

Financial report

Interim consolidated income statement	15
Interim consolidated statement of comprehensive income	16
Interim consolidated statement of financial position	17
Interim consolidated statement of changes in equity	19
Interim consolidated statement of cash flows	20
Notes to the interim consolidated financial statements	22

Interim consolidated income statement

For the six months ended 30 June 2021 (unaudited)

kEUR	Note	H1 2021	H1 2020
Revenue	4	135,136	87,808
Other operating income		2,936	619
Total income		138,072	88,427
Cost of sales		-86,839	-64,327
Gross profit		51,233	24,100
Marketing and sales expenses		-2,133	-1,791
Research expenses		-696	-599
General and administrative expenses		-17,601	-11,550
Total operating expenses		-20,430	-13,940
Operating result		30,803	10,160
Financial income		6	44
Financial expenses		-1,282	-904
Total financial result		-1,276	-860
Result before income taxes		29,527	9,300
Income tax charges		-4,904	-1,469
Result for the period		24,623	7,831
Attributable to shareholders of PolyPeptide Group AG		24,623	7,831
Result for the period		24,623	7,831
Earnings per share in EUR, basic		0.79	0.26
Earnings per share in EUR, diluted		0.79	0.26

Interim consolidated statement of comprehensive income

For the six months ended 30 June 2021 (unaudited)

kEUR	Note	H1 2021	H1 2020
Result for the period		24,623	7,831
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations, net of tax		1,553	-299
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		1,553	-299
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on defined benefit plans		3,877	-132
Income tax effect		-889	37
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		2,988	-95
Other comprehensive result for the period, net of taxes		4,541	-394
Total comprehensive result for the period, net of taxes		29,164	7,437
Attributable to shareholders of PolyPeptide Group AG		29,164	7,437

Interim consolidated statement of financial position

(Unaudited)

Assets, kEUR	Note	As at 30 June 2021	As at 31 December 2020
Non-current assets			
Intangible assets		12,961	12,556
Property, plant and equipment		174,667	156,930
Right-of-use assets		13,858	12,878
Deferred income tax assets		13,065	13,548
Other financial assets		211	201
Total non-current assets		214,762	196,113
Current assets			
Inventories		104,879	94,269
Trade receivables		45,579	53,494
Contract assets		685	2,044
Corporate income tax receivables		6,395	5,826
Other current assets		12,289	7,021
Cash and cash equivalents		187,362	17,208
Total current assets		357,189	179,862
Total assets		571,950	375,975

Interim consolidated statement of financial position (continued)

Equity and liabilities, kEUR	Note	As at 30 June 2021	As at 31 December 2020
Equity attributable to equity holders of the parent			
Share capital	10	302	33,000
Share premium	10	212,800	2,340
Translation reserve		-4,063	-5,616
Treasury shares	10	-1,370	-
Other capital reserves	10	2,468	-
Retained earnings		175,547	147,936
Total equity		385,684	177,660
Non-current liabilities			
Deferred income tax liabilities		854	876
Pensions		36,458	39,128
Provisions		5,690	4,312
Interest-bearing loans and borrowings	9	0	25,000
Lease liabilities		11,119	10,454
Other financial liabilities		10,808	16,697
Total non-current liabilities		64,929	96,467
Current liabilities			
Interest-bearing loans and borrowings	9	25,000	0
Lease liabilities		2,175	1,979
Other financial liabilities		6,955	10,199
Corporate income tax payable		6,262	8,276
Trade payables		13,134	28,359
Contract liabilities		45,709	33,480
Other current liabilities		22,103	19,555
Total current liabilities		121,338	101,848
Total liabilities		186,267	198,315
Total equity and liabilities		571,950	375,975

Interim consolidated statement of changes in equity

For the six months ended 30 June 2021 (unaudited)

kEUR	Attributable to equity holders of the parent						Total
	Share capital	Share premium	Translation reserve	Treasury shares	Other capital reserves	Retained earnings	
Balance as at 1 January 2020	33,000	2,340	-2,694	0	0	116,770	149,416
Result for the period						7,831	7,831
Re-measurement losses on defined benefit plans						-95	-95
Currency exchange differences			-299				-299
Total comprehensive income			-299	0	0	7,736	7,437
Balance as at 30 June 2020	33,000	2,340	-2,993	0	0	124,506	156,853

kEUR	Attributable to equity holders of the parent						Total
	Share capital	Share premium	Translation reserve	Treasury shares	Other capital reserves	Retained earnings	
Balance as at 1 January 2021	33,000	2,340	-5,616	0	0	147,936	177,660
Result for the period						24,623	24,623
Re-measurement losses on defined benefit plans						2,988	2,988
Currency exchange differences			1,553				1,553
Total comprehensive income	0	0	1,553	0	0	27,611	29,164
Business restructuring	-33,000	33,000					0
Incorporation of PolyPeptide Group AG	273						273
Issue of new shares	29	182,112					182,141
IPO-related costs charged to equity		-4,652					-4,652
Purchase of own shares				-5,464			-5,464
Share-based payment					3,564		3,564
Transfer of own shares				4,094	-4,094		0
Repayment by Draupnir Holding B.V. related to IPO bonus					2,998		2,998
Balance as at 30 June 2021	302	212,800	-4,063	-1,370	2,468	175,547	385,684

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim consolidated statement of cash flows

For the six months ended 30 June 2021 (unaudited)

kEUR	H1 2021	H1 2020
Cash flow from operating activities		
Result for the period	24,623	7,831
<i>Adjustments to reconcile cash generated by operating activities:</i>		
Depreciation and amortization	9,086	8,974
Movement in provisions	1,429	1,889
Movement in pensions	1,363	401
Share-based payment expense	567	0
Financial income	-6	-44
Financial expenses	1,282	904
Income tax charge	4,903	1,469
Government grant income	-2,370	0
IPO-related transaction costs	5,721	0
<i>Changes in working capital:</i>		
(Increase) / decrease in inventories	-10,610	-17,075
(Increase) / decrease in trade receivables	7,915	-3,976
(Increase) / decrease in contract assets	1,359	1,044
(Increase) / decrease in other financial assets	-10	71
(Increase) / decrease in other current assets	-5,268	4,013
Increase / (decrease) in trade payables	-4,980	-614
Increase / (decrease) in contract liabilities	12,229	12,546
Increase / (decrease) in other current liabilities	2,548	2,537
Cash generated from operations	49,781	19,970
Interest income received	6	44
Interest expenses paid	-1,060	-1,668
Income taxes paid	-7,689	-4,397
Net cash flows from operating activities	41,038	13,949
Cash flow from investing activities		
Acquisition of intangible assets	-1,969	-1,550
Acquisition of property, plant and equipment	-33,265	-13,544
Disposal of property, plant and equipment	57	70
Net cash flows from investing activities	-35,177	-15,024

Interim consolidated statement of cash flows (continued)

kEUR	H1 2021	H1 2020
Cash flow from financing activities		
Proceeds from the issue of ordinary shares	182,141	0
Purchase of own shares	-5,464	0
IPO-related transaction costs	-4,690	0
Repayment of long-term borrowings from banks	-25,000	0
Proceeds from short-term borrowings from banks	25,000	0
Repayment of lease liabilities	-1,005	-382
Repayment of other financial liabilities	-7,296	-6,554
Net cash flow from financing activities	163,686	-6,936
Net movement in cash and cash equivalents	169,547	-8,011
Cash and cash equivalents at the beginning of the period	17,208	17,508
Net foreign currency exchange differences	607	-770
Cash and cash equivalents at the end of the period	187,362	8,727

Notes to the interim consolidated financial statements

1 Basis of preparation

Since 2007, PolyPeptide Laboratories Holding B.V. (incorporated under the laws of The Netherlands) was the holding company of the Group, consisting of six integrated operating subsidiaries located in Sweden, USA, France, India, and Belgium plus a dormant company located in Denmark and a dormant company in the process of liquidation in Germany.

As part of the preparations for the IPO on SIX Swiss Exchange (SIX) on 29 April 2021, all the shares of PolyPeptide Laboratories Holding B.V. were contributed into a new Swiss entity, PolyPeptide Group AG, in the form of a capital contribution. As a result, PolyPeptide Group AG became the new parent holding company of the Group.

PolyPeptide Group AG (the "Company") was incorporated in Switzerland on 6 April 2021. The registered office of the Company is Dammstrasse 19, 6300 Zug, Switzerland. The Company is a 60% subsidiary of Draupnir Holding B.V., a company registered in The Netherlands. Draupnir Holding B.V.'s ultimate parent entity is Foundation Mamont, a foundation registered on Guernsey of which Mr. Frederik Paulsen (1006 Lausanne, Vaud, Switzerland) is at present the principal beneficiary pursuant to the charter of the Mamont Foundation governed by the laws of Guernsey.

In accordance with the International Financial Reporting Standards (IFRS) the aforementioned reorganisation is not considered to be a business combination under IFRS 3 *Business Combinations*, but rather the continuation of the existing business activities of the Group with a new parent entity. As a result, the interim consolidated financial statements of PolyPeptide Group AG are presented using the values from the consolidated financial statements of the previous group holding entity, PolyPeptide Laboratories Holding B.V. Equity figures for the comparative period are based on actual circumstances, and therefore presented for the preceding holding company PolyPeptide Laboratories Holding B.V. A detailed reconciliation is set out in note 10.

These condensed consolidated financial statements are the unaudited, interim consolidated financial statements (hereafter "the half-year report") of PolyPeptide Group AG and its subsidiaries (hereafter "the Group") for the six-month period ended 30 June 2021 (hereafter "the interim period"). The half-year report is prepared in accordance with the International Accounting Standard 34 – *Interim Financial Reporting*. The half-year report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020 (hereafter "the annual report") as it provides an update of the previously reported information. The accounting policies adopted in the half-year report are

consistent with those of the previous financial year. The half-year report does not include all of the information required for a complete set of IFRS financial statements.

The preparation of the half-year report requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the half-year report, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

There were no new standards or amendments to existing standards that have a material effect on the Group's half-year report. However, share-based payment to eligible members of the Board of Directors, the Executive Committee and certain other senior managers was introduced during the first half year of 2021. As a result, IFRS 2 – *Share-based Payment* now applies for the preparation and presentation of the interim consolidated financial statements.

All amounts are stated in thousands of Euros, unless otherwise stated.

The half-year report was approved by the Board of Directors as at 16 August 2021.

2 Segment information

The segment disclosures provided below reflect the information used by the Executive Committee for allocating resources and assessing the performance of the business.

The segments have been derived from internal reporting and the performance is assessed by revenues generated.

Revenue - business segments

kEUR	H1 2021	H1 2020
Custom Projects	76,207	33,504
Contract Manufacturing	45,765	42,901
Generics and Cosmetics	13,164	11,403
Total revenue	135,136	87,808

Geographical areas

Shown below are the carrying amounts of non-current assets other than deferred income tax assets and other financial assets, broken down by location of the assets. Related additions to intangible assets and property, plant and equipment (PP&E) during the year and revenues generated from the location of the assets are shown as well.

H1 2021, kEUR	USA	Europe & Asia	Total
Revenue	37,577	97,559	135,136
Additions to intangible assets and PP&E	15,259	9,730	24,989
Non-current assets, carrying amount	60,331	141,155	201,486

H1 2020, kEUR	USA	Europe & Asia	Total
Revenue	27,958	59,850	87,808
Additions to intangible assets and PP&E	3,337	6,128	9,465
Non-current assets, carrying amount	38,181	144,183	182,364

3 Seasonality

The activities of PolyPeptide are not subject to seasonal or cyclical variations in the underlying business. However, PolyPeptide may experience variability in its revenue across periods as a result of, among other things, the timing of customer purchase orders and payments, investments made during the period, increased competition, the number of selling days in a period and fluctuation of foreign currency exchange rates.

4 Revenue

Revenue from contracts with customers

H1 2021, kEUR	API	Related services	Total
<i>Timing of transfer of goods and services</i>			
Point in time	126,353		126,353
Over time		8,783	8,783
Total revenue	126,353	8,783	135,136

H1 2020, kEUR	API	Related services	Total
<i>Timing of transfer of goods and services</i>			
Point in time	78,988		78,988
Over time		8,820	8,820
Total revenue	78,988	8,820	87,808

Revenues from Active Pharmaceutical Ingredients (API) fully relate to the sale of goods and revenues from related services relate to the rendering of services. All revenues from contracts with customers classify as business-to-business.

Revenue by geographical area

kEUR	H1 2021	H1 2020
Americas	51,962	41,783
Europe	75,340	38,433
Asia Pacific	5,766	7,330
Others	2,068	262
Total revenue	135,136	87,808

Revenue is attributed to the individual geographical area based on the invoice address of the respective customer.

5 IPO costs

The following IPO-related expenses are included within 'General and administrative expenses' in the income statement for the six months ended 30 June 2021:

Item	kEUR
Consultancy services	-1,381
IPO cash bonus	-1,342
IPO share bonus	-2,998
Total IPO cost	-5,721

The IPO cash bonus amount relates to the bonus award made by the Company after the IPO to selected non-executives involved in the IPO process. The IPO share bonus amount relates to expenses incurred by the Company in relation to the shares awarded by Draupnir Holding B.V. in the IPO process, such expenses will be fully reimbursed by Draupnir Holding B.V.

In addition, an amount of kEUR 4,652 relating to consultancy services, Swiss Federal Issue Stamp Tax and Bank Commissions has been charged directly to the share premium reserve in accordance with IAS 32 – *Financial Instruments: Presentation*.

6 Share-based payment

Share-based payment was introduced as part of the IPO on SIX on 29 April 2021. Eligible members of the Board of Directors and the Executive Committee as well as other eligible employees and a former Director of PolyPeptide Laboratories Holding B.V. were granted shares at an amount of kEUR 2,998 which vested immediately upon the listing. As a result, the amount was recognized as an expense in the income statement.

In addition, at least half of the base fee to members of the Board of Directors is paid in shares in the Company and the remainder in cash, whereby board members have the option to elect to be paid up to 100% of their base fee in shares. For board members electing to receive more than 50% of their base fee in shares, the shares exceeding the 50% portion will be granted at a discount of 20% to market price. For the current period (i.e. until the annual shareholders' meeting in 2022), the Board of Directors are compensated on a pro-rata basis for the period of service even in the case of early termination or removal. An amount of kEUR 415 has been recognized as an expense in the income statement for the six months ended 30 June 2021 relating to the share-based payment to members of the Board of Directors.

Furthermore, as compensation for the loss of unvested options from his previous employer, CEO Raymond de Vré was granted a one-time grant of shares at a value of CHF 750,000 which was calculated at a 20% discount to the IPO offer price of CHF 64. The shares are vesting over a period of three years, one-third each year. The shares are entitled to dividends, if any, also during the vesting period.

To further compensate Raymond de Vré for his loss of variable payments for 2020 and 2021, he has been granted CHF 100,000 in shares at 15% discount to the IPO offer price of CHF 64 vesting at the end of June 2022. An amount of kEUR 152 has been recognized as an expense in the income statement for the six months ended 30 June 2021 relating to the shares granted to Raymond de Vré.

7 Investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below. Details of investments in subsidiaries as at 30 June are as follows:

Name	Location	Percentage of ownership	
		30 June 2021	31 December 2020
PolyPeptide Laboratories Holding B.V.	Hoofddorp, The Netherlands	100%	100%
PolyPeptide Laboratories Holding (PPL) AB	Malmö, Sweden	100%	100%
PolyPeptide S.A.	Braine, Belgium	100%	100%
PolyPeptide Laboratories (Sweden) AB	Malmö, Sweden	100%	100%
PolyPeptide Laboratories A/S	Hillerød, Denmark	100%	100%
PolyPeptide Institute Spol S.r.o.	Prague, Czech Republic	0%	100%
PolyPeptide Laboratories GmbH	Wolfenbüttel, Germany	100%	100%
PolyPeptide Laboratories Inc.	Torrance, USA	100%	100%
PolyPeptide Laboratories San Diego LLC	San Diego, U.S.A.	100%	100%
PolyPeptide Labs Pvt Ltd	Mumbai, India	100%	100%
PolyPeptide Laboratories France SAS	Strasbourg, France	100%	100%

Percentage of voting shares is equal to percentage of ownership.

PolyPeptide Institute Spol S.r.o. has been liquidated during the first six months of 2021 and PolyPeptide Laboratories GmbH is in the process of liquidation. No further financial impact is expected related to the final liquidation of this company.

8 Related party disclosure

The following transactions have been entered into with related parties:

H1 2021, kEUR	Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
<i>Entity with control over the company</i>				
Draupnir Holding B.V.	4,299	-221	4,299	-
<i>Other related entities</i>				
Thalamus	-	-87	-	-
Ferring Group	18,483	-3	51	-3
Monedula AB	-	-611	-	-124
Amzell B.V.	35	-	-	-

H1 2020, kEUR	Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
<i>Other related entities</i>				
Draupnir Holding B.V.	-	-442	-	-
Thalamus	-	-93	-	-
Ferring Group	24,521	-	116	-
Monedula AB	-	-659	-	-137
Amzell B.V.	84	-	77	-

All disclosed related parties are either related through the C&P Investors Group ownership structure or through managerial control.

Purchases from and amounts due from Draupnir Holding B.V. relate to service and insurance fees.

Purchases from and amounts due to Thalamus AB relate to rental of premises. Income from the Ferring Group and amounts due from the Ferring Group relate to sale of goods.

Purchases from Monedula AB relates to the lease of premises. Income from Monedula relates to property management fees and recharged improvements to the premises.

Income from and amounts due from Amzell B.V. relates to sale of goods.

9 Short-term borrowings from banks

As at 31 December 2020, the Group had a EUR 25.000.000 Term loan from Danske Bank (due 29 August 2022) included as non-current liabilities.

The Group refinanced this Term loan in June 2021 and instead agreed to a EUR 25.000.000 short term Money Market loan from Danske Bank, which is scheduled to be paid back in Q3 2021. The short-term Money Market loan is included as current liabilities as at 30 June 2021.

10 Shareholders' equity

The parent company of the Group, PolyPeptide Group AG, was incorporated on 6 April 2021 with 30,000,000 shares with a nominal value of CHF 0.01 each, corresponding to a share capital of CHF 300,000.

The contribution of all the shares of PolyPeptide Laboratories Holding B.V. into PolyPeptide Group AG increased the share capital by CHF 0.01.

In connection with the IPO, PolyPeptide Group AG increased its initial share capital by issuing 3,125,000 shares with a nominal value of CHF 0.01 each, corresponding to an increase in its share capital of CHF 31,250. This transaction increased the share premium reserve by CHF 199,968,750.

As a result, the share capital of PolyPeptide Group AG comprised 33,125,001 shares of CHF 0.01 each as of 30 June 2021. All shares are fully paid.

On 29 April 2021, PolyPeptide Group AG purchased 93,750 own shares to be held as treasury shares at the IPO offer price of CHF 64.

11 Earnings per share

Basic earnings per share has been calculated by dividing the result for the period attributable to the owners of the Company by the weighted average number of shares outstanding during the period. Treasury shares are not considered as outstanding shares. As described in note 1, the parent company of the Group changed during 2021. However, due to the predecessor accounting for this reorganization, basic earnings per share for the first six months of 2020 has been calculated based on the total number of outstanding shares of 30,000,001, corresponding to the share capital of PolyPeptide Group AG prior to the capital increase of 3,125,000 shares, cf. the description above in note 10.

Diluted earnings per share is calculated by dividing the result for the period attributable to the owners of the Company by the weighted average number of shares outstanding adjusted for all potentially dilutive shares. Dilutive shares arise from the share-based payment described in note 6. Since share-based payment was not introduced in 2020, there is no dilution effect on earnings per share for the first six months of 2020.

12 Subsequent events

There have been no significant events subsequent to the balance sheet date, which would require additional disclosure in the interim financial statements.