PolyPeptide

20 Annual 24 Report

Creating the future in peptides

Management Report

4 Editorial

7 Key figures

8 PolyPeptide in brief

10 Strategy

14 Business review

14 Revenue

14 Profitability

14 Cash flow and financing

14 Capacity expansion

15 Sustainability and risk management

15 Strategy and organization

16 Mid-term outlook and guidance for 2025

Editorial

Peter Wilden, Chairman of the Board of Directors, and Juan-José González, Chief Executive Officer

Substantial improvements in profitability and cash flow, positioned for strong growth

2024 has been a positive year for Polypeptide. We have improved operations and profitability and have remained focused on meeting the increasing demand of our customers by further expanding capacity.

We have also advanced our strategy of becoming the most innovative peptide CDMO, sharpening our value proposition through proprietary manufacturing technology, superior development capabilities and a modular approach for capacity expansion.

Our aim is to provide customers with more flexible options to support their supply chain and growth strategies through effective and sustainable ways of working.

We operate in a rapidly growing market

Based on 2023 market data, the global peptide therapeutics market is valued at around USD 45 billion with an expected compound annual growth rate (CAGR) of above 10% until 2030. We believe that the main growth driver is the increasing demand for peptide-based therapies for metabolic disorders, in particular for the treatment of diabetes, obesity, and other co-morbidities.

The advancement of hundreds of development projects across other therapeutic areas is expected to complement the growth beyond metabolic disorders. The observed trend to meet this demand through outsourcing to CDMO players such as PolyPeptide continues to be driven by the increasing chemical complexity and requirements for deep expertise in process and manufacturing technology.

PolyPeptide is well positioned in its market, competing with a solid track record of over one thousand distinct therapeutic peptides manufactured, customer proximity based on a global multi-site network, and a culture of agility and responsiveness.

These strengths are reflected in PolyPeptide’s rich pipeline of custom and commercial projects with large exposure to metabolic disorders and the large commercial agreements communicated in December 2022 and March 2024.

2024 performance highlights

As we review our performance and achievements in 2024, we are proud to highlight three key areas of success:

- PolyPeptide generated EUR 336.8 million in revenue, representing a 5.1% increase versus 2023. Between 2021 and 2024, our revenue (excluding revenue associated with the coronavirus pandemic) grew at a CAGR of 15.4%, driven by metabolic therapeutics, which grew at an impressive CAGR of 28.9%.
- EBITDA was EUR 25.4 million, with a margin of 7.5%. This was 9.4 percentage points higher than in 2023, reflecting an improvement of EUR 31.3 million, driven by operational performance and changes in product mix. The increased profitability and preparations for accelerated growth with customer support for capacity expansion contributed to a strong operating cash flow. Net cash flows from operating activities reached EUR 89.4 million in 2024 versus EUR 36.5 million in 2023.
- Capital expenditures (capex) reached EUR 87.8 million, or 26.1% of revenue. We started production with the large-scale solid-phase peptide synthesis (SPPS) capacity in Belgium and finalized the debottlenecking of upstream and downstream capacity at our site in Torrance, California. In addition, we advanced the construction work to double capacity in France, expected to come online by the end of 2025. Finally, we also launched the important construction work for doubling SPPS capacity at our site in Sweden. These investments support PolyPeptide's ability to meet its 2028 target of doubling revenue reported for 2023.

We finished the year with a strong active custom projects pipeline, including 32 projects for phase III of clinical development. As we embrace a robust industrial manufacturing model, we continue to strengthen our organization. We also added industrial-scale capabilities with the targeted hiring of experts from within the industry and further developed our Group functions with an enhanced focus on operational and commercial excellence. To enhance scalability, we also started evaluating a new enterprise resource planning system (ERP) to bolster our control mechanisms.

Advancing our strategy and sustainability agenda

Our vision is to be the most innovative peptides CDMO, strengthening competitive advantages in 1) innovation focused on green chemistry and process intensification, 2) superior pipeline development capabilities, and 3) rapid and flexible capacity expansion leveraging the potential for modularity.

As part of our large-scale capacity expansion, we use proprietary manufacturing technology with an integrated engineering design, advanced automation and process control to ensure high productivity, safety, and sustainability. In 2024, our technical experts continued their research project to increase the throughput of the SPPS infrastructure by using proprietary resin formulations. In line with our green chemistry agenda, the team also advanced its research efforts for PFAS-free SPPS alternatives, identifying viable options for industrial applications in the future.

During 2024, PolyPeptide finalized its climate strategy and transition plan, including greenhouse gas reduction targets, which will be submitted for validation to the Science-based Targets Initiative in 2025. As part of our commitment, we continued to participate within the framework of CDP's climate change program and improved our score to a "B" rating in 2024 from "B-" in 2023, marking progress for the third consecutive year.

Perspectives for 2025 and beyond

For 2025, our priority remains to meet the strong and increasing customer demand by delivering on our growth strategy. We expect strong growth and confirm our mid-term outlook, which includes the target to double revenue reported for 2023 by 2028.

For financing, we expect further improvements in profitability and cash flow, customer funding support for large capacity expansion projects, and the utilization of our credit facilities. With the attractive market outlook and evolving customer opportunities, the Board of Directors will propose two capital-related resolutions at the upcoming Annual General Meeting on 9 April 2025 (AGM 2025), i.e. the introduction of a capital band and the creation of conditional share capital for financing purposes and finance instruments.

We are committed to ensuring that our Board of Directors is comprised of individuals with the skills, experience and expertise necessary to guide our company into the future. To this end, we are pleased to announce the nomination of Joanna (Jo) LeCouilliard as a new independent member of the Board of Directors for election at the AGM 2025. Ms. LeCouilliard, a UK and Irish national, brings with her a financial and accounting background as well as deep global experience in healthcare management, including a successful career of nearly two decades with GlaxoSmithKline.

After serving for four years, Beat In-Albon has decided not to stand for re-election at the AGM 2025. The Board of Directors would like to extend its heart-felt thanks to Mr. In-Albon for his outstanding personal commitment and valuable contributions leading the Audit and Risk Committee between 2021 and 2023.

On behalf of the Board of Directors and the entire management team, we would like to thank our customers and shareholders for their continuous support, confidence, and trust as we progress on our growth journey. Importantly, we

would also like to take this opportunity to thank all our employees around the world for their dedication, professionalism, and contributions to transform Polypeptide into the most innovative peptide-based CDMO. At PolyPeptide, we are truly excited about the journey ahead.

Baar, 10 March 2025

Sincerely,

Peter Wilden
Chairman of the Board of Directors

Juan-José González
Chief Executive Officer

Key figures[1]

kEUR	2024	2023	Change
Revenue[2]	336,792	320,372	5.1%
EBITDA	25,350	-5,999	-[3]
EBITDA in % of revenue	7.5%	-1.9%	9.4 ppts
Operating result (EBIT)	-7,364	-36,468	79.8%
Operating result (EBIT) in % of revenue	-2.2%	-11.4%	9.2 ppts
Result for the year	-19,564	-51,440	62.0%
Result for the year in % of revenue	-5.8%	-16.1%	10.2 ppts
Earnings per share (EUR), basic	-0.59	-1.56	62.0%
Return on net operating assets (RONOA)	-1.6%	-8.5%	6.9 ppts
Cash and cash equivalents (end of year)	68,277	95,706	-28.7%
Net cash flow from operating activities	89,399	36,485	145.0%
Capital expenditures	87,839	54,890	60.0%
Capital expenditures in % of revenue	26.1%	17.1%	8.9 ppts
Total assets (end of year)	756,576	689,088	9.8%
Equity ratio (end of year)	47.2%	55.3%	-8.1 ppts
Employees (# of FTEs, average)	1,291	1,202	7.4%

[1] This table and report 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 this report.

[2] For revenue by business area, refer to Note 3 of the consolidated financial statements. For the purpose of this report and to discuss business drivers more concisely, revenue of the business areas Contract Manufacturing and Generics & Cosmetics have been combined into "Commercial revenue", while revenue in the business area Custom Projects is labelled "Development revenue".

[3] Change in % not meaningful.

PolyPeptide in brief

PolyPeptide is a specialized Contract Development & Manufacturing Organization (CDMO) for peptide- and oligonucleotide-based active pharmaceutical ingredients (API).

By supporting its customers mainly in pharma and biotech, it contributes to the health of millions of patients across the world.

PolyPeptide serves a fast-growing market, offering products and services from pre-clinical through to commercial stages. Its broad portfolio reflects the opportunities in drug therapies across areas and with a large exposure to metabolic diseases, including GLP-1.

Dating back to 1952, PolyPeptide today runs a global manufacturing network in Europe, the U.S. and India.

PolyPeptide's shares are listed on SIX Swiss Exchange (SIX: PPGN).

Multi-site network

6

cGMP-certified manufacturing sites

Over

70

years of experience in API manufacturing

Manufacture of around

1/3

of all commercial peptides

PolyPeptide's **VISION** is to be the most innovative peptides CDMO by shaping the future of peptide drug manufacturing and contributing to the health of millions of patients across the world.

The Group's **MISSION** is to help customers develop products, secure regulatory approvals, and successfully launch and commercialize their products by securing current Good Manufacturing Practices (cGMP)-compliant manufacturing practices with efficient and sustainable technologies.

Building on its **VALUES**, PolyPeptide aims to be the preferred long-term partner for its customers throughout the entire drug life cycle.

PolyPeptide is subject to comprehensive regulations, including cGMP, to assure the quality of its services and products.

Customers expect PolyPeptide to have deep scientific knowledge, technical expertise, and operational experience, demonstrating a relentless focus on quality and high delivery performance.

INNOVATION
We are curious and explore new ways.
We are ambitious and find solutions.

EXCELLENCE
We have in-depth technical knowledge and deliver results.
We deliver quality in everything we do and lead by example.

TRUST
We believe in teamwork and collaboration.
We are transparent and we accept responsibility.

Strategy

Company profile

PolyPeptide is a focused contract development and manufacturing organization (CDMO) specializing in the development and manufacturing of synthetic peptides and oligonucleotides used as active pharmaceutical ingredients (API) or intermediates in therapeutic products. It serves a diversified customer base of over 250 pharmaceutical and biotech companies around the world. It also produces a range of generic peptides and peptides used in cosmetics, animal health, and medical devices.

With a history of over 70 years and a strong manufacturing track record with over 1,000 distinct therapeutic peptides manufactured for customers, the Group has developed into a full-service drug substance provider with differentiated technologies and capabilities to support complex and innovative drug development projects.

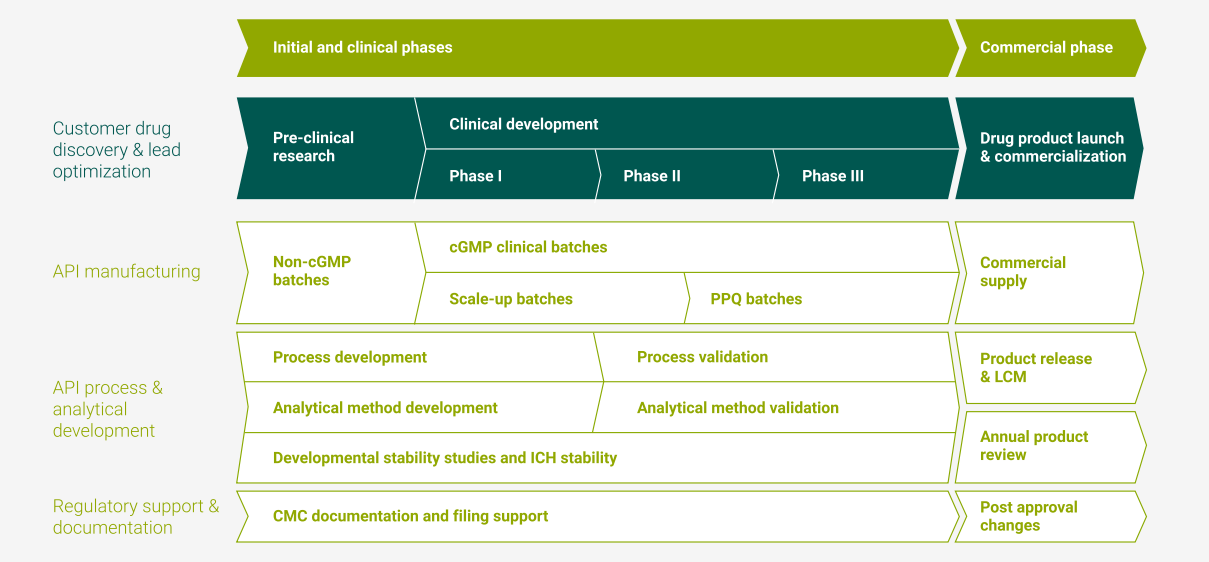
As a CDMO, PolyPeptide is subject to comprehensive regulations, including current Good Manufacturing Practices (cGMP), to assure quality and to ensure the safety of patients. The Group runs a global network of six manufacturing sites in Europe, the United States of America, and India, with each of the sites subject to regular inspections by regulatory agencies and audits by its customers. All sites are cGMP certified, demonstrating suitable processes, methods, facilities, and controls.

Beyond the rigorous regulatory environment, PolyPeptide's market is characterized by distinct structural factors that create high barriers to entry and high switching costs for customers. These factors include the specialized technical expertise and knowledge required to meet customer specifications in relation to quality, reliability and security of supply, the high capital intensity of manufacturing, and the importance of an established track record.

Business model

PolyPeptide provides its offering through its manufacturing sites and with a "start here – stay here" philosophy, covering the entire life cycle of a drug, starting with the customer's pre-clinical drug development projects, followed by clinical phases through to commercialization. As a result, its customer relationships are typically strategic and long-term by nature.

PolyPeptide's business model



API – Active Pharmaceutical Ingredient; CMC – Chemistry, Manufacturing & Controls; cGMP – current Good Manufacturing Practice; ICH – International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use; LCM – Life Cycle Management; NDA – New Drug Application; PPQ – Process Performance Qualification.

Activities include process and analytical method development and stability studies as well as the production of API and intermediates. In addition, the Group provides its customers with regulatory documentation and support.

Revenue related to drug development projects results from the Group's active custom projects pipeline and includes the manufacturing of non-cGMP material for pre-clinical studies and cGMP material for clinical phases. Once a drug has received regulatory approval, PolyPeptide recognizes related sales as commercial revenue.

PolyPeptide maintains a holistic quality system to ensure compliance with cGMP and adherence to applicable guidelines, including those from the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH).

Market

According to Evaluate Pharma, the global peptide therapeutics market has been valued at approximately USD 45 billion in 2023 and is projected to reach approximately USD 130 billion by 2030 with a compound annual growth rate (CAGR) of above 10% from 2023 to 2030.

PolyPeptide believes that the main growth driver is the increasing demand for peptide-based therapies for metabolic disorders, in particular for the treatment of diabetes, obesity, and other co-morbidities. The advancement of hundreds of pre-clinical and clinical development projects in other therapeutic areas, including oncology, infectious diseases, orphan diseases, cardiovascular, neurology, or gastro-enterology applications, is expected to further complement the growth beyond metabolic disorders.

PolyPeptide has observed that the global drug development landscape remains increasingly focused on synthetic peptides with complex molecular structures and novel formulation technologies, including oral peptides. In addition, PolyPeptide has identified a strong trend towards outsourcing, particularly favoring western-based CDMOs due to customers' geopolitical considerations.

According to the GlobalData drug database, accessed in January 2025, approximately 800 peptide drug projects (synthetic and recombinant) were in development, of which approximately 300 were in clinical development, with 70 in phase III or pre-registration. Based on third-party market reports, over 100 peptide-based therapies were approved by the US Food and Drug Administration (FDA) as at the end of 2024.

The addressable market for PolyPeptide is the outsourced market for synthetically manufactured peptide-based APIs and intermediates. It was estimated by PolyPeptide, based on public company reports from the financial year 2023, to be valued around USD 1.8 billion in 2023. Out of the approximately 800 peptide drug projects in development, approximately 80% are estimated to be synthetically manufactured.

Compared to the market for peptide-based therapeutics, the market for oligonucleotide-based therapeutics is at an earlier development stage. According to the GlobalData drug database, accessed in January 2025, approximately 900 oligonucleotide drugs were in development, of which approximately 200 were in clinical development. Based on third-party market reports, over 20 oligonucleotide-based therapies were approved by the FDA as at the end of 2024.

According to the GlobalData drug database, accessed in January 2025, the estimated market size for marketed oligonucleotide-based therapeutics is USD 5.1 billion in 2023, with an expected CAGR of around 20% until 2030. Within oligonucleotides, PolyPeptide focuses on the phosphorodiamidate morpholino oligonucleotides (PMOs) and the peptide-conjugated phosphorodiamidate morpholino oligonucleotides (PPMO) segments due to synergies with peptide manufacturing equipment and chemical processes.

Strategy

Vision, mission, values

PolyPeptide's vision is to be the most innovative peptide CDMO by shaping the future of peptide drug manufacturing and contributing to the health of millions of patients across the world.

The Group's mission is to help customers develop products, secure regulatory approvals, and successfully launch and commercialize their products by combining cGMP-compliant manufacturing practices with efficient and sustainable technologies.

Building on its values of "Innovation", "Excellence" and "Trust", PolyPeptide aims to be the preferred long-term partner for its customers throughout the entire drug life cycle.

Customers expect their CDMO to have deep scientific knowledge, technical expertise, and operational experience, demonstrating a relentless focus on quality and high delivery performance. PolyPeptide strives to meet and exceed these expectations.

Strategy update

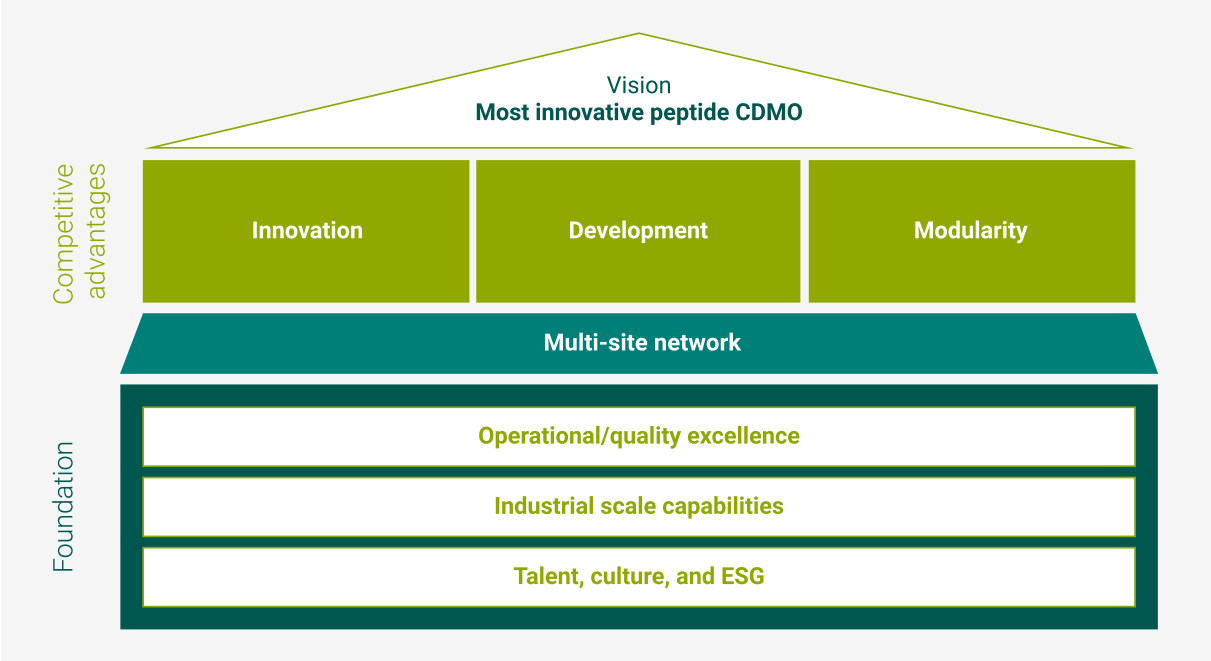
During the course of 2024, PolyPeptide sharpened its growth strategy based on expected rapid market growth, its strong market position, and the large commercial agreements communicated in December 2022 and March 2024.

Building on its multi-site network, PolyPeptide's strategy aims at strengthening both its foundations and competitive advantages:

1. The foundation consists of operational and quality excellence, industrial-scale capabilities, talent and working culture with a commitment to meeting the Group's corporate responsibilities and sustainability objectives.
2. The competitive advantages center around innovation, with a focus on green chemistry and process intensification, superior pipeline development capabilities, and rapid and flexible capacity expansion that leverages the potential for modularity.

By executing its strategy, PolyPeptide seeks to offer its customers a distinctive value proposition that further differentiates it from competition. The Group's strategy includes transformational elements to adapt to evolving customer needs and to enhance its industrial-scale capabilities. As a result, PolyPeptide strives to advance its peptide manufacturing practices through efficient and sustainable ways of working and new technologies.

PolyPeptide's strategy



To execute its strategy, the Group remains committed to continually strengthening its core foundations:

Operational and quality excellence: PolyPeptide strives to meet customer requirements in terms of quality, quantity, and time. The design of operational and quality processes is key to reducing technical and business risks while meeting performance standards. PolyPeptide's operational and quality excellence programs focus on optimizing production planning and execution, enhancing technical proficiency, and sharing best practices across the manufacturing network. Execution requires a continuous improvement mindset to achieve increased efficiency and capacity utilization.

Industrial scale capabilities: Given the strong demand and expected peptide therapeutics market growth, the industry needs to evolve its capabilities to satisfy large-scale manufacturing requirements. To accommodate the shift from laboratory- to industrial-scale production, PolyPeptide employs proprietary technology and integrated engineering (including improved process controls and enhanced automation) to drive productivity, safety, and sustainability.

Talent, culture, and ESG: As a CDMO focused on the development and manufacturing of synthetic peptides, PolyPeptide operates in a specialized field employing a highly educated workforce. By the end of 2024, 63% of its employees held academic degrees and 7% held PhDs in various relevant fields, including in chemistry and engineering. The talent agenda is further focused on enhancing the organization with industrial-scale manufacturing and commercial capabilities. Furthermore, the Group adheres to fundamental principles of business ethics, corporate responsibility, and compliance and integrates relevant criteria into its strategy and operations to cultivate sustainable value creation over the long term.

Building on these core foundations, PolyPeptide aims to achieve excellence through its competitive advantages:

Innovation: PolyPeptide is focused on innovative manufacturing technologies. Its green chemistry agenda aims to improve environmental sustainability by optimizing the use of hazardous solvents in production. The importance of

PolyPeptide's green chemistry agenda is further fueled by the growing volume of products and the increasing complexity of their structures. In addition, PolyPeptide is focused on process intensification programs to enhance production throughput and optimize yield, speed, and reaction capacity.

Development: PolyPeptide strives to offer customers superior manufacturing processes and analytical methods, focused on providing tailored support to achieve desired capacity requirements. With more than 70 years of manufacturing experience, PolyPeptide's regarded development capabilities stem from its (i) agile mindset, attentive to evolving customer needs, (ii) strong customer proximity via its multi-site network, and (iii) ability to build long-term trusted relationships. These strengths are reflected in PolyPeptide's rich pipeline of active custom projects and commercial products with large exposure to GLP-1 and the metabolic opportunity.

Modularity: Through a standardized modular approach, PolyPeptide seeks to optimize speed, flexibility, and output. A standardized modular approach is intended to accelerate time to market while enhancing flexibility to ensure high utilization. Compared to large-scale infrastructure projects, a modular expansion is expected to carry lower execution and operational risk. The potential of modularity is intended to provide customers with reliable capacity, timely scalability, and flexible manufacturing options to support their supply chain and growth strategies.

PolyPeptide is implementing its growth strategy across its global network of six cGMP- certified manufacturing sites. The presence in Europe, the United States of America, and India allows for customer proximity and flexibility. As part of its strategy, PolyPeptide is advancing its capacity expansion roadmap with targeted capex investments. In 2024, it started production of the large-scale SPPS capacity in Braine-l'Alleud, Belgium. In addition, the Group started the construction work to double SPPS capacity in Malmö, Sweden, combining the proprietary manufacturing technology and integrated engineering design already deployed in Braine-l'Alleud with the potential of modularity.

The Group maintains a Global Balanced Scorecard to support the implementation of its strategy and operational plans. In addition to the financial targets for a given period, the scorecard includes ESG performance objectives.

For more details, refer to the Corporate Responsibility Report and the Remuneration Report. For the review of the financial and operational performance, including the guidance for 2025, refer to the Business Review.

Mid-term outlook

With its strategy, 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 in revenue and operational expenses, impacting profitability for a given period.

PolyPeptide's guidance and mid-term outlook assumes, inter alia, no unexpected adverse events.

Business review

Revenue

In 2024, PolyPeptide generated EUR 336.8 million in revenue, representing a 5.1% increase versus 2023, reported and at constant currency rates. PolyPeptide fully phased out its business related to the coronavirus pandemic, and revenue increased by 7.1%, excluding respective revenue of EUR 5.8 million in 2023.

Commercial revenue increased by 31.8% and development revenue declined by 23.5%, reflecting a higher demand for peptide-based drugs across therapeutic areas and regulatory approval for some of PolyPeptide's phase III development projects, also impacting the revenue classification. The revenue shares related to metabolic diseases and oncology both increased by one percentage point versus 2023 to 40% and 17%, respectively.

Throughout 2024, PolyPeptide remained committed to meeting the needs of its customers. With 29 (2023: 35) projects acquired during 2024, and with other projects being completed, discontinued, or paused, the active custom projects pipeline at the end of 2024 included 201 (204) projects, with 32 (29) projects for phase III and 38 (41) projects for phase II of clinical development. The number of commercial projects supported during 2024 increased to 65 (64).

Profitability

In 2024, PolyPeptide made substantial progress in restoring profitability. The gross profit for 2024 was EUR 39.3 million versus EUR 9.1 million in 2023, and EBITDA was EUR 25.4 million versus EUR -6.0 million. The EBITDA margin increased by 9.4 percentage points to 7.5% versus -1.9% in 2023.

The increase in EBITDA reflects an improvement of EUR 31.3 million, driven by operational performance and changes in product mix. With a 7.4% increase in average full-time equivalents, personnel expenses were EUR 9.5 million higher versus 2023, reflecting preparations for future growth, including the ramp-up of new assets and continued organizational development. EBITDA in 2023 included a one-off write-down of EUR -9.5 million.

The operating result (EBIT) in 2024 was EUR -7.4 million versus EUR -36.5 million in 2023. The financial result was EUR -10.8 million versus EUR -21.8 million in 2023. The result for the year was EUR -19.6 million versus EUR -51.4 million in 2023.

Cash flow and financing

The increased profitability and preparations for growth with customer support contributed to a strong operating cash flow. Net cash flows from operating activities reached EUR 89.4 million in 2024 versus EUR 36.5 million in 2023. Inventories increased by EUR 17.0 million, driven by raw materials and intermediates required for planned growth and contrasting with the EUR 15.5 million reduction in 2023. Contract liabilities saw significant net inflows of EUR 89.9 million versus EUR 38.8 million in 2023, reflecting customer support for capacity expansion initiatives.

Net cash flows from investing activities were EUR -91.0 million versus EUR -59.5 million in 2023, bringing the free cash flow to EUR 2.4 million versus EUR -20.2 million in 2023. After the repayment of debt and other liabilities to the amount of EUR 25.3 million, cash and cash equivalents at the end of 2024 were at EUR 68.3 million versus EUR 95.7 million at the end of 2023.

For financing, PolyPeptide expects further improvements in profitability and cash flow, customer funding support for large capacity expansion projects, and the utilization of its credit facilities. As at the end of 2024, EUR 30 million was outstanding under the unsecured short-term credit facility with the Group's main shareholder, which has been agreed to be prolonged. EUR 61 million remained available under the EUR 111 million committed revolving credit facility (RCF). The Group is in ongoing discussions with its lenders as part of the regular assessment of financing opportunities.

Further, with the attractive market outlook and evolving customer opportunities, the Board of Directors will propose two capital-related resolutions at the upcoming Annual General Meeting on 9 April 2025 (AGM 2025), i.e. the introduction of a capital band, and the creation of conditional share capital for financing purposes and finance instruments.

Capacity expansion

In 2024, capital expenditures reached EUR 87.8 million or 26.1% of revenue, reflecting investments across PolyPeptide's manufacturing sites to meet the strong customer demand. Toward the end of 2024, PolyPeptide announced the production start of its large-scale solid-phase peptide synthesis (SPPS) capacity in Braine l'Alleud, Belgium. Over the last three years, it invested around EUR 100 million to support a multi-year commercial GLP-1 agreement previously announced.

In 2024, PolyPeptide finalized the debottlenecking of upstream and downstream capacity at its manufacturing site in Torrance, CA, U.S.A., and advanced the construction work to double SPPS capacity at the site in Strasbourg, France,

which it expects to bring online toward the end of 2025. During 2024, PolyPeptide also launched the construction work for the doubling of SPPS capacity at the site in Malmö, Sweden, where it plans to invest around EUR 100 million as part of its mid-term outlook.

Throughout 2024, PolyPeptide engaged with customers to discuss their mid- and long-term capacity requirements as well as the evaluation of optimal manufacturing locations within the Group's network. The Group strives for an increasing specialization within its network as it continues the transformation from laboratory-scale production to embrace a robust industrial manufacturing model. The reduction of complexity at its manufacturing sites includes the shift of projects between sites, which requires technology transfers with regulatory documentation and filings.

As part of its large-scale capacity expansion, PolyPeptide uses proprietary manufacturing technology with an integrated engineering design, advanced automation, and process control to ensure high productivity, safety, and sustainability. It is striving to leverage the potential for modularity and to optimize the SPPS reactor size to reduce project complexity while shortening time to market and enhancing flexibility for high utilization. Through its multi-site network, it seeks to maintain customer proximity and to provide customers with flexible options from different geographies to meet their evolving development and manufacturing needs.

Sustainability and risk management

To mitigate the environmental impact of its business, PolyPeptide has embedded sustainability into its growth strategy. In 2024, it continued its research project to increase the throughput of its SPPS infrastructure by using proprietary resin formulations. In line with its green chemistry agenda, it advanced its research efforts for PFAS-free SPPS alternatives, identifying viable options for industrial applications in the future. The Group continued the optimization of its solvent consumption, maintaining the deployment of its proprietary washing concept by percolation at a high level of 82% (2023: 84%). With the evolution of the product mix toward more complex peptide sequences that required more solvents, the Group's overall solvent consumption increased to 3.1 mt/kg versus 2.6 mt/kg in 2023.

During 2024, PolyPeptide finalized its climate strategy and transition plan, including greenhouse gas (GHG) reduction targets, which will be submitted for validation to the Science-based Targets Initiative (SBTi) in 2025. Subject to this validation, the Group has set the absolute near-term target to reduce Scope 1 and Scope 2 GHG emissions by 2030 by 42% versus 2023. For scope 3, the Group set an intensity near-term target to reduce GHG emissions until 2033 by 61% versus 2022. As part of its commitment, the Group continued to participate within the framework of CDP's climate change program, improving to a "B" rating in 2024 from "B-" in 2023, marking progress for the third consecutive year.

During 2024, PolyPeptide began preparing for the enhanced disclosure requirements for the financial year 2025 under the Corporate Sustainability Reporting Directive (CSRD) of the European Union and the European Sustainability Reporting Standards (ESRS). Supported by a specialized sustainability advisory firm, PolyPeptide conducted a Double Materiality Assessment (DMA), including conducting stakeholder and management surveys. The results of the updated DMA will be published in the Group's first report according to ESRS as part of the Annual Report 2025. The material topics identified are broadly consistent with the topics reported for 2023 and 2024 and were approved by the Board of Directors during the reporting period.

PolyPeptide is committed to continuously improving the management of risks and opportunities that might arise. Based on the annual risk assessment, the enterprise risk management (ERM) report provides a consistent, Group-wide perspective of key identified risks and was presented to and approved by the Board of Directors in November 2024. During 2024, the Group enhanced its ERM framework with an assessment of impacts, risk, and opportunities in context of its material topics as well as the identification and assessment of climate-related risks and opportunities.

For more details on PolyPeptide's efforts related to corporate responsibility and climate-related risks and opportunities, refer to the Corporate Responsibility Report and the Climate Report. For more details on the Group's ERM framework and Internal Audit, refer to the Corporate Governance Report.

Strategy and organization

PolyPeptide operates in an attractive market and competes with a track record of over 1,000 distinct therapeutic peptides manufactured, customer proximity driven by the multi-site network, and a culture of agility and responsiveness. These strengths are reflected in PolyPeptide's rich pipeline of custom and commercial projects with large exposure to metabolic disorders including GLP-1 receptor agonist drugs and the large commercial agreements communicated in December 2022 and March 2024.

Taking into consideration these commercial agreements, the expected rapid market growth and its strong market position, PolyPeptide sharpened during 2024 its growth strategy. Its vision is to be the most innovative peptides CDMO, strengthening competitive advantages in 1) innovation focused on green chemistry and process intensification, 2) superior pipeline development capabilities, and 3) rapid and flexible capacity expansion leveraging the potential for modularity.

For more details on PolyPeptide's market and growth strategy, refer to the chapter Strategy.

Preparing for growth, PolyPeptide undertook further transformational steps throughout 2024 to strengthen its organization with additional industrial-scale manufacturing and commercial capabilities. This included the appointment of new directors for its manufacturing sites and the strengthening of Group functions with an enhanced focus on operational and commercial excellence. In its efforts to enhance the scalability of its organization, PolyPeptide also started evaluating a new enterprise resource planning system (ERP) to further bolster its control mechanisms and drive process standardization and harmonization.

As part of its organizational development, PolyPeptide continues to promote internal collaboration across its network and global functions. To achieve its goals, PolyPeptide focuses on the needs of its customers, the sharing of best practice across its site network and the alignment of priorities. It thereby adopts an approach of continuous improvement with a dedication to employee development and engagement to position PolyPeptide as an attractive employer.

Mid-term outlook and guidance for 2025

The progress made in 2024 positions PolyPeptide well to meet its mid-term outlook communicated with H1 results in August 2024. PolyPeptide targets the doubling of revenue reported for 2023 by 2028, with profitability approaching an EBITDA margin of 25%. Capital expenditures over that period are required to be between 15% to 20% of revenue, to ensure capacity also beyond 2028.

For 2025, PolyPeptide's priority is to meet the strong and increasing customer demand. Production at the new large-scale SPPS facility in Belgium has started successfully. Subject to the ramp-up of commercial production, PolyPeptide expects accelerated growth of 10% to 20% in 2025 versus 2024. The EBITDA margin is expected to continue to rise based on top-line growth and further progress in operations, which will be partially offset by preparations for future growth and scalability. Capital expenditures in 2025 are expected to be around 20% of revenue, supported by customer pre-payments.

As PolyPeptide continues to invest for growth, it will not be proposing the payment of a dividend to the AGM 2025.

PolyPeptide Group AG
polypeptide.com