million, an increase of 9.1% (+14.0% at constant exchange rates) compared to the first half of 2019. Organic growth equaled 3.1% (+7.2% at constant exchange rates). More detailed information on turnover development by region can be found under ‘Key figures by segment’.

The **gross margin** increased by 6.8% to € 166.6 million. The gross margin as a percentage of turnover decreased 130 basis points compared to the first half of 2019 to 59.8% but improved by 30 basis points compared to the second half of 2019.

Operating costs as a percentage of turnover were 37.2% in the first half of 2020. This is a drop of 210 basis points compared to 39.3% in the first half of 2019.

EBITDA before the non-recurring result (REBITDA) rose 13.2% to € 62.9 million in the first half of 2020. EBITDA before the non-recurring result as a percentage of turnover increased by 80 basis points to 22.6%.

The **non-recurring result** was a negative € 1.7 million and related amongst other to restructuring costs and acquisition costs.

EBITDA increased 13.1% to € 61.3 million. EBITDA as a percentage of turnover was up 80 basis points to 22.0%.

Depreciation and amortization equaled € 15.1 million, an increase of 10.4% compared to € 13.7 million in the first half of 2019.

EBIT was € 46.2 million, a rise of 14.0% compared to the first half of 2019. EBIT as a percentage of turnover increased by 70 basis points to 16.6%.

The **financial result** was a negative € 7.2 million compared to a negative € 7.0 million in the first half of 2019.

The **effective tax rate** as a percentage of the profit before taxes was 19.1% in the first half of 2020 (H1 2019: 20.1%). The **effective cash tax rate** was 25.4% in the first half of 2020 (H1 2019: 25.4%).

Net profit was € 31.6 million, an increase of 144.0% compared to the first half of 2019. **Recurring net profit** amounted to € 32.8 million, a rise of 17.2% compared to € 28.0 million in the first half of 2019.

Balance sheet

The **operational working capital** as a percentage of turnover amounted to 10.8%, an increase of 270 basis points compared to 31 December 2019. This increase was mainly the result of maintaining higher inventories in Europe aimed at safeguarding the availability of a number of specific products. For strategic reasons Fagron is also keeping higher inventories in North America and Latin America.

Net financial debt increased € 13.6 million in the first half of 2020 to € 298.5 million. The net financial debt/REBITDA ratio was 2.35 at 30 June 2020 (2.33 at 31 December 2019).

The table below shows the development of net financial debt in the first half of 2020.

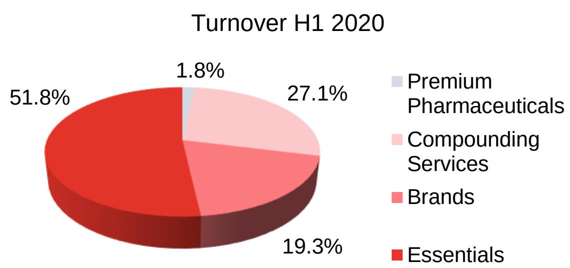
(x € 1,000)	
Net financial debt on 31 December 2019	**284,847**
Operational cash flow	-27,167
Acquisitions	8,888
Investments	9,991
Paid dividend	3,638
Net interests	8,242
Exchange rate differences	7,130
Impact IFRS 16	2,907
Net financial debt on 30 June 2020	**298,476**

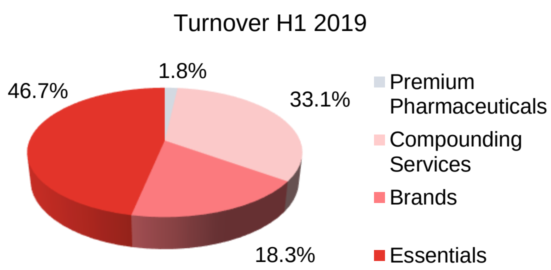
Net operational capex was € 10.0 million (3.6% of turnover) in the first half of 2020, a decline compared to the level reported in the same period in 2019 (€ 10.3 million, 4.0% of turnover). Capex consisted mainly of investments in a new repackaging facility for raw materials in Poland, existing facilities in the United States and Brazil, the automation of logistics processes, and software implementations.

Key figures per segment

Fagron (excluding HL Technology)

(x € 1,000)	H1 2020	H1 2019	Δ
Turnover	278,750	251,019	+11.0%
REBITDA[4]	62,934	54,777	+14.9%
REBITDA margin	22.6%	21.8%	





[4] EBITDA before non-recurring result.

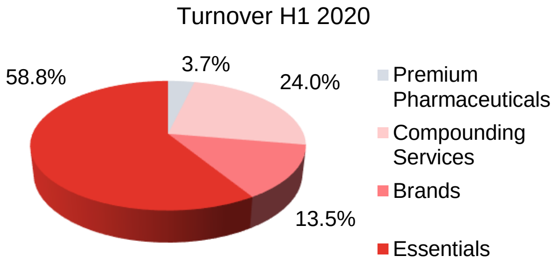
The turnover of Fagron (excluding HL Technology, which was sold in October 2019) increased 11.0% in the first half of 2020 (+16.0% at constant exchange rates) to € 278.8 million. Organic turnover growth equaled 3.1% (+7.2% at constant exchange rates). REBITDA was up 14.9% to € 62.9 million. REBITDA as a percentage of turnover increased by 80 basis points to 22.6%.

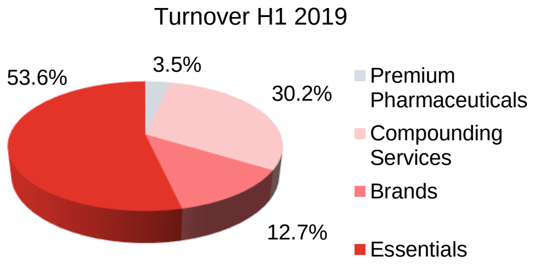
The table below shows the turnover development and exchange rate effects at Fagron (excluding HL Technology) in the first half of 2020.

(x € 1,000)	Impact
Turnover in H1 2019	**251,019**
Development Europe[5]	+4,873
Development Latin America	+5,071
Development North America	+8,244
Currency effect BRL/euro	-11,361
Currency effect US$/euro	+1,987
Currency effect other	-910
Contribution of acquisitions	+19,828
Turnover in H1 2020	**278,750**

Fagron Europe[6]

(x € 1,000)	H1 2020	H1 2019	Δ
Turnover	137,549	128,677	+6.9%
REBITDA[7]	33,448	34,591	-3.3%
REBITDA margin	24.3%	26.9%	





The turnover of the Europe segment increased 6.9% (+7.6% at constant exchange rates) in the first half of 2020 to € 137.5 million. Adjusted for the acquisitions of Dr. Kulich Pharma (Czech Republic) and Gako (Germany), organic turnover growth was 3.2% (+3.8% at constant exchange rates). REBITDA as a percentage of turnover decreased by 260 basis points to 24.3%.

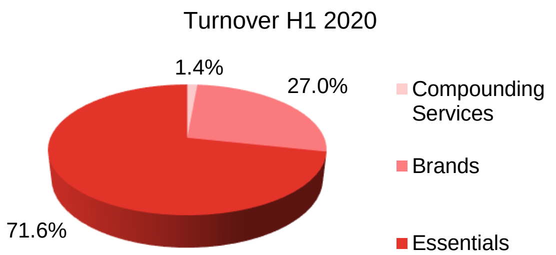
Brands and Essentials showed strong growth in the first half of the year while Compounding Services posted a sharp decline. Increased demand at Brands and Essentials for COVID-19-related products contributed to the strong growth of turnover. The acquisitions of Dr. Kulich Pharma in 2019 and Gako in 2020 also contributed to the growth of Brands and Essentials.

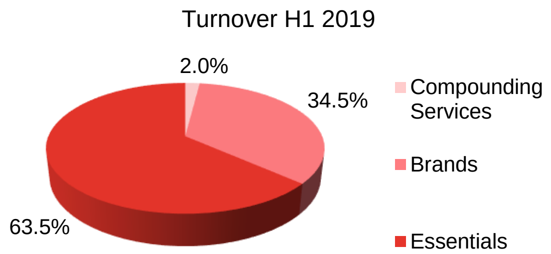
[5] The Europe segment comprises the Fagron activities in Europe, South Africa and Australia
[6] The Europe segment comprises the Fagron activities in Europe, South Africa and Australia
[7] EBITDA before non-recurring result

At Compounding Services the impact of the postponement of elective care and doctor's visits was only partly offset by strong demand for sterile compounds used in intensive care units and in palliative care. Elective care slowly started to resume in most markets in early June, but the volumes have not yet returned to the levels seen before the outbreak of COVID-19. The Premium Pharmaceuticals segment performed well in the first half of 2020 despite a delay in several product registrations as a result of COVID-19.

Fagron Latin America

(x € 1,000)	H1 2020	H1 2019	Δ
Turnover	61,045	52,417	+16.5%
REBITDA[8]	12,758	10,385	+22.8%
REBITDA margin	20.9%	19.8%	





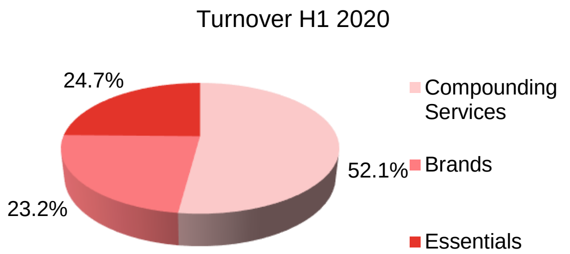
The turnover of the Latin America segment increased by 16.5% in the first half of 2020 (+42.3% at constant exchange rates) to € 61.0 million. Adjusted for the acquisition of Cedrosa in Mexico and Ortofarma, Levviale and Apace (Brazil) turnover decreased 12.2% (+9.7% at constant exchange rates). REBITDA increased 22.8% to € 12.8 million. REBITDA as a percentage of turnover increased by 110 basis points to 20.9%, mainly due to well-managed operating costs.

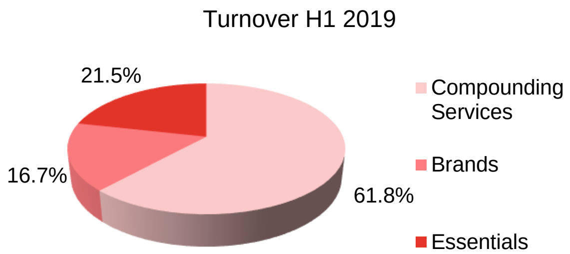
The share of Essentials rose sharply as a result of both organic growth, largely due to demand for COVID-19-related products, and a strong contribution from the companies acquired in 2019. Brands reported organic turnover growth across the board despite a lower level of activity among prescribers. Some clinics and practices have closed (temporarily) and doctor's visits have been postponed. On balance this was offset by an increase in demand for COVID-19-related products. The activities of Compounding Services in Colombia, a relatively small portion of the total turnover of Latin America, showed a decline in turnover due to the fact that most prescribers are closed due to government measures.

[8] EBITDA before non-recurring result

Fagron North America

(x € 1,000)	H1 2020	H1 2019	Δ
Turnover	80,156	69,924	+14.6%
REBITDA[9]	16,729	9,801	+70.7%
REBITDA margin	20.9%	14.0%	





The turnover of the North America segment increased by 14.6% in the first half of 2020 (+11.8% at constant exchange rates) to € 80.2 million due to a strong performance of Brands and Essentials. REBITDA increased 70.7% to € 16.7 million. REBITDA as a percentage of turnover was up 690 basis points to 20.9% compared to the first half of 2019, mainly as result of strict cost control, the phasing out of a number of loss-making nuclear products at AnazaoHealth, a changed product mix and the utilization of economies of scale and synergy benefits following the integration of Humco.

Fagron's sterile activities (Compounding Services) in the United States reported a slight decline of 3.3% (-5.7% at constant exchange rates) and accounted for a lower share of total turnover due to the strong growth of Brands and Essentials. Fagron Sterile Services realized a 2.3% increase in turnover (-0.2% at constant exchange rates). AnazaoHealth reported a 7.3% decline in turnover (-9.6% at constant exchange rates).

The increased turnover of Fagron Sterile Services was hampered by the (temporary) closure of clinics, the postponement of elective care, and a decline in doctor's visits due to COVID-19. The sterile compounding facilities in Wichita are still on track to achieve the stated long-term turnover target. The pace at which this happens may, however, be delayed depending on the further development of COVID-19. At AnazaoHealth the (temporary) closure of clinics resulted in a decline in turnover in the first half of 2020. Furthermore, a number of nuclear products with low margins are no longer being compounded as a result of the product refocus we introduced at the end of 2019.

Brands and Essentials were able to continue to achieve strong turnover growth in the second quarter of 2020. This resulted in an increase in turnover of 43.6% (+40.0% at constant exchange rates) in the first half of 2020. The activities performed strongly across the board and the commercial synergies and economies of scale as a result of the intensive cooperation between Fagron and Humco, which it acquired in April 2018, contributed to this positive development. In addition, demand for a number of specific COVID-19-related products was higher.

[9] EBITDA before non-recurring result.

Subscription rights plan 2020

On 4 August 2020, the board of directors of Fagron approved Subscription rights plan 2020, intended for employees of the company and its subsidiaries, within the framework of the authorized capital. Under the new Subscription rights plan, 2,600,000 subscription rights were created, subject to acceptances, and will be offered to the beneficiaries of the plan. The subscription rights have an exercise term of ten years as of the date of the offer. The subscription rights are not transferable and in principle cannot be exercised prior to August 2023. Each subscription right gives the right to subscribe to one new Fagron share. Should the subscription rights be exercised, Fagron will apply for the listing of the resulting new shares on Euronext Brussels/Amsterdam. The subscription rights as such will not be listed on any stock market.

The total share capital of Fagron currently amounts to € 496,496,586.18; the total number of voting securities is 72,178,904, which is also the total number of voting rights (the “denominator”). The total number of subscription rights to subscribe to not yet issued securities is 1,247,500 under several outstanding employee warrant and subscription right plans, which equals 1,247,500 voting rights that may result from the exercise of those warrants/subscription rights. This excludes the 2,600,000 subscription rights of Subscription rights plan 2020, which were created subject to acceptance. Fagron does not have any convertible bonds or shares without voting rights outstanding.

Conference call

Fagron is organizing a conference call today to elaborate on the results for the first half of 2020. The conference call will begin at 9.30 am CET. You will be able to call in using the following numbers and the confirmation code 10 minutes prior to the start of the conference call:

Belgium/Europe	+32 2 404 0659
The Netherlands	+31 20 703 8211
Spain	+34 91 419 2307
United Kingdom	+44 330 336 9128
United States	+1 323 794 2575
Confirmation code	8266351

The conference can be played back or downloaded from the Fagron website (http://investors.fagron.com/) from Friday 7 August 2020.

Financial calendar 2020

13 October	Trading update on third quarter of 2020

The trading update will be published at 7.00 am CET.

Further information

Constantijn van Rietschoten
Chief Communications Officer
Tel. +31 6 53 69 15 85
constantijn.van.rietschoten@fagron.com

Fagron profile

Fagron is a leading global company active in pharmaceutical compounding focused on delivering personalized pharmaceutical care for hospitals, pharmacies, clinics and patients in 36 countries around the world.

Belgian company Fagron NV is located 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. Fagron BV’s head office is located in Rotterdam.

Important information regarding forward-looking statements

Certain statements in this press release could be considered 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 guarantees 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.

Interim Financial Statements

First semester of 2020

Contents

The undersigned hereby declare that, to the best of their knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2020, 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 turnover of the first semester of 2020 can be found in the Fagron press release of the 6th of August 2020.

2. Condensed consolidated income statement

(x 1,000 euros)	Note	June 2020	June 2019
Operating income		**279,330**	**255,976**
Turnover		278,750	255,399
Other operating income		580	577
Operating expenses		**233,134**	**215,446**
Trade goods		112,193	99,465
Services and other goods	8	42,586	40,168
Employee benefit expenses		62,300	61,262
Depreciation and amortization	9	15,084	13,663
Other operating expenses		971	888
Operating profit		**46,196**	**40,530**
Financial income		453	610
Financial expenses		-7,625	-7,655
Profit before income tax		**39,024**	**33,485**
Taxes	23	7,466	6,714
Net profit (loss) from continued operations		**31,559**	**26,771**
Net result from discontinued operations	12		-13,839
Net result		**31,559**	**12,932**
Attributable to:			
Equity holders of the company (net result)		31,266	12,710
Non-controlling interest		293	222
Earnings (loss) per share from continued and discontinued operations attributable to the shareholders during the period			
Profit (loss) per share (in euros)	10	**0.44**	**0.18**
From continued operations	10	0.44	0.37
From discontinued operations	10	0.00	-0.19
Diluted profit (loss) per share (in euros)	10	**0.44**	**0.18**
From continued operations	10	0.44	0.37
From discontinued operations	10	0.00	-0.19

3. Condensed consolidated statement of comprehensive income

(x 1,000 euros)	June 2020	June 2019
Net result for the period	**31,559**	**12,932**
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-41,462	3,577
Other comprehensive income for the period	**-41,462**	**3,577**
Total comprehensive income for the period	**-9,904**	**16,508**
Attributable to:		
Equity holders of the company	-9,973	16,242
Non-controlling interest	69	266
Total comprehensive income for the period attributable to equity holders of the company:		
From continued operations	-9,973	30,082
From discontinued operations		-13,839

The unrealized currency translation differences in 2020 of -41.5 million euros are mainly due to the weakening of the Brazilian real against the euro at 31 December 2019.

The unrealized currency translation differences in 2019 of 3.6 million euros were mainly due to the strengthening of the Brazilian real against the euro at 31 December 2018.

4. Condensed consolidated statement of financial position

(x 1,000 euros)	Note	June 2020	December 2019
Non-current assets		**535,971**	**562,052**
Goodwill	14	369,521	389,326
Intangible fixed assets		25,005	28,811
Property, plant and equipment		85,917	87,606
Leasing and similar rights		31,718	33,601
Financial fixed assets		3,676	4,287
Deferred tax assets		20,133	18,420
Current assets		**274,982**	**239,189**
Inventories		94,875	77,479
Trade receivables		51,908	44,588
Other receivables		15,733	10,438
Cash and cash equivalents		112,467	106,684
Total assets		**810,953**	**801,240**
Equity		**231,326**	**246,440**
Shareholders' equity (parent)		226,844	242,028
Non-controlling interest		4,482	4,413
Non-current liabilities		**338,034**	**363,029**
Provisions		3,618	5,653
Pension obligations		5,832	5,778
Deferred tax liabilities		1,942	339
Borrowings	15	300,046	322,619
Lease Liabilities		26,596	28,189
Financial instruments			451
Current liabilities		**241,594**	**191,771**
Borrowings	15	77,799	34,119
Lease liabilities		6,501	6,604
Trade payables		85,937	77,303
Tax liabilities for the current year		8,864	9,736
Other current taxes, remuneration and social security		25,520	22,106
Other current payables	19	36,425	41,847
Financial instruments		548	56
Total liabilities		**579,628**	**554,800**
Total equity and liabilities		**810,953**	**801,240**

5. Condensed consolidated statement of changes in equity

(x 1,000 euros)	Share capital & share premium	Other reserves	Treasury shares	Retained earnings	Total	Non-control-ling interest	Total equity
Balance as of 1 January 2019	**507,670**	**-244,085**	**-18,823**	**-38,921**	**205,841**	**3,875**	**209,716**
Profit for the period	0	0	0	12,710	12,710	222	12,932
Other comprehensive income	0	3,533	0	0	3,533	44	3,577
Total comprehensive income for the period	**0**	**3,533**	**0**	**12,710**	**16,242**	**266**	**16,508**
Declared dividends	0	0	0	-8,621	-8,621	0	-8,621
Share-based payments	0	596	0	0	596	0	596
Balance at of 30 June 2019	**507,670**	**-239,956**	**-18,823**	**-34,833**	**214,058**	**4,141**	**218,199**
Profit for the period	0	0	0	28,346	28,346	263	28,609
Other comprehensive income	0	-3,435	0	0	-3,435	9	-3,426
Total comprehensive income for the period	**0**	**-3,435**	**0**	**28,346**	**24,911**	**272**	**25,183**
Capital increase	2,472	0	0	0	2,472	0	2,472
Declared dividends	0	0	0	0	0	0	0
Share-based payments	0	586	0	0	586	0	586
Balance at of 31 December 2019	**510,142**	**-242,805**	**-18,823**	**-6,486**	**242,028**	**4,413**	**246,440**
Profit for the period	0	0	0	31,266	31,266	293	31,559
Other comprehensive income		-41,238	0	0	-41,238	-224	-41,462
Total comprehensive income for the period	**0**	**-41,238**	**0**	**31,266**	**-9,973**	**69**	**-9,904**
Declared dividends	0	0	0	-5,774	-5,774	0	-5,774
Share-based payments	0	563	0	0	563	0	563
Balance at of 30 June 2020	**510,142**	**-283,480**	**-18,823**	**19,005**	**226,844**	**4,482**	**231,326**

6. Condensed consolidated cash flow statement

(x 1,000 euros)	Note	June 2020	June 2019
Operating activities			
Profit before income taxes from continued operations		39,024	33,485
Profit before income taxes from discontinued operations			-13,839
Taxes paid		-9,900	-8,516
Adjustments for financial items		7,172	7,052
Total adjustments for non-cash items	17	15,635	28,027
Total changes in working capital	18	-24,764	-8,819
Total cash flow from operating activities		**27,167**	**37,390**
Investment activities			
Capital expenditure		-9,991	-10,338
Investments in existing shareholdings (subsequent payments) and in new holdings		-8,888	-1,536
Total cash flow from investment activities		**-18,878**	**-11,874**
Financing activities			
Dividends paid		-3,638	-3,473
New borrowings		46,000	68,164
Reimbursement of borrowings		-28,762	-65,952
Interest received		453	610
Interest paid		-8,695	-7,688
Total cash flow from financing activities		**5,358**	**-8,338**
Total net cash flow for the period		**13,646**	**17,179**
Cash and cash equivalents – start of the period		106,684	77,579
Gains (or losses) from currency translation differences		-7,864	630
Cash and cash equivalents – end of the period		112,467	95,387
Changes in cash and cash equivalents		**13,646**	**17,179**
Net cashflow from discontinued operations			
Total cashflow from operating activities		0	-150
Total cashflow from investment activities		0	0
Total cashflow from financing activities		0	0
Total cashflow from discontinued operations		**0**	**-150**

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 36 countries around the world.

The Belgian company Fagron NV is located in Nazareth and is listed on Euronext Brussels and Euronext Amsterdam under the ticker symbol 'FAGR'. Fagron's operational activities are driven by the Dutch company Fagron BV. Fagron BV's head office is located in Rotterdam.

These consolidated financial statements were approved for publication by the Board of Directors on the 4th of August 2020.

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 semester of 2020, including the comparative figures for 2019, 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 annual financial statements for the year 2019 (including the principles for financial reporting) which are available at www.fagron.com.

3. Summary of the most important accounting policies

The most important accounting policies used to prepare the consolidated interim financial statements for the first semester of 2020 are consistent with those applied in the Fagron consolidated financial statements for the year ended 31 December 2019.

A summary of the most important accounting policies can be found in the 2019 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 2020 and which have been endorsed by the European Union.

Standards and interpretations applicable for the annual period beginning on or after 1 January 2020

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to references to the Conceptual Framework in IFRS standards

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2020:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed).
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU).
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020, but not yet endorsed in the EU)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

4. Seasonality

Turnover and operating result of the Group are limitedly impacted by seasonal influences.

8. Services and other goods

(x 1,000 euros)	June 2020	June 2019
Sales and distribution costs	15,210	14,038
Contracted Services	12,793	11,200
Other services and goods	14,583	14,930
Total services and other goods	**42,586**	**40,168**

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

9. Depreciation and amortization

The increase in depreciation and amortization is largely explained by depreciation in acquired companies.

10. Earnings per share

(x 1 euro)	June 2020	June 2019
Basic earnings (loss) per share	**0.44**	**0.18**
From continued operations	0.44	0.37
From discontinued operations	0.00	-0.19
Diluted earnings (loss) per share	**0.44**	**0.18**
From continued operations	0.44	0.37
From discontinued operations	0.00	-0.19

The earnings used in the calculations are as follows:

(x 1,000 euros)	June 2020	June 2019
Profit (loss) attributable to equity holders of the company	**31,559**	**12,710**
From continued operations	31,559	26,549
From discontinued operations	0	-13,839

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

(number of shares x 1,000)	June 2020	June 2019
Weighted average number of ordinary shares	72,075	71,740
Effect of warrants and stock options	385	417
Weighted average number of ordinary shares (diluted)	**72,460**	**72,157**

On 30 June 2020, the capital represented 72,178,904 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 result included in EBITDA amounts to -1.7 million euros (June 2019: -1.4 million euros). In 2020, non-recurring costs include primarily restructuring costs and acquisition costs. The 2019 non-recurring costs include primarily restructuring costs and acquisition costs.

12. Result discontinued operations

In June 2019, Fagron reached a settlement in-principle with the US Department of Justice regarding the previously announced civil investigation in the context of the sector-wide investigation into the pricing of pharmaceutical products. The settlement in-principle consists of a payment by Fagron of 22.3 million US dollars. The result of discontinued operations in the first semester of 2019 reflects the difference between the earlier provisioned amount, the amount of settlement in-principle and legal costs.

13. 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 Committee to assess the performance of the operational activities and on which the decisions are based. Fagron reports according to the following segments: Fagron Europe, Fagron North America, and Fagron Latin America.

On 10 October 2019, Fagron signed an agreement with the management of HL Technology concerning the sale of the activities. The transaction was completed on 24 October 2019. HL Technology was deconsolidated as at 1 October 2019.

The segment results for the reporting period ending 30 June 2020 are as follows:

(x 1,000 euros)	Fagron Europe	Fagron North America	Fagron Latin America	Total
Turnover	137,549	80,156	61,045	278,750
Intersegment turnover	221	188	32	442
Total turnover	**137,771**	**80,344**	**61,077**	**279,192**
Operating result per segment	27,245	8,637	10,314	**46,196**
Financial result				**-7,172**
Profit before taxes				**39,024**
Taxes on profits				**7,466**
Net result from continued operations				**31,559**

The segment results for the reporting period ending 30 June 2019 are as follows:

(x 1,000 euros)	Fagron Europe	Fagron North America	Fagron Latin America	Fagron Total	HL Technology	Total
Turnover	128,677	69,924	52,417	251,019	4,380	**255,399**
Intersegment turnover	143	125	28	295	0	**295**
Total turnover	**128,819**	**70,050**	**52,445**	**251,314**	**4,380**	**255,694**
Operating result per segment	28,493	3,107	8,348	39,948	581	**40,530**
Financial result						**-7,045**
Profit before taxes						**33,485**
Taxes on profits						**6,714**
Net result from continued operations						**26,771**

A detailed explanation of the segment results and disaggregated turnover are provided in the press release of the 6th of August 2020.

On 30 June 2020, the assets and liabilities, as well as the capital expenditures (investments) are as follows:

(x 1,000 euros)	Fagron Europe	Fagron North America	Fagron Latin America	Unallocated /inter-segment elimination	Total
Total assets	345,914	240,133	158,303	66,602	**810,953**
Total liabilities	77,968	186,960	42,470	272,229	**579,628**
Capital expenditure	2,969	2,493	2,612		**8,074**

On 31 December 2019, the assets and liabilities, as well as the capital expenditures (investments) are as follows:

(x 1,000 euros)	Fagron Europe	Fagron North America	Fagron Latin America	HL Technology	Unallocated /inter-segment elimination	Total
Total assets	329,234	240,399	189,212		42,395	**801,240**
Total liabilities	72,486	194,340	43,470		244,505	**554,800**
Capital expenditure	9,000	12,518	5,296	891	0	**27,706**

Gross capital expenditures in the first half of 2020 mainly relate to investments in a new production plant in Poland, and existing facilities in the United States and Latin America. The investment expenditure excludes the change in investment obligations. The unallocated assets and liabilities mainly relate to cash and cash equivalents and financial debts respectively.

14. Goodwill

The decrease in goodwill is largely explained by the weakening of the Brazilian real against the euro as of 31 December 2019.

15. Borrowings

In the first semester of 2020, no new long-term debts have been incurred. Additional amounts were added using the existing credit facilities. As of 30 June 2020, short-term debt includes US $60 million 5.78% Series F Senior Notes. The notes will mature in March 2021.

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.

On 30 June 2020, the net financial debt / EBITDA ratio equals 2.35. The EBITDA / net interest expense ratio is equal to 8.39. Fagron is in compliance with the financial covenants.

16. 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 the group. There were no material changes to these risks.

17. Total adjustments for non-cash items

(x 1,000 euros)	June 2020	June 2019
Amortisation of intangible fixed assets	5,119	4,218
Depreciation of property, plant and equipment	8,679	8,309
Write down on inventories and receivables	1,285	1,136
(Profit) / Loss on sale of fixed assets	439	-38
Movements in provisions	-450	13,805
Share-based payments	563	596
Total adjustments for non-cash items	**15,635**	**28,027**

18. Total changes in working capital

(x 1,000 euros)	June 2020	June 2019
Changes in operational working capital	-20,021	-5,020
Changes in other working capital	-4,743	-3,799
Total changes in working capital	**-24,764**	**-8,819**

19. Business combination

Fair value of the acquired assets and liabilities of Cedrosa

For the acquisition of Cedrosa in Mexico in 2019, the acquisition amount is approximately 20.8 million in cash and cash equivalents, representing an increase in goodwill of 9.8 million euros. The goodwill is expected not to be tax-deductible. The final fair value of the acquired assets and liabilities is detailed below.

Fair value of the acquired assets and liabilities (x 1,000 euros)	**2020**	**2019**
Intangible fixed assets	6,187	6,187
Property, plant and equipment	678	678
Inventories	5,645	5,645
Trade receivables	3,238	3,238
Other receivables	124	124
Cash and cash equivalents	639	639
Total assets	**16,512**	**16,512**
Borrowings	1,045	1,045
Lease liabilities	359	359
Deferred tax liabilities	1,778	0
Trade payables	1,227	1,227
Other current payables	1,171	1,079
Total liabilities	**5,579**	**3,709**
Net acquired assets	**10,933**	**12,803**
Goodwill	9,841	7,971
Total acquisition amount	**20,774**	**20,774**

Fair value of the acquired assets and liabilities of other companies

In the first semester of 2020, some smaller companies and activities were acquired. The total net assets acquired, before allocation of the acquisition price, amounted to 5.7 million euros and is detailed below:

Fair value of the acquired assets and liabilities (x 1,000 euros)	**2020**
Intangible fixed assets	999
Property, plant and equipment	4,192
Inventories	588
Trade receivables	75
Other receivables	1
Total assets	**5,855**
Lease liabilities	8
Trade payables	91
Other current payables	27
Total liabilities	**126**
Net acquired assets	**5,729**
Goodwill	2,456
Total acquisition amount	**8,184**

Contingent considerations

At the semester closing, the Group had 28.4 million euros in contingencies. These fees payable to former shareholders were determined based on business plans at the time of acquisition.

The deferred payments for business combinations relate to Mexico, Brazil, Croatia and the United States. It is expected that these will be paid in 2020 and 2021.

The contingent considerations relate primarily to the United States and Brazil and vary between 0 euros and a maximum of 28.4 million euros. The considerations are measured at the fair value at the moment of acquisition. This is estimated based on the maximum compensation if the conditions are met.

20. Related parties

The members of the Executive Committee, the CEO 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 2019 annual report. The remuneration is determined on a yearly basis; therefore, no further details are provided in these interim financial statements.

21. Subsequent events

In July 2020 Fagron made a retrospective payment of 17.8 million euros in respect of the acquisition of Humco in April 2018.

22. Update COVID-19

Since the start of 2020, the impact of the COVID-19 virus has created a new reality. This applies both to the set-up of our operations and the demand for and availability of our products. At the time of publication, we classify the ultimate impact of COVID-19 virus on the performance of Fagron as immaterial. The impact in the medium to long term is currently difficult to predict due to the fact that the evolution of the virus, and the measures in place to manage it, differ across the regions in which we are active. The COVID-19 virus therefore represents an uncertainty and a risk to the company's financial performance.

Supply chain
There have been virtually no disruptions to Fagron's supply chain thanks to our global network of suppliers, which provides us with multiple suppliers of each raw material.

Product availability is a critical success factor in the current situation, particularly with respect to products that are facing a shortage due to the sudden increase in demand. Inventory levels are being closely monitored and mitigated by keeping higher inventories of specific products. In addition, Fagron is well-prepared for alternative sourcing scenarios, due in part to its extensive global network of approved suppliers.

Temporary shift in demand for products
The temporary shift in demand as a result of COVID-19 was also evident in the second quarter of 2020. Even though the timing and intensity of COVID-related measures differ in the various regions, generally speaking elective care is being postponed or scaled back while demand for specific products in aid of COVID-19 care is exceptionally high. June saw a pickup in demand for elective care in a number of regions, albeit not yet to the level seen before the outbreak of COVID-19. On balance the impact of these shifts on the gross margin was very limited.

Impact on valuation
Despite the economic uncertainty, Fagron currently has experienced limited and non-material impact on its performance and does not consider COVID-19 as a triggering event for impairment. We will continue to closely monitor the evolution of the virus and financial impact taking measures as appropriate to mitigate the risk, including keeping operating costs under control and timing investments.

23. Effective tax rate

Recognised income tax expenses are based on management's best estimate of the weighted average effective income tax rate of 19.1% for 2020 (S1 2019: 20.1%).

24. 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 2020	June 2019
Operating profit (EBIT)	**46,196**	**40,530**
Depreciation and amortization	15,084	13,663
EBITDA	**61,280**	**54,193**
EBITDA	**61,280**	**54,193**
Non-recurring result	1,654	1,397
REBITDA	**62,934**	**55,590**
Net financial debt		
Borrowings non-current	300,046	309,575
Lease liabilities - non-current	26,596	28,105
Borrowings - current	77,799	27,594
Lease liabilities - current	6,501	6,516
Cash and cash equivalents	112,467	95,387
Total net financial debt	**298,476**	**276,403**

Deloitte.

Fagron NV

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2020

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 2020

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 2020, 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 24.

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 condensed consolidated statement of financial position shows total assets of 810 953 (000) EUR and the condensed consolidated income statement shows a net profit for the period then ended of 31 559 (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, on 5 August 2020

The statutory auditor

Digitally signed by
Ine Nuyts
Signed By: Ine Nuyts (Signature)
Signing Time: 8/5/2020 | 5:08:51 PM CEST
C: BE
Issuer: Citizen CA
F655518FBFA34B06B1964C70F25507CB

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Ine Nuyts

Fagron

Fagron turnover up 9.1%; REBITDA increased 13.2% to € 62.9 million

Regulated information
Nazareth (Belgium)/Rotterdam (The Netherlands), 6 August 2020

Fagron turnover up 9.1%; REBITDA increased 13.2% to € 62.9 million

Limited impact from COVID-19 pandemic

Highlights H1 2020 – Financial

- **Turnover increased 9.1% to € 278.8 million (+14.0% CER[1]); organic growth of 7.2% CER**
- **REBITDA[2] up 13.2% to € 62.9 million (+18.6% CER)**
- **REBITDA margin improved to 22.6% (H1 2019: 21.8%)**
- **EBIT up 14.0% to € 46.2 million**
- **Net profit increased to € 31.6 million (+144.0%)**
- **Operating cash flow of € 27.2 million**
- **Net financial debt /REBITDA ratio of 2.35 at 30 June 2020**

Strategic and operational highlights

- **All regions developed strongly**
- **The impact of the COVID-19 pandemic remained limited in the second quarter of 2020:**
  - **Shift in demand from elective care to care related to COVID-19**
  - **All facilities are fully operational**
  - **Virtually no disruptions in the supply chain**
- **Higher strategic inventories due to COVID-19**
- **Disciplined cost control in view of ongoing global uncertainty about the impact of COVID-19**

Rafael Padilla, CEO of Fagron: *"For Fagron, like many other companies, the first half of 2020 was characterized by the COVID-19 pandemic. Our strong results show the strength of our diversity, both regionally and product-wise. We are proud of our team and their utmost commitment in these times that are challenging for everyone. Our resilience and the entrepreneurship that is present throughout the organization enable us to respond well to the situation.*

On the one hand Fagron benefited from higher demand for COVID-19-related products, as reflected in the turnover growth in Brands and Essentials. We have made every effort to safeguard the availability of our products to continue to serve our customers as best we can. Our comprehensive global network of suppliers and solid setup of our supply chain were beneficial to this.

On the other hand, we faced lower demand for elective care, a development that particularly affected Compounding Services. Clinics were temporarily closed in many regions and non-critical operations were postponed. Also, there was a clear decline in visits to the doctor. We managed the costs of our activities that were affected by this in a very disciplined way, without losing our focus on strengthening our position in the long term.

All regions developed strongly. In North America and Latin America higher turnover thanks to strong demand in Brands and Essentials combined with effective cost management resulted in a strong improvement in the REBITDA margin.

In the coming half year, we will continue to pursue our policy aimed at making the most of opportunities while being critical of our costs. The COVID-19 pandemic is developing differently in every region and there are vast differences even within regions. In a number of regions, we saw a slight recovery in elective care in June, albeit not yet to the level recorded before the outbreak of COVID-19. In other regions the rate of contamination is still growing. Thanks to our diversified product range and proven strategy we are well-positioned to respond to this evolving situation."

Update on COVID-19
Supply chain

There have been virtually no disruptions to Fagron's supply chain thanks to our global network of suppliers, which provides us with multiple suppliers of each raw material.

Product availability is a critical success factor in the current situation, particularly with respect to products that are facing a shortage due to the sudden increase in demand. Inventory levels are being closely monitored and mitigated by keeping higher inventories of specific products. In addition, Fagron is well-prepared for alternative sourcing scenarios, due in part to its extensive global network of approved suppliers.

Temporary shift in demand for products
The temporary shift in demand as a result of COVID-19 was also evident in the second quarter of 2020. Even though the timing and intensity of COVID-19 related measures differ in the various regions, generally speaking elective care is being postponed or scaled back while demand for specific products in aid of COVID-19 care is exceptionally high. June saw a pickup in demand for elective care in a

number of regions, albeit not yet to the level seen before the outbreak of COVID-19. On balance the impact of these shifts on the gross margin was very limited.

Outbreak control measures
The outbreak of the COVID-19 pandemic, along with the measures taken to try to control the spread of the virus, is developing differently in each region. A number of countries where the measures were eased at the start of the summer have reintroduced restrictions. In some regions, particularly in a number of states in the United States and in Brazil, the number of cases is still rising sharply. The picture is therefore extremely varied with a continued high level of uncertainty.

Despite the fact that Fagron currently expects this to have a limited and non-material impact on its performance, the economic uncertainty persists. To mitigate this risk Fagron will continue to manage its cost base, investments and cash flow in a critical and disciplined way. In the past few months Fagron has successfully kept its operating costs under control, for example by temporarily refraining from hiring new staff in non-key positions and slowing down investments. This policy will remain in place throughout the COVID-19 pandemic.

Update on buy-and-build
In the first half of 2020 Fagron completed the acquisition of German company Gako and entered into a partnership with Azelis for the Australian market. Potential acquisitions have not been a priority for the past few months but the focus on possible takeovers is slowly returning. Fagron is keeping an eye on potential acquisition opportunities that may arise in the current market dynamics.

Gako - Germany

Fagron completed the acquisition of the activities of German company Gako at the end of January 2020. Gako is a leading global developer, manufacturer and supplier of mixing equipment that pharmacists can use for the compounding of semi-solid dermatological formulations (primarily creams and ointments) directly in the final packaging or in bulk packaging. The transaction includes all the technologies, scientific data and patents and trademarks, as well as the Gako production facility in Bamberg (Germany). In 2019 Gako realized a turnover of € 4.5 million and an EBITDA margin of approximately 15%.

Azelis partnership - Australia

At the beginning of February 2020 Fagron entered into a partnership with Azelis Australia for the distribution of Essentials and Brands in Australia and New Zealand to strengthen their combined position in the competitive Australian market.

Operational update
Start of construction at new repackaging facility in Poland
Due to the COVID-19 pandemic, the construction of the new GMP facility in Krakow, Poland, for the repackaging of raw materials has been slightly delayed. The new facility is expected to be operational in early 2021 and result in a structural annual margin improvement of € 2 million.

[1] Constant Exchange Rates
[2] EBITDA before the non-recurring result

Please open the link below for the full press release:
[Fagron turnover up 9.1%; REBITDA increased 13.2% to € 62.9 million]

Please open the link below for the interim financial statements:
[Interim Financial Statements H1 2020]

Fagron personalizing medicine

Omzetstijging van 9,1%; REBITDA steeg 13,2% naar € 62,9 miljoen

Gereglementeerde informatie
Nazareth (België)/Rotterdam (Nederland), 6 augustus 2020

Omzetstijging van 9,1%; REBITDA steeg 13,2% naar € 62,9 miljoen

Impact COVID-19 pandemie beperkt

Hoofdpunten S1-2020 – Financieel

- **Omzet steeg 9,1% naar € 278,8 miljoen (+14,0% CER[1]); organische groei van 7,2% CER**
- **REBITDA[2] steeg 13,2% naar € 62,9 miljoen (+18,6% CER)**
- **REBITDA marge verbeterde naar 22,6% (S1-2019: 21,8%)**

- **EBIT steeg met 14,0% naar € 46,2 miljoen**
- **Nettowinst steeg naar € 31,6 miljoen (+144,0%)**
- **Operationele kasstroom van € 27,2 miljoen**
- **Netto financiële schuld/REBITDA-ratio van 2,35 per 30 juni 2020**

Strategisch – Operationeel

- **Alle regio's lieten een sterke ontwikkeling zien**
- **COVID-19 heeft ook in het tweede kwartaal van 2020 een beperkte invloed gehad:**
  - **Verschuiving van vraag gerelateerd aan planbare zorg naar COVID-19 gerelateerde zorg**
  - **Alle faciliteiten zijn volledig operationeel**
  - **Nagenoeg geen verstoringen in de supply chain**
- **Hogere strategische voorraden vanwege COVID-19**
- **Gedisciplineerde kostenbeheersing met oog op aanhoudende wereldwijde onzekerheid over gevolgen COVID-19**

Rafael Padilla, CEO van Fagron: *"Het eerste semester van 2020 werd ook voor Fagron getekend door de COVID-19 pandemie. Onze sterke resultaten laten de kracht van onze diversificatie zien, zowel wat betreft regio's als producten. Wij zijn trots op ons team en hun maximale inzet in deze voor iedereen uitdagende tijden. Onze veerkracht en het ondernemerschap dat binnen de gehele onderneming aanwezig is, stellen ons in staat goed op de situatie in te spelen.*

Fagron kon enerzijds profiteren van een hogere vraag naar corona-gerelateerde producten, zoals de omzetgroei van Brands en Essentials laten zien. We hebben ons tot het uiterste ingespannen om de productbeschikbaarheid te waarborgen om onze klanten optimaal te kunnen blijven bedienen. Daarbij profiteerden wij van ons brede wereldwijde netwerk van leveranciers en de solide inrichting van onze supply chain.

Anderzijds kregen we te maken met een lagere vraag naar planbare zorg, wat met name een impact heeft op Compounding Services. In veel regio's zijn klinieken tijdelijk gesloten en zijn niet-kritische operaties uitgesteld. Ook nam de afgelopen maanden het doktersbezoek duidelijk af. Bij de activiteiten die hierdoor geraakt werden, hebben we zeer gedisciplineerd onze kosten gemanaged, zonder focus te verliezen op het versterken van onze positie op de lange termijn.

Alle regio's laten een sterke ontwikkeling zien. In Noord-Amerika en Latijns-Amerika heeft de hogere omzet dankzij de sterke vraag in Brands en Essentials in combinatie met effectief kostenmanagement geresulteerd in een sterk verbeterde REBITDA-marge.

Ook voor het komende semester zullen we ons beleid van het maximaal benutten van kansen en het kritisch blijven op kosten voortzetten. De COVID-19 uitbraak ontwikkelt zich in elke regio anders, en zelfs binnen regio's zijn de verschillen groot. In een aantal regio's zagen we in juni enig herstel optreden in planbare zorg, echter nog niet naar het niveau van voor de COVID-19 uitbraak. In andere regio's zien we de besmettingsgraad nog altijd oplopen. Dankzij onze productdiversificatie en bewezen strategie zijn wij goed gepositioneerd om op deze dynamische situatie in te spelen."

Update COVID-19
Supply chain

De supply chain van Fagron ondervindt nagenoeg geen verstoringen, mede dankzij ons wereldwijde netwerk van leveranciers waardoor wij over meerdere leveranciers per grondstof beschikken.

Productbeschikbaarheid is onder de huidige omstandigheden een kritische succesfactor, met name van producten waar een tekort aan dreigt door de plotselinge toename in de vraag. Voorraadniveaus worden nauwlettend gemonitord en gemitigeerd door het aanhouden van hogere voorraden voor specifieke producten. Daarnaast is Fagron goed voorbereid op alternatieve sourcing scenario's, onder meer dankzij haar uitgebreide wereldwijde netwerk van goedgekeurde leveranciers.

Tijdelijke verschuiving in vraag naar producten
De tijdelijke verschuiving in de vraag als gevolg van COVID-19 zagen we ook in het tweede kwartaal van 2020. Hoewel de maatregelen als gevolg van COVID-19 zich anders in tijd en intensiteit voordoen in de verschillende regio's, is het algemene beeld dat planbare zorg wordt uitgesteld of afgeschaald, terwijl de vraag naar specifieke producten ten behoeve van de COVID-19 zorg uitzonderlijk hoog is. In juni was in een aantal regio's herstel in de vraag naar planbare zorg zichtbaar, echter nog niet naar het niveau van voor de COVID-19 uitbraak. Per saldo is de impact van deze verschuivingen op de brutomarge zeer beperkt.

Maatregelen
De uitbraak van het virus, alsmede de maatregelen om het virus onder controle te krijgen, laat in iedere regio een andere ontwikkeling zien. In een aantal landen waar de maatregelen aan het begin van de zomer versoepeld werden, worden opnieuw restricties ingevoerd. In sommige regio's, met name in een aantal staten in de Verenigde Staten en in Brazilië, neemt het aantal besmettingen nog sterk toe. Er is dan ook sprake van een zeer diffuus beeld waarbij de onzekerheid groot blijft.

Ondanks dat Fagron op dit moment een beperkte en niet-materiële impact ziet op haar performance blijft de economische onzekerheid aanhouden. Om dit risico te mitigeren zal Fagron kritisch en gedisciplineerd haar kostenbasis, investeringen en cash flow blijven managen. Fagron heeft in de afgelopen maanden haar operationele kosten met succes onder controle gehouden door onder andere tijdelijk geen nieuwe werknemers aan te nemen op niet-sleutelposities en investeringen te temporiseren. Dit beleid zal gedurende de COVID-19 pandemie gehandhaafd blijven.

Update buy-and-build
In het eerste semester van 2020 heeft Fagron de overname van het Duitse Gako afgerond en is het partnership met Azelis voor de Australische markt tot stand gekomen. De afgelopen maanden zijn potentiële acquisities geen prioriteit geweest maar de focus op mogelijke overnames is voorzichtig aan het terugkeren. Fagron is alert op acquisitiekansen als die zich in de huidige marktdynamiek ontwikkelen.

Gako - Duitsland

Eind januari 2020 heeft Fagron de overname van de activiteiten van het Duitse Gako afgerond. Gako is wereldwijd een toonaangevende ontwikkelaar, fabrikant en leverancier van mengapparaten waarmee halfvaste dermatica, met name crèmes en zalven, direct in de eindverpakking of in een voorraadverpakking kunnen worden bereid door de apotheker. De transactie omvat alle technologieën, wetenschappelijke data en patenten en handelsmerken, evenals de productiefaciliteit van Gako in Bamberg (Duitsland). Gako realiseerde in 2019 een omzet van € 4,5 miljoen en een EBITDA-marge van ongeveer 15%.

Partnership Azelis - Australië

Begin februari 2020 is Fagron een partnership aangegaan met Azelis Australië voor de distributie van Essentials en Brands in Australië en Nieuw-Zeeland, om de gezamenlijke positionering in de competitieve Australische markt te versterken.

Update operationeel
Start bouw nieuwe herverpakkingsfaciliteit in Polen
Door COVID-19 is de realisatie van de nieuwe GMP-faciliteit voor het herverpakken van grondstoffen in Krakau, Polen iets vertraagd. Naar verwachting zal de nieuwe faciliteit begin 2021 operationeel zijn, waarna een structurele jaarlijkse margeverbetering van € 2 miljoen wordt verwacht.

[1] Constant Exchange Rates of constante wisselkoersen.
[2] EBITDA voor niet-recurrent resultaat.

Open onderstaande link voor het volledige persbericht:
[Omzetstijging van 9,1%; REBITDA steeg 13,2% naar € 62,9 miljoen]

Open onderstaande link voor de tussentijdse financiële informatie:
[Tussentijdse Financiële Informatie S1-2020]