



PolyPeptide Group AG (SIX: PPGN)

Investor presentation H2 2022

8 September 2022

GLOBAL SUPPORT FOR A QUALITY SOLUTION

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This Presentation contains references to operational indicators, such as customer projects, and alternative financial performance measures ("APM") that are not defined or specified by IFRS, including revenue at constant currency rates, 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, total financial debt and revenue associated with the coronavirus pandemic. 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, refer to the section "Definitions and reconciliations" in PolyPeptide Group AG's Half Year Report 2022 available at report.polypeptide.com/hyr/22/.

Unaudited Financial Results

The financial information contained in this Presentation is unaudited.

THIS PRESENTATION IS NOT AN INVITATION TO PURCHASE SECURITIES OF POLYPEPTIDE OR THE GROUP.

Agenda

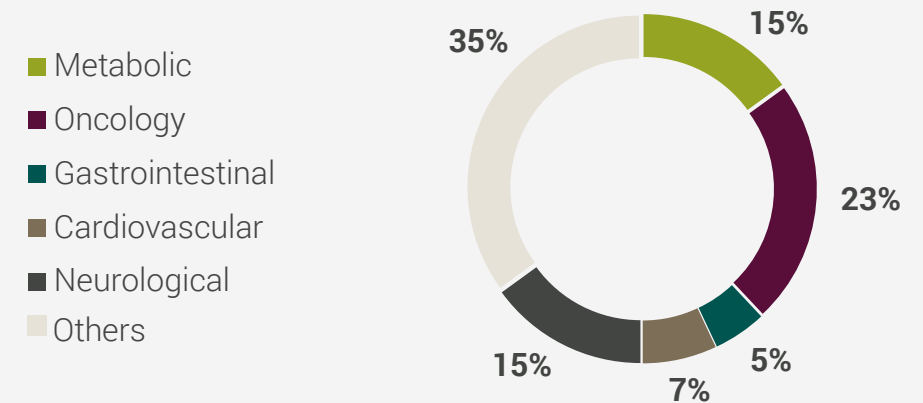
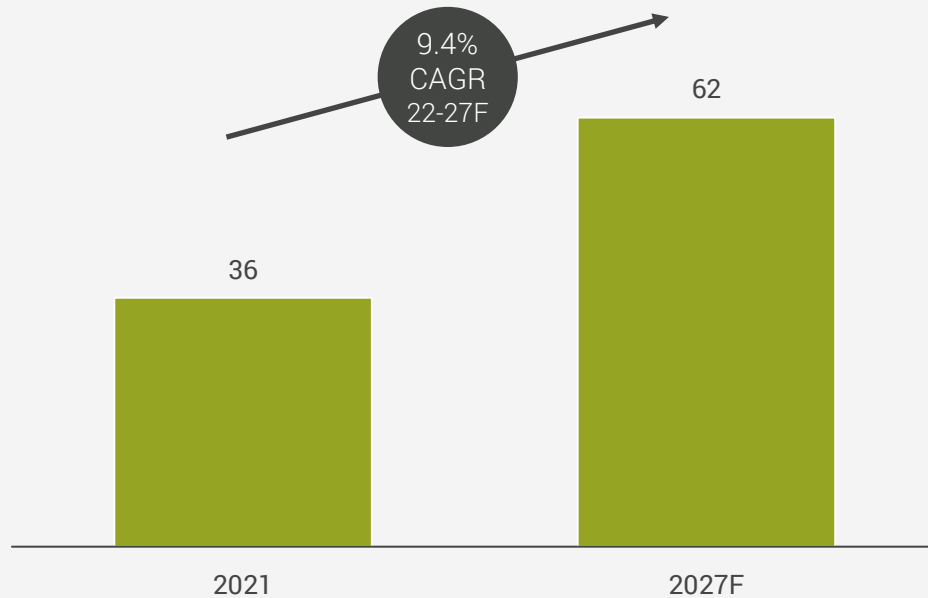
1	Market overview
2	Company overview
3	Strategy
4	Performance & financial targets
5	Corporate Governance, calendar and contact

Peptide-based drugs market with structural growth momentum

Broad therapeutic areas with significant product pipeline

Estimated peptide therapeutics end market (\$ Bn)¹

~81 drugs FDA approvals and ~800 in development²



- Growth driven by a growing number of approved peptide drugs, growing patient population (cancer, metabolic disorders, etc.) and increasing genericization of key originator peptides.
- Broad therapeutical areas of application resulting in rich project pipeline globally
- Increasing number of expected API approvals for years to come

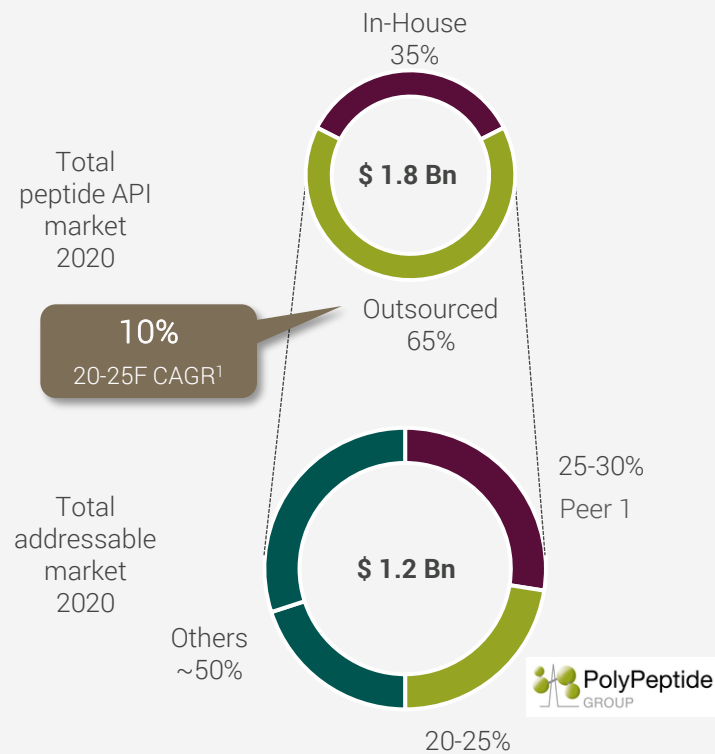
¹Source: IMARC 2021, Peptide therapeutics market 2022-2027

²Source: GlobalData, Drugs Database, (accessed 17 August 2022)

Addressable peptide API market of ~\$ 1.2 Bn

Continued trend towards outsourcing and specialization

Market structure¹



Outsourcing trends

- Innovative drug development processes resulting in rich pipelines across modalities
- Pharma and biotech customers to focus on core competencies, time to market and productivity
- Higher complexity of emerging peptide APIs, including shift towards chemical synthesis
- Evolving regulatory requirements and high capex requirements resulting in need for critical scale

CDMO success factors

Specialized technical expertise and know-how

GMP capabilities with high delivery performance

Ability to meet evolving regulatory requirements

Continued capacity building with high utilization

Reputation and market access for pipeline building

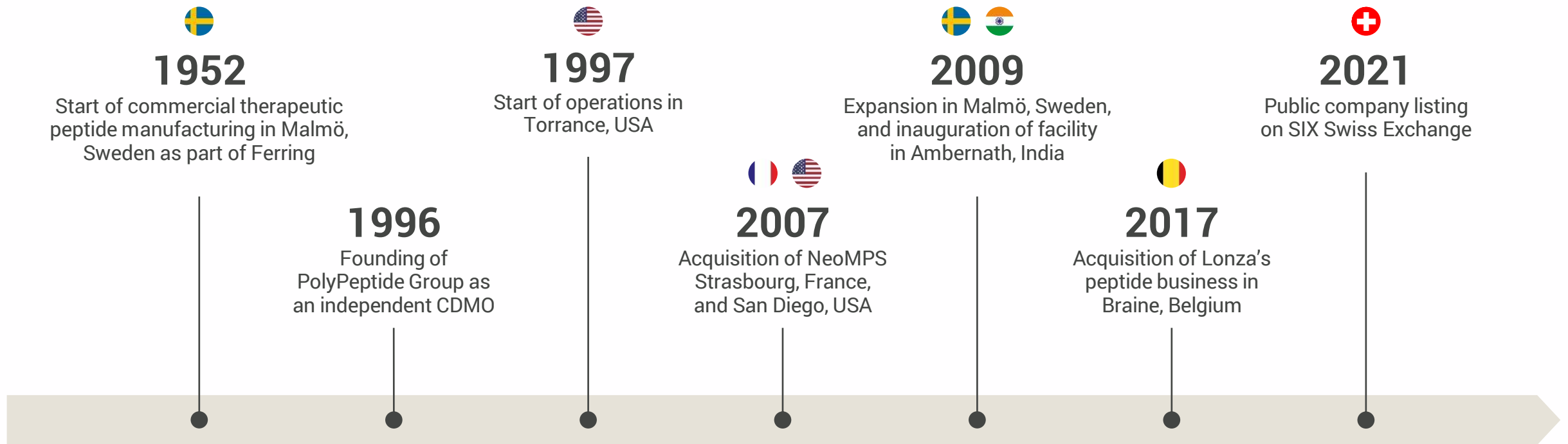
Innovation mindset and high customer satisfaction

¹Based on a study commissioned by PolyPeptide and completed in early 2021

Agenda

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70+ years of experience in peptide manufacturing



Comprehensive services for complex peptides

Supporting customers over product life cycle in three business areas

Custom projects



Pre-clinical and clinical phases I-III

Full spectrum manufacturing and associated CMC services supporting pre-clinical development.

Process designed in partnership with the customer to be scalable through the development process.



Contract manufacturing



Commercial, after regulatory approval

Expertise in process development, manufacturing scale-up, regulatory filings, and launch preparation.

Continuous yield improvement is key.



Generics and cosmetics



Generics with non-originator customers and cosmetics

Manufacture of a range of peptide-based generics and cosmetics at commercial scale for multiple customers.

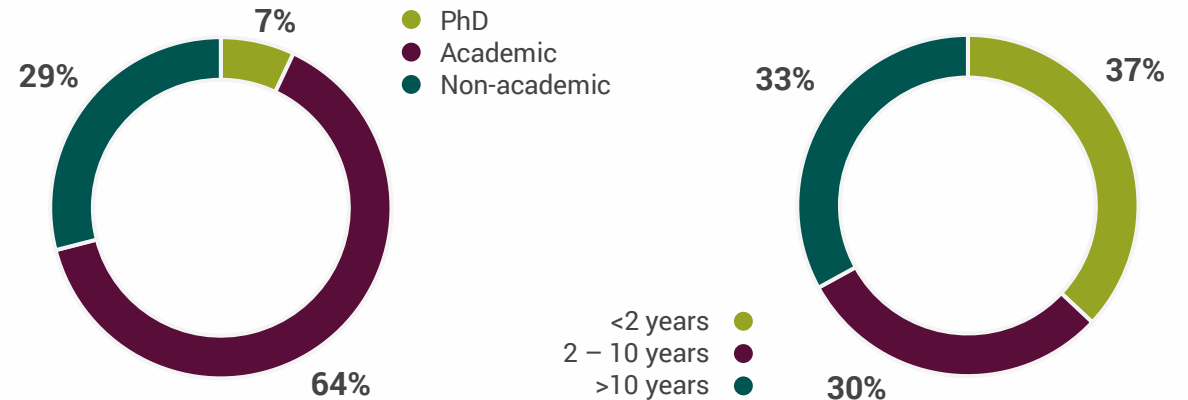


~ 1'200 employees worldwide with deep knowledge

Network of six GMP-certified sites on three continents for services across development phases

- A global market leader for innovative clinical and commercial stage peptide drug substances
- Manufacturing around half of all approved peptide API's and strong custom project pipeline
- Long-term partner for customers, from biotech start-ups to large pharmaceutical companies

Employees by qualification and experience ¹

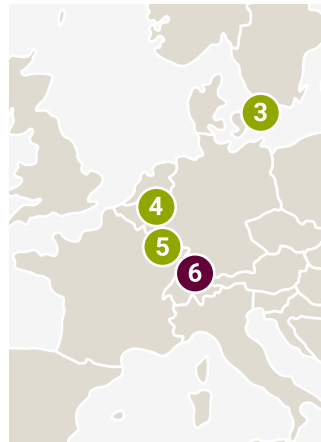


Footprint with customer proximity in Europe, the US and India¹



1 Torrance, USA
203 employees

2 San Diego, USA
68 employees



3 Malmö, Sweden
303 employees

4 Braine-l'Alleud, Belgium
410 employees

5 Strasbourg, France
134 employees

6 Baar, Switzerland (HQ)
6 employees












7 Ambernath, India
78 employees

¹Headcount as of 30 June 2022

Production sites overview (1/2)
































Specialized facilities from experimental to large scale production¹

 Malmö	 Braine-l'Alleud	 Strasbourg	 Torrance	 San Diego	 Ambernath
					
Heritage of PolyPeptide. Large facility for all peptide batch sizes and all segments.	Site with largest liquid phase synthesis in operations, major solid phase capacity expansion ongoing; facility for all peptide batch sizes and all segments.	Special focus on innovation and cosmetics. Smaller facility for most peptide segments.	Mid-sized site, also servicing personalized medicine, handling most peptide batch sizes for all segments; lab space and pilot GMP facility to serve oligonucleotides.	Designed to efficiently handle smaller peptide batch sizes for all segments, incl. radio-labelled peptides.	Designed to handle generic peptides, manufactured mostly in mid-sized batches.
~12,800 m	~30,000 m	~6,100 m	~14,000 m	~4,800 m	~8,100 m
303 employees	410 employees	134 employees	203 employees	68 employees	78 employees
>30 years	>30 years	>20 years	>20 years	>20 years	>10 years

¹Status September 2022; headcount as of 30 June 2022

Production sites overview (2/2)

Specialized facilities from experimental to large scale production¹

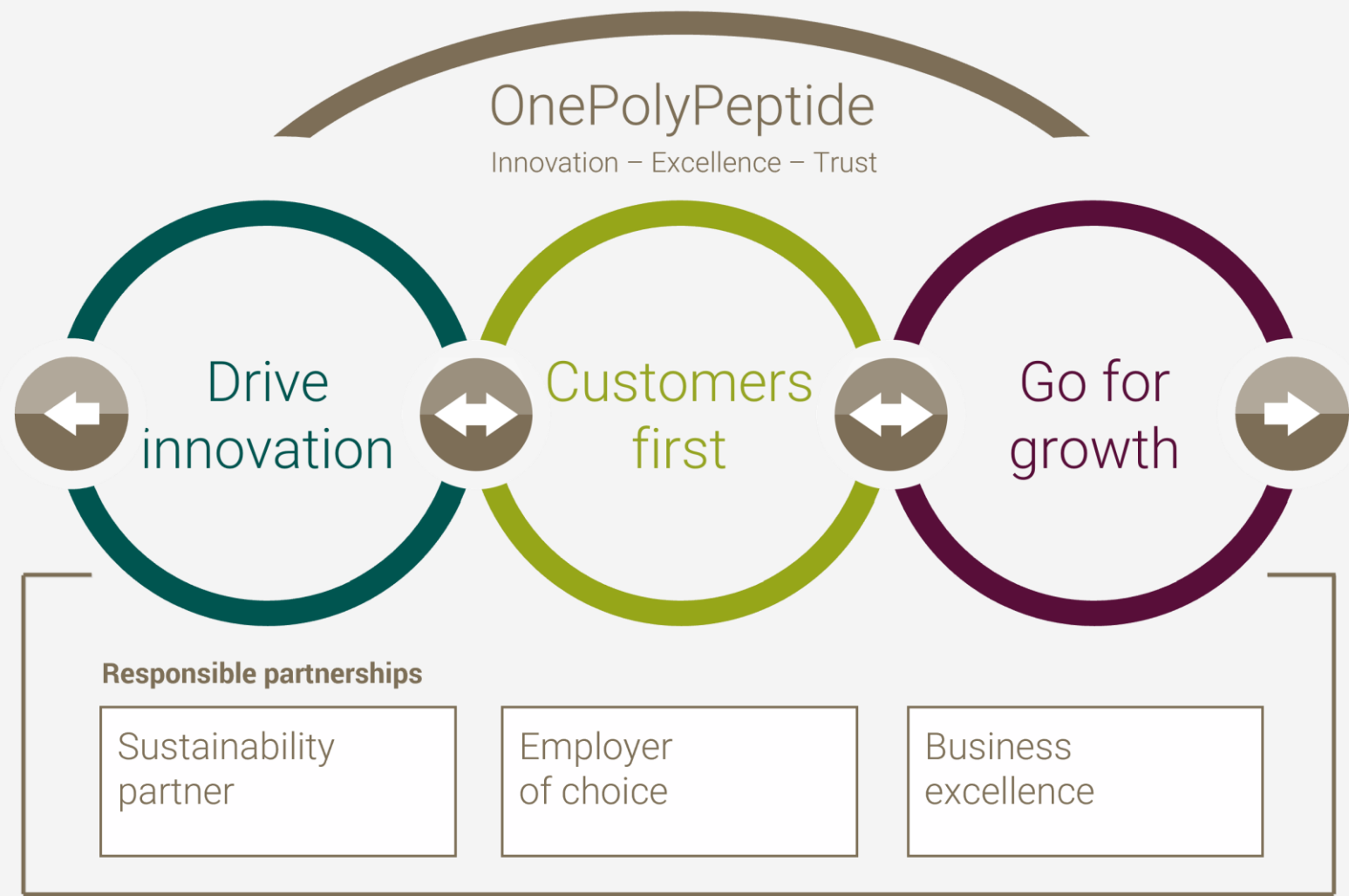
	 Malmö	 Braine-l'Alleud	 Strasbourg	 Torrance	 San Diego	 Ambernath
USFDA	8 inspections 1997, 2001, 2004, 2005, 2008, 2009, 2013, 2016	6 inspections 2001, 2005, 2009, 2012, 2014, 2017	3 inspections 2009, 2014, 2019	15 inspections 1999, 2000, 2001, 2002, 2004, 2008, 2009, 2010, 2011, 2012, 2013, 2015, 2017, 2019, 2021	14 inspections 1992, 1995, 1998, 2004, 2005, 2005, 2009, 2009, 2010, 2011, 2012, 2015, 2017, 2019	2 inspections 2016, 2019
Local	 8 inspections 2003, 2004, 2007, 2010, 2017, 2015, 2019, 2021	 6 inspections 2008, 2011, 2014, 2017, 2020, 2022	 5 inspections 2006, 2010, 2014, 2017, 2020	 1 inspection <i>(State of California)</i> 1997	 2 inspections <i>(State of California)</i> 1990, 2002	 6 inspections 2011, 2014, 2018, 2021-1, 2021-2, 2022
Other	 2007, 2011, 2015, 2016, 2017, 2018  2017  2005 & 2012  2009	 2001, 2005, 2009, 2012, 2013, 2014, 2016  2011	 2015  2017	 2007	 2011 & 2016  2005  2011, 2016	 2014  2012, 2016, 2019  2013, 2015, 2015, 2017, 2019, 2019, 2022
ESG						

¹Status September 2022

Agenda

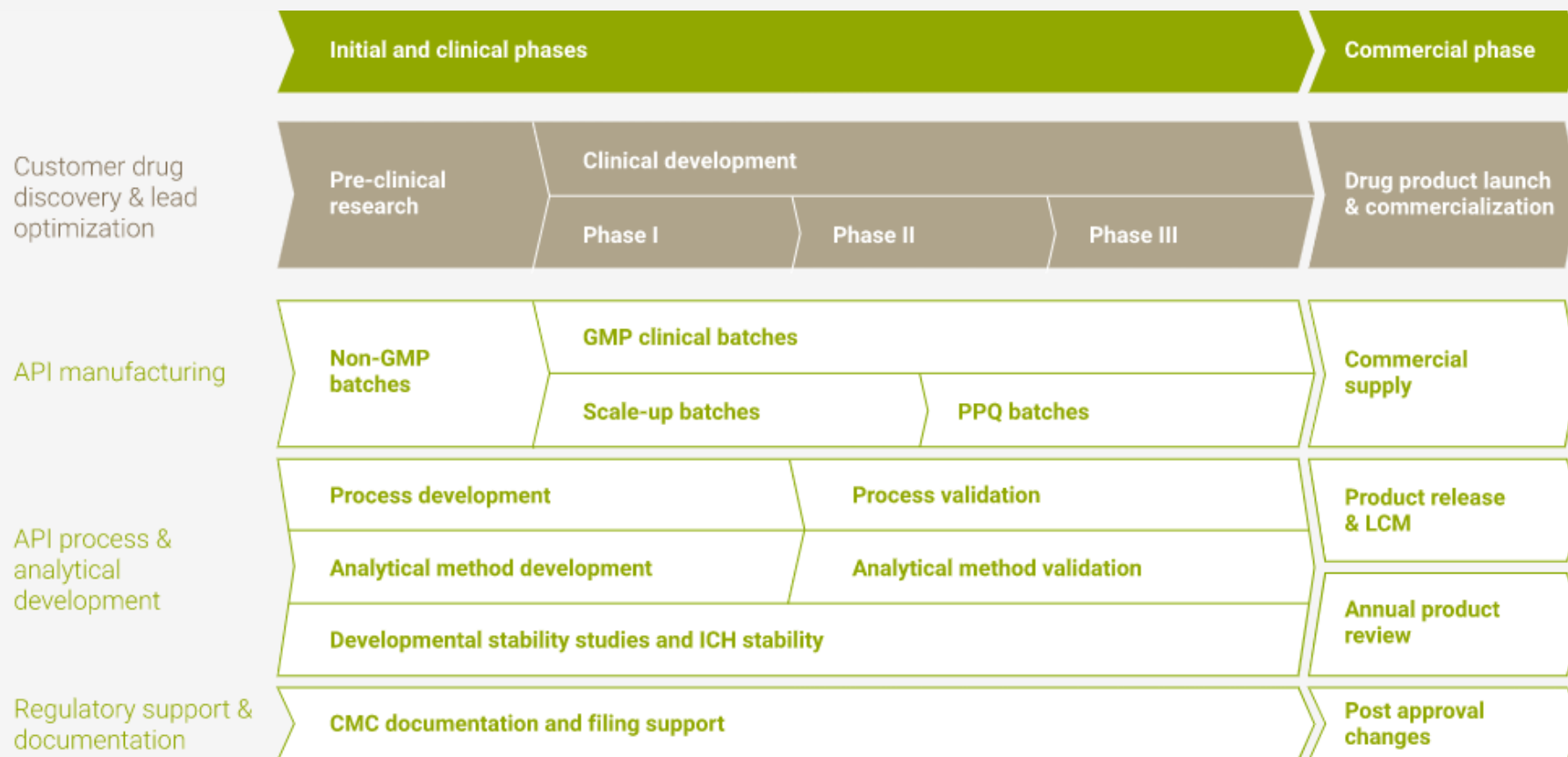
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Integrated strategy



Start here – stay here

Providing expert knowledge for API's along product life cycle



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

GLOBAL SUPPORT FOR A QUALITY SOLUTION

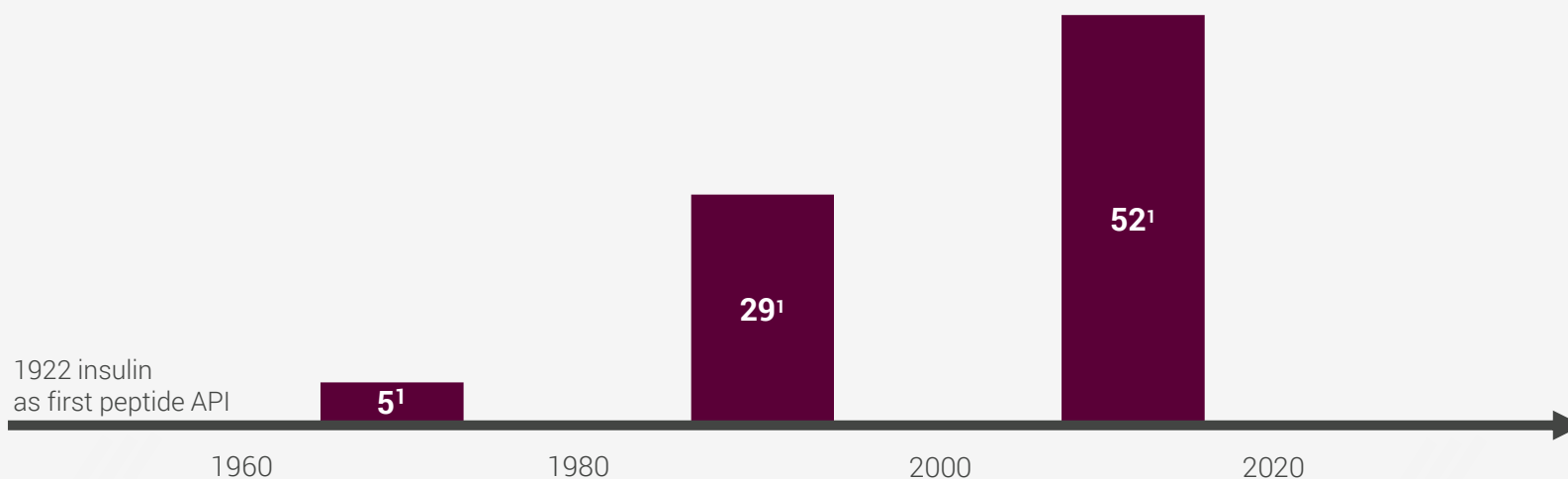
Go for growth

Core peptide segment expected to remain a growth driver



Increasing use of peptides across a diverse set of indications and medical conditions

- Longer and more complex peptides
- Cocktail of peptides
- Pegylation and conjugation
- Cell penetrating peptides as carriers



- Peptide market expected at USD 62bn by 2027²
- Continued R&D investments into peptides by big pharma and biotech, currently ca.³
 - 81 FDA approvals
 - 800 in development
- Increasing expected number of peptides losing patent in the next decade, further fueling growth of the peptide API generics market

¹Number of peptide drugs approvals in respective period; source: Muttenthaler et al., Trends in peptide drug discovery, Nature Reviews Drug Discovery 20, 309–325 (Feb 2021)

²IMARC 2021, Peptide therapeutics market 2022-2027

³Source: GlobalData, Drugs Database, (accessed 17 August 2022)

Go for growth

New capabilities in oligonucleotides¹



Addressing unmet customer needs in oligonucleotide modality given increasing therapeutic relevance

- R&D and GMP pilot plant facility up and running
- Dedicated team
- First customer project started
- Building of portfolio of early-stage custom projects

Committed to providing capacity

- First Building – R&D and GMP pilot plant
 - 2 small scale and 1 medium scale lines on site and operational
 - Adding additional lines to triple throughput
- Second Building – evaluation of site expansion ongoing
 - Engineering study completed to potentially add large scale process lines for multikg batch production

¹Status March 2022

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GMP pilot plant purification suite in Torrance, California

Drive innovation

Multi-faceted comprehensive green chemistry program to reduce environment footprint



Reduce

Optimize Process Mass Intensity (PMI) by reducing the amount of chemicals used in production

Example: Development of new percolation practices, reducing by up to 70% the amount of solvent used to rinse resin

Recycle

Continue to promote and further standardize recycling of solvent, reagents and other waste

Example: Acetonitrile recycling in downstream processes

Replace

Contribute to scientific progress to replace hazardous chemicals whenever possible

Example: Replacement of DMF with greener solvent alternatives

Avoid

Contribute to disruptive technologies to avoid the use of chemical reagents

Example: Collaboration on mechanochemistry solutions for solvent-free synthesis

Drive innovation

Improving cost, time, quality



Automation and online monitoring

- Advanced monitoring automation
- Improved automated processes for peptide synthesis and purification
- In silico predictive tools
- MES

New technologies

- Alternative isolation technologies
- Flow chemistry
- Mechanochemistry
- Electrochemistry

Innovation for analytics

- Innovative analytics
- Particle analysis
- LIMS

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



OnePolyPeptide

Improving processes, systems and platforms across the Group for sustainable growth



Malmö



Braine-l'Alleud



Strasbourg



Torrance



San Diego



Ambernath



Right balance between
global integration of
systems and local diversity

- Sales & marketing
- Development, regulatory, IP
- Operations
- Quality
- Innovation & technology
- Human resources
- Legal & compliance
- Finance & IT
- IR, ESG, Corp. comms.

PolyPeptide Management Committee

Responsible partnerships

Material ESG topics and ESG agenda as integral part of business strategy



Five-step
materiality
assessment

Twelve material ESG topics

Sustainability partner

- Green chemistry
- Circular waste management
- Environmental protection
- Climate change mitigation

Employer of choice

- People development
- Employee health
- Diversity & inclusion

Business excellence

- Supply chain engagement
- Product quality
- Stakeholder dialogue
- Data protection
- Ethics & compliance

Established ESG agenda 2022+

- First focus on
 - Green chemistry
 - People development
 - Supply chain engagement
- Development of specific ESG targets
- Broadening of CO₂ footprint assessment
- Broadening of various certification programs
- Decision on reporting standard for FY 2023

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EBIT and result for half year

Result for the period down by 58.4% with basic EPS of € 0.31

Summary P&L € m

	H1 2018	H1 2019	H1 2020	H1 2021	H1 2022
Revenue	81.6	90.7	87.8	135.1	133.7
EBITDA	20.6	22.7	18.5	39.9	26.7
margin %	25.2%	25.0%	21.1%	29.5%	20.0%
D&A	-6.8	-7.5	-8.4	-9.1	-11.2
Operating result	13.8	15.2	10.2	30.8	15.5
margin %	16.9%	16.8%	11.6%	22.8%	11.6%
Net financial result	-0.6	-0.9	-0.9	-1.3	-2.6
Income tax charges	-2.8	-2.9	-1.5	-4.9	-2.6
Result for the period	11.6	11.4	7.8	24.6	10.2
margin %	14.2%	12.6%	8.9%	18.2%	7.7%

H1 2022 margins

- EBITDA margin of 20.0%
- EBIT margin of 11.6%
- Net profit margin of 7.7%

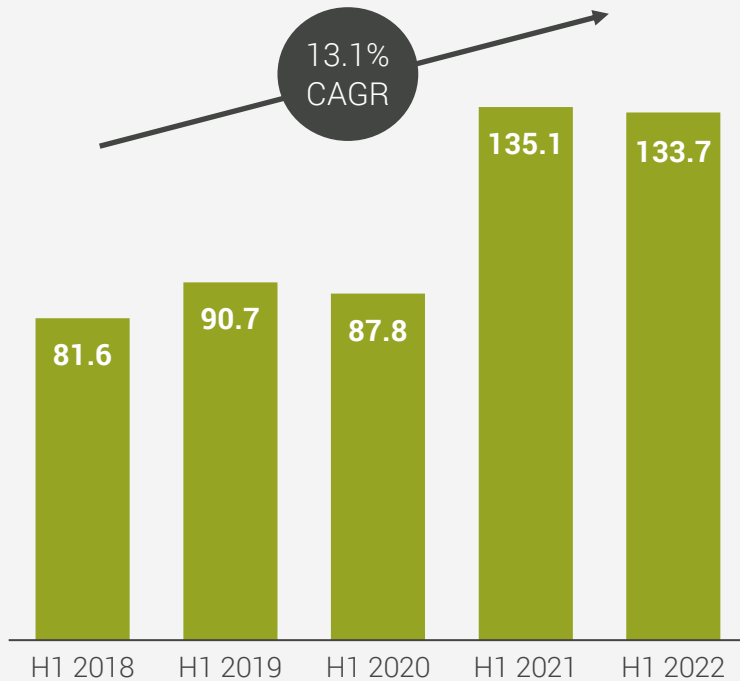
H1 2022 tax rate of 20.2%

Basic earnings per share (EPS) of € 0.31

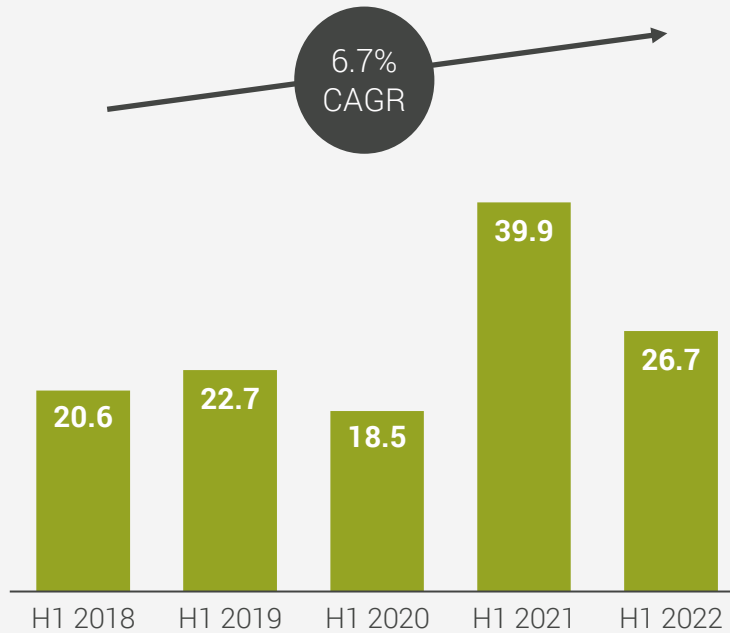
Revenue and reported EBITDA

H1 2022 results in the context of historical trends, partly affected by the coronavirus pandemic

Revenue € m



Reported EBITDA € m



H1 2022 revenue of € 133.7 m, YoY -1.1% or -3.3% at constant currency rates

- Original plan for broadly stable revenue
- Challenges within a more demanding market environment, with several deliveries slipping into H2

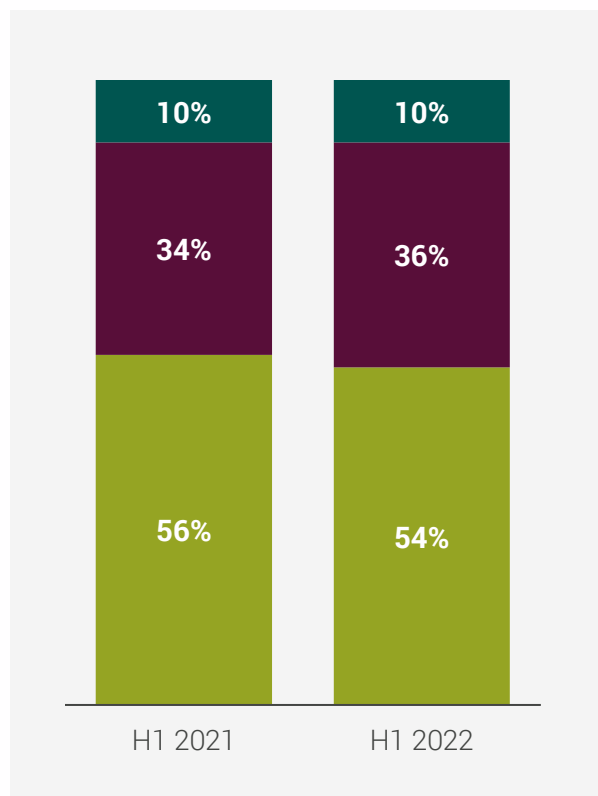
H1 2022 EBITDA of € 26.7 m, YoY -33.1%

- Larger-than-expected drop, driven mostly by amplified inflationary pressure but also by operational challenges
- Strong PY period
- Increased personnel cost ahead of growth

Revenue by business area

Reported Group revenue broadly stable across business areas

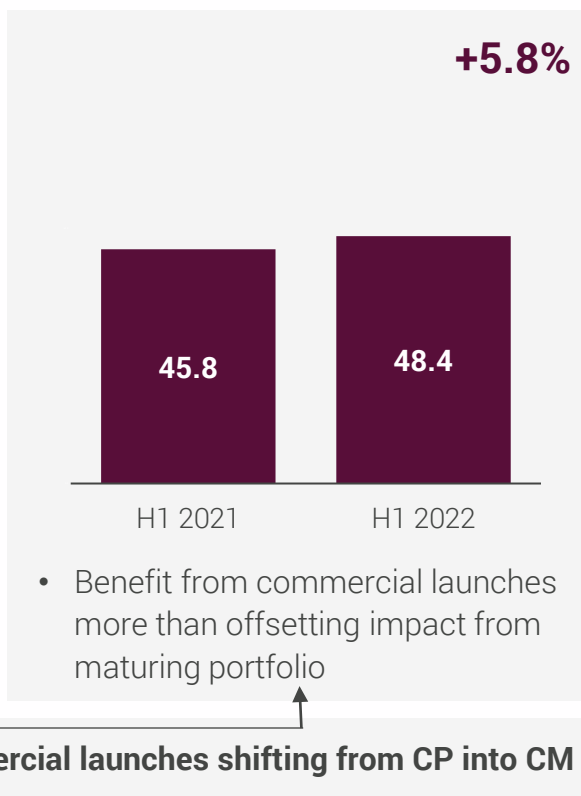
Composition of Group revenue



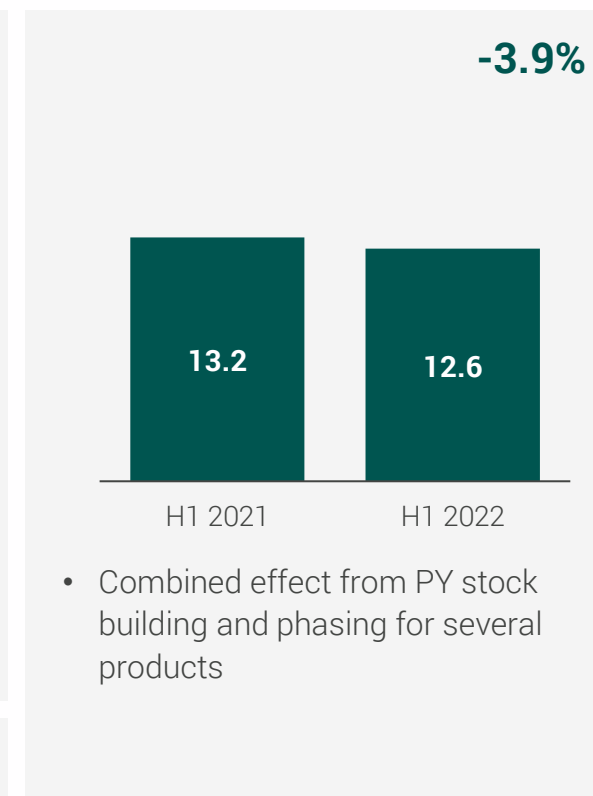
Custom Projects € m



Contract Manufacturing € m



Generics & Cosmetics € m

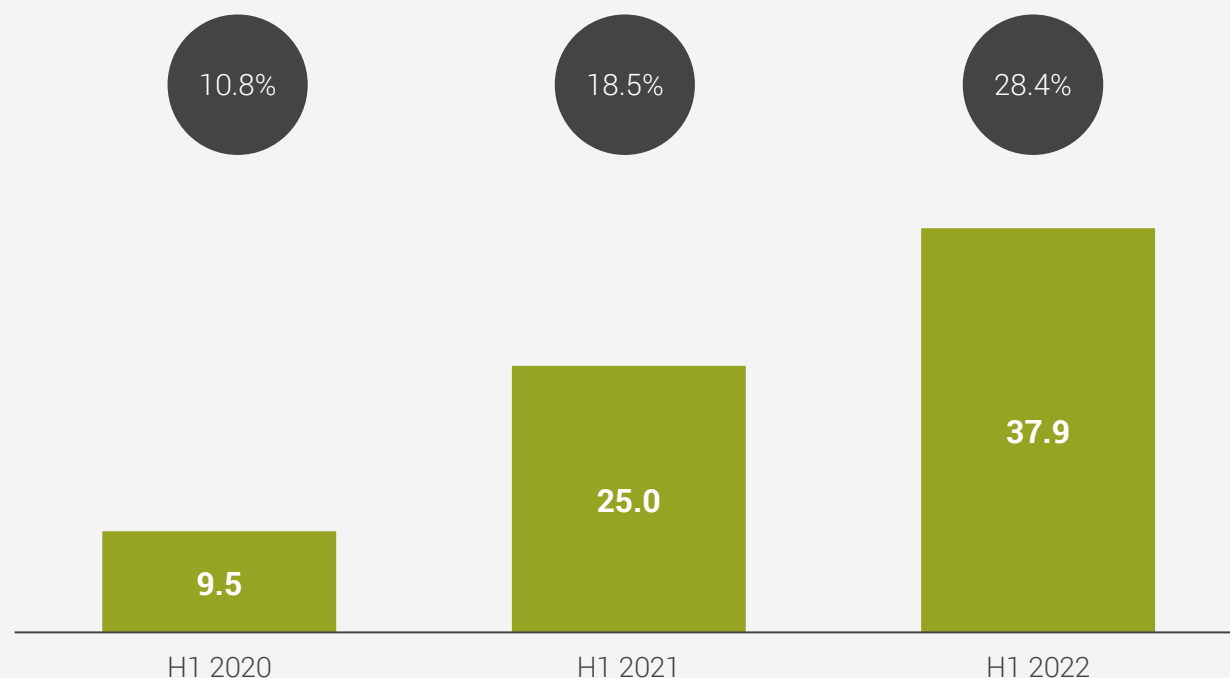


Revenue associated with commercial launches shifting from CP into CM

Capital expenditures

Continued capacity expansion, but also new capabilities, digitalization and modernization

€ m



● as % of revenue

H1 2022 capital expenditures¹ of € 37.9 m, or 28.4% of revenue, including

- Large-scale solid phase synthesis capacity in Braine-l'Alleud (Belgium)
- Large scale downstream capacity in Malmö (Sweden)
- Freeze drying capacity in Malmö and Torrance (California)
- Product development and analytical labs
- Oligonucleotide facility in Torrance
- IT infrastructure and digitalization efforts

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

Updated guidance for 2022

Reduced guidance – growth and partial margin recovery in H2 driven by peptides business

2022 guidance (old)

- Shift of business on order for H2 into 2023
- Expecting continued inflationary pressure

2022 guidance (new)

Revenue growth	Adj. EBITDA margin	Capex as % of Revenue
12-14%	~30%	>25%



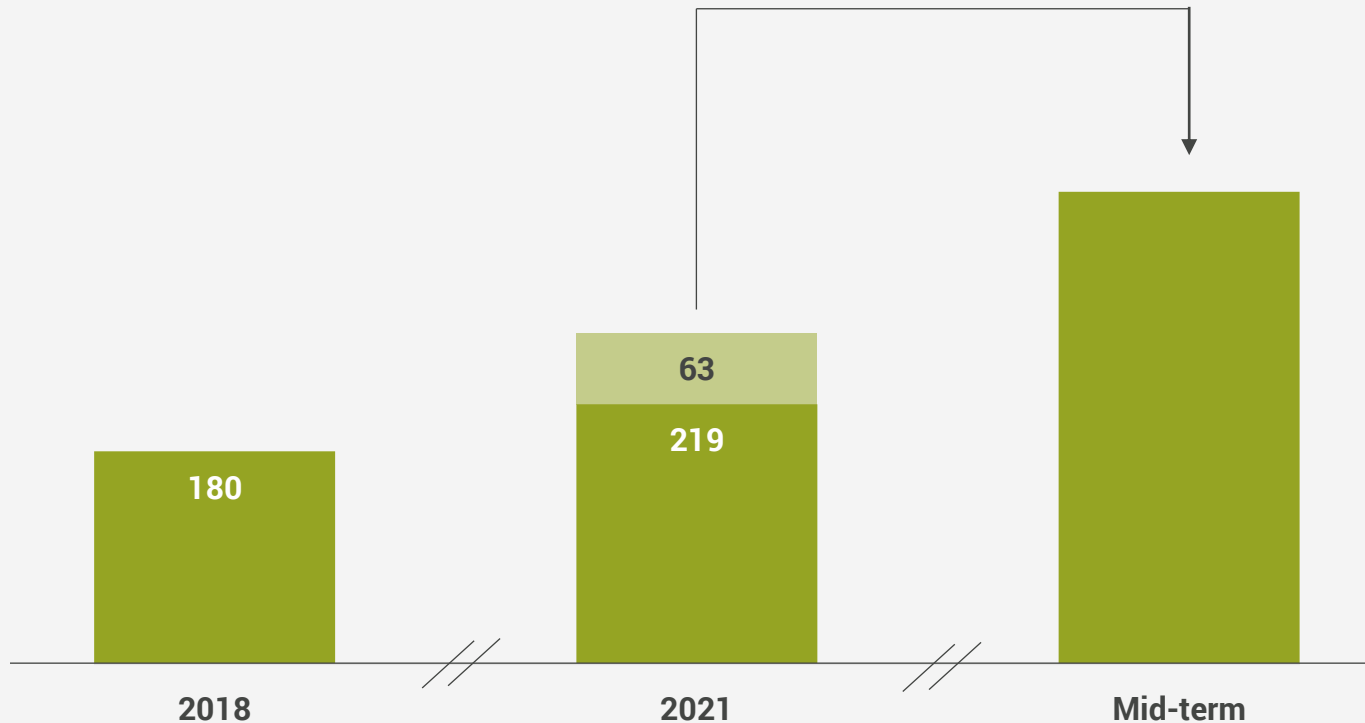
Revenue growth	Adj. EBITDA margin	Capex as % of Revenue
8-10%	22-25%	>25%

Updated mid-term outlook

Revenue CAGR in low-teens, expectation of varying yoy growth rates

Revenue € m

**Revenue CAGR in low-teens
with varying growth rates year-on-year
and adj. EBITDA margin progression towards 30%**



Coronavirus pandemic related


Considerations

- Structural market trends
- Custom projects portfolio
- Uneven phasing
- Coronavirus pandemic
- Macroeconomic environment
- Geopolitical situation

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PMC – PolyPeptide Management Committee

Members of the Executive Committee 




Raymond De Vré 
Belgian, CEO




Neil Thompson 
British, Director Global Sales and Marketing



Daniel Lasanow 
Belgian, Director Global Operations



Christina Del Vecchio 
Swiss / Swedish, General Counsel



Jan Fuhr Miller 
Danish, CFO



Jon Holbech Rasmussen
Danish, Director Global Development, IP and Regulatory



Landon Piluso
American, Director Global Quality



Olivier Ludemann-Hombourger
French, Director Global Innovation and Technology



Monika Casanova
German, Chief HR Officer (from May 2022)



Michael Stäheli
Swiss, Head IR / Corporate Communications / ESG


Board of Directors

Chairman and members appointed in 2021 in context of IPO




Peter Wilden 
German
Chairman




Jane Salik 
American
Member



Erik Schropp 
Dutch
Member






Philippe A. Weber 
Swiss
Independent Member



Beat In-Albon 
Swiss
Independent Member



Patrick Aebischer 
Swiss
Independent Member

Chair 
Member 

Remuneration & nomination committee
Innovation & technology committee
Audit & risk committee

The Board of Directors is responsible for PolyPeptide's overall direction and oversight of management, and holds the ultimate decision-making authority, with the exception of matters reserved for shareholders.

Visit our website or the section
Corporate Governance in the
Annual Report 2021 for the detailed CV's

polypeptide.com
report.polypeptide.com/ar/21/board-of-directors/

IR contact and financial calendar

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Share information

PolyPeptide Group AG has been listed on the Swiss Stock Exchange (SIX)

since 29 April 2021 under the symbol SIX: PPGN,

Swiss security number 111 076 085 and ISIN CH111 076 085

Share register

areg.ch ag

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Phone: +41 (0) 62 209 16 60 / info@areg.ch

Selected events in 2022

07 - 09.09.22	UBS Best of Switzerland Conference, Ermatingen, Switzerland
12.09.2022	Morgan Stanley Global Healthcare Conference, New York, USA
15 - 16.09.22	Bank of America European Healthcare Conference, London, UK
21.09.2022	Investora conference, Zurich, Switzerland
03.10.2022	RBC Capital Markets Virtual Pharmaceutical CDMO conference
04.11.2022	ZKB Swiss Equity Conference, Zurich, Switzerland
15 – 16.11.22	Jefferies London Healthcare Conference, London, UK
17.11.2022	Credit Suisse Equity Forum Switzerland, Zurich, Switzerland

Corporate events in 2023

14.03.2023	FY 2022 results
12.04.2023	AGM 2023
15.08.2023	HY 2023 results

Visit our website for the detailed event calendar polypeptide.com

Analyst coverage



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THANK YOU

