



POLYPEPTIDE GROUP

Business update & H1 2021 results

17 August 2021

GLOBAL SUPPORT FOR A QUALITY SOLUTION

Agenda

1	Introduction	Raymond De Vré, CEO
2	H1 Financial Results	Jan Fuhr Miller, CFO
3	Priorities & Outlook	Raymond De Vré, CEO
4	Q&A	All

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GLOBAL SUPPORT FOR A QUALITY SOLUTION

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H1 2021 with strong growth and profitability

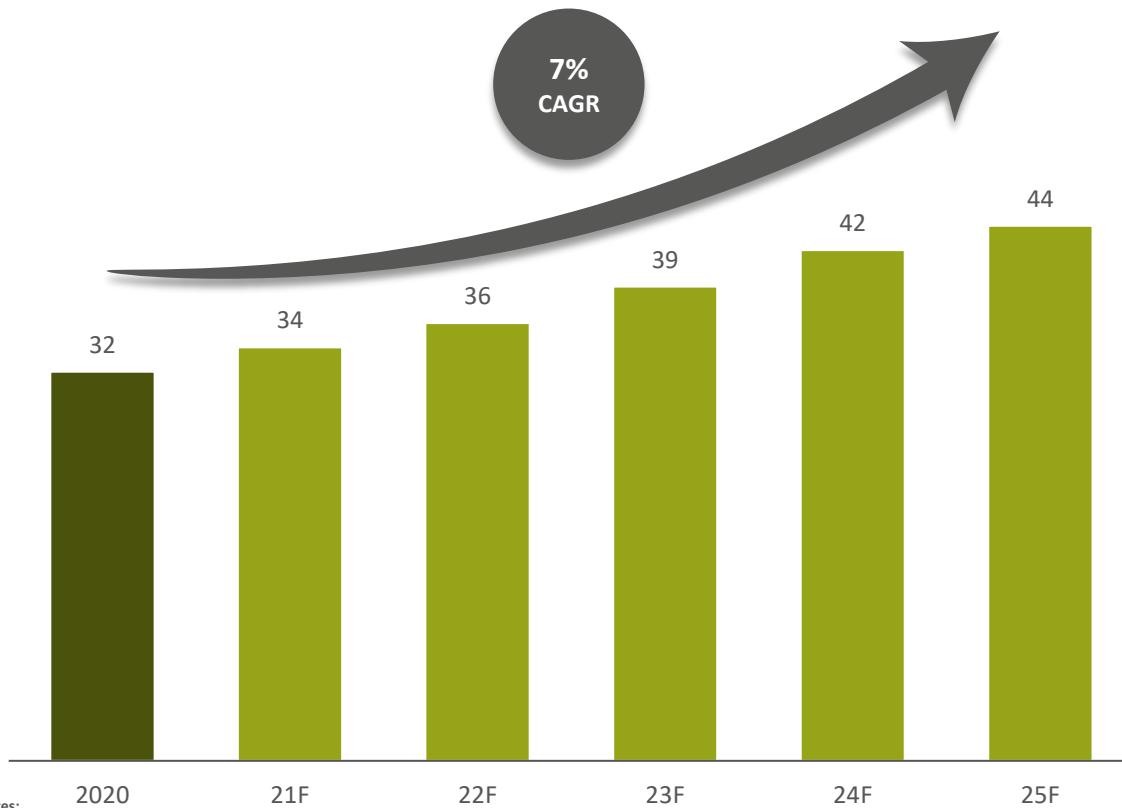
Progress with late-stage projects – accelerated capacity expansion

- Revenue growth of 53.9% to € 135.1 m yoy
 - Progress of several late-stage custom projects, including contribution from Novavax
 - Further growth of project pipeline, driven by elevated customer R&D activities
- Adjusted EBITDA more than doubled yoy to € 43.2 m, displaying operating leverage
 - Adjusted EBITDA margin of 32.0%, up by 10.9 percentage points yoy
- Result for the period of € 24.6 m with basic EPS of € 0.79
- Need to meet increasing capacity requirements in peptide core business
 - Capital expenditures of € 25.0 m or 18.5% of revenue, up from 10.8% of revenue last year
 - Need to accelerate capacity expansion in H2
- On track with expansion into emerging oligonucleotide market

Peptide-based drugs with structural growth momentum

Broad therapeutic areas with significant product pipeline

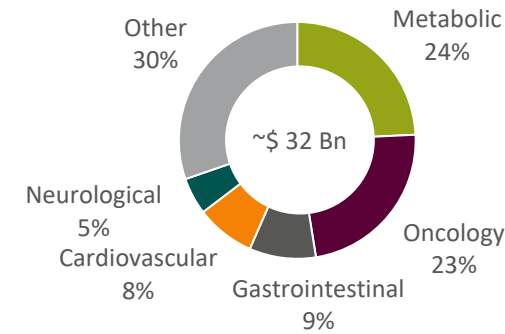
Estimated peptide therapeutics end market (\$ Bn)⁽¹⁾



Notes:
1. Based on a study conducted for PolyPeptide
2. As of Dec-2020

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Therapeutic areas for peptide-based drugs⁽¹⁾



~76 Drugs Approved⁽²⁾

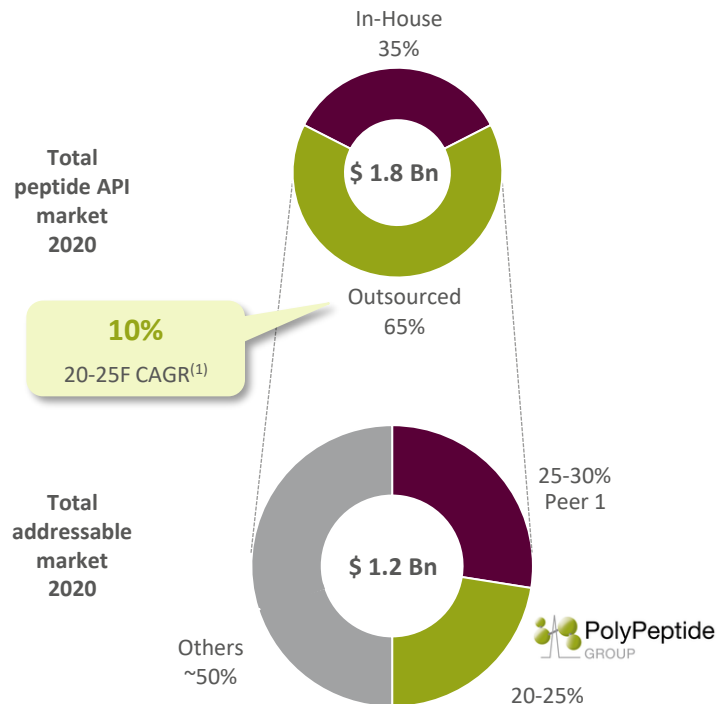
~500 Drugs In Development⁽²⁾

- ✓ Beneficial characteristics of peptides driving strong product pipeline and investments into R&D
- ✓ Expanding applications for peptide drugs
- ✓ Increasing incidence of cancer
- ✓ Rising prevalence of metabolic disorders

Addressable peptide API market of ~\$ 1.2 Bn with ~10% CAGR

Continued trend towards outsourcing and specialization

Market structure⁽¹⁾



Industrial logic towards outsourcing

Increasing risk mitigation by pharma companies

Higher complexity of emerging peptide APIs

Shift towards the use of chemical synthesis favours CDMOs over in-house pharma expertise

Improving track record and reputation of specialized peptide CDMOs

Competitive dynamics

Highly specialized technical expertise and know-how

Long-term, sticky customer relationships

High capex requirements

Established reputation required to win major contracts

Rigorous regulatory environment

Quality and reliability of supply is critical

Notes:
1. Based on a study conducted for PolyPeptide

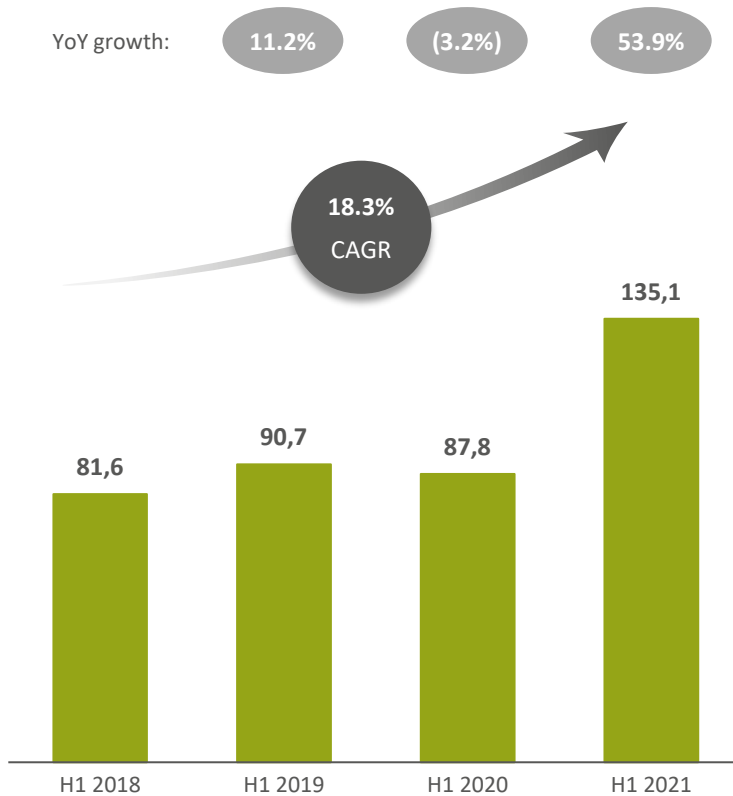
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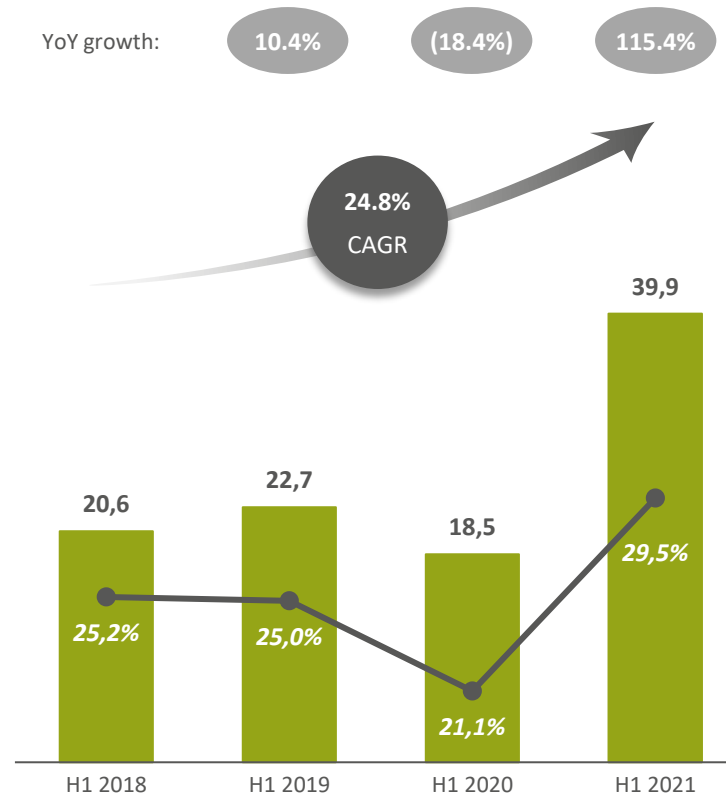
Revenue and EBITDA development

Strong momentum in H1 2021

Revenue € m



Reported EBITDA € m and % margin



Commentary

Revenue growth of 53.9% to € 135.1 m

- H1 2021 with customer activity at elevated levels
- Growth across all segments, but driven by progress with late-stage custom projects, including Novavax

More than doubling of EBITDA to € 39.9 m

- Displaying operating leverage
- EBITDA margin of 29.5%, up by 8.4 pts

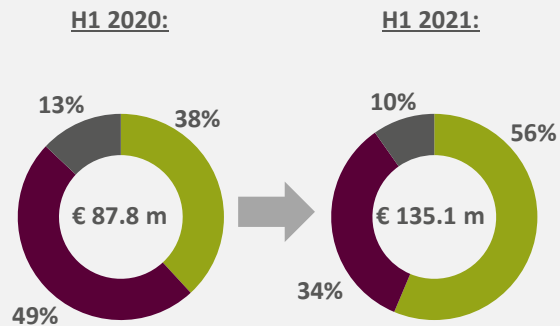
Base effect from subdued H1 2020

- Uneven phasing of a few large orders
- Impact of coronavirus pandemic, mainly with customers reprioritizing projects

Revenue by segment

Growth across segments with significant contribution from custom projects

Group total revenue

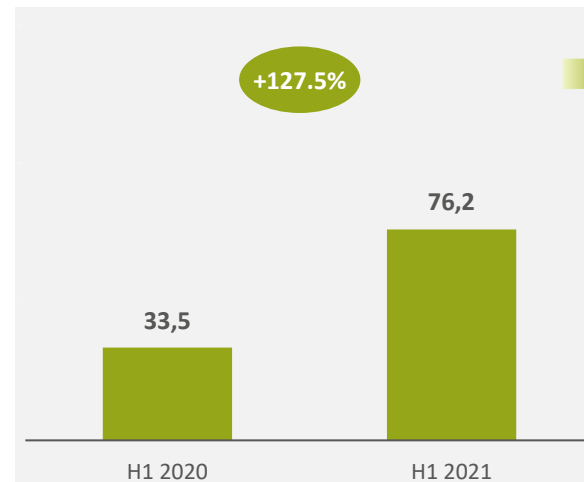


- Notable shift in revenue composition, also reflecting elevated customer R&D activity and continued focus on pipeline building

Custom projects revenue

€ m

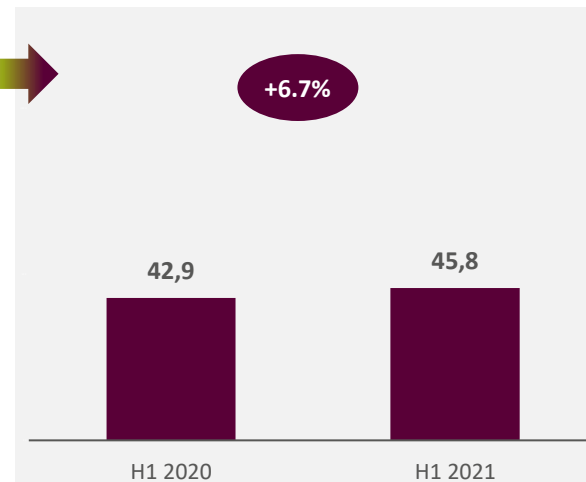
Late-stage projects expected to progress into manufacturing



- Growth driven by progress of several late-stage custom projects
- Expanded project pipeline to 181, of which 30 in clinical phase III

Contract manufacturing revenue

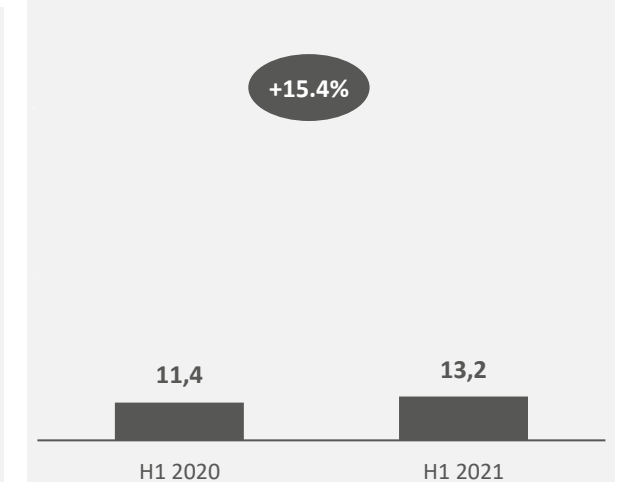
€ m



- Growth from healthy product mix partly offset by lower demand for some maturing products

Generics and cosmetics revenue

€ m



- Growth with higher volumes despite some pricing pressure
- Extended timelines from continued focus of customers and regulators on covid-related medication

Custom projects revenue

Contract manufacturing revenue

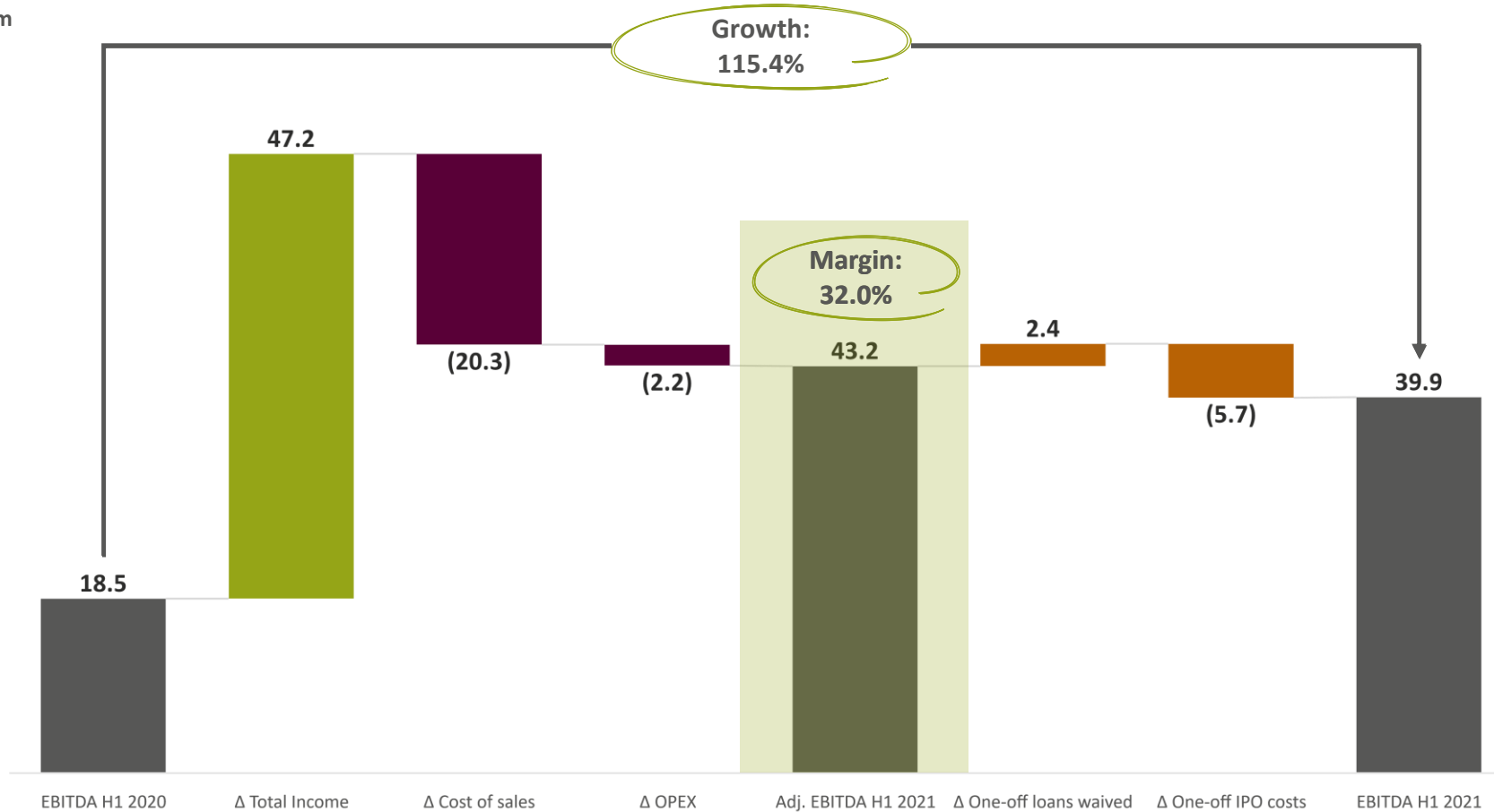
Generics and cosmetics revenue

YoY revenue growth

Adjusted EBITDA

32.0% adj. EBITDA margin

EBITDA
€ m



Commentary

Operating leverage

- EBITDA increase of +115.4% driven by higher revenue with favorable product mix
- On a reported basis, disproportionately lower increase of cost of sales (+ 35.0%) and OPEX (+46.6%)

Adjusted EBITDA of € 43.2 m

- Non-recurring IPO costs of € 5.7 m, of which € 4.3 m bonus-related
- Non-recurring income of € 2.4 m in context of the coronavirus pandemic from US government loans waived

Adjusted EBITDA margin of 32.0%

Time series H1 results

Positive momentum seen in H1 expected to continue in H2

Summary P&L

€ m

	H1 2018	H1 2019	H1 2020	H1 2021
Revenue	81.6	90.7	87.8	135.1
EBITDA	20.6	22.7	18.5	39.9
<i>margin %</i>	25.2%	25.0%	21.1%	29.5%
D&A	(6.8)	(7.5)	(8.4)	(9.1)
Operating result	13.8	15.2	10.2	30.8
<i>margin %</i>	16.9%	16.8%	11.6%	22.8%
Net financial result	0.6	(0.9)	(0.9)	(1.3)
Income tax charges	(2.8)	(2.9)	(1.5)	(4.9)
Result of the period	11.6	11.4	7.8	24.6
<i>margin %</i>	14.2%	12.6%	8.9%	18.2%

Commentary

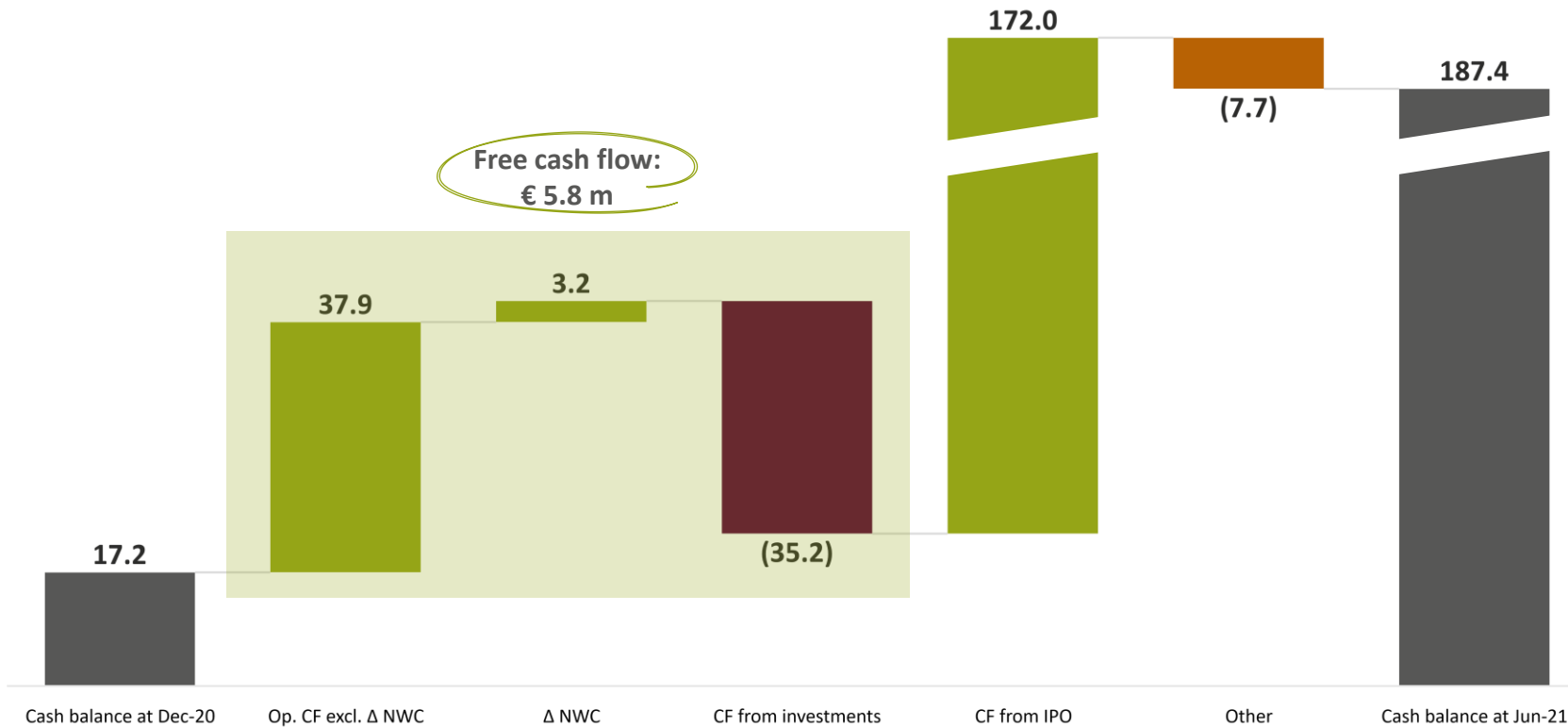
- 2020 with subdued H1, in comparison strong H1 2021 performance
- H1 2021 tax rate of 16.6%
- Result of the period of € 24.6 m with margin of 18.2% and basic EPS of € 0.79
- Dividend policy: Pay-out ratio of 20% to 30% of the result for the year

Cash flow and cash position

Strengthened capital position from IPO

Cash balance and cash flow

€ m



Commentary

Net cash flows from operating activities (incl. NWC) of € 41.0 m, largely offset by net cash flows from investing activities of € 35.2 m

- Resulting free cash flow of € 5.8 m

Inflow from change in NWC of € 3.2 m, reflecting:

- Disproportionately lower increase of inventories of 11.3% and decrease of trade receivables by 14.8%
- Increase of contract liabilities of 36.5% from additional customer commitments

Cash balance of € 187.4 m per mid 2021

- Total financial debt of € 56.1 m
- Net cash position of € 131.3 m, up from € (47.1) m, driven by CF from IPO of € 172.0 m

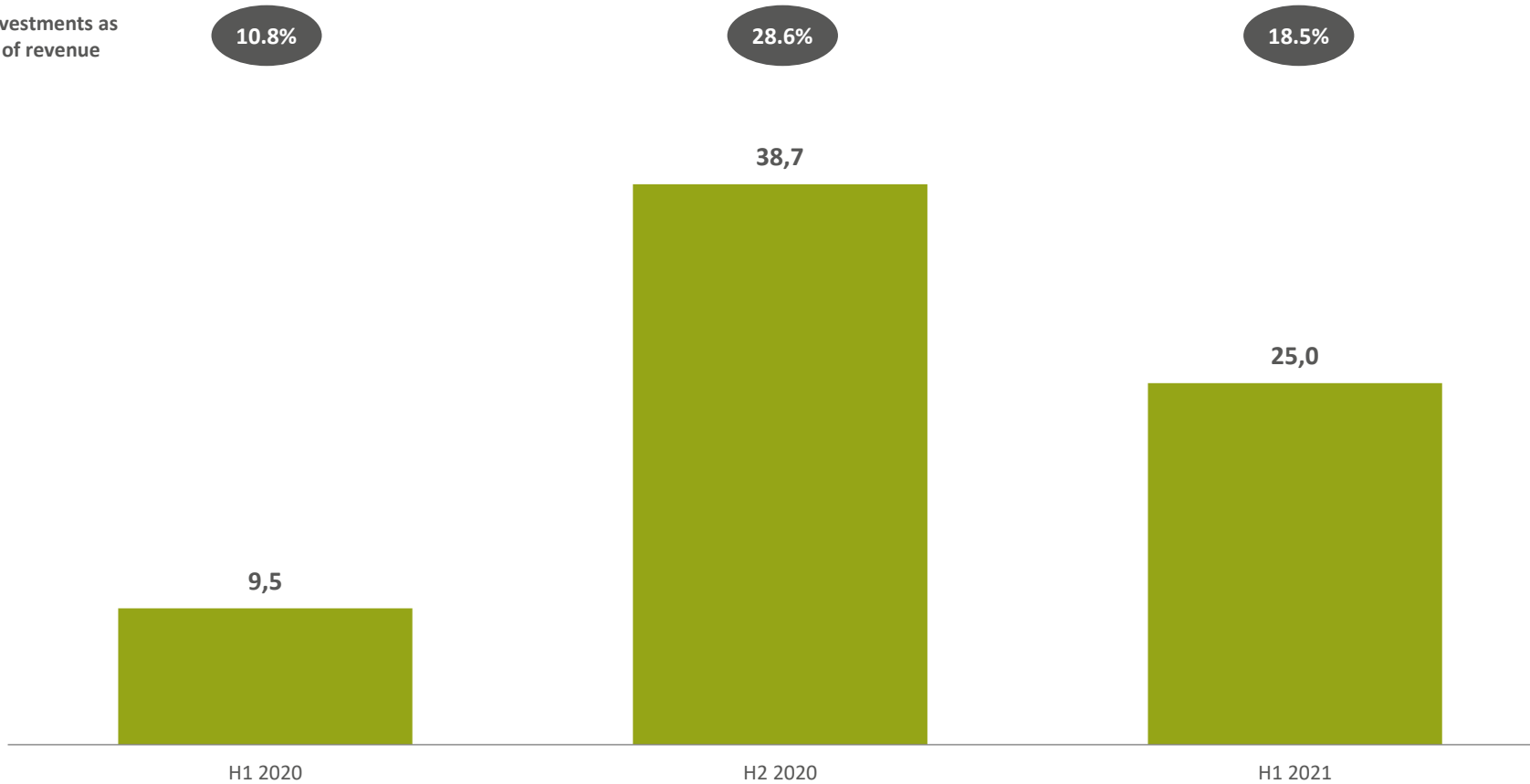
Deep dive: Capital expenditures

Step-up in investment activities to support growth

Intangible and tangible capital expenditures⁽¹⁾

€ m

Investments as
% of revenue



Notes:

1. Investments in property, plant and equipment assets and intangible assets, capitalized during a reporting period

Commentary

H1 / H2 2020 capex impacted by coronavirus pandemic

Capital expenditures of € 25.0 m in H1 2021, at 18.5% of revenue

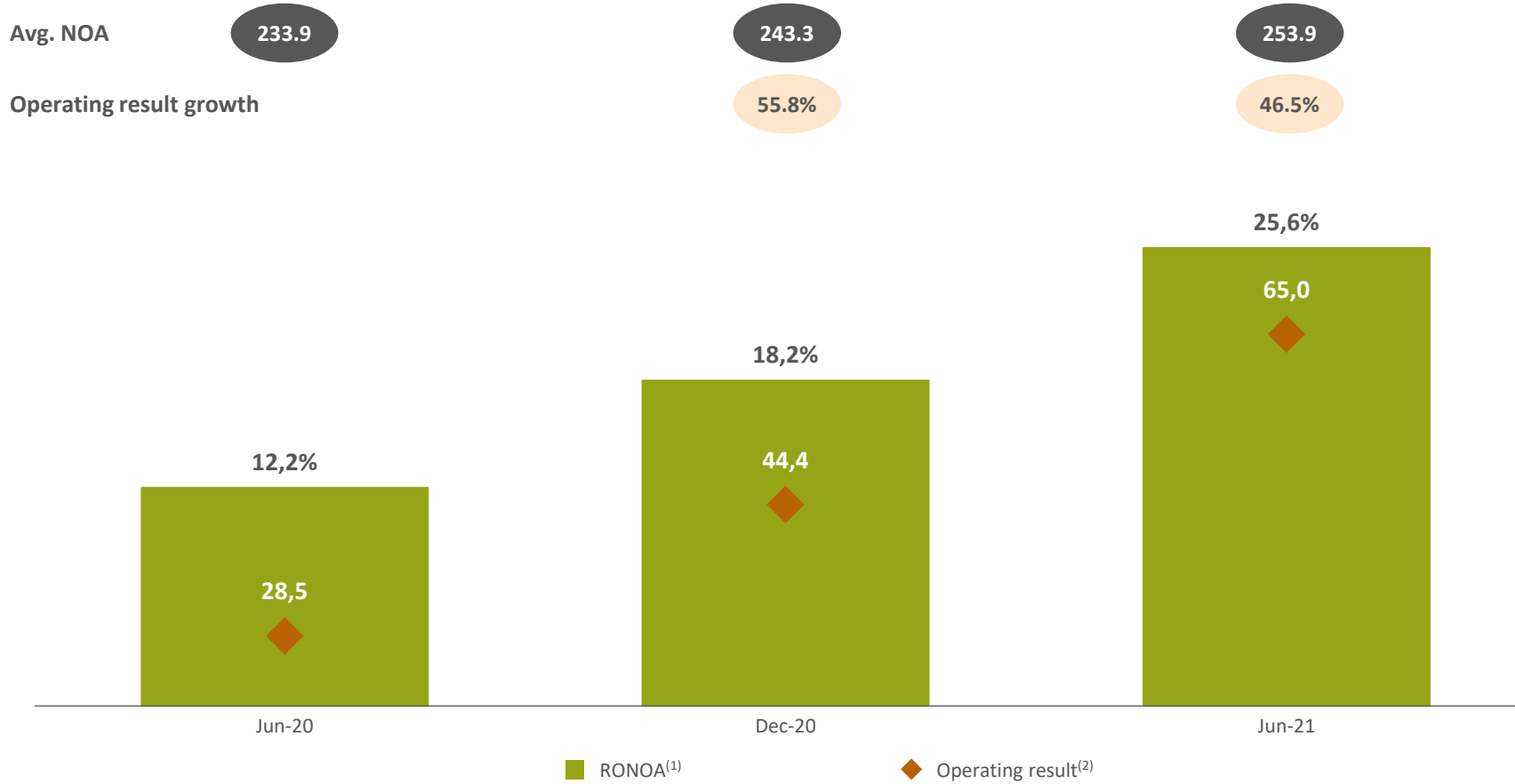
Critical Projects in 2021 include

- Installation of large-scale capacities for solid phase synthesis, chromatography and freeze drying at several sites
- Build-up of new capabilities, including oligonucleotides
- Further digitalization efforts
- Refurbishing of certain buildings

Return on net operating assets

H1 2021 with favourable impacts on capital productivity

RONOA and LTM operating result
% / € m



Notes:

1. Defined as last twelve months (LTM) operating result in percent of average Net operating assets
2. Refers to operating result for last twelve months

Commentary

Operating performance LTM

- LTM operating result of € 65.0 m in H1 2021, reflecting strong H2 2020 and H1 2021

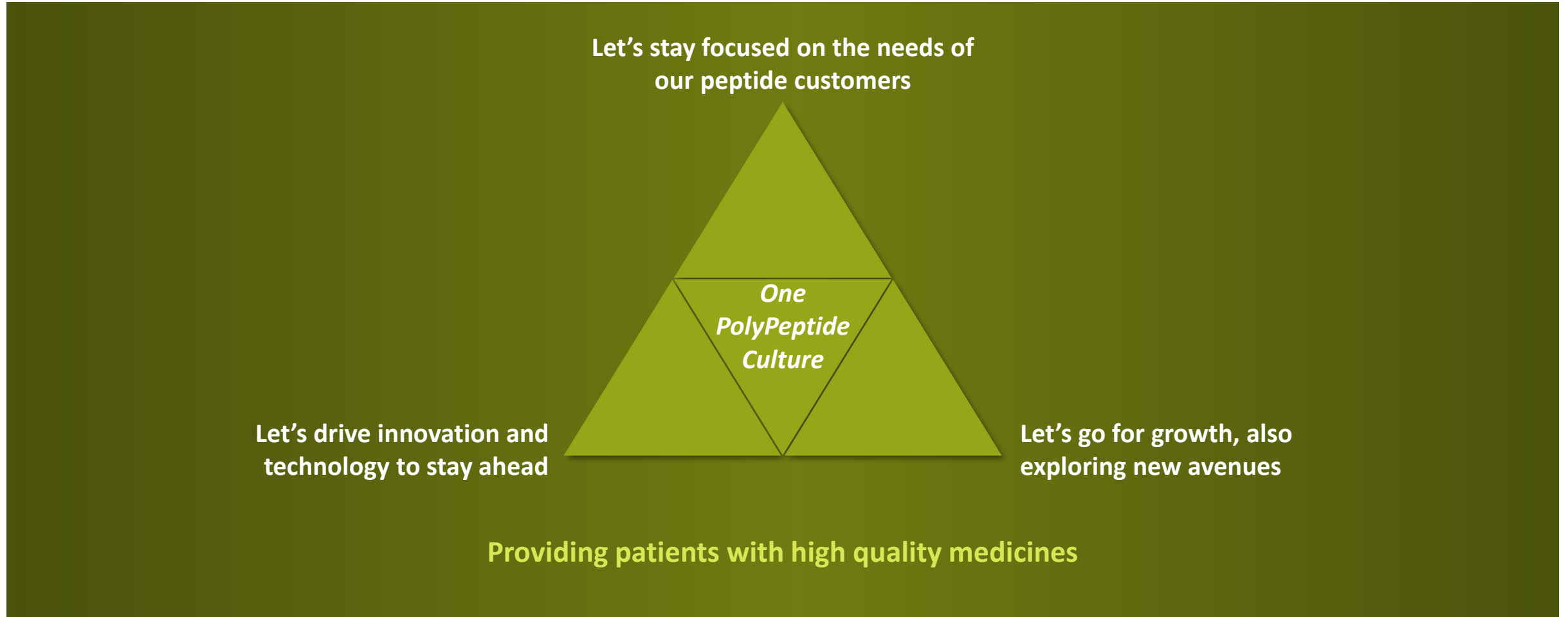
RONOA at 25.6%

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Current priorities to capitalize on structural opportunities

Build capacities and capabilities to meet growing demand

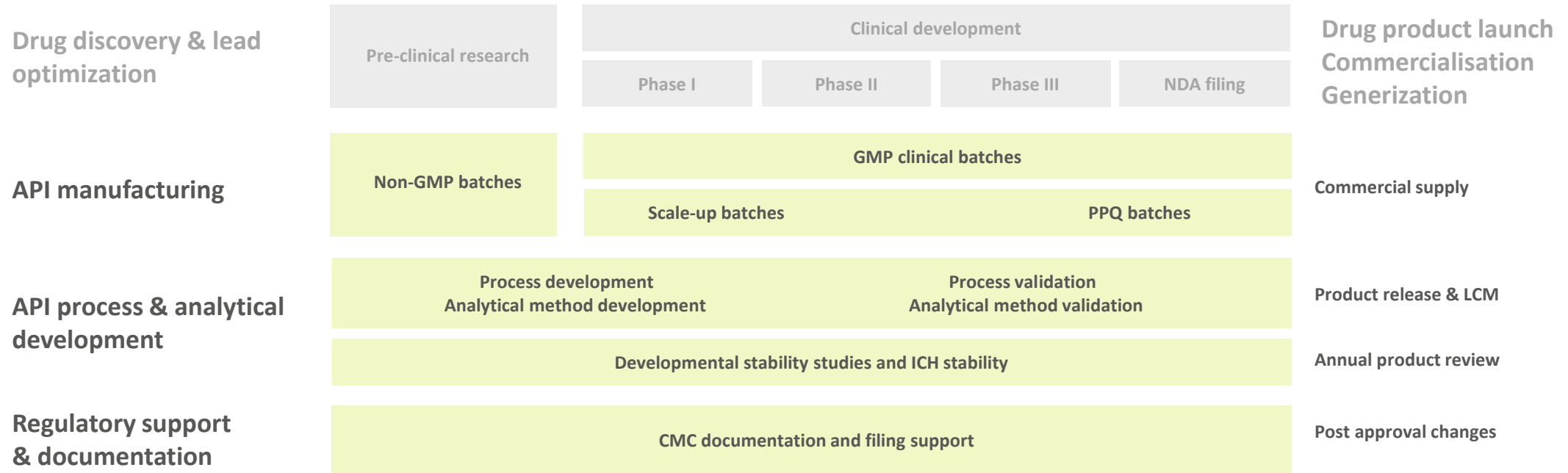




Start here – stay here

Be the preferred partner across the entire peptide value chain

API development & manufacturing: From early phases to commercialization



Legend:

API – Active pharmaceutical ingredient; CMC – Chemistry, manufacturing & controls; GMP – Good manufacturing practice; ICH – International council for harmonization; LCM – Life cycle management; NDA – New drug application; PPQ – Process performance qualification



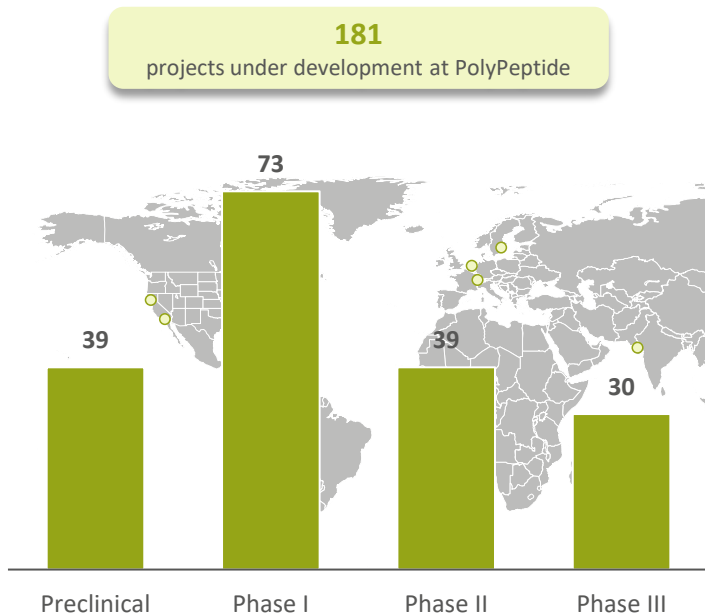
Growing and investing in our core business

Committed to increasing capacity to meet customer needs

Strong pipeline for peptide therapeutics with increasing commercial volume expectations...

... PolyPeptide aiming to be the preferred partner...

...resulting in commitment to increase capacity and accelerate investments across the network



Trusted, long-term partnerships



Highest quality



Committed to reliable delivery



Flexible to customer needs





Improving cost, time, quality

Innovation is critical for staying ahead of the curve



Increasing process & analytical performance

- Pre-activation, washing practices
- Alternative isolation technologies
- Flow chemistry, electrochemistry



Digitalization & automation

- SPPS advanced monitoring and Chromatography automation
- In silico predictive tools
- MES, LIMS



Green processes

- Reduction of DMF consumption
- Green solvents
- Mechanochemistry, recombinant

Culture of innovation

- Innovation culture being embedded in the organization
- Global “Innovation and Technology” group in Strasbourg and Torrance
- Go from idea to concept all the way to deployment at scale
- Incubator for new business (services and product) ideas

Established external collaborations network





Addressing the emerging oligonucleotides adjacent market

On track to benefit from synergistic market opportunities

Synergistic opportunities



Significant interest expressed by leading customers; established customer relationships within overlapping customer bases



Overlapping technical and scientific expertise requirements, with quality lab space and production processes in place



Team purely focused on oligonucleotide business, including senior and process scientists



Required scale-up and GMP manufacturing know-how, available at PolyPeptide

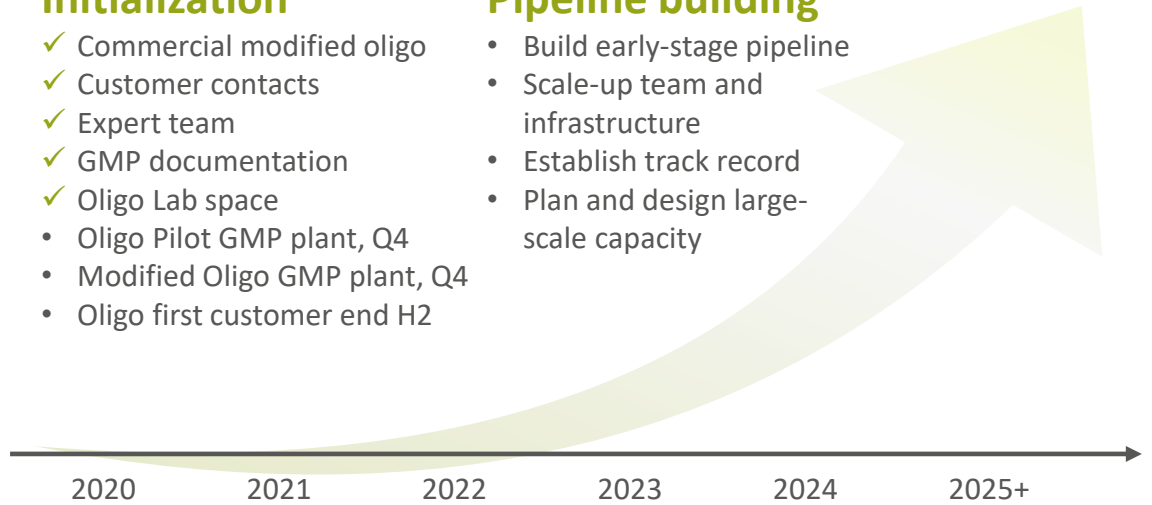
Commercial readiness around YE 2021

Initialization

- ✓ Commercial modified oligo
- ✓ Customer contacts
- ✓ Expert team
- ✓ GMP documentation
- ✓ Oligo Lab space
 - Oligo Pilot GMP plant, Q4
 - Modified Oligo GMP plant, Q4
 - Oligo first customer end H2

Pipeline building

- Build early-stage pipeline
- Scale-up team and infrastructure
- Establish track record
- Plan and design large-scale capacity



Outlook

Raising guidance for full year 2021



Mid-term guidance

Promising structural industry trends

Market position with 20-25% market share

Established and long-standing customer base

Mid-term guidance unchanged
Growth in low teens with adjusted EBITDA margin of around 30%



2021 guidance

Strong H1 2021 performance

Favorable environment, incl COVID

Enhanced capacity needs

Revenue
growth

~25%

previously 16-18%

Adj. EBITDA
margin

~32%

previously ~28%

Capex as % of
Revenue

>20%

previously ~17%

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Contact and events

Contact

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Selected events in 2021

13 – 14 September 2021 | **Morgan Stanley 19th Annual Global Healthcare Conference**

3 – 5 November 2021 | **ZKB Swiss Equities Conference**

16 – 19 November 2021 | **14th Credit Suisse Equity Forum Switzerland**

Corporate events in 2022

15 March 2022 | **FY 2021 Results**

26 April 2022 | **AGM 2022**



APPENDIX

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Consolidated statement of income

kEUR	Note	H1 2021	H1 2020
Revenue	4	135,136	87,808
Other operating income		2,936	619
Total income		138,072	88,427
Cost of sales		-86,839	-64,327
Gross profit		51,233	24,100
Marketing and sales expenses		-2,133	-1,791
Research expenses		-696	-599
General and administrative expenses		-17,601	-11,550
Total operating expenses		-20,430	-13,940
Operating result		30,803	10,160
Financial income		6	44
Financial expenses		-1,282	-904
Total financial result		-1,276	-860
Result before income taxes		29,527	9,300
Income tax charges		-4,904	-1,469
Result for the period		24,623	7,831
Attributable to shareholders of PolyPeptide Group AG		24,623	7,831
Result for the period		24,623	7,831
Earnings per share in EUR, basic		0.79	0.26
Earnings per share in EUR, diluted		0.79	0.26

Consolidated statement of financial position

Assets, kEUR	Note	As at 30 June 2021	As at 31 December 2020
Non-current assets			
Intangible assets		12,961	12,556
Property, plant and equipment		174,667	156,930
Right-of-use assets		13,858	12,878
Deferred income tax assets		13,065	13,548
Other financial assets		211	201
Total non-current assets		214,762	196,113
Current assets			
Inventories		104,879	94,269
Trade receivables		45,579	53,494
Contract assets		685	2,044
Corporate income tax receivables		6,395	5,826
Other current assets		12,289	7,021
Cash and cash equivalents		187,362	17,208
Total current assets		357,189	179,862
Total assets		571,950	375,975

Equity and liabilities, kEUR	Note	As at 30 June 2021	As at 31 December 2020
Equity attributable to equity holders of the parent			
Share capital	10	302	33,000
Share premium	10	212,800	2,340
Translation reserve		-4,063	-5,616
Treasury shares	10	-1,370	-
Other capital reserves	10	2,468	-
Retained earnings		175,547	147,936
Total equity		385,684	177,660
Non-current liabilities			
Deferred income tax liabilities		854	876
Pensions		36,458	39,128
Provisions		5,690	4,312
Interest-bearing loans and borrowings	9	0	25,000
Lease liabilities		11,119	10,454
Other financial liabilities		10,808	16,697
Total non-current liabilities		64,929	96,467
Current liabilities			
Interest-bearing loans and borrowings	9	25,000	0
Lease liabilities		2,175	1,979
Other financial liabilities		6,955	10,199
Corporate income tax payable		6,262	8,276
Trade payables		13,134	28,359
Contract liabilities		45,709	33,480
Other current liabilities		22,103	19,555
Total current liabilities		121,338	101,848
Total liabilities		186,267	198,315
Total equity and liabilities		571,950	375,975

Consolidated statement of cash flow

kEUR	H1 2021	H1 2020
Cash flow from operating activities		
Result for the period	24,623	7,831
<i>Adjustments to reconcile cash generated by operating activities:</i>		
Depreciation and amortization	9,086	8,974
Movement in provisions	1,429	1,889
Movement in pensions	1,363	401
Share-based payment expense	567	0
Financial income	-6	-44
Financial expenses	1,282	904
Income tax charge	4,903	1,469
Government grant income	-2,370	0
IPO-related transaction costs	5,721	0
<i>Changes in working capital:</i>		
(Increase) / decrease in inventories	-10,610	-17,075
(Increase) / decrease in trade receivables	7,915	-3,976
(Increase) / decrease in contract assets	1,359	1,044
(Increase) / decrease in other financial assets	-10	71
(Increase) / decrease in other current assets	-5,268	4,013
Increase / (decrease) in trade payables	-4,980	-614
Increase / (decrease) in contract liabilities	12,229	12,546
Increase / (decrease) in other current liabilities	2,548	2,537
Cash generated from operations	49,781	19,970
Interest income received	6	44
Interest expenses paid	-1,060	-1,668
Income taxes paid	-7,689	-4,397
Net cash flows from operating activities	41,038	13,949
Cash flow from investing activities		
Acquisition of intangible assets	-1,969	-1,550
Acquisition of property, plant and equipment	-33,265	-13,544
Disposal of property, plant and equipment	57	70
Net cash flows from investing activities	-35,177	-15,024

kEUR	H1 2021	H1 2020
Cash flow from financing activities		
Proceeds from the issue of ordinary shares	182,141	0
Purchase of own shares	-5,464	0
IPO-related transaction costs	-4,690	0
Repayment of long-term borrowings from banks	-25,000	0
Proceeds from short-term borrowings from banks	25,000	0
Repayment of lease liabilities	-1,005	-382
Repayment of other financial liabilities	-7,296	-6,554
Net cash flow from financing activities	163,686	-6,936
Net movement in cash and cash equivalents	169,547	-8,011
Cash and cash equivalents at the beginning of the period	17,208	17,508
Net foreign currency exchange differences	607	-770
Cash and cash equivalents at the end of the period	187,362	8,727

Time series HY results

Summary P&L

€ m

	H1 2018	H2 2018	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021
Revenue	81.6	97.9	90.7	111.9	87.8	135.2	135.1
EBITDA	20.6	21.6	22.7	26.7	18.5	43.4	39.9
<i>margin %</i>	25.2%	22.1%	25.0%	23.8%	21.1%	32.1%	29.5%
D&A	(6.8)	(7.7)	(7.5)	(8.3)	(8.4)	(9.2)	(9.1)
Operating result	13.8	13.9	15.2	18.3	10.2	34.2	30.8
<i>margin %</i>	16.9%	14.2%	16.8%	16.4%	11.6%	25.3%	22.8%
Net financial result	0.6	1.1	(0.9)	(2.4)	(0.9)	(5.8)	(1.3)
Income tax charges	(2.8)	(2.8)	(2.9)	(1.6)	(1.5)	(4.9)	(4.9)
Result of the period	11.6	12.2	11.4	14.4	7.8	23.5	24.6
<i>margin %</i>	14.2%	12.5%	12.6%	12.8%	8.9%	17.4%	18.2%

