

Media release – ad hoc announcement pursuant to Art. 53 LR

Solid progress in H1 2024 – Upgrade of 2024 full-year guidance – Mid-term target to double 2023 revenue by 2028

Baar, 13 August 2024 – PolyPeptide Group AG (SIX: PPGN), a focused global CDMO for peptide-based active pharmaceutical ingredients, today announced its results for H1 2024, upgraded guidance for 2024 and mid-term outlook:

- Revenue of EUR 135.0 million, +2.4% versus H1 2023 or +2.9% at constant currency rates, driven by commercial activities
- EBITDA of EUR 2.9 million versus EUR -19.4 million with operational improvements leading to a higher utilization and favorable product mix
- Capex of EUR 20.5 million or 15.2% of revenue (14.7% in H1 2023); advancing capacity expansion projects in Belgium, Sweden, France and the United States; large-scale SPPS capacity on track for production ramp-up to start during H2 2024
- Upgrade of guidance for the full year 2024: now expecting high single-digit revenue growth versus 2023 at constant currency rates with positive mid single-digit EBITDA margin, operating at a net loss
- Sharpened growth strategy, taking into consideration large commercial agreements communicated in December 2022 and March 2024, as well as exposure in fast growing therapeutic areas, particularly the emerging GLP-1 market
- New mid-term outlook: target to double revenue reported for 2023 by 2028; revenue growth projections supported by commitments and supply forecasts of existing customers
- EBITDA margin expected to approach 25% by 2028, driven by growth initiatives, improving profitability in the existing base business with higher asset utilization and efficiency as well as operating leverage
- Advanced capacity expansion roadmap, focusing on the potential for modular solutions with plan to build additional capacity in phases, linked to customer projects
- Capital expenditures of 15% to 20% of revenue required to ensure capacity also beyond 2028
- Audio webcast and conference call will take place today at 9:30 am CEST (details see page 4).

Juan José González, CEO of PolyPeptide: “We made solid progress during H1 2024 with improved profitability and cash flow. In parallel, we undertook further transformational steps to strengthen our organization with additional industrial-scale manufacturing and commercial capabilities. We sharpened our growth strategy to be the most innovative peptides CDMO. The signing of the large commercial agreements communicated earlier anchors the new mid-term outlook: we now target to double revenue reported for 2023 by 2028 with the EBITDA margin approaching 25%.”

Key figures¹ (unaudited)

kEUR	H1 2024	H1 2023	Change
Revenue ²	135,043	131,834	2.4%
EBITDA	2,869	-19,387	— ³
EBITDA in % of revenue	2.1%	-14.7%	16.8 ppts
Operating result (EBIT)	-12,571	-34,464	63.5%
Operating results (EBIT) in % of revenue	-9.3%	-26.1%	16.8 ppts
Result for the period	-11,386	-34,266	66.8%
Result for the period in % of revenue	-8.4%	-26.0%	17.6 ppts
Earnings per share (EUR), basic	-0.35	-1.04	66.8%
Return on net operating assets (RONOA)	-3.4%	-8.8%	5.4 ppts
Cash and cash equivalents (end of period)	48,475	8,985	439.5%
Net cash flow from operating activities	471	-48,322	— ³
Capital expenditures	20,537	19,346	6.2%
Capital expenditures in % of revenue	15.2%	14.7%	0.5 ppts
Total assets (end of period)	664,971	589,123	12.9%
Equity ratio (end of period)	54.1%	65.2%	-11.1 ppts
Employees (# of FTEs, average)	1,277	1,181	8.1%

Revenue, profitability and cash flow

In H1 2024, PolyPeptide generated EUR 135.0 million in revenue, representing a 2.4% increase versus H1 2023 or a 2.9% growth at constant currency rates. Commercial revenue² increased by 8.6%, reflecting solid customer demand and favorable market trends across its broad portfolio. Development revenue² declined by 5.1% versus H1 2023, reflecting project phasing and the continuing recovery within the biotech funding environment.

PolyPeptide made significant progress in restoring profitability. EBITDA was EUR 2.9 million versus EUR -19.4 million. The increase in EBITDA was driven by operational improvements leading to a higher utilization and a favorable product mix in the aggregated amount of EUR 18.5 million. Investments for accelerated growth led to higher personnel expenses, mostly from the increase in average full-time equivalents of 8.1% compared to H1 2023. The higher personnel expenses combined with inflationary trends resulted in increased costs in H1 2024 of EUR 5.7 million versus H1 2023.

The increased profitability contributed to an improved operating cash flow. Net cash flows from operating activities reached EUR 0.5 million in H1 2024 versus EUR -48.3 million in

Footnotes

¹ This media release and key figures table 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 for 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 2024.

² For revenue by business area, refer to Note 4 of the Financial Report in the Half-year Report 2024. "Commercial revenue" is defined as the combined revenue of the business areas Contract Manufacturing and Generics & Cosmetics, which have been combined to discuss business drivers more concisely. "Development revenue" is defined as the revenue in the business area Custom Projects.

³ Change in % not meaningful.

H1 2023. The disciplined working capital management offset the buildup of inventory to support the planned growth in H2 2024.

Operational and organizational progress

PolyPeptide continued its capacity expansion program during H1 2024 across its manufacturing network advancing projects in Belgium, Sweden, France and the United States of America. The commissioning of the large-scale solid-phase synthesis capacity in Belgium is on track with the production ramp-up to start during H2 2024. Capital expenditures reached EUR 20.5 million or 15.2% of revenue (14.7% in H1 2023).

Simultaneously, PolyPeptide progressed with its operational improvement agenda, focusing on optimizing production planning and execution, enhancing technical proficiency and best practice, implementing organizational changes and maintaining strict cost management and working capital discipline. It drives operational excellence across its manufacturing network to achieve efficiency gains and increase capacity utilization.

During H1 2024, PolyPeptide undertook transformational steps to strengthen its organization with additional industrial-scale manufacturing and commercial capabilities. It appointed, inter alia, new directors for its manufacturing sites in the United States of America, France and Sweden, complementing the appointment of a new director for the manufacturing site in Belgium in H2 2023. With its enhanced focus on commercial excellence, it also appointed a new Chief Commercial Officer.

Guidance for 2024

On the back of the solid operational progress made in H1 2024 and robust customer demand, PolyPeptide upgrades its guidance for the full year 2024. It now expects:

	Previous	New
Revenue growth in % vs 2023 (at constant currency rates)	Mid to high single-digit	High single-digit
Profitability	Positive EBITDA, operating at a net loss	Positive mid single-digit EBITDA margin, operating at a net loss
Capital expenditures	EUR 60 to 70 million	EUR 60 to 70 million

The upgraded guidance for 2024 implies that revenue in H2 2024 will exceed the strong revenue in H2 2023. PolyPeptide's priorities for 2024 remain to meet the increasing customer demand and continue to strengthen operations and profitability, while further expanding capacity, particularly related to the GLP-1 opportunity.

Strategy

PolyPeptide operates in an attractive growth market and believes that GLP-1 receptor agonist drugs for the treatment of diabetes, obesity and other comorbidities will be the main market growth driver over the next decade. This will be complemented by the advancement of hundreds of pre-clinical and clinical development projects in other therapeutic areas.

Based on third-party market reports, PolyPeptide expects the peptide therapeutics market to grow with a compound annual growth rate of around 10% until 2033. It observes a continued trend toward synthetic peptides with complex molecular structures and expects a robust outsourcing trend, especially toward western-based CDMOs given customers' geopolitical considerations.

During H1 2024, PolyPeptide sharpened its growth strategy, taking into consideration the large commercial agreements communicated in December 2022 and March 2024 as well as its exposure in fast growing therapeutic areas, particularly the emerging GLP-1 market.

PolyPeptide's goal is to be the most innovative peptides CDMO, strengthening competitive advantages in 1) superior pipeline development capabilities, 2) innovation focused on green chemistry and industrial manufacturing and 3) capacity expansion leveraging the potential for modularity.

Mid-term outlook

PolyPeptide targets to double revenue reported for 2023 by 2028. Revenue growth projections are supported by commitments and supply forecasts of existing customers.

Profitability is expected to approach an EBITDA margin of 25% by 2028, driven by growth initiatives, improving profitability in the existing base business with higher asset utilization and efficiency as well as operating leverage.

Capital expenditures of 15% to 20% of revenue are required to ensure capacity also beyond 2028. PolyPeptide plans to expand manufacturing capacity in an efficient way, capitalizing on its existing multi-site network and proprietary technology to maximize manufacturing throughput.

PolyPeptide plans to build additional capacity in phases in line with specific customer projects and their growth trajectory. The phasing of the capacity being made available is expected to result in an uneven year-on-year growth of revenue and operational expenses, impacting profitability for a given period.

By implementing its growth strategy, PolyPeptide expects an increasing share of revenue from commercial activities. Furthermore, it refocused its half-year disclosure practice to better reflect the relevant drivers and trends. PolyPeptide's guidance and mid-term outlook assumes, inter alia, no unexpected adverse events.

Results documentation, audio webcast and conference call

PolyPeptide Group will hold an audio webcast today at 9:30 am CEST, where CEO Juan José González and CFO Marc Augustin will discuss H1 2024 results and the mid-term outlook in more detail. Please [click here](#) to join the audio webcast. To ask questions during the Q&A session, you must dial in to the moderated telephone conference. Participants may pre-register [here](#) and will receive dedicated dial-in details to easily access the call. Please dial in 5 to 10 minutes prior to the start.

A replay of the event will be available in the [Results Center](#) after the results presentation.

All results documents, including the media release, the results presentation, the [Half-year Report 2024](#) as well as the updated time series, will be available from around 7:00 am CEST in the PolyPeptide [Results Center](#).

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About PolyPeptide

PolyPeptide Group AG and its consolidated subsidiaries (“PolyPeptide”) is a focused Contract Development & Manufacturing Organization (CDMO) for peptide- and oligonucleotide-based active pharmaceutical ingredients. By supporting its customers mainly in pharma and biotech, it contributes to the health of millions of patients across the world. PolyPeptide offers products and services from pre-clinical through to commercial stages, including generics. Its active custom projects pipeline reflects the opportunities from novel drug therapies in development to fight both widespread and rare diseases. Dating back to 1952, PolyPeptide today runs a global network of six GMP-certified facilities in Europe, the U.S. and India. PolyPeptide’s shares (SIX: PPGN) are listed on SIX Swiss Exchange.

For more information, please visit polypeptide.com.

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Disclaimer

This media release has been prepared by PolyPeptide Group AG and includes forward-looking information and statements concerning the outlook for the Group’s business. These statements are based on current expectations, estimates and projections about the factors that may affect the Group’s future performance. These expectations, estimates and projections are generally identifiable by statements containing words such as ‘expects’, ‘believes’, ‘estimates’, ‘targets’, ‘plans’, ‘projects’, ‘outlook’ or similar expressions. There are numerous risks, uncertainties and other factors, many of which are beyond PolyPeptide Group AG’s control, that could cause the Group’s actual results to differ materially from the forward-looking information and statements made in this media release and that could affect the Group’s ability to achieve its stated targets. The important factors that could cause such differences include, among others: timing and strength of its customer’s product offerings, relationships with employees, customers and other business partners; strategies and initiatives of competitors; manufacturing capacity and utilization; quality issues; supply chain matters; the ability to continue to obtain sufficient financing to meet growth initiatives and liquidity needs; legal, tax or regulatory disputes; and changes in the political, social and regulatory framework in which the Group operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a

global, regional or national basis. Although PolyPeptide Group AG believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

In particular, the statements related to the Guidance for 2024 and Mid-term outlook constitute forward-looking statements and are not guarantees of future financial performance. The Group's actual results of operations could deviate materially from those set forth in the Guidance for 2024 and Mid-term outlook as a result of the factors described above or other factors. As such, investors should not place undue reliance on the statements related to the Guidance for 2024 and Mid-term outlook.

Except as otherwise required by law, PolyPeptide Group AG disclaims any intention or obligation to update any forward-looking statements as a result of developments.

Alternative financial performance measures (APM)

This media release 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, 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 and net cash. These APM should be regarded as complementary information to and not as substitutes for 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 2024](#).

For the purposes of this media release, unless the context otherwise requires, the term 'the Company' means PolyPeptide Group AG, and the terms 'PolyPeptide', 'the Group', 'we', 'us' and 'our' mean PolyPeptide Group AG and its consolidated subsidiaries. In the key figures table, the use of '-' indicates not meaningful or not applicable.