Kepler S.p.A.
Q1-22 Results Presentation

Mereto di Tomba – July 15th, 2022

Biofarma group

Today's presenters

Maurizio Castorina

CEO

- Joined in September 2017 as CEO of Nutrilinea
- Over 30 years of experience in Pharma
- 2017: CEO at Italfarmaco
- 2012 to 2016: CEO at Zambon
- 2002 to 2012: CEO of Takeda Italy and Regional VP for Southern Europe

Morris Maracin

CFO

- Joined Biofarma in 2018 as CFO
- 2015 to 2017: CFO at IPI Coesia Group
- 2004 to 2015: Various roles at Electrolux, including Finance Manager EMEA

Biofarma at a glance

Business overview

- **Biofarma is a leading European CDMO fully focused on nutraceuticals, and the undisputed leader of the Italian market**
- Biofarma is the result of a "**buy-and-build" story** backed by White Bridge, 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. Microencapsulation, Dry-Cap, T-Win)
- Biofarma's differentiated positioning is based on:
  - **Strong in-house R&D capabilities** and a team of c. 44 FTEs working on clinical studies to support products' claims (over 85 patents and 70 trademarks)
  - **Regulatory know-how** with a dedicated team of c. 20 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

Main KPIs

€244m
Mar22 LTM Total Revenues

+13%
Total Revenues CAGR '19-Mar22 LTM[1]

€67m
Mar22 LTM Adj. EBITDA (incl. synergies)[2] (27.6% margin)

4
Manufacturing plants

~64
FTEs of R&D & Regulatory processes

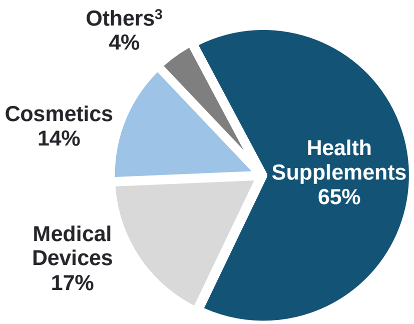
>500
Customers

>75
Countries served

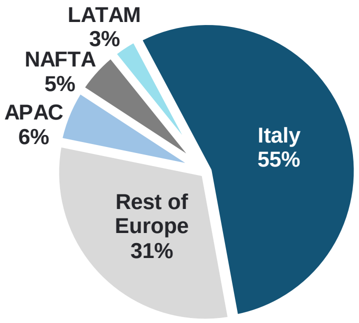
Total Revenues breakdown

LTM Mar22

By Business Unit



By Geography



#1 Nutra CDMO in Europe in terms of revenue

Notes: (1) Incl. IHS Revenue for '19, '20, '21 and Mar22 YTD; (2) Includes €6.5m of cost synergies and €4.6m adjustments for rent savings related to Mereto's plant acquisition and Cura EBITDA; (3) Mainly refers to government grants related to new products R&D and charge back to clients for lab tests and graphic services

Biofarma group

Q1-22 Performance

TOPLINE

- **Q1-22 Revenues stood at €62.8m**, growing by c. +20.7% vs PY 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

- **Q1-22 Adj. EBITDA margin at 25.0%,** increasing vs Q1-21 (at 23.7%), mainly due to (i) volumes growth, (ii) favourable product mix, (iii) cost efficiency measures related to insourcing activities and manufacturing processes, and (iv) cost control at SG&A level

FINANCIAL POSITION

- **Strong deleveraging trend with Net Leverage as of Mar22 at 5.0x**, versus 5.3x opening leverage at Bond issuance, mainly on the back of the strong performance at Adj. EBITDA level, growing +27.5% vs PY

OTHER UPDATES AND SHORT TERM OUTLOOK

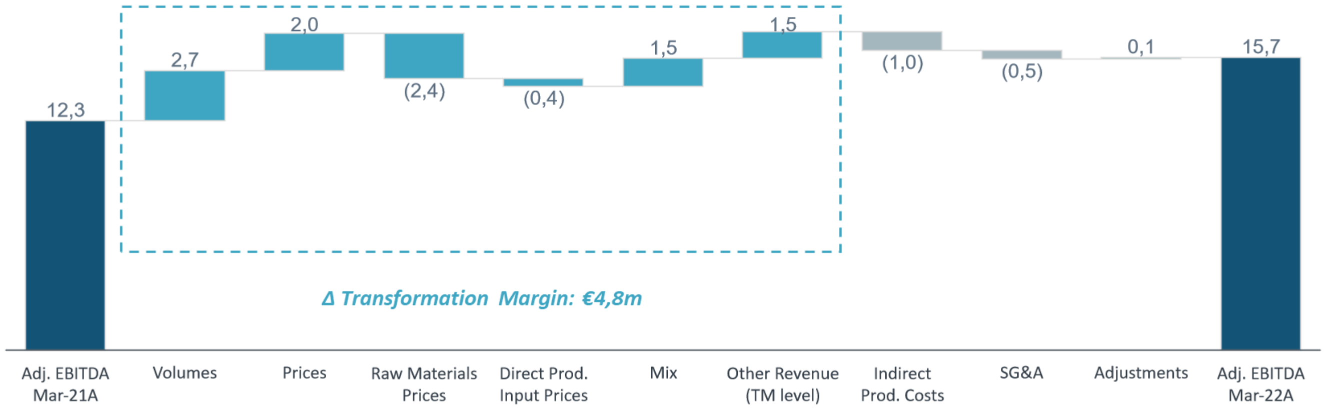
- Biofarma has recorded a strong growth in the first 3 months of 2022. **As of Jun22 YTD, total revenues and order backlog are up by over +20% vs. PY** thanks to a very positive order collection activity during Q2-22.
- **Despite the strong inflationary environment**, Biofarma Group has been able to **pass on to customers mostly (over 80%) of the higher raw material prices by increasing selling prices**. After Mar22, Management has been able to achieve further prices increase to mitigate future input prices uplift, mainly leveraging on strong and longstanding relationships with its customers

Profit & Loss: Current Trading as of March 2022

Profit & Loss – Q1-22 vs Q1-21

€m	Q1-22	Q1-21	Δ (%)
Net Sales	60.0	50.7	*18.3%*
Other Revenues	2.8	1.3	*n.m.*
Total Revenues	**62.8**	**52.0**	***20.7%***
Raw Material Costs	(28.7)	(23.5)	*22.1%*
First Margin	**34.1**	**28.5**	***19.5%***
First Margin (%)	*54.3%*	*54.8%*	*(54bps)*
Third Party Works Costs	(3.6)	(3.9)	*(9.4%)*
Direct Personnel Costs	(4.2)	(3.8)	*8.9%*
Other Direct Production Costs	(2.7)	(1.9)	*41.1%*
Transformation Margin	**23.7**	**18.9**	***25.5%***
Transformation Margin (%)	*37.7%*	*36.3%*	*+144bps*
Indirect Personnel Costs	(1.2)	(1.2)	*4.3%*
Maintenance Costs	(1.0)	(0.8)	*28.2%*
Logistics and Storage Costs	(1.3)	(1.1)	*21.5%*
Other Indirect Production Costs	(0.3)	0.1	*n.m.*
Second Margin	**19.9**	**16.0**	***24.5%***
Second Margin (%)	*31.6%*	*30.7%*	*+96bps*
Total SG&A Costs	(5.3)	(4.8)	*10.4%*
% of revenue	*(8.4%)*	*(9.2%)*	*+78bps*
EBITDA	**14.5**	**11.2**	***29.5%***
EBITDA Margin (%)	*23.1%*	*21.5%*	*+157bps*
Adjustments[1]	1.2	1.1	*8.0%*
Adj. EBITDA	**15.7**	**12.3**	***27.5%***
Adj. EBITDA Margin (%)	*25.0%*	*23.7%*	*+135bps*

EBITDA Bridge – Q1-22 vs Q1-21



Commentary

- **Revenues:** €10.8m (+20.7%) higher if compared to PY thanks to the growth spread in all geographies and customers, based on innovation
- **First margin**: 54bps deterioration due to partial pass through execution (gap of €0.4m)
- **Transformation margin**: the negative First Margin trend has been completely reverted by manufacturing efficiencies related to insourcing activities and automation in the cosmetic product lines
- **Second Margin:** 96bps improvement on the back of inflation on logistic, storage and maintenance costs which partially offset the Transformation margin growth of 144bps
- **SG&A cost:** higher than Q1-21 due to investment in managers, processes and structure in order to manage growth, complexity and integration
- **Adj. EBITDA:** reached €15.7m, €3.4m (+27.5%) higher if compared to previous year mainly on the back to higher volumes and product mix improvements

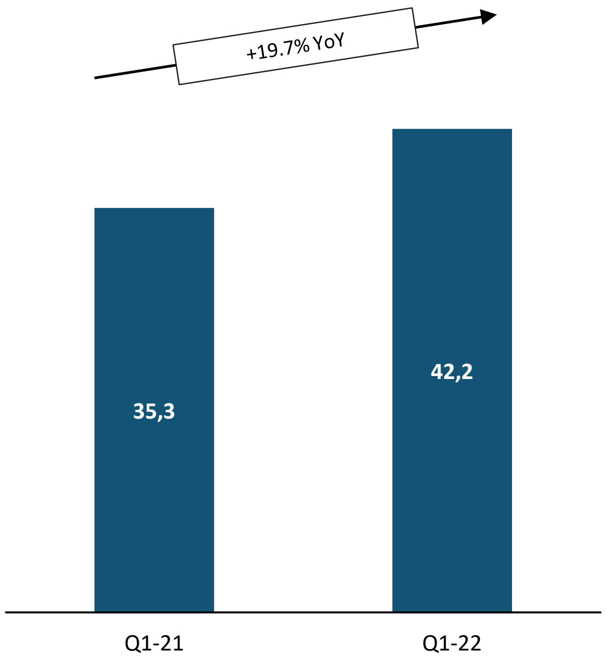
Note: (1) Related to Rental savings (connected to the acquisition of Mereto Plant in Q1-22) and 45% of Cura Beauty GmbH EBITDA

Biofarma group

Revenues: Deep-dive by Business Unit

Health Supplements

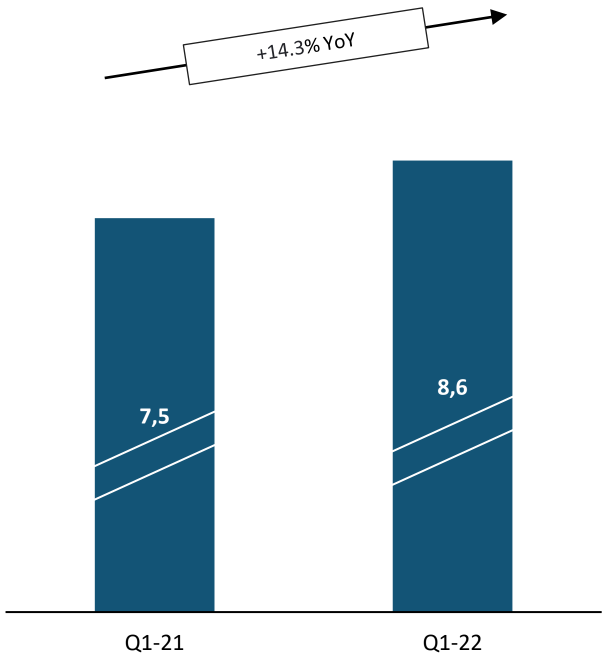
€m



Health Supplements total revenues stood at €42.2m in Q1-22 (+19.7% YoY), mainly thanks to new customers wins as well as growth with all existing customers with long-lasting relationships. Within existing customers, there is an important increase of the Tier 1 consumer healthcare clients' volumes

Medical Devices

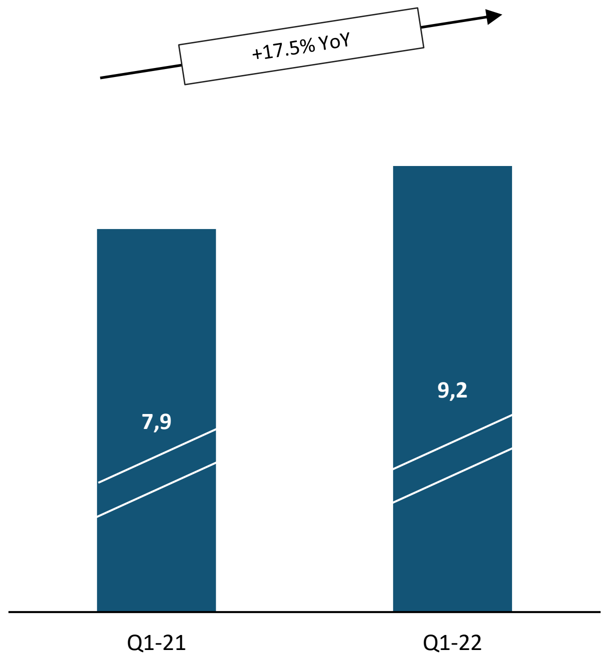
€m



Medical Devices total revenues stood at €8.6m in Q1-22 (+14.3% YoY), supported by the increase in sales of Ziverex (Esoxx family) in Eastern Europe and Enterogermina in Italy

Cosmetics

€m

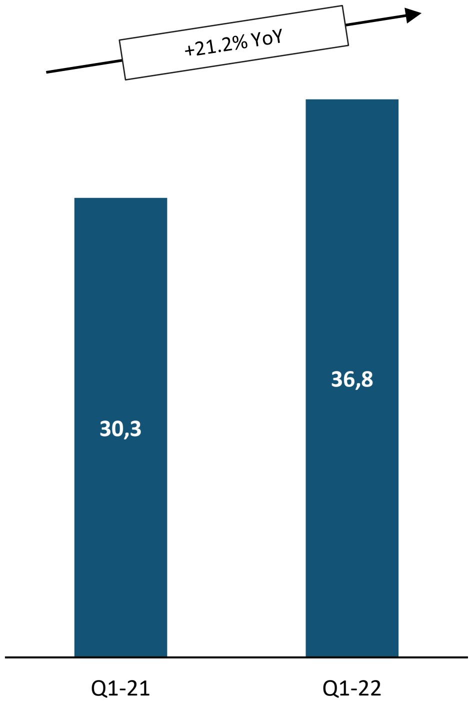


Cosmetics total revenues stood at €9.2m in Q1-22 (+17.5% YoY), thanks to new clients wins as well as increased business with existing clients. Furthermore, we highlight an important new client win in Israel (accounting for c. €0.6m) and strong performance of BoV technology products in Northern Europe

Revenues: Deep-dive by Geography

Italy

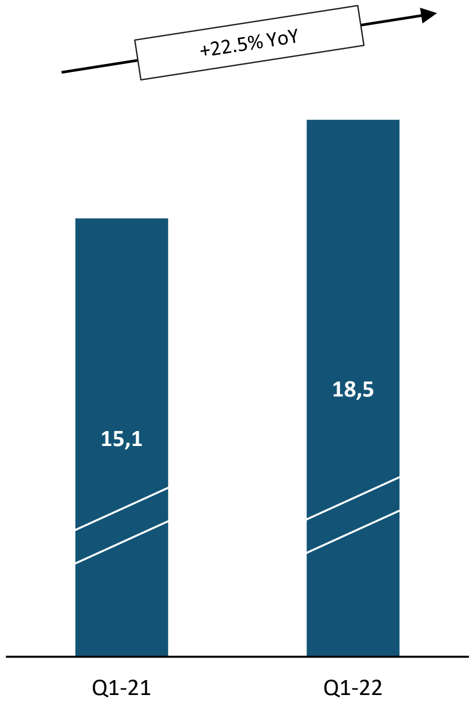
€m



Italy total revenues stood at €36.8m in Q1-22 (+21.2% YoY), with growth spread between new clients' acquisitions and existing clients

Other EMEA countries

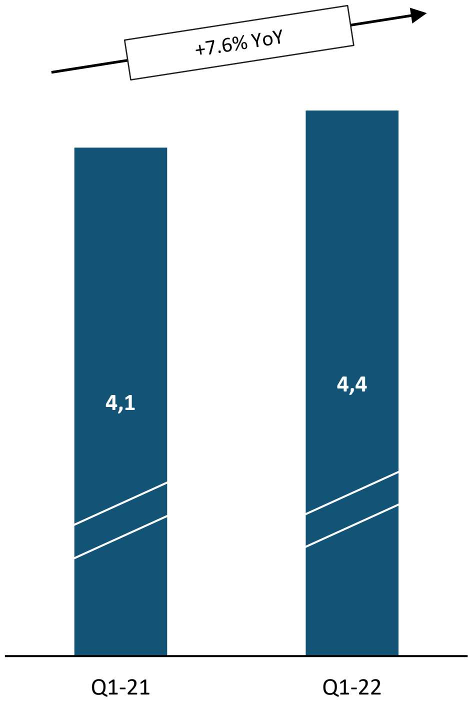
€m



Other EMEA countries total revenues stood at €18.5m in Q1-22 (+22.5% YoY), mainly on the back of higher revenues coming from Tier 1 consumer healthcare clients' volumes

Asia and Pacific

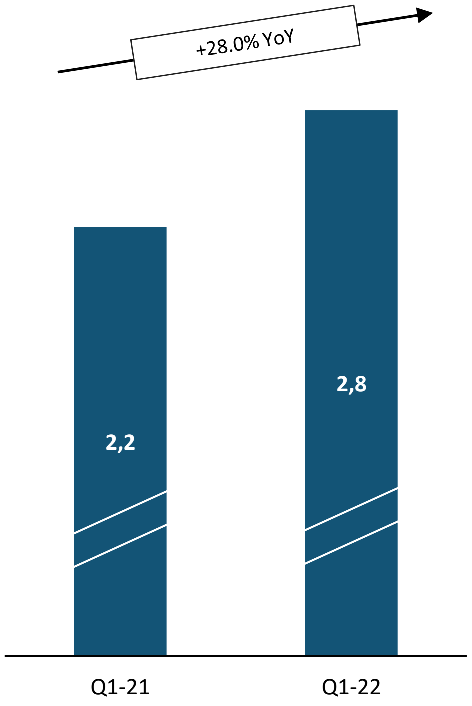
€m



APAC total revenues stood at €4.4m in Q1-22 (+7.6% YoY), mainly thanks to new customer wins and selling prices increase

North America

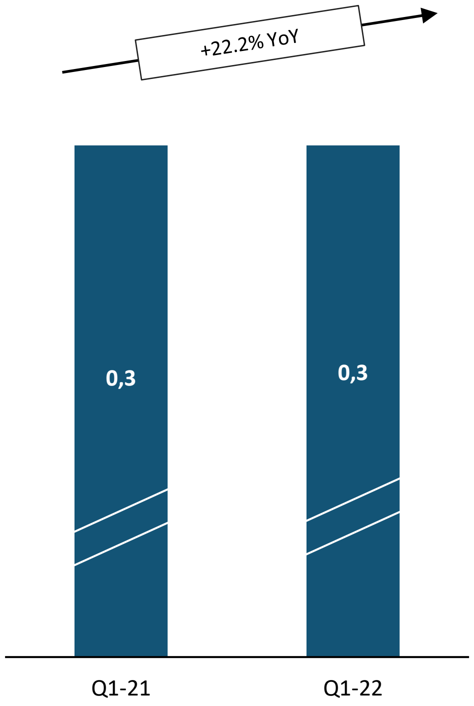
€m



NAFTA total revenues stood at €2.8m in Q1-22 (+28.0% YoY), mainly due to higher sales of VSL3 product

Latin America

€m



LATAM total revenues stood at €0.3m in Q1-22 (+22.2% YoY), remaining broadly stable in terms of absolute value

Biofarma group

Cash Flow YTD as of March 22

€m	Q1-22
Adjusted EBITDA	**15.7**
Adjustments	(1.2)
EBITDA	**14.5**
Δ Receivables	(12.7)
Δ Payables	11.7
Δ Inventory	(11.2)
Δ TWC	**(12.2)**
Δ Other Working Capital	(3.1)
Δ NWC	**(15.3)**
Maintenance Capex	(0.4)
Recurring Op. CF (pre-Tax)	**(1.2)**
Cash Conversion (%)	*n.m.*
Growth Capex	(5.5)
o/w Manufacturing Capex	(4.0)
o/w R&D Capex	(1.3)
o/w Other / IT Capex	(0.2)
Op. CF (pre-Tax)	**(6.7)**

Normative level of inventory at €5.6m (excl. €5.6m of extraordinary inventory build-up)

Normative level of Recurring Op. CF at €4.4m (excl. €5.6m of extraordinary inventory build-up)

Commentary

- **Adjusted EBITDA at €15.7m**
- **Normative level of Net Working Capital change of -€9.7m** mainly driven by business volume growth experienced during the first 3 months of 2022. On top of that, c. €5.6m cash absorption linked to extra inventory build up in order to avoid further raw material and packaging price increases as well as potential supply chain disruptions
- **Total Capex amounted to €5.9m**, in particular:
  - **Maintenance capex at €0.4m**
  - **Manufacturing capex amounted to €4.0m** and were mainly related to (i) production lines expansion in Gallarate, (ii) advance payment for the microencapsulator in Mereto and (iii) new manufacturing lines in Gallarate
  - **R&D capex amounted to €1.3m** and were mainly related to 8 R&D projects in the gastro, CNS (central neuro system) and cardio therapeutic areas. All these new projects are expected to be commercialized during 2022
  - **Other / IT Capex amounted to €0.2m** and were mainly related to reinforcement of CRM solutions

Leverage as of March 22

€m	As per OM	Q1-22
High yield bond	345.0	345.0
Cash and Cash Equivalent	(5.7)	(13.2)[1]
Total net secured debt	**339.3**	**331.8**
Other Debt	0.8	5.3[2]
Total net debt	**340.1**	**337.1**
LTM Mar22 PF Adj. EBITDA	**64.0**	**67.1[3]**
Net Leverage	**5.3x**	**5.0x**

Commentary

- **Strong deleveraging trend with Net Leverage as of Mar22 at 5.0x**, versus 5.3x opening leverage at Bond issuance, mainly on the back of the strong performance at EBITDA level, growing +29.5% vs PY
- **Total net Debt at €337.1m (or 5.0x Net Leverage)** as of Mar22 on the back of c. €350.3m Gross Debt, €13.2m cash on balance sheet and €67.1m Mar22 LTM PF Adj. EBITDA
- Solid **cash and cash equivalents** position of **€13.2m**

Notes: (1) Cash and Cash Equivalents as of March 31, 2022 PF for the transaction costs related to the Acquisition, the Apharm minority interest acquisition, and the cash-outs related to the bond issuance and the consequent Bridge Facilities repayment. (2) Incl. leasing (€0.8m as of March 31, 2022) and Advanced Payments ("anticipi su fatture" c. €4.5m as of March 31, 2022); (3) Incl. run rate cost synergies for an amount of €6.5m and €4.6m related to rental savings in connection with Mereto's plant and 45% of Cura Beauty GmbH EBITDA

Disclaimer

This presentation (the “Presentation”) is made available by Kepler S.p.A. (together with its subsidiaries, the “Group”), for the sole purpose of providing background information to assist in obtaining a general understanding of the business and financial performance of the Group. The information contained in the Presentation concerning the Group and their respective affiliates has been supplied by the Group or has come from specific data or publicly available sources and has not been independently verified and which is subject to change without notice. None of the Group, or any of their respective affiliates, officers, employees, agents, representatives or professional advisers make any representation, warranty or undertaking whatsoever, express or implied, or assume or accept responsibility or liability of any kind in relation to the truth, use, reliability, completeness, accuracy, adequacy, reasonableness or fairness of the Presentation or any of its contents. Neither the Group nor any of their respective affiliates, officers, employees, agents, representatives or professional advisers are under any obligation to update or keep current the information contained in the Presentation.

The Presentation contains financial information regarding the business of the Group. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in the Presentation should not be regarded as a representation or warranty by the Group and/or its respective directors, officers, employees, agents and consultants as to the accuracy or completeness of such information’s portrayal of the financial position or results of operations of the Group. Certain financial data included in the Presentation consists of “non-GAAP financial measures”, which may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of the Group’s cash flow based on Italian GAAP or other generally accepted accounting principles. Even though the non-GAAP financial measures are used by management to assess the Group’s financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of the Group’s financial position or results of operations as reported under Italian GAAP.

The Presentation also includes certain historical financial data (the “IHS Unaudited Financial Data”) in respect of International Health Science S.r.l. (“IHS”). The IHS Unaudited Financial Data has been in part excerpted from, prepared or calculated based on the financial information, management accounts and schedules prepared on the basis of accounting records of the carve-out business constituting IHS as of the date of its acquisition by the Group, has been produced on the basis of management estimates and has not been subject to any audit or review procedures by any independent auditor. The IHS Unaudited Financial Data for the twelve month periods ended March 31, 2021 and 2022 has also been used for the purpose of calculating certain unaudited pro forma financial data of the Group for the twelve month periods ended March 31, 2021 and 2022 (the “Unaudited Pro Forma Financial Data”). The Unaudited Pro Forma Financial Data is not intended to be compliant with Italian GAAP or any other generally accepted accounting principles. The Unaudited Pro Forma Financial Data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Regulation or the UK Prospectus Regulation. The Unaudited Pro Forma Financial Data has been prepared by, and is the responsibility of, management of the Group. The independent auditors of the Group have not audited, reviewed, compiled or performed any procedures with respect to the Unaudited Pro Forma Financial Data for the purpose of their inclusion herein. The Unaudited Pro Forma Financial Data is based on a number of assumptions and estimates that are subject to inherent uncertainties and you are strongly cautioned against placing undue reliance thereon. For these reasons, the Unaudited Pro Forma Financial Data is only a simulation of the Group’s results had the relevant companies been owned for the whole period assumed and is not an indication of what the Group’s results would have actually been if such companies had been part of the Group for such period.

In addition, the Presentation may contain forward-looking statements, forecasts, estimates, projections and opinions (“Forward Statements”) which involve known and unknown risks, uncertainties and assumptions because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Group. All statements other than statements of historical fact included in the Presentation, including, without limitation, statements regarding the Group’s future financial position and results of operation, trends or developments affecting their financial condition and results of operation or the markets in which they operate, strategy, outlook and growth prospects, anticipated investments, costs and results, future plans and potential for growth, projects to enhance efficiency, impact of governmental regulations or actions, competition, litigation outcomes and timetables, future capital expenditures, liquidity requirements, capital resources, the successful integration of acquisitions and joint ventures, and objectives of management for future operations or plans to launch new or expand existing products, may be deemed to be forward-looking statements. When used in the Presentation, the words “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimates,” “positioned,” “strategy” and similar expressions may identify these forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. The Group’s annual report available on the Group’s website contains a list of factors that, among others, may cause the Group’s results to differ from those described in the Forward Statements.

Biofarma group