22

HALF-YEAR REPORT

A focused CDMO for peptides and oligonucleotides

INNOVATION | EXCELLENCE | TRUST

PolyPeptide GROUP

Content Overview

Overview

Editorial

Progress not without challenges

Peter Wilden, Chairman of the Board of Directors, and Raymond De Vré, Chief Executive Officer

In the first half of 2022, we experienced the combined impact of an increased cost base ahead of planned growth and a more demanding operating environment. Revenue for the period was down by 1.1% to EUR 133.7 million. With the cumulative effect of several factors, including inflationary pressure, the drop in profitability versus the strong previous-year period was larger-than-expected. Adjusted EBITDA declined by 38.2% to EUR 26.7 million.

On the positive side, we continued to see encouraging progress in our active custom projects pipeline and consistently executed on our late-stage phase III pipeline. For the second half of 2022, we expect revenue growth and a partial margin recovery, to be driven by our peptides business. We are continuously strengthening processes within Operations and Quality to address the increased complexities that come with growth, and in response to inflationary trends, we are making our “cost plus” pricing approach more flexible going forward.

Growing volume expectations

At the end of June, our active custom projects pipeline included 218 projects, with around half in two fast growing therapeutical areas: metabolic disorders, including diabetes and obesity, and oncology.

Given the expected dynamics emerging from the pipeline, we are preparing for a significant growth of manufacturing volumes that is projected to outpace our anticipated revenue growth. During the reporting period we continued to expand our infrastructure with capital expenditures of EUR 37.9 million or 28.4% of revenue.

As a CDMO for peptides and oligonucleotides, we are proud to be a reliable partner for our customers mainly in pharma and biotech. We manufacture based on their requirements, whereby the phasing of volumes can vary. The build-up of commercial launch quantities or even the timing of more sizable batches can have an impact on reported results in the short-term.

Confidentiality is a key element of the commercial relationships in our industry. We are mindful that since the IPO in April 2021, we were not always able to answer questions from analysts and investors on specific customer projects with the amount of desired detail. While the contractual obligations prevail, we have decided to provide more insight into the mix of our business.

Updated financial aspirations

In 2021, around EUR 63 million of revenue was associated with the pandemic, followed by around EUR 33 million in the first half of 2022, broadly stable versus the first half of 2021. Consistent with the market update provided on 12 July, we reached an agreement to shift a portion of the business associated with the pandemic on order for the second half of 2022 into 2023. As a result, PolyPeptide now expects revenue growth for 2022 of between 8% to 10%, which implies healthy growth from the peptides business. The adjusted EBITDA margin is now expected at between 22% and 25%, given continued inflationary pressure.

We recognize that the nature of the pandemic is changing, that the macroeconomic environment has become more demanding and that geopolitical developments are unpredictable. However, we have confidence in the structural growth opportunities in our market and more specifically in the potential of our pipeline of customer projects. For the mid-term, PolyPeptide expects to grow its business with a revenue CAGR in the low-teens with varying growth rates year-by-year and a continued progression of the adjusted EBITDA margin towards 30%.

An ambitious rest of the year

We would like to thank our customers for their scientific and commercial efforts in creating relief for millions of patients across the world and significant opportunities for PolyPeptide. Delivering on our aspirations in the second half of 2022 requires strong execution. With our integrated strategy we continue to expand our capacities, while maintaining the focus on customers and green innovative manufacturing technologies.

Over 100 colleagues joined PolyPeptide in the first half of the year. We should not miss the opportunity to welcome them and to also thank every single employee on behalf of the Board of Directors and the Executive Committee for their contribution in making PolyPeptide a trusted long-term partner. Their continued commitment is at the heart of our ability to deliver on our rich agenda and to turn plans into success.

Sincerely,

Peter Wilden
Chairman of the Board of Directors

Raymond De Vré
Chief Executive Officer

Key Figures[1]

kEUR	H1 2022	H1 2021	Change
Revenue	133,656	135,136	-1.1%
Custom Projects	72,613	76,207	-4.7%
Contract Manufacturing	48,398	45,765	5.8%
Generics & Cosmetics	12,645	13,164	-3.9%
EBITDA	26,706	39,889	-33.1%
Adjusted[2] EBITDA	26,706	43,240	-38.2%
Adjusted[2] EBITDA in % of revenue	20.0%	32.0%	-12.0 ppts
Operating result (EBIT)	15,482	30,803	-49.7%
Operating result (EBIT) in % of revenue	11.6%	22.8%	-11.2 ppts
Result for the period	10,247	24,623	-58.4%
Result for the period in % of revenue	7.7%	18.2%	-10.6 ppts
Earnings per share (EUR), basic	0.31	0.79	-60.9%
Return on net operating assets (RONOA)	14.3%	25.6%	-11.4 ppts
Cash and cash equivalents (end of period)	66,436	187,362	-64.5%
Net cash flow from operating activities	-7,659	41,048	-118.7%
Capital expenditures	37,926	24,989	51.8%
Capital expenditures in % of revenue	28.4%	18.5%	9.9 ppts
Total assets (end of period)	579,253	571,950	1.3%
Equity ratio (end of period)	73.8%	67.4%	6.3 ppts
Employees (# of FTEs, average)	1,156	1,026	12.7%

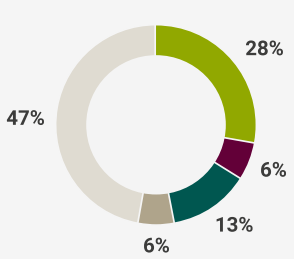
[1] This table and report include references to operational indicators and alternative financial performance measures (APM) that are not defined or specified by IFRS. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. For the definitions of the main operational indicators and APM used, including related abbreviations, as well as for selected reconciliations to IFRS, please refer to the section "Definitions and reconciliations" of this report.

[2] For H1 2022, no EBITDA adjustments were recognized. Adjusted EBITDA for H1 2021 excludes one-off IPO costs of EUR 5.7 million, partly offset by US government loans of EUR 2.4 million waived in context of the coronavirus pandemic.

Profile

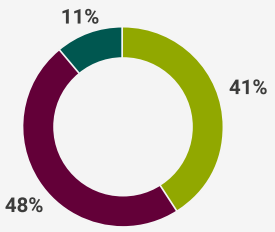
Helping patients across multiple diseases

Revenue from across therapeutic area with pharma and biotech customers



Revenue split by therapeutic areas[1]

- Metabolic
- Gastrologic
- Oncologic
- Cardio- and neurologic
- Other

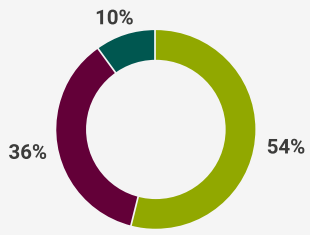


Revenue split by customer type[1]

- Large pharma
- Biotech
- Other pharma & academia

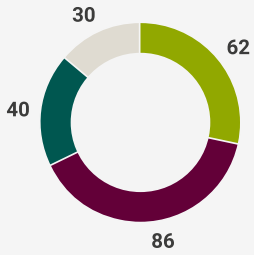
Solutions for projects and commercial products

"Start here – stay here"



Revenue by business area[1]

- Custom Projects
- Contract Manufacturing
- Generics & Cosmetics



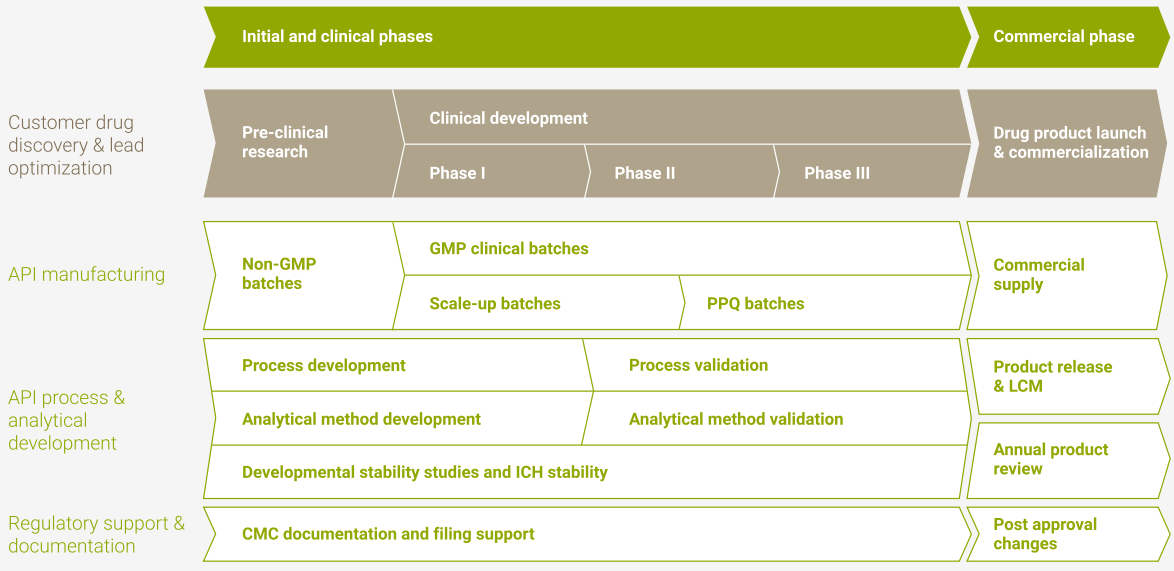
Number of active custom projects[1]

- Pre-clinical
- Phase I
- Phase II
- Phase III

[1] Approximate splits as per 30 June 2022.

Business model

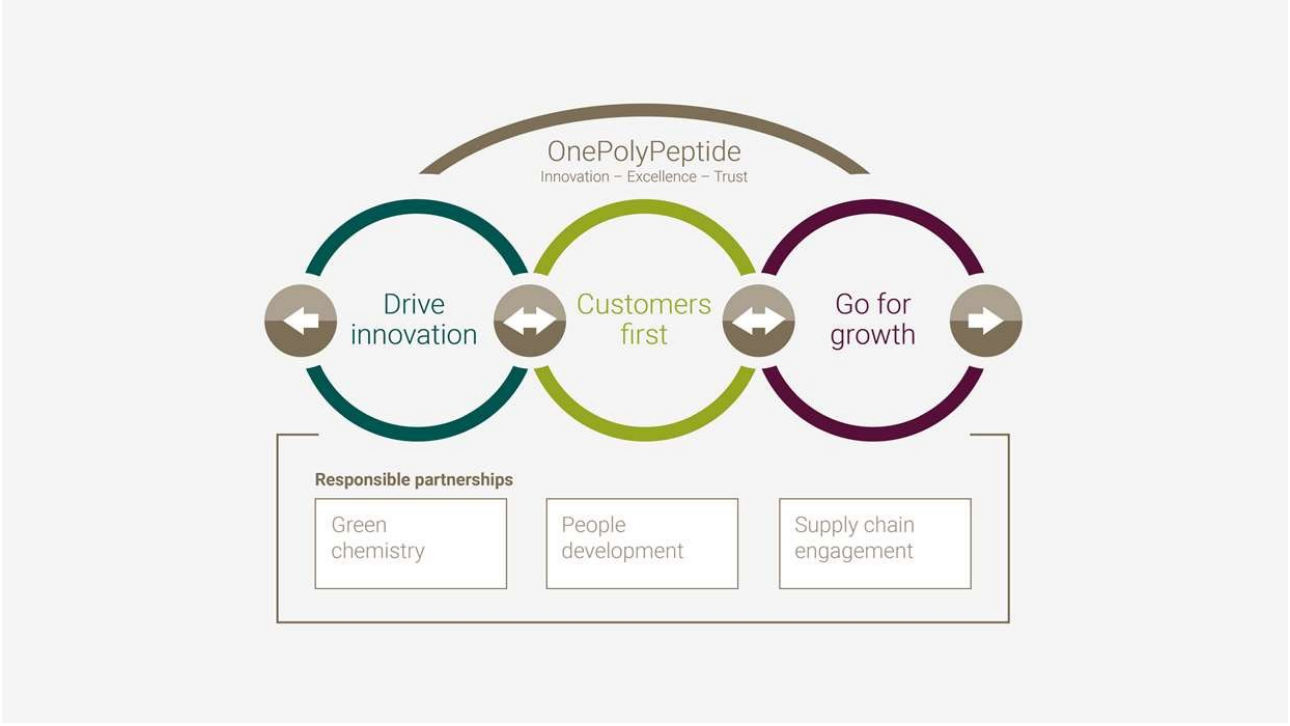
Providing expert knowledge for peptide-based API's across the entire value chain



API – Active Pharmaceutical Ingredient; CMC – Chemistry, Manufacuring & Controls; GMP – Good Manufacturing Practice; ICH – International Council for Harmonization; LCM – Life Cycle Management; NDA – New Drug Application; PPQ – Process Performance Qualification.

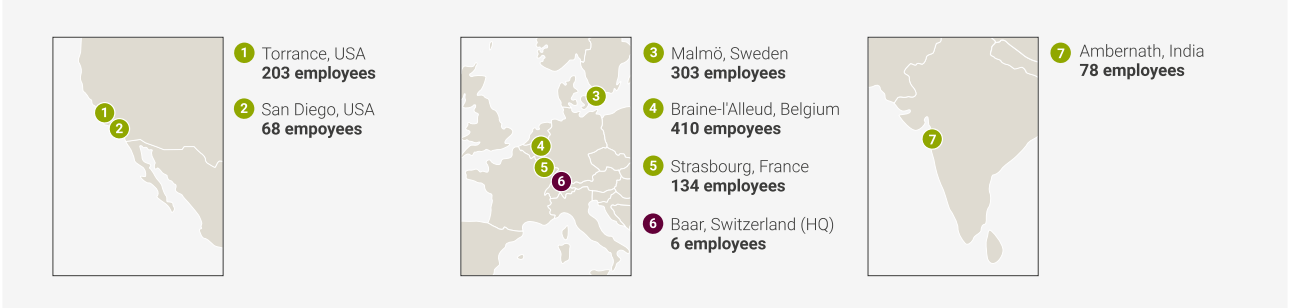
Integrated strategy

Striving to be the preferred long-term partner for customers



Footprint with customer proximity

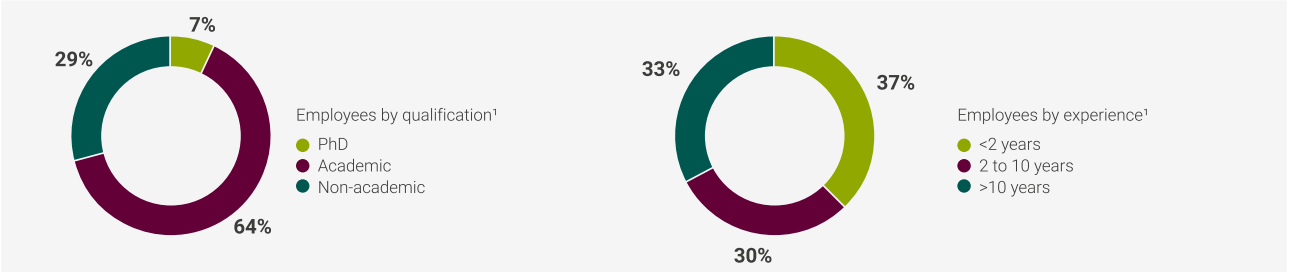
Six GMP-certified sites on three continents[1]



[1] Data based on headcount as of 30 June 2022.

Team with solid scientific background

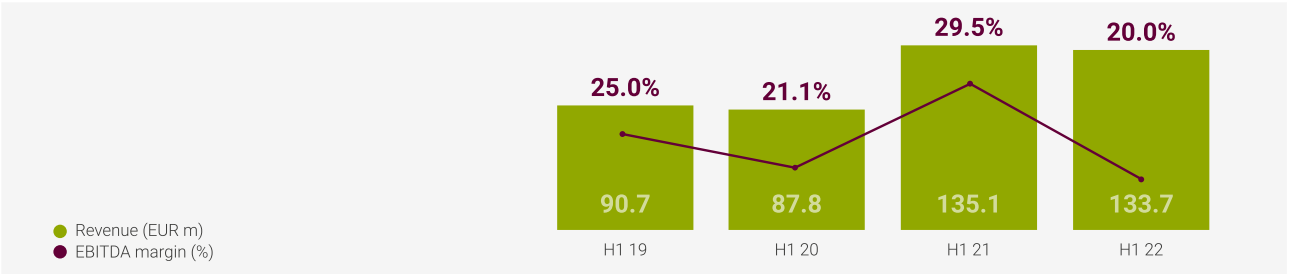
Healthy mix of experience



[1] Data based on headcount as of 30 June 2022.

Striving for profitable growth[1]

Building on favorable market trends



[1] For a reconciliation to the nearest IFRS line item, please refer to the section “Definitions and reconciliations” of this report.

Business Review

Encouraging progress within custom projects pipeline

Lower profitability for the first half of 2022

PolyPeptide generated EUR 133.7 million of revenue in the first half of 2022, representing a decline of 1.1% versus the strong previous-year period. At constant currency rates, the revenue decline was 3.3%. The gross profit was EUR 37.8 million (versus EUR 51.2 million in the previous-year period) with a gross margin of 28.3% (37.9%). Adjusted EBITDA[1] for the period was EUR 26.7 million (EUR 43.2 million), with an adjusted EBITDA margin of 20.0% (32.0%). The result for the period was EUR 10.2 million (EUR 24.6 million).

While the Group had expected a broadly stable revenue and a lower margin for the first half of 2022, it faced challenges within a more demanding market environment. This included having to manage more variations from its original production and delivery schedules than usual, partly driven by external market developments and partly due to internal operational reasons. Revenue shifted towards the end of the reporting period, with several deliveries also slipping into the second half of the year.

The drop of adjusted EBITDA was driven by the cumulative effect of several factors, including an impact of EUR 13.3 million due to a 12.7% increase in average FTEs since 30 June 2021, mainly in Operations and Quality to manage growth; EUR 8.0 million due to higher-than-expected input costs amplified by the surge of inflation in the second quarter, including wage adjustments; EUR 2.7 million due to higher-than-expected maintenance costs; and EUR 3.1 million from other costs, including travel, insurance, marketing and scrap. The drop in profitability was partly offset by EUR 2.1 million reflecting a change in product mix compared to the prior-year period, as well as the build-up of inventory for work in progress with an impact of EUR 8.4 million, the latter reflecting the growth aspirations for the second half of the year.

[1] For the first half of 2022, no adjustments were recognized; adjusted EBITDA for H1 2021 excludes one-off IPO costs of EUR 5.7 million, partly offset by US government loans of EUR 2.4 million waived in context of the coronavirus pandemic.

Custom project pipeline and capital deployment

PolyPeptide witnessed continued research and development activities by customers throughout the first half of 2022. It was able to further grow its custom projects pipeline, which resulted in a total of 218 active projects at the end of June 2022, compared to 181 projects at the end of June 2021 and 196 projects at the end of 2021. Newly acquired projects are typically in early-stage development and included several oligonucleotide projects.

The number of projects in phase III of clinical development remained stable at 30 projects, with two phase II projects moving to phase III and two commercial launches during the reporting period, reflecting the continuous progression within the active custom projects pipeline. In relation to the two phase III projects achieving commercial launch, the associated revenue shifted from Custom Projects to Contract Manufacturing. This impacted the revenue split for the reporting period, with revenue in Custom Projects dropping by 4.7% and increasing in Contract Manufacturing by 5.8%.

Given the anticipated future volume requirements from the active custom projects pipeline, PolyPeptide continued its infrastructure investments. Capital expenditures for the period reached EUR 37.9 million or 28.4% of revenue, versus EUR 25.0 million or 18.5% in the previous-year period.

Investment projects included the continued construction of large-scale solid phase synthesis capacity in Braine-l'Alleud (Belgium), large scale downstream capacity in Malmö (Sweden) and freeze-drying capacity in Malmö and Torrance (California). They also included further efforts related to the implementation of the Group's green chemistry agenda, the ongoing strengthening of our analytical capabilities, as well as numerous IT and digitalization efforts.

Cash flow, changes in net working capital and cash position

The free cash flow for the period amounted to EUR -48.9 million, with net cash flows from operating activities (excluding the changes in net working capital) of EUR 17.0 million and net cash flows from investing activities of EUR -41.2 million. The net cash flow from the changes in net working capital was EUR -24.7 million, driven by the build-up of inventory (EUR -27.2 million) and reduced contract liabilities (EUR -12.8 million), partly offset by lower trade receivables (EUR 18.8 million).

Inventories were increased to meet customer requirements for the second half of the year and to ensure sufficient safety stocks given a challenging global supply chain environment. The reduced contract liabilities related to the manufacturing of batches that were pre-paid by customers in context of earlier volume commitments.

Cash and cash equivalents reached EUR 66.4 million (versus EUR 136.3 million at the end of 2021), also reflecting the purchase of treasury shares and the dividend payment in May 2022 in the form of a cash distribution in the aggregate amount of EUR 21.6 million. With total financial debt of EUR 31.1 million, the net cash position of the Group was EUR 35.4 million as at the middle of 2022, with an equity ratio of 73.8%.

Organizational development and operational improvements

PolyPeptide continued to build and develop its organization to cope with customer expectations and the planned growth for the second half of 2022 and beyond. In May, a new Chief Human Resources Officer joined the Group as a member of the PolyPeptide Management Committee (PMC) to further strengthen the processes to attract, develop and engage employees.

At PolyPeptide, raw materials, energy and personnel costs combined typically account for around three quarters of the total cost base. To protect profitability within a more inflationary environment, the Group launched measures to pass-through higher input costs to customers more effectively. The effort is consistent with its “cost plus” approach and is expected to incrementally materialize in the coming months, as the Group executes on a significant number of purchase orders with previously fixed prices, some of which are committed up until the second half of 2023. For new projects, however, updated rates and terms are being implemented with immediate effect.

Under its integrated strategy, the Group continuously strives for innovation, including to improve productivity, for example by optimizing manufacturing and analytical processes and harmonizing systems. An example of the progress made in the reporting period is the continued roll out across sites of digital business applications in Operations and Quality.

Long-term business plan and strategy implementation

PolyPeptide operates in a market with significant opportunities. Within its active custom projects pipeline, around half of the projects are in two fast-growing therapeutic areas, metabolic disorders (including diabetes and obesity) and oncology. To capture the potential, the Group plans to continue investing in its manufacturing capacities, to strengthen its OnePolyPeptide organization and to pursue business development opportunities.

It aims to be the preferred partner for its customers, building on its strong position in peptides and its full commitment to develop its oligonucleotides offering. Given the expected dynamics emerging from its pipeline, the Group is preparing for a significant growth of manufacturing volumes that is projected to outpace its anticipated revenue growth. To create the capacities, the Group plans for further investments at all current locations, with the site in Braine-l’Alleud having the largest expansion potential.

Given the expected significant increase in manufacturing volumes, the Group places great importance on the principles of green chemistry. To optimize the usage of hazardous solvents, progress was made during the reporting period with the implementation of a new washing process where possible. The required infrastructure is now deployed to all large equipment with installations on the mid-sized equipment, ongoing. Criteria related to the reduction, recycling and replacement of hazardous solvents are now part of the Global Balanced Scorecard for 2022.

Guidance for 2022 and mid-term outlook

PolyPeptide undertook considerable efforts in 2020 and 2021 to support the global fight against the coronavirus pandemic, also by making its core purification process capabilities available at large scale. In 2021, around EUR 63 million of revenue was associated with the pandemic, followed by around EUR 33 million in the first half of 2022, broadly stable versus the first half of 2021. Consistent with the market update provided on 12 July, an agreement was reached to shift a portion of the pandemic-related business on order for the second half of 2022 into 2023.

For 2022, PolyPeptide therefore now expects revenue growth of between 8% to 10% (reduced from the earlier expectation of 12% to 14%), which implies healthy growth from the peptides business. The adjusted EBITDA margin is now expected at between 22% and 25% (reduced from “around 30%”), given continued inflationary pressure. The level of capital expenditures as a percentage of revenue remains unchanged at over 25% of revenue.

PolyPeptide recognizes that the nature of the pandemic is changing, that the macroeconomic environment has become more demanding and that geopolitical developments are unpredictable. However, it has confidence in the structural growth opportunities in its market and more specifically in the potential of its pipeline of customer projects.

For the mid-term, PolyPeptide expects to grow its business with a revenue CAGR in the low-teens, though with varying growth rates year-by-year. It also expects to continuously progress the adjusted EBITDA margin towards 30%. This updates the previous mid-term outlook, which anticipated year-on-year low-teens revenue growth with an adjusted EBITDA margin of approximately 30%.

Financial Report

Interim consolidated financial statements

Interim consolidated income statement

1 January - 30 June (unaudited)

kEUR	Note	H1 2022	H1 2021
Revenue	4	133,656	135,136
Other operating income		954	2,936
Total income		**134,610**	**138,072**
Cost of sales		-96,776	-86,839
Gross profit		**37,834**	**51,233**
Marketing and sales expenses		-2,589	-2,133
Research expenses		-656	-696
General and administrative expenses	5	-19,107	-17,601
Total operating expenses		**-22,352**	**-20,430**
Operating result (EBIT)		**15,482**	**30,803**
Financial income		4	6
Financial expenses		-2,645	-1,282
Total financial result		**-2,641**	**-1,276**
Result before income taxes		**12,841**	**29,527**
Income tax charges		-2,594	-4,904
Result for the period		**10,247**	**24,623**
Attributable to shareholders of PolyPeptide Group AG		10,247	24,623
Earnings per share in EUR, basic	8	0.31	0.79
Earnings per share in EUR, diluted	8	0.31	0.79

Interim consolidated statement of comprehensive income

1 January - 30 June (unaudited)

kEUR	Note	H1 2022	H1 2021
Result for the period		10,247	24,623
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations, net of tax		8,840	1,553
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**8,840**	**1,553**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain / (loss) on defined benefit plans		10,028	3,877
Income tax effect		-2,338	-889
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**7,690**	**2,988**
Other comprehensive result for the period, net of taxes		**16,530**	**4,541**
Total comprehensive result for the period, net of taxes		**26,777**	**29,164**
Attributable to shareholders of PolyPeptide Group AG		26,777	29,164

Interim consolidated statement of financial position

(Unaudited)

Assets, kEUR	Note	As at 30 June 2022	As at 31 December 2021
Non-current assets			
Intangible assets		14,941	14,268
Property, plant and equipment		248,525	216,486
Right-of-use assets		20,781	18,956
Deferred income tax assets		7,098	10,255
Other financial assets		3,109	3,467
Total non-current assets		**294,454**	**263,432**
Current assets			
Inventories		140,835	113,001
Trade receivables		47,751	65,233
Contract assets		6,559	2,556
Corporate income tax receivables		10,148	3,699
Other current assets		13,070	10,814
Cash and cash equivalents		66,436	136,303
Total current assets		**284,799**	**331,606**
Total assets		**579,253**	**595,038**

Interim consolidated statement of financial position (continued)

(Unaudited)

Equity and liabilities, kEUR	Note	As at 30 June 2022	As at 31 December 2021
Equity attributable to equity holders of the parent			
Share capital	7	302	302
Share premium	7	203,129	212,800
Translation reserve		18,125	9,285
Treasury shares	7	-12,961	-1,187
Other capital reserves		4,749	3,946
Retained earnings		213,965	196,027
Total equity		**427,309**	**421,173**
Non-current liabilities			
Deferred income tax liabilities		1,355	1,106
Pensions		29,463	38,981
Provisions		3,703	4,568
Lease liabilities		16,557	14,947
Other financial liabilities		10,036	10,302
Total non-current liabilities		**61,114**	**69,904**
Current liabilities			
Lease liabilities		3,326	3,058
Other financial liabilities		1,136	1,145
Corporate income tax payable		2,945	4,001
Trade payables		26,554	28,481
Contract liabilities		33,991	46,072
Other current liabilities		22,878	21,204
Total current liabilities		**90,830**	**103,961**
Total liabilities		**151,944**	**173,865**
Total equity and liabilities		**579,253**	**595,038**

Interim consolidated statement of changes in equity

1 January - 30 June (unaudited)
Attributable to shareholders of PolyPeptide Group AG:

kEUR	Share capital	Share premium	Translation reserve	Treasury shares	Other capital reserves	Retained earnings	Total
Balance as at 1 January 2022	**302**	**212,800**	**9,285**	**-1,187**	**3,946**	**196,028**	**421,174**
Result for the period						10,247	10,247
Remeasurement gain / (loss) on defined benefit plans, net of tax						7,690	7,690
Currency exchange differences			8,840				8,840
Total comprehensive income	**0**	**0**	**8,840**	**0**	**0**	**17,937**	**26,777**
Purchase of own shares				-11,962			-11,962
Dividends paid		-9,671					-9,671
Share-based payment					991		991
Transfer of own shares				188	-188		0
Total transactions with owners	**0**	**-9,671**	**0**	**-11,774**	**803**	**0**	**-20,642**
Balance as at 30 June 2022	**302**	**203,129**	**18,125**	**-12,961**	**4,749**	**213,965**	**427,309**

Interim consolidated statement of changes in equity (continued)

1 January - 30 June (unaudited)
Attributable to shareholders of PolyPeptide Group AG:

kEUR	Share capital	Share premium	Translation reserve	Treasury shares	Other capital reserves	Retained earnings	Total
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
Remeasurement gain / (loss) on defined benefit plans, net of tax						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
Total transactions with owners	**-32,698**	**210,460**	**0**	**-1,370**	**2,468**	**0**	**178,860**
Balance as at 30 June 2021	**302**	**212,800**	**-4,063**	**-1,370**	**2,468**	**175,547**	**385,684**

Interim consolidated statement of cash flows

1 January - 30 June (unaudited)

kEUR	H1 2022	H1 2021
Cash flow from operating activities		
Result for the period	10,247	24,623
Adjustments to reconcile cash generated by operating activities		
Depreciation and amortization	11,224	9,086
Movement in provisions	-865	1,429
Movement in pensions	510	1,363
Share-based payment expense	991	567
Financial income	-4	-6
Financial expenses	2,645	1,282
Income tax charge	2,594	4,903
Government grant income	0	-2,370
IPO-related transaction costs	0	5,721
Changes in net working capital		
(Increase) / decrease in inventories	-27,246	-10,610
(Increase) / decrease in trade receivables	18,777	7,915
(Increase) / decrease in contract assets	-3,989	1,359
(Increase) / decrease in other current assets	-2,256	-5,268
Increase / (decrease) in trade payables	1,154	-4,980
Increase / (decrease) in contract liabilities	-12,803	12,229
Increase / (decrease) in other current liabilities	1,674	2,548
Cash generated from operations	**2,653**	**49,791**
Interest income received	4	6
Interest expenses paid	-1,283	-1,060
Income taxes paid	-9,033	-7,689
Net cash flows from operating activities	**-7,659**	**41,048**
Cash flow from investing activities		
Acquisition of intangible assets	-2,146	-1,969
Acquisition of property, plant and equipment	-39,080	-33,265
Disposal of property, plant and equipment	2	57
Movement in other financial assets	22	-10
Net cash flows from investing activities	**-41,202**	**-35,187**

Interim consolidated statement of cash flows (continued)

1 January - 30 June (unaudited)

kEUR	H1 2022	H1 2021
Cash flow from financing activities		
Proceeds from the issue of ordinary shares	0	182,141
Purchase of own shares	-11,962	-5,464
Dividends paid	-9,671	0
IPO-related transaction costs	0	-4,690
Proceeds from short-term borrowings from banks	0	25,000
Repayment of long-term borrowings from banks	0	-25,000
Repayment of lease liabilities	-1,538	-1,005
Repayment of other financial liabilities	-288	-7,296
Net cash flow from financing activities	**-23,459**	**163,686**
Net movement in cash and cash equivalents	**-72,320**	**169,547**
Cash and cash equivalents at the beginning of the period	136,303	17,208
Net foreign currency exchange differences	2,453	607
Cash and cash equivalents at the end of the period	**66,436**	**187,362**

Notes to the interim consolidated financial statements

General

PolyPeptide Group AG (the “Company”) is the holding company of a group of companies (the “Group”) engaged in the development, manufacturing and marketing of peptide and oligonucleotide-based compounds for use in the pharmaceutical and related research industries. The group companies offer a full service concept from early stage custom development to contract manufacturing in both solid phase and solution phase technology. In addition, the group companies also market a wide range of generic peptides.

Since 2007, PolyPeptide Laboratories Holding B.V. (incorporated under the laws of the Netherlands) was the holding company of the Group, which consists of six integrated operating subsidiaries located in Sweden, USA, France, India and Belgium, plus a holding company located in Sweden, a dormant company located in Denmark, and a dormant company located in Germany, which as of 30 June 2022 was in the process of a merger into the Swedish holding company.

As part of the preparations for the IPO on SIX Swiss Exchange on 29 April 2021, all the shares of PolyPeptide Laboratories Holding B.V. were contributed into the 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 Neuhofstrasse 24, 6340 Baar, Switzerland. As of 30 June 2022, the Company was a 55.54% 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.

1 Basis of preparation

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 2022 (hereafter “the interim period”). The Half-year Report is prepared in accordance with the International Accounting Standard 34 – *Interim Financial Reporting* and thus does not include all of the information required for a complete set of IFRS financial statements. The Half-year Report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021 (hereafter “the Annual report 2021”) as it provides an update of the previously reported information. No new standards or amendments to existing standards with a material effect on the Group’s Half-year Report have become mandatorily effective for reporting periods beginning 1 January 2022 and the accounting policies adopted in the Half-year report are thus consistent with those of the previous financial year. However, disclosures on segment reporting have changed since the Group’s Annual report 2021. See note 2 for further details.

As described in the Annual Report 2021, the Group previously presented movements in financial assets and other current assets together on one line named "(Increase) / Decrease in other current assets” in the cash flow statement. To increase the transparency of the figures, the Group decided to split the line into two separate line items where movements in other current assets were shown on a separate line within “Cash generated from operations” and movements in other financial assets were shown on a separate line within “Net cash flows from investing activities”. This change in presentation was implemented for the first time in the Annual report 2021 and has accordingly been applied in this Half-year Report as well. Comparative figures for H1 2021 have thus been restated to reflect the changes in the presentation.

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 are a number of standards and interpretations that have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022 (the date of the Group's next annual consolidated financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the consolidated financial statements once adopted.

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

2 Segment information

PolyPeptide generates revenue that can be divided into the three business areas described in note 4. The chief operating decision maker (i.e., the Executive Committee) is reviewing revenue generated within each business area, but is not reviewing results at this disaggregated level. The chief operating decision maker rather reviews the results of the Group as a whole to assess performance. This internal assessment of performance has not changed since the last annual financial statements of the Group. However, the definition of an operating segment according to IFRS 8 – *Operating segments* has been revisited, and it has been concluded that the three business areas should not be considered three separate operating segments since only revenue information for each area is reviewed by the chief operating decision maker. As a result, there is only one operating segment according to IFRS 8 – *Operating segments*.

No segment information is thus required to be disclosed in the notes to the interim consolidated financial statements according to IAS 34 – *Interim Financial Reporting*.

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

PolyPeptide generates revenue from the following three business areas:

Revenue by business area

kEUR	H1 2022	H1 2021
Custom Projects	72,613	76,207
Contract Manufacturing	48,398	45,765
Generics and Cosmetics	12,645	13,164
Total revenue	**133,656**	**135,136**

Custom Projects business area specializes in the manufacturing of custom research-grade peptides and oligonucleotides, in milligram, gram or pilot scale quantities, at predefined purity levels for use in pre-clinical and clinical development as well as for regulatory and scientific studies. Custom Projects also provides GMP manufacturing services during the later phases of development. Revenue is allocated to Custom Projects for sales of products in the pre-

clinical through clinical stage development (i.e., prior to commercial launch) as generally set out in master service agreements and/or the accompanying work / purchase orders.

Contract Manufacturing business area manufactures peptides for commercial stage peptide therapeutics, at scale, in commercial batches and in accordance with GMP requirements. The Group's Contract Manufacturing services also include consultation for continuous improvement and process stabilization / optimization to support scale-up, process changes to support cost of goods sold enhancement, lifecycle management and extension as well as regulatory support. Revenue is allocated to Contract Manufacturing where production is related to the commercial supply of product, including the production of commercial generic products where we manufacture for the patent originator, as generally set out in master supply agreements and/or the accompanying work / purchase orders.

Generics and Cosmetics business area manufactures peptide-based generics for the human and veterinary market, produced on an industrial scale following GMP guidelines. Generally, PolyPeptide's generic products are off-patent and manufactured for numerous generic customers. The business area also includes revenue generated from the sale of peptides used in cosmetics, primarily for anti-aging applications. Revenue is allocated to Generics and Cosmetics for product sales to generics manufacturers and non-originators (i.e., not the original patent holder) as well as cosmetics sales, each as generally set out in nonproprietary master supply agreements and/or the accompanying work / purchase orders.

Revenue from contracts with customers

H1 2022 kEUR	API	Related services	Total
Timing of transfer of goods and services			
Point in time	121,724		121,724
Over time		11,932	11,932
Total revenue	**121,724**	**11,932**	**133,656**

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

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 2022	H1 2021
Americas	60,399	51,962
Europe	65,326	75,340
Asia Pacific	7,800	5,766
Others	131	2,068
Total revenue	**133,656**	**135,136**

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:

kEUR	H1 2022	H1 2021
Consultancy services	0	-1,381
IPO cash bonus	0	-1,342
IPO share bonus	0	-2,998
Total IPO cost	**0**	**-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. These expenses were fully reimbursed by Draupnir Holding B.V in H2 2021.

In addition, an amount of kEUR 4,652 relating to consultancy services, Swiss Federal Issue Stamp Tax and Bank Commissions was charged directly to the share premium reserve in H1 2021 in accordance with IAS 32 – *Financial Instruments: Presentation.*

6 Share-based payment

Share-based payment was introduced in the Group as part of the IPO on SIX Swiss Exchange on 29 April 2021.

The following equity-settled share-based payment arrangements have been recognized in the interim consolidated financial statements:

IPO share bonus

Eligible members of the Board of Directors, the Executive Committee and certain other senior managers were granted a total of 51,434 number of shares upon the successful listing on SIX Swiss Exchange on 29 April 2021. The fair value at grant date amounted to kEUR 2,998 and was measured based on the initial public offering price of EUR 58 (CHF 64) per share.

Since all the shares vested immediately upon the listing, the full amount was recognized in the income statement covering H1 2021 as "General and administrative expenses". The amount was subsequently fully reimbursed by Draupnir Holding B.V. in H2 2021.

Board of Directors

Members of the Board of Directors have the option to elect to be paid up to 100% of their fixed fee in shares. For Board members electing to receive more than 50% of their fixed fee in shares, the shares exceeding the 50% portion are granted at a discount of 20% to market price. The proportion between shares and cash is selected by each Board member upon election at the annual general meeting and is fixed until the next annual general meeting. For the current period (i.e., until the annual shareholders' meeting in 2023), the members of 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.

The fair value at grant date amounted to kEUR 799 (H1 2021: kEUR 731), reflecting a measurement based on a total number of shares of 9,835 (H1 2021: 12,540) and the price of EUR 81 (CHF 83) per share as of 26 April 2022 (H1 2021: the initial public offering price of EUR 58 (CHF 64) per share).

Under IFRS, all shares will be fully vested at the annual general meeting in April 2023. In H1 2022, a total amount of kEUR 570 (H1 2021: kEUR 415) was recognized as "General and administrative expenses" in the income statement according to the principles of graded vesting in IFRS 2.

Chief Executive Officer

The CEO of the Group, Raymond De Vré, was during 2021 granted three separate share-based payment arrangements:

- 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 as compensation for the loss of unvested options from his previous employer. The fair value at grant date amounted to kEUR 854, reflecting a measurement based on 14,648 number of shares and the initial public offering price of EUR 58 (CHF 64) per share. The grant includes a service condition of three years, one-third vesting each year as of 1 June (starting from 2022). The expenses are recognized in the income statement according to the principles of graded vesting in IFRS 2, resulting in an amount of kEUR 202 recognized as "General and administrative expenses" in H1 2022 (H1 2021: kEUR 131).
- A grant of shares at a value of CHF 100,000 at 15% discount to the IPO offer price of CHF 64 as compensation for his loss of variable payments for 2020 and 2021 from his previous employer. The fair value at grant date amounted to kEUR 107, reflecting a measurement based on 1,838 number of shares and the initial public offering price of EUR 58 (CHF 64) per share. The grant includes a service condition of one year and vested at 1 July 2022. The expenses are recognized on a straight-line basis in the income statement, resulting in an amount of kEUR 46 recognized as "General and administrative expenses" in H1 2022 (H1 2021: kEUR 21).
- During the second half of 2021, the Board of Directors adopted a Long Term Incentive Plan ("LTIP") for Executive Committee members and other members of senior management of the Group. Under this share-based incentive program, eligible participants will be awarded the contingent right to receive a certain number of registered shares in the future ("PSU(s)") in the Company subject to, inter alia, continued employment and achievement of non-market performance targets. The actual number of PSUs that will eventually vest and be settled in shares depend on the RONOA and EPS performance of the Group over a three-year performance period.

  As of 30 June 2022, the only eligible participant in the LTIP was the CEO of the Group, Raymond De Vré. However, the Remuneration and Nomination Committee is currently evaluating the expansion of the LTIP to cover additional members of the Executive Committee as well as other members of senior management in future periods.

  The PSUs were granted to Raymond De Vré on 29 November 2021. In accordance with IFRS 2, the maximum number of shares potentially vesting has been used for the determination of the fair value of the grant. As a result, the fair value at grant date amounted to kEUR 1,241, reflecting a measurement based on 9,909 number of PSUs and the share price of PolyPeptide Group AG as of the grant date of EUR 125 (CHF 131). In H1 2022 an amount of kEUR 173 has been recognized as "General and administrative expenses" in the income statement.
  Any shares will vest 10 trading days after the shareholders approve the 2023 audited financial statements.

7 Shareholders' equity

Share capital and share premium

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 in exchange for one share increased the share capital by CHF 0.01.

In connection with the IPO, PolyPeptide Group AG further 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 2022. All shares are fully paid.

Treasury shares

	Number of shares	Average purchase/ transfer price (EUR)	% of number of shares in share capital
Own shares as at 1 January 2022	20,371		0.1%
Purchase	169,656	71	0.5%
Transfer	-2,657	69	-0.0%
Own shares as at 30 June 2022	**187,370**		**0.6%**
Own shares as at 1 January 2021	0		0.0%
Purchase	93,750	58	0.3%
Transfer	-70,251	58	-0.2%
Own shares as at 30 June 2021	**23,499**		**0.1%**

Cash distribution

On 26 April 2022, the shareholders of PolyPeptide Group AG approved at the Annual General Meeting to pay a cash distribution of CHF 0.3 per entitled share out of the foreign capital contribution reserves. Treasury shares held by the Company at the time of the cash distribution were not entitled to the cash distribution.

The distribution to shareholders of entitled shares totaled kEUR 9,671 (kCHF 9,916), which has been recognized against share premium in the interim consolidated financial statements. No cash distribution was made in H1 2021.

8 Earnings per share

Basic earnings per share has been calculated by dividing the result for the period attributable to the owners of PolyPeptide Group AG by the weighted average number of shares outstanding during the period. Treasury shares are not considered as outstanding shares.

As described in the first section of the notes to the interim consolidated financial statements, the parent company of the Group changed during H1 2021. However, due to the predecessor accounting for this reorganization, basic earnings per share for the period from 1 January until 27 April 2021 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 on 28 April 2021 (see the description above in note 7).

Diluted earnings per share is calculated by dividing the result for the period attributable to the owners of the PolyPeptide Group AG by the weighted average number of shares outstanding adjusted for all potentially dilutive shares. The weighted average number of shares outstanding for the period from 1 January until 28 April 2021 has been calculated in the same way as described above for the calculation of basic earnings per share.
Dilutive shares arise from the share-based payment described in note 6.

9 Investment in subsidiaries

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

Name	Location	Percentage of ownership	
		As at 30 June 2022	As at 31 December 2021
Polypeptide Laboratories Holding (PPL) AB	Limhamn, Sweden	100%	100%
Polypeptide Laboratories (Sweden) AB	Limhamn, Sweden	100%	100%
PolyPeptide SA	Braine-l'Alleud, Belgium	100%	100%
PolyPeptide Laboratories France S.A.S.	Strasbourg, France	100%	100%
PolyPeptide Laboratories Inc.	Torrance, CA, USA	100%	100%
PolyPeptide Laboratories San Diego, LLC[1]	San Diego, CA, USA	100%	100%
PolyPeptide Laboratories Pvt. Ltd.	Ambernath (East), India	100%	100%
PolyPeptide Laboratories A/S[2]	Hillerød, Denmark	100%	100%
PolyPeptide Laboratories GmbH[3]	Hamburg, Germany	100%	100%

[1] PolyPeptide Laboratories San Diego, LLC is a wholly owned subsidiary of PolyPeptide Laboratories Inc.

[2] PolyPeptide Laboratories A/S is a dormant company.

[3] As of 30 June 2022, PolyPeptide Laboratories GmbH was in the process of a merger into Polypeptide Laboratories Holding (PPL) AB. No further financial impact is expected related to the merger.

Percentage of voting shares is equal to percentage of ownership.

10 Related parties

The following transactions have been entered into with related parties:

H1 2022 kEUR	Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
Entity with control over the company				
Draupnir Holding B.V.	–	–	–	–
Other related entities				
Thalamus AB	–	-85	–	-386
Ferring Group	19,863	-8	5,572	–
Monedula AB	164	-618	199	-11,594
Amzell B.V.	28	–	37	–

H1 2021 kEUR	Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
Entity with control over the company				
Draupnir Holding B.V.	4,299	-221	4,299	–
Other related entities				
Thalamus AB	–	-87	–	–
Ferring Group	18,483	-3	51	-3
Monedula AB	–	-611	–	-12,004
Amzell B.V.	35	–	–	–

All disclosed related parties are either related through the Esperante Investments S.à r.l. ownership structure or through managerial control. Esperante Investments S.à r.l. is a higher parent company of our majority shareholder Draupnir Holding B.V.

Income and amounts due from Draupnir Holding B.V. primarily relate to reimbursement of IPO recognition bonuses. Purchases 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 relate to the lease of premises. Income and amounts due from Monedula relate to property management fees and recharged improvements to the premises. Amounts due to Monedula AB relate to the financial liability recognized for the lease of premises.

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

During H1 2022, no provisions for doubtful debt and no write-offs on receivables from related parties were recognized (H1 2021: nil). No guarantees were given or received for any outstanding related party balances (H1 2021: nil).

11 Subsequent events

There have been no significant events subsequent to the balance sheet date that would require additional disclosures in the interim consolidated financial statements.

The Half-year Report was approved by the Board of Directors as at 18 August 2022.

Definitions and Reconciliations

Selected information provided in this report includes operational indicators or Alternative Financial Performance Measures (APM) that are not accounting measures defined by IFRS. The Group believes that investor understanding of PolyPeptide's performance is enhanced by disclosing such indicators and measures, since they provide additional insights into the underlying business, strategic progress and/or financial performance. Operational indicators and alternative financial performance measures should not be considered as substitutes to the Group's consolidated financial results based on IFRS. They may not be comparable to similarly titled measures by other companies. This section includes the definitions of the main operational indicators and alternative financial performance measures provided as well as a reconciliation of selected Alternative Financial Performance Measures to the most directly reconcilable IFRS line item.

Abbreviations

API – Active Pharmaceutical Ingredient

APM – Alternative Financial Performance Measure

CAGR – Compound Annual Growth Rate

CDMO – Contract Development and Manufacturing Organization

CMC – Chemistry, Manufacturing & Controls

FTE – Full-time equivalent

GMP – Good Manufacturing Practice

ICH – International Council for Harmonization

IPO – Initial Public Offering

LCM – Life Cycle Management

NDA – New Drug Application

PPQ - Process Performance Qualification

SIX – SIX Swiss Exchange

Operational indicators

As part of our financial disclosure we report revenue from our custom projects business area, and we occasionally make implicit or explicit reference to the underlying project pipeline as an indicator to measure operational performance. This includes the number of projects in total or in categories. Our project count for a given period includes only projects that are invoiced to our customers. Projects with parallel activities at more than one site, or which are transferred from one site to another, or which included multiple peptides or oligonucleotides are counted as one project. The synthesis or on-time manufacturing of small quantities of peptides or oligonucleotides, mostly for research or academic use, is not considered as a project.

Our reference to

- **pre-clinical projects** includes non-GMP manufacturing for the lead candidate selection, and subsequent non-GMP manufacture of the selected API for pre-clinical & toxicological studies;
- **phase I and phase II** projects includes GMP manufacturing of the API for phase I and II clinical trials, including stability studies, process and analytical development as well as regulatory documentation;
- **phase III projects** includes GMP manufacturing of an API for the use in phase III clinical trials, including process validation (manufacturing of PPQ batches) and analytical methods validation as well as regulatory documentation (NDA filing support).

Active custom projects include (i) projects with ongoing manufacturing activities, (ii) projects with ongoing non-manufacturing activities (development, analytical services, regulatory, stability studies), (iii) projects with open orders in the Group's accounting system pending to be delivered, and (iv) projects that are active at the customer's end, but not necessarily active at PolyPeptide (i.e., when the customer is conducting pre-clinical or clinical studies, formulation studies, etc.).

Alternative financial performance measures (APM)

Revenue at constant currency rate: Revenue translated into the presentation currency, EUR, using the weighted average EUR currency exchange rate from the prior period. This measure provides additional transparency on revenue trends by excluding the impact of fluctuations in exchange rates.

Gross margin: Gross profit as a percentage of revenue.

Operating result (EBIT): Earnings before total financial result and income tax charge.

EBITDA: Operating result (EBIT) plus depreciation, amortization and impairment charges (if any).

EBITDA Margin: EBITDA as a percentage of revenue.

Adjusted EBITDA: EBITDA adjusted for non-recurring expenses or income to better reflect the underlying performance of the business.

Adjusted EBITDA Margin: Adjusted EBITDA as a percentage of revenue.

Capital expenditures (Capex): Investments in property, plant and equipment assets and intangible assets capitalized during a reporting period.

Net operating assets: The sum of Non-current assets plus Current assets less Cash and cash equivalents less Current liabilities.

Return on net operating assets (RONOA): Last twelve months Operating result in percent of average Net operating assets.

Equity ratio: Equity at the end of the period divided by Total assets at the end of the period.

Free Cash Flow (FCF): Net cash flows from operating activities less cash paid for acquisition of intangible assets less cash paid for acquisition of property, plant and equipment assets.

Net Cash: Cash and cash equivalents less lease liabilities less other financial liabilities.

Headcount: Number of people employed by PolyPeptide at the time indicated (i.e. excluding contractors).

Reconciliations

Operating result to EBITDA and Adjusted EBITDA

kEUR	H1 2022	H1 2021	H1 2020
Operating result	15,482	30,803	10,160
Depreciation, amortization and impairment charges (if any)	11,224	9,086	8,359
EBITDA	**26,706**	**39,889**	**18,519**
Government loans waived	0	-2,370	0
IPO consultancy services	0	1,381	0
IPO cash bonus	0	1,342	0
IPO share bonus	0	2,998	0
Adjusted EBITDA	**26,706**	**43,240**	**18,519**

Return on net operating assets (RONOA)[1]

kEUR	H1 2022	H1 2021	H1 2020
Last twelve months Operating result (EBIT)	48,844	65,021	28,483
Average[1] Net operating assets:			
Total non-current assets (average)	254,607	188,895	153,546
Total current assets (average)	320,994	254,024	143,315
Cash and cash equivalents (average)	-126,899	-98,045	-8,268
Total current liabilities (average)	-106,084	-90,965	-54,661
Average[1] Net operating assets	342,618	253,909	233,932
Return on net operating assets (RONOA)	**14.3%**	**25.6%**	**12.2%**

[1] The average amounts are calculated as: (Current period's figures + prior period's figures) / 2.

Free Cash Flow

kEUR	H1 2022	H1 2021
Net cash flows from operating activities	-7,659	41,048
Acquisition of intangible assets	-2,146	-1,969
Acquisition of property, plant and equipment	-39,080	-33,265
Free Cash Flow	**-48,885**	**5,814**

Net Cash

kEUR	As at 30 June 2022	As at 31 December 2021
Cash and cash equivalents	66,436	136,303
Interest-bearing liabilities (Total financial debt):		
Lease liabilities (Non-current)	-16,557	-14,947
Other financial liabilities (Non-current)	-10,036	-10,302
Lease liabilities (Current)	-3,326	-3,058
Other financial liabilities (Current)	-1,136	-1,145
Interest-bearing liabilities (Total financial debt)	-31,055	-29,452
Net Cash	**35,381**	**106,851**

Revenue at constant currencies[1]

kEUR	H1 2022	H1 2021
Revenue at constant currencies[1]	130,683	136,521
Impact from changes in exchange rates compared to prior period	2,973	-1,385
Revenue reported (IFRS)	**133,656**	**135,136**

[1] Revenue translated into the presentation currency, EUR, using the weighted average EUR currency exchange rate from the prior period.

Change in revenue

	H1 2022 vs H1 2021	H1 2021 vs H1 2020
Change in revenue reported (IFRS) (%)	-1.1%	53.9%
Change in revenue at constant currencies (%)	-3.3%	55.5%

Coronavirus pandemic

	H1 2022	H1 2021	2021 (full-year)
Revenue associated with the coronavirus pandemic	32,823	32,219	63,194
Revenue not associated with the coronavirus pandemic	100,833	102,917	218,932
Revenue reported (IFRS)	**133,656**	**135,136**	**282,126**

Capital expenditures (Capex)

	H1 2022	H1 2021
Property, plant and equipment assets capitalized	36,432	23,527
Intangible assets capitalized	1,494	1,462
Capital expenditures (Capex)	**37,926**	**24,989**

Legal note

Cautionary statement on forward-looking information: This report 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 Half-year Report and that could affect the Group's ability to achieve its stated targets. The important factors that could cause such differences include, among others: relationships with employees, customers and other business partners; strategies of competitors; manufacturing capacity and utilization; quality issues; supply chain matters; 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. 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.

Alternative Financial Performance Measures (APM): This report 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, adjusted EBITDA, adjusted EBITDA margin, net operating assets, return on net operating assets, capital expenditures, equity ratio, net working capital, free cash flow, net cash, total financial debt and revenue associated with the coronavirus pandemic. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. 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 this report.

For the purposes of this report, 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 various tables, the use of '-' indicates not meaningful or not applicable.

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Imprint

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