



PolyPeptide Group AG (SIX: PPGN)

Half-year 2023 results & business update

15 August 2023

Baar, Switzerland

GLOBAL SUPPORT FOR A QUALITY SOLUTION

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This Presentation contains references to operational indicators, such as customer projects, and APM that are not defined or specified by IFRS, including revenue at constant currency rates, revenue not associated with the coronavirus pandemic, gross margin, EBITDA, EBITDA margin, capital expenditures (Capex), net operating assets, return on net operating assets (RONOA), equity ratio, net working capital, free cash flow, total financial debt, net cash and headcount. 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 Half-year Report 2023 available at <https://report.polypeptide.com/hyr/23/>.

Unaudited Financial Results

The financial information contained in this Presentation is unaudited.

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Representatives



Peter Wilden
Executive Chairman



Juan-José Gonzalez
Chief Executive Officer



Lalit Ahluwalia
Chief Financial Officer
ad interim

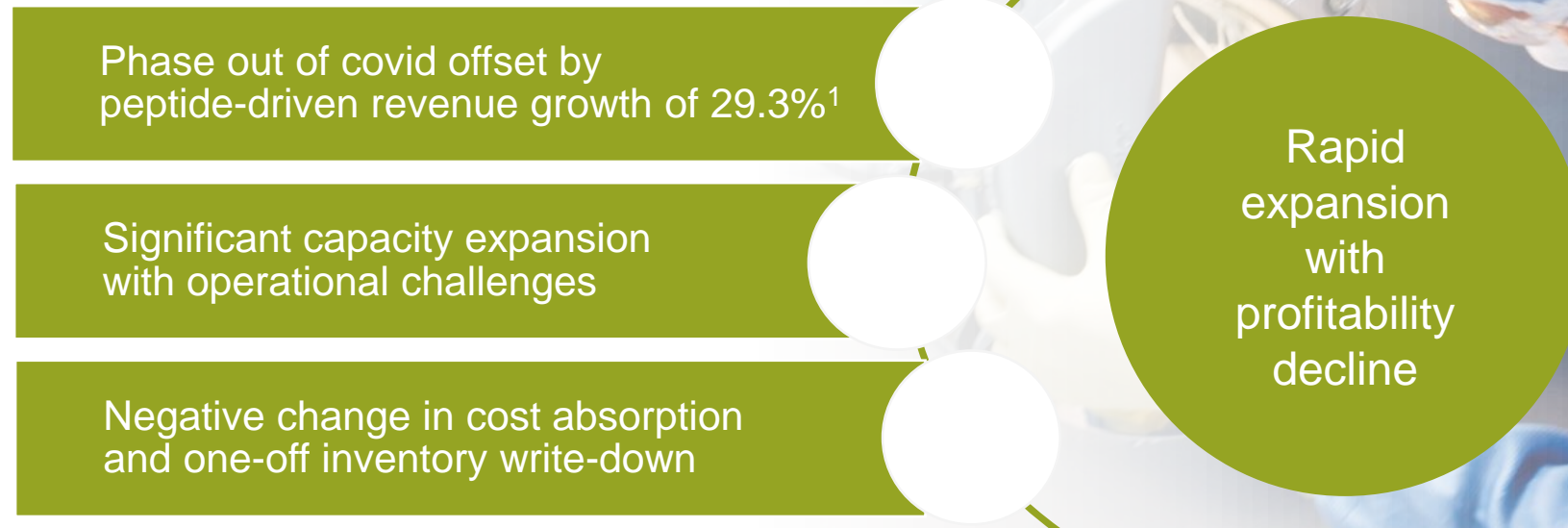


Michael Stäheli
(Moderator)
Head Investor Relations &
Corporate Communications

Agenda

| | |
|---|------------------------|
| 1 | Introductory remarks |
| 2 | Performance highlights |
| 3 | Financial results |
| 4 | Conclusions & guidance |

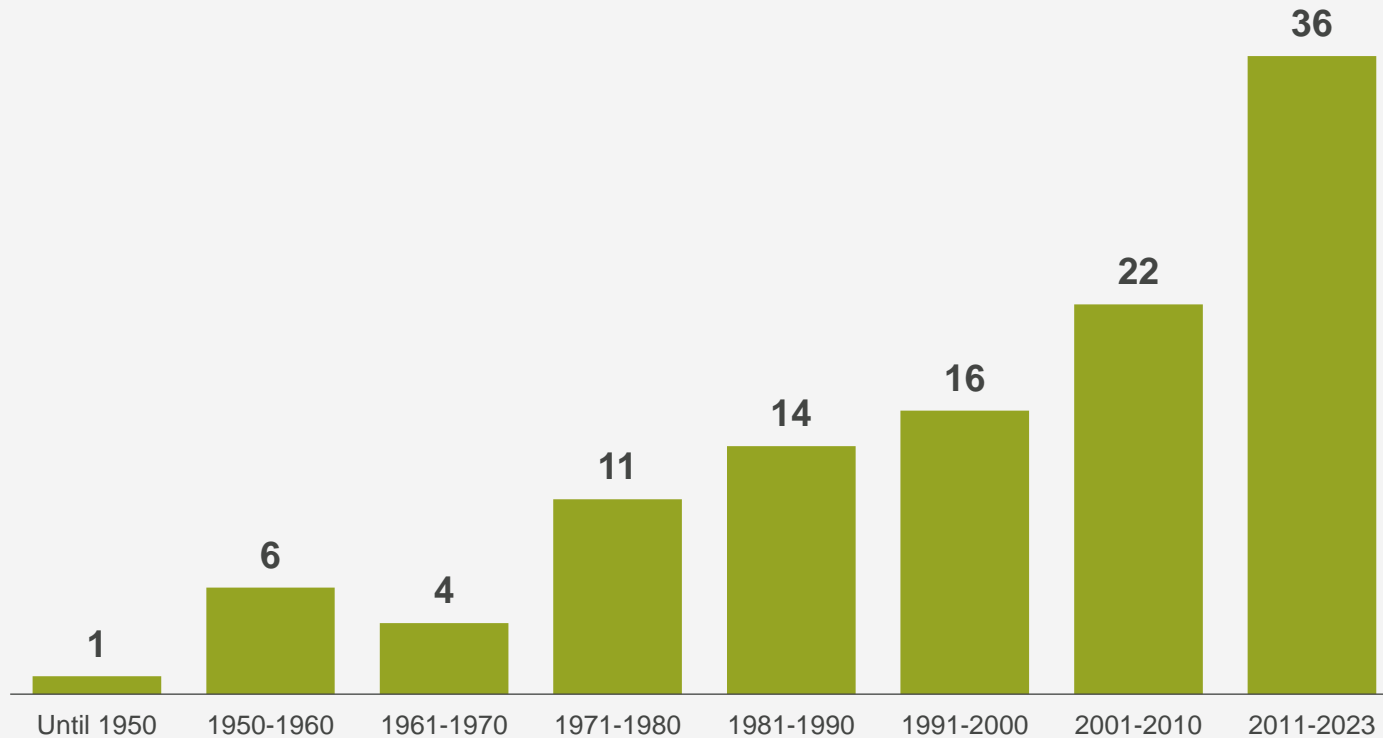
Results in line with market update provided on 13 July



¹ Excluding coronavirus pandemic-related revenue, which was EUR 1.5 million in H1 2023 compared to EUR 32.8 million in H1 2022.

Peptide market to accelerate with sustained R&D efforts and expected GLP-1 launches

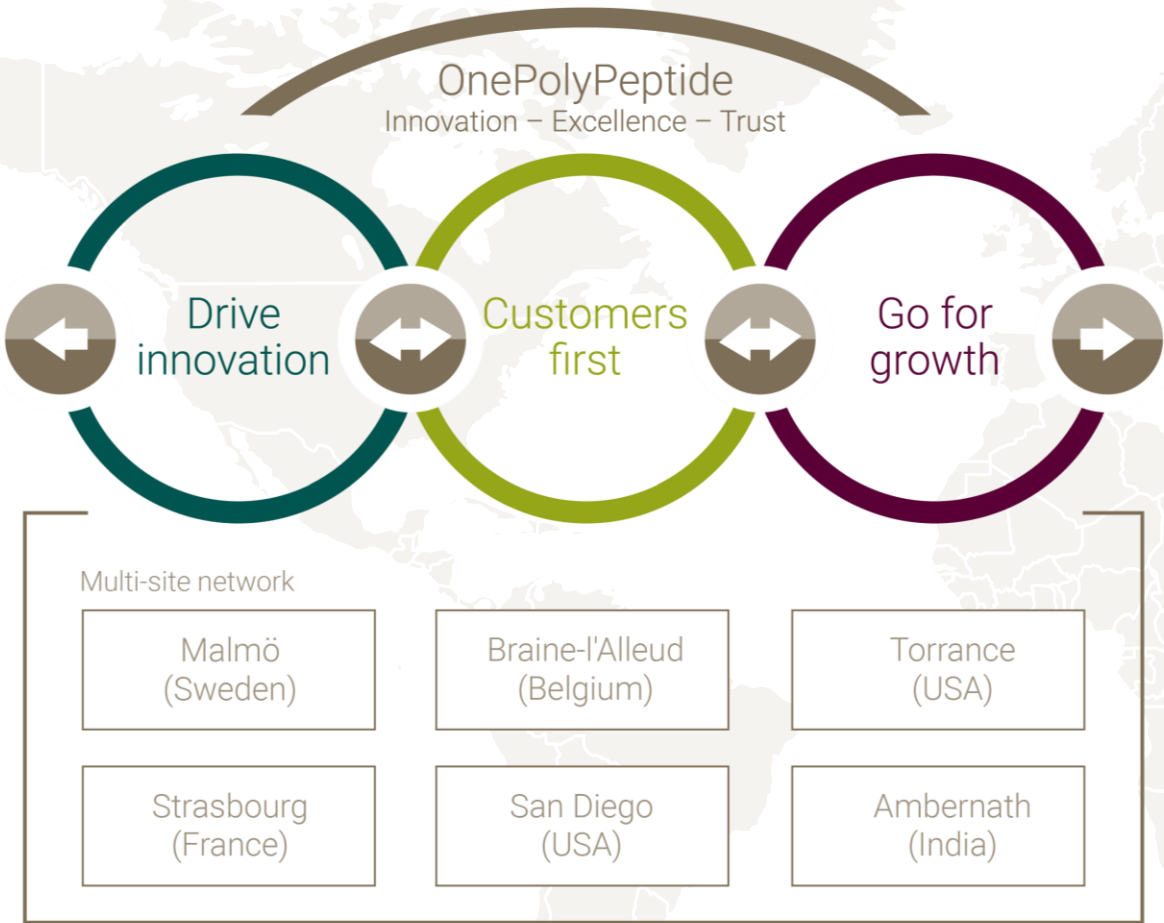
Peptides approved as therapeutic agents¹



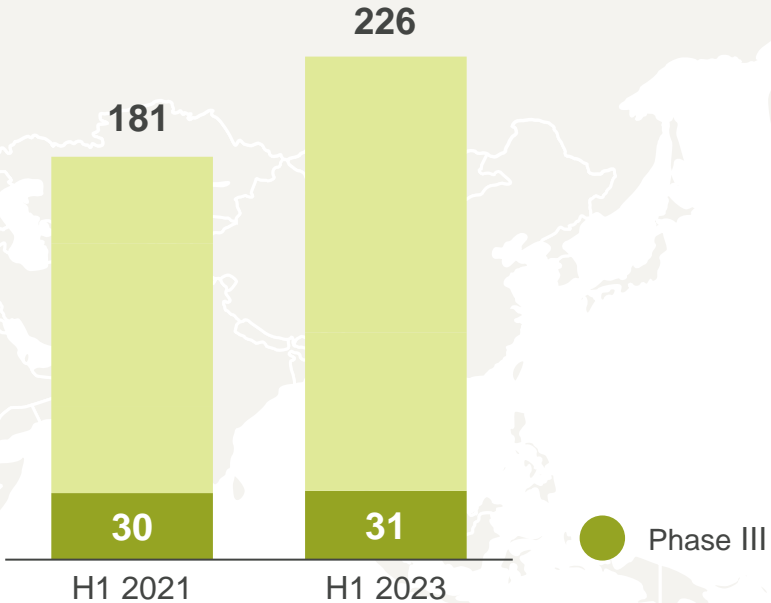
Strong clinical results for GLP-1 based therapies in H1 2023, some of which with blockbuster potential²

¹ Pharmaceuticals 2023, 16, 996 <https://doi.org/10.3390/ph16070996>. ² According to market and analyst reports, e.g. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9945324/>.

PolyPeptide well positioned to grow with market



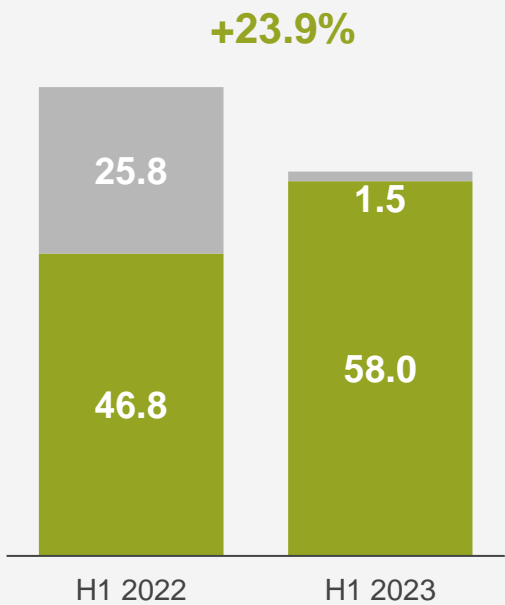
Active custom projects pipeline



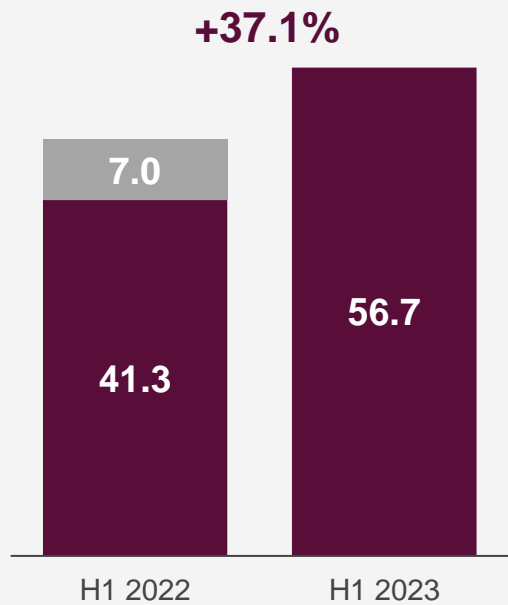
Around half of projects in metabolic and oncology

Double-digit growth¹ in all business areas

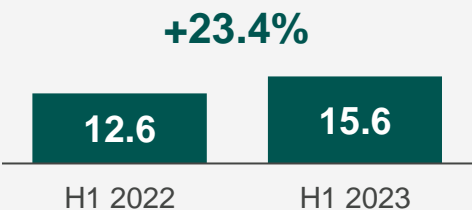
Custom Projects € m



Contract Manufacturing € m



Generics & Cosmetics € m

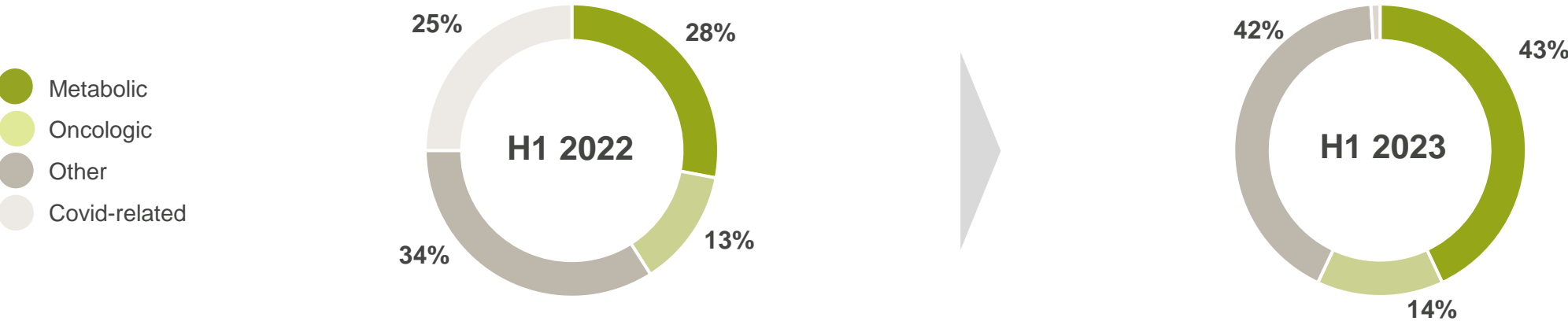


● Associated with coronavirus pandemic.

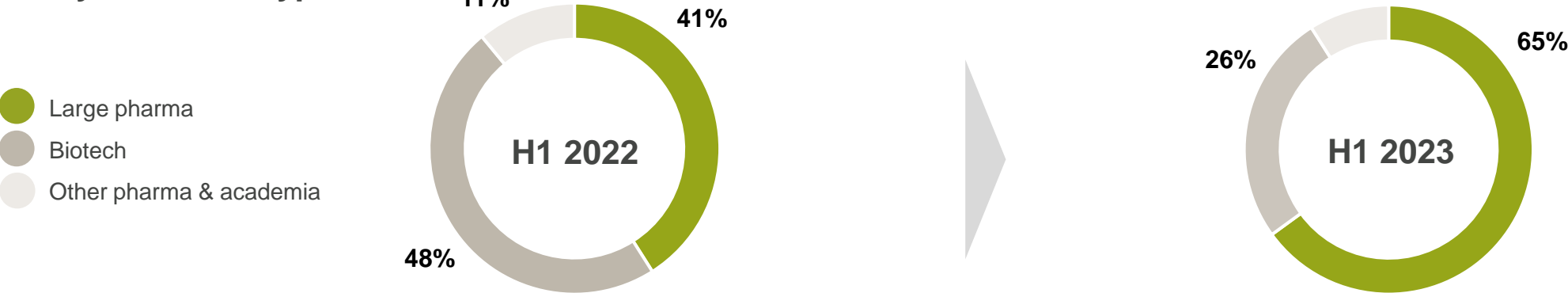
¹ Excluding revenue associated with the coronavirus pandemic.

Revenue mix shows transformational progress

Mix by therapeutic area¹



Mix by customer type¹



¹ Approximate revenue mix as at 30 June 2022 and 30 June 2023.

Upgrading our infrastructure and capabilities



- Capacity expansion since 2021 with EUR 179 million of Capex
- Focus on operational and profitability improvement initiatives
- Innovation in key strategic areas: digitalization, green chemistry and analytical capabilities

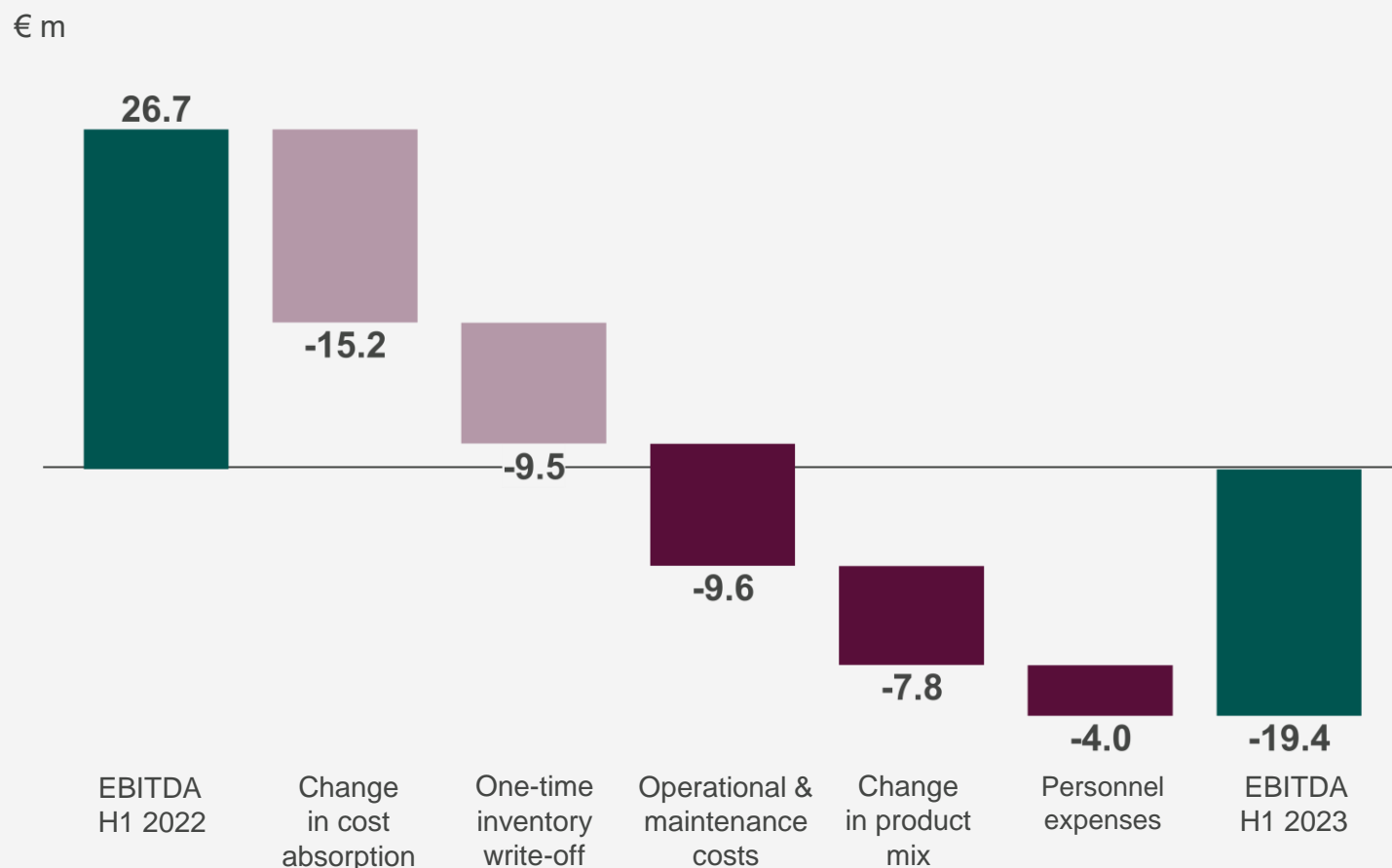


Marc Augustin

CFO appointment

- Background in high-growth CDMO environment (Lonza Biologics)
- Deep finance and operational experience

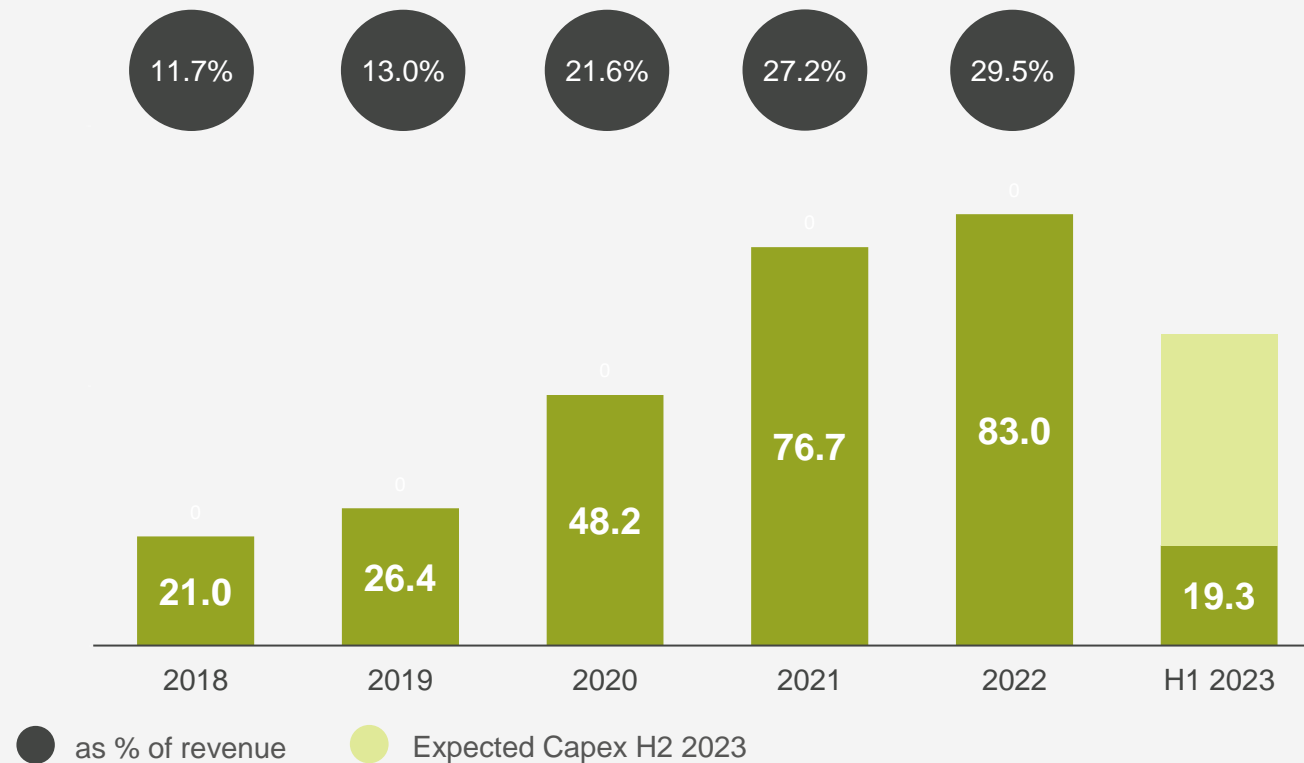
EBITDA impacted by several factors



- Change in cost absorption and one-off inventory write-down account for >50% of EBITDA decline
- Higher operational & maintenance costs driven by lower manufacturing yields and higher costs ahead of growth planned for H2 2023
- Change in product mix mostly related to phase out of business associated with coronavirus pandemic

Accelerated Capex¹ expected in H2 2023

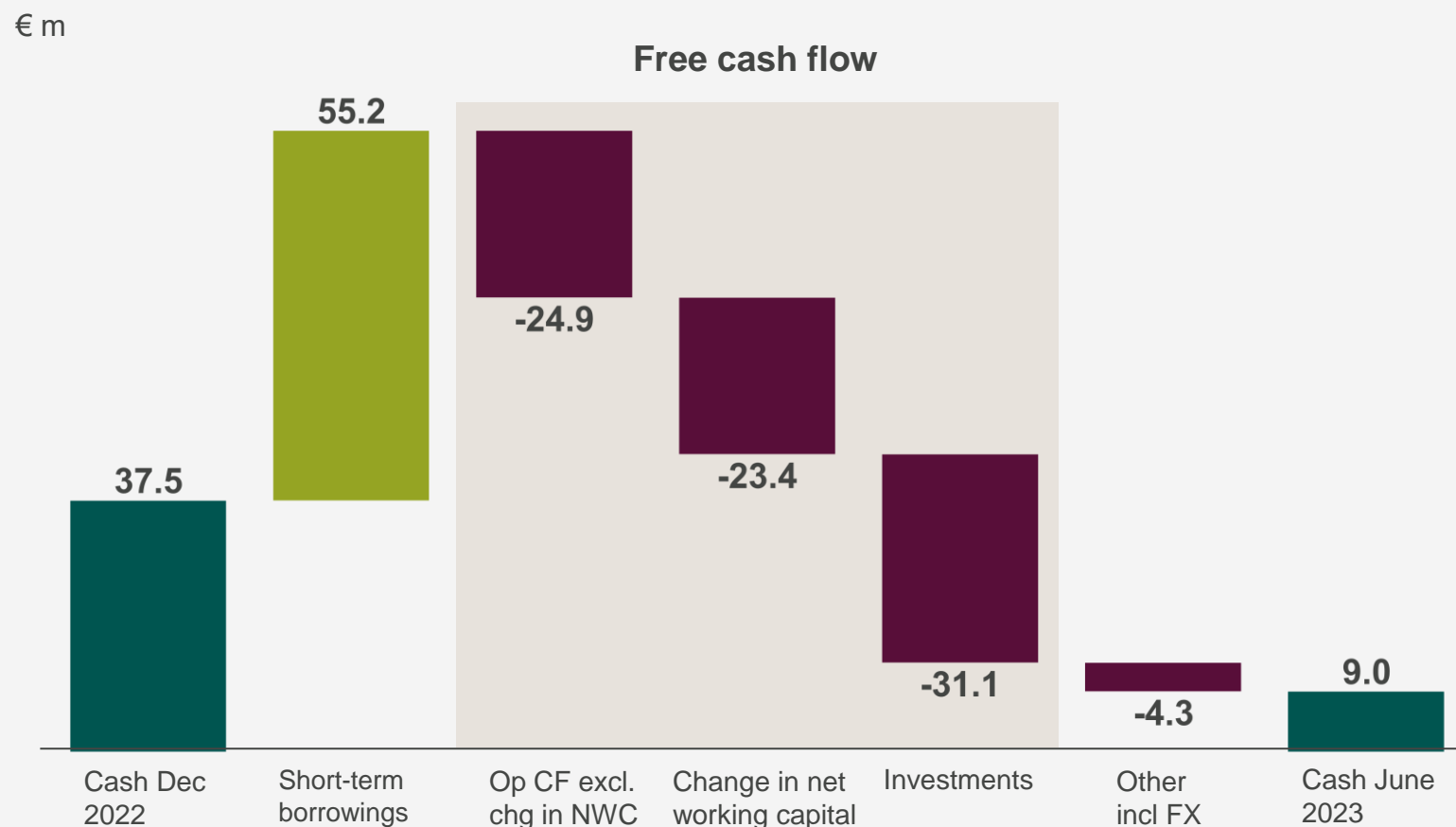
€ m



- H1 2023 with capacity enhancements and ongoing innovation efforts
- H2 2023 with accelerated Capex deployment
- FY 2023 Capex now expected between EUR 55 to EUR 65 million, subject to ongoing partnership discussions with customers

¹ Capital expenditures defined as investments in property, plant and equipment as well as intangible assets capitalized during the reporting period.

Continued investments to meet customer demand



- Change in net working capital driven by >50% of revenue recognized toward the end of the reporting period
- In July 2023, secured EUR 40 million short-term credit-facility from main shareholder
- Negotiations well underway to implement new long-term financing plan

Priorities for H2 2023 and updated guidance

Clear focus for H2 2023

- Meet customer demand and deliver on planned growth in H2 2023
- Continue implementation of operational and profit improvement initiatives

Updated guidance for 2023

- Mid to high single-digit percentage revenue growth vs 2022
- At the lower end of that range, EBITDA around break-even, excluding the EUR 9.5 million inventory write-down in H1 2023
- Net loss for 2023
- Capex of EUR 55 to EUR 65 million, subject to ongoing partnership discussions with customers

Q&A

The presentation will be followed by a Q&A session.

Anyone who wishes to ask a question, or make a comment can do it in the following ways:

- **Through the telephone by pressing * and 1**
(please register on the website to receive the personal dial-in details)
In case of assistance please press * and 0
- **Through the webcast by writing the questions via the relative field**



Appendix



Result for the period

Summary P&L € m

| | H1 2022 | H2 2022 | H1 2023 |
|--|--------------|--------------|--------------|
| Revenue | 133.7 | 147.3 | 131.8 |
| EBITDA | 26.7 | 12.0 | -19.4 |
| margin % | 20.0% | 8.1% | -14.7% |
| Depreciation, amortization & impairment (if any) | -11.2 | -14.9 | -15.1 |
| Operating result (EBIT) | 15.5 | -2.9 | -34.5 |
| margin % | 11.6% | -2.0% | -26.1% |
| Total financial result | -2.6 | -2.4 | -4.8 |
| Income tax | -2.6 | 2.8 | 5.0 |
| Result for the period | 10.2 | -2.4 | -34.3 |
| margin % | 7.7% | -1.7% | -26.0% |

Comments H1 2023

- EBIT including impairment of EUR 2.0 million
- Tax income reflecting tax losses carried forward
- Basic earnings per share (EPS) of EUR -1.04

Key figures

| kEUR | H1 2023 | H1 2022 | Change |
|---|---------|---------|-----------|
| Revenue | 131,834 | 133,656 | -1.4% |
| Custom Projects | 59,537 | 72,613 | -18.0% |
| Contract Manufacturing | 56,693 | 48,398 | 17.1% |
| Generics & Cosmetics | 15,604 | 12,645 | 23.4% |
| EBITDA | -19,387 | 26,706 | -172.6% |
| EBITDA in % of revenue | -14.7% | 20.0% | -34.7 pts |
| Operating result (EBIT) | -34,464 | 15,482 | -322.6% |
| Operating result (EBIT) in % of revenue | -26.1% | 11.6% | -37.7 pts |
| Result for the period | -34,266 | 10,247 | -434.4% |
| Result for the period in % of revenue | -26.0% | 7.7% | -33.7 pts |
| Earnings per share (EUR), basic | -1.04 | 0.31 | -435.7% |
| Return on net operating assets (RONOA) | -8.8% | 14.3% | -23.0 pts |
| Cash and cash equivalents (end of period) | 8,985 | 66,436 | -86.5% |
| Net cash flow from operating activities | -48,322 | -7,659 | 530.9% |
| Capital expenditures | 19,346 | 37,926 | -49.0% |
| Capital expenditures in % of revenue | 14.7% | 28.4% | -13.7 pts |
| Total assets (end of period) | 589,123 | 579,253 | 1.7% |
| Equity ratio (end of period) | 65.2% | 73.8% | -8.5 pts |
| Employees (# of FTEs, average) | 1,181 | 1,156 | 2.1% |

¹ This table and presentation include references to operational indicators 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 [Half-year Report 2023](#).

HY time series

Summary P&L € m

| | H1 2019 | H2 2019 | H1 2020 | H2 2020 | H1 2021 | H2 2021 | H1 2022 | H2 2022 | H1 2023 |
|--|-------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 90.7 | 111.9 | 87.8 | 135.2 | 135.1 | 147.0 | 133.7 | 147.3 | 131.8 |
| EBITDA | 22.7 | 26.7 | 18.5 | 43.4 | 39.9 | 45.0 | 26.7 | 12.0 | -19.4 |
| margin % | 25.0% | 23.8% | 21.1% | 32.1% | 29.5% | 30.6% | 20.0% | 8.1% | -14.7% |
| Depreciation, amortization & impairment (if any) | -7.5 | -8.3 | -8.4 | -9.2 | -9.1 | -11.6 | -11.2 | -14.9 | -15.1 |
| Operating result (EBIT) | 15.2 | 18.3 | 10.2 | 34.2 | 30.8 | 33.4 | 15.5 | -2.9 | -34.5 |
| margin % | 16.8% | 16.4% | 11.6% | 25.3% | 22.8% | 22.7% | 11.6% | -2.0% | -26.1% |
| Total financial result | -0.9 | -2.4 | -0.9 | -5.8 | -1.3 | -3.0 | -2.6 | -2.4 | -4.8 |
| Income tax charges/credit | -2.9 | -1.6 | -1.5 | -4.9 | -4.9 | -7.7 | -2.6 | 2.8 | 5.0 |
| Result for the year | 11.4 | 14.3 | 7.8 | 23.5 | 24.6 | 22.6 | 10.2 | -2.4 | -34.3 |
| margin % | 12.6% | 12.8% | 8.9% | 17.4% | 18.2% | 15.4% | 7.7% | -1.7% | -26.0% |

Consolidated income statement

| kEUR | Note | H1 2023 | H1 2022 |
|--|------|----------------|----------------|
| Revenue | 4 | 131,834 | 133,656 |
| Other operating income | | 1,544 | 954 |
| Total income | | 133,378 | 134,610 |
| Cost of sales | 5 | -144,006 | -96,776 |
| Gross profit / (loss) | | -10,628 | 37,834 |
| Marketing and sales expenses | | -1,993 | -2,589 |
| Research expenses | | -746 | -656 |
| General and administrative expenses | 5 | -21,097 | -19,107 |
| Total operating expenses | | -23,836 | -22,352 |
| Operating result (EBIT) | | -34,464 | 15,482 |
| Financial income | | 21 | 4 |
| Financial expenses | | -4,784 | -2,645 |
| Total financial result | | -4,763 | -2,641 |
| Result before income taxes | | -39,227 | 12,841 |
| Income tax | | 4,961 | -2,594 |
| Result for the period | | -34,266 | 10,247 |
| Attributable to shareholders of PolyPeptide Group AG | | -34,266 | 10,247 |
| Earnings per share in EUR, basic | | -1.04 | 0.31 |
| Earnings per share in EUR, diluted | | -1.04 | 0.31 |

Consolidated statement of financial position

| Assets, kEUR | Note | As at 30 June 2023 | As at 31 December 2022 |
|----------------------------------|------|--------------------|------------------------|
| Non-current assets | | | |
| Intangible assets | | 16,442 | 15,865 |
| Property, plant, and equipment | 5 | 276,246 | 275,878 |
| Right-of-use assets | | 23,188 | 21,416 |
| Deferred income tax assets | | 10,537 | 8,286 |
| Other financial assets | | 2,211 | 2,767 |
| Total non-current assets | | 328,624 | 324,212 |
| Current assets | | | |
| Inventories | 5 | 149,662 | 145,073 |
| Trade receivables | | 67,100 | 46,486 |
| Contract assets | | 7,414 | 2,660 |
| Corporate income tax receivables | | 13,573 | 7,373 |
| Other current assets | | 13,765 | 12,450 |
| Cash and cash equivalents | | 8,985 | 37,528 |
| Total current assets | | 260,499 | 251,570 |
| Total assets | | 589,123 | 575,782 |

| Equity and liabilities, kEUR | Note | As at 30 June 2023 | As at 31 December 2022 |
|--|------|--------------------|------------------------|
| Equity attributable to equity holders of the parent company | | | |
| Share capital | 7 | 302 | 302 |
| Share premium | | 203,129 | 203,129 |
| Translation reserve | | 8,399 | 14,119 |
| Treasury shares | 7 | -12,282 | -13,609 |
| Other capital reserves | | 2,656 | 3,590 |
| Retained earnings | | 182,111 | 214,146 |
| Total equity | | 384,315 | 421,677 |
| Non-current liabilities | | | |
| Deferred income tax liabilities | | 1,714 | 1,878 |
| Pensions | | 23,198 | 26,637 |
| Provisions | | 1,974 | 2,476 |
| Lease liabilities | | 19,505 | 17,652 |
| Other financial liabilities | | 9,602 | 9,410 |
| Total non-current liabilities | | 55,993 | 58,053 |
| Current liabilities | | | |
| Interest-bearing loans and borrowings | 10 | 55,172 | – |
| Lease liabilities | | 3,326 | 3,566 |
| Other financial liabilities | | 1,153 | 1,096 |
| Corporate income tax payable | | 413 | 67 |
| Trade payables | | 27,299 | 45,933 |
| Contract liabilities | | 32,814 | 27,538 |
| Other current liabilities | | 28,638 | 17,852 |
| Total current liabilities | | 148,815 | 96,052 |
| Total liabilities | | 204,808 | 154,105 |
| Total equity and liabilities | | 589,123 | 575,782 |

Consolidated statement cash flow

| kEUR | H1 2023 | H1 2022 |
|--|----------------|----------------|
| Cash flow from operating activities | | |
| Result for the period | -34,266 | 10,247 |
| Adjustments to reconcile cash generated by operating activities | | |
| Depreciation, amortization and impairment | 15,077 | 11,224 |
| Movement in provisions | -427 | -865 |
| Movement in pensions | 277 | 510 |
| Share-based payment expense | 393 | 991 |
| Financial income | -21 | -4 |
| Financial expenses | 4,784 | 2,645 |
| Income tax charge | -4,961 | 2,594 |
| Changes in net working capital | | |
| (Increase) / decrease in inventories | -6,715 | -27,246 |
| (Increase) / decrease in trade receivables | -22,117 | 18,777 |
| (Increase) / decrease in contract assets | -4,790 | -3,989 |
| (Increase) / decrease in other current assets | -1,120 | -2,256 |
| Increase / (decrease) in trade payables | -5,106 | 1,154 |
| Increase / (decrease) in contract liabilities | 5,676 | -12,803 |
| Increase / (decrease) in other current liabilities | 10,786 | 1,674 |
| Cash generated from operations | -42,530 | 2,653 |
| Interest income received | 20 | 4 |
| Interest expenses paid | -1,671 | -1,283 |
| Income taxes paid | -4,141 | -9,033 |
| Net cash flows from operating activities | -48,322 | -7,659 |
| Cash flow from investing activities | | |
| Acquisition of intangible assets | -2,277 | -2,146 |
| Acquisition of property, plant and equipment | -29,089 | -39,080 |
| Disposal of property, plant and equipment | 0 | 2 |
| Movement in other financial assets | 270 | 22 |
| Net cash flows from investing activities | -31,096 | -41,202 |

| kEUR | H1 2023 | H1 2022 |
|---|----------------|----------------|
| Cash flow from financing activities | | |
| Purchase of own shares | 0 | -11,962 |
| Dividends paid | 0 | -9,671 |
| Proceeds from short-term borrowings from banks | 55,172 | - |
| Repayment of lease liabilities | -1,411 | -1,538 |
| Repayment of other financial liabilities | -276 | -288 |
| Net cash flow from financing activities | 53,485 | -23,459 |
| Net movement in cash and cash equivalents | -25,933 | -72,320 |
| Cash and cash equivalents at the beginning of the period | 37,528 | 136,303 |
| Net foreign currency exchange differences | -2,610 | 2,453 |
| Cash and cash equivalents at the end of the period | 8,985 | 66,436 |

Contact and IR calendar

Contact

Michael Stäheli
Head of Investor Relations & Corporate Communications
T: +41 43 502 0580
michael.staeheli@polypeptide.com
investorrelations@polypeptide.com
mediateam@polypeptide.com
polypeptide.com

Share information

PolyPeptide Group AG has been listed on the Swiss Exchange (SIX) since 29 April 2021 under the symbol PPGN, Swiss security number 111 076 085 and ISIN CH111 076 085

Share register

areg.ch ag
Fabrikstrasse 10
4614 Hägendorf, Switzerland
info@areg.ch
T: +41 62 209 1660

Financial calendar 2023

16 August 2023 | Roadshow with Baader Helvea, Zurich
12 September 2023 | Roadshow with Berenberg, London
13 September 2023 | Morgan Stanley Healthcare Conference, New York
20 September 2023 | Baader Investment Conference 2023, Munich
2 November 2023 | ZKB Swiss Equity Conference 2023, Zurich
15 November 2023 | Jefferies Healthcare Conference, London

Financial calendar 2024

12 March 2024 | FY 2023 Results
10 April 2024 | AGM 2024

Thank you

