



PolyPeptide Group AG (SIX: PPGN)

Full-year 2023 results

12 March 2024

Baar, Switzerland

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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 ("covid"), 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 Annual Report 2023 available at <https://report.polypeptide.com/ar/23/>.

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Agenda

1	Strategy update	Juan José González, CEO
2	Financial results & guidance	Marc Augustin, CFO
3	Q&A	All

2023 – Transformation underway



A leading position in an attractive market

PolyPeptide well positioned with multi-site manufacturing and development network and rich pipeline



Operational improvements taking shape in H2

Record revenue growth in H2 vs H1 and improved profitability and cash flow



Rapid portfolio shift driven by GLP-1

Growth across therapeutic areas, with mix shifting towards metabolic and large pharma customers



Partnering for growth

Three new large agreements concluded in 2023; together with agreement previously announced in December 2022, they have the potential to double PolyPeptide's revenue

Peptides – One of the most attractive CDMO markets

Broad development pipeline¹

~1'000 peptide drug projects

- ~800 synthetically manufactured
- ~340 in clinical development
- ~70 in phase III or pre-registration

Robust outsourcing trends

- Customer focus on core competencies
- Increasingly complex molecular entities
- Growing volume needs, mainly from GLP-1

Selected developments in 2023

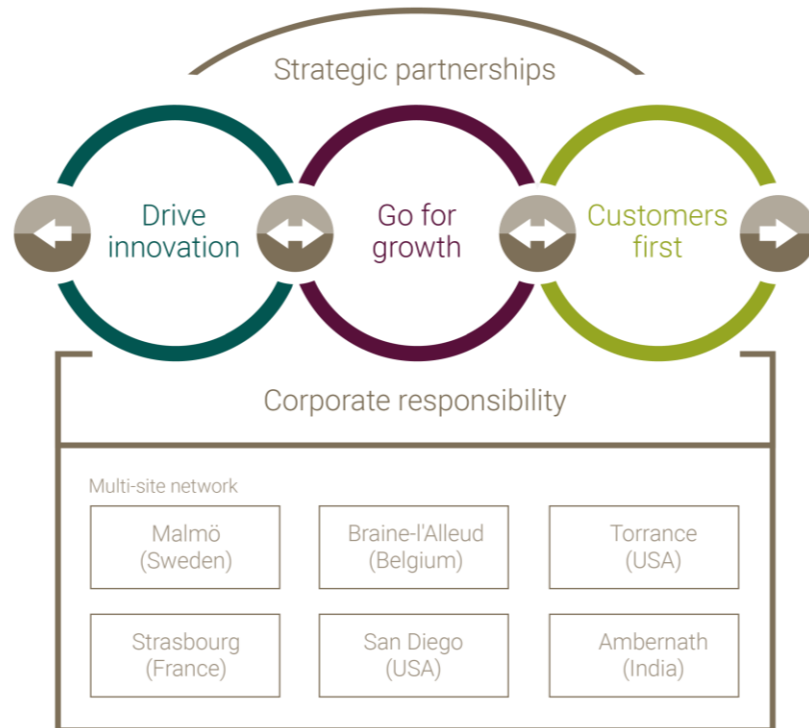
- 6 FDA approvals² across multiple therapeutic areas
- Robust GLP-1 clinical results, also for co-morbidities
- Accelerated investments by large pharma



¹ According to the GlobalData drug database, accessed in December 2023.

² Including 4 new chemical entities and 2 product expansions for additional indications.

PolyPeptide – Well positioned with competitive advantages



>70 years

Track record with over 1,000 therapeutic peptides manufactured

6 GMP sites

Multi-site GMP certified network in Europe, the US, and India

Development expertise

Cutting-edge process development capabilities with global teams

Manufacturing experience

Manufacturing around one third of all commercial therapeutic peptides

Operations – Getting ready for high-volume production



+

Operational improvements

Focusing on meeting high customer demand efficiently

- Process optimizations
- Technical proficiency
- Organizational changes

+

Investment projects

Continuously expanding capacity

- Several downstream projects completed in 2023
- Construction for large-scale SPPS infrastructure completed and validation ongoing – ramp up expected to start during H2 2024

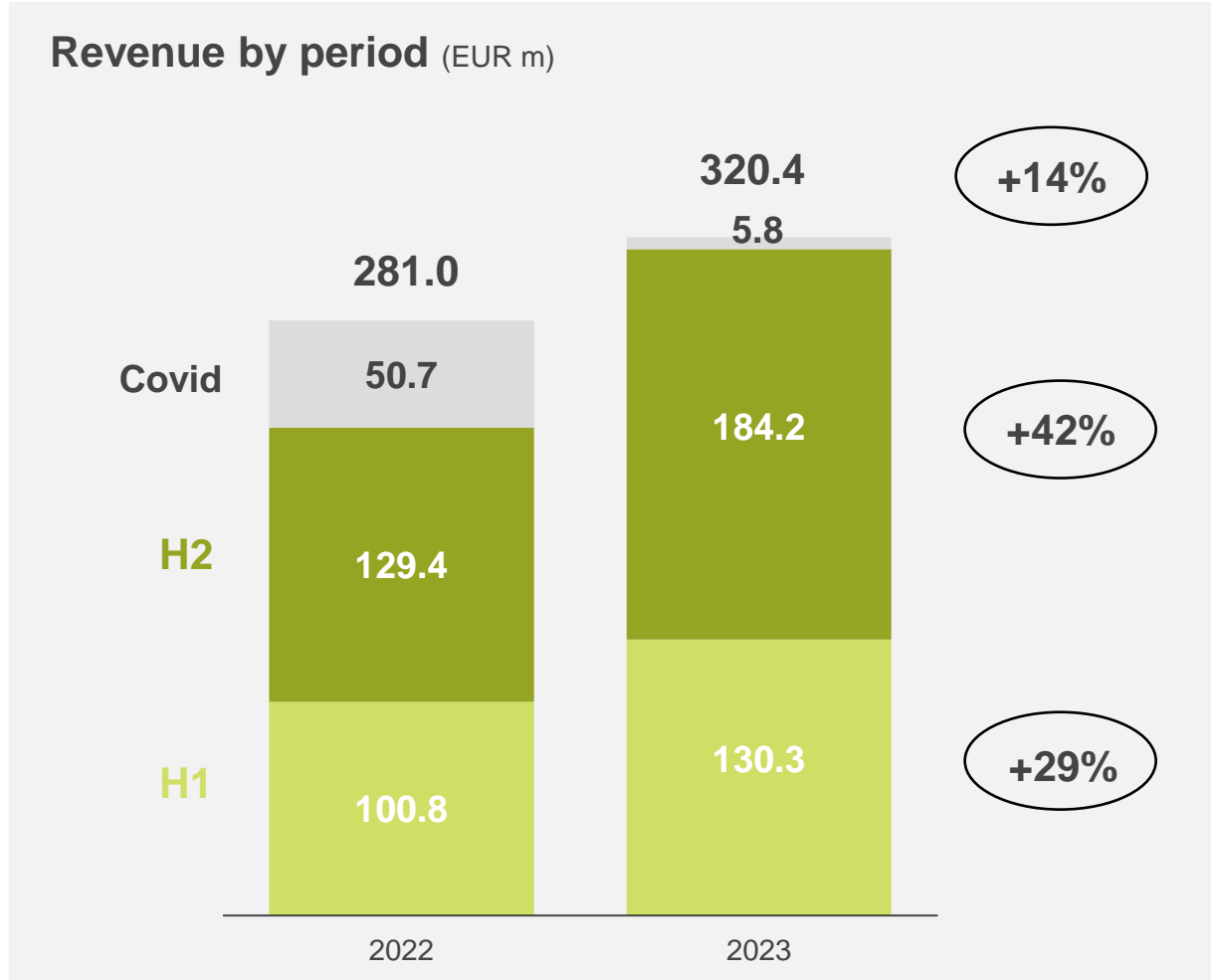
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Driving innovation

Advancing manufacturing strategies

- Integrated green chemistry efforts
- Step change upstream throughput

Growth – Strong acceleration in H2 2023



Growth 2023 vs 2022

- +18% at constant currency rates
- Covid business fully phased out
- Excluding covid
 - +37% total growth
 - Acceleration in H2

Pipeline – Phase III projects advancing towards commercialization



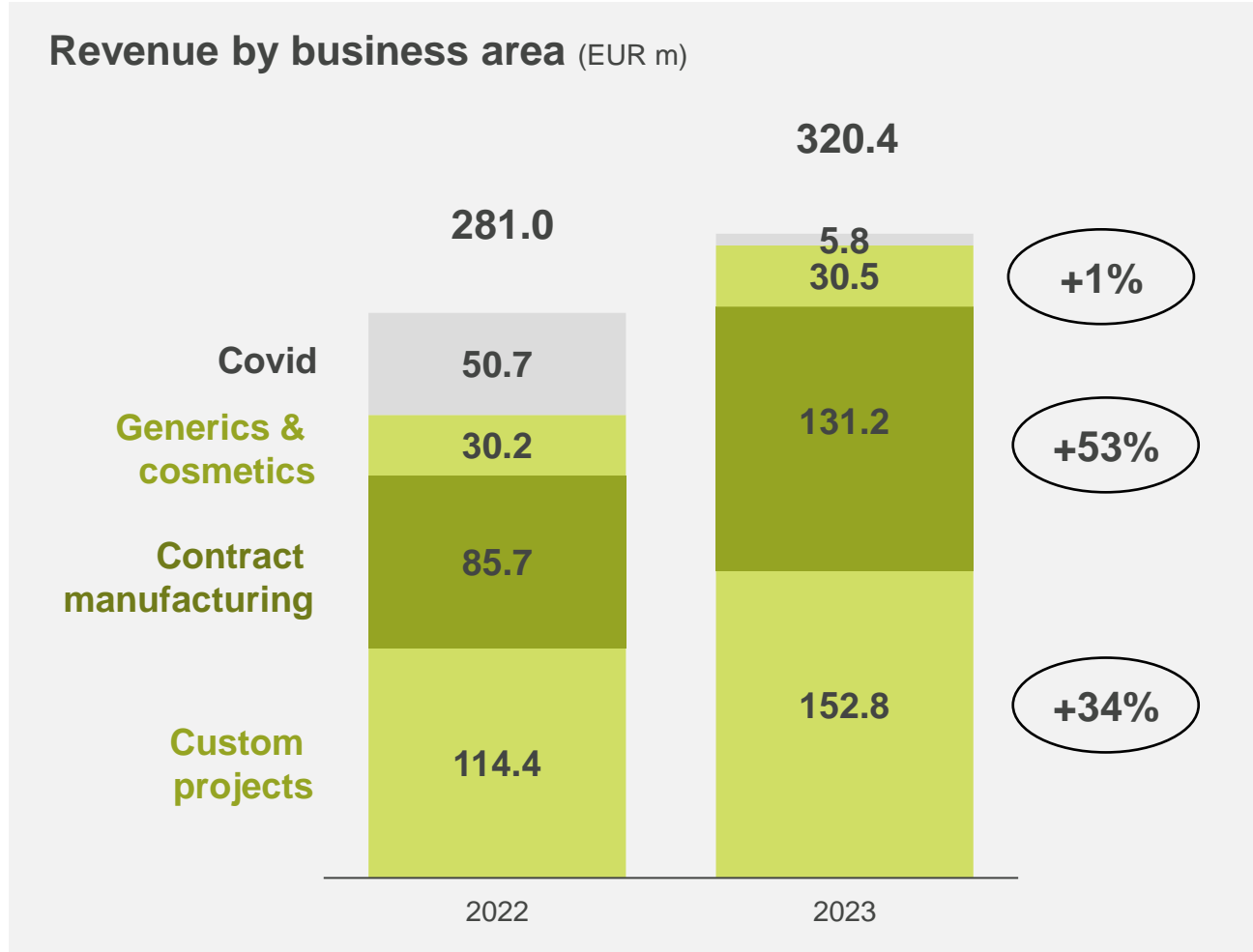
Projects by phase	2022	2023
Pre-clinical	72	58
Phase I	81	76
Phase II	37	41
Phase III	30	29
Total pipeline	220	204
Commercial¹	60	64

- Rich and diversified pipeline
 - Early-stage: Limited funding climate impacting pre-clinical activity
 - Later-stage: Progression towards commercialization; advancing 29 projects and 55 peptides² for phase III
- Revenue share related to phase III projects and commercial activities of around 70%

¹ Combined number of projects in Phase III Custom projects, Contract manufacturing and Generics & cosmetics.

² New chemical entity (NCE) in development with a unique amino acid sequence, regardless of production site, manufacturing process or salt form.

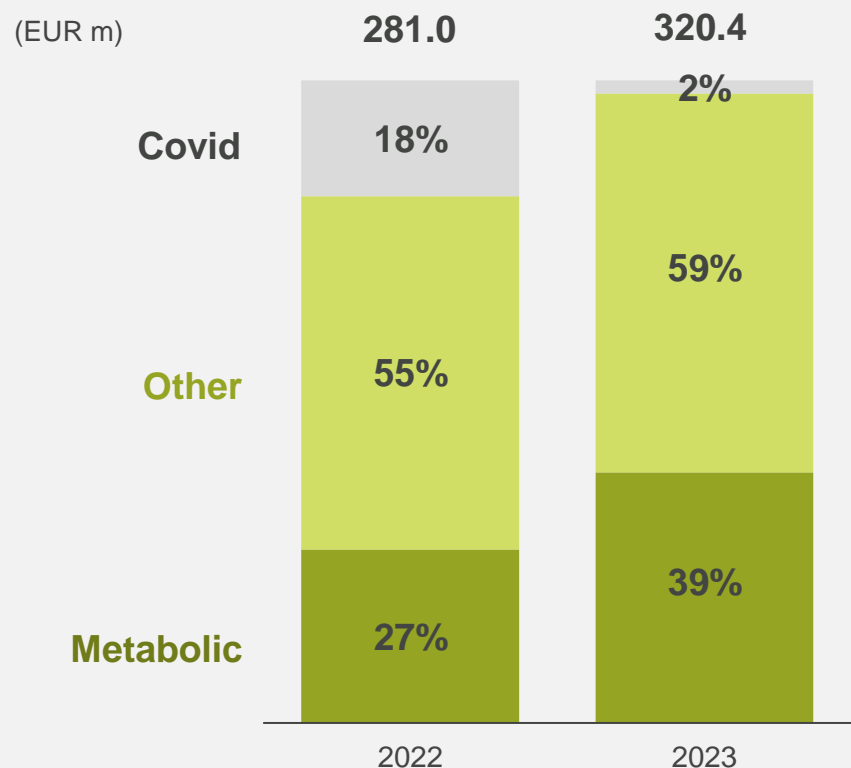
Contract manufacturing – To benefit from large commercial contracts



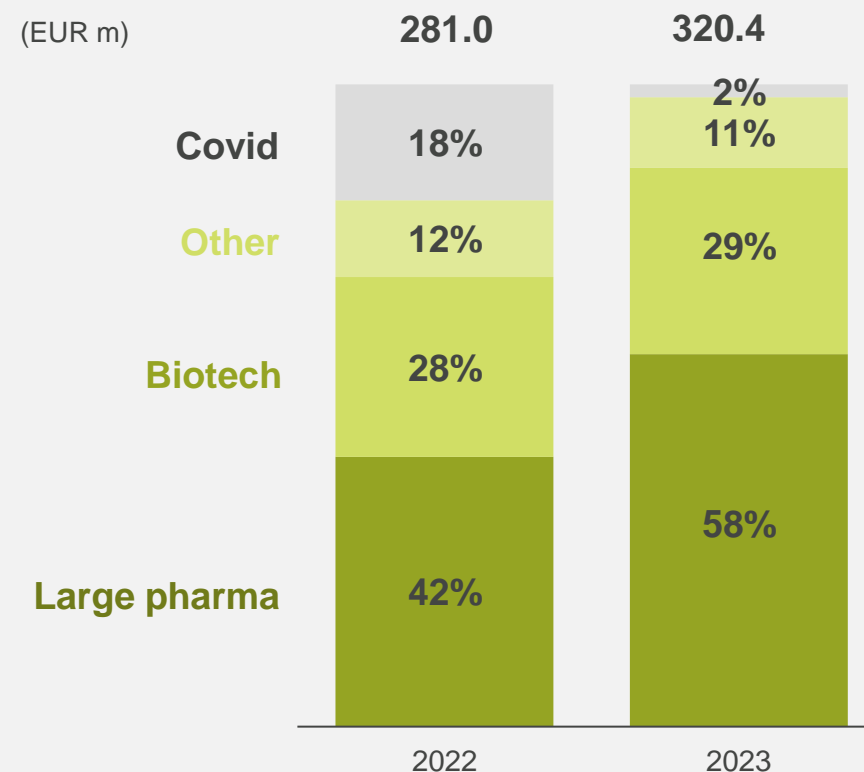
- Excluding covid, Contract manufacturing revenue accounting for 42% of revenue in 2023 (37% in 2022)
- Positive customer momentum
 - Prepayments to secure capacity
 - Three new large agreements concluded in 2023
 - With agreement previously announced in December 2022, they have the potential to double PolyPeptide revenue

Portfolio – Rapidly shifting towards metabolic and large pharma

Revenue (%) by therapeutical area¹



Revenue (%) by customer type¹



¹ Approximate splits as at 31 December 2022 and 31 December 2023, respectively.

Innovation – Advancing peptide manufacturing technology

Green chemistry¹

- **Reduce** – deployment of proprietary “washing by percolation” technology, driving a 23.5% reduction of relative solvent consumption in 2023
- **Replace** – 12.5% of new development projects started with green solvents
- **Recycle** – completed study, identifying solvent applications in other industries

Manufacturing

- **Proprietary technology** aimed at step change increase in throughput for SPPS infrastructure
- **Scientific collaboration agreement²** to advance innovation agenda
- **Partnership agreement³** to access biochemical production platform

¹ For more details on PolyPeptide’s non-financial matters, see Corporate Responsibility Report (part of Annual Report 2023).

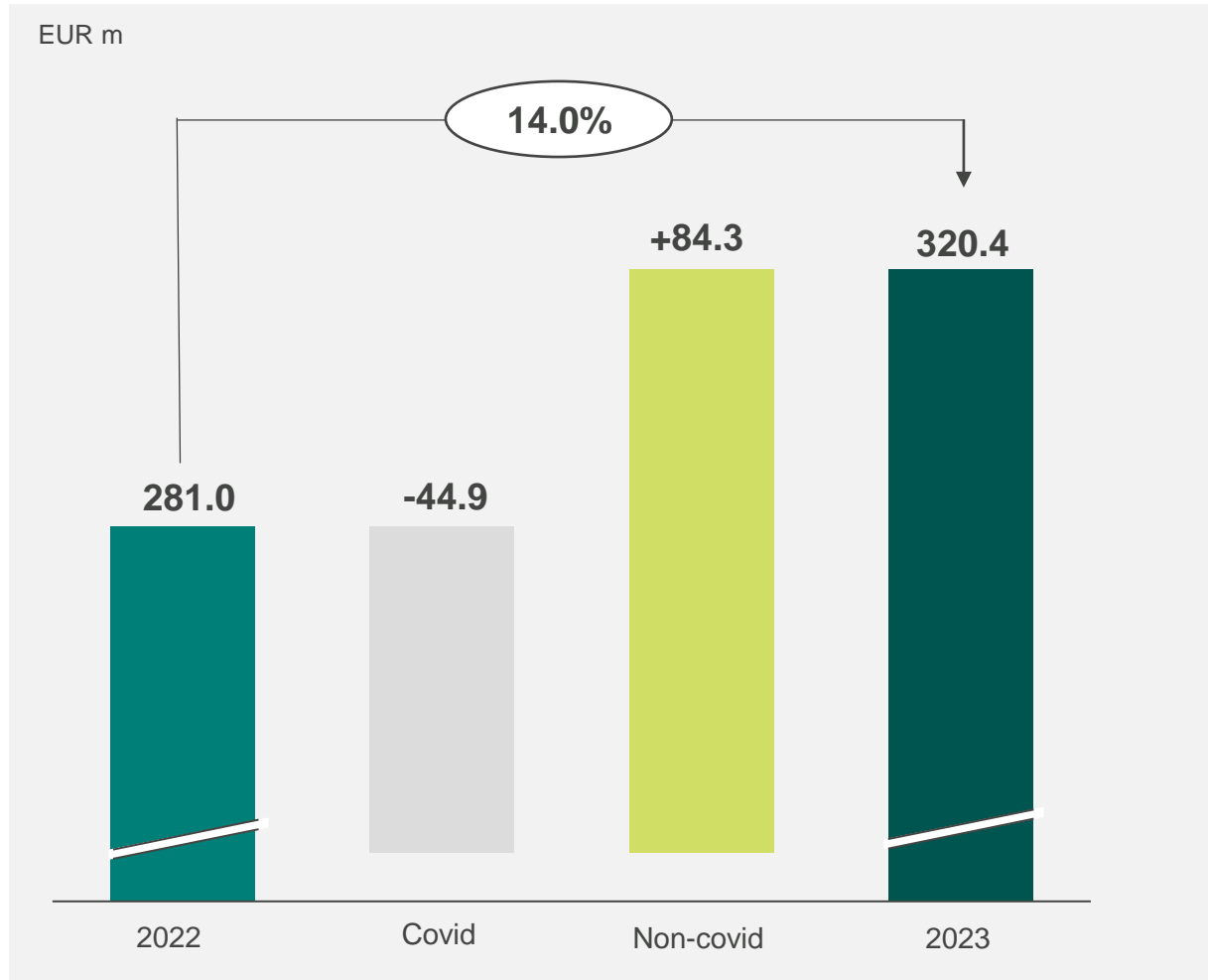
² See PolyPeptide [media release](#).

³ See PolyPeptide [media release](#).

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Revenue growth across therapeutic areas

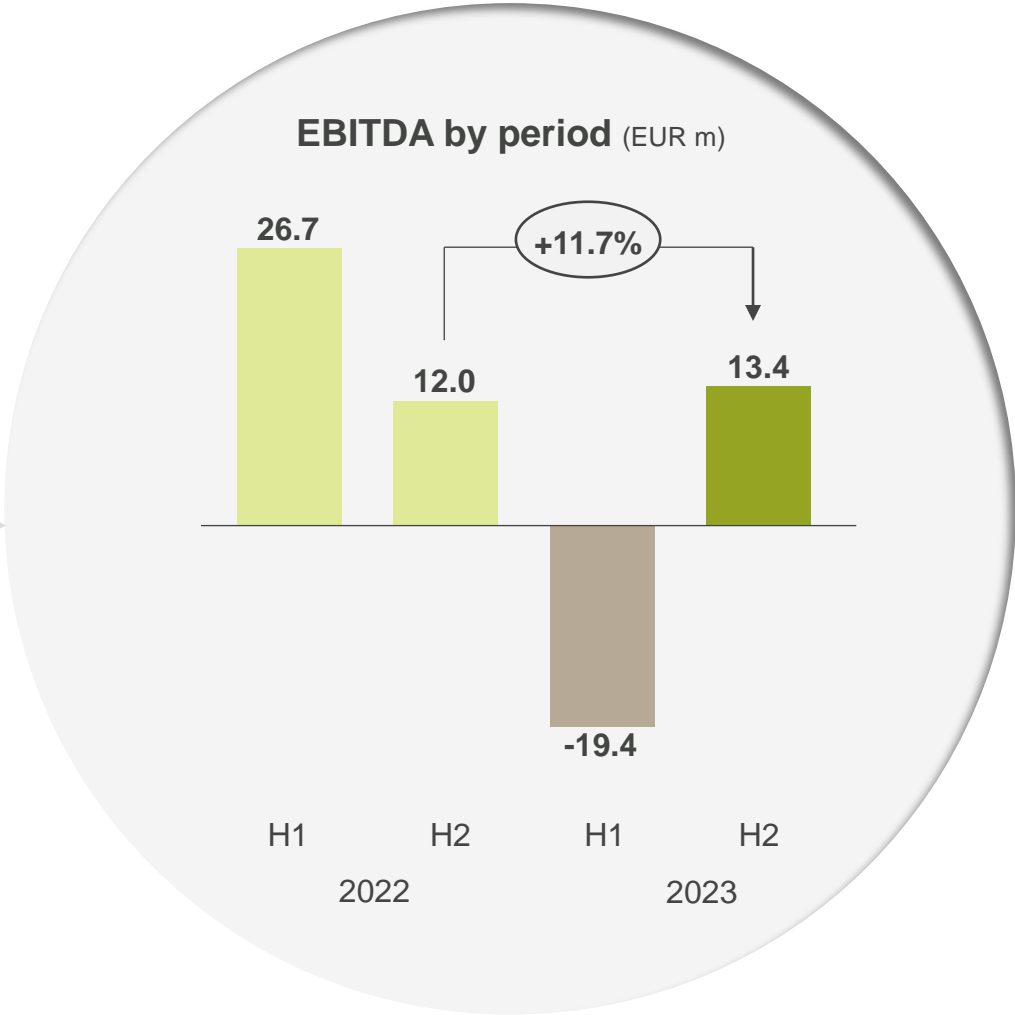
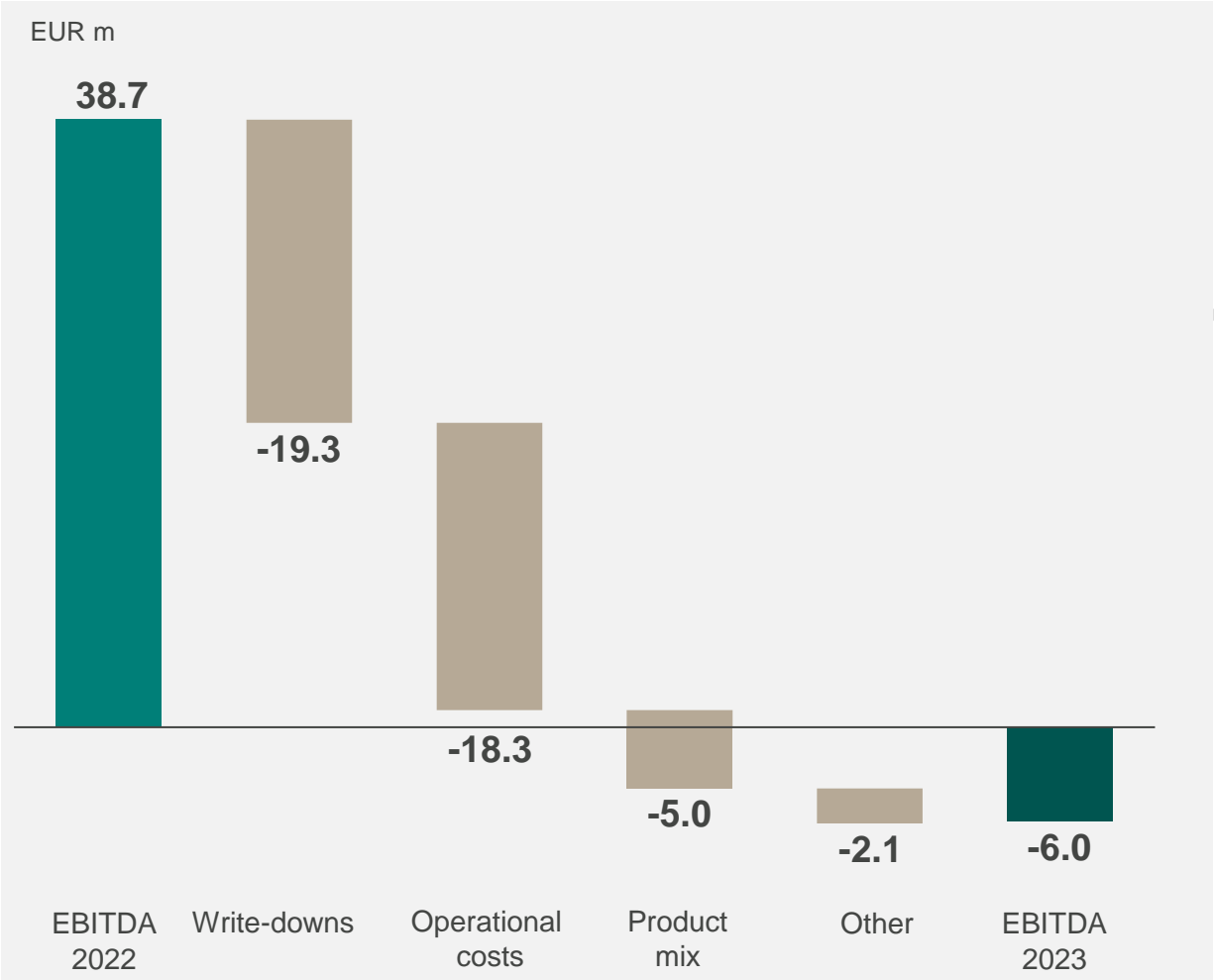


- Growth of 18.2% at constant currency rates
- Phase out of covid-related revenue more than offset by growth across therapeutic areas

Business areas (reported)

Custom projects	+10.3%
Contract manufacturing	+22.2%
Generics & cosmetics	+1.2%

EBITDA bridge 2022 vs 2023



EBITDA margin of 7.1% in H2,
up from -14.7% in H1 2023

Result for the period

Summary P&L

EUR m	2022	2023
Revenue	281.0	320.4
EBITDA	38.7	-6.0
margin %	13.8	-1.9
Depreciation, amortization & impairment	-26.1	-30.5
Operating result (EBIT)	12.6	-36.5
Interest expenses due to third parties	-2.1	-5.6
Foreign currency impacts	-1.6	-14.5
Total financial result	-5.0	-21.8
Income tax	0.2	6.8
Result for the year	7.8	-51.4
margin %	2.8	-16.1

Financial result

- Driven by currency losses, mainly related to an intra-Group loan with offsetting impact in Other Comprehensive Income

Tax

- Benefit driven by deferred tax income

2023 cash flow

Summary cash flow statement

EUR m	2022	2023
Operating cash flow before changes in NWC	30.2	-9.7
Changes in NWC	-24.7	46.2
Net cash flows from operating activities	5.5	36.5
Purchase of PP&E and intangible assets	-78.8	-56.7
Free cash flow	-73.3	-20.2
Other investing activities	0.3	-2.8
Net cash flow from investing activities	-78.4	-59.5
Net cash flow from financing activities	-26.9	84.5
Net movement in cash and cash equivalents	-99.8	61.5

Successful financing activities

- Secured RCF of EUR 111m with banks
- Extended credit facility of EUR 40m with main shareholder

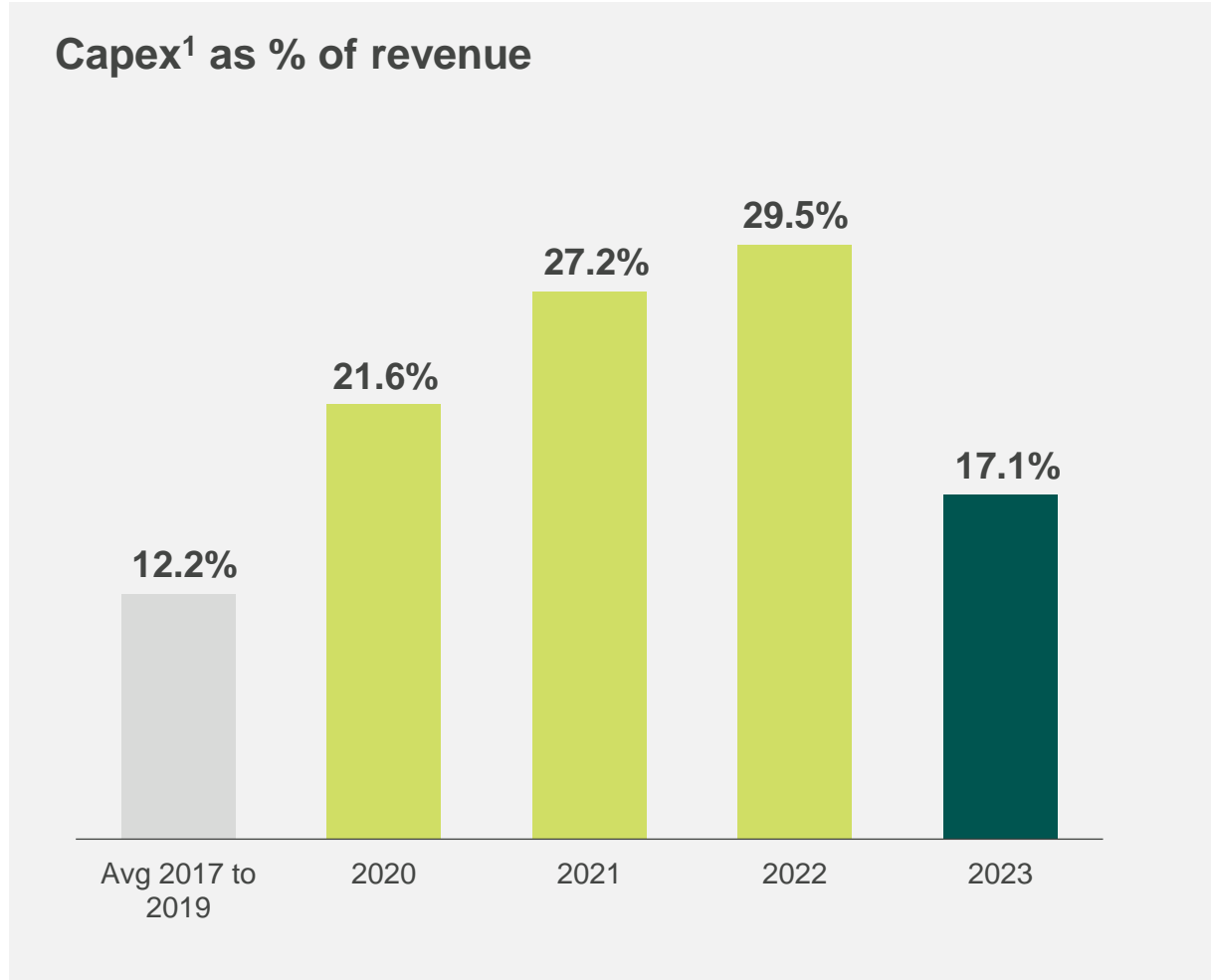
Improved cash flows from operating activities

- 2023 change in NWC incl. EUR 38.8m increase in contract liabilities

Cash of EUR 95.7 m as per YE 2023

- 2022: EUR 37.5m

2023 capex – Completion of several investments



Accelerated capital deployment

- Double capex in % of revenue – avg capex 2020 to 2022 of 26.4% vs 2017 to 2019 of 12.2%
- 2023 capex focused on completion of expansion program started in 2020
- Capex deployed from 2020 to 2023 EUR 262.8m
- Mainly at larger sites, Malmö, Braine, Torrance
- Large projects in partnership with customers

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

Priorities for 2024 and guidance

- Meet increasing customer demand, continue to strengthen operations and profitability
- Further expanding capacity related to GLP-1 opportunity
- Increase in capacity utilization will take some time

Guidance 2024

- Revenue growth in 2024 mid to high single-digit at constant currency rates versus 2023
- Positive EBITDA versus 2023, operating at a net loss
- Capital expenditure expected between EUR 60m and EUR 70m

Phasing H1 / H2 2024

- Driven by the increasing capacity utilization, the Group expects a significantly stronger H2 versus H1 2024
- For H1 2024, it expects revenue comparable with H1 2023 with improved EBITDA and a reduced net loss

Mid-term outlook

- Planned to be published with H1 results on 13 August 2024

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



Consolidated income statement

1 January – 31 December

kEUR	Note	2023	2022
Revenue	3	320,372	280,978
Other operating income	3	4,481	2,486
Total income		324,853	283,464
Cost of sales	3	-315,730	-228,987
Gross profit / (loss)		9,123	54,477
Marketing and sales expenses	3	-4,053	-4,905
Research expenses	3	-1,465	-1,243
General and administrative expenses	3	-40,073	-35,722
Total operating expenses		-45,591	-41,870
Operating result (EBIT)		-36,468	12,607
Financial income	3	103	9
Financial expenses	3	-21,878	-5,049
Total financial result		-21,775	-5,040
Result before income taxes		-58,243	7,567
Income tax	5	6,803	200
Result for the year		-51,440	7,767
Attributable to shareholders of PolyPeptide Group AG		-51,440	7,767
Earnings per share in EUR, basic	7	-1.56	0.24
Earnings per share in EUR, diluted	7	-1.56	0.24

Consolidated statement of financial position

As at 31 December

Assets, kEUR	Note	2023	2022
Non-current assets			
Intangible assets	8	16,454	15,865
Property, plant and equipment	9	300,582	275,878
Right-of-use assets	10	23,523	21,416
Deferred income tax assets	5	16,690	8,286
Other financial assets	24	5,237	2,767
Total non-current assets		362,486	324,212
Current assets			
Inventories	12	128,507	145,073
Trade receivables	13	76,674	46,486
Contract assets	3	2,103	2,660
Corporate income tax receivables		7,424	7,373
Other current assets	14	16,188	12,450
Cash and cash equivalents	15	95,706	37,528
Total current assets		326,602	251,570
Total assets		689,088	575,782

Equity and liabilities, kEUR	Note	2023	2022
Equity attributable to equity holders of the parent company			
Share capital	6	302	302
Share premium		203,129	203,129
Translation reserve		21,832	14,119
Treasury shares	6	-10,394	-13,609
Other capital reserves		1,217	3,590
Retained earnings		165,139	214,146
Total equity		381,225	421,677
Non-current liabilities			
Deferred income tax liabilities	5	3,644	1,878
Pensions	16	25,111	26,637
Provisions	17	1,649	2,476
Interest-bearing loans and borrowings	19	49,087	–
Lease liabilities	10	18,869	17,652
Other financial liabilities	18	9,893	9,410
Contract liabilities	3	23,160	–
Total non-current liabilities		131,413	58,053
Current liabilities			
Interest-bearing loans and borrowings	19	41,253	–
Lease liabilities	10	4,453	3,566
Other financial liabilities	18	1,227	1,096
Corporate income tax payable		227	67
Trade payables	20	60,906	45,933
Contract liabilities	3	42,969	27,538
Other current liabilities	20	25,415	17,852
Total current liabilities		176,450	96,052
Total liabilities		307,863	154,105
Total equity and liabilities		689,088	575,782

Consolidated statement cash flow

1 January – 31 December

kEUR	2023	2022
Cash flow from operating activities		
Result for the year	-51,440	7,767
Adjustments to reconcile cash generated by operating activities		
Depreciation, amortization and impairment	30,469	26,063
Movement in provisions	40	-713
Movement in pensions	867	1,545
Share-based payment expense	842	1,155
Financial income	-103	-9
Financial expenses	21,878	5,049
Income tax expense / (income)	-6,803	-200
Changes in net working capital		
(Increase) / decrease in inventories	15,511	-33,129
(Increase) / decrease in trade receivables	-29,894	18,898
(Increase) / decrease in contract assets	548	-115
(Increase) / decrease in other current assets	-3,738	-1,636
Increase / (decrease) in trade payables	17,368	13,231
Increase / (decrease) in contract liabilities	38,840	-18,628
Increase / (decrease) in other current liabilities	7,564	-3,353
Cash generated from operations	41,949	15,925
Interest income received	54	9
Interest expenses paid	-4,754	-2,494
Income taxes paid	-764	-7,980
Net cash flows from operating activities	36,485	5,460
Cash flow from investing activities		
Acquisition of intangible assets	-3,836	-3,665
Acquisition of property, plant and equipment	-52,897	-75,099
Disposal of property, plant and equipment	8	12
Investments in other financial assets	-2,787	317
Net cash flows from investing activities	-59,512	-78,435

kEUR	2023	2022
Cash flow from financing activities		
Purchase of own shares	-	-13,933
Dividends paid	-	-9,671
Proceeds from short-term borrowings from banks	55,172	-
Repayment of short-term borrowings from banks	-55,172	-
Net proceeds from short-term borrowings from Draupnir Holding B.V.	40,000	-
Net proceeds from long-term borrowings from banks	49,087	-
Repayment of lease liabilities	-3,921	-2,695
Repayment of other financial liabilities	-619	-570
Net cash flow from financing activities	84,547	-26,869
Net movement in cash and cash equivalents	61,520	-99,844
Cash and cash equivalents at the beginning of the year	37,528	136,303
Net foreign currency exchange differences	-3,342	1,069
Cash and cash equivalents at the end of the year	95,706	37,528

Contact and calendar

Contact

Michael Stäheli

Head of Investor Relations & Corporate Communications

T: +41 43 502 0580 | E: michael.staeheli@polypeptide.com

investorrelations@polypeptide.com | mediateam@polypeptide.com
polypeptide.com

Share information

SIX Swiss Exchange (SIX) ticker symbol: PPGN

Swiss security number: 111 076 085

ISIN: CH111 076 085

Share register

areg.ch ag

Fabrikstrasse 10

4614 Hägendorf, Switzerland

T: +41 62 209 1660 | E: info@areg.ch

Events 2024

14 March 2024 Roadshow Zurich with UBS

15 March 2024 Roadshow London with Citi

19 March 2024 Roadshow New York with Citi

10 April 2024 General Meeting 2024

11 June 2024 Stifel Swiss Equities Conference, Interlaken

13 August 2024 Half year results 2024

Events 2025

11 March 2025 Full year results 2024

09 April 2025 General Meeting 2025

12 August 2025 Half year results 2025

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