



# PolyPeptide Group AG (SIX: PPGN)

Full-year 2023 results

12 March 2024

Baar, Switzerland

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## Alternative Financial Performance Measures (APM)

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/>.

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



# 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 therapeutical 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 pipeline<sup>1</sup>

~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

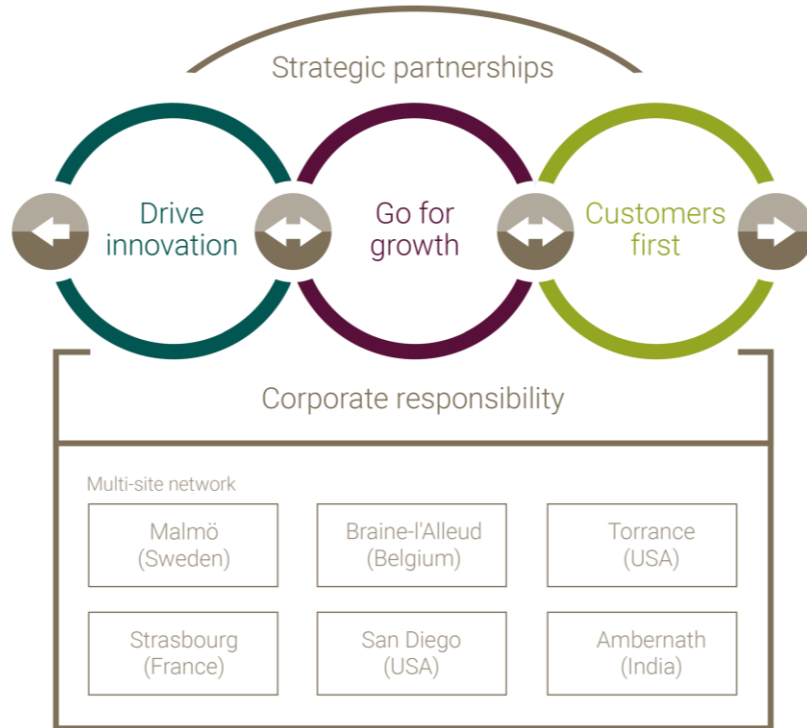
- 6 FDA approvals<sup>2</sup> across multiple therapeutical areas
- Robust GLP-1 clinical results, also for co-morbidities
- Accelerated investments by large pharma



<sup>1</sup> According to the GlobalData drug database, accessed in December 2023.

<sup>2</sup> 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

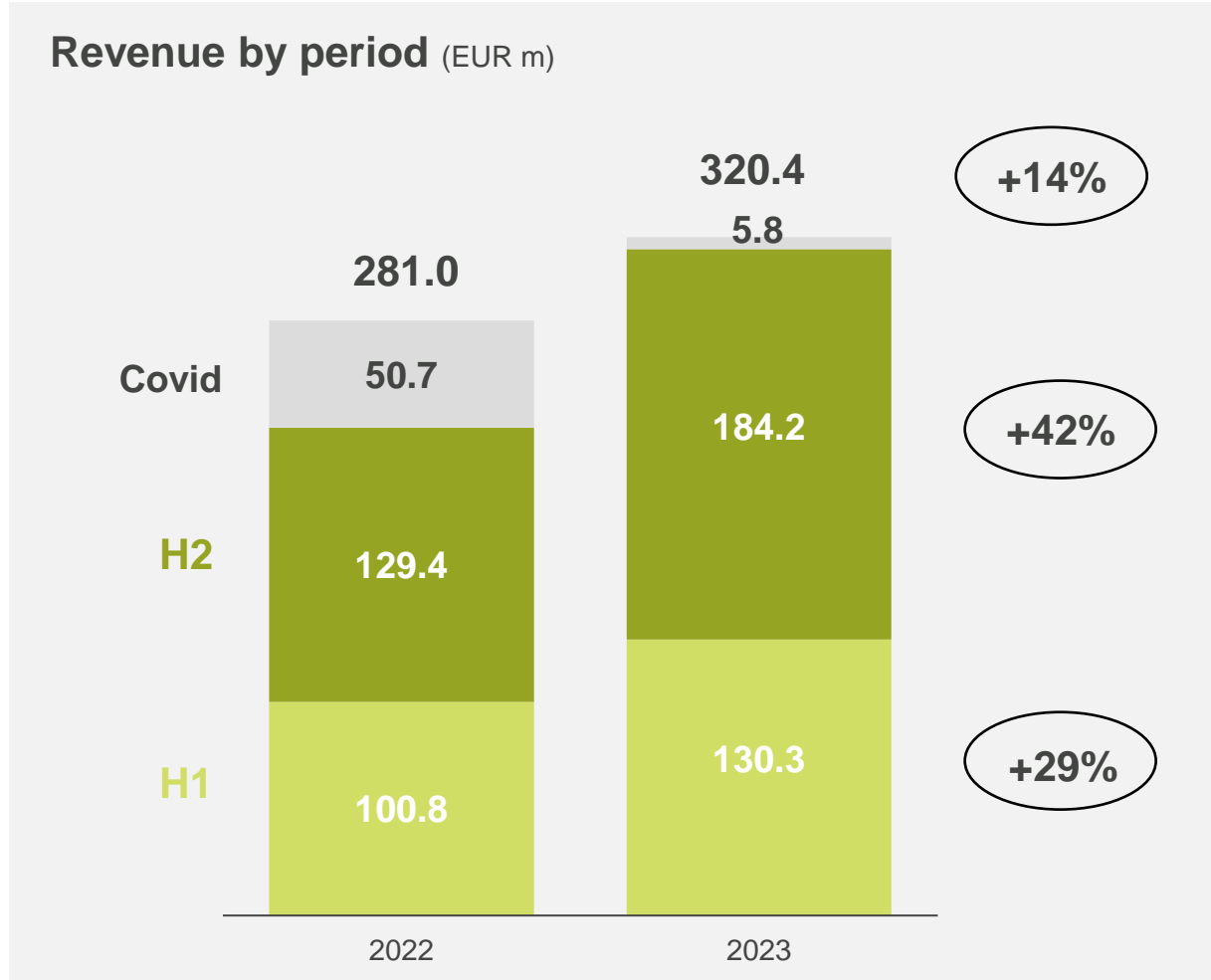


## Driving innovation

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



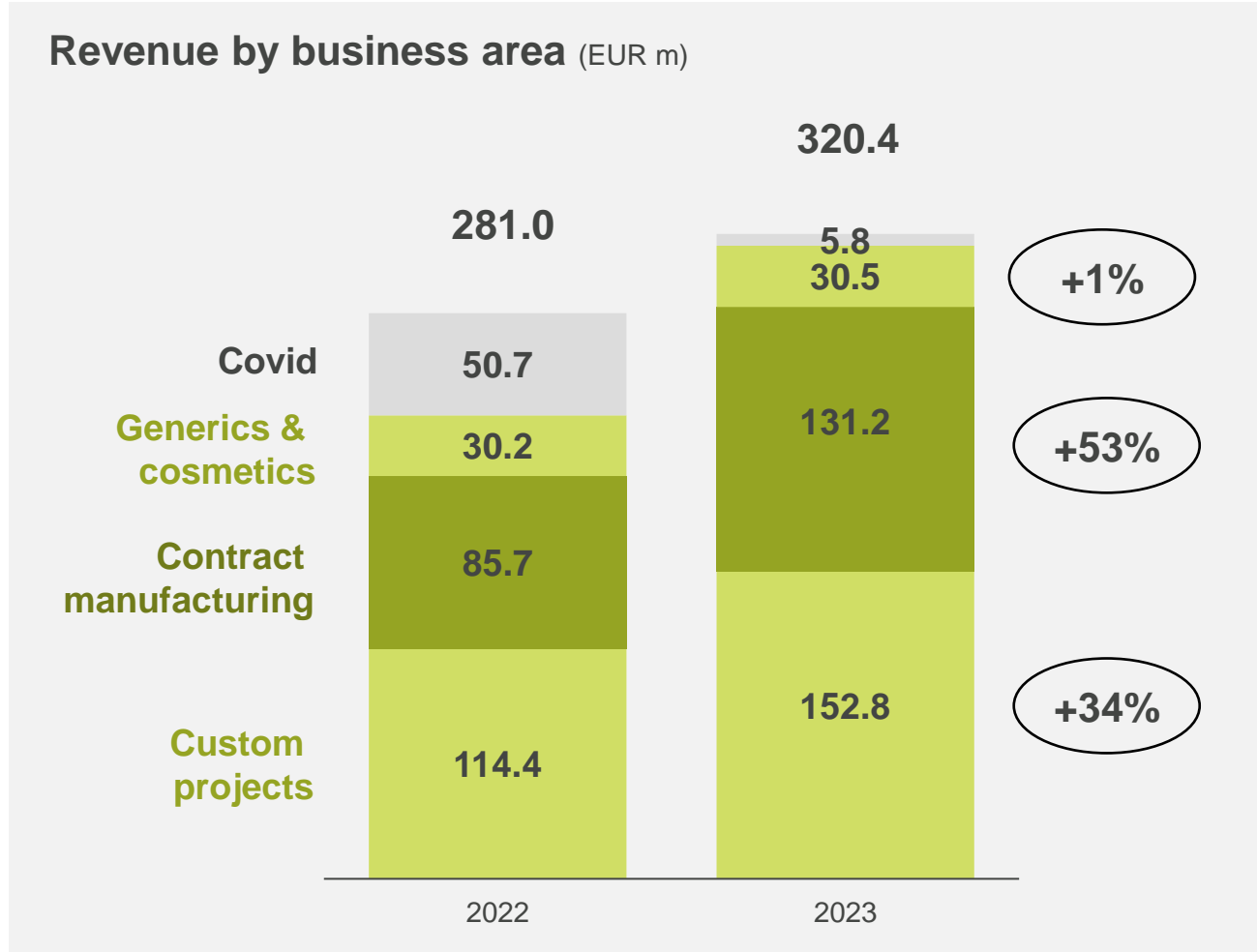
| <b>Projects by phase</b>      | <b>2022</b> | <b>2023</b> |
|-------------------------------|-------------|-------------|
| Pre-clinical                  | 72          | 58          |
| Phase I                       | 81          | 76          |
| Phase II                      | 37          | 41          |
| Phase III                     | 30          | 29          |
| <b>Total pipeline</b>         | <b>220</b>  | <b>204</b>  |
| <b>Commercial<sup>1</sup></b> | <b>60</b>   | <b>64</b>   |

- Rich and diversified pipeline
  - Early-stage: Limited funding climate impacting pre-clinical activity
  - Later-stage: Progression towards commercialization; advancing 29 projects and 55 peptides<sup>2</sup> for phase III
- Revenue share related to phase III projects and commercial activities of around 70%

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

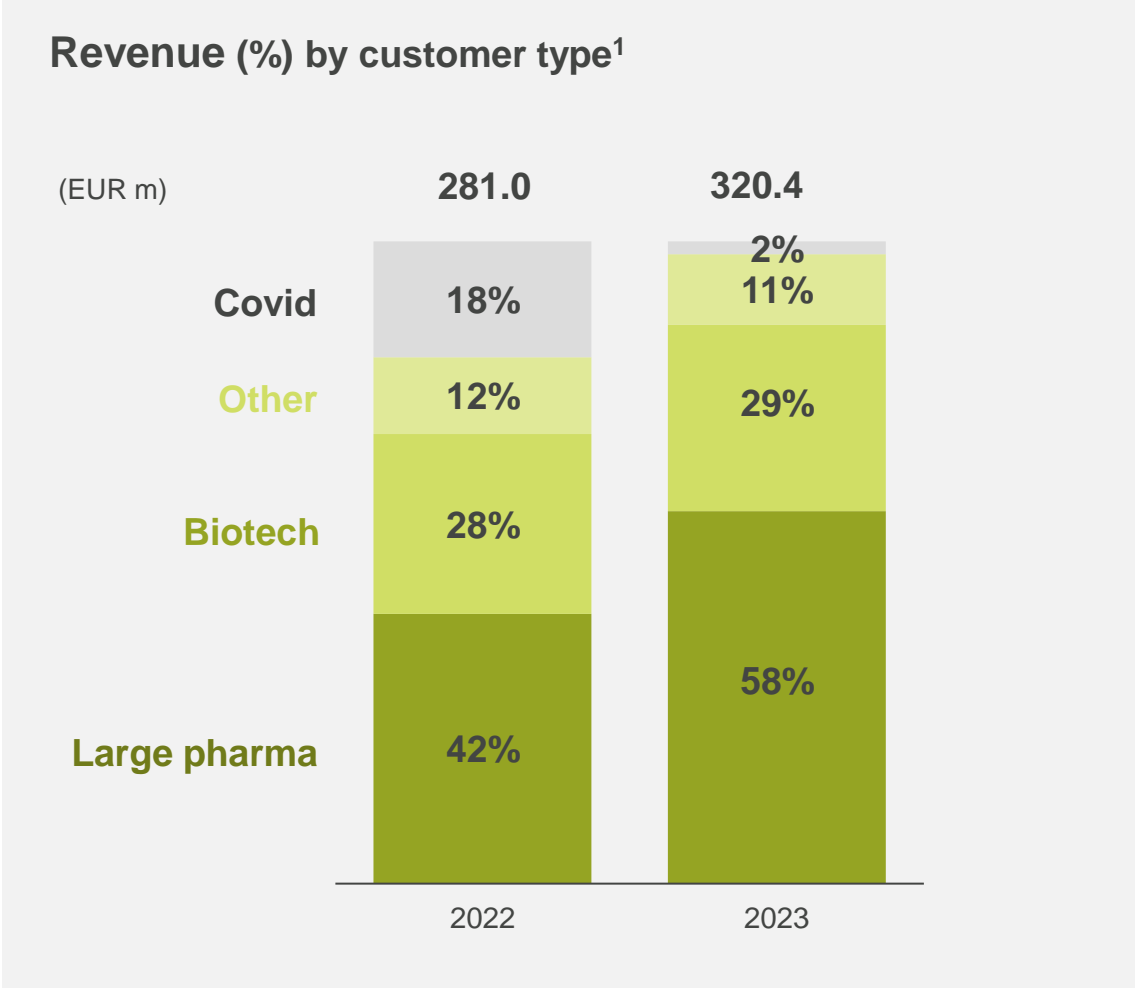
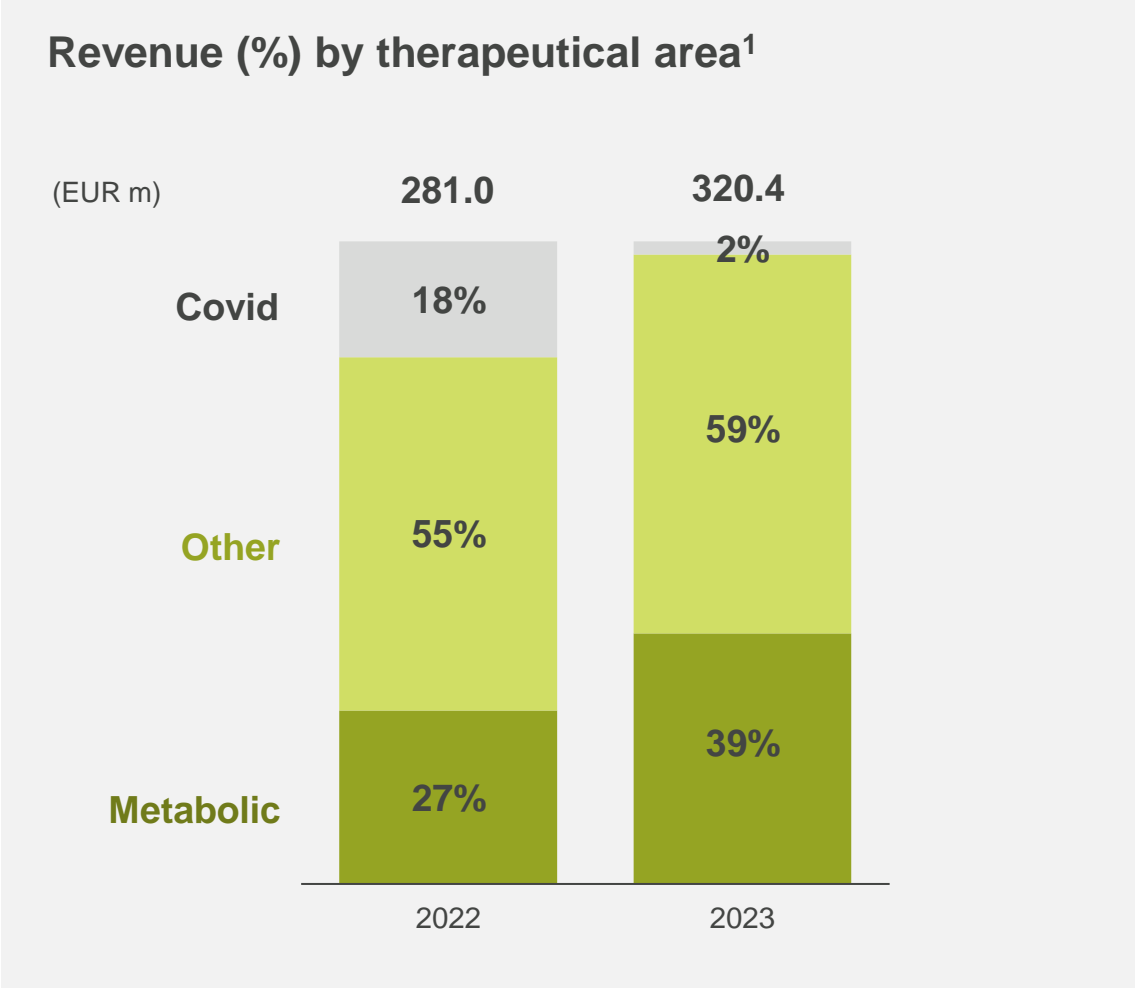
<sup>2</sup> New chemical entity (NCE) in development with a unique amino acid sequence, regardless of production site, manufacturing process or salt form.

# 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



<sup>1</sup> Approximate splits as at 31 December 2022 and 31 December 2023, respectively.

# Innovation – Advancing peptide manufacturing technology

## Green chemistry<sup>1</sup>

- **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 agreement<sup>2</sup>** to advance innovation agenda
- **Partnership agreement<sup>3</sup>** to access biochemical production platform

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

<sup>2</sup> See PolyPeptide [media release](#).

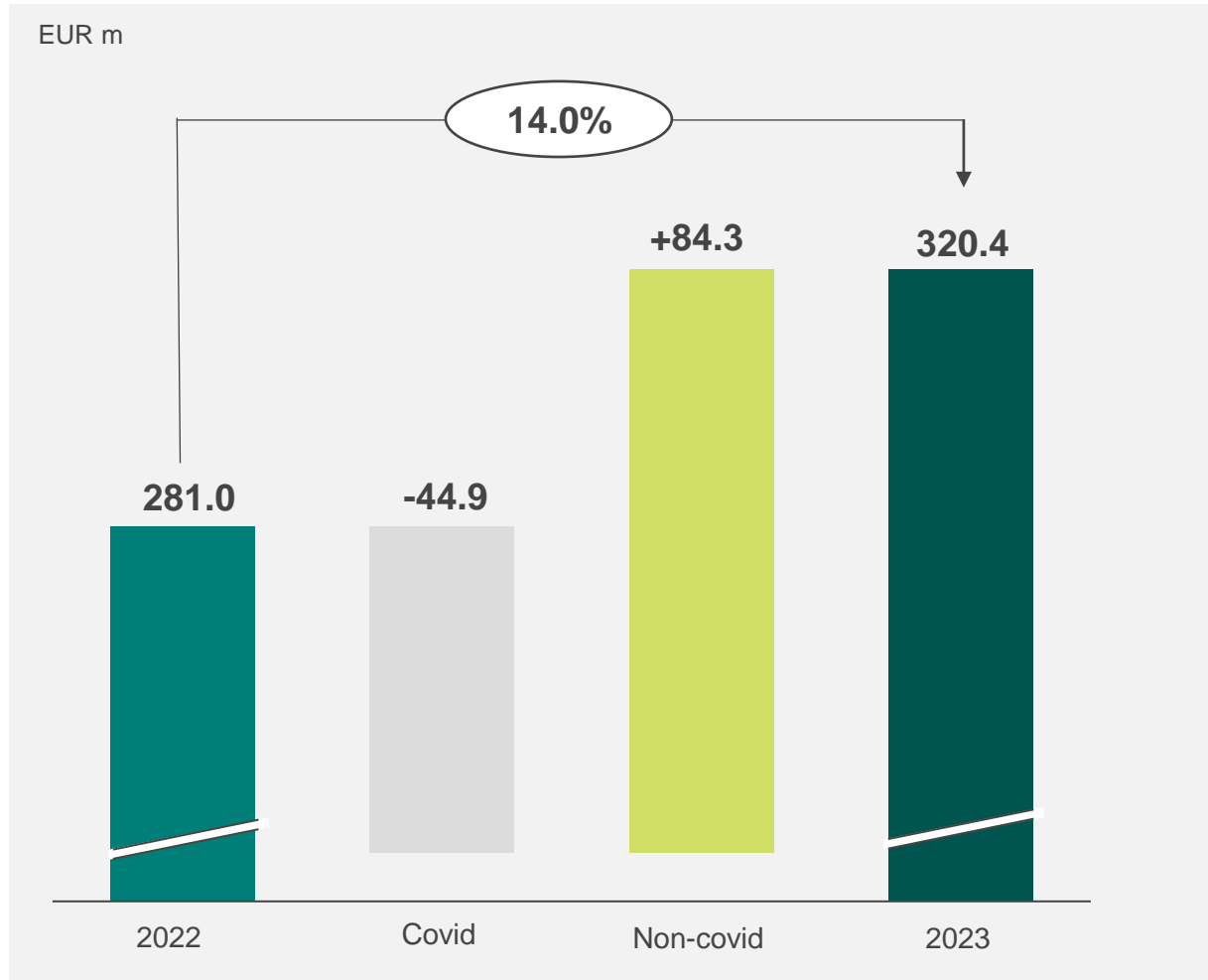
<sup>3</sup> See PolyPeptide [media release](#).



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# Revenue growth across therapeutical areas

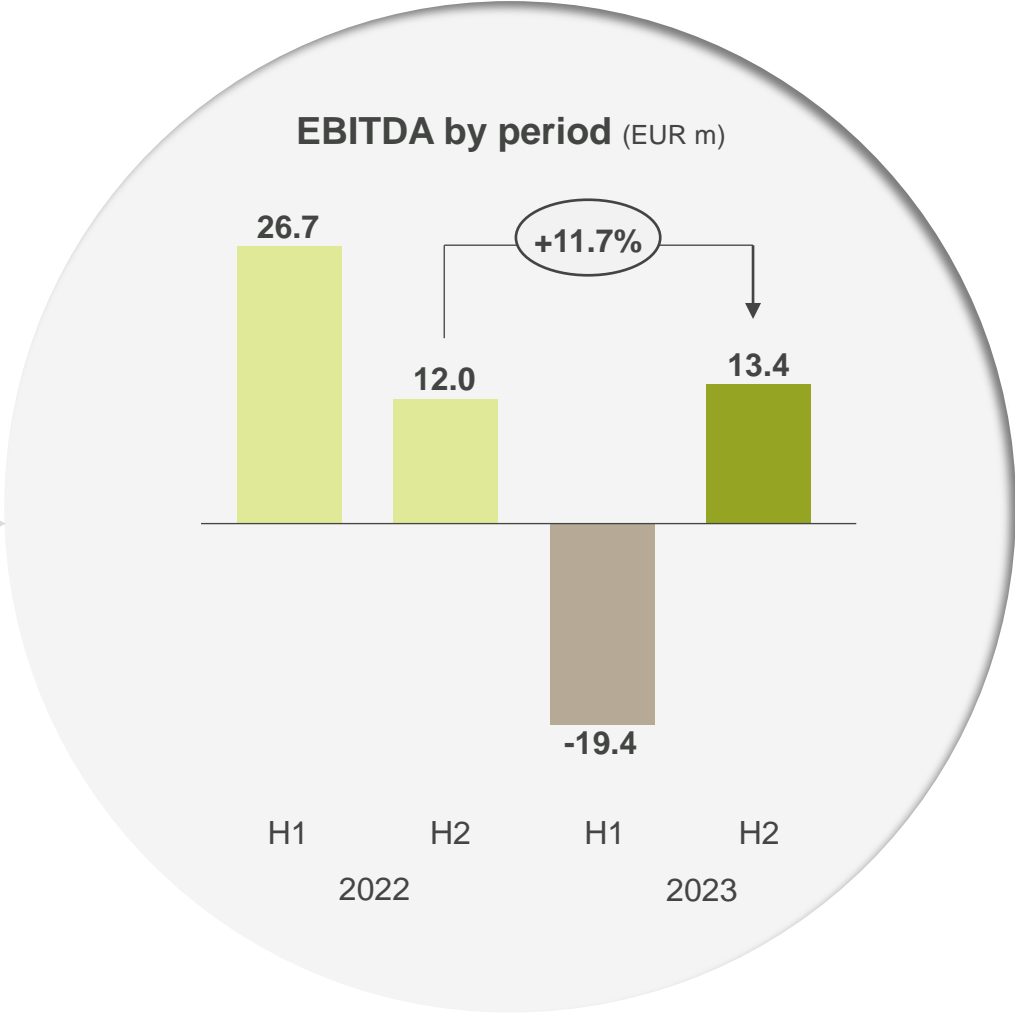
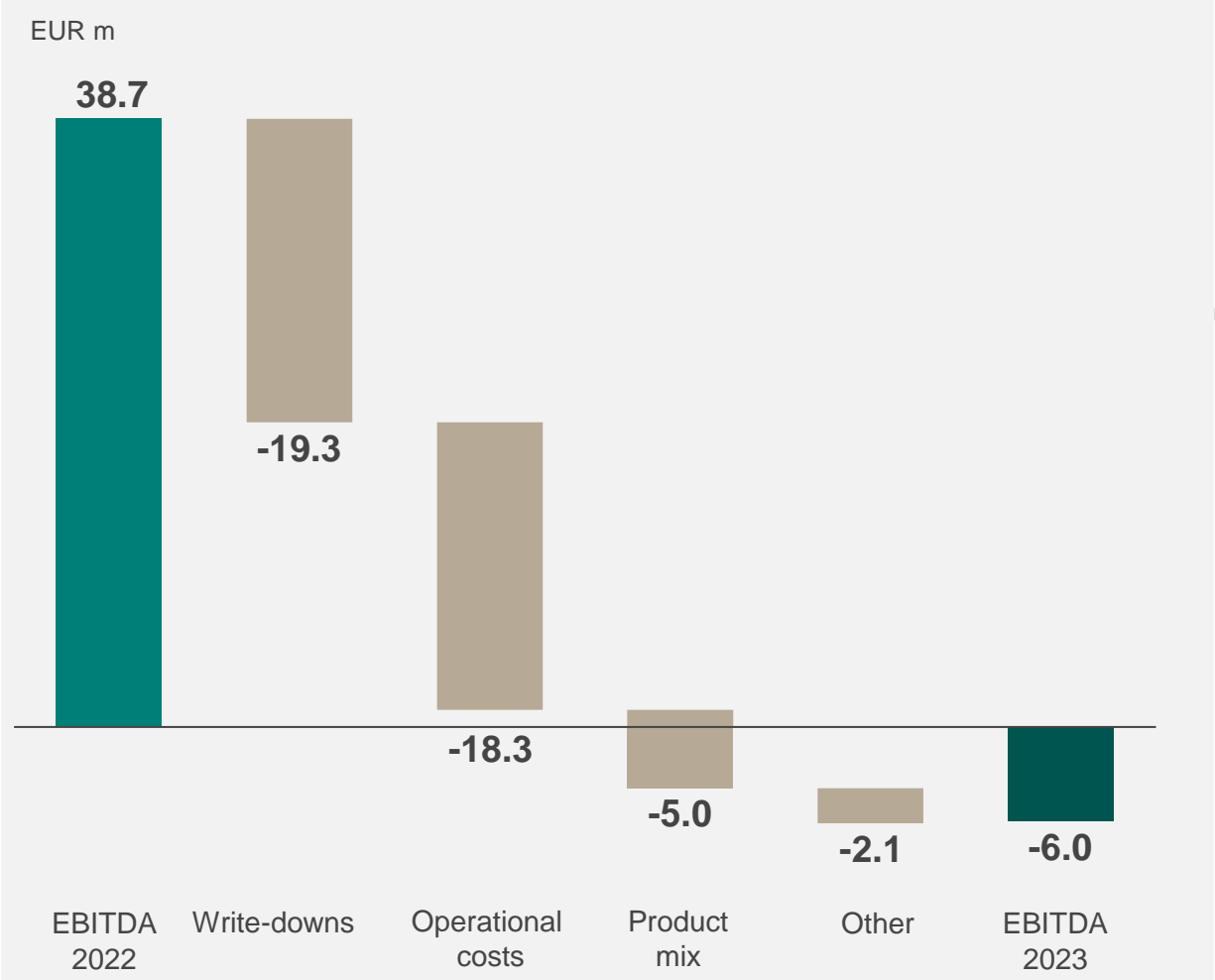


- Growth of 18.2% at constant currency rates
- Phase out of covid-related revenue more than offset by growth across therapeutical areas

## 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         |
|---|--------------|--------------|
| <b>Revenue</b>                          | <b>281.0</b> | <b>320.4</b> |
| <b>EBITDA</b>                           | <b>38.7</b>  | <b>-6.0</b>  |
| margin %                                | 13.8         | -1.9         |
| Depreciation, amortization & impairment | -26.1        | -30.5        |
| <b>Operating result (EBIT)</b>          | <b>12.6</b>  | <b>-36.5</b> |
| 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          |
| <b>Result for the year</b>              | <b>7.8</b>   | <b>-51.4</b> |
| 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         |
| <b>Net cash flows from operating activities</b>  | <b>5.5</b>   | <b>36.5</b>  |
| Purchase of PP&E and intangible assets           | -78.8        | -56.7        |
| <b>Free cash flow</b>                            | <b>-73.3</b> | <b>-20.2</b> |
| Other investing activities                       | 0.3          | -2.8         |
| <b>Net cash flow from investing activities</b>   | <b>-78.4</b> | <b>-59.5</b> |
| <b>Net cash flow from financing activities</b>   | <b>-26.9</b> | <b>84.5</b>  |
| <b>Net movement in cash and cash equivalents</b> | <b>-99.8</b> | <b>61.5</b>  |

## Successful financing activities

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

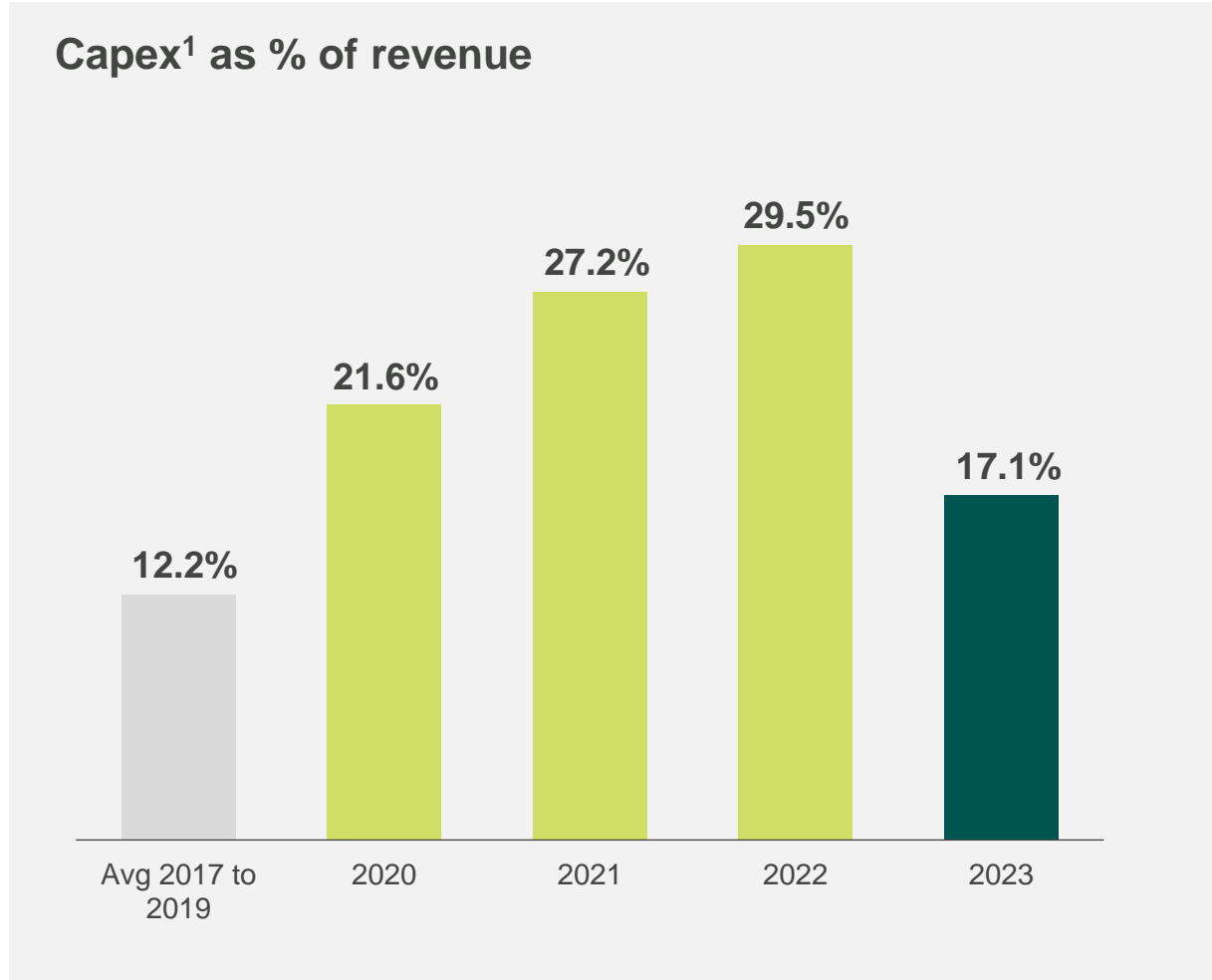
## Improved cash flows from operating activities

- 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

<sup>1</sup>Capital 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, 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          |
| <b>Total income</b>                                  |      | <b>324,853</b> | <b>283,464</b> |
| Cost of sales  | 3    | -315,730       | -228,987       |
| <b>Gross profit / (loss)</b>                         |      | <b>9,123</b>   | <b>54,477</b>  |
| 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        |
| <b>Total operating expenses</b>                      |      | <b>-45,591</b> | <b>-41,870</b> |
| <b>Operating result (EBIT)</b>                       |      | <b>-36,468</b> | <b>12,607</b>  |
| Financial income                                     | 3    | 103            | 9              |
| Financial expenses                                   | 3    | -21,878        | -5,049         |
| <b>Total financial result</b>                        |      | <b>-21,775</b> | <b>-5,040</b>  |
| <b>Result before income taxes</b>                    |      | <b>-58,243</b> | <b>7,567</b>   |
| Income tax   | 5    | 6,803          | 200            |
| <b>Result for the year</b>                           |      | <b>-51,440</b> | <b>7,767</b>   |
| 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,<br>kEUR                  | Note | 2023           | 2022           |
|----------------------------------|------|----------------|----------------|
| <b>Non-current assets</b>        |      |                |                |
| 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          |
| <b>Total non-current assets</b>  |      | <b>362,486</b> | <b>324,212</b> |
| <b>Current assets</b>            |      |                |                |
| 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         |
| <b>Total current assets</b>      |      | <b>326,602</b> | <b>251,570</b> |
| <b>Total assets</b>              |      | <b>689,088</b> | <b>575,782</b> |

| Equity and liabilities,<br>kEUR                                    | Note | 2023           | 2022           |
|--|------|----------------|----------------|
| <b>Equity attributable to equity holders of the parent company</b> |      |                |                |
| 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        |
| <b>Total equity</b>  |      | <b>381,225</b> | <b>421,677</b> |
| <b>Non-current liabilities</b>                                     |      |                |                |
| 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         | -              |
| <b>Total non-current liabilities</b>                               |      | <b>131,413</b> | <b>58,053</b>  |
| <b>Current liabilities</b>   |      |                |                |
| 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         |
| <b>Total current liabilities</b>                                   |      | <b>176,450</b> | <b>96,052</b>  |
| <b>Total liabilities</b>   |      | <b>307,863</b> | <b>154,105</b> |
| <b>Total equity and liabilities</b>                                |      | <b>689,088</b> | <b>575,782</b> |

# Consolidated statement cash flow

1 January – 31 December

| kEUR   | 2023           | 2022           |
|--|----------------|----------------|
| <b>Cash flow from operating activities</b>                             |                |                |
| Result for the year  | -51,440        | 7,767          |
| <b>Adjustments to reconcile cash generated by operating activities</b> |                |                |
| 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           |
| <b>Changes in net working capital</b>                                  |                |                |
| (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         |
| <b>Cash generated from operations</b>                                  | <b>41,949</b>  | <b>15,925</b>  |
| Interest income received   | 54             | 9              |
| Interest expenses paid   | -4,754         | -2,494         |
| Income taxes paid  | -764           | -7,980         |
| <b>Net cash flows from operating activities</b>                        | <b>36,485</b>  | <b>5,460</b>   |
| <b>Cash flow from investing activities</b>                             |                |                |
| 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            |
| <b>Net cash flows from investing activities</b>                        | <b>-59,512</b> | <b>-78,435</b> |

| kEUR   | 2023          | 2022           |
|--|---------------|----------------|
| <b>Cash flow from financing activities</b>                         |               |                |
| 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           |
| <b>Net cash flow from financing activities</b>                     | <b>84,547</b> | <b>-26,869</b> |
| <b>Net movement in cash and cash equivalents</b>                   | <b>61,520</b> | <b>-99,844</b> |
| Cash and cash equivalents at the beginning of the year             | 37,528        | 136,303        |
| Net foreign currency exchange differences                          | -3,342        | 1,069          |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>95,706</b> | <b>37,528</b>  |



# Contact and calendar

## Contact

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## 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](mailto: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

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## 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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