Kepler S.p.A.
Q3-23 Results Presentation

Milan – December 11th, 2023

Biofarma group

Today's presenters

Gianfranco Nazzi

CEO

- Joined in February 2023 as CEO of Biofarma
- Over 20 years of international experience
- 2021: CEO at Almirall
- 2014 to 2021: Several Top Management positions at Teva Pharmaceuticals
- 2007 to 2014: Several Top Management positions at AstraZeneca
- 2005-2007:BU Director Metabolic & CV at GlaxoSmithKline
- 2000-2005: Several management positions at Eli Lilly

Morris Maracin

CFO

- Joined Biofarma in 2018 as CFO
- Over 10 years of international experience
- 2015 to 2017: CFO at IPI Coesia Group
- 2004 to 2015: Several Financial position at Electrolux, including Sector Europe Finance Manager.

Biofarma Group at a glance

Business overview

- **Biofarma is a leading Global CDMO fully focused on nutraceuticals and the undisputed leader of the market;**
- Biofarma is the result of a "**buy-and-build" story**, that led to the creation of a leading player with a wide portfolio of technologies and solutions;
- **The Company is large Pharmaceutical Companies' ("PharmaCos") and Consumer Health Clients' ("CHCs") manufacturing partner-of-choice for co-development projects thanks to:**
  - **An end-to-end CDMO proposition** from market intelligence and R&D to finished dosage forms ("FDFs") manufacturing and packaging;
  - **A proactive offer of innovative solutions** ("**push innovation model**"), trying to anticipate market trends and clients' needs also leveraging on a strong R&D department and a solid portfolio of differentiated technologies (e.g. Dry-Cap, T-Win);
- Biofarma's differentiated positioning is based on:
  - **Strong in-house R&D capabilities** and a team of c. 65 FTEs working on clinical studies to support products' claims (over 87 patents and 70 trademarks);
  - **Regulatory know-how** with a dedicated team of c. 24 FTEs, supporting clients in registering product dossiers both at local and international level;
  - **State-of-the-art manufacturing capabilities**, with several "pharma-like" manufacturing equipment and quality control systems;
- In Jul-23,Biofarma has closed the acquisition of US PharmaLab, a fast growing, highly innovative and one of the leading US CDMOs, present also in China, generating USD 124m revenue in 2022;
- In June-23 Biofarma continued with legal entity structure optimization by merging Apharm, IHS and Pasteur in Biofarma Srl legal entity.
- In Dec-23 Biofarma will ultimate the Italian structure optimization by merging Nutrilinea srl in Biofarma Srl legal entity.

Main KPIs

€431 — YTD-23 LTM Total Revenues[1]

+11.9% — Total Revenues CAGR '19 YTD-23 LTM[1]

€96.3m — YTD-23 LTM EBITDA (incl. synergies)[2] (22.3% margin)

9 — Manufacturing plants

~89 — FTEs of R&D & Regulatory processes

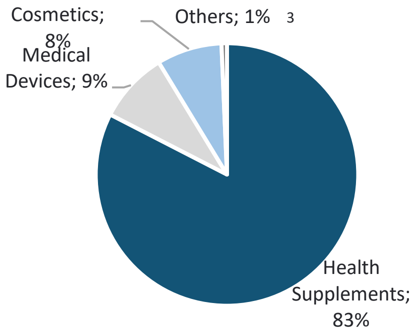
>500 — Customers

>75 — Countries served

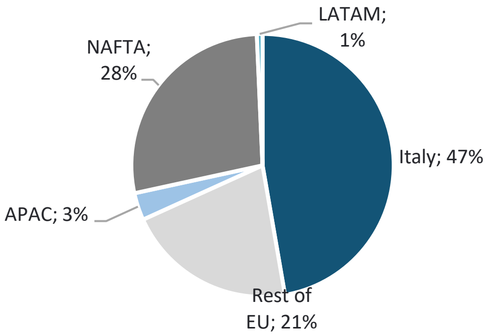
Total Revenues breakdown

LTM YTD-23

By Business Unit



By Geography



#1 Nutra CDMO in Europe in terms of revenue

Notes: (1) Incl. IHS,Nutraskills and US Pharmalab Revenues for '19, '20, '21 , '22 and 23 YTD; (2) see the next slide; (3) Mainly refers to government grants related to new products R&D.
All data presented at Kepler level.

YTD-23 Performance

TOPLINE

- **YTD-23 Revenues stood at €329.0m**, growing by c. +8.5% vs PY, or + €25,8 m in absolute value, on the back of positive contribution of all business lines and geographies, driven by the execution of the defined 3-pillars strategy: (i) key customer penetration (ii) geographical expansion and (iii) technological innovation.

PROFITABILITY

- **YTD-23 Adjusted EBITDA margin at 19.4% or 64.0 Mil €,** increasing vs PY by 2,2 Mil €, mainly due to Volume growth, passthrough execution and Industrial operation efficiencies, which more than offset the cost increase linked to Indirect Operation and SG&A cost structure growth.

FINANCIAL POSITION

- **Net Leverage YTD-23 at 5.6x** (at Kepler level), slightly above the plan after US PharmaLab acquisition.

OTHER UPDATES AND SHORT TERM OUTLOOK

- **Top line**, 2023 revenue are budgeted to continue growing double-digit;
- **Marginality**, looking at 2023, there are some early signs of improvements. From a macro perspective, gas prices felt significantly in the last few months and also certain raw materials' prices are starting to decrease, also thanks to the hedged contracts.; In parallel, the company is working on several initiatives to improve marginality, including: i) further price increases for '23, ii) further synergies' extraction (incl. legal-entities' streamlining), and iii) a dedicated operational improvement plan for the Gallarate plant;
- **Activated 3 new projects** of i) strategic review, ii) operational excellence to unlock further margin improvement opportunities, and iii) review of the global ICT setup with tier-1 external professional advisors.

Profit & Loss: Current Trading as of Q3 2023

Profit & Loss – Q3-23 vs Q3-22

YTD (€m)	Sep-23A	Sep-22A	Δ (%)	Δ
Net Sales	326,1	299,3	*8,9%*	*26,8*
Other Revenues	2,9	3,8	*(23,9%)*	*(0,9)*
Total Revenues	**329,0**	**303,1**	***8,5%***	***25,8***
Raw Material Costs	(158,2)	(143,5)	*10,2%*	*(14,7)*
First Margin	**170,8**	**159,6**	***7,0%***	***11,2***
First Margin (%)	*51,9%*	*52,7%*	*(74bps)*	
Third Party Works Costs	(12,9)	(13,1)	*(1,5%)*	*0,2*
Direct Personnel Costs	(26,0)	(24,6)	*5,8%*	*(1,4)*
Other Direct Production Costs	(15,7)	(16,0)	*(2,0%)*	*0,3*
Transformation Margin	**116,2**	**105,9**	***9,7%***	***10,3***
Transformation Margin (%)	*35,3%*	*34,9%*	*+38bps*	
Indirect Personnel Costs	(12,6)	(11,7)	*8,0%*	*(0,9)*
Maintenance Costs	(6,4)	(5,9)	*7,6%*	*(0,4)*
Logistics and Storage Costs	(6,0)	(5,2)	*14,9%*	*(0,8)*
Other Indirect Production Costs	(4,2)	(2,6)	*60,1%*	*(1,6)*
Second Margin	**87,0**	**80,5**	***8,1%***	***6,5***
Second Margin (%)	*26,5%*	*26,6%*	*(10bps)*	
Total SG&A Costs	(26,4)	(22,4)	***18,3%***	***(4,1)***
% of revenue	*(8,0%)*	*(7,4%)*	*(66bps)*	
EBITDA	**60,6**	**58,1**	***4,2%***	***2,5***
EBITDA Margin (%)	*18,4%*	*19,2%*	*(76bps)*	
Adjustments	3,4	3,7	*(8,1%)*	*(0,3)*
Adj. EBITDA	**64,0**	**61,8**	***3,5%***	***2,2***
Adj. EBITDA Margin (%)	*19,4%*	*20,4%*	*(94bps)*	

EBITDA Bridge – Q3-23 vs Q3-22

Commentary

- **Revenues:** €25.8m (+8.5%) higher if compared to PY thanks to the growth in almost all geographies and customers, driven by Innovation.
- **First margin**: 74 bps deterioration, in strong recovery vs. H1, due to negative product mix effect (€1.7m).
- **Transformation margin**: the negative First Margin trend has been reverted by manufacturing efficiencies related to insourcing activities and automation.
- **Second Margin:** 38bps improvement related to Transformation margin trend has been offset by higher cost of the structure within Operation.
- **SG&A cost**: increase related to further structuring of the organization to be ready for the next phase of the company growth.
- **Adj.EBITDA:** reached €64.0m, €2.2m (+3.5%) higher if compared to previous year mainly off the back to higher volumes, successfull cost pass through and Operation efficiency on variable cost.

Profit & Loss: Current Trading as of Q3 2023 US

Profit & Loss – Q3-23 vs Q3-22

YTD (€m)	Sep-23A	Sep-22A	Δ (%)	Δ
Net Sales	89,3	87,2	*2,4%*	*2,1*
Other Revenues	--	--		-
Total Revenues	**89,3**	**87,2**	***2,4%***	***2,1***
Raw Material Costs	(42,1)	(40,5)	*4,0%*	*(1,6)*
First Margin	**47,2**	**46,7**	***1,0%***	***0,5***
First Margin (%)	*52,8%*	*53,6%*	*(74bps)*	
Third Party Works Costs	0,0	(0,2)	*(113,7%)*	*0,2*
Direct Personnel Costs	(8,0)	(9,0)	*(10,9%)*	*1,0*
Other Direct Production Costs	(4,5)	(5,0)	*(10,4%)*	*0,5*
Transformation Margin	**34,7**	**32,6**	***6,6%***	***2,2***
Transformation Margin (%)	*38,9%*	*37,4%*	*+154bps*	
Indirect Personnel Costs	(5,9)	(5,9)	*(0,3%)*	*0,0*
Maintenance Costs	(2,8)	(2,5)	*11,3%*	*(0,3)*
Logistics and Storage Costs	(1,0)	(1,0)	*3,5%*	*(0,0)*
Other Indirect Production Costs	(0,6)	(0,5)	*22,2%*	*(0,1)*
Second Margin	**24,5**	**22,7**	***7,7%***	***1,8***
Second Margin (%)	*27,4%*	*26,1%*	*+135bps*	
Total SG&A Costs	**(11,4)**	**(11,1)**	***2,5%***	***(0,3)***
% of revenue	*(12,8%)*	*(12,8%)*	*(1bps)*	
EBITDA	**13,1**	**11,6**	***12,7%***	***1,5***
EBITDA Margin (%)	*14,6%*	*13,3%*	*+134bps*	
Adjustments	2,9	3,2	*(9,2%)*	*(0,3)*
Adj. EBITDA	**16,0**	**14,8**	***7,9%***	***1,2***
Adj. EBITDA Margin (%)	*17,9%*	*17,0%*	*+92bps*	

Commentary

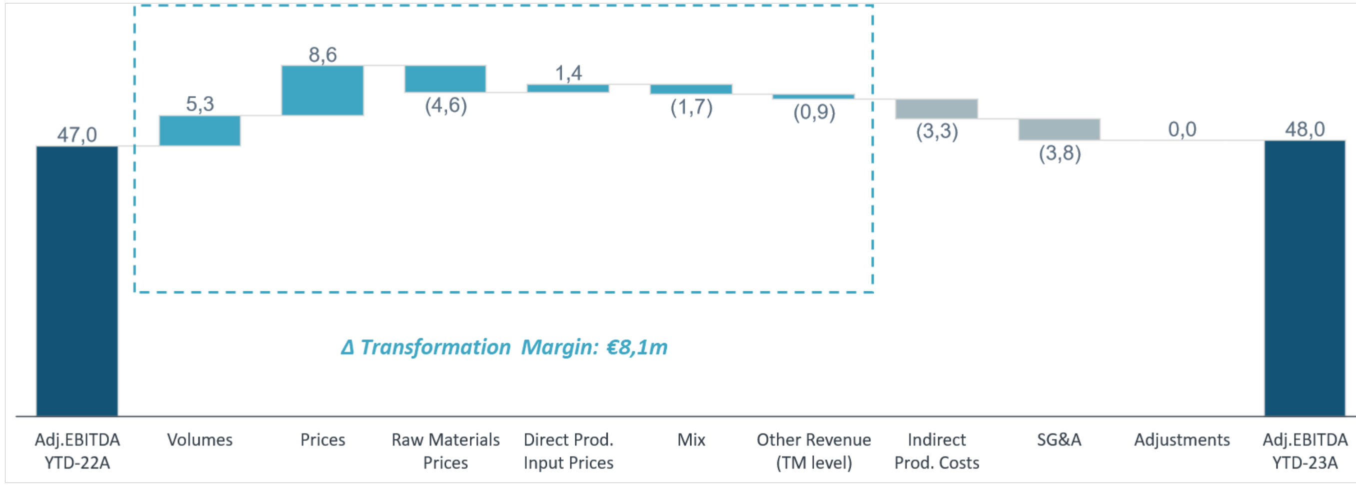
- **Revenues: €** 2.1m (+2.4%) higher if compared to PY thanks to the growth with tier-2 customer.
- **First margin**: 74 bps deterioration, mainly due to the slightly negative variable cost passthrough process.
- **Transformation margin**: the negative First Margin trend has been reverted by manufacturing efficiencies related to direct labor.
- **Second Margin:** 135bps improvement related to Transformation margin trend.
- **SG&A cost**: increase related to further structuring of the organization to be ready for the next phase of the company growth.
- **Adjustments** decreased by €0,3 m due to the minor level of ceasing costs.
- **Adj.EBITDA:** reached €16.0m, €1.2m (+7.9%) higher if compared to previous year mainly off the back to higher volumes and to Operations efficiencies.

Profit & Loss: Current Trading as of Q3 2023 Europe

Profit & Loss – Q3-23 vs Q3-22

YTD (€m)	Sep-23A	Sep-22A	Δ (%)	Δ
Net Sales	236,8	212,1	*11,6%*	*24,7*
Other Revenues	2,9	3,8	*(23,9%)*	*(0,9)*
Total Revenues	**239,6**	**215,9**	***11,0%***	***23,7***
Raw Material Costs	(116,1)	(103,0)	*12,7%*	*(13,0)*
First Margin	**123,6**	**112,9**	***9,5%***	***10,7***
First Margin (%)	*51,6%*	*52,3%*	*(71bps)*	
Third Party Works Costs	(12,9)	(12,9)	*(0,0%)*	*0,0*
Direct Personnel Costs	(18,0)	(15,6)	*15,4%*	*(2,4)*
Other Direct Production Costs	(11,2)	(11,0)	*1,8%*	*(0,2)*
Transformation Margin	**81,4**	**73,3**	***11,1%***	***8,1***
Transformation Margin (%)	*34,0%*	*34,0%*	*+2bps*	
Indirect Personnel Costs	(6,8)	(5,8)	*16,3%*	*(1,0)*
Maintenance Costs	(3,6)	(3,5)	*4,9%*	*(0,2)*
Logistics and Storage Costs	(4,9)	(4,2)	*17,7%*	*(0,7)*
Other Indirect Production Costs	(3,6)	(2,1)	*68,8%*	*(1,5)*
Second Margin	**62,5**	**57,7**	***8,3%***	***4,8***
Second Margin (%)	*26,1%*	*26,7%*	*(65bps)*	
Total SG&A Costs	**(15,0)**	**(11,2)**	***33,9%***	***(3,8)***
% of revenue	*(6,3%)*	*(5,2%)*	*(107bps)*	
EBITDA	**47,5**	**46,5**	***2,1%***	***1,0***
EBITDA Margin (%)	*19,8%*	*21,5%*	*(172bps)*	
Adjustments	0,5	0,5	--	-
Adj. EBITDA	**48,0**	**47,0**	***2,1%***	***1,0***
Adj. EBITDA Margin (%)	*20,0%*	*21,8%*	*(174bps)*	

EBITDA Bridge – Q3-23 vs Q3-22



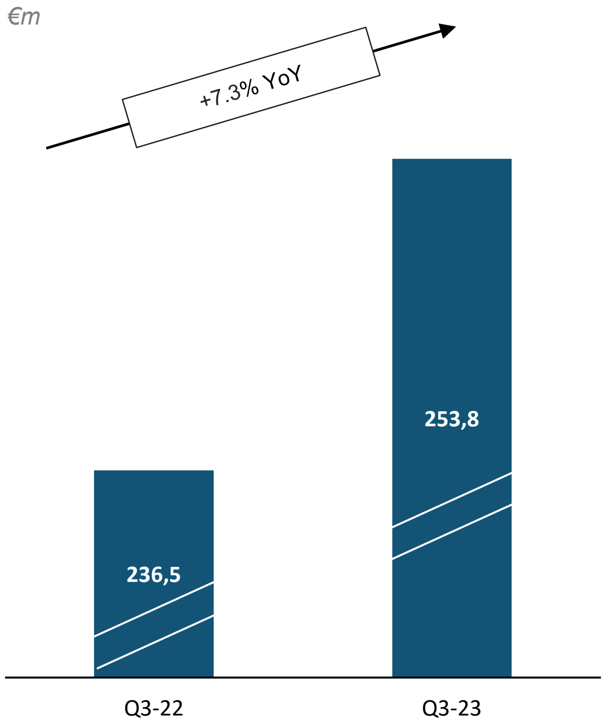
Commentary

- **Revenues:** €25.8m (+11.0%) higher if compared to PY thanks to the growth in almost all geographies and customers, driven by Innovation.
- **First margin**: 71 bps deterioration, in strong recovery vs. H1, due to negative product mix effect (€1.7m).
- **Transformation margin**: the negative First Margin trend has been reverted by manufacturing efficiencies related to insourcing activities and automation, as well as by higher direct labor efficiency.
- **Second Margin:** the improvement related to Transformation margin trend has been offset by higher cost of the structure within Operation as well as by higher logistic costs.
- **SG&A cost**: increase related to further structuring of the organization to be ready for the next phase of the company growth.
- **Adj.EBITDA:** reached €48.0m, €1.0m (+2.1%) higher if compared to previous year mainly off the back to higher volumes, successfull cost pass through and Operation efficiency on variable cost.

Biofarma group

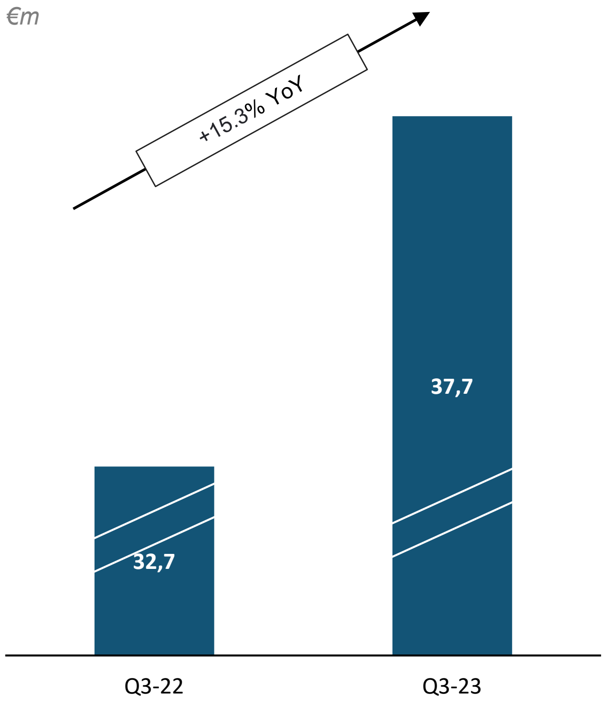
Revenues: Deep-dive by Business Unit

Health Supplements



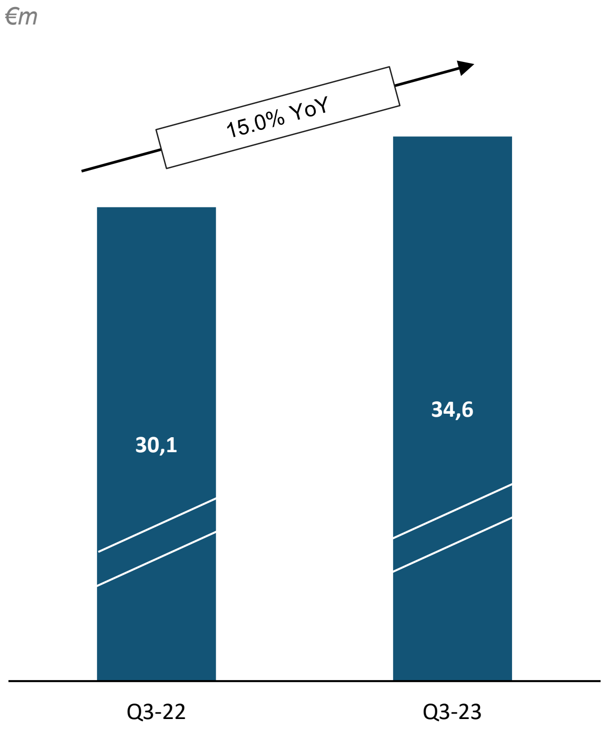
Health Supplements total revenues stood at €253.8m in Q3-23 (+7,3% YoY), thanks to the growth in all Regions and the new project launches

Medical Devices



Medical Devices total revenues stood at €37.7m in Q3-23 (+15.3% YoY), supported by the increase in sales of Esoxx products worldwide, BU growth in Eastern Europe and Enterogermina gonfiore product sales increase in Central Europe and Italy.

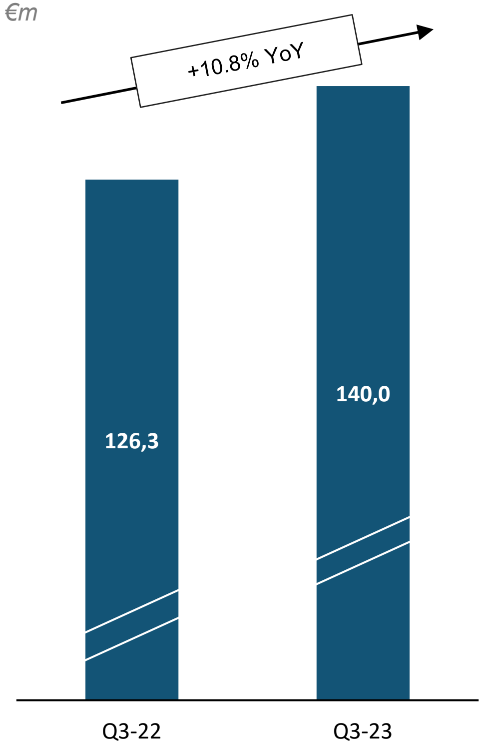
Cosmetics



Cosmetics total revenues stood at €34.6m in Q3-23 (15.0% YoY), related to the successful solar-cream campaign and thanks to the BoV technology products and high tech projects. Relevant growth in Middle East and Europe.

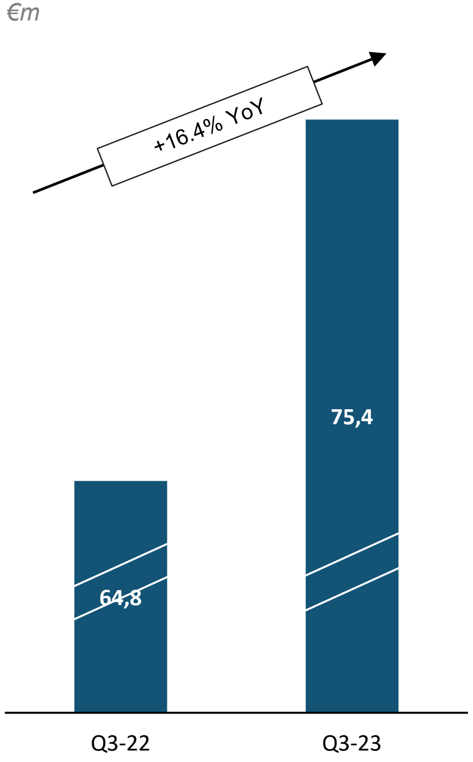
Revenues: Deep-dive by Geography

Italy



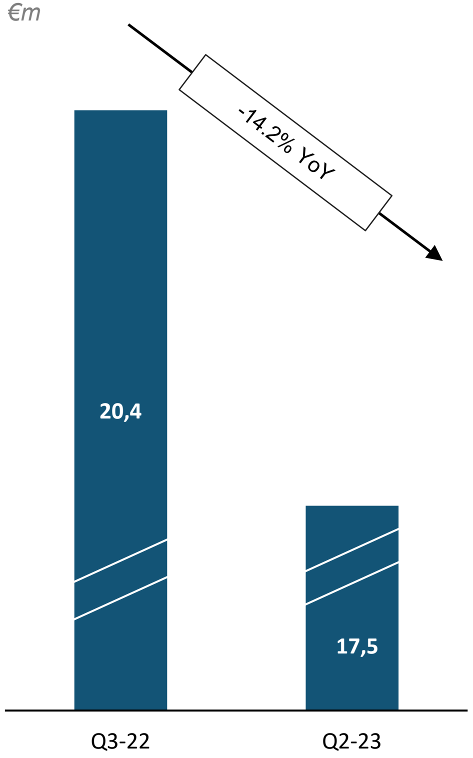
Italy total revenues stood at €140.0m in Q3-23 (+10.8% YoY), with growth spread between new clients' acquisitions and existing clients.

Other EMEA countries



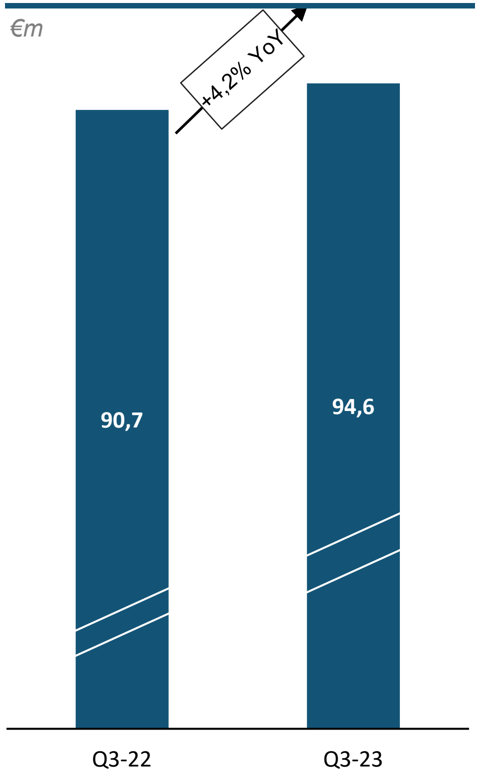
Other EMEA countries total revenues stood at €75.4m in Q3-23 (+16.4% YoY), mainly on the back of higher revenues coming from Tier 1 consumer healthcare clients' volumes.

Asia and Pacific



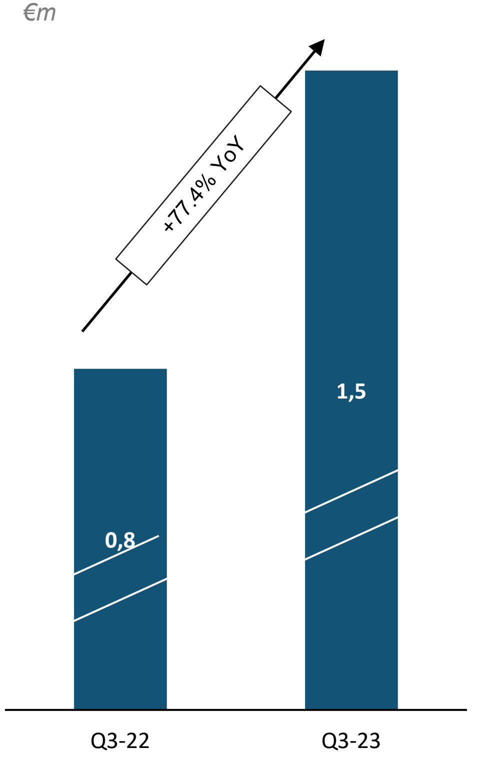
APAC total revenues stood at €17.5m in Q3-23 (-14.2% YoY), mainly due to the sales delay by the main customer in the region (orders shifted to Q4).

North America



NAFTA total revenues stood at €94.6m in Q3-23 (+4,2% YoY), mainly due to growth in US Pharmalab with tier-1 and tier-2 customers.

Latin America



LATAM total revenues stood at €1.5m in Q3-23 (+77,4% YoY), still an area to improve.

Cash Flow Q3 - 2023

YTD (€m)	Sep-23A
Adjusted EBITDA	**60,6**
(-) EBITDA acquired over the period	(11,6)
EBITDA	**49,0**
Δ Receivables	(4,5)
Δ Payables	(1,8)
Δ Inventory	6,8
Δ TWC	**0,5**
Δ Other Working Capital	(1,6)
Δ NWC	**(1,1)**
Maintenance Capex	(1,8)
Recurring Op. CF (pre-Tax)	**46,1**
Cash Conversion (%)	*94,1%*
Growth Capex	(18,1)
o/w Manufacturing Capex	(14,2)
o/w R&D Capex	(2,0)
o/w Other / IT Capex	(1,9)
Op. CF (pre-Tax)	**28,0**
Cash Conversion (%)	*57,1%*
Interests	(25,8)
Taxes	(9,7)
Other	
Free Cash Flow (pre-M&A)	**(7,5)**
Cash Conversion (%)	*(15,3%)*
M&A Capex	(369,2)
Free Cash Flow (post-M&A)	**(376,7)**
Cash Conversion (%)	*n.m.*
New Debt / Debt Repayments	188,5
Capital Contribution	188,3
Other Changes in Equity	
Δ Cash	**0,1**

Commentary

- **Adjusted EBITDA at €60.6m**
- **Net Working Capital change of -€1.1m** mainly driven by business volume growth experienced during nine months of 2023.
- **Total Capex amounted to €19.9m**, in particular:
  - **Maintenance capex of €1.8m**
  - **Growth capex** includes investments to further increase manufacturing capacity and to accelerate future growth of the business amounting to **€18.1m**, of which:
    - **Manufacturing capex of €14.2m** and were mainly related to (i) production lines expansion in Gallarate and (ii) new manufacturing lines in Gallarate, Monselice and Mereto.
    - **R&D capex amounted to €2.0m** and were mainly related to 3 R&D projects in probiotics and cardio therapeutic areas. All these new projects are expected to be commercialized during Q4 2023 or Q1-2024.
    - **Other / IT Capex amounted to €1.9m** and were mainly related to ICT infrastructure, furniture for new areas in Monselice and reinforcement of MES ICT solutions.

Leverage as of Q3 - 2023

€m	As per OM	Q3-23
High yield bond	345.0	345.0
Private Placement		200.5
Cash and Cash Equivalent	(5.7)	(24.4)[1]
Total net secured debt	**339.3**	521.1
Other Debt	0.8	15.2[2]
Total net debt	**340.1**	**536.3**
LTM PF Adj. EBITDA	**64.0**	**96.3**[3]
Net Leverage	**5.3x**	**5.6x**

Commentary

- **Net Leverage as of Q3 2023 at 5.6x**, versus 5.3x opening leverage at Bond issuance, mainly due to the new loan linked to US Pharmablab acquisition.
- **Total net Debt at €536.3m (or 5.6x Net Leverage)** as of September 23 on the back of c. €545.5m Gross Debt and € 15.2m for Other Debts, offset by €24.4m cash on balance sheet.
- **LTM PF Adj. EBITDA** is composed of € 85.2m Adjusted EBITDA, € 7.1m synergies in Europe and €4.0 m synergies in US.
- Solid **cash and cash equivalents** position of **€24.4m.**

Notes: (1) Cash and Cash Equivalents as of September 30, 2023. (2) Incl. the Other Debt is related to the short-term bank-loan for invoices on cash, leasing debt and to the long-term banks' financing of Nutraskills Group; ; (3) Incl. run rate cost Synergie for an amount of €11.1m, Nutraskills QOE and 45% of Cura Beauty GmbH EBITDA.

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