

Media Release – ad hoc announcement pursuant to Art. 53 LR

PolyPeptide achieves strong profitable growth in 2021

Zug, 15 March 2022 – PolyPeptide Group AG (SIX: PPGN), a global leader in peptide custom development and manufacturing, today announced its results for the financial year 2021:

- Revenue growth of 26.5% year-over-year to EUR 282.1 million, driven by custom projects in phase III of clinical development, including a substantial contribution from Novavax
- Adjusted EBITDA up 42.4% to EUR 88.2 million; adjusted EBITDA margin of 31.3%, up 3.5 percentage points
- Capital expenditures of EUR 76.7 million or 27.2% of revenue, reflecting accelerated capital deployment
- Result for the year up 50.8% to EUR 47.3 million with basic EPS of EUR 1.47
- CHF 0.30 per share as cash distribution to be proposed to AGM 2022
- For 2022, PolyPeptide targets revenue growth of 12-14% with an adjusted EBITDA margin of around 30% and capital expenditures of over 25% of revenue
- Audio webcast and telephone conference will take place today at 9.30am CET (details see page 4)

Raymond De Vré, Chief Executive Officer of PolyPeptide, commented:

“We delivered strong sales growth of over 25% with a consistently high delivery performance in what was an exceptional year for PolyPeptide, also completing the IPO back in April 2021. Our results reflect well on PolyPeptide’s technical capabilities, execution mindset and customer focus. We remain committed to long-term relationships, as we partner with our customers on the development and commercialization of their therapeutic products – in peptides and increasingly also in oligonucleotides. I look forward to continuing to work with our customers and in doing so, to contribute to the health of millions of patients around the world.”

Profitable growth driven by custom projects

In 2021, PolyPeptide generated EUR 282.1 million of revenue, representing growth of 26.5% versus 2020, which was driven by custom projects that are in phase III of clinical development. This included a substantial contribution from the GMP production of two key intermediates used in the Matrix-M™ adjuvant component of the coronavirus vaccine developed by Novavax.

The Custom Projects segment revenue increased by 63.9% year-on-year. PolyPeptide remained strongly committed to supporting the R&D pipeline of existing and new customers. As a result, the custom projects pipeline continued to expand, reaching 196 active projects at the end of 2021, of which 30 were in phase III. The pipeline covers a wide range of therapeutic areas, reflecting the increasing use of peptides across a diverse selection of therapeutic indications and medical conditions. The Contract Manufacturing segment revenue declined by 10.5% driven by life cycle trends in some maturing products. The Generics and Cosmetics segment revenue increased by 21.2%, given PolyPeptide’s continued efforts to benefit from genericization.

The gross profit in 2021 was EUR 103.8 million, up by 40.8% versus 2020, driven by a favorable product mix, higher capacity utilization and improved labor productivity, with a gross margin of 36.8%, up by 3.8 percentage points. EBITDA for the period was EUR 84.8 million. Excluding the adverse impact from one-off items, adjusted EBITDA was EUR 88.2 million, up by 42.4%, with an adjusted EBITDA margin of 31.3%, up by 3.5 percentage points. As reported earlier with the half-year results, the one-off adjustments included IPO costs of EUR 5.7 million, partly offset by income from US government loans of EUR 2.4 million waived in the context of the coronavirus pandemic.

Key figures¹

kEUR	2021	2020	Change
Revenue	282,126	223,033	26.5%
Custom Projects	167,006	101,872	63.9%
Contract Manufacturing	89,600	100,108	-10.5%
Generics & Cosmetics	25,520	21,053	21.2%
EBITDA	84,848	61,923	37.0%
Adjusted ² EBITDA	88,199	61,958	42.4%
Adjusted ² EBITDA in % of revenue	31.3%	27.8%	3.5 ppts
Operating result (EBIT)	64,165	44,378	44.6%
Operating result (EBIT) in % of revenue	22.7%	19.9%	2.8 ppts
Result for the year	47,258	31,335	50.8%
Result for the year in % of revenue	16.8%	14.0%	2.7 ppts
Earnings per share (EUR), basic	1.47	1.04	41.0%
Return on net operating assets (RONOA)	21.0%	18.2%	2.7 ppts
Cash and cash equivalents	136,303	17,208	–
Net cash flow from operating activities	57,352	49,480	15.9%
Capital expenditures	76,652	48,183	59.1%
Capital expenditures in % of revenue	27.2%	21.6%	5.6 ppts
Total assets	595,038	375,975	58.3%
Equity ratio	70.8%	47.3%	23.5 ppts
Employees (# of FTEs, average)	1,041	910	14.4%

The result for the year in 2021 was EUR 47.3 million, up by 50.8%, driven by the increase in revenue and gross profit as well as reflecting a financial result of EUR -4.3 (2020: -6.7) million and income tax charges of EUR -12.6 (-6.4) million. With basic earnings per share of EUR 1.47 for 2021, the Board of Directors will propose to the Annual General Meeting on 26 April 2022 a cash distribution of CHF 0.30 per share, representing a pay-out ratio of 20.3% of the result for 2021, which is consistent with PolyPeptide's dividend policy of a pay-out ratio of between 20% and 30% of the result for the year.

Accelerated capital deployment

To meet expected growth mainly from its late-stage phase III project pipeline, the Group accelerated infrastructure investments during the second half of 2021. Capital expenditures for the period reached EUR 76.7 million or 27.2% of revenue, versus EUR 48.2 million or 21.6% in 2020.

Investment projects include the construction of large-scale solid phase synthesis capacity in Braine-l'Alleud (Belgium), large scale downstream capacity in Malmö (Sweden), freeze drying capacity at several sites as well as product development and analytical capabilities. Investment projects also include the build-up of the oligonucleotide facility in

¹ This table and media release include references to operational indicators, such as customer projects, and alternative financial performance measures (APM) that are not defined or specified by IFRS. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. For the definitions of the main operational indicators and APM used, including related abbreviations, as well as for selected reconciliations to IFRS, please refer to the section "Definitions and reconciliations" of the Annual Report 2021.

² Adjusted EBITDA excludes one-off IPO costs of EUR 5.7 million, partly offset by US government loans of EUR 2.4 million waived in context of the coronavirus pandemic.

Torrance (California) as well as IT infrastructure and digitalization efforts. Driven by pre-payments for future volume commitments from several customers, contract liabilities were up by 37.6% to EUR 46.1 million.

Total assets increased by 58.3% to EUR 595.0 million, also reflecting net cash inflows of EUR 172.3 million from the IPO in April 2021. Inventories and trade receivables in proportion to revenue slightly decreased to 40.1% (42.3%) and 23.1% (24.0%), respectively. The return on net operating assets for 2021 reached 21.0% versus 18.2% for 2020, reflecting the generally higher utilization of assets as evidenced by the operating result up by 44.6% and average net operating assets up by 25.7%.

Total equity as per the end of 2021 more than doubled to EUR 421.1 million with an equity ratio of 70.8% (47.3%). Cash and cash equivalents reached EUR 136.3 (17.2) million. With total financial debt of EUR 29.5 million, the net cash position of the Group was EUR 106.9 million as per the end of 2021, up from EUR -47.1 million at the end of 2020. Following the IPO, PolyPeptide refinanced an existing EUR 25 million term loan, which was repaid during the second half of the year.

The net cash flows from operating activities excluding the changes in net working capital were EUR 76.8 million. The net cash flow from the changes in net working capital was EUR -19.5 million, also reflecting record sales activities in December 2021. With net cash flows from acquisitions of intangible assets and property, plant and equipment of EUR -77.7 million, the free cash flow in 2021 amounted to EUR -20.4 million.

Strategic and organizational progress

PolyPeptide's business strategy is articulated around the four priorities of "Customers first", "Drive innovation", "Go for growth" and "OnePolyPeptide". The growth ambition includes the expansion of the Group's capabilities beyond peptides into the emerging market of nucleic acid-based therapies, which is synergistic with peptides given the overlap in development capabilities and manufacturing processes. In 2021, a R&D and GMP pilot plant facility with a dedicated team was set up at the site in Torrance (California) and the first customer contract was signed towards the end of 2021. The Group's strategy is to build a portfolio of early-stage oligonucleotides custom projects and to develop the business and infrastructure with a long-term perspective.

Following the establishment of a new Board of Directors and the leadership transition to Raymond De Vré as new CEO as of the first trading day on SIX Swiss Exchange on 29 April 2021, the Executive Committee was strengthened with the appointments of a General Counsel and a new Director Global Sales and Marketing as an internal succession. In addition, the PolyPeptide Management Committee was established effective 1 January 2022 to coordinate the implementation of the Group's integrated strategy more effectively. This was supported by the strengthening of the overall organization, including new Group-wide responsibilities for Quality, integrated Development as well as Employee Health & Safety (EH&S). In 2021, average full-time equivalents increased by 14.4%, with most of the new hires to support growth primarily in manufacturing, process development and quality.

To incorporate the relevant ESG-related aspects as part of its strategic priorities, PolyPeptide conducted an ESG materiality assessment in the second half of 2021 and identified twelve material ESG topics that will be addressed within an integrated strategy approach. In particular, the search for greener manufacturing solutions is seen as a critical opportunity to improve process performance and reduce the environmental footprint. PolyPeptide is working with partners, including academic institutions, technology startups, and customers to address this challenge. Consistent with its integrated strategy and ESG agenda, the Group also decided to put a particular focus on people development and supply chain engagement going forward. The Company plans to decide during 2022 on an ESG reporting standard to be implemented for the financial year 2023 and to be published in 2024.

In 2021, PolyPeptide initiated various initiatives to assess, evaluate and mitigate key risks, including those resulting from business growth, taking into consideration financial, legal, IT and sustainability aspects.

Outlook

For 2022, PolyPeptide targets revenue growth of 12-14% versus 2021 with a targeted adjusted EBITDA margin of around 30%. The Group will continue to invest in modernizing and expanding its infrastructure with capital expenditures as percent of 2022 revenue expected to be above 25%.

As part of the IPO, the Group communicated a medium-term aspiration to grow revenue with a year-on-year “low teens” percentage increase and an adjusted EBITDA margin of around 30%. It is currently in the process of updating its long-term strategic plan and will update its financial aspiration as appropriate. PolyPeptide’s goal is to provide a stable dividend to its shareholders, representing a pay-out ratio of between 20% and 30% of the Group’s result for the year.

Results documentation, audio webcast and conference call

PolyPeptide will hold an audio webcast today at 9.30am (CET), where CEO Raymond De Vré and CFO Jan Fuhr Miller will discuss results and strategic priorities in more detail. Please click [here](#) to join the webcast.

To ask questions during the Q&A session, you must dial in to the moderated telephone conference. Participants may pre-register [here](#) and will receive dedicated dial-in details to easily access the call.

A replay of the event will be available under [Results & Presentations](#) soon after the results presentation.

All results documents, including the media release, the results presentation as well as the [Annual Report 2021](#), will be available on 15 March 2022 from around 7.00am (CET) under PolyPeptide [Results & Presentation](#).

Note to Shareholders

The annual General Meeting of PolyPeptide Group AG to approve, *inter alia*, the Annual Report 2021 will be held without physical participation on Tuesday, 26 April 2022 (“AGM 2022”). In order to vote at the AGM 2022, shareholders must be registered in the Company’s share register with voting rights by 20 April 2022, 17.00pm (CET) at the latest.

New address

At the AGM 2022, shareholders will be asked to approve the relocation of the Company’s registered office to Baar, Canton of Zug, Switzerland, where the Company’s new registered address is at Neuhofstrasse 24, 6340 Baar, Switzerland.

Contact

PolyPeptide Group AG
Michael Stäheli
Head of Investor Relations & Corporate Communications
michael.staeheli@polypeptide.com
Tel. +41 41 723 20 34

Cautionary statement on forward looking information

This media release has been prepared by PolyPeptide Group AG and includes forward-looking information and statements concerning the outlook for the Group’s business. These statements are based on current expectations, estimates and projections about the factors that may affect its future performance. These expectations, estimates and projections are generally identifiable by statements containing words such as ‘expects’, ‘believes’, ‘estimates’, ‘targets’, ‘plans’, ‘outlook’ or similar expressions. There are numerous risks, uncertainties and other factors, many of which are beyond PolyPeptide Group AG’s control, that could cause the Group’s actual results to differ materially from the forward-looking information and statements made in this media release and that could affect the Group’s ability to achieve its stated targets. The important factors that could cause such differences include, among others: relationships with employees, customers and other business partners; strategies of competitors; manufacturing capacity and utilization; quality issues; supply chain matters; legal, tax or regulatory disputes; and changes in the political, social and regulatory framework in which the Group operates, or in economic or technological trends or conditions. Although PolyPeptide Group AG believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

Alternative financial performance measures (APM)

This media release contains references to operational indicators, such as customer projects, and APM that are not defined or specified by IFRS, including EBITDA, adjusted EBITDA, adjusted EBITDA margin, net operating assets, return on net operating assets, capital expenditures, equity ratio, net working capital, free cash flow, net cash and total financial debt. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. These APM may not be comparable to similarly titled measures disclosed by other companies. For the definitions of the main operational indicators and APM used, including related abbreviations, as well as for selected reconciliations to IFRS, refer to the section "Definitions and reconciliations" in PolyPeptide Group AG's [Annual Report 2021](#).

For the purposes of this media release, unless the context otherwise requires, the term "the Company" means PolyPeptide Group AG, and the terms "PolyPeptide", "the Group", "we", "us" and "our" mean PolyPeptide Group AG and its consolidated subsidiaries. In the key figures table, the use of "-" indicates not meaningful or not applicable.

About PolyPeptide Group

PolyPeptide is a Contract Development & Manufacturing Organization (CDMO) focusing on proprietary and generic GMP-grade peptides used by pharmaceutical and biotech companies in approved pharmaceutical products, drugs in clinical development as well as in generic products. Dating back to 1952, PolyPeptide today manufactures around one-half of all currently approved peptide drug substances with a global footprint of six GMP-certified facilities in Europe, the U.S. and India. As a multinational company with around 1,100 employees at the end of 2021, its diversity brings breadth, depth of knowledge and experience to the Group. PolyPeptide has grown organically and by selective acquisition of existing expertise, culminating in its position today as a leader in outsourced peptide manufacturing. PolyPeptide's shares (SIX: PPGN) are listed on SIX Swiss Exchange. For more information, visit polypeptide.com.

PolyPeptide Group AG, Dammstrasse 19, CH-6300 Zug