PolyPeptide

20 Annual 24 Report

Creating the future in peptides

Content Overview

Management Report

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.

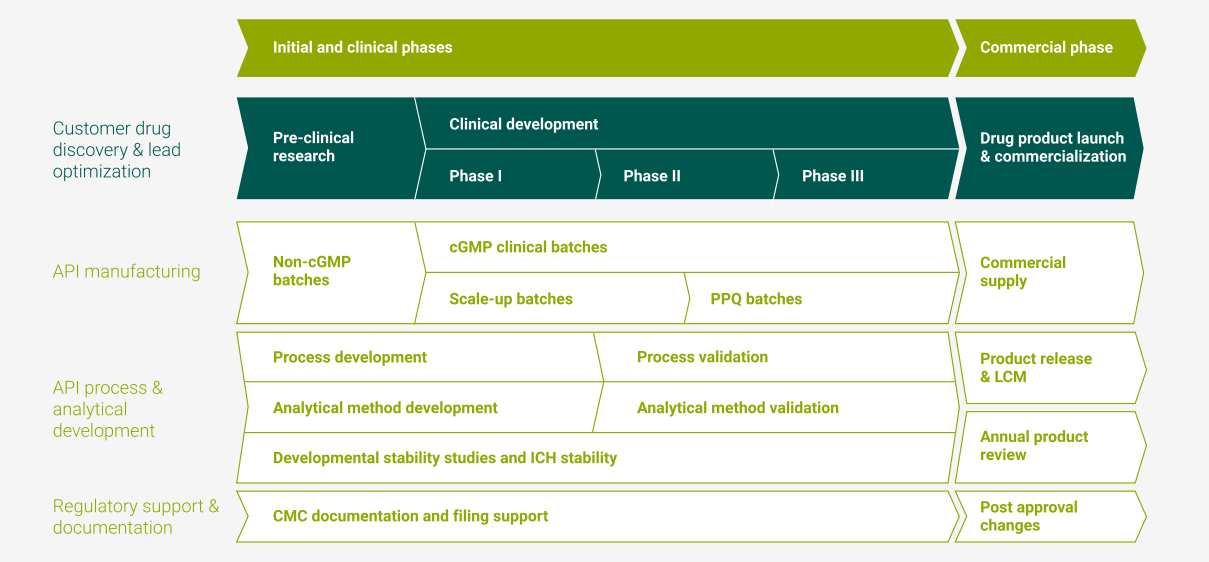
As a CDMO, PolyPeptide is subject to comprehensive regulations, including current Good Manufacturing Practices (cGMP), to assure quality and to ensure the safety of patients. The Group runs a global network of six manufacturing sites in Europe, the United States of America, and India, with each of the 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

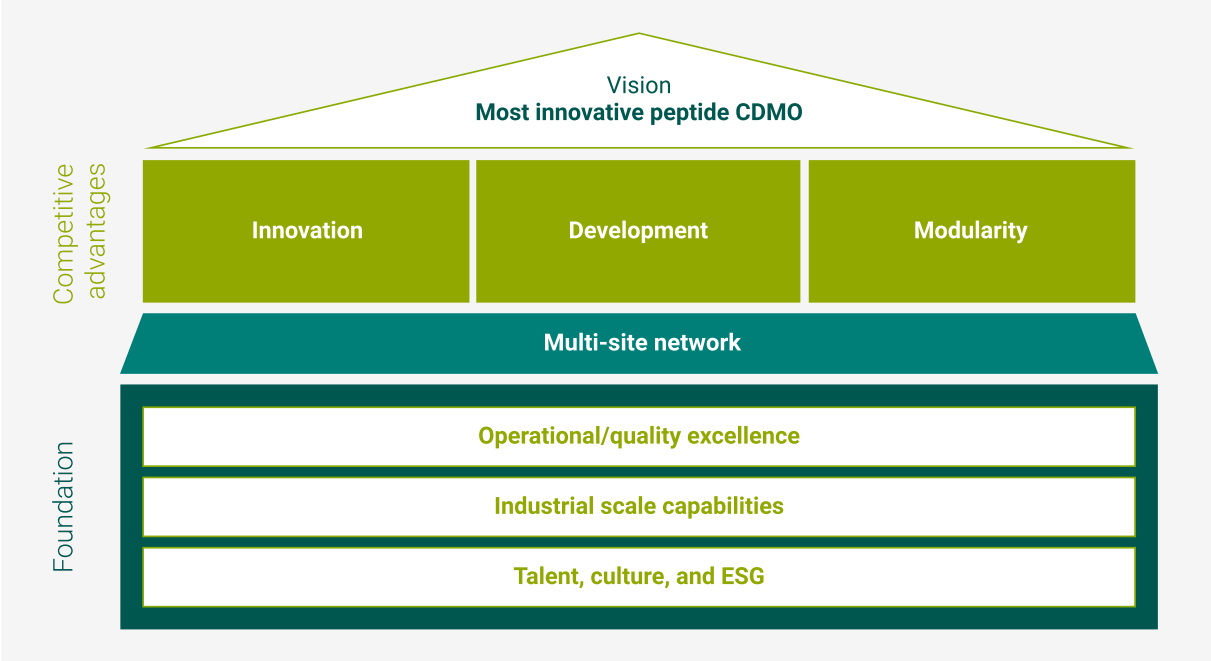
During the course of 2024, PolyPeptide sharpened its growth strategy based on expected rapid market growth, its strong market position, and the large commercial agreements communicated in December 2022 and March 2024.

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.

Corporate Responsibility Report

1. Introduction

PolyPeptide follows an integrated approach to the management of environmental, social, and governance (ESG) topics that are considered material for its business. As a contract development and manufacturing organization (CDMO) serving pharma and biotech customers, PolyPeptide must adhere to stringent product quality requirements and regulations to protect the safety of patients. The Group seeks to promote corporate responsibility and to follow fundamental principles of business ethics and compliance to drive sustainable value creation for all stakeholders.

PolyPeptide believes that the integration of material ESG topics into its strategy, operations, and enterprise risk management framework is the most effective way to meet its business needs and stakeholder expectations. It uses a set of quantitative metrics to manage relevant ESG impacts, risks, and opportunities, and to track its impact and progress on sustainable development.

For further information regarding PolyPeptide's strategy, market, and business model, see section Strategy.

This Corporate Responsibility Report covers the period from 1 January 2024 to 31 December 2024 (unless otherwise stated) and will be updated annually. It has been prepared in accordance with art. 964b of the Swiss Code of Obligations (CO) concerning transparency on non-financial matters (see section 5 Disclosures in accordance with art. 964b Swiss Code of Obligations) and with reference to the GRI Standards (see section 7 GRI content index). In accordance with the Swiss Ordinance on Climate Disclosure, this report includes the Group's first Climate Report based on the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations (see section Climate Report).

During 2024, PolyPeptide began preparing for the enhanced disclosure requirements for the financial year 2025 under the Corporate Sustainability Reporting Directive of the European Union (CSRD) and the European Sustainability Reporting Standards (ESRS). The preparations for these enhanced disclosure requirements are ongoing at the Group level with the intention of incorporating such requirements in future applicable Corporate Responsibility Reports.

The Group participates in the Carbon Disclosure program (CDP), scoring a "B" rating[1] in 2024, and improving for the third consecutive year versus the "B-" rating achieved in 2023 (2022: C). This is complemented by the EcoVadis ratings, where PolyPeptide received an "Advanced"[2] rating for its carbon management program, in 2024 and a "Bronze" rating for its ESG program.

[1] According to the CDP, the B rating places PolyPeptide in the so-called Management band (B/B- ratings), meaning that the Group is taking coordinated action on climate issues.

[2] The EcoVadis carbon scorecard is an independent assessment of the Group's carbon management system and performance.

2. Sustainability approach

Defined responsibilities, relevant guidelines and policies, the integration of sustainability into strategy and remuneration, and stakeholder engagement form crucial elements of PolyPeptide's approach to managing its material ESG topics.

All direct and indirect subsidiaries that PolyPeptide Group AG consolidates fall under the scope of this Corporate Responsibility Report 2024 and the information presented herein (for a detailed overview of PolyPeptide's consolidated subsidiaries, see section 1.1.3 Non-listed companies belonging to PolyPeptide of the Corporate Governance Report 2024 and note 11 Investments in subsidiaries of the consolidated financial statements in the Financial Report 2024).

2.1 Responsibilities and organization

At PolyPeptide, the Board of Directors is responsible for the overall direction of the Group and oversight of management, including the Group's growth strategy that recognizes the importance of ESG. Moreover, the Board of Directors oversees climate-related risks and opportunities as defined in the Climate Report. As such, the Board of Directors supervises the determination of the ESG topics that are material for PolyPeptide and approves the Annual Report, including this Corporate Responsibility Report. Oversight for sustainability matters is thematically assigned to the Remuneration and Nomination Committee, the Audit and Risk Committee, and the Innovation and Technology Committee of the Board of Directors. For details about the responsibilities and composition of these committees, refer to section 3.5.3 Working methods of the Committees of the Corporate Governance Report.

PolyPeptide ESG governance

ESG Steering Committee coordinates implementation

The responsibility and authority for carrying out operational activities of the Group are delegated to the Executive Committee. This includes the implementation of the Group's ESG activities as an integrated part of its strategy and business plans. The Executive Committee receives support from the PolyPeptide Management Committee and the ESG Steering Committee, where relevant global functions are represented. These functions have been assigned responsibility for material ESG topics, as set out in the table below, to make sure they are adequately reflected within the functional plans and, with the support of local management, in the day-to-day operations.

Assigned oversight and responsibilities for material ESG topics

Material ESG topics	Board Committee oversight	Functional responsibility (as member of ESG Steering Committee)
Product responsibility	Innovation and Technology Committee (ITC)	• Director Global Operations • Director Global Quality, Development & Regulatory Affairs
Green chemistry	Innovation and Technology Committee (ITC)	• Director Global Innovation & Technology • Director Global Quality, Development & Regulatory Affairs
Climate change mitigation	Innovation and Technology Committee (ITC)[1]	• Director Global EHS
Supply chain engagement	Audit and Risk Committee (ARC)	• Director Global Procurement
People	Remuneration and Nomination Committee (RNC)	• Chief Human Resources Officer • Director Global EHS
Business ethics and compliance	Audit and Risk Committee (ARC)	• General Counsel • Director Global IS / IT

[1] The oversight responsibility for climate change mitigation has been transferred from the ARC to the ITC in July 2024.

2.2 Guidelines and policies

PolyPeptide is subject to comprehensive regulations, including current Good Manufacturing Practices (GMP), to ensure the quality of its services and products. The Group runs a 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 GMP certified, demonstrating suitable processes, methods, facilities, and controls.

The Group maintains a Quality Management System (QMS) with policies and procedures based on the obligation of PolyPeptide's customers to only use drug substances and intermediates that have been manufactured in compliance with GMP. This includes adherence to applicable guidelines, including those from the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH).

At each of its manufacturing sites, the Group strives to adhere to applicable requirements related to the protection of the Environment, Health and Safety (EHS), for which the Group maintains an internal policy.

It has further developed policies and procedures that address, among other things, due diligence and risk management principles as well as the protection of human rights. The Group has issued the following policies and codes, which are available on its corporate website:

- Code of Business Conduct and Ethics,
- Supplier Code of Conduct,
- Global Anti-Corruption and Anti-Bribery Policy,
- Global Supply Chain Policy on Child Labor, and
- Whistleblower Policies.

They are underpinned by fundamental international conventions and guidelines, including, where applicable, International Labor Organization (ILO) Conventions, the United Nations' (UN) Universal Declaration of Human Rights, the UN Global

Compact principles, the Organization for Economic Cooperation and Development (OECD) Guidance for Responsible Business, industry standards, and other relevant statutory requirements.

Furthermore, PolyPeptide has implemented various internal policies to further support compliance and ethical business practices (e.g., Insider Dealing and Market Manipulation Policy, Disclosure Policy, Global Sanctions and Export Control Compliance Policy and Procedure, Risk Assessment and Reporting Procedure, and Enterprise Risk Management Policy).

PolyPeptide endeavors to ensure the implementation of its policies, codes, and procedures. For more details about the implementation of selected policies, see section 4 Reporting on the material ESG topics.

2.3 Integration in strategy and remuneration

To support the implementation of its strategy and operational plans and for executive compensation purposes, PolyPeptide maintains a Global Balanced Scorecard. The Global Balanced Scorecard consists of financial targets as well as quantitative goals for non-financial criteria, including ESG-related aspects.

Through the Global Balanced Scorecard, ESG aspects are also incorporated in the variable compensation of the Executive Committee, as described in section 5.1.3.2 2024 STIP of the Remuneration Report. As part of the Group's Enterprise Risk Management framework (ERM), the Group also evaluates the risks and opportunities in relation to the material ESG topics, with relevant developments reported to the Board of Directors on an annual basis (see section 3.7.3 Enterprise Risk Management Framework of the Corporate Governance Report).

2.4 Stakeholder engagement

PolyPeptide maintains an open dialog with internal and external stakeholders and is a member of various pharmaceutical and industry associations as well as the local and broader business community. Associations may serve a variety of purposes, such as exchanging best practice, advancing innovation and sustainability, and fostering collaboration.

As part of its preparations for the enhanced disclosure requirements for the financial year 2025 under CSRD and ESRS, PolyPeptide conducted an online stakeholder survey during 2024. The survey involved over 200 customers, shareholders, industry associations, communities, suppliers, and employees.

In 2024, PolyPeptide maintained active memberships in various associations, such as the ACS GCI Green Chemistry Institute Pharmaceutical Roundtable, essenscia, France Chimie, Medicon Valley Alliance, Biocom California, and National Safety Council.

Stakeholder engagement

Stakeholder group	Examples of stakeholder engagement
Customers	• Customer feedback • Cultivating a long-term trusted partnership • Mantra of "Start here – stay here" and strong customer-centric perspective
Shareholders	• Consistent implementation of strategy and operational plans • Transparent, integrated corporate reporting • Open dialog and communications through different channels
Employees	• Collaborative, diverse, and inclusive international working environment • Fostering dialog via townhalls, internal news, and employee events • Global employee engagement survey • Regular dialog to discuss individual development plans • Focus on employee health and safety • Active dialog and collaboration with applicable unions and freely chosen employee representatives
Suppliers	• Long-term collaboration • Supplier Code of Conduct
Industry associations	• Collaboration, also to advance innovation and sustainability
Communities	• Sponsoring of local activities • Charitable contributions and partnerships for civic engagement • Engagement with universities, educational institutions, students, and graduates • Collaboration with communities on employment and training opportunities for job seekers

3. Materiality and contribution to the SDGs

In order to identify the material ESG topics and to comply with requirements from applicable regulations and standards, PolyPeptide regularly updates its double materiality analysis (DMA).

3.1 Identification of material topics

PolyPeptide's material ESG topics reported for 2024 are unchanged versus 2023. For a description of the DMA process conducted in early 2023, refer to section 3 of the Annual Report 2023.

As PolyPeptide prepares for the enhanced disclosure requirements for the financial year 2025, it conducted a DMA in line with the requirements under CSRD and ESRS, supported by a specialized sustainability advisory firm. The DMA process consisted of five steps:

1) Project initialization and context analysis.
2a) Set-up and initial assessment of potentially material topics.
2b) Development of a shortlist of material topics, including a description of their impact on society and the environment, risks, and opportunities.
3) Conducting stakeholder and management surveys.
4) Prioritization of the material topics and related impacts, risks, and opportunities.
5) Finalization of a materiality matrix.

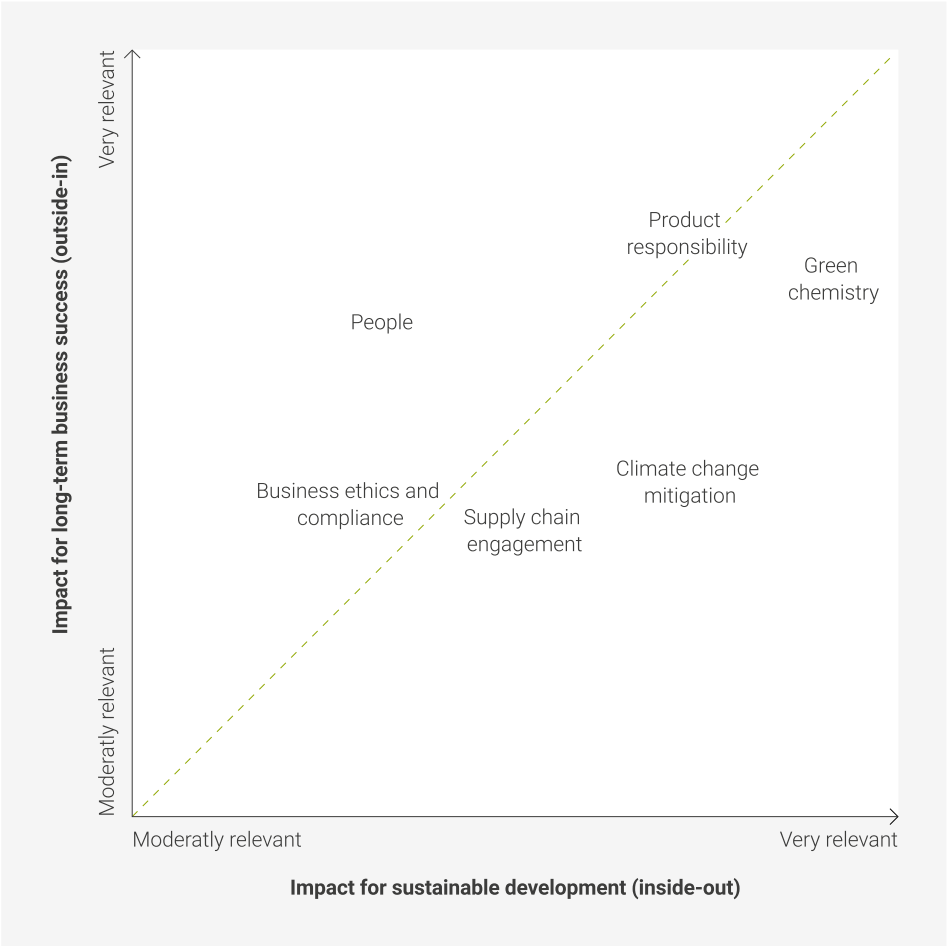
The DMA considered PolyPeptide's entire value chain (i.e., it included the company's upstream and downstream value chain in addition to the own operations).

The results of the updated DMA will be published in 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 in September 2024. PolyPeptide started during 2024 the preparations for data collection to meet the comprehensive disclosure requirements under the European regulations. To that end, the Group evaluated and selected a new data collection tool and launched its implementation.

3.2 Materiality matrix

PolyPeptide's six material ESG topics for 2024 include Product responsibility, Green chemistry, Climate change mitigation, Supply chain engagement, People, and Business ethics and compliance. The relative prioritization of the topics is illustrated in the Materiality matrix graph, ranging from moderately relevant to very relevant.

Materiality matrix



3.3 Contribution to the SDGs

The 17 SDGs with their underlying 169 targets are a shared blueprint for peace and prosperity for people and the planet. The goals were adopted by all UN member states in 2015 and take into account the economic, social, and environmental dimensions of sustainable development. The global partnership between all countries as well as the contribution made by the private sector and non-governmental organizations are crucial for the achievement of the SDGs and the agenda for sustainable development by 2030[1].

PolyPeptide endorses the UN Agenda 2030 and considers the 17 SDGs as an important reference point for a sustainable future.

In line with PolyPeptide's prioritized material topics, the Group has set its sight to contribute to the following SDG goals, recognizing the comparably limited size and impact of its business.

Materiality and contribution to the SDGs

Material ESG topics	Relevant SDGs[1]		Relevant underlying targets
Product responsibility		*Ensure healthy lives and promote well-being for all at all ages*	3.8 Contribute to providing access to quality health care services, as well as to safe, effective, quality, and affordable essential medicines and vaccines.
Green chemistry		*Build resilient infrastructure, promote sustainable industrialization, and foster innovation*	9.4 Upgrade infrastructure, technologies, and processes for sustainable and efficient use of resources.
		*Ensure sustainable consumption and production patterns*	12.4 Ensure management of chemicals and all wastes throughout their life cycle. 12.5 Reduce waste generation through prevention, reduction, recycling, and reuse.
Climate change mitigation		*Take action to combat climate change and its impacts*	13.2 Integrate climate change measures into policies, strategies, and planning.
Supply chain engagement		*Promote inclusive and sustainable economic growth, employment, and decent work*	8.7 Secure the prohibition and contribute to the elimination of child labor.
People		*Achieve gender equality and empower women*	5.5 Ensure participation and equal opportunities for leadership at all levels of decision making.
		*Promote inclusive and sustainable economic growth, employment, and decent work*	8.5 Achieve productive employment, decent work, and equal pay for work of equal value.
Business ethics and compliance		*Promote just, peaceful and inclusive societies, and build effective, accountable, and inclusive institutions*	16.5 Contribute to the reduction of corruption and bribery.

[1] For details, refer to https://sdgs.un.org/goals; icons for informational purpose only.

For more details on how PolyPeptide contributes to the individual SDG targets, please refer to section 4 Reporting on the material ESG topics of this Corporate Responsibility Report.

4. Reporting on the material ESG topics

To report on its material ESG topics, PolyPeptide pursues a structure that allows for integration of the GRI standards' requirements as well as regulations of applicable jurisdictions. For each material topic, PolyPeptide describes significant risks and opportunities for its business as well as impacts on sustainable development. Moreover, PolyPeptide provides details on its management approach, including selected metrics. For some of these metrics, internal qualitative and quantitative targets have been defined and will be further refined for potential future disclosure, as the Group advances its ESG efforts.

Pursuant to the CO, the Report on Non-Financial Matters must cover environmental matters, in particular the CO2 goals, social issues, employee-related issues, respect for human rights, and combating corruption. As part of the materiality analysis, PolyPeptide identified the material ESG topics, considering their relevance for its business as well as the CO requirements. The six ESG topics identified as material for PolyPeptide can be categorized under the non-financial matters as follows:

Non-financial matters according to the CO	Material ESG topic	Page reference
Environmental matters, in particular the CO2 goals	• Green chemistry	Page 29
	• Climate change mitigation	Page 32
	• Climate Report	Page 40
Social matters*	• Product responsibility	Page 27
	• People	Page 34
Employee-related matters	• People	Page 34
Respect for human rights*	• Supply chain engagement	Page 32
	• People	Page 34
Fight against corruption	• Business ethics and compliance	Page 37

* For PolyPeptide's disclosure pursuant to the Swiss requirements on due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labor, see section 4.4 Supply chain engagement and sections 5 Disclosures in accordance with art. 964b Swiss Code of Obligations and section 6 PolyPeptide's voluntary report on child labor due diligence in its supply chain.

4.1 Product responsibility

PolyPeptide's mission is to help its customers develop products, secure regulatory approvals, and successfully launch and commercialize their products. Through its network of six GMP-certified manufacturing sites on three continents, PolyPeptide strives to meet customer requirements in terms of quality, quantity, and time.

Impact

With its expertise in the development and manufacturing of peptide- as well as oligonucleotide-based active pharmaceutical ingredients (API) and intermediates, PolyPeptide supports the drug innovation efforts of its customers and ensures a reliable supply of material. Its active custom projects and commercial projects portfolio, including generics, covers a broad range of therapeutical areas to the benefit of millions of patients. Its manufacturing and quality processes are designed to protect their safety.

Risks and opportunities

The drug development and manufacturing process contains inherent technical and business risks along the entire life cycle of a product. Flawed operational processes and controls may result in a low delivery performance. Delays in agreed production and delivery schedules and/or lower-than-expected yields from manufacturing can adversely impact the availability of medication for patients.

Advanced process development capabilities, high manufacturing efficiency, and on-time-in-full delivery performance meet customer expectations and support their drug innovation efforts.

Approach

Consistent with applicable regulations, the six GMP certified manufacturing sites of PolyPeptide maintain comprehensive policies and procedures that cover the entire value chain of their operations. In addition, PolyPeptide continuously develops its standards to enhance Group-wide consistency and coordination. Quality is assured at every production stage following the procedures from raw material procurement, testing, and storage through production, packaging, testing, releasing, and finally, delivery of the product to the customer.

Ambition

PolyPeptide aims to be the preferred long-term partner for customers throughout the entire drug life cycle. It seeks to maintain and further develop its pipeline of active custom projects and portfolio of commercial projects, diversified across therapeutical areas. With strong process development capabilities, PolyPeptide seeks to effectively support the development of complex peptide- and oligonucleotide-based API's and to meet the growing manufacturing volume requirements. With a focus on process design, GMP, and product quality, PolyPeptide strives for high manufacturing efficiency and on-time-in-full delivery performance as a driver for customer satisfaction and financial results.

Policies and commitments

The Group's goal is to help customers develop products, secure regulatory approvals, and implement successful market launches to benefit patients around the world. PolyPeptide ensures regulatory compliance through its dedication to strict production procedures and product quality standards. The Group's Quality Manual is the basis for all GMP activities. It defines which regulations are applicable and sets the basis for the policies and procedures to be followed for a specific product or service. An essential element is the Quality Plan, which includes quality performance metrics applicable across the Group.

Responsibilities

The oversight of Product responsibility at the Board level lies with the Innovation & Technology Committee. Responsibilities for implementation and day-to-day management are within the functions of the Director Global Operations and the Director Global Quality, Development, Regulatory Affairs, both reporting to the CEO.

The Director Global Operations is responsible for the Group's manufacturing network. Each manufacturing site is managed by a Site Director, reporting to the Director Global Operations, with a Head Quality Control as a direct report.

The responsibilities of the Director Global Quality, Development, Regulatory Affairs include Quality Assurance, with a Director Global Quality Assurance as a direct report and a Head Quality Assurance at each manufacturing site.

The Director Global Quality, Development, Regulatory Affairs is also responsible for the Group's Quality Management System, which is designed to ensure that PolyPeptide consistently provides products and services that meet customer and applicable regulatory requirements. It includes processes for continuous improvement of the organization, its products, services, as well as the quality system itself.

Management of impacts, risks, and opportunities

Compliance with policies, procedures and regulations is PolyPeptide's main instrument to prevent or mitigate low delivery performance, potentially leading to a lack of availability of medication for patients, and to prevent or mitigate potential adverse impacts of its products. Employees and external partners engaged in the manufacturing process undergo extensive training in compliance with GMP requirements and safety regulations. The individual training includes self-study, classroom teaching, and practical on-the-job training, which is documented. To maintain training levels, PolyPeptide provides regular refresher courses.

PolyPeptide measures and tracks operational performance through a set of metrics, procedures, and internal reports. GMP nonconformities are investigated, including an impact assessment, with reviews and approvals by appropriate individuals in the quality organization. Where needed, the Group takes appropriate corrective and preventative actions. Customers are involved in the process as defined in the respective quality agreements.

With the growing manufacturing volumes from currently strong customer demand, the Group plans to continuously invest to expand its capacities, along with an increase in its workforce. To mitigate potential risks resulting from specific investments, it seeks the active involvement and participation of customers. PolyPeptide is also developing its organization to advance its capabilities.

Achievements and challenges in 2024

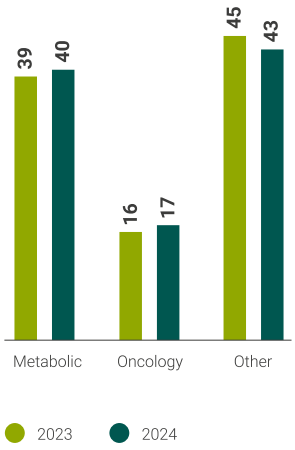
PolyPeptide recorded growth of 5.1% in 2024, reflecting the trend towards commercial revenue as well as the progression within its active custom projects late stage development pipeline. Commercial revenue increased by 31.8% and development revenue declined by 23.5% versus 2023. The revenue shares related to large pharma customers as well as metabolic diseases and oncology slightly increased.

The Group completed during 2024 its capital expenditures investment cycle 2021-2024 with capital expenditures of EUR 87.8 million in 2024. Over that period, it increased its work force by 7.4% average full-time equivalents (FTEs).

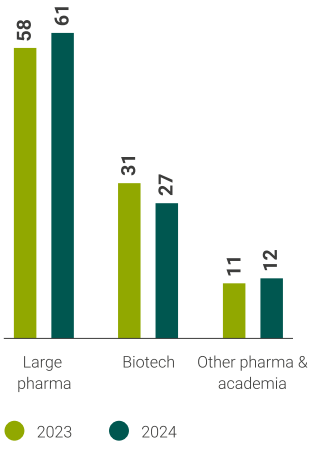
Throughout 2024, PolyPeptide remained committed to meeting the needs of its customers. With 29 (2023: 35) custom projects acquired during 2024 with existing and new customers, and with other projects being completed, discontinued, or paused, the active custom projects pipeline at the end of 2024 included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

In 2024, the Group also continued to support its customers for maturing peptide-based API's. PolyPeptide submitted three Drug Master Files for Generics (Gx) in new markets (2023: 6) and gained 41 new authorizations for customers to reference PolyPeptide's Gx filings (2023: 14).

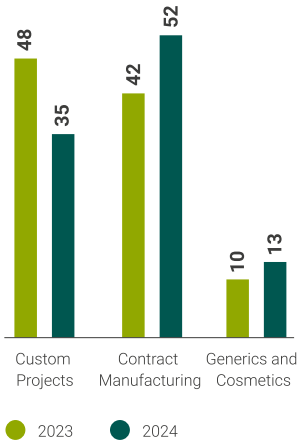
Revenue structure by therapeutical areas in %[1]



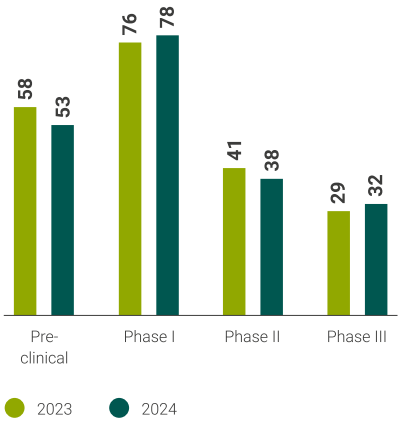
Revenue structure by customer type in %[1]



Revenue structure by business area in %[1]



Number of active custom projects[1]



[1] Approximate splits per 31 December 2023 and 31 December 2024.

PolyPeptide continued its growth journey, which included the scale-up of multiple programs with complex molecules and the start of the ramp-up of new manufacturing assets. In this context, the overall on-time-in-full delivery performance (OTIF) was 83%, comparable to 2023 (85%).

Following industry trends, for 2024 PolyPeptide discontinued reporting on the net promoter score (NPS). Going forward, PolyPeptide will put enhanced focus on individual business reviews with customers to align with their needs and ensure satisfaction.

PolyPeptide has undergone five regulatory and 46 customer GMP audits in 2024, and its audit performance has generally remained strong. Continuous improvement is facilitated by the resolution of audit comments, where appropriate actions are taken in close collaboration with customers and authorities.

4.2 Green chemistry

PolyPeptide is dedicated to applying relevant principles of green chemistry to mitigate the adverse impacts on the environment from its manufacturing activities. The Group pursues comprehensive innovation efforts to reduce, recycle, replace, or avoid hazardous solvents used in production.

Impact

The manufacturing of peptide- and oligonucleotide-based API's requires significant amounts of raw materials, including solvents and water. To improve environmental sustainability, PolyPeptide maintains a comprehensive Green program to reduce, recycle, replace, or even avoid altogether hazardous solvents used in production. The Group's experts regularly publish on the subject in scientific journals and actively collaborate to advance the industry and to make the manufacturing of patient's medications more sustainable.

Risks and opportunities

The use of hazardous chemicals in the manufacturing process could potentially harm employees' health, communities, and the environment. Strict EHS procedures and promoting green manufacturing practices against the backdrop of growing manufacturing volumes help to protect employees, the environment and safeguards communities as well as PolyPeptide's reputation.

Continuously emerging legal and regulatory requirements along with rising costs for raw materials and energy may adversely impact PolyPeptide's competitiveness. Its market position could deteriorate if competitors systematically adopt more sustainable manufacturing practices compared to those implemented at PolyPeptide. Adopting innovative manufacturing practices meets the expectations of PolyPeptide's customers and helps to strengthen the Group's competitive position and protect its profitability.

Approach

PolyPeptide uses its Green program as a fundamental element of its strategy to be the most innovative CDMO with a vision of positioning itself at the forefront of environmental sustainability. Efforts are coordinated by the Group's innovation and technology team with implementation efforts by the manufacturing sites.

Ambition

Spearheaded by the Group's global innovation and technology team, the Green program focuses on the reduction of the quantity of solvents and reagents used relative to manufacturing volumes, the replacement of hazardous chemicals by greener alternatives and the development of solvent recycling opportunities. To promote the use of its innovative technical capabilities, the Group seeks to collaborate with customers in the early product development phase and continues to upgrade its manufacturing infrastructure accordingly.

Policies and commitments

PolyPeptide maintains a Green Master Plan, which was refined during 2023 under the supervision of the Innovation and Technology Committee of the Board of Directors. By striving for the optimized use of chemical substances, the plan also helps to reduce PolyPeptide's impact on climate change (see separate Climate Report).

Also in 2023, the Group updated its global EHS policy, under which it pursues the implementation of an integrated EHS management system at all manufacturing sites. This includes each site's targeted certification under ISO 14001 (environmental management) and ISO 45001 (occupational health and safety) during 2025.

As anchored within its EHS policy statement, the Group is committed to promoting Green chemistry in projects from the early development phase, and to setting up production capacities that enable the use of Green chemistry. Furthermore, it is committed to promoting circular waste management by using processes to reduce waste, optimizing waste flows to enable their recycling and recovery, and developing solutions for solvent recycling.

Responsibilities

The oversight of Green chemistry at the Board level rests with the Innovation and Technology Committee. Responsibilities for implementation and day-to-day management are coordinated by the Green Steering group which includes all the relevant functions, including Innovation and Technology, Development, Technical Operations, Engineering, Procurement, and EHS. The Green Steering group is chaired by the Director Global Innovation & Technology, reporting to the CEO.

Management of impacts, risks, and opportunities

The reduced and optimized utilization of chemicals supports the environmental sustainability of PolyPeptide's manufacturing activities, contributes to the reduction of the Group's carbon footprint, and mitigates chemical risks for communities. Consistent with its strategic aspiration to lead in innovation, PolyPeptide's global innovation and technology team maintains and systematically advances a portfolio of projects to improve sustainability in manufacturing. This includes projects in different stages of development, including those with proprietary and protected technologies as part of the Group's intellectual property portfolio to not only enhance its competitive position, but also to generate benefits for its customers and stakeholders.

Part of the Green chemistry program is the replacement of hazardous solvents by greener substances. Several guidelines can be used to rank the greenness of the selected solvents, based on safety, health, and environmental considerations. As is customary, PolyPeptide used its reasonable discretion for the solvent classification based on its expertise and building on the guidelines published by the Chem21 Consortium. The Group follows local EHS requirements and is in regular contact with authorities.

To save solvents used in production, the Group continues to deploy its patented in-process washing concept by percolation[2], which was developed by the Group's scientists. It pursues projects to advance solvent recovery, recycling and downcycling, both in upstream and downstream processes. However, concepts for recycling or downcycling depend on, among other things, the availability of specialized facilities and service providers within a reasonable distance from the manufacturing sites.

Other efforts to manage impacts, risks and opportunities include the evaluation of disruptive technologies, which, if successful, would allow increased throughput and productivity, coupled with the reduction of solvent consumption relative to the manufacturing volumes.

[2] A percolation wash is a continuous flow wash in which a solid is washed in a continuous way by adding wash solvent at the top while withdrawing wash solvent at the same time from the bottom of the filter. In such a flow wash, the mother liquor and the associated impurities of synthesis are displaced by the wash solvent from the top to the bottom of the filter.

In addition, to progress its innovation efforts, the Group actively collaborates with customers, suppliers, academic institutions, and strategic partners. Where suitable, it shares its innovative concepts and as such helps to advance the industry and local service providers. Concepts for recycling or downcycling depend on, among other things, the availability of specialized facilities and service providers within a reasonable distance from the manufacturing sites.

PolyPeptide tracks the effectiveness of measures to reduce and optimize the utilization of chemicals through a set of metrics, procedures, studies, and collaborations.

Achievements and challenges in 2024

With PolyPeptide's manufacturing sites in Torrance and in San Diego achieving their ISO 14001 certification in 2024, all manufacturing sites are now certified under ISO 14001. Further, in 2024, the Strasbourg manufacturing site achieved the RSPO (Roundtable on Sustainable Palm-Oil) supply chain certification for its development, manufacturing, and service activities carried out for cosmetic peptides production.

In 2024 PolyPeptide continued its efforts to further optimize solvent consumption (particularly dimethylformamide (DMF)) by further developing its washing concept by percolation in the upstream processes. Percolation deployment in 2024 remained high at 82% compared to 84% in 2023, reflecting fluctuations in the product mix.

In 2024, the Group's overall solvent consumption was 3.1 metric tons relative to kilogram manufactured product[3] (2023: 2.6 metric tons/ kilogram). The increase is driven by the evolution of the product mix in 2024 towards more complex peptide sequences that required more solvents.

Efforts to replace DMF continued in 2024 , whereby 3.1% of new development projects were started with green solvents[4] (2023: 12.5%). The use of greener solvents is systematically considered in new development project proposals, subject to technical feasibility and customer preferences, both of which drove the year-on-year development. In 2024, PolyPeptide started the construction of a pilot-scale unit and an industrial manufacturing line specifically designed for the efficient and safe use of green solvents at its Strasbourg site, both planned to be operational in 2025.

In line with the Group's green chemistry program and in anticipation of the future restrictions for the use of PFAS (per/ polyfluoroalkyl substance), PolyPeptide advanced its research efforts for PFAS-free SPPS alternatives during 2024, identifying several viable options for industrial applications within green chemistry over the coming years. These research efforts enhanced the proprietary technology portfolio and selected findings have been shared with the scientific community[5].

[3] Fresh solvents exclude the Group's recycled solvents (i.e., acetonitrile that is recycled at the Braine site) and water. Manufactured products include all finished goods (independent of whether they were released or not), i.e., API, cosmetics, intermediates shipped to customers and toll manufacturing.

[4] New development projects are projects that were won in 2024, or an existing project for which the process was substantially redeveloped in 2024.

[5] See research article "Sustainable PFAS-free alternatives for TFA in SPPS", available at: www.polypeptide.com/news/research-article-sustainable-pfas-free-alternatives-for-tfa-in-spps/.

In addition to its solvent reduction and replacement efforts, the Group also continued its recycling initiatives, including an industrial offsite recycling program for solvent waste with contractors. Solvent waste is either downcycled for reuse in other industries with lower quality requirements or recycled into high-grade solvent reusable at PolyPeptide.

For the recovery of acetonitrile[6], several pilot-scale trials were run at PolyPeptide's site in Torrance, California, during 2024 together with an external partner and are planned to be continued during Q1 2025. If the trials are successful, PolyPeptide is considering designing an on-site recycling solution, complementing its existing off-site recycling practices at the site in Braine-L'Alleud, Belgium.

In 2024, PolyPeptide continued to advance its proprietary manufacturing technology with a research program to increase the throughput of its SPPS infrastructure by increasing the loading capacity of the resin. This included trials to assess the applicability of the concept in an industrial environment for different peptide sequences. In parallel, the academic research collaboration with partner institutions was further pursued.

PolyPeptide continued in 2024 its collaborative efforts, offering customers access to biochemical manufacturing options, complementing its synthetic capabilities.

In 2024, the Group's overall water consumption was 177.3 ML, with the increase versus 2023 (137.6 ML) driven by the higher manufacturing volumes.

Metric name	Definition	2024	2023
Percolation deployment	% of DMF (kg) used during percolation relative to the overall DMF consumption in SPPS projects (kg)	82	84
Solvent consumption	Overall fresh solvent consumption in metric tons relative to kg manufactured products	3.1	2.6
Green solvent projects	% of new development projects started with green solvents	3.1	12.5
Water consumption	Total water consumption in ML	177.3	137.6

[6] Acetonitrile is a key solvent used in the purification of peptides, and, after DMF, the most used solvent at PolyPeptide

4.3 Climate change mitigation

During 2024, PolyPeptide finalized its climate strategy and transition plan, including Greenhouse Gas (GHG) reduction targets which will be submitted for validation by the Science-Based Target initiative during 2025. The Climate Report includes the Group's disclosure on climate-related matters in accordance with art. 946b CO (see section Climate Report).

4.4 Supply chain engagement

PolyPeptide relies on an international network of suppliers for goods and services. The Group actively seeks to work with its suppliers to ensure and promote sustainable business and responsible human rights practices within its supply chain. It has a Group-wide Supply Chain Policy on Child Labor that reinforces its commitment to complying with all applicable laws and regulations on Child Labor.

Impact

PolyPeptide maintains a network of over 430 direct raw material suppliers around the globe. In 2024, the top 100 raw material suppliers together accounted for around 90% of the total material spending. The Group's main raw material categories constitute starting materials, solvents, reagents, and purification resins. Where feasible, PolyPeptide sources these products regionally, which benefits the environment as well as regional economies and communities. PolyPeptide actively assumes its responsibility to respect human rights, including those pertaining to Child Labor, inside its own operations and across its network of commercial partnerships. Insufficient supply chain engagement, including neglecting human rights, could have adverse effects on stakeholders along the supply chain, particularly workers and may harm the communities from which PolyPeptide sources.

Risks and opportunities

The availability of sufficient supplies is critical for PolyPeptide's customer value generation. A lack of sufficient planning and controls within its supply chain, including a lack of procedures to ensure responsible and sustainable business practices, might lead to reputational damage and delays or shortages of critical raw materials, capital goods and services, with adverse impacts on PolyPeptide's delivery performance and consequences for customers and patients.

The adequate diversification of sources, clear specifications and procedures, and direct engagement help PolyPeptide mitigate supply chain risks, ensure operational resilience, and promote ethical behavior and legal compliance along its value chain, ultimately preventing any harm to its reputation.

Approach

Operating within a highly regulated GMP business environment, PolyPeptide maintains procedures to approve and certify critical suppliers. With its Supplier Code of Conduct published on the corporate website, it expects its suppliers to conduct their business in compliance with applicable local, national, and international laws and regulations, contractual agreements, and consistent with internationally recognized environmental, social, and corporate governance standards. The Group commits to providing suitable support, in the event a supplier identifies practices or behaviors that fall short of these expectations.

Ambition

PolyPeptide believes that its suppliers should share its fundamental values and principles related to corporate responsibility. It expects them to conduct their business in compliance with all applicable local, national, and international laws and regulations, contractual agreements and consistent with internationally recognized environmental, social, and corporate governance standards. The Group is committed to safeguarding and promoting responsible human rights practices by implementing and continuously advancing its due diligence approach.

Policies and commitments

With its Supplier Code of Conduct based on the United Nations Global Compact and in force since 2017, PolyPeptide takes a proactive approach to supply chain engagement. The Code is divided into the five core sections Ethics, Labor and Human Rights, Health and Safety, Environment and Management systems. The Group's suppliers are required to observe and comply with the Supplier Code of Conduct and are encouraged to review their adherence regularly.

The Group updated the Supplier Code of Conduct and published a Global Supply Chain Policy on Child Labor in 2024 to reflect developments in Swiss law as well as its continued efforts on corporate responsibility. The supplier approval process requires, *inter alia*, an approach to identify and assess any risk of Child Labor.

Responsibilities

The oversight of Supply chain engagement at the Board level is with the Audit and Risk Committee. Responsibilities for implementation are delegated to the Director Global Procurement, who reports to the Director Global Operations. The Director Global Procurement works with the purchasing departments that are part of each manufacturing site's local management structure.

Management of impacts, risks, and opportunities

PolyPeptide requires its suppliers to acknowledge and comply with its Supplier Code of Conduct and the Global Supply Chain Policy on Child Labor. The instruments that PolyPeptide may use to identify and assess any risks of Child Labor in its supply chain are described in the Global Supply Chain Policy on Child Labor. The Group carries out a risk-based assessment to anticipate, avoid, or mitigate potential or actual adverse impacts associated with its supply chain.

Starting in 2023, with the support of a multinational assurance, inspection, product testing and certification company, PolyPeptide began engaging with selected high-risk tier 1 raw material suppliers through a questionnaire based on ISO 26000. Suppliers are selected using a risk-based approach, focused on any enhanced risks of human rights and Child Labor violations based on, *inter alia*, the UNICEF Children's Rights in the Workplace Index. PolyPeptide may further conduct on-site as well as remote audits on a case-by-case basis to verify compliance. In the event of observations or suspicions of actual or potential violations, PolyPeptide will engage with the supplier to create a remediation plan, and in severe cases terminate the relationship.

PolyPeptide's analysis in 2024 in relation to minerals and metals from conflict-affected areas established that PolyPeptide does not place in free circulation or process minerals containing tin, tantalum, tungsten or gold, or metals from conflict-affected and high-risk areas in Switzerland. PolyPeptide also performed its analysis in 2024 in relation to Child Labor (as defined in its Global Supply Chain Policy on Child Labor). PolyPeptide concluded that it does not offer any products or services for which there are reasonable grounds to suspect that they were manufactured or provided using Child Labor.

For further information on PolyPeptide's analysis in 2024 in relation to conflict minerals and metals from conflict-affected areas and Child Labor, see section 6 PolyPeptide's voluntary report on child labor due diligence in its supply chain.

Achievements and challenges in 2024

In 2024, PolyPeptide strengthened its supply chain engagement by rolling out its updated Global Supply Chain Policy on Child Labor, which was accompanied by internal communications and training.

PolyPeptide maintains a uniform supplier screening and onboarding process, starting with a search on a third-party screening interface. The process contributes to the identification of high-risk suppliers and risk-based prioritization.

As part of its due diligence process, PolyPeptide uses the services of a service provider to ensure the effectiveness of its supplier engagement. In 2023, nine selected high-risk tier 1 raw material suppliers (that are among PolyPeptide's top 100 suppliers) started their participation in assessments, including for human rights and Child Labor issues. As of 31 December 2024, ten selected high-risk tier 1 raw material suppliers have completed the assessments. With regard to human rights and/or Child Labor issues, no violations were detected. Late 2024, five new high-risk tier 1 raw material suppliers were selected to participate in the assessments during 2025. The onboarding process with these newly selected suppliers is ongoing. During 2025, PolyPeptide plans to evaluate options for the next steps with the suppliers that have completed the assessments.

PolyPeptide is committed to expanding and continuously improving the assessment of its supply chain, with a particular focus on any potential new suppliers from high-risk areas before entering into any business relationships. At the same time, PolyPeptide is committed to the ongoing training of relevant employees on the topic of Child Labor to foster awareness within the Group and cooperation with suppliers.

4.5 People

PolyPeptide depends on its employees to run its operations in line with GMP requirements and to develop its project and technology portfolio, and its organization. The Group operates in compliance with EHS regulations and upholds strict principles for a fair, inclusive, and respectful workplace that values safety and work-life balance.

Impact

Through its international manufacturing network, PolyPeptide offers qualified job opportunities, most of which are subject to continued GMP training. The manufacturing process, especially the handling of hazardous substances, entails potential health and safety risks for employees that require specific precautions. In addition, increased production volumes can have an adverse impact on employees' health and well-being. With its commitment to a safe and healthy workplace, the Group strives to enhance overall employee health and well-being and to prevent accidents, sickness, absences, and mental health issues. The Group continuously invests in the maintenance and growth of its local infrastructure and endorses innovation and the sharing of best practices between its manufacturing sites.

Risks and opportunities

PolyPeptide's manufacturing processes are complex with a high level of responsibility for employees on the shop floor. Increased production volumes and associated intensified production schedules without adequate protective measures for employees' health and well-being may lead to more accidents, sickness, absences, and mental health issues. A lack of their technical proficiency may lead to flawed delivery performance, possibly with adverse impacts on the availability of medication for patients. Staff turnover or absences increase operational risks. A lack of compliance with EHS requirements could impact financial performance, result in fines, harm PolyPeptide's reputation, impact turnover. or impact its licenses to operate.

Adherence to GMP requirements ensures the quality of products and services, while market growth and the continued development of PolyPeptide's organization provide individual employment and development opportunities.

Approach

Each of PolyPeptide's manufacturing sites is GMP certified, with established HR and EHS functions as part of the local management organization. Where appropriate, Group-wide procedures ensure global coordination.

Ambition

Attracting and retaining talent with suitable qualifications is critical for PolyPeptide's success. It strives to offer employees an attractive work environment with development opportunities, and to allow them to manage their work-life balance. It upholds strict principles for a fair, inclusive, and respectful workplace and is committed to protecting people's health and safety by eliminating hazards and reducing risks. The Group provides training programs in line with GMP requirements and actively develops its organization to manage the expected business growth.

Policies and commitments

All employees engaged in the manufacturing process go through training in compliance with GMP requirements and health and safety regulations. The individual GMP training includes self-study, classroom teaching, and practical on-the-job training, which is documented and subject to regular refreshers.

The Group follows local EHS requirements with an initiative under way to certify the manufacturing sites under ISO 45001 by the end of 2025. Its EHS Group Policy Statement intends to protect people's health and safety by eliminating hazards and reducing the risks inherent in PolyPeptide's operations, by identifying and managing psychosocial risks and by creating a pleasant and safe workplace environment where people can develop.

PolyPeptide's values and commitments are codified in its Code of Business Conduct and Ethics. While not tolerating harassment, bullying, and discrimination, the Group fosters diversity, equity, and inclusion, provides equal employment opportunities, and defends human rights and freedom of association.

Furthermore, PolyPeptide abides by applicable municipal, state, federal, and local employment regulations, including those that cover pay rates, overtime, workplace health and safety, and equal employment opportunities. Employee contracts and handbooks are provided in the local language to ensure accessibility for all employees.

Responsibilities

The oversight of People at the Board level is with the Remuneration and Nomination Committee. Responsibilities for implementation and day-to-day management are with the Chief Human Resources Officer (CHRO) and the Director Global EHS, with the CHRO reporting to the CEO and the Director Global EHS to the Director Global Engineering. They coordinate and implement Group-wide initiatives in collaboration with their colleagues with functional responsibility at the manufacturing sites.

Management of impacts, risks, and opportunities

In addition to individual GMP trainings, the Group provides employees with trainings in compliance with relevant EHS standards and protocols. Regular training is intended to ensure smooth operations, prevent accidents, and promote the health and well-being of employees, with access to medical services as appropriate.

To manage individual performance and development, the Group maintains annual performance evaluation and employee development processes. Line managers are requested to conduct suitable discussions with their team members, supported by Human Resources.

Complementing the incentive structures for its Executive Committee, the Group provides eligible employees with variable compensation, with realized pay levels subject to company performance and the achievement of individual objectives. The objectives thereby depend on the individual areas of responsibilities and typically include financial and non-financial criteria, linked to preset targets.

PolyPeptide continually monitors staff turnover, employee overtime, and absence, and takes site-specific actions where needed. Lost Time Injuries and reported workplace complaints are monitored and investigated with the appropriate remediation measures being taken. With employees leaving the Group, exit conversations or surveys are offered to collect relevant feedback.

Currently, four of the manufacturing sites have been issued an ISO 45001 certification. The certification of the two manufacturing sites in France and Sweden is expected by the end of 2025.

Occasionally, and subject to the risk assessment of new product development or construction projects, PolyPeptide conducts specific risk studies, collaborating with external specialists as necessary, to proactively identify and minimize potential threats to the health of employees or the environment.

Achievements and challenges in 2024

With continued business growth, PolyPeptide increased its employee base by 7.4% average FTEs in 2024. Significant efforts were deployed to ensure the appropriate training for new employees and to instill technical proficiency and operational best practices among the workforce.

In 2024, the Group incurred 14 Lost-Time Injuries (LTI) (2023: 11), resulting in 0.09 lost working days per employee (2023: 0.14). As part of PolyPeptide's commitment, the Group continued in 2024 its health and safety programs at the manufacturing sites, which included awareness and practical accident trainings. In addition, the sites held practical trainings with emergency responders.

More than 1,000 employees took part in the employee engagement survey 2024, yielding a participation rate of 86% (2023: 89%). The overall engagement score was 3.6, on a scale from 1 to 5, with 5 being the highest and 1 being the lowest (2023: 3.6). The survey revealed "Relationships with Colleagues", "Meaningful Participation" and "Relationship with Manager" as strengths of PolyPeptide's workplace culture, while "Feedback and Communication", "Workplace and Tools", and "Autonomy" scored lower. The specific results of the engagement survey were made available to the respective teams in order to further develop employee engagement.

A Group-wide intranet platform has been in place since 2023, fostering internal communications and cooperation, giving employees instant access to news, information, and tools across the Group.

In 2024, the average number of employees in FTEs was 1,291 compared to 1,202 in 2023. Breakdowns of the employees by geography, job category, site, age, experience, qualification, and gender are presented in the tables below.

The number of employees covered by collective bargaining agreements by the end of 2024 was 72% (2023: 71%), representing all employees in Belgium, Sweden, and France that are covered by collective agreements.

Number of employees (HC)[7]	2024	in %	2023	in %
Total	1,362	100%	1,273	100%
Baar (CH)	11	1%	8	1%
Strasbourg (FR)	152	11%	138	11%
Braine (BE)	454	33%	430	34%
Malmö (SE)	381	28%	333	26%
Ambernath (IN)	110	8%	96	8%
San Diego (US)	65	5%	65	5%
Torrance (US)	189	14%	203	16%

Average number of FTE's	2024	2023
Total	**1,291**	**1,202**
By geography		
Switzerland	10	7
France	139	131
Belgium	430	402
Sweden	350	312
India	101	90
USA	261	260
By job category		
Production	722	665
Marketing and sales	18	19
Research and development	168	177
General and administration	103	99
Quality control	161	135
Quality assurance	119	107

By age (HC)[7]	2024	2023
Age 18 - 24	3%	3%
Age 25 - 34	31%	30%
Age 35 - 44	27%	27%
Age 45 - 54	26%	27%
Age 55+	13%	13%
By experience (HC)[7]		
<2 years	33%	36%
2 to 10 years	41%	36%
>10 years	26%	28%
By qualification (HC)[7]		
PhD	7%	8%
Academic	63%	62%
Non-academic	30%	30%

By gender split m/f (HC)[7]	2024		2023	
	m	f	m	f
Production	76%	24%	78%	22%
Other functions	51%	49%	49%	51%

Gender diversity (HC)[7]		2024			2023		
		m	f	Total (absolute)	m	f	Total (absolute)
Diversity of governance bodies and employees[8]	Board of Directors	83%	17%	6	71%	29%	7
	Executive Committee	75%	25%	4	80%	20%	5
	Management[9]	66%	34%	232	64%	36%	224

[7] Data based on headcount as at 31 December 2024 and 31 December 2023. Number of employees in headcount (excl. apprentices, interns, students, trainees, contract workers, and inactive workers).

[8] PolyPeptide recognizes that gender is not a binary concept.

[9] Management refers to employees in leadership positions, including all team leader roles with at least one direct report, as well as Executive Committee and PolyPeptide Management Committee members.

4.6 Business ethics and compliance

PolyPeptide is committed to ethical behavior and compliance with legal and regulatory requirements. This includes a secure digital environment to protect sensitive data and business information. It requires adherence to its Code of Business Conduct and Ethics, with procedures in place to identify potential wrongdoing and misbehavior.

Impact

PolyPeptide's commitment to ethical behavior and compliance with legal and regulatory requirements is intended to protect its assets and the interests of its stakeholders, including customers, employees, investors, and suppliers. Its efforts to instill a culture of integrity and responsibility thereby cover partners along the supply chain. PolyPeptide is focused on the needs of its customers to the benefit of patients and strives to ensure that its activities have a beneficial impact on the communities in which it operates. Violations of business ethics and compliance may jeopardize fair market structures and distort competition.

Risks and opportunities

Non-adherence to applicable laws, rules, regulations, ethical standards, internal policies and procedures, or the loss of sensitive data, may put the Group at risk of business interruptions and legal prosecution with adverse impacts on financial performance and reputation.

By demonstrating effective controls, compliance, and a strong commitment to ethical practices, PolyPeptide secures its operational performance and positions itself as a reliable, trustworthy business partner. As part of its innovation efforts, PolyPeptide continues to adapt digital solutions to strengthen operational processes, transparency, and efficiency, including a governance framework for artificial intelligence (AI).

To balance the risk of cyber security malicious events, while complying with regulatory requirements and maintaining customer trust, PolyPeptide has initiated certification of all sites according to ISO27001:2022 Information Security Management Systems. The certification process is estimated to be completed during 2025.

Approach

The Group is subject to comprehensive regulations and stringent quality processes. Its approach to business conduct and ethics is codified in its Code of Business Conduct and Ethics, published on the Group's website.

Ambition

By requesting adherence to its Code of Business Conduct and Ethics, and with suitable internal policies and procedures, PolyPeptide seeks to ensure ethical behavior and compliance with legal and regulatory requirements. It has procedures in place to identify potential deficiencies, wrongdoing, and misbehavior, with differentiated procedures to assess and remediate infractions.

Policies and commitments

All employees, including managers and the members of the Board of Directors, are subject to the Code of Business Conduct and Ethics, which emphasizes the Group's commitment to ethics and compliance, sets forth the basic standards of ethical and legal behavior, provides reporting mechanisms for known or suspected ethical or legal violations, and helps to prevent and detect wrongdoing. Supplementing the Code of Business Conduct and Ethics and the Supplier Code of Conduct, the Global Anti-Corruption and Anti Bribery Policy sets out PolyPeptide's principles for integrity and against corruption and bribery. It further provides guidance on how to recognize and deal with potential bribery and corruption issues.

Building on its core values of "Innovation", "Excellence", and "Trust", PolyPeptide fosters an agile, open, and collaborative work environment with an atmosphere of honest and open communication. In addition, its whistleblower policies and procedures allow anyone to voice concerns about a possible wrongdoing confidentially and even anonymously, if desired, and without fear of reprisal.

PolyPeptide maintains a set of internal policies and procedures to ensure good corporate governance, including the Global Sanctions and Export Control Compliance Policy and Procedure, the Enterprise Risk Management Policy, the Risk Assessment and Reporting Procedure, a Disclosure Policy, and an Insider Dealing and Market Manipulation Policy.

During 2024, PolyPeptide introduced its Artificial Intelligence Policy as part of the commitment to ethical business conduct and compliance with AI regulations. The newly established governance framework, aligned with existing data privacy and information security frameworks, aims to foster ethical AI practices, transparency, accountability, and regulatory compliance. Key principles of PolyPeptide's AI governance include ensuring patient safety, ethical application of AI models, transparency, and data security.

The Group maintains an Enterprise Risk Management framework, providing a consistent, Group-wide perspective of identified key risks, presented to, and approved by the Board of Directors. During the 2024 risk assessment process, the Group increased focus on and the integration of sustainability-related topics, ensuring that environmental, social, and corporate governance risks and opportunities as identified in the double materiality assessment process are part of the Company's risk management and strategic planning processes. Regular internal audits focus on areas including the Group's control environment, aligned with the strategic priorities and risks identified.

As outlined under section 4.4 Supply chain engagement, PolyPeptide also expects its suppliers to conduct their business ethically and in compliance with applicable local, national, and international laws and regulations, contractual agreements and consistent with internationally recognized environmental, social, and corporate governance standards.

Responsibilities

The oversight of Business ethics and compliance at the Board level is with the Audit and Risk Committee. Responsibilities for implementation are delegated to the General Counsel, who also holds the position of the Group's Governance, Risk, and Compliance Officer. The Group's IT organization is under the leadership of the Director Global IS/IT, who reports to the CFO.

The cross-functional Corporate Compliance Committee (CCC) is responsible for promoting corporate compliance, including the protection of data privacy and information security, and identifying potential violations to ethical business conduct. The Group maintains a corporate compliance program to continuously prevent and identify infractions of laws, rules, policies, and guidelines.

While the Board of Directors retains the ultimate responsibility for risk management and for determining the appropriate level of risk that PolyPeptide is willing to accept, the PolyPeptide Management Committee (together with the Audit and Risk Committee) is responsible for ensuring that the operation of the Enterprise Risk Management Framework is sound, including risk management of significant risks through the monitoring of specified actions.

Finally, the Group's Head of Internal Audit, reporting to the Audit and Risk Committee, plays an instrumental role in ensuring adequate Board oversight with the instillment of effective, compliant, and responsible business practices. The Head of Internal Audit implements an annual audit plan, presented to and approved by the Audit and Risk Committee, and reports findings with best practice recommendations to the Audit and Risk Committee.

Management of impacts, risks, and opportunities

The Group has differentiated legal and compliance procedures in place to prevent or assess and remediate any identified infractions of applicable laws, rules, policies, and guidelines. Its Code of Business Conduct and Ethics is part of the onboarding of new employees and regular trainings, including annual e-learnings.

The PolyPeptide Management Committee, together with the General Counsel and other internal stakeholders, annually conduct a risk assessment and evaluate strategies to address the risks and opportunities identified. A risk assessment report, including the probability and consequences of identified risks, is presented to the Audit and Risk Committee and the Board of Directors annually for a deep-dive discussion.

Observations and corrective actions resulting from internal audits have defined owners and due dates, with the implementation progress of defined actions being systematically monitored and reported.

The Global IS/IT organization monitors and audits the digital environment to detect and respond to any potential threats or breaches that could compromise the confidentiality, integrity, or availability of sensitive data and business information. By providing the necessary infrastructure, software, and support, Global IS/IT supports and facilitates the digital transformation of PolyPeptide's processes, products, and services.

The Group provides regular digital and, where suitable, on-site trainings on business ethics, compliance, and cybersecurity. Through targeted internal messaging to employees, it seeks to ensure that employees are aware and knowledgeable about relevant standards and procedures, including the whistleblower hotlines operated 24/7 by an independent third party in relevant local languages.

The results of the digital ethics, compliance and cybersecurity awareness trainings are examined for effectiveness and continued improvement. The generally positive feedback and outcomes from the Group-wide e-training efforts demonstrate good acceptance and cultural compatibility of the training programs. Some of the manufacturing sites provide further trainings, for example, in the US, to combat harassment and discrimination.

Achievements and challenges in 2024

In 2024, the Group made continuous progress with its business ethics and compliance programs. Membership of the CCC was expanded to ensure relevant cross-functional representation. PolyPeptide also introduced a governance framework for AI, including the implementation of an Artificial Intelligence Policy, with key principles to ensure an ethical approach to related risks and opportunities. The Group further updated its whistleblower e-learning with active communications. It also updated its Code of Conduct and Ethics with a focus on the topic of conflict of interest and added a new form for reporting potential or actual conflicts of interest. PolyPeptide further updated its Group-wide Supply Chain Policy on Child Labor to reflect its continued efforts to promote corporate responsibility. Further trainings included the Code of Conduct e-learning and the IT-security awareness training.

% of completed e-learning activities by employees	2024	2023
Code of Conduct e-learning	92%	92%
Whistleblower e-learning	90%	91%
IT-security awareness e-learning	93%	93%

In 2024, PolyPeptide had no significant compliance violations. PolyPeptide considers significant compliance violations to be those that must be publicly reported.

During 2024, PolyPeptide continued efforts to promote and raise awareness of its whistleblower programs.

The Group received ten whistleblower reports in 2024 (2023: two). During 2024, the investigation for seven reports has been closed and summarized to the Executive Committee and the Audit and Risk Committee, with a summary to the Board of Directors. Four out of seven closed reports were partially or fully substantiated with appropriate actions taken and three closed reports were not substantiated. The investigation for the remaining three reports is still ongoing.

In 2024, there were no legal actions during the reporting period regarding anti-competitive behavior or violations of anti-trust, pending or otherwise.

Climate report

As previously announced, PolyPeptide finalized its climate strategy and transition plan during 2024, including Greenhouse Gas (GHG) reduction targets which will be submitted to the Science-Based Target initiative for approval during 2025. With the support of a specialized external agency, this Climate report was prepared in accordance with art. 964b of the Swiss Code of Obligations (CO) and is based on the “Recommendations of the Task Force on Climate-related Financial Disclosures” (version June 2017) and the annex “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” (version October 2021).

As part of its commitment on climate related matters, the Group continued to participate within the framework of CDP’s climate change program, scoring a “B” rating in 2024 and improving for the third consecutive year versus the “B-” rating achieved in 2023 (2022: C).

Governance

The governance of the Group's strategy, including its climate change transition plan and GHG reduction targets, ensures oversight and effective implementation.

The Board of Directors is responsible for the Group's strategic direction and sustainability objectives, aligning financial, business, and ESG interests. This includes assessing climate-related risks and opportunities, ensuring implementation, and regulatory compliance. The Board annually reviews ESG trends and regulations to keep policies aligned with evolving requirements and considers climate-related issues in strategy, risk management, and performance objectives.

In July 2024, the oversight responsibility for the climate change strategy was transferred from the Audit and Risk Committee (ARC) to the Innovation and Technology Committee (ITC).

The implementation of the Group's climate strategy is coordinated by the cross functional Green Steering Committee, which also is responsible for the implementation of the Group's Green Master Plan (see section Green Chemistry). This plan includes initiatives that impact both the optimized use of chemical substances and the Group's carbon footprint.

The Director Global EHS, a member of the Green Steering Committee, develops and deploys the transition plan, oversees GHG emissions assessments, and updates progress toward science-based targets. He ensures clear reporting mechanisms for tracking and managing climate-related matters, to meet the Group's climate targets. The Director Global Operations and site directors execute the transition plan at manufacturing sites.

The ESG Steering Committee ensures that progress on the transition plan implementation is disclosed and that all regulatory requirements are considered. Internally, progress is reported as follows:

- Board of Directors (annually),
- ITC (twice per year),
- Green Steering Committee (quarterly), and
- ESG steering committee (periodically).

Independent third-party assurance verifies data accuracy, see also the Independent practitioner's limited assurance report on selected non-financial information. The transition plan is reviewed every five years, with annual assessments for updates. The Director Global EHS organizes the review and presents it to the relevant governance bodies.

The Group's Enterprise Risk Management (ERM) framework ensures a consistent approach to identifying, assessing, and managing risks and opportunities, also related to climate change. The Board of Directors holds ultimate responsibility for risk management, while the ARC oversees the ERM framework.

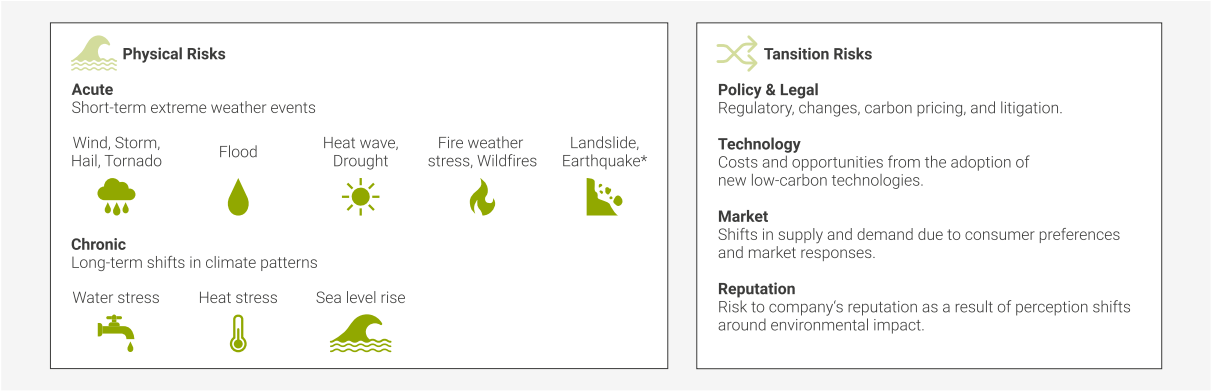
Strategy

Climate-related risks and opportunities

Climate-related risks encompass potential challenges that PolyPeptide may face because of the changing climate and associated environmental, economic, and social responses. These risks can affect operational continuity, financial performance, and strategic positioning.

In line with the TCFD recommendations, climate-related risks are defined as **physical** risks (chronic, acute) and **transition** risks (policy and legal, technology, market, and reputation).

Figure 1: Physical and transitional risks



*) Earthquakes are not related to climate change, but since they can cause substantive damage, they were also included in the analysis

Approach and assessment

Physical risks

For assessing climate-related risks, PolyPeptide used a quantitative as well as qualitative approach including different scenarios also applied by the Intergovernmental Panel on Climate Change (IPCC). For the assessment of physical risks, PolyPeptide used the Munich Re Location Risk Intelligence Tool, which evaluates numerous risks and possesses a high spatial resolution, and the support of external consultants from the Climate&Strategy Foundation.

Scenarios

The IPCC released its 6th assessment report in 2023, which redefined the forefront of climate change modeling. Previously, climate change scenarios primarily focused on the progression of greenhouse gas concentrations, described by Representative Concentration Pathways (RCP). The IPCC has adopted a more comprehensive approach for envisioning the development of the 21st century. It advocates for the use of Shared Socioeconomic Pathways (SSP) in future models. These SSP scenarios incorporate the RCP framework into broader and more tangible narratives that explore potential human responses to the challenges posed by climate change. The Munich Re Location Risk Intelligence Tool facilitates this approach by offering climate risk data across various SSP scenarios, enabling the integration of physical risks into informed decision-making processes.

An essential element of the scenario analysis is choosing a range of scenarios that encompass a broad spectrum of potential future results, including both positive and negative outcomes.

For its physical risk assessment performed in 2024, PolyPeptide used an optimistic, a moderate and a worst-case SSP scenario[1] to facilitate challenging “what if” analyses, encompassing a broad spectrum of assumptions about future developments:

- SSP1-2.6 (Sustainability) representing an expected warming at the end of the 21st century of around 1.0–2.4°C relative to the pre-industrial period (1850–1900)
- SSP2-4.5 (Middle of the road) representing an expected warming at the end of the 21st century of around 2.1–3.5°C relative to the pre-industrial period (1850–1900)
- SSP5–8.5 (Fossil-fueled development) representing an expected warming at the end of the 21st century of around 3.3–5.7°C relative to the pre-industrial period (1850–1900).

Physical risk scenarios: assumptions, uncertainties and constraints

RCP scenarios have the following uncertainties: they do not contain information regarding the socioeconomic conditions (GDP, population, etc.), technology, and regulatory landscape; there are uncertainties in the translation of emissions profiles to concentrations and radiative forcing.
SSP scenarios have the following uncertainties: they do not explore conditions about the types and success of global and national climate policy; they contain only qualitative information about the conditions described above, and may not help to quantify certain outcomes; they are designed to think about the rate of technology development and transfer broadly, thus do not explicitly explore all low-emission or CO2 removal technologies; each SSP provides a narrative and accompanying development assumptions, all of which relate to future uncertainty.

Furthermore, existing climate models mainly focus on predicting averages and totals, like the number of days or total precipitation, rather than offering insights into distribution patterns and extreme events. This presents a significant limitation since understanding extremes is vital for evaluating physical risks. To mitigate this issue, the “unexpectancy index” was introduced in PolyPeptide’s analysis. It integrates trends from various risks across different scenarios and timeframes to more accurately reflect the impact of extreme weather events that may have been missed by the Munich Re Location Risk Intelligence Tool.

[1] Sources: https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf; Munich Re

For each of PolyPeptide’s manufacturing sites, the Munich Re tool reports were reviewed, supplemented by an analysis on a topographic map. Subsequently, flood and sea level rise risks were assessed using national or regional flood risk maps.

The physical risks were categorized as presented in Table 1 and assessed across three scenarios and future time frames (2030, 2050, 2100), based on IPCC key dates. Risks were linked to operational impacts like heat stress, higher energy use, potential blackouts, and reduced working hours, and rated as low, medium, or high.

The Group conducted a vulnerability assessment for its manufacturing sites, considering factors like turnover contribution, asset damage risk, and water-related risks such as drought. For the latter, PolyPeptide extended the analysis by considering the site’s water usage. By tallying the actual business risks associated with physical threats and their projected severity, informed by Munich Re evaluations and supplemented with risk analyses, the Group assigned a rating of likelihood and vulnerability to each location on a five-tier scale (low, medium-low, medium, medium-high, high) across seven distinct risk categories (refer to Table 1).

Table 1: Climate-related physical risks for PolyPeptide's manufacturing sites

Physical risk type	Description	Climate scenario	2030	2050	2100
Chronic - Sea	**Sea Level Rise** locations subject to flooding from the sea	SSP1-2.6	no risk	no risk	no risk
		SSP2-4.5	no risk	no risk	no risk
		SSP5-8.5	no risk	no risk	no risk
Chronic - Temperature	**Heat stress, Water stress** can result in higher electricity demand, blackouts and negative impacts on workforce (e.g., health, safety, absenteeism)	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	**medium**
Acute - Wind/Storm	**Tropical cyclone, Extratropical Storm, Hail, Tornado** can result in damage to property, mobile fleet, supply chain interruptions and increasing insurance prices	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low
Acute - Water	**Fluvial flood, Pluvial flood, Flash flood (Precipitation Stress Index also considered)** can result in damage to property, mobile fleet, supply chain interruptions and increasing insurance prices	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low
Acute - Extreme heat	**Heat waves, Droughts** can result in reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism), higher electricity demand, blackouts	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	**medium**
Acute - Fire	**Fire Weather Stress, Wildfires** can result in damage to property, mobile fleet, supply chain interruptions, smoke hazard	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low
Acute - Solid mass	**Landslide, Earthquake*** can result in damage to property, mobile fleet, supply chain interruptions,	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low

* Earthquakes are not related to climate change, but since they can cause substantive damage, they were also included in the analysis.

Legend for risk assessment: no risk - low - medium-low - medium - medium-high - high

The results of the analysis with the Munich Re tool for physical risks are presented for three future time horizons: by 2030, by 2050, and by 2100.

Time horizon is defined by the Munich Re Location Risk Intelligence Tool and aligned with the IPCC scenarios.

The scenario analysis results suggest that PolyPeptide's manufacturing sites are generally not substantially vulnerable to climate-related physical risks. Nonetheless, a detailed examination of individual sites shows that certain risks need to be considered:

- The location in India is potentially exposed to flash floods, currently assessed as medium-low under various climate scenarios by 2030, with the risk possibly escalating to medium by 2050 and 2100 in scenarios of moderate and fossil-fuel intensive development.
- Europe is experiencing an increased frequency of extratropical storms, which can negatively impact operations, albeit typically in the short term.
- Locations in the US are exposed to tornadoes, which could disrupt operations.
- Additionally, California is susceptible to earthquakes. While not connected to climate change, these seismic events can lead to substantial property damage, power outages, and disruptions in the supply chain.
- Climate change signifies a substantial shift in temperatures, affecting all manufacturing locations. The risk of heatwaves can result in blackouts, a surge in electricity demand, and considerable effects on employee health and well-being. Additionally, temperature changes are likely to increase water demand even as global availability diminishes.

To identify priority areas in the Group's upstream value chain that may be vulnerable to climate-related physical risks, a further scenario analysis of its primary suppliers covering over 40% of the total procurement spend was conducted. The findings indicate that supplier locations are at a higher risk of physical threats than PolyPeptide's production facilities. The risks include an increase in the frequency and severity of floods and tropical cyclones in Asia, while suppliers in Europe, particularly from Greece, face the threat of rising average temperatures, heatwaves, and droughts. These conditions may lead to increased costs for goods sourced by the Group and, in certain instances, could result in operational halts and shipment delays. The mitigation strategies determined from this analysis involve: obtaining Supplier Business Continuity Plans, qualifying alternative suppliers, and establishing a program for the systematic evaluation of key suppliers (those in the upstream supply chain of essential materials or with a substantial portion of the Group's expenditures) concerning the impact of climate change.

Transition risks

For the identification of the transition risks, PolyPeptide followed a qualitative multi-step approach, involving its internal specialists from different departments. The process started with a benchmark analysis. This served as basis for an expert workshop with involvement of Internal Audit, Global Engineering and Manufacturing Technology, Global Procurement, Corporate Compliance, Investor Relations, Legal, and Global EHS. The workshop comprised both an educational segment and an assessment phase. Consequently, a revised list of potential transition risks has been compiled for further analysis in an internal stakeholder survey. The survey was used to evaluate the following aspects:

- The perception of risk and its potential impact on the Group,
- Time horizon of the risks (short-, medium-, and long-term),
- The geographic occurrence and financial effects, and
- The likelihood, magnitude, and primary response to each risk.

Consequently, a final list of transition risks was compiled, examined, prioritized, and assessed regarding their potential financial impact and their integration into the ERM framework.

Physical and transition risks: financial impact assessment

Having assessed the physical and transition risks for the Group, the **financial impact** of each risk type was estimated.

Climate-related issues may affect the financial position of the Group, including factors such as:

- Increased direct and indirect operating costs: e.g., energy costs, procurement and transportation costs, and costs of insurance,
- Increased capital investment in low-carbon technologies, R&D, and innovation,
- Potential loss of revenues due to changing customer behavior, and
- Potential fines or penalties.

The financial impact assessment evaluated all the aforementioned factors.

Table 2a: Identified physical climate-related risks

Risk group	Risk name	Potential financial impact: description & assessment	Primary response to risk
Chronic - Temperature	Heat stress, Water stress	**Description** • Higher electricity demand • Reduced number of working hours **Assessment:** LOW	• Energy efficiency and backup power systems • Backup water sources for essential operations • Monitoring of water purifying systems • Installation of equipment to control workplace temperatures
Acute - Extreme heat	Heat waves, Droughts	**Description** • Higher electricity demand • Reduced number of working hours **Assessment:** LOW	• Energy efficiency and backup power systems • Backup water sources for essential operations • Monitoring of water purifying systems • Installation of equipment to control workplace temperatures
Acute - Wind/Storm	Tropical cyclone, Extratropical Storm, Hail, Tornado	**Description** • Damage to property • Supply chain disruptions **Assessment:** LOW	• Increase in stock of critical raw materials • Backup power systems • Scheduled relocation of operations
Acute - Water	Fluvial flood, Pluvial flood, Flash flood	**Description** • Damage to property • Supply chain disruptions **Assessment:** LOW	• Increase in stock of critical raw materials • Scheduled relocation of operations
Acute - Fire	Fire Weather Stress, Wildfires	**Description** • Damage to property • Supply chain disruptions • Reduced number of working hours • Smoke hazard **Assessment:** LOW	• Increase in stock of critical raw materials • Backup power systems • Backup water sources for essential operations • Scheduled relocation of operations
Acute - Solid mass	Landslide, Earthquake	**Description** • Damage to property • Supply chain disruptions **Assessment:** LOW	• Increase in stock of critical raw materials • Backup power systems • Scheduled relocation of operations

Table 2b: Identified transitional climate-related risks

Risk group	Risk name	Potential financial impact: time horizon - description - assessment	Primary response to risk
Policy and Legal	Carbon pricing mechanisms / Increased pricing of GHG emissions	**Time horizon:** Medium-term **Description** • Increased direct costs • Increased indirect [operating] costs **Assessment:** LOW	• Infrastructure, technology, and spending
Policy and Legal	Enhanced emissions-reporting obligations	**Time horizon:** Short-term **Description** • Increased indirect [operating] costs • Fines, penalties or enforcement orders **Assessment:** LOW	• Compliance, monitoring, and targets
Policy and Legal	Non-compliance with regulations	**Time horizon:** Medium-term **Description** • Fines, penalties or enforcement orders **Assessment:** LOW	• Compliance, monitoring, and targets
Market	Changing customer behavior	**Time horizon:** Medium-term **Description** • Decreased revenues due to reduced demand • Increased direct costs **Assessment:** CRITICAL	• Compliance, monitoring, and targets • Infrastructure, technology, and spending
Market	Increased cost of raw materials	**Time horizon:** Medium-term **Description** • Increased direct costs **Assessment:** LOW	• Infrastructure, technology, and spending
Technology	Costs of transition to lower emissions technology	**Time horizon:** Medium-term **Description** • Increased direct costs **Assessment:** LOW	• Infrastructure, technology, and spending
Technology	Transition to increasing recycled content	**Time horizon:** Medium-term **Description** • Increased capital expenditure **Assessment:** CRITICAL	• Infrastructure, technology, and spending

Note on time horizons:

PolyPeptide defines the time horizons as follows: short-term: 0–2 yrs, medium-term:
2–5 yrs, long-term: 5–15 yrs. The result presented in the table above represents the time horizon the transitional risk is expected to surge.

Climate-related opportunities

PolyPeptide also evaluated climate-related opportunities , focusing on enhancing the efficiency of its production processes and using low-carbon energy sources.

In terms of production efficiency, PolyPeptide considers its Green Master Plan as a critical, integral element of its strategy. The Group's innovation and technology team coordinates innovation efforts, while the manufacturing sites handle implementation. The program prioritizes reducing the quantity of solvents and reagents relative to production volumes, substituting hazardous chemicals with greener alternatives, and creating solvent recycling opportunities. The Group collaborates with customers during the initial stages of product development and upgrades its manufacturing infrastructure to support its innovative technical capabilities.

PolyPeptide refined its Green Master Plan in 2023, aiming for the efficient use of chemicals to mitigate its climate change impact. In the same year, the Group revised its global EHS policy statement, committing to an integrated and certified environmental management system at all manufacturing sites in accordance with ISO 14001. With the progress made over the last two years, all manufacturing sites will operate in 2025 with this certification.

Moreover, the EHS policy statement underscores the Group's dedication to green chemistry from the early development stages and establishing production capacities for its application. Additionally, the Group promotes circular waste management by minimizing waste, enhancing waste stream recycling/recovery, and advancing solvent recycling methods. For example, the segregation of water from solvent waste is crucial to decrease the volume of waste requiring incineration at the manufacturing site in Malmö, Sweden. Furthermore, PolyPeptide is steadily transitioning to electricity generated from renewable sources.

Table 3: Climate-related opportunities

Description	Where the opportunity can materialize	Potential financial impact: Time horizon - description - assessment - likelihood	Strategy to realize the opportunity
Increased efficiency of production and/or distribution processes			
Green program, green chemistry, recycling of solvents	Europe, US, India	Time horizon: Short-term Description: Reduced direct costs Assessment: Medium Likelihood: Very likely	• Green program involves departments like Innovation, Development, EHS, and Engineering, and they currently work in close collaboration to define goals, governance, and actions
Segregation of water in waste of solvent to reduce the quantity of incinerated waste	Sweden	Time horizon: Medium-term Description: Reduced direct costs Assessment: Medium-low Likelihood: Likely	• Business case evaluation in progress
Use of low-carbon energy sources			
Switching to electricity from renewable sources	France, US	Time horizon: Short-term Description: Increased revenues resulting from increased demand for products and services Assessment: Medium Likelihood: Likely	• In 2024, an electricity contract in France and San Diego for 100% renewable electricity supply was secured
Use of recycled material for GMP activities			
Recycling of solvent and reuse of recycled solvent for GMP activities	US, Belgium	Time horizon: Medium-term Description: Reduced direct cost Assessment: Medium-term Likelihood: Likely	• Development of partnership with recycle plant

*) PolyPeptide defines the time horizons as follows: short-term: 0 - 2 yrs, medium-term: 2 - 5 yrs, long-term: 5 - 15 yrs.

Climate change resilience

PolyPeptide is committed to implementing green chemistry principles to lessen the environmental impact of its manufacturing processes. The Group is dedicated to advancing green chemistry in projects from the initial development stages and to establishing production capacities that facilitate its application. The production of peptide-based APIs necessitates substantial quantities of raw materials, such as solvents and water. PolyPeptide is committed to enhancing environmental sustainability through a robust green program aimed at reducing, recycling, replacing, or altogether avoiding the use of hazardous solvents in production.

The Group's specialists work with external experts and collaborations, exchanging industry trends in roundtables and with expert groups to push the industry forward and make the production of medications more sustainable for patients. The Group aims to engage with customers during the initial phase of product development and consistently enhances its manufacturing infrastructure to support this collaboration. It recognizes that the ever-evolving legal and regulatory demands, coupled with increasing costs of raw materials and energy, could adversely affect PolyPeptide's financial profile. Therefore, embracing innovative manufacturing techniques not only aligns with customer expectations but also bolsters the Group's market position and safeguards its competitiveness.

Overall, considering the various scenarios assessed in relation to climate-related risks, PolyPeptide believes it has a resilient strategy and business model that thrives across different potential outcomes. This approach focuses on managing supply chain risks, advancing research and development, leveraging technological innovations - particularly in solvent recycling - and engaging stakeholders. A key element of this strategy is maintaining close dialogue with customers to ensure their needs, including those related to climate concerns, are effectively met.

Risk Management

Identification and assessment of climate-related risks and opportunities

For a detailed description of the approach for the identification and assessment of climate-related risks and opportunities and the estimation of the financial impact, see Strategy section of this Climate Report.

Risk Governance and Enterprise Risk Management

PolyPeptide's Risk Governance and ERM cover all sites, functions and individuals employed. The Group has implemented a risk management model to identify opportunities and manage risks. Global functions are responsible for identifying, analyzing, mitigating, and monitoring risks as risk owners.

The PMC is tasked with ensuring the robust operation of the ERM framework, encompassing the management of significant risks and the exploitation of opportunities. It undertakes risk analysis in collaboration with the risk owners. In the event of significant unanticipated risks, the PMC promptly reports these to the ARC and the Chair of the Board of Directors. The ARC and the Board of Directors conduct a deep-dive review of the ERM report once per year. The climate related risks with the mitigating measures and opportunities are shown in Table 2a, 2b, and 3. The structured approach to risk management ensures that PolyPeptide continually monitors and improves its handling of key risks, aligning its strategies to mitigate or exploit them as appropriate. This approach is also applied to future business development activities (see Strategy section of this Climate Report).

The Global Director EHS is responsible for the annual assessment of the climate-related scenario analysis and presents the findings to the ITC. If a significant change to the transition plan is required, the Board of Directors has to approve it as part of the annual review.

In 2024, PolyPeptide introduced specific climate-related risk groups to its ERM framework using the following process:

Step 1: Financial impact assessment: Financial impact was evaluated based on its share of the revenues, from low (up to 0.5% of revenues) to critical (more than 5% of revenues).

Step 2: Likelihood (Probability) evaluation: To evaluate the likelihood, Munich Re results were used for physical risks and internal stakeholder survey data for transition risks (see Section Strategy of this Climate Report).

Step 3: Calculation of the Inherent and Converted Risk Score: The Inherent Risk Score was derived by multiplying the financial impact score by the likelihood score and then converted to a scale from Low to Critical.

Step 4: Assessing the Level of Control: The Level of Control was assessed, depending on, for example, the potential impact of risks managed by PolyPeptide.

Step 5: Final Result – Residual Risk Score: The final risk impact result was calculated by combining **Converted Inherent Risk Score** and **Level of Control**, as defined within the Group's ERM methodology.

The result is presented in Table 4.

Climate-related opportunities are not part of the ERM framework, however, there is an established process for monitoring climate-related opportunities, including an annual action plan, defined opportunity owners, deadlines, and an assessment of the implementation.

Table 4: Summary of climate-related physical and transition risk assessment

Risk Group	Risk Name	Potential financial impact	Likelihood	Inherent Risk Score	Level of Control	Residual Risk Score
Chronic – Temperature	Heat stress, Water stress	Low	Unlikely	Low	Limited	Low
Acute – Extreme heat	Heat waves, Droughts	Low	Possible	Low	Limited	Low
Acute – Wind/Storm	Tropical cyclone, Extratropical Storm, Hail, Tornado	Low	Unlikely	Low	Limited	Low
Acute – Water	Fluvial flood, Pluvial flood, Flash flood	Low	Unlikely	Low	Limited	Low
Acute – Fire	Fire Weather Stress, Wildfires	Low	Unlikely	Low	Limited	Low
Acute – Solid mass	Landslide, Earthquake	Low	Unlikely	Low	Limited	Low
Policy and Legal	Carbon pricing mechanisms/ increased pricing of GHG emissions	Low	Likely	Low	Very Strong	Low
Policy and Legal	Enhanced emissions-reporting obligations	Low	Likely	Low	Very Strong	Low
Policy and Legal	Non-compliance with regulations	Low	Possible	Low	Very Strong	Low
Market	Changing customer behavior	Critical	Possible	Major	Moderate	**Moderate**
Market	Increased cost of raw materials	Low	Possible	Low	Moderate	Low
Technology	Costs of transition to lower emissions technology	Low	Likely	Low	Strong	Low
Technology	Transition to increasing recycled content	Critical	Likely	Critical	Strong	**Moderate**

Additionally, the ERM identifies a range of risk types that may interact with climate-related risks. A summary of these is provided below.

Table 5: Overview of risk categories that correlate with climate change

Risks	Risk owners	Mitigation measures
Customer relationships	Global Sales & Marketing	• Contract with specific requirements in terms of sustainability including greenhouse gas emissions and defined rules if targets are not achieved
Manufacturing delays (operational execution) or interruptions	Global Operations	• Business continuity plans at each manufacturing site, including sharpened sourcing strategy • Insurance
Supply chain	Global Procurement	• Direct engagement with suppliers to mitigate supply chain risks • Supplier contracts with fixed prices
Environmental, health, and safety laws and regulations	Global EHS	• EHS regulation monitoring and compliance assessment • Specific analysis of the regulation in case of important CAPEX projects to identify potential risks and impacts
Hazardous chemicals manufacturing and storage	Global EHS	• Development of emergency and response plan • Business continuity plans at each manufacturing site and facility maintenance plan to anticipate risks • Periodical environmental monitoring

Metrics and Targets

PolyPeptide is committed to setting GHG reduction targets. It has established robust internal processes to track and monitor its GHG emissions, utilizing data-driven insights to assess performance against these targets. The Group is committed to promoting more sustainable manufacturing technologies with a focus on energy efficiency, waste reduction, and renewable energy sourcing.

The Group participates in the CDP Disclosure scoring a "B" rating in 2024, and improving for the third consecutive year versus the "B-" rating achieved in 2023 (2022: C). This is complemented by the EcoVadis ratings, where PolyPeptide received an "Advanced"[3] rating for its carbon management program in 2024 and a "Bronze" rating for its ESG program.

The Group has set science-based targets for Scopes 1, 2 and 3 following the near-term target methodology of the Science-Based Target initiative[4]. Charts 1 and 2 illustrate the reduction targets which will be submitted to the Science-Based Target initiative for approval during 2025. For details on the targets, refer to Tables 6 and 7. Depending on the outcome of the validation procedure, the targets might have to be updated.

Chart 1: PolyPeptide's Scope 1 and 2 GHG emissions 2023–2030, t CO_2e/year

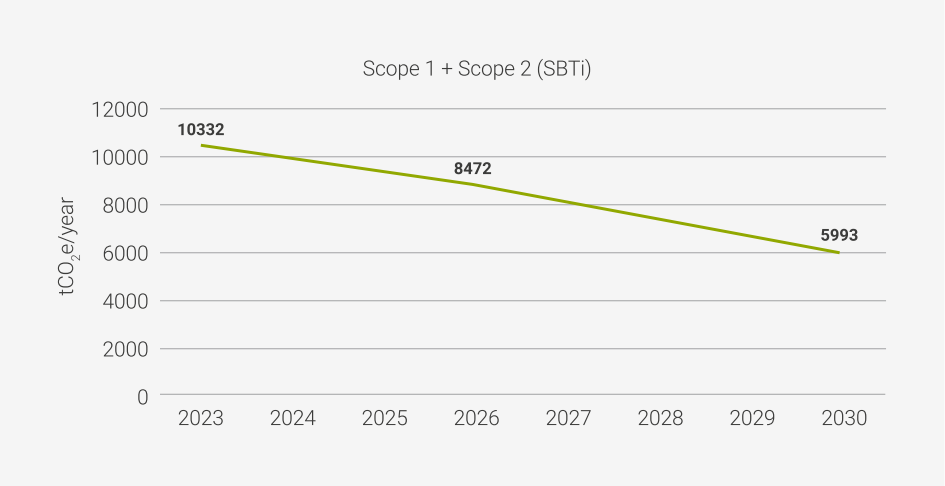
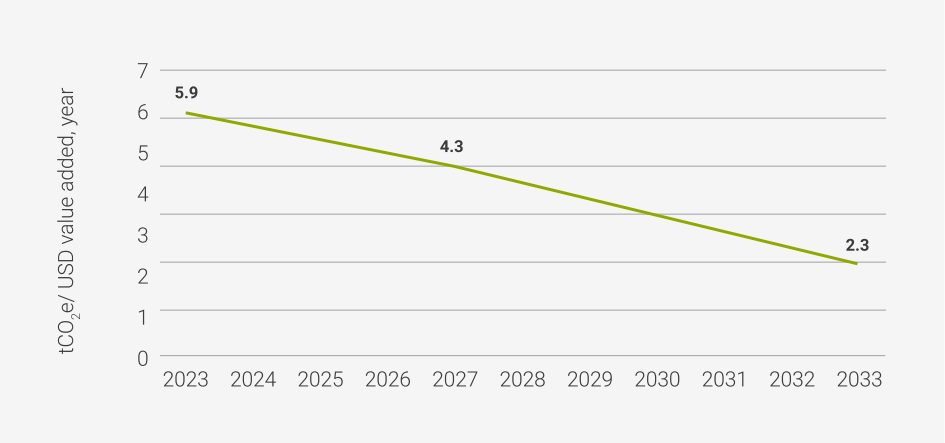


Chart 2: PolyPeptide's Scope 3 GHG emissions per USD value added, 2023–2033, t CO_2e/USD value added, year



[2] B rating places PolyPeptide in the Management band (B/B- ratings), meaning that the Group is taking coordinated action on climate issues.

[3] The Ecovadis carbon scorecard provides an independent assessment of company's carbon management system and performance. Performance levels include **insufficient, beginner, intermediate, advanced, and leader**

[4] Science Based Target initiative (SBTi), Near-Term Setting Tool: Mar 2024, version 2.3

An assessment is currently underway to define potential long-term objectives aligned with the Paris Agreement, as well as to explore the PolyPeptide's involvement in setting net-zero targets.

Table 6: Scope 1 and 2 GHG emission reduction near-term absolute target

GHG emissions reduction absolute target Scopes 1 and 2[5]			
Target ID			
Overall number of active GHG emissions targets:	2		
Target number:	1/2		
Target type:	Absolute near-term target		
Date the target was set:	26.11.2024	Date the target was last revised:	does not apply
Target information			
Scope(s) covered	Scopes 1 & 2 (market-based)		
Percentage of in-scope emissions covered by the target	100%		
Base year:	2023	Base year emissions, t CO2e	10,332
Target year:	2030	Target year projected emissions, t CO2e	5993
Targeted reduction from base year (%):	42%		
Targeted reduction from current year (%):	42%	Current emissions, t CO2e (2023)	10,332
Target methodology			
Verified by an independent party	Yes, BDO will be submitted for validation by SBTi during 2025		
Source that describes transition plan outlining how this target will be met	Climate Report Metrics and Targets		
Indicate the % of the target to be achieved through offsets	0%		

[5] The template used was created by FTSE Russell to encourage clear and concise disclosures regarding corporate GHG emissions reduction targets.

Table 7: Scope 3 GHG emission reduction near-term intensity target

GHG emissions reduction intensity target Scope 3			
Target ID			
Target number:	2/2		
Target type:	Intensity near-term target		
Date the target was set:	26.11.2024	Date the target was last revised:	does not apply
Target information			
Scope(s) covered	Scope 3		
Percentage of in-scope emissions covered by the target	95%	Category 1: purchased goods and services, Category 2: capital goods, Category 3: fuel- and energy-related activities, Category 4: upstream transportation and distribution, Category 5: waste generated in operations	
Base year:	2022	Base year emissions, t CO2e/ USD value added	5.9
Target year:	2033	Target year projected emissions, t CO2e/USD value added	2.3
Targeted reduction from base year (%):	61.07%		
Targeted reduction from current year (%):	Not available due to a negative EBIT in 2023	Current emissions, t CO2e/ USD value added (2023)	Not available due to a negative EBIT in 2023
Target methodology			
Verified by an independent party	Yes, BDO will be submitted for validation by SBTi during 2025		
Source that describes the methodology used to calculate Scope 3 emissions covered by the target	Climate Report Metrics and Targets		
Source that describes transition plan outlining how this target will be met	Climate Report Metrics and Targets		
Indicate the % of the target to be achieved through offsets	0%		

Apart from the Scope 1 and 2 absolute near-term and Scope 3 intensity near-term target (refer to Table 6 and Table 7), the Group has set the following Scope 3 engagement target: “PolyPeptide Group AG commits that suppliers covering 45% of purchased goods and services by spend, will have science-based targets by FY2030 (baseline 2022).”

Greenhouse gas emissions

In 2024, PolyPeptide conducted its second global carbon footprint assessment (based on available numbers for 2023) in accordance with the GHG Protocol. The Group conducted the assessment according to the following parameters:

- Chosen organizational boundary approach: operational control
- Consolidation approach: the same as the financial accounting approach
- Standards applied: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), The Greenhouse Gas Protocol: Scope 2 Guidance, The Greenhouse gas Protocol: Corporate Value Chain (Scope 3) Standard
- Reporting period: calendar year 2023, same period as financial accounting year

For the reporting period 2025, PolyPeptide plans to calculate its 2024 and 2025 global carbon footprint. A digital reporting solution and processes are being implemented to enable PolyPeptide to have a complete 2025 carbon footprint available by the beginning of 2026.

Table 8: Performance KPIs 2023

+ 4.7%	PolyPeptide's absolute Scope 1 and Scope 2 GHG emissions vs 2022
- 8.2%	PolyPeptide's Scope 1 and Scope 2 GHG emissions relative to total revenues vs 2022
- 21.1%	PolyPeptide's absolute Scope 3 GHG emissions vs 2022
- 26.8%	MWh of electricity consumption/ kg of manufactured product vs 2022
54.0%	of sourced electricity from renewable sources 2023

In 2023, the Group decreased the GHG emissions by 18%, from 91,827 metric tons CO2e in 2022 to 75,001 metric tons CO2e in 2023. Thereby, Scope 1 and 2 emissions increased by 4.7%, whereas Scope 3 emissions decreased by 21.1%.

Table 9: Group's greenhouse gas emissions, 2022–2023, in metric tons CO2e

Group's greenhouse gas emissions	2023	2022
Total Scope 1 - direct emissions	**5,834**	**5,766**
Stationary combustion	4,770	4,168
Mobile combustion	223	476
Process emissions	490	352
Refrigerants	351	770
Total Scope 2 - indirect energy-related emissions (market-based)	**4,498**	**4,105**
Purchased electricity (market-based)	4,408	4,021
Purchased hot water	90	84
Total Scope 3 - upstream and downstream value chain emissions	**64,667**	**81,956**
Category 1: Purchased goods and services	20,877	19,655
Category 2: Capital goods	31,687	45,241
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1,740	1,034
Category 4: Upstream transportation and distribution	3,286	4,446
Category 5: Waste generated in operations	4,742	7,487
Category 6: Business travel	274	485
Category 7: Employee commuting	1,934	3,516
Category 9: Downstream transportation and distribution	126	92
Total: Scope 1, Scope 2 (market-based) and Scope 3	**75,001**	**91,827**
Scope 2 location-based	9,395	8,819

The substantial reduction in Scope 3 emissions primarily reflects the phasing of large capital expenditure projects across the manufacturing network of the Group.

The increase in Scope 1 and 2 GHG market-based emissions was mainly due to the use of diesel generators at one of the manufacturing sites for several months to bridge the interruption of the ordinary energy supply from renewable energies. Taking into consideration the increased manufacturing volumes during the reporting period, the electricity consumption per kilogram of manufactured product decreased by 26.8%, mainly attributable to energy efficiency measures applied by the Group.

Figure 2: PolyPeptide's GHG emissions 2023 (market-based) split by Scope

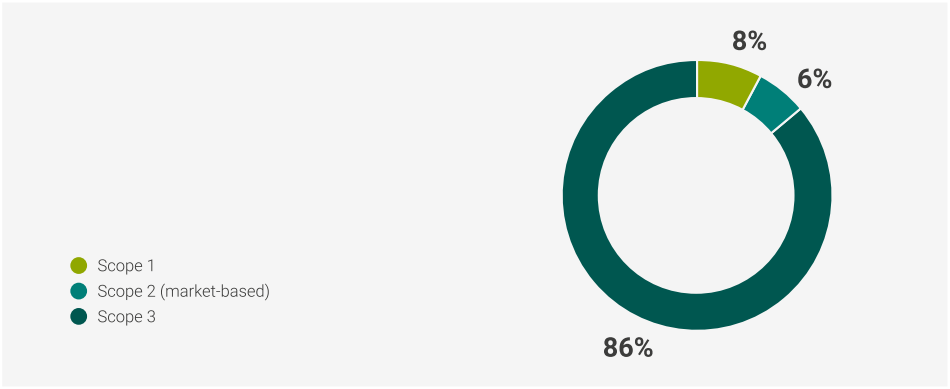


Figure 3: PolyPeptide's GHG emissions 2023 (market-based) split by geography

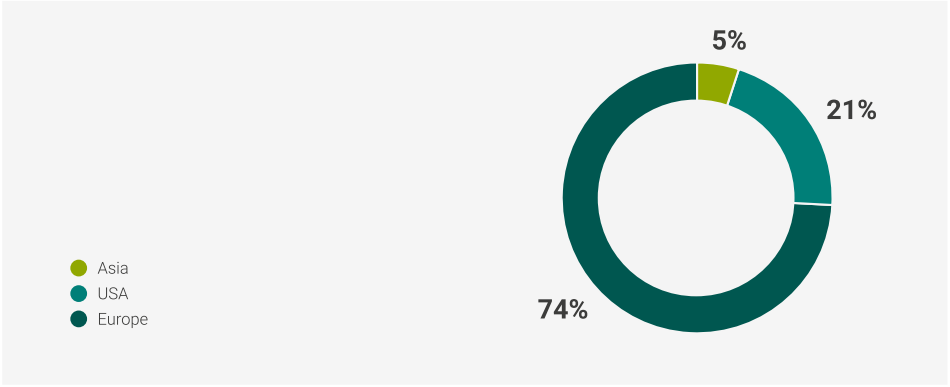
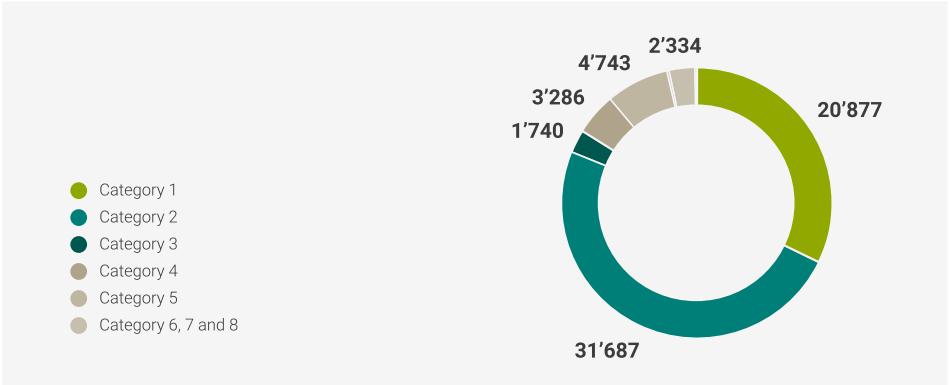


Figure 4 PolyPeptide's Scope 3 GHG emissions 2023 split by category, in metric tons CO_2e



Scope 3 emissions calculation methods for each Scope 3 category are explained in Table 10. In 2023, Category 1 accounted for 32% of PolyPeptide's Scope 3 emissions, with solvents constituting the most significant portion of the Group's purchased goods. PolyPeptide is actively seeking supplier-specific emission factors from its tier 1 suppliers. With its Green Master Plan, the Group focuses on reducing the volumes of solvents and reagents relative to production volumes, substituting hazardous chemicals with more sustainable options, and advancing solvent recycling initiatives. The use and sourcing of recycled solvents instead of fresh solvents and the efforts of key-tier 1 suppliers to utilize renewable electricity favorably impacts emissions in Category 1. PolyPeptide is dedicated to fostering a culture of continuous improvement within its own operations and supply chain, which requires shared commitment of its suppliers and business partners.

Table 10: Scope 3 calculation methods applied in PolyPeptide's corporate carbon footprint

Scope 3 category	Calculation method
Category 1: Purchased goods and services	• Supplier-specific • Average data • Spend-based
Category 2: Capital goods	• Average data • Spend-based
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	• Average data
Category 4: Upstream transportation and distribution	• Distance-based
Category 5: Waste generated in operations	• Waste-type-specific
Category 6: Business travel	• Supplier-specific • Distance-based
Category 7: Employee commuting	• Average data • Distance-based
Category 8: Upstream leased assets	• Does not apply: Due to the chosen approach to organizational boundary, i.e., operational control approach, any consumption and respective emissions from upstream leased assets have already been included in Scope 1 and 2 emissions.
Category 9: Downstream transportation and distribution	• Distance-based
Category 10: Processing of sold products	• Does not apply: Calculating GHG emissions from Scope 3, Category 10 is particularly challenging for a company producing both Active Pharmaceutical Ingredients (APIs) for the pharmaceutical and cosmetic industry due to limited data availability from downstream customers. In both sectors, the final products are processed by external parties - pharmaceutical manufacturers or beauty product formulators - whose operations vary widely in scale, technology, and production practices. This lack of consistent and reliable emissions data, coupled with the fragmented nature of these supply chains, makes it difficult to accurately quantify the emissions associated with processing APIs and peptides after they are sold. Furthermore, small-scale or proprietary operations in the beauty industry add another layer of complexity in tracking emissions, compounding the overall challenge.
Category 11: Use of purchased goods	• Does not apply: PolyPeptide does not manufacture any APIs that make part of medicine in inhalers, which, depending on the model, may require refrigerants for its operation, hence causing emissions in the use phase. Some of APIs manufactured by the Group may need refrigeration, however, it was not evaluated in more detail.
Category 12: End-of-life treatment of sold products	• Does not apply: The emissions calculated within this category would only consider end-of-life treatment of packaging, which is not considered material for our PolyPeptide's carbon footprint, hence, not calculated.
Category 13: Downstream leased assets	• Does not apply: This category does not apply to PolyPeptide.
Category 14: Franchises	• Does not apply: This category does not apply to PolyPeptide.
Category 15: Investment	• Does not apply: This category does not apply to PolyPeptide.

Transition plan

In 2024, PolyPeptide continued to expand the sourcing of renewable electricity for its manufacturing sites. At the end of 2024, the manufacturing sites in Braine-l'Alleud, Malmo, San Diego, and Strasbourg operated with 100% of renewable electricity.

The manufacturing site in San Diego signed up to a local voluntary program to become a "San Diego Community Power100 Champion". This voluntary program is a San Diego specific initiative that allows businesses to transition from utilizing electricity generated by non-renewable energy sources to getting electricity that comes **100% from renewable, less greenhouse gas intensive energy sources**. This means that currently 100% of the electricity purchased to operate the site, comes from renewable sources.

To reach the absolute Scope 1 and 2 near-term targets, PolyPeptide is striving to procure electricity from 100% renewable sources at all sites by 2029, as well as replacing the car fleet with electric cars. These two initiatives are crucial for reaching the 42% reduction target by 2030 versus 2023. Additional initiatives will be required to offset the impact of expected business growth. Consequently, PolyPeptide plans for energy audits across all manufacturing sites to identify and carry out energy-saving measures. During summer 2024, the Ambernath site was awarded an ISO 50001 certification for its energy management system.

In addition, PolyPeptide plans to replace its refrigerants with high Global Warming Potentials (GWPs) with alternatives of lower GWP, where feasible.

PolyPeptide expects that the financial impact for its climate transition plan will be mainly driven by initiatives related to scope 3 emissions reduction as highlighted in Table 11.

Table 11: Summary of initiatives in PolyPeptide's transition plan and KPIs tracked

Initiative	Description of the initiative	Emission reduction in Scope	Expected GHG emission reduction	Expected GHG emission reduction	Base year	Target year	Geo-graphy coverage	KPI de-scription	KPI base year	KPI target year
Initiative 1	Sourcing 100% renewable electricity by 2029 on all sites	2	-43.9%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2029	All sites	% of annual externally sourced electricity consumption from renewable sources	54%	100.0%
Initiative 2	Replacement of car fleet (thermic/ hybrid) by an electric one in Belgium	1	-3.7%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2028	Belgium	% of electric car in the PolyPeptide car fleet	7.4%	100.0%
Initiative 3	Conducting energy audit on all manufacturing sites to identify potential energy savings	1 & 2	-4.0%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2029	All manu-facturing sites	tCO2e Scope 1 + 2 emissions/ kg of final product manufactured	5.2	4.9
								MWh of electricity consumption/ kg of manufactured product	16.1	15.5
Initiative 4	Development of an obsolescence management plan to manage refrigerants with high Global Warming Potential (GWP)	1	-4.0%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2030	All manu-facturing sites	tCO2e emissions from refrigerant losses/kg of refrigerant losses	1.9	Under devel-op-ment
Initiative 5	Recycling of solvent and use of recycled solvent for GMP activities	3	See Table 12	See Table 12	2022	2033	Belgium, US	% of recycled solvent used for GMP activities for the reporting year	3.6%	Under devel-op-ment

Initiative 6	Segregation of solvent waste and associated treatment	3	See Table 12	See Table 12	2022	2033	Sweden, France	tCO2e from cat. 5/ t of solvent waste generated during operation for the reporting year	0.8	Under development
Initiative 7	Solvent reduction with the implementation of new technology	3	See Table 12	See Table 12	2022	2033	All manufacturing sites	t of solvent/ kg of final product manufactured for the reporting year	3.4%	Under development
Initiative 8	Science-based target of the Group's main suppliers	3	See Table 12	See Table 12	2022	2030	All manufacturing sites	% of raw material spend for suppliers with science-based targets for the reporting year	8%	45%

As depicted in Figure 4, PolyPeptide's key sources of value chain emissions are primarily found in two categories: purchased goods and services (category 1), and capital goods (category 2). It is crucial to note that emissions from category 2 are rather volatile and can vary significantly over time, influenced by the Group's capital investments and expansion. Currently, PolyPeptide is concentrating on reducing emissions from solvents, which constitute the primary raw material acquired. This approach also goes in line with the two most important climate-related transition risks (changing customer behavior and transition to increasing recycled content). For more detail, refer to the Strategy section. PolyPeptide anticipates a substantial decrease in these emissions through solvent recycling initiatives and by urging its top ten suppliers, in terms of expenditure, to set science-based GHG emission reduction goals.

Table 12: Initiatives for reducing Scope 3 GHG emissions of PolyPeptide, their estimated impact on emissions and forecasted financial investment

Initiatives	Category 1: Purchased goods and services	Category 2: Capital goods	Category 4: Upstream transportation and distribution	Category 5: Waste generated in operations	Financial investment
Recycling of solvent and use of recycled solvent for GMP activities	+++	0	++	+++	€€
Segregation of solvent waste and associated treatment	0	0	0	++	€€
Solvent reduction with the implementation of new technologies	++	0	++	++	€
Modular approach for new buildings	+	++	0	0	€€€
SBT for 10 main suppliers by spend	+++	0	+	0	€

Legend:

- Expected reduction of Scope 3 GHG emissions: +++ > -10% GHG emission reduction within the category; ++ impact > between -5 and -10% GHG emission reduction within the category; + impact < -5% GHG emission reduction within the category; 0 - no identified impact on PolyPeptide's GHG emissions
- Financial investment: € < 1MEUR ; €€ 1–5 MEUR , €€€ > 5MEUR

The Group is currently tracking climate-related metrics (highlighted in bold in Table 13) and is revising and preparing others for potential inclusion in the annual monitoring process (indicated in italics in Table 13).

In alignment with PolyPeptide's sustainability goals, capital deployment metrics focus on investments that drive long-term environmental benefits and support the transition to a low-carbon economy. The Group's capital expenditure is significant, particularly in technologies related to green chemistry and solvent recycling. These investments aim to reduce the environmental impact of PolyPeptide's manufacturing processes by promoting sustainable practices and circularity. Additionally, PolyPeptide is directing capital towards the exploration and adoption of alternative energy sources, further supporting the Group's commitment to reducing greenhouse gas emissions and improving energy efficiency. These strategic investments demonstrate PolyPeptide's proactive approach to embedding sustainability into its operations and ensure that its capital is deployed in a way that fosters both innovation and environmental responsibility.

At this time, PolyPeptide has not set an internal carbon price, as it has not been identified as a priority within the current climate strategy in accordance with the risk and opportunity assessment. The primary focus remains on the implementation of the established transition plan, which allocates resources to key initiatives that drive tangible emissions reductions. Specifically, the Group is prioritizing the sourcing of renewable electricity, fleet electrification, and the discovery as well as execution of energy efficiency measures through detailed energy audits. These actions are seen as the most effective means to reduce carbon emissions in the near term. While internal carbon pricing is a potential future consideration, the current strategy is centered on operational improvements that deliver measurable and immediate impacts on sustainability.

Regarding remuneration, PolyPeptide maintains a Global Balanced Scorecard (GBSC), annually approved by the Board of Directors, to aid the execution of its strategy and operational plans, as well as to determine executive compensation. The scorecard encompasses financial goals for a specified period and quantitative targets for non-financial metrics including ESG performance objectives. The Remuneration and Nomination Committee pledges to fortify the connection between sustainability goals and PolyPeptide's Executive Management's remuneration, aligning with the achievement of these objectives. In 2023, PolyPeptide incorporated the green chemistry program including initiatives with a positive impact on its corporate carbon footprint evaluation into its GBSC. This integration, accounting for 5.1% of the incentives in the GBSC, engaged selected PolyPeptide employees participating in the initiative. The green initiatives in the 2023 GBSC marked a pivotal step for PolyPeptide, initiating the journey towards setting reduction targets and crafting its GHG emissions reduction strategy.

Table 13: Climate-related metrics 2023

Metrics category	Metrics	Metric value 2023
GHG emissions	**1) Absolute Scope 1, 2 and 3 emissions (total, split by geography)**	1) Refer to Table 9 and Figure 3
	2) Emission intensity (Scope 3 emissions per value added; Scopes 1-3 per revenues)	2) Refer to Table 7
Transition risks	*1) Amount and extent of an organization's assets or business activities vulnerable to climate-related transition risks*	*1) Currently in the process of evaluation*
Physical risks	**1) Number of extreme weather events by type and location**	1) 0 days
	2) Number of idle days per site due to supply chain disruption	2) 0 days
	3) Number of suppliers with medium-high and high risk likelihood (2030) by risk type	3) Acute – Water: 1 supplier • Chronic – Temperature: 1 supplier
Climate-related opportunities	*1) Revenues from products that support transition to a low-carbon economy*	*1) Currently in the process of evaluation. Due to the requirements of TCFD, CSRD, and the EU Taxonomy, the Group will use a digital reporting solution to centralize and manage all the necessary metrics in one place, including those mandated by these frameworks.*
Capital deployment	**1) Capital expenditures of the Innovation department, including technologies related to green chemistry/ solvent recycling,**	1) 1.28 MEUR
	2) Investment in alternative energy sources	
Internal carbon prices	*1) Not determined*	*1) Internal carbon pricing has not been identified as a priority for the Group. Given the established transition plan and the allocated budget for its implementation, the Group's focus is on sourcing renewable electricity, fleet electrification, and discovering and executing energy efficiency measures via energy audits.*
Remuneration	**1) Weighting of performance against deployment of initiatives impacting operational emissions' targets for remuneration scorecard**	1) 5.1% of the global scorecard

Glossary

Carbon dioxide equivalent (CO2e or CO2eq) is a metric measure used to compare the emissions from various greenhouse gases based on their global warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide.

Global Warming Potential (GWP) is a term used to describe the relative potency, molecule for molecule, of a greenhouse gas, taking account of how long it remains active in the atmosphere. The global warming potentials (GWPs) currently used are those calculated over 100 years. Carbon dioxide is taken as the gas of reference and given a 100-year GWP of 1.

Greenhouse gases (GHG) constitute a group of gases contributing to global warming and climate change. The Kyoto Protocol (and, consequently, the GHG Protocol) covers seven greenhouse gases: carbon dioxide (CO2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

Greenhouse gas emissions per value added (GEVA) is a method for setting economic intensity targets using the contraction of economic intensity. Targets set using the GEVA method are formulated by an intensity reduction of tCO2e/USD value added.

Greenhouse Gas Protocol is a comprehensive global standardized framework for accounting and reporting GHG emissions.

Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing science related to climate change. It comprises the world's leading scientists and plays a unique role within climate science by policymakers with regular and authoritative scientific assessments based on the work of thousands of scientists worldwide.

Intergovernmental Panel on Climate Change Representative Concentration Pathways (RCPs) are models developed to forecast future carbon dioxide emissions and potential reductions in atmospheric concentration over the course of this century. These pathways offer a range of scenarios, from optimistic to pessimistic, depending on how carbon dioxide emissions might impact various sectors globally.

Intergovernmental Panel on Climate Change Shared Socioeconomic Pathways (SSPs) have been developed to complement the Representative Concentration Pathways (RCPs). They refer to five standard trajectories that represent possible future socioeconomic development for global or regional societies. These pathways, named SSP1 to SSP5, include scenarios such as Sustainability, Middle of the Road, Regional Rivalry, Inequality, and Fossil-fueled Development. They are used to assess and quantify the challenges related to mitigation and adaptation in different socioeconomic contexts.

Near-term science-based targets outline GHG emissions reduction over the coming 5 to 10 years that are in line with what climate science deems necessary to limit warming to 1.5°C above pre-industrial levels.

Net zero emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period of time.

Science Based Targets initiative (SBTi) is a global initiative that supports companies in setting greenhouse gas (GHG) emissions reduction targets aligned with the latest climate science. It helps businesses establish targets aimed at limiting global temperature rise to well below 2°C above pre-industrial levels, with a preference for limiting it to 1.5°C, as specified in the Paris Agreement. The initiative offers a framework for setting targets based on current scientific data and methods, ensuring that corporate actions contribute to global climate objectives.

Scope 1 emissions are direct GHG emissions that occur from sources owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment.

Scope 2 emissions account for GHG emissions from the generation of purchased electricity, steam, heat or cooling consumed by the company. Purchased electricity, steam, heat or cooling is defined as electricity, steam, heat, or cooling that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity, steam, heat, or cooling is generated. Scope 2 GHG emissions are calculated according to two methods: **location-based** (reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data), and **market-based** (reflects emissions from electricity that companies have purposefully chosen, derives emission factors from contractual instruments).

Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. They involve GHG emissions in the value chain of the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased goods; employee commuting; treatment of waste generated in own operations; and transportation of sold products.

Task force on climate-related financial disclosures (TCFD) provides a framework that outlines key principles for how companies and organizations should disclose information related to climate change risks and opportunities. Its recommendations focus on four main areas that are essential to organizational operations: governance, strategy, risk management, and metrics and targets.

5. Disclosures in accordance with art. 964b Swiss Code of Obligations

The following sections comprise the report on non-financial matters in accordance with art. 964b of the Swiss Code of Obligations (the "CO"), which includes an independent practitioner's limited assurance report on selected non-financial information, including a selected set of performance indicators. The consultative vote on the report on non-financial matters for the financial year 2024 at the 2025 annual general meeting is limited to the content of these sections.

Art. 964b CO content requirement	Section	Reference
General information required to understand our business	Introduction	Page 18
	Sustainability approach	Page 19-20
	Overview–Strategy	Page 10-13
	Reporting on the material ESG topics	Page 26-39
Description of the business model	Introduction	Page 18
	Overview–Strategy–Business model	Page 10-13
Description of materiality assessment	Materiality and contribution to the SDGs–Identification of material topics	Page 23
	Materiality and contribution to the SDGs–Materiality matrix	Page 24
	Reporting on the material ESG topics	Page 26-39
Description of governance	Sustainability approach–Responsibilities and organization	Page 19-20
Environmental matters (in particular CO2 goals)	Green chemistry	Page 29
	Climate change mitigation - see Climate Report	Page 40-65
Main impacts, risks and opportunities	Green chemistry–Impact	Page 29-32
	Climate change mitigation–Impact	Page 44-45
	Green chemistry–Risks and opportunities	Page 29
	Climate change mitigation–Risks and opportunities	Page 50
Policies adopted, including the due diligence applied	Green chemistry–Approach–Policies and commitments	Page 30
	Climate change mitigation–Approach–Policies and commitments	Page 52
Measures taken to implement policies and assessment of effectiveness	Green chemistry–Approach–Management of impacts, risks and opportunities	Page 29-31
	Green chemistry–Approach–Achievements and challenges in 2024	Page 31
	Climate change mitigation–Approach–Management of impacts, risks and opportunities	Page 50
	Climate change mitigation–Approach–Achievements and challenges in 2024	Page 59
Performance indicators	Green chemistry–Approach–Achievements and challenges in 2024	Page 31
	Climate change mitigation–Approach–Achievements and challenges in 2024	Page 59
Social issues	Product responsibility	Page 27-29
	People	Page 34-37
Main impacts, risks and opportunities	Product responsibility–Impact	Page 27
	People–Impact	Page 34
	Product responsibility–Risks and opportunities	Page 27
	People–Risks and opportunities	Page 34
Policies adopted, including the due diligence applied	Product responsibility–Approach–Policies and commitments	Page 27
	People–Approach–Policies and commitments	Page 34

Measures taken to implement policies and assessment of effectiveness	Product responsibility–Approach–Management of impacts, risks and opportunities	Page 28
	Product responsibility–Approach–Achievements and challenges in 2024	Page 28-29
	People–Approach–Management of impacts, risks and opportunities	Page 35
	People–Approach–Achievements and challenges in 2024	Page 35-37
Performance indicators	Product responsibility–Approach–Achievements and challenges in 2024	Page 28-29
	People–Approach–Achievements and challenges in 2024	Page 35-37
Employee-related issues	People	Page 34-37
Main impacts, risks and opportunities	People–Impact	Page 34
	People–Risks and opportunities	Page 34
Policies adopted, including the due diligence applied	People–Approach–Policies and commitments	Page 34
Measures taken to implement policies and assessment of effectiveness	People–Approach–Management of impacts, risks and opportunities	Page 35
	People–Approach–Achievements and challenges in 2024	Page 35-37
Performance indicators	People–Approach–Achievements and challenges in 2024	Page 35-37
Respect for human rights	Supply chain engagement	Page 32-33
	People	Page 34-37
Main impacts, risks and opportunities	Supply chain engagement–Impact	Page 32
	People–Impact	Page 34
	Supply chain engagement–Risks and opportunities	Page 32-33
	People–Risks and opportunities	Page 34
Policies adopted, including the due diligence applied	Supply chain engagement–Approach–Policies and commitments	Page 33
	People–Approach–Policies and commitments	Page 34
Measures taken to implement policies and assessment of effectiveness	Supply chain engagement–Approach–Management of impacts, risks and opportunities	Page 33
	Supply chain engagement–Approach–Achievements and challenges in 2024	Page 33
	People–Approach–Management of impacts, risks and opportunities	Page 34
	People–Approach–Achievements and challenges in 2024	Page 35-37
Performance indicators	Supply chain engagement–Approach–Achievements and challenges in 2024	Page 33
	People–Approach–Achievements and challenges in 2024	Page 35-37
Combating corruption	Business ethics and compliance	Page 37-39
Main impacts, risks and opportunities	Business ethics and compliance–Impact	Page 37
	Business ethics and compliance–Risks and opportunities	Page 37
Policies adopted, including the due diligence applied	Business ethics and compliance–Approach–Policies and commitments	Page 38
Measures taken to implement policies and assessment of effectiveness	Business ethics and compliance–Approach–Management of impacts, risks and opportunities	Page 38-39
	Business ethics and compliance–Approach–Achievements and challenges in 2024	Page 39
Performance indicators	Business ethics and compliance–Approach–Achievements and challenges in 2024	Page 39
References to national, European or international regulations	Introduction	Page 18
	GRI content index	Page 72
Coverage of subsidiaries	Sustainability approach	Page 19-21

Art. 964j-l CO requirements	Section	Reference
PolyPeptide's due diligence in relation to minerals and metals from conflict-affected areas	Supply chain engagement–Approach	Page 32
	PolyPeptide's voluntary report on child labor due diligence in its supply chain	Page 69-71
PolyPeptide's due diligence in relation to child labor	Supply chain engagement–Approach	Page 32
	PolyPeptide's voluntary report on child labor due diligence in its supply chain	Page 69-71

The report on non-financial matters for the financial year 2024 was approved for publication by the Board of Directors on 10 March 2025, and will be presented to the General Meeting of shareholders for a consultative vote on 9 April 2025.

Peter Wilden, Chair
Patrick Aebischer, Vice-Chair and Lead Independent Director
Jane Salik, Member
Erik Schropp, Member
Beat In-Albon, Independent Member
Philippe Weber, Independent Member

Baar, 10 March 2025

On behalf of the entire Board of Directors and the Executive Committee,

Peter Wilden
Chair of the Board of Directors

Juan José González
CEO

6. PolyPeptide's voluntary report on child labor due diligence in its supply chain

Re: Art. 964j-l of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.

This voluntary report relates to the due diligence and reporting obligations in relation to minerals and metals from conflict-affected areas and child labor required by Art. 964j-l of the Swiss Code of Obligations ("CO") and the Swiss "Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor" ("DDTrO"). It covers the period 1 January 2024 to 31 December 2024. PolyPeptide's analysis in 2024 in relation to minerals and metals from conflict-affected areas established that it does not place in free circulation or process minerals containing tin, tantalum, tungsten or gold, or metals from conflict-affected and high-risk areas in Switzerland. PolyPeptide also performed its analysis in 2024 in relation to Child Labor (as defined in its Global Supply Chain Policy on Child Labor[1]). PolyPeptide concluded that it does not offer any products or services for which there are reasonable grounds to suspect that they were manufactured or provided using Child Labor. However, given that PolyPeptide operates in potential Child Labor risk contexts (e.g., in light of its global sites and international Supply Chain (as defined in its Global Supply Chain Policy on Child Labor)), it has taken the decision to conduct due diligence and is reporting on this matter on a voluntary basis.

Principles

PolyPeptide strives to remain focused on the needs of its customers and its business, while adhering to fundamental principles of ethics and compliance, such as the United Nations Convention on the Rights of the Child[2], the Children's Rights and Business Principles developed by UNICEF, the United Nations Global Compact and Save the Children[3], and UNICEF's Children are everyone's business workbook 2.0[4].

PolyPeptide is aware of the problem of Child Labor in global value chains and takes its responsibility to respect human rights in its own operations and throughout its business relationships seriously, meaning to act with due diligence to avoid infringing on the rights of others and to address any adverse impacts. PolyPeptide is committed to complying with all applicable laws and regulations on Child Labor. Effectively preventing and mitigating adverse impacts may also help PolyPeptide maximize positive contributions to society, improve stakeholder relationships, and protect its reputation.

Policies

The foundation of PolyPeptide's commitment to complying with all applicable laws and regulations on Child Labor is its Global Supply Chain Policy on Child Labor[1], Code of Business Conduct and Ethics[1] and Supplier Code of Conduct[1], which are mandatory for all employees, vendors, consultants, and other business associates across PolyPeptide.

The Global Supply Chain Policy on Child Labor sets out in particular how PolyPeptide will comply with its due diligence and transparency obligations in its Supply Chain in relation to Child Labor. The Group-wide implementation of the principles as set out in the Global Supply Chain Policy on Child Labor helps PolyPeptide to avoid and address any adverse impacts related to Child Labor that may be associated with its Supply Chain.

PolyPeptide's Supply Chain due diligence and reporting management system as described in its Global Supply Chain Policy on Child Labor is an essential element in (i) detecting any products or services in its Supply Chain in relation to which there is a reasonable suspicion that they have been manufactured or provided using Child Labor, (ii) identifying and assessing the risks of adverse impacts in PolyPeptide's Supply Chain, (iii) establishing a risk management plan and taking measures to minimize the risks identified, regularly reviewing the effectiveness of the measures taken, including internal documentation, and (iv) preparing and publishing a yearly report on compliance with the due diligence obligations. The Global Supply Chain Policy on Child Labor further outlines PolyPeptide's Supply Chain Traceability System in relation to Child Labor.

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[1] Accessible at: www.polypeptide.com/company/downloads/.

[2] Accessible at: www.unicef.org/child-rights-convention/convention-text#.

[3] Accessible at: www.unicef.org/documents/childrens-rights-and-business-principles.

[4] Accessible at: www.unicef.org/vietnam/media/2281/file/Children%20are%20everyone's%20business:%20work book%202.0.pdf.

As an integral part of PolyPeptide's Supply Chain management system, its Global Supply Chain Policy on Child Labor is based on and to be read in conjunction with (i) PolyPeptide's Supplier Code of Conduct, (ii) the International Labor Organization (the "ILO") Conventions Nos 138[5] and 182[6], (iii) the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015[7], and (iv) the OECD Due Diligence Guidance for Responsible Business Conduct of 30 May 2018[8]. The Global Supply Chain Policy on Child Labor further supports PolyPeptide's environmental and human rights sustainability objectives.

The Code of Business Conduct and Ethics serves to (i) emphasize PolyPeptide's commitment to ethics and compliance with the law; (ii) set forth basic standards of ethical and legal behavior; (iii) provide reporting mechanisms for known or suspected ethical or legal violations; and (iv) help prevent and detect wrongdoing. In particular, the Code of Business Conduct and Ethics emphasizes PolyPeptide's efforts to ensure that its activities (directly or through its business relations) respect fundamental human rights, as set out by the United Nations Bill of Rights[9] and the core conventions of the ILO. PolyPeptide rejects any behavior that violates the human rights of any employee or individuals employed on behalf of the Group, especially forced labor or Child Labor, in its Supply Chain. The use of forced, bonded, or indentured labor or involuntary prison labor is strictly prohibited; this applies both to its suppliers and within the Group.

The Supplier Code of Conduct requires suppliers to comply with all applicable national and international laws and regulations, including the ILO and the United Nations' Universal Declaration of Human Rights, industry standards, and all other relevant statutory requirements - whichever requirements impose the highest standards of conduct. The Supplier Code of Conduct sets out PolyPeptide's expectations with regard to ethics, labor, and human rights, health and safety, environment, management systems and how questions or concerns can be reported to PolyPeptide. It states that suppliers must prohibit involuntary labor or work performed under the threat of penalty, including forced, prison, indentured labor, bonded labor, or other forms of slavery and/or servitude. Suppliers must further avoid all use and forms of Child Labor in their business operations and act in accordance with the United Nations Global Compact principles, the ILO labor standards and the OECD Guidance for Responsible Business Conduct. Where local laws are stricter by requiring a higher age for work or compulsory education, they take precedence. The Supplier Code of Conduct further states that suppliers shall publicly declare zero tolerance of Child Labor in their own business operations and prohibit all forms of child or forced labor (including modern slavery and human trafficking) in their own supply chain network. Suppliers must perform the necessary due diligence as specified by the OECD and in accordance with the Swiss regulations, especially when requested by PolyPeptide. The Group commits to provide providing suitable support, should a supplier identify practices or behaviors that fall short of these expectations.

Supply chain risk assessment and management system

PolyPeptide maintains a network of over 430 direct raw material suppliers around the globe. In 2024, the top 100 raw material suppliers together accounted for around 90% of the total material spending. The Group's main raw material categories constitute starting materials, solvents, reagents, and purification resins. Where feasible, PolyPeptide sources these products regionally, which benefits regional economies and communities.

PolyPeptide requires its suppliers to acknowledge and comply with its Supplier Code of Conduct and the Global Supply Chain Policy on Child Labor. The Group carries out a risk-based assessment to anticipate, avoid, or mitigate potential or actual adverse impacts associated with its Supply Chain. The instruments that PolyPeptide may use to identify and assess any risks of Child Labor in its Supply Chain are described in the Global Supply Chain Policy on Child Labor.

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5 Accessible at: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312283.

6 Accessible at: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182.

7 Accessible at: www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/instructional material/wcms_ipec_pub_27555.pdf.

8 Accessible at: mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm.

9 See: www.ohchr.org/en/what-are-human-rights/international-bill-human-rights.

For example, PolyPeptide introduced in 2023 a uniform supplier screening and onboarding process, starting with a search on a third-party screening interface. The process contributes to the identification of high-risk suppliers and the risk-based prioritization. In addition, with the support of a multinational assurance, inspection, product testing, and certification company, PolyPeptide began engaging with selected high-risk tier 1 raw material suppliers through a questionnaire based on ISO 26000. Suppliers are selected using a risk-based approach, focused on any enhanced risks of human rights and Child Labor violations based on, *inter alia*, the UNICEF Children's Rights in the Workplace Index. PolyPeptide may further conduct on-site as well as remote audits on a case-by-case basis to verify compliance. In the event of any observations or suspicions of actual or potential violations, PolyPeptide will engage with the supplier to create a remediation plan, and in severe cases terminate the relationship.

In 2023, nine selected high-risk tier 1 raw material suppliers (that are among PolyPeptide's top 100 suppliers) started their participation in assessments, including for human rights and Child Labor issues. As of 31 December 2024, ten selected high-risk tier 1 raw material suppliers have completed the assessments. With regard to human rights and/or Child Labor issues, no violations were detected. Late 2024, five new high-risk tier 1 raw material suppliers were selected to participate in the assessments during 2025. The onboarding process with these newly selected suppliers is ongoing. During 2025, PolyPeptide plans to evaluate the options for the next steps for the vendors that have completed the assessments. PolyPeptide is committed to expanding and continuously improving the assessment of its Supply Chain, with a particular focus on any potential new suppliers from high-risk areas before entering into any business relationships. At the same time, PolyPeptide is committed to the ongoing training of relevant employees on the topic of Child Labor to foster awareness within the Group and cooperation with suppliers.

For the financial year 2024, PolyPeptide assessed whether it offers any products or services for which there are reasonable grounds to suspect that they were manufactured or provided using Child Labor. As of 31 December 2024, through its risk analysis, information and research based on reasonable investigation, the assessment did not reveal any suspicion of Child Labor related to PolyPeptide's own business activity or that of its selected high-risk tier 1 raw material suppliers. PolyPeptide has internally documented this finding. Furthermore, through its risk analysis conducted in 2024, PolyPeptide did not identify any suspicion of Child Labor beyond its tier 1 Supply Chain. Given the complexity of the Supply Chain beyond tier 1, PolyPeptide will strive to expand its monitoring activities to enhance its diagnostic understanding of those suppliers.

Grievance mechanism

PolyPeptide maintains, as an early warning mechanism for risk identification, a reporting procedure that allows all interested parties to raise reasonable concerns about the existence of a potential or actual adverse impact related to Child Labor.

Anybody with knowledge or suspicion of illegal activities or irregularities at PolyPeptide (including any concerns about Child Labor in PolyPeptide's Supply Chain) can report observations confidentially and even anonymously, if desired, through PolyPeptide's whistleblower programs. Further information about PolyPeptide's whistleblower policies and hotlines can be found at: www.polypeptide.com/investors/corporate-governance/. Anyone who, in good faith, raises a concern about a possible ethics or compliance violation will be supported by PolyPeptide management and will not be subject to any form of retaliation. In addition, PolyPeptide will provide information on reports received to the Audit and Risk Committee or Board of Directors, as appropriate. All reports will be internally documented in writing. In 2024, PolyPeptide did not receive any complaints or reports about Child Labor in its own operations or Supply Chain.

Traceability system

Names and addresses of all PolyPeptide's tier 1 raw material suppliers, as well as the category of the goods or services they provide, are recorded in the Group's ERP systems. PolyPeptide keeps records of its monitoring activities, assessments, and completed third party ISO 26000 questionnaires.

PolyPeptide established and will maintain, as integral part of its Supply Chain management system, a system to document information for each product or service for which there are reasonable grounds to suspect Child Labor, if any ("Supply Chain Traceability System"). The Supply Chain Traceability System consists of internal company documentation and would list, insofar as reasonably possible, the following information for each product or service in the upstream Supply Chain for which there are reasonable grounds to suspect Child Labor: (a) description of the product or service and the trade name (if one exists) and (b) the names and addresses of the vendor and the production sites or the service provider for PolyPeptide. As of 31 December 2023, the Supply Chain Traceability System contained no entries, as PolyPeptide's assessment did not reveal any reasonable suspicion of Child Labor.

Transparency and reporting

PolyPeptide's general communication and reporting in relation to Child Labor are described in the Global Supply Chain Policy on Child Labor. In 2024, PolyPeptide did not receive any complaints or reports about Child Labor in its own operations or Supply Chain.

7. GRI content index

PolyPeptide has produced its report for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI 1 used	**GRI 1: Foundation 2021**
Applicable GRI Sector Standard(s)	**None**

General Disclosures

GRI Standard	Disclosure		Reference/ information	Omission
The organization and its reporting practices				
GRI 2: General Disclosures 2021	2-1	Organizational details	• PolyPeptide in brief, page 8 • Strategy, page 10 • Group structure and shareholders, page 82 • Notes to the consolidated financial statements, page 174	
	2-2	Entities included in the organization's sustainability reporting	• Sustainability approach, page 19 • Group structure and shareholders, page 82	
	2-3	Reporting period, frequency and contact point	• Introduction, page 18 • Imprint, page 241	
	2-4	Restatements of information	• None	
	2-5	External assurance	• Independent practitioner's limited assurance report on selected non-financial information 2024, page 76	
Activities and workers				
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	• Strategy, page 10	
	2-7 a., c., d., e.	Employees	• People, page 34-37	
Governance				
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	• Board of Directors, page 90	
	2-10	Nomination and selection of the highest governance body	• Election and term of office, page 99 • Remuneration and Nomination Committee, page 137	
	2-11	Chair of the highest governance body	• Members of the Board of Directors, page 91 • Internal organizational structure, page 100	
	2-12	Role of the highest governance body in overseeing the management of impacts	• Responsibilities and organization, page 19	
	2-13	Delegation of responsibility for managing impacts	• Responsibilities and organization, page 19	
	2-14	Role of the highest governance body in sustainability reporting	• Responsibilities and organization, page 19	
	2-15	Conflicts of interest	• Internal organizational structure, page 100	

	2-16	Communication of critical concerns	• Organizational Regulations • Business ethics and compliance, page 37-39 • Information and control instruments vis-à-vis the Executive Committee, page 111
	2-17	Collective knowledge of the highest governance body	• Board of Directors, page 90
	2-18	Evaluation of the performance of the highest governance body	• Remuneration Report, page 134
	2-19	Remuneration policies	• Articles of Association
	2-20	Process to determine remuneration	• Role and activities of the Board of Directors and shareholders, page 135-136 • Role and activities of the Remuneration and Nomination Committee, page 137-138

Strategy, policies and practices

GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	• Editorial, page 4
	2-23	Policy commitments	• Business ethics and compliance, page 38
	2-24	Embedding policy commitments	• Business ethics and compliance, page 38-39
	2-25	Processes to remediate negative impacts	• Compliance controls, page 113
	2-26	Mechanisms for seeking advice and raising concerns	• Compliance controls, page 113
	2-27	Compliance with laws and regulations	• Business ethics and compliance, page 38
	2-28	Membership associations	• Stakeholder engagement, page 21

Stakeholder engagement

GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	• Stakeholder engagement, page 21
	2-30	Collective bargaining agreements	• People, page 35

Material topics

GRI Standard	Disclosure		Reference/ information	Omission
GRI 3: Material Topics 2021	3-1	Process to determine material topics	• Identification of material topics, page 23	
	3-2	List of material topics	• Materiality matrix, page 24	
Product responsibility				
GRI 3: Material Topics 2021	3-3	Management of material topics	• Product responsibility, page 27	
Own indicator	–	Revenue structure	• Product responsibility, page 28	
Own indicator	–	Project pipeline	• Product responsibility, page 28	
Own indicator	–	Generics portfolio	• Product responsibility, page 28	
Own indicator	–	Delivery performance	• Product responsibility, page 29	
Green chemistry				
GRI 3: Material Topics 2021	3-3	Management of material topics	• Green chemistry, page 29	
GRI 303: Water and Effluents 2018	303-5, a.	Water consumption	• Green chemistry, page 31	
Own indicator	–	Solvent consumption	• Green chemistry, page 31	
Own indicator	–	Green solvent projects	• Green chemistry, page 31	
Own indicator	–	Percolation deployment	• Green chemistry, page 31	
Climate change mitigation				
GRI 3: Material Topics 2021	3-3	Management of material topics	• Climate Report, page 40	
GRI 302: Energy 2016	302-1, c.i.	Energy consumption within the organization	• Climate Report, page 52-58	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• Climate Report, page 52	
	305-2	Energy indirect (Scope 2) GHG emissions	• Climate Report, page 52	
	305-3	Other indirect (Scope 3) emissions	• Climate Report, page 52	
Own indicator	–	Renewable electricity	• Climate Report, page 56, 59	

Supply chain engagement			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Supply chain engagement, page 32
Own indicator	–	Supplier assessment	• Supply chain engagement, page 33
People			
GRI 3: Material Topics 2021	3-3	Management of material topics	• People, page 34
GRI 403: Occupational health and safety 2018	403-9, a. ii.	Work-related injuries	• People, page 35
Own indicator	–	Employee engagement	• People, page 35
Business ethics and compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Business ethics and compliance, page 37
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	• Business ethics and compliance, page 39
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• Business ethics and compliance, page 39
Own indicator	–	IT security training	• Business ethics and compliance, page 39
Own indicator	–	Whistleblower training	• Business ethics and compliance, page 39

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

REPORT OF THE INDEPENDENT PRACTITIONER

To the Board of Directors of PolyPeptide Group AG, Baar

Independent practitioner's limited assurance report on selected non-financial information 2024

We have been engaged to perform assurance procedures to provide limited assurance on selected non-financial information (including the Greenhouse Gas (GHG) emissions) of PolyPeptide Group AG and its consolidated subsidiaries (the "Group") for the year ended 31 December 2024 disclosed in the Annual Report 2024 (the "Report").

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.

Scope and subject matter

Our limited assurance engagement focused on selected non-financial information (including the GHG emissions) and the non-financial matters disclosures as referenced in the Art. 964b of the Swiss Code of Obligations (CO) (the "non-financial information") comply, in all material aspects, with the criteria outlined in the report.

The following non-financial information published in the Report is within the scope of our limited assurance engagement:

- The Group's materiality determination process at Group level as disclosed on pages 23-24 of the Report;
- The Group's non-financial report prepared in accordance with art. 964b CO in conjunction with Swiss Ordinance on Climate Disclosures as disclosed on pages 66-68 of the Report;
- The Group's compliance with the due diligence and reporting obligations concerning minerals and metals from conflict regions and child labor as disclosed on pages 69-71 of the Report.
- The correctness of the following consolidated performance indicators:

  Product responsibility performance indicator:
  - On-time-in-full delivery performance (OTIF) on page 29

  Green chemistry performance indicator:
  - Solvent consumption on page 31
  - Green solvent projects on page 31
  - Percolation deployment on page 31
  - Water consumption on page 31

  Climate change mitigation performance indicator:
  - Group greenhouse gas emissions on pages 55

  Supply chain engagement performance indicator:
  - Supplier assessment on page 33

BDO

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

People performance indicator:

- Number of employees (headcount per site, end of period) on page 36
- Geographical distribution (average number of FTE's per site) on page 36
- Age (headcount, end of period) on page 36
- Gender (headcount, end of period) on page 37
- Gender diversity (headcount, end of period) on page 37
- Lost time injuries, resulting in lost working days per employee on page 35

Business ethics and compliance performance indicator:

- Number of whistleblower reports on page 39
- Number of and nature of confirmed incidents of corruption on page 39

Criteria

The non-financial information was prepared by management under the supervision of the respective responsible Committees of the Board of Directors based on the following criteria (the "applicable Criteria"):

- The Group's materiality determination process at Group level based on the requirements of the "GRI Standards" published in October 2021 by the Global Reporting Initiative (GRI);
- The Group discloses a non-financial report based on the non-financial disclosure requirements regarding transparency on non-financial matters according to art. 964b CO in conjunction with Swiss Ordinance on Climate Disclosures;
- The Group complies with the requirements of art. 964k and 964l CO regarding due diligence and reporting obligations concerning minerals and metals from conflict regions and child labor;
- The Group's disclosure of selected non-financial information, including selected performance indicators, with reference to the "GRI Standards" published by the Global Reporting Initiative (GRI).

Responsibility of the Board of Directors

The Board of Directors is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the non-financial information in accordance with the applicable criteria. This responsibility includes the duty on transparency and accountability on non-financial matters according to art 964b CO and the related preparation of the disclosures as referenced in the Art. 964b CO index table as well as the design, implementation, and maintenance of the internal control relevant to the preparation of the non-financial information that are free from material misstatement, whether due to fraud or error.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 (ISQM 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We remain solely responsible for our assurance conclusion.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Responsibility of the Practitioner

Our responsibility is to express a conclusion on the non-financial information disclosed in the Report based on the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and in respect of GHG emissions, with ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we plan and perform this engagement to obtain limited assurance about whether the non-financial information is free from material misstatement, whether due to fraud or error.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria in terms of their relevance, comprehensiveness, reliability, neutrality and understandability and their consistent application;
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management;
- Interviews with the Group's key personnel to understand the non-financial reporting system during the reporting period, including the process for collecting, collating and reporting the disclosures, the performance indicators and non-financial information;
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria;
- Analytical review procedures to support the reasonableness of the non-financial information;
- Identifying and testing assumptions supporting calculations;
- Testing, on a sample basis, underlying source information to check the accuracy of the data;
- Critically reviewing the Report for plausibility and consistency of qualitative and quantitative information related to the performance indicators and non-financial Information;
- Assessing that the Report contains the information required by art. 964b para. 1 and para 2 CO and the completeness of the non-financial information as required by Art. 964b para. 1 and para 2 CO.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial information for the period from 1 January 2024 to 31 December 2024 in the Report of PolyPeptide Group AG have has not been prepared, in all material respects, in accordance with the applicable criteria.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Inherent Limitations

The accuracy and completeness of the non-financial information are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

In addition, the quantification of the GHG emissions indicators is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the emissions factors and the values needed to combine e.g. emissions of different gases. Our assurance report should therefore be read in connection with the Group guidelines, its definitions and procedures as well as third-party guidelines used to present the non-financial information.

Zurich, 10 March 2025

BDO Ltd

Simon Oswald

Roland Z'Rotz

Corporate Governance Report

Corporate Governance Report 2024

We are committed to the highest principles of good corporate governance, which we believe will provide a sustainable framework for realizing our strategy and objectives while at the same time strengthening our relationship with shareholders, employees, customers, suppliers and other stakeholders. Through accountability, transparency, fairness and responsibility, we strive to create an appropriate balance between management and control in alignment with the interests of our stakeholders.

Our Corporate Governance Report 2024 provides information on corporate governance in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance ("DCG"), the Swiss Code of Obligations ("CO") and the principles of the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse.[1] The information contained herein generally follows the structure of the annex of the DCG.

All information within this Corporate Governance Report 2024 refers to the Company's organization, Articles of Association[2] and Organizational Regulations[3] that were in effect as of 31 December 2024 (unless otherwise stated).

[1] In its version as approved by the board of economiesuisse on 14 November 2022.

[2] PolyPeptide Group AG's Articles of Association are available at www.polypeptide.com/investors/results-center/results-2024/.

[3] PolyPeptide Group AG's Organizational Regulations are available at www.polypeptide.com/investors/results-center/results-2024/.

1 Group structure and shareholders

1.1 Group structure

1.1.1 Our Group's operational structure

We are a leading global independent contract development and manufacturing organization ("CDMO") focused on innovative peptides and oligonucleotides employed as active pharmaceutical ingredients (*i.e.*, APIs) and used as intermediates in therapeutic products.

We are organized as a group of companies, and PolyPeptide Group AG (the "Company") is the ultimate parent company with its headquarters in Baar, Canton of Zug, Switzerland.

Our shareholders have the final say at PolyPeptide, and they exercise their rights at the general meeting. Our Board of Directors is directly accountable and reports to our shareholders by whom it is individually and annually elected.

In accordance with our Articles of Association[4], the Board of Directors determines our strategic direction and supervises the persons responsible for conducting PolyPeptide's business and achieving our strategic objectives. As provided for in the Company's Organizational Regulations[5], the Board of Directors has delegated the responsibility and authority necessary or appropriate for carrying out the day-to-day and operational activities of PolyPeptide to the Executive Committee.

Under the leadership of the CEO, as of 31 December 2024 the Executive Committee comprised the CEO, the CFO, the Director Global Operations and the General Counsel. The Executive Committee is further supported by additional members of senior management with deep industry experience who are designated and appointed by the CEO and who, together with members of the Executive Committee, form the PolyPeptide Management Committee. The PolyPeptide Management Committee prepares, informs and coordinates the implementation of the decisions of the CEO and the Executive Committee within their respective operational spheres.

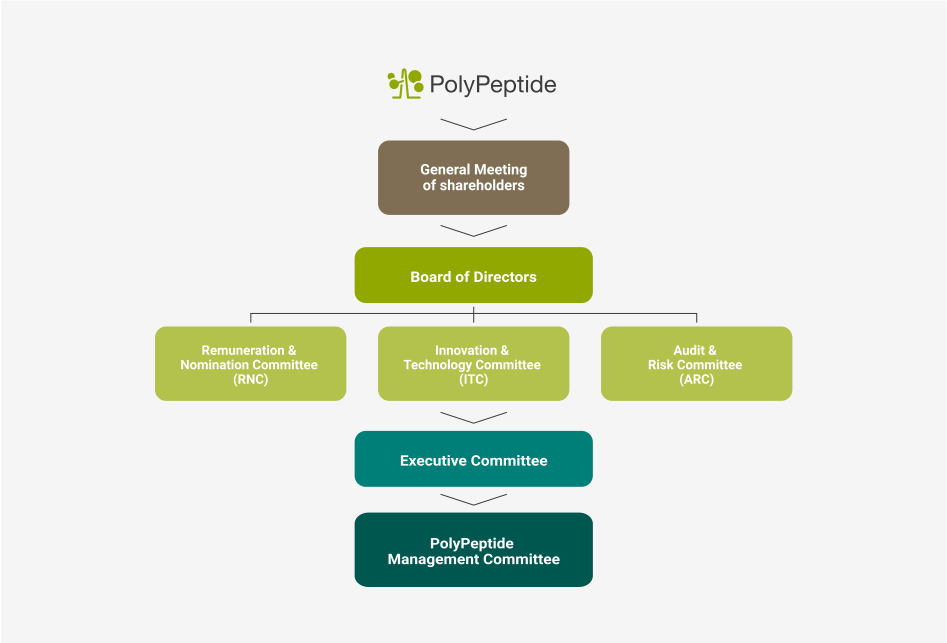
In 2024, the PolyPeptide Management Committee comprised the Executive Committee together with the Director Global Innovation & Technology, Chief Human Resources Officer and Director Global Quality, Development, Regulatory Affairs. Stéphane Varray will serve as Chief Commercial Officer and a member of the PolyPeptide Management Committee, effective 1 January 2025. The current members of our PolyPeptide Management Committee are based across PolyPeptide's offices in Europe.

Complementing our senior management team is our highly qualified and committed workforce. In 2024, we employed an average of 1,291 FTEs (2023: 1,202) across our headquarters in Switzerland and six (6) manufacturing sites in the US, Europe and India that served our clients' needs throughout the world. For further information about PolyPeptide's business areas, see note 3 "*Revenue and expenses*" of the consolidated financial statements in the Financial Report 2024.

[4] PolyPeptide Group AG's Articles of Association are available at www.polypeptide.com/investors/results-center/results-2024/.

[5] PolyPeptide Group AG's Organizational Regulations are available at www.polypeptide.com/investors/results-center/results-2024/.

Governance bodies



1.1.2 Listing and capitalization

PolyPeptide Group AG, with its registered office at Neuhofstrasse 24, 6340 Baar, Switzerland, is a stock corporation (*Aktiengesellschaft*), in accordance with art. 620 et. seq. of the Swiss Code of Obligations (the "CO"). It was incorporated on 6 April 2021 and registered with the commercial register of the Canton of Zug on 7 April 2021 under the company registration number CHE-159.266.771.

The shares of the Company have been listed on SIX Swiss Exchange (ISIN CH1110760852, ticker symbol: PPGN, valor number: 111 076 085) since 29 April 2021. On 31 December 2024, the market capitalization (excluding treasury shares) of the Company's shares amounted to CHF 937,100,486.40 (previous year: CHF 577,625,762.60). Except for the Company, there are no other listed companies belonging to PolyPeptide.

With the exception of the Company's treasury shares (see section 2.1 "*Company's ordinary share capital*" of this Corporate Governance Report), which are held by the Company itself, no shares of the Company are owned by any other PolyPeptide subsidiary.

1.1.3 Non-listed companies belonging to PolyPeptide

The Company's only direct shareholding is in Polypeptide Laboratories Holding (PPL) AB, which directly or indirectly wholly owns the other companies of the Group. The table below sets forth, as of 31 December 2024, the name, registered office, ownership interest and share capital of all direct and indirect subsidiaries that the Company consolidates.

Non-listed direct and indirect subsidiaries of PolyPeptide Group AG

Company name	Registered office	Country	Interest held (%)	Share capital	Currency
Polypeptide Laboratories Holding (PPL) AB	Limhamn, Malmö	Sweden	100%	18,264.84	EUR
Polypeptide Laboratories (Sweden) AB	Limhamn, Malmö	Sweden	100%	11,500,000	SEK
PolyPeptide SA	Braine-l'Alleud	Belgium	100%	40,000,000	EUR
PolyPeptide Laboratories France S.A.S.	Strasbourg	France	100%	9,000,000	EUR
PolyPeptide Laboratories Pvt. Ltd.	Ambernath (East)	India	100%	603,788,800	INR
PolyPeptide Laboratories Inc.	Torrance, CA	USA	100%	7	USD
PolyPeptide Laboratories San Diego, LLC[1]	San Diego, CA	USA	100%	n/a	USD
PolyPeptide Laboratories A/S[2]	Hillerød	Denmark	100%	20,000,000	DKK

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

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

1.2 Significant shareholders

To the best of the Company's knowledge, the following shareholders had holdings reaching or exceeding 3% or more of the voting rights in the Company as of 31 December 2024, as notified in accordance with art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (the "FinMIA"):

Shareholder (beneficial owner / direct shareholder)[1]	Number of shares	% of shareholding / voting rights
Cryosphere Foundation (St. Peter Port, Guernsey) / Draupnir Holding B.V. (Hoofddorp, The Netherlands)[2]	18,582,406	56.10
Premier Fund Managers Limited (Guildford, Surrey, UK)[3]	1,712,407	5.17
Premier Portfolio Managers Limited (Guildford, Surrey, UK) / Premier Miton European Opportunities Fund[4]	1,633,000	4.93
Rudolf Maag (Binningen BL, Switzerland)[5]	1,100,000	3.32
BlackRock, Inc. (New York, US)[6]	1,078,982	3.257

[1] The number of shares and/or voting rights shown in this Corporate Governance Report and the percentages are based on the last disclosure communicated by the respective shareholder to the Company and the Disclosure Office of SIX Exchange Regulation (SER). The number of shares held by the relevant shareholder may have changed since the date of such shareholder's notification. Any reportable changes since the date hereof can also be found on the website of SER, which also includes the individual reports of the significant shareholders: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html/.

[2] Disclosure notice of 9 December 2022.

[3] Disclosure notice of 18 March 2023.

[4] Disclosure notice of 18 March 2023.

[5] Disclosure notice of 4 May 2021.

[6] Disclosure notice of 25 February 2025.

Notifications made in accordance with art. 120 FMIA during the 12 months preceding 31 December 2024 can be viewed at: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html/.

To the best of the Company's knowledge, as of 31 December 2024, there are no shareholders' agreements in force.

1.3 Cross-shareholdings

The Company does not have any cross-shareholdings exceeding five percent of the capital or voting rights with any other company.

2 Capital structure

2.1 Company's ordinary share capital

As of 31 December 2024, the share capital of the Company amounted to CHF 331,250.01 and was divided into 33,125,001 registered shares (*vinkulierte Namenaktien*) with a nominal value of CHF 0.01 each. The share capital is fully paid-up.

As of 31 December 2024, the Company held 128,505 treasury shares, representing 0.39% of the Company's share capital. The Company purchased the treasury shares for the first time during the initial public offering (the "IPO") as part of the preferential allocation and purchased additional treasury shares during the course of 2022 to support PolyPeptide's share-based remuneration programs (see section 4 "*Compensation framework for the Board of Directors*" and section 5.1.4 "*Long-term incentive program*" of the Remuneration Report 2024).

2.2 Capital band and conditional capital

2.2.1 Capital band

As of 31 December 2024, the Company's Articles of Association did not include a capital band.

2.2.2 Conditional capital

Below is a summary of the Company's conditional share capital for employee participations (art. 3a of the Articles of Association) as of 31 December 2024.

According to art. 3a of the Articles of Association, the share capital of the Company may be increased by up to CHF 6,000 by the issuance of up to 600,000 fully paid-up registered shares with a nominal value of CHF 0.01 each, upon the exercise of option rights or in connection with similar rights regarding shares (including performance stock units (PSU) and / or restricted stock units (RSU)) granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. The pre-emptive rights and the advance subscription rights of the shareholders shall be excluded or restricted, respectively, if and to the extent the option rights are not allocated to the existing shareholders. The acquisition of registered shares based on art. 3a of the Articles of Association and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to art. 5 of the Articles of Association. The conditions for the allocation and exercise of the option rights and other rights regarding shares from art. 3a of the Articles of Association are determined by the Board of Directors. The shares may be issued at a price below the respective market price. Option rights pursuant to art. 3a of the Articles of Association must be exercised in writing or in electronic form allowing proof by text. This also applies to the waiver of the exercise of these rights.

The conditional share capital was created at the general meeting on 6 April 2021. If fully utilized, the maximum amount of this conditional share capital (*i.e.*, CHF 6,000) would equal approximately 1.8% of the existing share capital. The time period for an increase of the Company's share capital pursuant to art. 3a of the Articles of Association is unlimited. As of 31 December 2024, no shares have been issued out of conditional share capital.

2.2.3 Authorized capital

As of 31 December 2024, the Company's Articles of Association did not include any authorized share capital. Consequently, there was no increase from authorized capital in the reporting year. For past increases from authorized capital, see sections 2.2.3 "*Authorized capital*" and 2.3 "*Changes in share capital*" of the Corporate Governance Report 2023.

2.3 Changes in share capital

	Share capital (CHF)
Amount as of 31 December 2022	
Ordinary share capital	331,250.01
Conditional share capital *(if fully utilized)*	6,000.00
Authorized share capital for financing and acquisitions *(if fully utilized)*	29,999.99
Authorized share capital for IPO *(if fully utilized)*	13,750.00
Amount as of 31 December 2023	
Ordinary share capital	331,250.01
Conditional share capital *(if fully utilized)*	6,000.00
Amount as of 31 December 2024	
Ordinary share capital	331,250.01
Conditional share capital *(if fully utilized)*	6,000.00

2.4 Shares and participation certificates

As of 31 December 2024, the share capital of the Company amounted to CHF 331,250.01 and was divided into 33,125,001 registered shares (*vinkulierte Namenaktien*) with a nominal value of CHF 0.01 each, all fully paid-up.

Subject to the Percentage Limit described in art. 5 para. 3 of the Articles of Association and provided that its holder or usufructuary has been duly entered into the share register as a shareholder with voting rights on or before the relevant Record Date, each share carries one vote at a shareholders' meeting. Aside from the limitations described in the preceding sentence, the shares rank *pari passu* in all other respects with each other, including in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights. Dividend and voting rights are suspended for treasury shares held by the Company.

The Company issues its registered shares only as uncertificated securities (*Wertrechte*) within the meaning of art. 973c CO, and registers them as book-entry securities (*Bucheffekten*) within the meaning of the Federal Act on Intermediated Securities (FISA). In accordance with art. 973c CO, the Company maintains a non-public register of uncertificated securities (*Wertrechtebuch*).

Shareholders have no right to request conversion of the form in which registered shares are issued into another form. Each shareholder may, however, at any time require from the Company a confirmation relating to their current shareholding, as reflected in the Company's share register (*Aktienbuch*).

The Company has not issued any participation certificates (*Partizipationsscheine*).

2.5 Dividend-right certificates

The Company has not issued any dividend-right certificates (*Genussscheine*).

2.6 Limitations on transferability and Nominee registrations[6]

Art. 5 of the Articles of Association contains restrictions on shareholders' possibility to be entered into the Company's share register as a shareholder with voting rights and on the registration of nominees ("Nominees").[7]

[6] This section 2.6 provides a summary of the limitations on transferability of the Company's shares and Nominee registrations. See art. 5 of the Articles of Association for more information.

[7] Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in a similar manner, as well as individuals, legal entities or partnerships (especially syndicates) that act in concert are considered as one shareholder or Nominee according to art. 5 para. 7 of the Articles of Association.

2.6.1 Limitations on transferability

According to art. 5 para. 2 of the Articles of Association, and except as otherwise provided in the Articles of Association, persons acquiring shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves (i) to have acquired the shares in their own name and for their own account, (ii) that no agreements on the redemption or return of these registered shares exist, (iii) to bear the risk associated with the shares and (iv) comply with the disclosure requirements stipulated by the FinMIA. Entry in the share register as a shareholder with voting rights is subject to the approval of the Company.

Entry in the share register as a shareholder with voting rights may be refused based on the grounds set out in art. 5 paras 3–7 of the Articles of Association. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the general meeting.

The Board of Directors may, according to art. 5 para. 3 of the Articles of Association, refuse the registration in the share register as a shareholder with voting rights if an acquirer would as a result of the recognition as a shareholder with voting rights directly or indirectly acquire, or hold in the aggregate, more than 10 percent of the registered shares recorded in the commercial register (the "Percentage Limit").

The Board of Directors may enter the registration with voting rights in the share register according to art. 5 para. 4 of the Articles of Association even if 10 percent of the registered shares recorded in the commercial register are exceeded, (i) for shareholders (and their respective legal successors) who held or were allotted more than 10 percent of the registered shares recorded in the commercial register before completion of the IPO and only to the extent they held or were allotted such registered shares at that time ("Incumbent Shareholders"); (ii) if an Incumbent Shareholder (or such Incumbent Shareholder's legal successor, respectively) acquires additional registered shares after the IPO; or (iii) if (A) a spouse, descendent, parent, sibling or an affiliated person of an Incumbent Shareholder (or such Incumbent Shareholder's legal successor, respectively) or (B) any other acquirer acquires registered shares from an Incumbent Shareholder (or such Incumbent Shareholder's legal successor, respectively) off-market, but in each case only to the extent such registered shares held by such Incumbent Shareholder (or such Incumbent Shareholder's legal successor, respectively) had been registered with voting rights in the share register.

According to art. 5 para. 6 of the Articles of Association and subject to art. 652b para. 3 CO, the described limits of registration also apply to the subscription for or acquisition of registered shares by exercising pre-emptive, option or convertible rights arising from shares or any other securities issued by the Company or third parties.

According to art. 5 para. 7 of the Articles of Association legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert are considered as one shareholder or Nominee.

The Company may in special cases approve exceptions to the above restrictions (art. 5 paras. 3, 4 and 5 of the Articles of Association). After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information pursuant to art. 5 para. 3 of the Articles of Association. The concerned person has to be immediately informed about the deletion. Until an acquirer of shares becomes a shareholder with voting rights for the shares in accordance with art. 5 of the Articles of Association, the acquirer may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights.

For so long as the Company's shares are issued as uncertificated securities and registered as book-entry securities, the transfer of shares and the granting of security rights must be made in accordance with FISA. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded.

2.6.2 Exceptions granted in the period under review

The Company may in special cases approve exceptions to the restrictions as set out in art. 5 (Share Register, Transfer Restrictions) of the Articles of Association.

As of 31 December 2024, no exceptions under art. 5 of the Articles of Association had been granted during the period under review.

2.6.3 Admissibility of Nominee registrations

According to art. 5 para. 5 of the Articles of Association, persons not expressly declaring themselves to be holding the shares for their own account in their application for entry in the share register or upon request by the Company (hereafter referred to as "Nominees") shall be entered in the share register as shareholders with voting rights without further inquiry up to a maximum of 3.0% of the share capital outstanding at that time. Subject to art. 5 para. 3 of the Articles of Association (see also section 6 "*Shareholders' participation rights*" of this Corporate Governance Report), above this limit, registered shares held by Nominees shall be entered in the share register with voting rights only if in its application for registration, or thereafter upon request by the Company, the Nominee discloses the names, addresses and shareholdings of the persons for whose account the Nominee is holding 0.5% or more of the share capital outstanding at that time and provided that the disclosure requirements stipulated by the FinMIA are complied with. The Board of Directors has the right to conclude agreements with Nominees concerning their disclosure requirements.

According to art. 5 para. 6 of the Articles of Association and subject to art. 652b para. 3 CO, the described limit for registration also applies to the subscription for or acquisition of registered shares by exercising pre-emptive, option or convertible rights arising from shares or any other securities issued by the Company or third parties.

According to art. 5 para. 7 of the Articles of Association legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert are considered as one shareholder or Nominee.

The Company may in special cases approve exceptions to the above restrictions according to art. 5 para. 8 of the Articles of Association. After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information pursuant to art. 5 para. 3 of the Articles of Association. The concerned person has to be immediately informed about the deletion. Until an acquirer of shares becomes a shareholder with voting rights for the shares in accordance with art. 5 of the Articles of Association, the acquirer may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights. As of 31 December 2024, no exceptions under art. 5 of the Articles of Association had been granted during the period under review.

2.6.4 Procedure and conditions for cancelling transferability privileges and limitations

The easement or abolition of the restrictions of the transferability of the registered shares requires a resolution of a shareholders' meeting passed by at least two thirds of the represented share votes and an absolute majority of the par value of represented shares (see art. 12 of the Articles of Association).

2.7 Convertible bonds and options

As of 31 December 2024, neither the Company nor any of its subsidiaries has issued any bonds or options regarding the Company's shares.

For information regarding the granting of Performance Share Units (PSUs) to selected employees of PolyPeptide, please refer to section 5.1.4 "*Long-term incentive program*" of the Remuneration Report 2024.

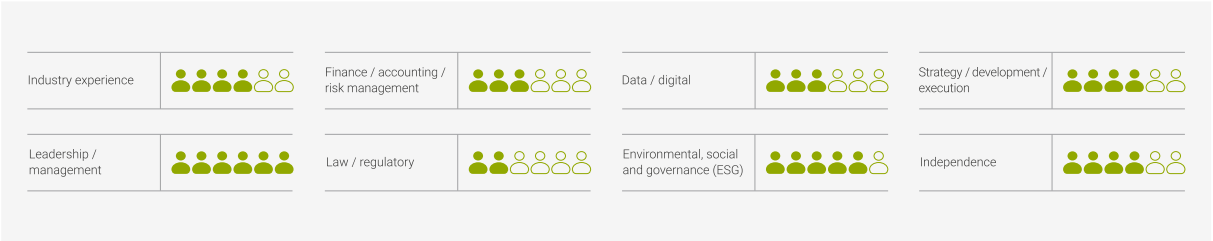
3 Board of Directors

The Board of Directors is responsible for PolyPeptide's overall direction and oversight of management, and holds the ultimate decision-making authority, with the exception of matters reserved for shareholders.

We believe that the composition of our Board of Directors should reflect PolyPeptide's objectives, strategic requirements, geographical reach and its culture. The Board of Directors should further be diverse in terms of age, gender, nationality, geographical / regional background and business experience.

In furtherance of this, the Board of Directors has determined a wide range of skills to ensure that all members are well qualified, committed and willing to devote the necessary time and effort to effectively perform their responsibilities. Based on the defined set of competencies, the Board members were asked to identify their key skills highlighted by their educational and professional background and personal achievements, as illustrated in the chart below.

Board skills distribution
(as of 31 December 2024)



The Remuneration and Nomination Committee regularly assesses the set of competencies as well as each Director's contributions to ensure that an appropriate mix of skills, expertise and diversity is represented on the Board of Directors and its Committees. In addition, the Remuneration and Nomination Committee, together with the Board of Directors, actively considers the key skills illustrated above, as well as gender diversity, in succession planning of the Board of Directors as well as of the Executive Committee.

3.1 Members of the Board of Directors

During the reporting period, the number of members of the Board of Directors decreased from seven (7) to six (6). Six (6) Directors in office as of 1 January 2024 stood for re-election at the general meeting 2024 held on 10 April 2024 ("AGM 2024") and were approved by the shareholders. Dorothee A. Deuring was elected as a member of the Board of Directors at the general meeting 2023 and decided not to stand for re-election as a member of the Board of Directors at the AGM 2024.[8] Thus, as of 31 December 2024, the Board consisted of six (6) non-executive Directors (including the Chair and the Lead Independent Director), four (4) of which are independent, as outlined below:

Name	Position	First election	End of term
Peter Wilden	Chair, Non-executive[1]	2021	AGM 2025
Patrick Aebischer	Vice-Chair, Non-executive and Lead Independent Director[2, 3]	2021	AGM 2025
Jane Salik	Member, Non-executive and Independent[2]	2021	AGM 2025
Erik Schropp	Member, Non-executive[4]	2021	AGM 2025
Beat In-Albon	Member, Non-executive and Independent[2]	2021	AGM 2025
Philippe Weber	Member, Non-executive and Independent[2, 5]	2021	AGM 2025

[1] Due to Dr. Wilden's prior roles within the Ferring Group and the Group's ongoing business relationship with the Ferring Group, which is considered a related party, Dr. Wilden has been assessed as not independent. Dr. Wilden has concluded all his mandates at Ferring Group by the end of 31 December 2024. For further information, please refer to Dr. Wilden's biography below.

[2] The term "independent" is interpreted in accordance with art. 15 of the Swiss Code of Best Practice for Corporate Governance. In addition, section 4(d) of the Organizational Regulations further specifies that (i) a Director shall be deemed to have no or comparatively minor business relations with any member of the Group as long as such Director is not receiving more than CHF 120,000 during any 12-month period in direct compensation from any member of the Group (other than director fees and related compensations), and (ii) the Director is not a current executive officer of a company that made payments to, or received payments from any member of the Group for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of CHF 200,000 or 5% of the recipient company's consolidated gross revenues for that year, and (iii) the Director has not held any executive position within the Company during the past three years, and (iv) the Director does not represent a shareholder that holds more than 15% of the Company's shares.

[3] Dr. Patrick Aebischer has been a Senior Partner and member of the Investment Advisory Committee of NanoDimension Management Limited since 2017. In 2021, PolyPeptide committed to a limited investment in a partnership managed by NanoDimension Management Limited. Dr. Aebischer abstained from voting on this item. The indirect business relationship between PolyPeptide and Dr. Aebischer resulting from this commitment is considered comparatively minor. Thus, Dr. Aebischer is regarded as independent within the meaning of art. 15 Swiss Code of Best Practice for Corporate Governance and section 4(d) of the Organizational Regulations.

[4] Currently, Mr. Schropp is CEO of Esperante Investments Group and a director of Draupnir Holding B.V. (one of the Company's significant shareholders, see section 1.2 "*Significant shareholders*" of this Corporate Governance Report, and also a related party). As a result of these roles, Mr. Schropp is assessed as not independent. For further information, please refer to Mr. Schropp's biography below.

[5] Mr. Weber is a Partner at Niederer Kraft Frey AG (NKF); see section 4.2 "*Compensation of the Board of Directors*" of the Remuneration Report 2024 for disclosure of the fees paid to NKF for legal services in relation to ongoing corporate legal matters in 2024. The business relationship between PolyPeptide and NKF is considered minor. Thus, Mr. Weber is regarded as independent within the meaning of art. 15 Swiss Code of Best Practice for Corporate Governance and section 4(d) of the Organizational Regulations.

PolyPeptide believes that the composition of its Board of Directors and Committees with regard to independence and competences fairly reflects and balances the interests of its shareholders and other stakeholders.

[8] Dorothee A. Deuring left the Board on 10 April 2024. For further information see section 3 "*Board of Directors*" of the Corporate Governance Report 2023.

Set out below is a short description of the business experience, education and activities of each director.

Peter Wilden

Chair since 2021
Non-executive[9]

Nationality: **German**
Year of birth: **1957**

Professional background

Beginning in 1991, Dr. Wilden held various senior roles within the Ferring Group, ultimately serving as Executive Vice President and CFO of Ferring Pharmaceuticals between 2000 and 2017. During his tenure with the Ferring Group, Dr. Wilden also served as member of the board of directors for various subsidiaries of the Ferring Group. Following his resignation as Executive Vice President and CFO in 2017, Dr. Wilden held various directorships and advisory roles within the Ferring Group. Due to Dr. Wilden's prior roles within the Ferring Group and the Group's ongoing business relationship with the Ferring Group, which is considered a related party, Dr. Wilden has been assessed as not independent. Dr. Wilden has concluded all his mandates at Ferring Group by the end of 31 December 2024.[10]

Prior positions at PolyPeptide

- Group Executive Chair (30 January 2023–30 September 2023)

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Outside mandates at non-profit organizations

- Member of the board of directors of the Suisse Polar Foundation, Switzerland (since 2018)
- Chair of the board of directors of Project HOPE Suisse International Foundation, Switzerland (since 2015)
- Member / Vice-Chair of the board of directors of Project HOPE, US (since 2012)

Former outside activities and functions

- Member of the board of directors of Ferring International Center SA, Switzerland (2002–December 2024, Executive Chair 2002–December 2023)
- Vice-Chair of the board of directors of Schlumberger AG, Austria (2014–2022)
- Member of the board of directors of Ferring Ventures SA (previously named Trizell Holding SA), Switzerland (2014–June 2021)
- Member / Chair of the Audit Committee / Vice-Chair of the board of directors of Lonza Group AG, Switzerland (2004–2014)
- Executive Vice-President and CFO of Ferring Pharmaceuticals, Switzerland (2000–2017)

[9] Dr. Peter Wilden assumed the role of Executive Chair on 30 January 2023 following the resignation of the then current CEO. Upon the appointment of Juan José González as CEO effective 12 April 2023 and the completion of his introduction to PolyPeptide, Dr. Wilden stepped down from his executive duties as of 30 September 2023 and continued his role as Chair of the Board of Directors. In light of the interim and limited duties as Executive Chair in 2023, Dr. Peter Wilden continues to be assessed as "non-executive".

[10] Ferring Group is disclosed in note 22 "*Related parties*" of the consolidated financial statements in the Financial Report 2024 as a related party because it is related to the Company through the Esperante Investments Group ownership structure. For further information, see note 22 "*Related parties*" of the consolidated financial statements in the Financial Report 2024.

Education

- PhD in Economics, University of Kiel, Germany (1991)
- MBA in Industrial Economics, University of Kiel, Germany (1986)
- Education Tax Inspector at the German Inland Revenue Service, Germany (1977–1980)

Key skills: Industry experience; Leadership / management; Finance / accounting / risk management; Data / digital; Environmental, social and governance (ESG); Strategy / development / execution

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Patrick Aebischer

Vice-Chair and Lead Independent Director since 2021[11]
Non-executive

Nationality: **Swiss**
Year of birth: **1954**

Professional background

Dr. Aebischer was the president of EPFL, the Swiss Federal Institute of Technology Lausanne from 2000 to 2016 and Professor of Neurosciences until his retirement in 2019. He has received numerous honors, including the Robert Bing Prize of the Swiss Academy of Medicine and the Pfizer Foundation Prize for Clinical Neurosciences. Dr. Aebischer holds various academic advisory positions as well as various positions in non-profit foundations and scientific advisory boards.

Prior positions at PolyPeptide

- None

Outside mandates at listed companies

- Member of the board of directors of Nestlé SA, Switzerland (since 2015)

Outside mandates at non-listed companies

- Member of the board of directors of Swiss Vaccine SA, Switzerland (since 2022)
- Chair of the board of directors of Vandria SA, Switzerland (since 2021)
- Senior Partner of NanoDimension Management Limited, Cayman Islands (since 2017)
- Chair of the board of directors of Amazentis SA, Switzerland (since 2007)

[11] Dr. Patrick Aebischer has been a Senior Partner and member of the Investment Advisory Committee of NanoDimension Management Limited since 2017. In 2021, PolyPeptide committed to a limited investment in a partnership managed by NanoDimension Management Limited. Dr. Aebischer abstained from voting on this item. The indirect business relationship between PolyPeptide and Dr. Aebischer resulting from this commitment is considered comparatively minor. Thus, Dr. Aebischer is regarded as independent within the meaning of art. 15 Swiss Code of Best Practice for Corporate Governance and section 4(d) of the Organizational Regulations.

Outside mandates at non-profit organizations

- Member of the board of directors of Fondation “Geneva Science & Diplomacy Anticipator”, Switzerland (since 2019)
- Member of the board of directors of Fondation du domaine de Villette, Switzerland (since 2018)
- Member of the board of directors of Fondation Defitech, Switzerland (since 2017)
- Chair of the board of directors of Swiss Polar Foundation, Switzerland (since 2016)
- Member of the board of directors of Fondation Claude Nobs, Switzerland (since 2015)
- Member of the board of directors of Fondation du Festival de Verbier, Switzerland (since 2015)

Former outside activities and functions

- Member of the board of directors of Logitech SA, Switzerland (2016–2024)
- Chair of the board of directors of Fondation ArtTech, Switzerland (2017–2024)
- Chair of the board of directors of the Novartis Venture Fund, Switzerland (2014–2023)
- Member of the board of directors of Lonza Group AG, Switzerland (2008–2020)
- Professor of Neurosciences, Swiss Federal Institute of Technology Lausanne (EPFL), Switzerland (2000–2019)
- President of EPFL, Switzerland (2000–2016)

Education

- Dr. in Medicine, University of Geneva, Switzerland (1983)
- MD, University of Geneva, Switzerland (1980)

Key skills: Industry experience; Leadership / management; Data / digital; Environmental, social and governance (ESG); Strategy / development / execution; Independence

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Erik Schropp

Member since 2021
Non-executive

Nationality: **Dutch**
Year of birth: **1964**

Professional background

Currently, Mr. Schropp is CEO of Esperante Investments Group and a director of Draupnir Holding B.V. (one of the Company's significant shareholders, see section 1.2 "*Significant shareholders*" of this Corporate Governance Report).[12] As a result of these roles, Mr. Schropp is assessed as not independent.

Prior positions at PolyPeptide

- Member of the board of directors of PolyPeptide Laboratories Holding B.V., The Netherlands, and PolyPeptide Laboratories Holding (PPL) AB, Sweden (2017–2021)

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- CEO of Esperante Investments Group (since 2020) (including serving as a member of the board of directors of Draupnir Corporation B.V., The Netherlands (since 2022) and Draupnir Holding B.V., The Netherlands (since 2008) and of the following strategic business units: (i) SEVER Life Sciences B.V., The Netherlands (since 2019), including serving as a member of the board of directors of two subsidiary companies; (ii) Esperante Ventures B.V., The Netherlands (since 2008); (iii) Svar Life Science AB, Sweden (since 2008), including serving as a member of the board of directors of two subsidiary companies)
- Member of the board of directors of Haydn Holding AB, Sweden (since 2012) (including serving as a member of the board of directors at six subsidiary companies)
- Member of the board of directors of Ferring Foundation B.V., The Netherlands (since 2008) (including serving as a member of the board of directors of two subsidiary entities)

Outside mandates at non-profit organizations

- Member of the board of directors, Stichting Det Paulsen Legaat, The Netherlands (since 2023)
- Member of the board of directors, Stichting Vrienden van Megara, The Netherlands (since 2022)

Former outside activities and functions

- Member of the board of directors of FinVector Oy, Finland (2020–2021)
- Member of the board of directors of Altacor Ltd., United Kingdom (2014–2017)
- Group Financial Officer, C&P Investors Group (presently: Esperante Investments Group), The Netherlands (2008–2020)
- Group Tax & Finance Director, C&P Investors Group (presently: Esperante Investments Group), The Netherlands (2005–2008)
- International Tax & Finance Director, Ferring Pharmaceuticals, The Netherlands and Denmark (1999–2005)

[12] Draupnir Holding B.V. is disclosed in note 22 "*Related parties*" of the consolidated financial statements in the Financial Report 2024 as a related party because it is related to the Company through the Esperante Investments Group ownership structure. For further information, see note 22 "*Related parties*" of the consolidated financial statements in the Financial Report 2024.

Education

- Master's degree in Economics & Tax, Erasmus University, Rotterdam, The Netherlands (1988)

Key skills: Leadership / management; Finance / accounting / risk management; Data / digital

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Jane Salik

Member since 2021
Independent; Non-executive

Nationality: **American**
Year of birth: **1953**

Professional background

Ms. Salik joined PolyPeptide in 1996 as President of PolyPeptide Laboratories Inc., where she was responsible for sales and marketing, overall management, administration and strategic planning for the company. In 2006, she was appointed CEO, during which time she guided PolyPeptide through a period of significant growth, expansion of sales and profits, expanding into new geographies and establishing a culture of innovation and execution of best practice. Ms. Salik resigned as CEO on 29 April 2021 and was a member of the Executive Committee of PolyPeptide until 17 August 2021. Since her operational management roles at the Group ended more than three years ago, Ms. Salik is now assessed as independent.

Prior positions at PolyPeptide

- Group CEO (2006–April 2021) and Executive Committee member (2006–August 2021)
- President, PolyPeptide Laboratories Inc., US (1996–2006)
- Member of the board of directors of PolyPeptide Laboratories Holding B.V., The Netherlands, as well as certain of its direct and indirect global subsidiaries (2003–2021)

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Outside mandates at non-profit organizations

- None

Former outside activities and functions

- Vice President of Sales and Marketing, Bachem California, US (1986–1996)
- Technical services biochemist, product manager and marketing manager, Boehringer Mannheim, US (1980–1986)

Education

- PhD in Molecular and Cellular Biology, SUNY Stony Brook, US (1980)
- B.A. in Biology, Lafayette College, US (1975)

Key skills: Industry experience; Leadership / management; Environmental, social and governance (ESG); Strategy / development / execution; Independence

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Beat In-Albon

Member since 2021
Independent; Non-executive

Nationality: **Swiss**
Year of birth: **1952**

Professional background

From 2016 to 2018, Mr. In-Albon was Head of Strategic Projects at Lonza AG, Switzerland, on a part-time basis ahead of his retirement. Previously, Mr. In-Albon served as Senior Vice President and Chief Operating Officer Specialty Ingredients and was a member of the Executive Management Committee of Lonza AG, Switzerland, from 2012 until 2015.

Prior positions at PolyPeptide

- None

Outside mandates at listed companies

- Member of the board of directors of Evolva Holding SA, Switzerland (since 2020, Chair 2020–2022)

Outside mandates at non-listed companies

- Chair of the board of directors of Hans Kalbermatten Thermalbad AG, Switzerland (since 2021)

Outside mandates at non-profit organizations

- Vice-Chair of the board of directors of Lonza Arena AG, Switzerland (since 2020)

Former outside activities and functions

- Member of the board of directors of Deccan Fine Chemicals Pvt. Ltd., India (2019–2023)
- Member / Chair of the board of directors of Escientia Switzerland AG, Switzerland (2020–2021)
- Head of Strategic Projects at Lonza AG, Switzerland (2016–2018)
- Senior Vice President and COO Specialty Ingredients / Member of the Executive Management Committee, Lonza AG, Switzerland, (2012–2015)
- Member of the board of directors of Siegfried AG, Switzerland (2009–2012)
- Executive Vice President of Industrial Services, Member of the Operations Council, SGS SA, Switzerland (2009–2012)
- Executive Vice President of Life Science Services / Member of the Operations Council, SGS SA, Switzerland (2008–2009)
- Various positions at Lonza AG, Switzerland, (1983–2007), including Senior Vice President / Head of Organic Fine- & Performance Chemicals / Member of the Executive Management Committee (2003–2007)

Education

- Master of Business Administration in Political Economy, University of Fribourg, Switzerland (1987)
- PhD in Economic Science, University of Fribourg, Switzerland (1983)

Key skills: Industry experience; Leadership / management; Finance / accounting / risk management; Law / regulatory; Environmental, social and governance (ESG); Independence

Philippe Weber

Member since 2021
Independent[13]; Non-executive

Nationality: **Swiss**
Year of birth: **1965**

Professional background

Mr. Weber is a member of the board of directors of Niederer Kraft Frey AG, Zurich (since 2008) and has been a partner of Niederer Kraft Frey AG, Zurich since 2002. He is an attorney-at-law admitted to the Swiss bar.

Prior positions at PolyPeptide

- None

Outside mandates at listed companies

- Vice-Chair of the board of directors of Leonteq AG, Switzerland, and Leonteq Securities AG, Switzerland (both since 2020)
- Member of the board of directors of Medacta Group AG, Switzerland (since 2019)
- Member of the board of directors of EDAG Engineering Group AG, Switzerland (since 2015)

Outside mandates at non-listed companies

- Member of the board of directors of NorthStar Holding AG, Switzerland (since 2018)
- Member of the board of directors of Banca del Ceresio SA, Switzerland (since 2017)
- Member of the board of directors of Newron Suisse SA, Switzerland (since 2007)
- Partner at Niederer Kraft Frey AG, Switzerland (since 2002)
- Company Secretary of CLS Group Holdings AG, Switzerland (since 2002)

Outside mandates at non-profit organizations

- None

Former outside activities and functions

- Chair of the board of directors and managing partner of Niederer Kraft Frey AG, Switzerland (2015–March 2021)
- Director of Robert Aebi AG, Switzerland (2004–2017)

Education

- PhD in law (summa cum laude), University of Zurich, Switzerland (1995)
- LL.M. (with distinction), European University Institute (EUI) in Fiesole, Italy (1994)

Key skills: Leadership / management; Law / regulatory; Environmental, social and governance (ESG); Strategy / development / execution; Independence

[13] Mr. Weber is a Partner at Niederer Kraft Frey AG (NKF); see section 4.2 "*Compensation of the Board of Directors*" of the Remuneration Report 2024 for disclosure of the fees paid to NKF for legal services in relation to ongoing corporate legal matters in 2024. The business relationship between PolyPeptide and NKF is considered minor. Thus, Mr. Weber is regarded as independent within the meaning of art. 15 Swiss Code of Best Practice for Corporate Governance and section 4(d) of the Organizational Regulations.

3.2 Other activities and vested interests

Except as disclosed in the biographies of the members of the Board of Directors, no further activities or vested interests are carried out outside of PolyPeptide.

3.3 Mandates and other permitted activities

In accordance with Swiss law, our Articles of Association limit the number of functions in superior management or administrative bodies of legal units other than with PolyPeptide that Directors are allowed to hold at one time.

Pursuant to art. 23 of the Articles of Association, the Directors may have the following comparable functions at other companies with an economic purpose (including their group):

- up to four (4) mandates as member of the board of directors or any other superior management or administrative body of listed companies; and, in addition,
- up to ten (10) mandates as member of the board of directors or any other superior management or administrative body of legal entities that do not meet the above mentioned criteria.

With respect to the additional activities of the Directors, mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

The following mandates shall not be subject to the limitations set forth in art. 23 of the Articles of Association:

- mandates in companies which are controlled by the Company or which control the Company;
- mandates held at the request of the Company or companies controlled by it; no member of the Board of Directors shall, however, hold more than ten (10) such mandates; and
- mandates in associations, charitable organizations, foundations, employee welfare foundations and other similar organizations; no member of the Board of Directors shall, however, hold more than fifteen (15) such mandates.

3.4 Election and term of office

According to art. 15 of the Articles of Association, the Board of Directors consists of a minimum of three (3) members. As prescribed by Swiss Law, all members of the Board of Directors, including the Chair, have to be elected individually, and may only be removed by a shareholders' resolution. The maximum term of office for a member of the Board of Directors is one year. In this context, one year means the time period between one general meeting and the next or, if a member is elected at an extraordinary shareholders' meeting between such extraordinary shareholders' meeting and the next general meeting. Re-election is possible. The Company's Articles of Association do not contain a limitation on the number of terms served or the age of members of the Board of Directors, including the Chair. Furthermore, the Company's Articles of Association do not contain any rules concerning the appointment of the Chair, the members of the Remuneration and Nomination Committee or the independent proxy (the "Independent Proxy") that deviate from those prescribed by Swiss law.

The members of the Remuneration and Nomination Committee (individually) as well as the Independent Proxy are also elected by the general meeting for a one-year term.

If the office of the Chair of the Board of Directors is vacant, the Remuneration and Nomination Committee is not complete or the Company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next general meeting who must be (with the exception of the Independent Proxy) a member of the Board of Directors.

Please refer to section 3.1 *"Members of the Board of Directors"* of this Corporate Governance Report for information relating to the time of first election to office of the Company's current Directors.

3.5 Internal organizational structure

3.5.1 Allocation of tasks within the Board of Directors

3.5.1.1 General

Our Board of Directors is responsible for the ultimate direction of PolyPeptide, supervision of our management and holds the ultimate decision-making authority, with the exception of matters reserved for shareholders.

The Board of Directors determines PolyPeptide's strategy, the allocation of resources and the management framework. It is also responsible for setting the organizational structure, accounting, financial control and financial planning. In addition, the Board of Directors takes responsibility for all sustainability and environmental, social and governance ("ESG") issues. For further information, see section 2.2.5 of the Organizational Regulations and the Corporate Responsibility Report 2024.

The internal structure of our Board of Directors is set out in the Organizational Regulations, which determines the corporate bodies of PolyPeptide, defines their responsibilities and competences regarding management and regulates the functioning and cooperation of the various bodies involved in PolyPeptide's management. Subject to applicable law and the Articles of Association, the allocation of tasks within the Board of Directors is determined annually by the Board at its first meeting following the general meeting in accordance with section 2.1.1 of the Organizational Regulations. The Board of Directors regularly reviews the Organizational Regulations and makes any necessary amendments.

To operate effectively and allow in-depth focus in specific areas, the Board of Directors has three standing committees (each, a "Committee"):

Committee[1]	Chair	Member
Audit and Risk Committee (ARC)	Erik Schropp[2]	Beat In-Albon
Remuneration and Nomination Committee (RNC)	Philippe Weber	Peter Wilden
Innovation and Technology Committee (ITC)	Patrick Aebischer	Jane Salik

[1] The Board of Directors decided to dissolve the Chair's Committee (CC) at its meeting held on 1 July 2024. For further information, see section 3.5.3.4 *"Chair's Committee"* of this Corporate Governance Report.

[2] The Board of Directors elected Erik Schropp as chair of the Audit and Risk Committee as of 11 April 2024.

Except for the election of the Chair of the Board of Directors and the members of the Remuneration and Nomination Committee (which are to be elected by the general meeting), the Board of Directors determines its own organization. It elects from among one of the independent Directors the Lead Independent Director and the chair of the Remuneration and Nomination Committee (from among those Directors elected to the Remuneration and Nomination Committee at the general meeting). Furthermore, it elects the chair and members of the other Committees as well as appoints a secretary (who does not need to be a shareholder or a member of the Board of Directors).

Each Committee generally comprises two or more members of the Board of Directors with its own charter governing its duties and responsibilities. These Charters are regularly reviewed and amended as required. The Committees have no decision-making authority of their own (unless provided with such authority by a special resolution of the Board of Directors) and generally act in advisory and preparatory capacities. The Board of Directors remains ultimately responsible for the tasks delegated to the Committees by Swiss law, the Articles of Association or the Organizational Regulations.

The Board of Directors may form additional ad-hoc and standing committees for particular areas within the scope of its duties to deal with specific issues. In 2024, no additional ad-hoc or standing committees were formed.

At least annually, the Board reviews its own performance, as well as the performance of each of the Committees. Such anonymous assessments seek to evaluate the Board's contribution to the Group and determine whether each of the Board and the Committees function effectively and efficiently. In addition, these assessments aim to improve governance, identify gaps in skill sets and diversity, as well as define future priorities for the Group. The assessments are reviewed on an annual basis by the Remuneration and Nomination Committee, which periodically considers together with the Board an external evaluation. For 2024, the self-assessments were prepared by the Company based on customary industry evaluations and questionnaires. Following the completion of the assessments, the Board of Directors reviews the results and discusses areas or opportunities for improvement.

3.5.1.2 Chair of the Board of Directors

The Chair calls and chairs the meetings of the Board of Directors and presides over the general meetings. Together with the person keeping the minutes (*i.e.*, the secretary), he or she signs the minutes of the deliberations and resolutions of the Board of Directors. The Chair, together with the CEO, is responsible for ensuring effective communication with shareholders and stakeholders, including government officials, regulators and public organizations. The Chair establishes and maintains a close working relationship with the CEO, providing advice and support to him or her. Furthermore, the Chair seeks to facilitate a constructive relationship between the Board of Directors, the CEO, and the other Board Committee members.

The Chair has the right to call upon third parties as advisors in meetings of the Board. The Committees shall keep the Chair informed on a current basis about all important strategic issues, transactions, the business situation and development, and important organizational changes within their scope of responsibilities and duties. The Chair shall monitor such informational duty of the Committees. The Chair reports to the Board of Directors on information received from each of the Committees. In addition, the Chair shall immediately inform the other Directors of any extraordinary situation regarding the Company or the Group of which the Chair may become aware. Peter Wilden is currently serving as the Chair of the Board of Directors. For more information, see section 3 of the Organizational Regulations.

3.5.1.3 Lead Independent Director

The Lead Independent Director is an independent member of the Board of Directors and is elected by the Board of Directors until the conclusion of the next general meeting. If the Chair is indisposed, the Lead Independent Director will take the chair at the meetings of the Board of Directors and the shareholders' meeting. In particular, the Lead Independent Director will chair the meeting of the Board of Directors or the shareholders' meeting if the Chair is required to abstain from the deliberation and decision-taking in case the following items are on the agenda: (i) assessment of the work of the Chair; (ii) decision of the Board of Directors on the request to the shareholders' meeting for the re-election or not of the Chair; (iii) decision about the compensation of the Chair; and (iv) any other matters in which the Chair has a conflict of interest. The Lead Independent Director is entitled to call a meeting of the Board of Directors whenever he or she deems fit. Patrick Aebischer is currently serving as the Lead Independent Director and Vice-Chair. For more information, see section 4 of the Organizational Regulations.

3.5.2 Working methods of the Board of Directors

3.5.2.1 Overview

Meetings of the Board are held as often as the business requires, but as a general rule at least four (4) times per year, including (i) in the first quarter, inter alia, to approve the annual report, including the remuneration report and the report on non-financial matters, and the agenda and invitation to the upcoming general meeting; (ii) immediately after the general meeting, *inter alia*, to constitute the Board; (iii) in the third quarter, *inter alia*, to approve the half year financials; and (iv) in the fourth quarter, *inter alia*, to approve the budget for the next financial year. For each of these meetings, the Chair also generally selects key business or strategic topics for more in-depth focus and discussion, such as operations, customer developments, quality and risk management. Meetings of the Board are convened by the Chair if and when the need arises or whenever a Director or the CEO, indicating the reasons, so requests in writing. If the Chair does not comply with any such request within fourteen (14) days, the Lead Independent Director is entitled to call the meeting.

Notice of meetings is given at least five (5) business days prior to the meeting. The notice must set forth the time, place and agenda of the meeting so that Directors may have a reasonable understanding of the business intended to be conducted at the meeting. Directors are provided with all necessary supporting materials at least five (5) business days prior to the meeting. In urgent cases (as determined by the Chair at his or her discretion), a meeting may be held at appropriate shorter notice. If the Chair deems it necessary, supporting materials may also be provided later to allow the Board to receive the latest available information. This applies, in particular, to updates on financial and other relevant data. Board meetings may be held in person, by telephone or by video conference.

The Chair, or in his absence the Lead Independent Director, or in the absence of both, a Director designated by the attending Directors, shall chair the meeting.

If all Directors are present and agree, deviations from the formal requirements set forth in the Organizational Regulations (including those described above) are permitted; in particular, decisions can be taken in respect of items that are not listed on the agenda for the meeting.

In order to pass resolutions, not less than a majority of the Directors must be participating in the meeting (whether in person, by phone or video conference). The Board may pass its resolutions with the majority of the votes cast (simple majority). Abstentions count as votes uncast. In case of a tie of votes, the Chair has the casting vote. Board resolutions may also be passed by means of circular resolutions, by letter or electronic means (*e.g.*, e-mail or via board management portals/platforms); provided that no Director requests by phone or e-mail within five (5) days of receipt of the proposed resolution that the resolution be deliberated in a meeting. Board resolutions by means of circular resolutions require the affirmative vote of the majority of the Directors.

In principle (and as set forth in the Organizational Regulations), the CEO and the other members of the Executive Committee attend designated and selected sections of the meetings of the Board without the right to vote as guests, except where not appropriate (*e.g.*, if particular matters relating to their performance or remuneration are discussed). For example, as a general matter, all members of the Executive Committee attend Board sessions dedicated to reports from management, whereas no members of the Executive Committee are present at the non-executive sessions of the Board meetings. Other members of the Group's senior management are expected to participate at meetings of the Board if specific issues falling within their responsibility are on the agenda. The Chair decides if and which persons outside the Board are entitled to attend meetings of the Board as guests.

The minutes set forth all resolutions passed and reflect in a general manner the considerations that led to the decisions taken, including, where applicable, any statements of attendees expressly made "for the record". The minutes must be signed by the Chair (or, where applicable, the Director who chaired the meeting) and the secretary. The minutes are available for review prior to the next meeting of the Board of Directors, when it is approved. Resolutions passed by means of circular resolutions or telephone conference shall be included in the next minutes. Board Members are entitled to examine the minutes of any Board meeting (as well as any Committee meeting) at any time..

As a general principle, Directors shall arrange their personal and business affairs so as to avoid, as much as possible, a conflict of interest. As set forth in the Organizational Regulations, each Director shall disclose to the Chair any conflict of interest arising from or relating to any matter to be discussed at the meeting of the Board as soon as the Director becomes aware of its potential existence. Directors should neither conclude any investment nor other transactions nor accept any benefits that may jeopardize their independent safeguarding of the Company's interests.

The Chair (or, if applicable, the Lead Independent Director or the Remuneration and Nomination Committee) will decide upon appropriate and commensurate measures to avoid any interference of such conflict of interests with the decision-making of the Company. In the event of doubt, the Chair (or, if applicable, the Lead Independent Director or the Remuneration and Nomination Committee) shall request the respective corporate body (under exclusion of the Directors who are subject to the potential conflict of interest) to determine whether a conflict of interest exists and to decide upon appropriate measures.

As a rule, subject to exceptional circumstances in which the best interests of the Company dictate otherwise, in case of a disclosed conflict of interest, a two-stage vote regarding the matter at stake is to be held, first among all Directors and then without the Director subject to the conflict of interest. The Director with a conflict shall have the right to, or may be required by the Chair, to provide a statement of their view of the matter. In case of a continuing conflict of interest, the Board of Directors shall decide whether the Director subject to the conflict of interest should be asked to resign or should not be nominated for re-election (as the case may be).

3.5.2.2 2024 Board of Director meetings and key topics

Since 1 January 2024, the Board of Directors met nine (9) times, including a one-day strategy meeting, in a combination of in-person sessions and video conferences, for an average duration of approximately three and a half (3.5) hours (with individual sessions lasting between one (1) to over six (6) hours).

The following table outlines the dates and the attendees of each meeting of the Board of Directors.

Date / place	Attendees	Other attendees for relevant topics
19 February 2024 *Video conference*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber Dorothee A. Deuring[1]	Juan José González Marc Augustin Neil Thompson (Director Global Sales and Marketing until 26 April 2024) Jens Fricke Christina Del Vecchio *(Secretary)*
8 March 2024 *Video conference*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber Dorothee A. Deuring[1]	Juan José González Marc Augustin Christina Del Vecchio *(Secretary)*
15 March 2024 *Video conference*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber Dorothee A. Deuring[1]	Christina Del Vecchio *(Secretary)*
11 April 2024 *Baar, Switzerland*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber	Juan José González Marc Augustin Jens Fricke Neil Thompson (Director Global Sales and Marketing until 26 April 2024) Monika Casanova (Chief Human Resources Officer) Christina Del Vecchio *(Secretary)*
1 July 2024 *Baar, Switzerland*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber	Juan José González Marc Augustin Jens Fricke Monika Casanova (Chief Human Resources Officer) Trishul Shah (Interim Director Global Sales and Marketing) Olivier Ludemann-Hombourger (Director Global Innovation and Technology) Jon Holbech Rasmussen (Director Global Quality, Development, Regulatory Affairs) Christina Del Vecchio *(Secretary)*
2 July 2024 *Baar, Switzerland*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber	Juan José González Marc Augustin Jens Fricke Monika Casanova (Chief Human Resources Officer) Trishul Shah (Interim Director Global Sales and Marketing) Olivier Ludemann-Hombourger (Director Global Innovation and Technology) Jon Holbech Rasmussen (Director Global Quality, Development, Regulatory Affairs) Christina Del Vecchio *(Secretary)*
9 August 2024 *Video conference*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber	Juan José González Marc Augustin Christina Del Vecchio *(Secretary)*
3 September 2024 *Braine-l'Alleud, Belgium*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber	Juan José González Marc Augustin Jens Fricke Michael Stäheli (Head of Investor Relations and Corporate Communications) Julien Coubran (Director Global EHS) Christina Del Vecchio *(Secretary)*
26 November 2024 *Baar, Switzerland*	Peter Wilden Patrick Aebischer Jane Salik Erik Schropp Beat In-Albon Philippe Weber	Juan José González Marc Augustin Jens Fricke Rebeca Weil-Pflug (Head of Internal Audit) Julien Coubran (Director Global EHS) Christina Del Vecchio *(Secretary)*

[1] Dorothee A. Deuring did not stand for re-election as a member of the Board of Directors at the AGM 2024 and left the Board of Directors on 10 April 2024.

The key topics of the Board of Directors during this period included, among other things:

- Regular review and discussion regarding the Group's year-to-date sales, operations, financials and full-year outlook as well as monitoring cash flow and net working capital
- Review and approval of the Group's 2024 budget
- Review and approval of the Group's strategy and mid-term business plan
- Review and approval of the 2023 annual report, including the remuneration report and the report on non-financial matters, and audited consolidated financial statements
- Review and approval of the 2023 variable short-term incentive for the members of the Executive Committee
- Review and approval of the AGM 2024 agenda and invitation
- Review and approval of the individual targets and weighting of 2024 variable short-term incentive as well as performance targets for the 2024 variable long-term incentive award for the members of the Executive Committee
- Approval of removals from the Executive Committee
- Approval of material business transactions and agreements
- Approval of the 2024 half-year report and consolidated financial statements
- Monitoring of developments with key customers and operational and profitability improvement initiatives
- Review and monitoring of the Group's Environmental, Social and Governance (ESG) Roadmap and accompanying non-financial reporting legal obligations, including the approval of the Group's climate strategy and its transition plan
- Review and approval of the Group's Enterprise Risk Management Report 2024
- Planning and content of the Group's 2024 annual report and topics related to the 2025 general meeting
- Review of the Group's Articles of Association
- Review and approval of revised Organizational Regulations and various other key governance and corporate policies
- Review of the Group's budget for 2025 financial year

3.5.3 Working methods of the Committees

The Committees act in advisory and preparatory capacities and have no decision-making authority of their own (unless provided with such authority by a special resolution of the Board of Directors). The Board remains ultimately responsible for the tasks delegated to the Committees by Swiss law, the Articles of Association or the Organizational Regulations.

The Committees keep the Chair of the Board of Directors informed on a current basis about all important strategic issues, transactions as well as any business situations and / or developments within their scope of responsibilities and duties. The Chair monitors such informational duties of the Committees. The chair of each Committee provides the full Board of Directors at their meeting with an overview of key topics discussed at the most recent Committee meeting.

Each Committee meets at such frequency as it deems necessary to fulfill its duties, normally ahead of ordinary Board meetings, which are expected to take place at least four times per year. Additional meetings may be held and may be convened at the request of either the Board of Directors or any Committee member. The Audit and Risk Committee further meets upon request of the governance, risk and compliance officer (the "GRC Officer").

The secretary prepares the agenda for each meeting, keeps the minutes, and assists the Committee and the chair to coordinate and fulfill their duties and assignments. Once signed by the Committee chair and secretary, the minutes (together with all presentation and background materials) of each Committee meeting are made available to the full Board of Directors for their review.

3.5.3.1 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is entrusted with preparing and periodically reviewing PolyPeptide's compensation policy, compensation strategy and principles as well as the performance criteria related to compensation and the accompanying review of their implementation. The Remuneration and Nomination Committee is also responsible for submitting proposals and recommendations to the Board of Directors regarding compensation matters. The Remuneration and Nomination Committee further supports the Board of Directors in preparing the compensation proposals for the general meeting. In addition, the Remuneration and Nomination Committee assists the Board of Directors in relation to the succession planning for and nomination of the members of the Board of Directors and the Executive Committee as well as the corporate governance of the Company and the Group. In furtherance of this, the Remuneration and Nomination Committee, for example, regularly assesses the set of competencies as well as each Director's contributions to ensure that an appropriate mix of skills, expertise and diversity is represented on the Board of Directors and its Committees. The specific responsibilities and competencies of the Remuneration and Nomination Committee are set forth in art. 19 of the Articles of Association, section 5.3 of the Organizational Regulations as well as the Remuneration and Nomination Committee Charter.

The members of the Remuneration and Nomination Committee are individually elected by the general meeting. The term of office of the members of the Remuneration and Nomination Committee ends at the conclusion of the next ordinary general meeting. Re-election is possible. The chair of the Remuneration and Nomination Committee shall be independent and is appointed by the Board of Directors. As of 31 December 2024, the Remuneration and Nomination Committee consisted of two members: Philippe Weber (chair) and Peter Wilden.

2024 Remuneration and Nomination Committee meetings and key topics

Since 1 January 2024, the Remuneration and Nomination Committee met six (6) times, in a combination of in-person sessions and video conferences, for an average duration of approximately one (1) hour.

Date / place	Attendees	Other attendees for relevant topics
13 February 2024 *Video conference*	Philippe Weber Peter Wilden	Juan José González Monika Casanova (Chief Human Resources Officer) Representatives from HCM International Ltd. Christina Del Vecchio *(Secretary)*
1 March 2024 *Video conference*	Philippe Weber Peter Wilden	Juan José González Marc Augustin Monika Casanova (Chief Human Resources Officer) Representatives from HCM International Ltd. Christina Del Vecchio *(Secretary)*
10 April 2024 *Baar, Switzerland*	Philippe Weber Peter Wilden	Monika Casanova (Chief Human Resources Officer) Christina Del Vecchio *(Secretary)*
1 July 2024 *Baar, Switzerland*	Philippe Weber Peter Wilden	Juan José González Monika Casanova (Chief Human Resources Officer) Christina Del Vecchio *(Secretary)*
2 September 2024 *Braine-l'Alleud, Belgium*	Philippe Weber Peter Wilden	Monika Casanova (Chief Human Resources Officer) Christina Del Vecchio *(Secretary)*
25 November 2024 *Baar, Switzerland*	Philippe Weber Peter Wilden	Juan José González Monika Casanova (Chief Human Resources Officer) Christina Del Vecchio *(Secretary)*

During the course of 2024, the key topics discussed by the Remuneration and Nomination Committee included, among other things:

- General review and assessment of the continued appropriateness of PolyPeptide's remuneration principles, strategy and structure
- Review and preparation of compensation proposals for the Board of Directors and Executive Committee for AGM 2024
- Finalization of the redesign of PolyPeptide's long-term incentive program (LTIP), with a focus on the performance targets
- Review of the Remuneration Report 2023
- Review and preparation of proposals to the Board regarding the achievement of the 2023 variable short-term incentive for the members of the Executive Committee, including individual performance appraisal
- Review and preparation of proposals to the Board regarding individual performance targets and weighting for the 2024 variable short-term incentive for the members of the Executive Committee
- Review and preparation of proposals to the Board regarding of the performance targets for the 2024 variable long-term incentive award for the members of the Executive Committee
- Review of shareholders' and proxy advisors' feedback on the Remuneration Report 2023
- Review of the results of the remuneration benchmark desk research for the Board of Directors and Executive Committee
- Succession planning and candidate recruitment for the Board of Directors
- Review of succession strategy for PolyPeptide's management
- Review of the results of the self-assessments of the Board of Directors and its Committees and consideration of an external evaluation
- General update on corporate governance trends and best practices as well as relevant regulatory developments
- Review of shareholder analysis and outreach
- Update on human capital management, including the Group's human resources mid- and long-term plan and an overview of key people analytics
- Review of material ESG topics assigned to the Remuneration and Nomination Committee
- Review of the structure and approach to the Remuneration Report 2024, including analysis on remuneration disclosure
- Review of the Remuneration and Nomination Committee Charter

3.5.3.2 Audit and Risk Committee

The Audit and Risk Committee supports the Board of Directors with respect to matters involving the financial and risk management aspects of governance, including the integrity of the Company's and Group's financial statements. The Audit and Risk Committee focuses on assessing the adequacy and effectiveness of the Group's internal and prudential systems and controls in relation to both financial and non-financial risks. This includes compliance with legal and regulatory obligations, insurance and related matters. The Audit and Risk Committee will also obtain reasonable assurance with respect to the activities of the Internal Audit as well as evaluates the external auditors regarding the fulfillment of the necessary qualifications and independence according to the applicable legal provisions and makes proposals to the Board of Directors concerning the choice of the external auditors. The Audit and Risk Committee is further responsible for the pre-approval of the appointment and dismissal as well as the compensation for the Head of Internal Audit. The Audit and Risk Committee communicates at least once a year with the external auditor without the participation of management (in "private sessions"). The specific responsibilities and competencies, organization, functioning and reporting of the Audit and Risk Committee are set forth in section 5.2 of the Organizational Regulations as well as the Audit and Risk Committee Charter.

The members of the Audit and Risk Committee are appointed by the Board of Directors. The chair of the Audit and Risk Committee shall be independent; however, the Board may decide if it is prudent and in the Company's best interests to diverge from this principle. As of 31 December 2024, the Audit and Risk Committee consisted of two members: Erik Schropp (chair) and Beat In-Albon.

2024 Audit and Risk Committee meetings and key topics

Since 1 January 2024, the Audit and Risk Committee met six (6) times, in a combination of in-person sessions and video conferences, for an average duration of approximately two and a half (2.5) hours.

Date / place	Attendees	Other attendees for relevant topics
1 March 2024 *Video conference*	Beat In-Albon Erik Schropp Dorothee A. Deuring[1]	Marc Augustin Juan José González Lalit Ahluwalia (Senior Advisor, Corporate Finance) René Vestergaard (Director, Corporate Finance) Jonas Lavik Sonne (Senior IFRS Group Controller, Corporate Finance) Rebecca Weil-Pflug (Head of Internal Audit) Michael Stäheli (Head of Investor Relations and Corporate Communications) René Füglister (Partner, BDO) Simon Oswald (Sustainability Assurance Lead, BDO) Roland Z'Roth (Sustainability Services Expert, BDO) Isilay Dagdelen (Legal Counsel, *Secretary*)
10 April 2024 *Baar, Switzerland*	Beat In-Albon Erik Schropp Dorothee A. Deuring[1]	Marc Augustin René Vestergaard (Director, Corporate Finance, VC) Jonas Lavik Sonne (IFRS Reporting Manager, Corporate Finance, VC) Rebecca Weil-Pflug (Head of Internal Audit) Andreas Liese (Corporate Compliance Manager) Thomas Gerd Hansen (Director Global IS/IT, VC) Krister Svärd (Chief Information Security Officer, Global IT Services, VC) Isilay Dagdelen (Legal Counsel, *Secretary*)
1 July 2024 *Baar, Switzerland*	Erik Schropp Beat In-Albon	Marc Augustin Juan José González René Vestergaard (Director, Corporate Finance, VC) Jonas Lavik Sonne (IFRS Reporting Manager, Corporate Finance, VC) Tim Brandl (Head of Financial Planning and Analysis, Global Finance) Inas Khedher (Head of Operations Controlling, Global Finance, VC) Thomas Gerd Hansen (Director Global IS/IT, VC) René Füglister (Partner, BDO, VC) Isilay Sahin (Legal Counsel, *Secretary*)
5 August 2024 *Video conference*	Erik Schropp Beat In-Albon	Marc Augustin Juan José González René Vestergaard (Director, Corporate Finance) Jonas Lavik Sonne (IFRS Reporting Manager, Corporate Finance) Tim Brandl (Head of Financial Planning and Analysis, Global Finance) Rebecca Weil-Pflug (Head of Internal Audit) René Füglister (Partner, BDO) Isilay Sahin (Legal Counsel, *Secretary*)
2 September 2024 *Braine-l'Alleud, Belgium*	Erik Schropp Beat In-Albon	Marc Augustin Juan José González Christina Del Vecchio René Vestergaard (Director, Corporate Finance, VC) Andreas Liese (Corporate Compliance Manager) Julien Coubran (Director Global EHS) Thomas Gerd Hansen (Director Global IS/IT, VC) Lalit Ahluwalia (Senior Advisor, Corporate Finance, VC) Rebecca Weil-Pflug (Head of Internal Audit, *Secretary*)
25 November 2024 *Baar, Switzerland*	Erik Schropp Beat In-Albon	Marc Augustin Juan José González René Vestergaard (Director, Corporate Finance, VC) Dick Palmqvist (Group Treasury, Global Corporate Finance, VC) Thomas Gerd Hansen (Director Global IS/IT, VC) Rebecca Weil-Pflug (Head of Internal Audit) René Füglister (Partner, BDO, VC) Isilay Sahin (Legal Counsel, *Secretary*)

[1] Dorothee A. Deuring did not stand for re-election as a member of the Board of Directors at the AGM 2024.

During the course of 2024, the key topics discussed by the Audit and Risk Committee included, among other things:

- Review of 2023 BDO audit and full-year consolidated and standalone financial statements and respective recommendations to the Board of Directors
- Review of 2024 half-year consolidated financial statements and recommendation to the Board of Directors
- Regular review and discussion regarding the Group's year-to-date sales and financials as well as monitoring cash flow and net working capital
- Monitor the Group's long-term financing strategy
- Review of the procedures and assumptions of the annual budgeting process and medium-term planning
- Review of the work of Internal Audit, including compensation proposal for the Head of Internal Audit
- Review of the Enterprise Risk Management Report 2024 and recommendations to the Board of Directors
- Review of the Group's compliance programs
- Assessment and approval of the Group's internal control system
- Review of the Group's insurance program and treasury policy
- Assessment of the Group's accounting policies as well as of tax and transfer pricing aspects
- General assessment of yearly business expenses of the members of the Executive Committee
- Review of the status of material legal proceedings, including measures taken by management to protect the interests of the Group
- Evaluation of the Group's external auditor and recommendation to the Board of Directors regarding re-election at AGM 2025, as well as pre-approval and oversight of all audit and non-audit services, budget and fees performed by the Group's external auditors
- Review of material ESG topics assigned to the Audit and Risk Committee and engagement of BDO for limited assurance on the Group's report on non-financial matters for 2024
- Review of the Audit and Risk Committee Charter and Internal Audit Charter

3.5.3.3 Innovation and Technology Committee

The Innovation and Technology Committee supports the Board of Directors and Executive Committee through the review of PolyPeptide's technology plans and strategies, while monitoring existing and future trends in technology related or adjacent to PolyPeptide's business. The specific responsibilities and competencies, organization, functioning and reporting of the Innovation and Technology Committee are set forth in section 5.4 of the Organizational Regulations as well as the Innovation and Technology Committee Charter.

The members of the Innovation and Technology Committee are appointed by the Board of Directors. The chair of the Innovation and Technology Committee shall be independent. As of 31 December 2024, the Innovation and Technology Committee consisted of two members: Patrick Aebischer (chair) and Jane Salik.

2024 Innovation and Technology Committee meetings and key topics

Since 1 January 2024, the Innovation and Technology Committee met four (4) times, in a combination of in-person sessions and video conferences, for an average duration of approximately two (2) hours.

Date / place	Attendees	Other attendees for relevant topics
10 April 2024 *Baar, Switzerland*	Patrick Aebischer Jane Salik	Juan José González Neil Thompson (Director Global Sales and Marketing until 26 April 2024) Olivier Ludemann-Hombourger (Director Global Innovation and Technology) Andreas Lindgren (Director Global Development as of 1 July 2024, VC) Jon Holbech Rasmussen (Director Global Quality, Development, Regulatory Affairs, *Secretary*)
27 June 2024 *Video conference*	Patrick Aebischer Jane Salik	Juan José González Olivier Ludemann-Hombourger (Director Global Innovation and Technology) Jon Holbech Rasmussen (Director Global Quality, Development, Regulatory Affairs, *Secretary*)
2 September 2024 *Braine-l'Alleud, Belgium* 27 September 2024 *Video conference*	Patrick Aebischer Jane Salik	Juan José González Julien Coubran (Director Global EHS) Olivier Ludemann-Hombourger (Director Global Innovation and Technology) Jon Holbech Rasmussen (Director Global Quality, Development, Regulatory Affairs, *Secretary*)

25 November 2024 *Baar, Switzerland*	Patrick Aebischer Jane Salik	Peter Wilden Juan José González Julien Coubran (Director Global EHS, VC) Trishul Shah (Interim Director Global Sales and Marketing, VC) Olivier Ludemann-Hombourger (Director Global Innovation and Technology, VC) Jon Holbech Rasmussen (Director Global Quality, Development, Regulatory Affairs, *Secretary*, VC)

During the course of 2024, the key topics discussed by the Innovation and Technology Committee included, among other things:

- Discussions on PolyPeptide's green agenda, including the governance, priorities and objectives (*i.e.*, green chemistry, green master plan and relevant KPIs)
- Considerations regarding Process Excellence through clinical development
- Discussions on the industrial challenges related to the implementation of new technologies and innovation in peptide development and manufacturing
- Considerations and selected updates regarding strategic collaborations
- Challenges for large scale manufacturing demands (*e.g.*, GLP-1), presentation of an expansion strategy based on standard modular design
- Review of material ESG topics assigned to the Innovation and Technology Committee
- Review of the Innovation and Technology Committee Charter

3.5.3.4 Chair's Committee

Following the completion of the onboarding of the new CEO during the second half of 2023 and first half of 2024, combined with the desire to improve the Board's efficiency, the Board of Directors decided at its meeting held on 1 July 2024 to dissolve the Chair's Committee. As required or necessary in the future, the Board may form additional ad-hoc and standing Board Committees for particular areas within the scope of its duties to deal with specific issues (see section 3.5.1.1 "*General*" of this Corporate Governance Report).

Prior to its dissolution, the members of the Chair's Committee included the Chair of the Board and the chairs of each Committee (*i.e.*, the chair of the Remuneration and Nomination Committee, the chair of the Audit and Risk Committee and the chair of the Innovation and Technology Committee).

2024 Chair's Committee meetings and key topics

From 1 January 2024 until its dissolution on 1 July 2024, the Chair's Committee met four (4) times, in a combination of in-person sessions and video conferences, for an average duration of approximately one (1) hour.

Date / place	Attendees	Other attendees for relevant topics
18 January 2024 *Video conference*	Peter Wilden Beat In-Albon Philippe Weber	Juan José González Christina Del Vecchio *(Secretary)*
4 March 2024 *Video conference*	Peter Wilden Beat In-Albon Philippe Weber Patrick Aebischer	Juan José González Christina Del Vecchio *(Secretary)*
10 April 2024 *Baar, Switzerland*	Peter Wilden Beat In-Albon Philippe Weber Patrick Aebischer	Juan José González Christina Del Vecchio *(Secretary)*
21 May 2024 *Video conference*	Peter Wilden Erik Schropp Philippe Weber Patrick Aebischer	Juan José González Christina Del Vecchio *(Secretary)*

During the meetings held in 2024, the Chair's Committee discussed various topics of strategic importance and other key business matters, including developments among the Group's leadership team, long-term financing plans, developments with key customers as well as operational and profitability improvement initiatives.

3.6 Areas of responsibility between the Board of Directors and the Executive Committee

The Board of Directors' responsibilities, duties and competencies and the procedural principles by which it is governed are specified by Swiss law, art. 17 of the Articles of Association and sections 2 through 5 of the Organizational Regulations. Importantly, the responsibilities of the Board of Directors include determining the strategy of PolyPeptide as well as the appointment, supervision and dismissal of the members of the Executive Committee.

Art. 17 of the Articles of Association sets out the non-transferable and irrevocable duties of the Board of Directors, and in addition to the non-transferable and irrevocable duties set out in art. 716a CO, the Board of Directors has the further non-transferable and irrevocable duties to (i) prepare the report on non-financial matters and other reports as required by law, (ii) organization of the internal control system (ICS) and performance of the risk assessment, (iii) adopt resolutions and amendments to the Articles of Association regarding the subsequent payment of capital with respect to non-fully paid-in shares, (iv) adopt resolutions on the change of the share capital to the extent such power is vested in the Board of Directors, confirming changes in the share capital and adopt the consequential amendments to the Articles of Association (including deletions), (v) examine compliance with the legal requirements regarding the appointment / election of the external auditors, and (vi) execute the agreements pursuant to art. 12, 36 and 70 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act).

While the Board of Directors is responsible for PolyPeptide's ultimate strategic direction and supervision of management, through the Organizational Regulations the Board has delegated the responsibility and authority necessary or appropriate for carrying out the day-to-day and operational activities of PolyPeptide to the Executive Committee under the leadership of the CEO. Nevertheless, the Board of Directors retains certain duties (in addition to the non-transferable and irrevocable duties described above), such as annually approving the budgets and business plans for the Group, monitoring risks as well as ensuring that fundamental policies and controls are in place for compliance with applicable law and regulations. In addition, the Organizational Regulations set out specific parameters, including financial thresholds, for certain strategic, operational and financial matters that remain within the competence of the Board of Directors. This information is also set out in an authority chart, which is an annex to the Organizational Regulations.

The Executive Committee is responsible for ensuring the execution of the decisions of the Board of Directors and implementing the strategy of PolyPeptide in accordance with Swiss law, the Articles of Association, the Organizational Regulations and the resolutions of the shareholders' meeting. The Executive Committee is led by the CEO and as of 31 December 2024, it comprised the CEO, the CFO, the Director Global Operations and the General Counsel. The Executive Committee may include other officers as may be determined by the Board of Directors, in consultation with the CEO, from time to time. The Executive Committee has a dual function in the management of PolyPeptide. On the one hand, under the leadership of the CEO, the Executive Committee is responsible for the day-to-day business of the Company (to the extent not reserved to the Board); and, on the other hand, it is responsible for the operational business of the whole Group as well as of each individual site and subsidiary (to the extent that the respective competences are not reserved to the Board pursuant to the Organizational Regulations or are, by law, reserved to the boards of directors of the subsidiaries).

Pursuant to the Organizational Regulations, the CEO is appointed and removed by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. The other members of the Executive Committee are appointed and removed by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and in consultation with the CEO.

3.7 Information and control instruments vis-à-vis the Executive Committee

3.7.1 Principles of Board information

The Board of Directors has different information instruments in place to oversee, monitor and control the implementation of PolyPeptide's strategy as well as the execution of the responsibilities delegated to the Executive Committee.

Specifically, the Organizational Regulations require the CEO, together with the other members of the Executive Committee, to regularly inform the Board and its Committees at its ordinary meetings on the current course of business and all major business matters and important business developments, including anticipated opportunities and risks. Specifically, a report from the CEO is a standing agenda item at each ordinary board meeting where the CEO provides insight on the development of the Group's business and key strategic initiatives.

In addition, the Chair and the CEO are in contact at regular intervals with respect to all major corporate policy issues. Extraordinary matters, including significant unanticipated developments, must immediately be reported to the Chair. In addition, the Directors shall be informed immediately of extraordinary events by way of circular letter and, if necessary, in advance by telephone or e-mail.

Furthermore, each Director is entitled to request information concerning all of PolyPeptide's affairs reasonably necessary to fulfill their fiduciary duties. For Directors requiring information or wishing to review documents outside of ordinary Board meetings, the Director must address their request in writing (including by e-mail) to the Chair. To the extent necessary to fulfill their duties, each Director may further request in writing (including by e-mail) that the Chair authorizes the inspection of the books and records of the Company. If the Chair rejects a request for information, hearing or inspection, the Lead Independent Director or the Board shall decide whether to grant such request.

3.7.2 Regular reports to the Board

As noted above, the Executive Committee regularly reports to the Board of Directors and its Committees at their respective ordinary meetings. In addition to these meetings, on a monthly basis, the Board of Directors receives sales and financial reports with (i) an executive summary, (ii) an assessment of the Group's monthly and year-to-date revenue, (iii) the profit and loss statement, the balance sheet and the cash flow statement, (iv) overview of inventory and net working capital as well as (v) selected Group KPIs, updates on various initiatives and the Group's outlook. These monthly reports illustrate the actual financial results to date, along with comparisons to the previous period and the budgeted amounts, all with accompanying commentaries (where relevant). Directors often react to these reports with questions that are responded to by the CFO. Through the Audit and Risk Committee, the Board also receives the reports of PolyPeptide's external auditor in connection with the audit of the full-year financial statements and the review and procedures performed on the half-year financial statements.

3.7.3 Enterprise Risk Management Framework

The Audit and Risk Committee, together with the CFO, the General Counsel and members of the finance team, have implemented an Enterprise Risk Management Framework. While the Board of Directors retains the ultimate responsibility for risk management and for determining the appropriate level of risk that PolyPeptide is willing to accept, the PolyPeptide Management Committee (together with the Audit and Risk Committee) is responsible for ensuring that the operation of the Enterprise Risk Management Framework is sound, including risk management of significant risks through the monitoring of specified actions.

The Enterprise Risk Management Framework is designed to provide a consistent, Group-wide perspective of key risks as well as any other and emerging risk areas as they are identified in connection with ongoing monitoring and updates by risk owners and other stakeholders on an ongoing basis. The objective of these risk assessments is to (i) make the principal risks to which PolyPeptide is exposed more transparent, (ii) determine treatment measures to control, eliminate and / or exploit the level of the risks / opportunities while monitoring their effectiveness and (iii) ultimately improve risk management. This concept aims to ensure alignment between risk management practices and strategic objectives. To the extent that the ongoing evaluation of the Enterprise Risk Management Framework discovers significant unanticipated developments, the PolyPeptide Management Committee will immediately report these to the Audit and Risk Committee and the Chair of the Board. The Directors must also be informed of extraordinary events (as described above).

The PolyPeptide Management Committee, together with the General Counsel, the Head of Internal Audit, the Corporate Compliance Manager and other internal stakeholders, annually conduct a risk assessment to identify risks, map probability and impact, and evaluate strategies to address the risks and opportunities identified (*e.g.*, mitigating / managing actions). These mitigating / managing actions are specific to each identified risk and opportunity, and the respective risk owners are responsible for monitoring their implementation and effectiveness. The PolyPeptide Management Committee oversees the Enterprise Risk Management Framework throughout the year.

Based on the annual risk assessment, an Enterprise Risk Management Report is prepared, specifying and assessing the main Group risks in terms of their probability and consequences as well as outlining the mitigating / managing actions, and submitted at least once per year to the Audit and Risk Committee. In addition, the Enterprise Risk Management Report is presented to the Board of Directors at one of their annually scheduled meetings for a deep-dive focus and discussion on risk assessment and management. In 2024, the deep-dive session and approval of the Enterprise Risk Management Report 2024 took place on 26 November 2024. In the Enterprise Risk Management Report 2024, PolyPeptide identified, inter alia, operational, supply chain, commercial, talent management and innovation risks for which corresponding risk mitigation / managing measures were adopted.

See also chapter Business Review and note 23 *"Financial risk management objectives and policies"* of the consolidated financial statements in the Financial Report 2024.

3.7.4 Internal controls

The Board of Directors is also responsible for designing, implementing and maintaining the Group's internal control system, which provides the ultimate oversight for PolyPeptide's strategy, operations and finances. Importantly, the internal control system aims to ensure the integrity and completeness of accounting, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements. The Audit and Risk Committee supports the Board of Directors through the assessment of the adequacy and effectiveness of the Group's internal and prudential systems and controls in respect of both financial and non-financial risks, including through discussions with and reviewing reports from the external auditor, internal officers and management. PolyPeptide's internal control system is structured to ensure the correct disclosure and adequate coverage of control over all Group activities, with particular attention on areas considered potentially at risk. The external auditor confirms the existence of the internal control system in connection with the year-end audit.

According to the Organizational Regulations, the CFO, in cooperation with the CEO, ensures good financial governance, overseeing all financial planning, budgeting (short- and mid-term), reporting and risk management activities. Furthermore, the CFO leads the implementation of systems and procedures to seek compliance with regulatory requirements for financial information, reporting, disclosure requirements and internal control. The CFO and the Audit and Risk Committee regularly evaluate the risks of material misstatements in the consolidated financial statements and assess if the risks are reduced to an acceptable level by established and planned mitigating controls and processes. Significant risks are also continuously discussed in the meetings of the Executive Committee, the PolyPeptide Management Committee and the Audit and Risk Committee, which all take place on a regular basis. In 2024, the Audit and Risk Committee focused on six key areas of internal controls, specifically (i) revenue, (ii) inventories, (iii) payroll, (iv) property, plant and equipment, (v) financial reporting and closing processes and (vi) valuation of participations. During the course of 2024, the Audit and Risk Committee, together with the CFO and members of the finance team, evaluated key risks of financial misstatements in the identified key areas together with mitigating controls / processes currently in place, all of which were reviewed by the external auditor. In addition, improvement suggestions are submitted by the external auditor on a yearly basis, which are implemented by management in the following year.

3.7.5 Internal Audit

In 2024, the Board of Directors, through the Audit and Risk Committee, was further supported by the Internal Audit function within PolyPeptide led by the Head of Internal Audit. Internal Audit's mission is to ensure that PolyPeptide's operations are conducted according to high standards by providing an independent, objective assurance function and by advising on best practices. Through a systematic and disciplined approach, Internal Audit helps PolyPeptide accomplish its objectives by evaluating and improving the effectiveness of the Group's risk management, control and governance processes. As is customary across the industry, the evaluation and internal audit of PolyPeptide's cGMP activities remain with the Quality department under the supervision of the Director Global Quality, Development, Regulatory Affairs.

Internal Audit is responsible for, among other things, (i) developing and implementing annual internal audit plans using appropriate risk-based methodology, (ii) evaluating and assessing significant merging / consolidating of functions and new or changing services, processes, operations, technologies and control processes at the time of their development, implementation or expansion, (iii) establishing an Internal Audit quality assurance program to ensure high standards of operations, (iv) issuing periodic reports to the Audit and Risk Committee as well as the Executive Committee, (v) participating in any investigations at PolyPeptide and (vi) recommending appropriate actions to correct any deficiencies identified. The Audit and Risk Committee reviews and approves the annual internal audit plan. Further information on the responsibilities of Internal Audit can be found in the Internal Audit Charter, which is an annex to the Organizational Regulations. Functionally, the Internal Audit department reports to the Audit and Risk Committee. Administratively, the Internal Audit department reports to the CFO.

During the course of 2024, Internal Audit with the support of external consultants performed one site audit as well as process audits across five sites. The audit reports are distributed to the Audit and Risk Committee, Executive Committee, relevant PolyPeptide Management Committee Members, the employees defined as owners of the findings, their line manager and the external auditor. All reports and related findings are presented and discussed during the Audit and Risk Committee scheduled meetings. The audit results as well as the results of other consultative projects conducted during 2024 were presented to the Audit and Risk Committee between the second and fourth quarters of 2024. As part of the Audit and Risk Committee's regularly scheduled meetings, the Head of Internal Audit provides (i) progress updates on the approved audit plan and proposes any modifications to the audit plan if risk priorities change and (ii) provides information on the status of management's corrective actions. See also section 3.5.3.2 "*Audit and Risk Committee*" of this Corporate Governance Report.

3.7.6 Compliance controls

PolyPeptide is committed to the highest levels of ethics and integrity in the way that it does business and understands that this is crucial for its continued success and reputation. PolyPeptide's core values and Code of Business Conduct and Ethics guide its everyday conduct. To monitor these efforts, the General Counsel shall be or shall designate another person as the Group's governance, risk and compliance officer ("GRC Officer"). Currently, the General Counsel serves as the GRC Officer.

The GRC Officer is responsible for developing and maintaining compliance policies, promoting a culture of responsibility, maintaining risk management, identifying remediation needs, providing training and taking other steps to assist the Group in meeting its legal, regulatory and ethical obligations. The GRC Officer reports to the CEO. However, the GRC Officer also has direct access to the Audit and Risk Committee and reports to the Audit and Risk Committee whenever requested or if there exists a significant compliance or risk issue that involves or implicates a member of the Executive Committee that the GRC Officer believes cannot be or has not been appropriately addressed by, or directly implicates, the CEO.

PolyPeptide has implemented various compliance initiatives and is continuously expanding these to respond to PolyPeptide's ever-changing dynamic business environment. For example, in August 2022, PolyPeptide constituted a cross-functional Corporate Compliance Committee (the "CCC") to promote compliance across the organization with a focus on corporate compliance issues and matters, including compliance with securities laws and regulations, data privacy as well as sanctions and trade. In 2024, membership of the CCC was expanded to ensure relevant cross-functional representation. The GRC Officer, or a delegate of the GRC Officer, is responsible for reporting on at least a quarterly basis (or more frequently, as needed) to the Executive Committee and the Audit and Risk Committee. Furthermore, in the second half of 2024 PolyPeptide updated its Code of Business Conduct and Ethics with a focus on addressing conflicts of interest and updated its Global Supply Chain Policy on Child Labor. PolyPeptide also updated its electronic learning tools aimed at reinforcing the principles set out in its Code of Business Conduct and Ethics and whistleblower policies.

In addition, PolyPeptide has established and promotes its whistleblower programs and hotlines, where anybody with knowledge or suspicion of illegal activities or irregularities at PolyPeptide can report these observations confidentially and even anonymously. To ensure independence, PolyPeptide has mandated the operation of its whistleblower hotlines to a third-party service provider. The Group received ten whistleblower reports in 2024 (2023: two). During 2024, the investigation for seven reports has been closed and summarized to the Executive Committee and the Audit and Risk Committee, with a summary submitted to the Board of Directors. Four out of seven closed reports were partially or fully substantiated with appropriate actions taken and three closed reports were not substantiated. The investigation for the remaining three reports is still ongoing.

The implementation of these and other compliance measures is supervised by and regularly reported to the Audit and Risk Committee at each of their ordinary meetings.

3.7.7 Quality assurance

To oversee and monitor PolyPeptide's quality assurance, the CEO has designated this responsibility to the Director Global Quality, Development, Regulatory Affairs who reports to the CEO and is part of the PolyPeptide Management Committee. The Director Global Quality, Development, Regulatory Affairs supervises, inter alia, the Group's quality control and quality assurance functions and is responsible for setting, reviewing, monitoring, revising and implementing the Group's quality management, quality control systems and quality assurance programs to comply with regulatory requirements and ensure high quality products, processes and related customer support. In addition, the Director Global Quality, Development, Regulatory Affairs is responsible for, inter alia, providing results-oriented leadership to sustain and improve an effective and efficient international quality organization comprised of quality operations, quality systems, supplier quality and quality control / analytical development subject matter domains. The Director Global Quality, Development, Regulatory Affairs provides periodic updates to the Board. As of 31 December 2024, Jon Holbech Rasmussen was serving as the Director Global Quality, Development, Regulatory Affairs.

3.8 Gender guidelines

As of 31 December 2024, one (1) out of six (6) members of the Board of Directors was female (17%). The Remuneration and Nomination Committee, together with the Board of Directors, actively considers gender diversity in succession planning of the Board of Directors.

4 Executive Committee

Through our Organizational Regulations, the Board of Directors has delegated the responsibility and authority necessary or appropriate for carrying out the day-to-day and operational activities of PolyPeptide to the Executive Committee under the leadership of the CEO.

The CEO is accountable for the sustainable management and results-oriented performance of the Group. As such, the CEO leads, manages, supervises and coordinates the Executive Committee and the PolyPeptide Management Committee as well as executes the corporate goals and strategy as set by the Board of Directors. The detailed responsibilities and functions of the Executive Committee, including the CEO and the CFO, are described in section 6 of the Organizational Regulations.

In general, meetings of the Executive Committee take place as determined by the CEO, with the expectation that there be no fewer than six such meetings per calendar year (as provided for in the Organizational Regulations). For the year ended 31 December 2024, the Executive Committee met six (6) times, in a combination of in-person sessions and video conferences, for an average duration of approximately one and a half (1.5) hours. The resolutions of the Executive Committee are taken by the majority of the members of the Executive Committee present, where the CEO has the power to overrule any Executive Committee resolution. At each meeting, the CFO presents the financial situation of the Group, followed by a discussion on other non-financial predetermined agenda items covering a range of topics across all relevant business and operational areas. The Organizational Regulations set forth procedures to address conflicts of interest.

4.1 Members of the Executive Committee

As of 31 December 2024, the Executive Committee comprised the CEO, the CFO, the General Counsel and the Director Global Operations. Neil James Thompson stepped down as Director Global Sales and Marketing as of 26 April 2024.[14] The Board of Directors subsequently decided to reduce the size of the Executive Committee to concentrate focus on strategic operational and financial matters. The year of appointment in the table below reflects each Executive Committee member's respective appointment in their current position with the Group (including at Group subsidiaries).

Name	Year of birth	Year of appointment	Position
Juan José González	1972	2023	CEO
Marc Augustin	1972	2024	CFO
Christina Del Vecchio	1978	2021	General Counsel[1]
Jens Fricke	1965	2022	Director Global Operations[2]

[1] Chief Legal Officer as of 1 January 2025

[2] The Group and Jens Fricke have agreed on his transition to a new key role within the organization focusing on PolyPeptide's strategic capacity expansion. He will remain in the position during the succession process.

[14] For the information regarding the former Director Global Sales and Marketing, Neil James Thompson, who stepped down as of 26 April 2024, see section 4.1 *"Members of the Executive Committee"* of the Corporate Governance Report 2023.

Set out below is a short description of the business experience, education and activities for each Executive Committee member in office as of 31 December 2024.

Juan José González

Chief Executive Officer

Nationality: **Peruvian and American**
Year of birth: **1972**

Professional background

Functions at PolyPeptide

- Chief Executive Officer (since 2023)
- Chair / Member of the board of directors of several PolyPeptide subsidiaries (since 2023)

Outside mandates at listed / non-listed companies or non-profit organizations

- None

Former outside activities and functions

- Member of the board of directors and Member of the Audit & Remuneration Committee, Straumann Group, Switzerland (2019–April 2024)
- Chief Executive Officer, Ambu, Denmark (2019–2022)
- Various senior roles within the Johnson & Johnson Group, US (2007–2019), including Global Vice President, Smoking Cessation, OTC division, UK, (2007), Area Managing Director, Consumer sector, United Kingdom (2011–2013) and ultimately serving as President Orthopeadics, Medical Devices sector, US (2016–2019)
- Commercial Director Europe, Middle East and Africa, Pfizer Inc. Consumer Healthcare Division, UK, (2004–2006)
- Engagement Manager, U.S., Europe, Asia Pacific and Latin America–Global Consumer and Private Equity Practices, McKinsey & Company, US (1999–2004)
- Country Marketing and Sales manager–Consumer Electronics and Home Application Retail Division, Repsol, Peru (1996–1997)
- Sales Supervisor, Peru (1993–1994) and Regional Sales Manager, Peru, Ecuador and Bolivia (1995), The Procter & Gamble Company, Peru (1993–1995)

Education

- Master of Technology Management, Columbia University, New York, US (2016)
- MBA in Marketing and Corporate Finance, University of Notre Dame, US (1999)
- Bachelor of Science in Industrial Engineering, University of Lima, Peru (1993)

Marc Augustin

Chief Financial Officer

Nationality: **German**
Year of birth: **1972**

Professional background

Functions at PolyPeptide

- Chief Financial Officer (since 2024)

Outside mandates at listed / non-listed companies or non-profit organizations

- None

Former outside activities and functions

- Head Finance Mammalian and Microbial Business Unit, Vice President Finance Biologics and Global Head Sales Excellence Biologics, Lonza AG, Switzerland (2016–2023)
- Finance Director Switzerland, Head of Finances Operations Orthopaedics Europe, Smith & Nephew Orthopaedics AG, Switzerland (2009–2016)
- Head Of Finance & Administration (Site Controller), Alcoa Extrusion Hannover GmbH & CO. KG, Germany (2008–2009)
- Business Unit Controller Accessibility, ThyssenKrupp Elevator AG, Germany (2004–2008)
- Senior Project Manager M&A / Controlling, ThyssenKrupp Services AG, Germany (2001–2004)
- Management Trainee, Babcock Borsig AG, Germany (1998–2001)

Education

- MBA in Controlling, Tax, Heinrich-Heine-Universität Düsseldorf, Germany (1998)

Christina Del Vecchio

General Counsel

Nationality: **Swiss and Swedish**
Year of birth: **1978**

Professional background

Functions at PolyPeptide

- Chief Legal Officer and Corporate Secretary (since 2025)
- General Counsel and Corporate Secretary (2021–2024)
- Member of the board of directors of a PolyPeptide subsidiary (since 2023)

Outside mandates at listed / non-listed companies or non-profit organizations

- None

Former outside activities and functions

- Counsel, Niederer Kraft Frey AG, Switzerland (2018–2021)
- Senior Associate, Niederer Kraft Frey AG, Switzerland (2013–2018)
- Associate, Latham & Watkins LLP, United Kingdom (2008–2012)

Education

- Juris Doctor, James Kent Scholar, Columbia Law School, US (2008)
- Bachelor of Arts, summa cum laude, University of Florida, US (2000)

Jens Fricke

Director Global Operations

Nationality: **Danish**
Year of birth: **1965**

Professional background

Functions at PolyPeptide

- Director Global Operations (since 2022)
- Member of the board of directors of several PolyPeptide subsidiaries (since 2021)
- General Director Scandinavia (2013–2022)

Outside mandates at listed / non-listed companies or non-profit organizations

- None

Former outside activities and functions

- Director API Production, LEO Pharma, Denmark (2008–2013)
- Leading positions with increasing responsibilities in Aseptic Production and API Production, ALK Abello, Denmark (1998–2008)
- Chemist at Novo Nordisk / Hema Sure, Denmark (1995–1998)

Education

- Master of Sciences in Biochemistry, the University of Copenhagen, Denmark (1993)
- Strategic Leadership, IMD Lausanne, Switzerland (2011)

In 2024, the Executive Committee, under the leadership of the CEO, was further supported by additional members of management, that, together with the Executive Committee, formed the PolyPeptide Management Committee.

4.2 Other activities and vested interests

Except as disclosed in the biographies of the members of the Executive Committee, no further activities or vested interests are carried out outside of PolyPeptide.

4.3 Mandates and other permitted activities

In accordance with Swiss law, our Articles of Association limit the number of functions in superior management or administrative bodies of legal units other than with PolyPeptide that members of the Executive Committee are allowed to hold at one time.

Pursuant to art. 23 of the Articles of Association, with the approval of the Board of Directors, the members of the Executive Committee may have the following comparable functions at other companies with an economic purpose (including their group):

- up to one (1) mandate as member of the board of directors or any other superior management or administrative body of listed companies; and, in addition
- up to five (5) mandates as member of the board of directors or any other superior management or administrative body of other legal entities that do not meet the above mentioned criteria.

With respect to the additional activities of the members of the Executive Committee, mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

The following mandates shall not be subject to the limitations set forth in art. 23 of the Articles of Association:

- mandates in companies which are controlled by the Company or which control the Company;
- mandates held at the request of the Company or companies controlled by it; no member of the Executive Committee shall, however, hold more than ten (10) such mandates; and
- mandates in associations, charitable organizations, foundations, employee welfare foundations and other similar organizations; no member of the Executive Committee shall, however, hold more than fifteen (15) such mandates.

4.4 Management contracts

The Company and its subsidiaries have not entered into any management contracts with third parties.

4.5 Gender guidelines

As of 31 December 2024, one (1) out of four (4) members of the Executive Committee was female (25%). The Remuneration and Nomination Committee, together with the Board of Directors, actively considers gender diversity in succession planning of the Executive Committee.

5 Compensation, shareholdings and loans

Information on compensation and shareholdings of the current and former members of the Board of Directors and the Executive Committee can be found under section 4 "*Compensation framework for the Board of Directors*", section 5 "*Compensation framework for the Executive Committee*" and section 6 "*Ownership of shares and options*" in the Remuneration Report 2024.

The rules regarding the principles of compensation are set in art. 25 (Principles relating to the Compensation of the members of the Board of Directors), 26 (Principles of Compensation relating to the members of the Executive Management) and 29 (Additional Amount of Compensation for new members of the Executive Management) of the Articles of Association.

The rules regarding the approval of the remuneration by the general meeting are set forth in art. 13 (Votes on Compensation) of the Articles of Association.

Furthermore, according to art. 28 (Loans, Credits, Pension Benefits other than from Occupational Pension Funds, Securities) of the Articles of Association, the Company shall not grant loans, credits, pension benefits (other than from occupational pension funds) or securities to current or former members of the Board of Directors or the Executive Committee or to persons closely associated with them. Advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum amount of CHF 1,000,000 are not subject to these general restrictions.

In principle, there will be no payments to pension funds or similar institutions for the members of the Board of Directors. In exceptional cases, such payments may be made upon request of the Remuneration and Nomination Committee and subject to the approval by the general meeting if the members in question do not have other insurable income from subordinate employment.

Please refer to the Remuneration Report 2024 for further detailed information, and specifically with regard to loans and credits, see section 4.3 "*Loans, credits and related-party compensation*" and section 5.3 "*Loans, credits and related-party compensation*" of the Remuneration Report 2024.

6 Shareholders' participation rights

6.1 Voting rights restrictions and representation

6.1.1 General rules on restrictions to voting rights

Voting rights may be exercised only after a shareholder has been registered in the share register as a shareholder with voting rights up to a specific qualifying day prior to the shareholders' meeting designated by the Board of Directors (the "Record Date"). For such purpose, art. 5 para. 2 of the Articles of Association provides, except as otherwise provided in the Articles of Association, that persons acquiring shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves (i) to have acquired the shares in their own name and for their own account, (ii) that no agreements on the redemption or return of these registered shares exist, (iii) to bear the risk associated with the shares and (iv) comply with the disclosure requirements stipulated by FinMIA. Entry in the share register as a shareholder with voting rights is subject to the approval of the Company.

Entry in the share register as a shareholder with voting rights may be refused based on the grounds set out in art. 5 paras 3–7 of the Articles of Association. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the general meeting.

The Board of Directors may, according to art. 5 para. 3 of the Articles of Association, refuse the registration in the share register as a shareholder with voting rights if an acquirer would as a result of the recognition as a shareholder with voting rights directly or indirectly acquire, or hold in the aggregate, more than 10 percent of the registered shares recorded in the commercial register (the "Percentage Limit"). The Company may in special cases approve exceptions to the above restrictions (art. 5 paras. 3, 4 and 5 of the Articles of Association).

Subject to the Percentage Limit described above and provided that its holder or usufructuary has been duly entered into the share register as a shareholder with voting rights on or before the relevant Record Date, each share entitles the holder to one vote.

For detailed information regarding the Percentage Limit and Nominee registrations, including the group clause, see section 2.6 "*Limitations on transferability and Nominee registrations*" of this Corporate Governance Report.

6.1.2 Exceptions granted in the period under review

No exceptions from the voting rights restrictions (*i.e.*, the Percentage Limit) as set forth in the Articles of Association were granted in the period under review.

6.1.3 Procedure and conditions for abolishing voting rights restrictions

Art. 12 of the Articles of Association outlines important shareholder resolutions that require a qualified majority, including the easement or abolition of the restriction of the transferability of the registered shares. All other resolutions can be passed by the majority of the votes represented as set out in art. 11 of the Articles of Association, to the extent that Swiss law does not provide otherwise.

For information regarding the convocation of general meetings and the inclusion of items on the agenda, see section 6.3 "*Convocation of the general meeting*" and section 6.4 "*Inclusion of items on the agenda*" of this Corporate Governance Report.

6.1.4 Rules on participation at shareholders' meetings, instructions to the Independent Proxy and electronic participation at shareholders' meetings

At shareholders' meetings, each shareholder may be represented by the Independent Proxy or by means of a written proxy by any other person of such shareholder's choice. The Board of Directors determines the requirements regarding proxies and voting instructions (art. 11 of the Articles of Association).

Importantly, no shareholder or proxy may, directly or indirectly, exercise voting rights attached to own or represented shares that would collectively exceed ten (10) percent of the registered shares recorded in the commercial register. Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert are considered as one shareholder for the purposes of such voting. However, the foregoing restriction of voting rights does not apply to the exercise of voting rights by shareholders or their proxies (including the Independent Proxy), to the extent that their shares are registered with voting rights in the share register in accordance with art. 5 para. 4 of the Articles of Association.

The Independent Proxy has a duty to exercise the voting rights assigned to the Independent Proxy by shareholders in accordance with their instructions. Further duties of the Independent Proxy are governed by the relevant statutory provisions. Art. 14 of the Articles of Association provides that the general meeting elects an Independent Proxy. Natural persons as well as legal entities and partnerships are eligible for election. The term of office of the Independent Proxy ends at the conclusion of the next general meeting. Re-election is possible. Swiss law allows for proxy instructions both in written as well as electronic form. For the period between the AGM 2024 held on 10 April 2024 and the next general meeting, ADROIT Attorneys, Kalchbühlstrasse 4, 8038 Zurich, Switzerland, has been elected as the Independent Proxy.

According to art. 8 para. 3 of the Articles of Association the Board of Directors shall determine the venue of the general meeting and the form in which it is to be held. However, no shareholder shall be unduly obstructed in exercising their rights in connection with the general meeting by the choice of venue (art. 701a para. 2 CO). The place of meeting may also be abroad or several places of meeting may be determined for one general meeting. If the general meeting is held at several locations at the same time, the votes of the participants must be transmitted directly in picture and sound to all meeting locations (art. 701a para. 3 CO). Pursuant to art. 8 para. 4 of the Articles of Association, the Board of Directors may provide that shareholders who are not present at the physical location of the general meeting have the option to exercise their rights electronically (*i.e.*, hybrid general meeting). The Board of Directors may also waive the determination of a physical venue and order the holding of a purely virtual general meeting (*i.e.*, exclusively by using electronic means).

The AGM 2024 was held with the physical presence of shareholders in accordance with the Articles of Association. The shareholders were able to attend the AGM 2024 personally or exercise their rights at the AGM 2024 through the Independent Proxy or by means of a written proxy by any other person of such shareholder's choice. The proxy and voting instruction forms were either sent by mail or submitted through the use of the electronic voting platform. The general meeting 2025 ("AGM 2025") will be held in person, with the details to be provided in the invitation.

6.2 Quorums required by the Articles of Association

The Articles of Association do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting.

Pursuant to art. 11 of the Articles of Association, shareholders' resolutions generally require the majority of the votes represented at the shareholders' meeting, to the extent that neither Swiss law nor the Articles of Association provide otherwise. The Chair shall have no casting vote.

Pursuant to art. 12 of the Articles of Association, a resolution passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required for (i) matters listed in art. 704 of the CO and in art. 18, 43 and 64 of the Merger Act, (ii) the easement or abolition of the restriction of the transferability of the registered shares, (iii) any amendment or cancellation of art. 31 of the Articles of Association (*i.e.*, exclusion of mandatory tender offer); (iv) any changes to or cancellation of art. 12 of the Articles of Association (*i.e.*, qualified majority for important resolutions).

6.3 Convocation of the general meeting

According to art. 7 Articles of Association, the ordinary general meeting shall be held annually within six months after the close of the business year.

According to art. 8 para. 2 Articles of Association, notice of a general meeting is given by publishing a notice of such meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) at least 20 calendar days before the date of the meeting. To the extent the post and / or e-mail addresses of the shareholders are known, notice may also be sent simultaneously by post and / or e-mail.

According to art. 8 para. 2 Articles of Association, the notice of the general meeting shall state (i) the date, beginning, nature and place of the general meeting, (ii) the agenda items, (iii) the proposals of the Board of Directors with a brief statement of reasons, (iv) the proposals of the shareholders, if any, together with a brief statement of reasons, and (v) the name and the address of the Independent Proxy. According to art. 8 para. 3 Articles of Association the Board of Directors shall determine the venue of the general meeting and the form in which it is to be held. The place of meeting may also be abroad or several places of meeting may be determined for one general meeting. According to art. 8 para. 4

Articles of Association the Board of Directors may provide that shareholders who are not present at the place of the general meeting may exercise their rights by electronic means (*i.e.*, hybrid general meeting). The Board of Directors may also waive the determination of a meeting location and order the holding of a purely virtual general meeting (*i.e.*, exclusively by using electronic means). According to art. 8 para. 5 Articles of Association the annual report, the remuneration report and related audit report, the Auditors' report, the report on non-financial matters and other reports as required by law shall be made available to the shareholders at least 20 calendar days prior to the date of the ordinary general meeting.

In accordance with the CO and art. 7 para. 3 Articles of Association, the Board of Directors is required to convene an extraordinary shareholders' meeting within 60 calendar days if one or more shareholder(s) representing at least five (5) percent of the share capital or the votes request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.

6.4 Inclusion of items on the agenda

The Board of Directors states the items on the agenda.

According to art. 9 para. 2 Articles of Association registered shareholders with voting rights individually or jointly representing at least 0.5% of the share capital or votes of the Company may demand that items be put on the agenda or that proposals for items be included in the notice convening the general meeting. Such demands have to be submitted to the Chair of the Board of Directors at least 40 calendar days before the date of the relevant shareholders' meeting and need to be in writing, specifying the items and the proposals. Shareholders may submit a brief statement of reasons together with the agenda items or proposals. This must be included in the notice convening the general meeting.

No resolutions may be passed on motions concerning agenda items which have not been duly announced apart from those exceptions permitted by Swiss law.

6.5 Entries in the share register

Voting rights may be exercised only after a shareholder has been registered in the share register as a shareholder with voting rights up to a specific qualifying day designated by the Board of Directors (*i.e.*, the Record Date).

There are no statutory rules concerning deadlines for entry in the share register. However, for organizational reasons, the share register is closed several days before the respective shareholders' meeting. The Board of Directors has resolved to set the cut-off date for participation in shareholders' meetings to not more than ten days prior to the date of the meeting. The Record Date for inscription in the share register is announced in the invitation to the shareholders' meeting. For the AGM 2025 to be held on 9 April 2025, the Record Date is 1 April 2025.

A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) at least 20 calendar days before the date of the meeting. To the extent the post and / or e-mail addresses of the shareholders are known, notice may also be sent simultaneously by post and / or e-mail.

For information on certain limitations on transferability and Nominee registrations, please refer to the information provided under section 2.6 "*Limitations on transferability and Nominee registrations*" of this Corporate Governance Report. For information on certain limitations on share voting rights, please refer to the information provided under section 6.1.1 "*General rules on restrictions to voting rights*" of this Corporate Governance Report.

6.6 Right to inspect the minutes of the general meeting

The minutes of AGM 2024, held on 10 April 2024, can be viewed on PolyPeptide's website at www.polypeptide.com/news/events/ag-2024/. Shareholders may also read the minutes at PolyPeptide's headquarters in Baar, Switzerland, upon prior notice. The minutes of AGM 2025 will be published on the PolyPeptide website within 15 days from the date of AGM 2025.

7 Change of control and defense measures

7.1 Duty to make an offer

Pursuant to the applicable provisions of FinMIA, any person that acquires shares of a company whose shares are listed on a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, and, as a result, exceeds the threshold of 33⅓% of the voting rights (whether exercisable or not) of such company, must submit a public tender offer to acquire all of the listed shares of such company. A company's articles of association may either waive this requirement entirely ("opting-out") or raise the relevant threshold to up to 49% ("opting-up").

Art. 31 of the Articles of Association includes an opting-out provision and thereby exempts shareholders from the duty to make a mandatory public tender offer pursuant to art. 135 FinMIA. As a result, any shareholder or group of shareholders exceeding the threshold of 33⅓% of the voting rights (whether exercisable or not) of the Company is / are not required to make a mandatory tender offer to the other shareholders. In contrast with other companies listed in Switzerland which have no opting-out clause (and no opting-up clause), upon such shareholder or group of shareholders reaching or exceeding the threshold of 33⅓% of the voting rights (whether exercisable or not) of the Company, the shareholders will neither benefit from the option to sell their shares in a mandatory tender offer nor from minority shareholder protection rules related to such mandatory tender offers.

7.2 Clauses on change of control

PolyPeptide's share-based long-term incentive program ("LTIP") for eligible participants provides that if a change of control (as defined in the LTIP rules) occurs while the participant still holds any unvested awards, then all unvested awards shall immediately vest at target. For more information on our LTIP, please refer to section 5.1.4 *"Long-term incentive program"* of the Remuneration Report 2024.

Other than in relation to PolyPeptide's LTIP, there are no agreements or schemes in place containing change of control clauses benefiting members of the Board of Directors and / or the Executive Committee or other members of the Company's management.

8 Transparency on non-financial matters

To create transparency on non-financial matters, PolyPeptide has prepared its report on non-financial matters for the financial year 2024 in accordance with art. 964b CO.

The report on non-financial matters for the financial year 2024 comprises selected sections from PolyPeptide's Corporate Responsibility Report 2024 (as outlined in the section "*Disclosures in accordance with art. 964b Swiss Code of Obligations*" of the Corporate Responsibility Report 2024) that contain the non-financial information required under art. 964b CO. In accordance with the Swiss Ordinance on Climate Disclosure, the Corporate Responsibility Report 2024 also includes the Group's first Climate Report based on the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations.

The report on non-financial matters for the financial year 2024 further includes an independent practitioner's (BDO AG, Zurich), limited assurance report on selected non-financial information, including a selected set of performance indicators.

9 Auditors

9.1 Duration of the mandate and term of office of the lead auditor

Our external auditor's term of office is one year. It ends with the approval of the annual financial accounts by the general meeting. Re-election and revocation for cause (*aus wichtigen Gründen*) by the general meeting are possible at any time. The lead auditor is rotated every seven years in accordance with Swiss law.

For the period between the AGM 2024 held on 10 April 2024 and the next general meeting, BDO AG ("BDO"), Schiffbaustrasse 2, 8005 Zurich, Switzerland, has been elected our independent external auditors. BDO has been our independent auditor since our incorporation on 6 April 2021. BDO is supervised and regulated by the Federal Audit Oversight Authority. Since 6 April 2021, René Füglister has been the lead auditor.

9.2 Auditing fees

Total auditing fees charged by BDO for the audit of the consolidated financial statements, the audit of the statutory financial statements as well as the audit of selected sections of the Remuneration Report 2024 of the Company (i.e., PolyPeptide Group AG) for the financial year 2024 amounted to CHF 743,960 (2023: CHF 703,790).

9.3 Additional fees

For additional services performed by BDO (or its affiliates) in the year ended 31 December 2024, PolyPeptide was charged total non-auditing fees amounting to CHF 93,400 (2023: 99,735), as listed below.

CHF	**Amount**[1]
BDO Sweden: Audit related services on local sustainability report	1,000
BDO Switzerland: Limited assurance on PolyPeptide Group AG's report on non-financial matters for the financial year 2024 and audit support for ESRS	85,000
BDO India: Review of income tax return / tax audit report for PolyPeptide Laboratories Pvt. Ltd.	7,400
Total	**93,400**

[1] Amounts converted to CHF from other currencies are translated at the average exchange rate 2024.

9.4 Information instruments pertaining to the external audit

The Board of Directors monitors compliance and proposes the annual election of the external auditor to the general meeting as recommended by the Audit and Risk Committee. In accordance with the Organizational Regulations and the Audit and Risk Committee Charter, the Audit and Risk Committee oversees the integrity of PolyPeptide's financial statements, the effectiveness of the internal control over financial reporting, the compliance with legal and regulatory requirements and the effectiveness of PolyPeptide's risk management and compliance.

In addition, the Audit and Risk Committee annually (or more often as required) assesses the performance, qualifications and independence of the external auditor as well as evaluates the audit fees. The Audit and Risk Committee's assessment of the external auditor is based on the independency and objectivity of the external auditors, the professional competence, the presented reports, the demonstrated technical and operational competences, the quality and sufficiency of resources, the ability to provide effective and practical recommendations as well as the external auditor's open and effective communication and coordination with PolyPeptide's finance team and other employees. Based on its assessment, the Audit and Risk Committee makes a recommendation to the Board of Directors concerning the choice of the external auditor.

With respect to non-audit services, the Audit and Risk Committee is focused on ensuring that BDO is not awarded any contracts that could lead to a conflict of interest with the audit mandate or impair its independence. The results of the assessment are reported to the Board of Directors.

The budget for audit fees (and any additional non-audit services) is reviewed and negotiated by the Audit and Risk Committee, with the final audit and non-audit fees subject to approval by the Board of Directors.

Since 1 January 2024, the Audit and Risk Committee held four (4) meetings with representatives of BDO. The Head of Internal Audit participated in all meetings of the Audit and Risk Committee held in 2024 (*i.e.*, in six (6) meetings). During these meetings, various accounting and reporting topics were discussed, including the audit report for 2023, the 2024 half-year consolidated financial statements, key accounting topics, ongoing year-to-date financial performance, oversight of the work of the Internal Audit function, review of the Enterprise Risk Management Report 2024, evaluation of the Group's key financial risks and mitigating strategies, audit plan and requirements for the 2024 audit of the consolidated financial statements, compliance and (cyber)security matters and internal control system. On an annual basis, the external auditor also presents a comprehensive report on the results of the audit of the consolidated financial statements, the findings on significant accounting and reporting matters and findings on the internal control system. For the year ended 31 December 2024, this presentation was held at the Audit and Risk Committee meeting on 28 February 2025 (in relation to the review of the 2024 full-year financial statements and recommendation to the Board of Directors). The results and findings of this report are also discussed in detail with the CFO and other members of the PolyPeptide finance team. The chair of the Audit and Risk Committee presented a summary of the external auditor's presentation (including accompanying materials submitted) to the Board of Directors at its next scheduled meeting, which occurred on 10 March 2025.

For more information regarding the Audit and Risk Committee and their meetings which included the external auditors, please refer to section 3.5.3.2 "*Audit and Risk Committee*" of this Corporate Governance Report.

For information regarding PolyPeptide's Internal Audit function, please refer to section 3.7.5 "*Internal Audit*" of this Corporate Governance Report.

10 Information policy

We maintain a policy of transparent communication with all our stakeholders.

We release our financial results in the form of an annual report. Our annual report is published only in English and only in electronic form under the links at the end of this section 10 within four months of the 31 December balance sheet date. According to art. 8 para. 5 Articles of Association the annual report, the remuneration report and related audit report, the Auditors' report, the report on non-financial matters and other reports as required by law shall be made available to the shareholders at least 20 calendar days prior to the date of the ordinary general meeting.

In addition, our financial results for the first half of each fiscal year are released only in English and only in electronic form under the links at the end of this section 10 within three months of the 30 June balance sheet date.

Our annual report and half-year results are announced via press releases and media and investor conferences held in person, via telephone or video conference / webcast.

In addition, we comply with the requirements of SIX Exchange Regulation on the dissemination of price-sensitive information. Ad hoc announcements can be accessed at the same time as they are communicated to the SIX Exchange Regulation at the links indicated at the end of this section 10. PolyPeptide will also send material and price-sensitive information directly, promptly and free of charge by e-mail. This service is offered under the links indicated at the end of this section 10.

Notices to shareholders are made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). The Board of Directors may designate further means of publication.

Contact addresses

Copies of all information and documents pertaining to press releases, media conferences, investor updates and presentations at analyst and investor presentation conferences can be downloaded from our website at www.polypeptide.com or obtained upon request from Investor Relations, Neuhofstrasse 24, 6340 Baar, Switzerland (phone: +41 435 020 580; e-mail: investorrelations@polypeptide.com).

Main registered office

PolyPeptide Group AG
Neuhofstrasse 24
6340 Baar
Switzerland

Weblinks

The Company's website:
www.polypeptide.com

Subscription for ad hoc messages (push system):
www.polypeptide.com/news/subscription/

Ad hoc messages (pull system):
www.polypeptide.com/news/

Financial reports:
www.polypeptide.com/investors/results-presentations/

Corporate calendar:
www.polypeptide.com/investors/calendar/

Upcoming important dates:

- 11 March 2025 – Full-year Results 2024 and Media Conference
- 9 April 2025 – General Meeting 2025
- 12 August 2025 – Half-year Results 2025 and Media Conference
- 12 March 2026 – Full-year Results 2025 and Media Conference
- 8 April 2026 – General Meeting 2026
- 13 August 2026 – Half-year Results 2026

11 Quiet periods (Blocked periods)

Our trading policy sets out internal guidance and rules on the proper handling of inside information and for trading in the Company's securities. In addition, our disclosure policy defines the information requirements and responsibilities with regard to informing the public in a fair and transparent manner, and at the earliest possible stage, about significant developments and changes concerning PolyPeptide.

We have introduced ordinary blocked periods, during which time the Company and blocked persons must not deal in Company securities or make respective recommendations to any other person regardless of whether or not such person is in possession of inside information. During the course of 2024, the Board of Directors brought forward the start of the ordinary blocked periods from 31 December and 30 June to 15 November and 15 May, respectively. Thus, PolyPeptide's ordinary blocked periods are (i) from 15 November until the lapse of one trading day following the public release of our annual results and (ii) from 15 May until the lapse of one trading day following the public release of our half-year results.

Blocked persons subject to the ordinary blocked periods include members of the Board of Directors, the Executive Committee, the PolyPeptide Management Committee and other individuals having access to inside information during these periods as identified by the CFO and General Counsel, in consultation with other members of management. The General Counsel maintains a list of the blocked persons, which is reviewed together with the CFO ahead of the commencement of each ordinary blocked period, and informs such individuals (other than members of the Board of Directors or the Executive Committee and the PolyPeptide Management Committee, who are ex officio blocked persons), of their designation as a blocked person. Each blocked person must also deliver an acknowledgment of their designation as a blocked person to the General Counsel. In addition, the General Counsel reminds all blocked persons by e-mail of the applicable restrictions ahead of each ordinary blackout period.

In 2024, the following ordinary blocked periods applied: from 31 December 2023 until (and including) 12 March 2024; from 15 May 2024 until (and including) 13 August 2024; and from 15 November 2024 until (and including) 11 March 2025. No exceptions to the ordinary blocked period were granted in 2024.

In addition to ordinary blocked periods, the Chair, CEO, CFO or the General Counsel may each impose extraordinary blocked periods from time to time where they consider it necessary or appropriate, including (without limitation) where inside information exists or may arise (for example in connection with a potential material transaction) or where restrictions are required or appropriate to comply with regulatory or other requirements.

Remuneration Report

Letter from the Chair of the Remuneration and Nomination Committee

Philippe Weber
Chair of the Remuneration and Nomination Committee

Dear Shareholders,

I am pleased to present PolyPeptide's Remuneration Report for 2024.

Complementing our Management, Corporate Responsibility, Corporate Governance and Financial Reports, this Remuneration Report describes PolyPeptide's compensation system and its governance as well as the underlying principles that ensure compensation, particularly the variable incentive components, is linked to PolyPeptide's strategic objectives and overall performance. Furthermore, this Remuneration Report offers insight into the Remuneration and Nomination Committee's key activities during 2024.

One important focus area in 2024 has been the revision of the Group's long-term incentive program (LTIP). With the assistance of an external independent advisor on remuneration matters, the Remuneration and Nomination Committee critically reviewed the structure of the LTIP, with the goal to recalibrate the performance metrics to support PolyPeptide's key strategic ambitions and facilitate immediate performance improvements, while unlocking long-term success. The Remuneration and Nomination Committee sought to establish an approach that fosters a culture of sustainable, high-quality performance with appropriate risk-taking. Following an iterative process, which included an industry and peer review, the Remuneration and Nomination Committee recommended three key performance metrics: (i) revenue to lay a solid foundation for the Group's targeted future growth, (ii) EBITDA to focus management's energy on restoring operational performance and profitability and (iii) Total Shareholder Return to promote capitalization recovery and enable a balanced view of the Group's performance by taking into account PolyPeptide's shareholders' perspective. Later in this Remuneration Report, we describe in more detail the weighting for each of the performance metrics and how the targets were set in 2024. To ensure broader alignment with strategic objectives and embed a shared commitment to PolyPeptide's long-term success, the Remuneration and Nomination Committee recommended the expansion of the eligible pool of participants to include all members of the PolyPeptide Management Committee and other key members of the Group's senior management.

Alongside the new performance metrics under the LTIP, the Remuneration and Nomination Committee further reviewed the performance metrics of the Group's short-term incentive program (STIP). To drive engagement and coordinated efforts among the Executive Committee, the weighting and allocation of the STIP performance metrics are now the same for all members of the Executive Committee, with 85% dependent on Group-wide performance criteria and the balance on individual objectives. In addition, we recognize the growing significance of ESG topics to all stakeholders. Therefore, STIP Group-wide performance metrics include not only financial objectives but also sustainability targets. In the following sections of this Remuneration Report, we provide further insights into the STIP performance metrics and the target setting approach for 2024.

We believe that the revisions to both the LTIP and STIP align with the expectations of our shareholders and reflect our ongoing commitment to transparently aligning compensation strategies with PolyPeptide's priorities, ensuring that variable compensation is closely tied to performance as well as sustainable value creation.

Succession planning for the Board of Directors was another key priority for the Remuneration and Nomination Committee. Following a targeted search, upon the recommendation of the Remuneration and Nomination Committee, the Board of Directors has announced the nomination of Jo LeCouilliard as a new independent member of the Board of Directors to stand for election at the annual general meeting 2025 ("AGM 2025"). Ms. LeCouilliard brings significant expertise to the Board in the area of healthcare management, and her financial background will enhance the Board's strategic financial oversight and risk management. After serving for four years, Beat In-Albon has decided not to stand for re-election at the AGM 2025. The Remuneration and Nomination Committee, together with the Board of Directors, thanks Mr. In-Albon for his dedicated service and valuable contributions.

In addition to its focus on PolyPeptide's variable incentive programs and succession planning among the Board of Directors, the Remuneration and Nomination Committee carried out its other regular tasks during the reporting year. As described further on in this Remuneration Report, the Remuneration and Nomination Committee reviewed an updated compensation benchmark desk research for the Board of Directors and Executive Committee, conducted the Executive Committee's 2023 performance assessment and set the performance goals for 2024. The Remuneration and Nomination Committee also recommended remuneration for the members of the Board of Directors and Executive Committee, while preparing this Remuneration Report and the say-on-pay votes for the AGM 2024.

One high priority for the Remuneration and Nomination Committee, and its entrusted material ESG topic, remains PolyPeptide's "People". Indeed, at PolyPeptide, employees are recognized as one of the Company's most important strengths. The organization is committed to fostering a fair, inclusive, and respectful work environment that offers meaningful development opportunities. In 2024, the Remuneration and Nomination Committee evaluated together with the Group's Chief Human Resources Officer PolyPeptide's organizational initiatives around talent management, including assessing the Group's first Group-wide talent review process conducted across all sites and global functions. Striving to be an employer of choice in its sector, PolyPeptide recognizes the importance of culture and leadership development as well as a robust compensation framework to attract, motivate, and retain the highly qualified talent essential for global success. The Remuneration and Nomination Committee will continue to collaborate with the Group's Chief Human Resources Officer to enhance PolyPeptide's appeal to both current and future employees. This includes advancing fair and equitable remuneration policies and practices aligned with PolyPeptide's sustainability goals, diversity and inclusion initiatives, and well-being strategies. By prioritizing these efforts, PolyPeptide aims to strengthen its workforce, drive sustainable performance, and cultivate behaviors that reflect the company's values.

Looking forward to 2025, the Remuneration and Nomination Committee will continue to proactively evaluate and review the Group's remuneration programs. We are confident that our revised variable incentive structures and processes align with market standards, as well as the interests of our shareholders and other key stakeholders, and effectively support our compensation strategy to attract, motivate and retain the right talent. Nevertheless, the Remuneration and Nomination Committee will continue to regularly monitor developments and to assess opportunities for further development.

We welcome an open dialogue with PolyPeptide's shareholders as we continue to refine and enhance our remuneration structure. At the AGM 2025, you will have the chance to share your views on PolyPeptide's remuneration policies, principles, and elements through a consultative vote on this Remuneration Report. Additionally, we will seek your approval for the total compensation amounts to be awarded (i) to the Board of Directors for the period until the next general meeting in 2026 and (ii) to the Executive Committee for the financial year 2026 (binding votes). We respectfully request your approval of these agenda items at the AGM 2025.

On behalf of the Board of Directors and the Remuneration and Nomination Committee, I extend our gratitude for your trust and continued support during this transformative period.

Sincerely,

Philippe Weber
Chair of the Remuneration and Nomination Committee

Remuneration Report 2024

This Remuneration Report describes PolyPeptide's remuneration governance and principles, structure and elements. We have prepared this report in compliance with the requirements of the Swiss Code of Obligations ("CO"), the Company's Articles of Association as well as the SIX Swiss Exchange Directive on Information relating to Corporate Governance ("DCG") and the principles of the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse.[1]

All information within this Remuneration Report 2024 refers to the Company's organization, Articles of Association[2] and Organizational Regulations[3] that were in effect as of 31 December 2024 (unless otherwise stated).

[1] In its version as approved by the board of economiesuisse on 14 November 2022.

[2] PolyPeptide Group AG's Articles of Association are available at www.polypeptide.com/investors/results-center/results-2024/.

[3] PolyPeptide Group AG's Organizational Regulations are available at www.polypeptide.com/investors/results-center/results-2024/.

1 Remuneration governance

1.1 Articles of Association

Our Articles of Association[4] include the principles governing remuneration. The key provisions are summarized below.

Table 1: Articles of Association

Votes on compensation ***Article 13***	The general meeting approves, separately and bindingly, the aggregate amounts of: (i) the maximum compensation of the Board of Directors for the term of office until the next general meeting that may be paid or allocated; and (ii) the maximum overall compensation of the Executive Committee (fixed and variable components) that may be paid or allocated in the subsequent business year.
Principles of compensation Board of Directors ***Article 25 para. 1***	The compensation of the members of the Board of Directors consists of fixed compensation elements and may comprise variable compensation elements; the fixed compensation comprises a fixed base fee and fixed fees for chair positions and memberships in Board committees or for roles of the Board of Directors as well as a lump sum compensation for expenses; the variable compensation (if applicable) comprises performance-related compensation elements and financial instruments (e.g., performance stock units (PSU)) and depends on the achievement of strategic and / or financial targets set in advance by the Board of Directors over the course of a performance period defined by the Board of Directors. The compensation is awarded in cash, in the form of shares in the Company and other benefits.
Principles of compensation Executive Committee ***Article 26 para. 1***	Compensation for members of the Executive Committee consists of fixed base compensation in cash as well as variable compensation. The fixed compensation comprises the base compensation and may comprise additional compensation elements and benefits. The variable compensation may comprise short-term and long-term compensation components. Compensation to members of the Executive Committee may be awarded in cash, in the form of shares in the Company and other benefits.
Short-term and long-term variable compensation ***Article 26 paras. 2-4***	Short-term variable compensation of the Executive Committee depends on the achievement of targets set in advance by the Board of Directors over the course of a one-year performance period; the long-term variable compensation of the Executive Committee shall take into account the sustainable long-term performance and strategic objectives of PolyPeptide and achievements are generally measured based on a period of several years set in advance by the Board of Directors.
Agreements related to compensation, maximum contract terms and non-compete terms of the Executive Committee ***Article 24***	The employment agreements of the members of the Executive Committee shall in principle be concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed one year. Employment agreements for an indefinite term may have a termination notice period of maximum 12 months; non-competition obligations for the time following termination of an employment contract with members of the Executive Committee and the associated compensation are permitted to the extent that this is justified from a business perspective. The compensation for such a non-competition undertaking shall not exceed the average compensation paid to such member during the last three financial years.
Additional compensation for new members of the Executive Committee ***Article 29***	If newly appointed members of the Executive Committee take office after the general meeting has approved the aggregate maximum amount of compensation of the members of the Executive Committee for the next business year, such newly appointed members may receive a compensation in each case of up to 50% of the last aggregate maximum amount of compensation for the Executive Committee approved by the general meeting.
Loans, credits and pension benefits ***Article 28 para. 1***	The Company shall not grant loans, credits, pension benefits (other than in the context of occupational pension) or securities to current or former members of the Board of Directors or the Executive Committee or to persons closely associated with them. Advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum amount of CHF 1,000,000 are permitted.

In addition, our Organizational Regulations[5], including the Charter of the Remuneration and Nomination Committee, further describe and define the roles and responsibilities of the Remuneration and Nomination Committee and the Board of Directors.

[4] PolyPeptide Group AG's Articles of Association are available at www.polypeptide.com/investors/results-center/results-2024/.

[5] PolyPeptide Group AG's Organizational Regulations are available at www.polypeptide.com/investors/results-center/results-2024/.

1.2 Role and activities of the Board of Directors and shareholders

As provided for in the CO and our Articles of Association, our shareholders have significant influence on the compensation of PolyPeptide's governing bodies and annually approve the maximum aggregate compensation for the members of our Board of Directors and Executive Committee for the applicable periods.

At PolyPeptide, the approach to remuneration is mainly structured by the Remuneration and Nomination Committee, with our Board of Directors being ultimately responsible for ensuring that we comply with and implement our shareholders' resolutions on compensation matters as well as adhere to statutory compensation provisions and the compensation principles set out in our Articles of Association.

The decision-making relationship between our shareholders, the Board of Directors, the Remuneration and Nomination Committee and the CEO is illustrated below.

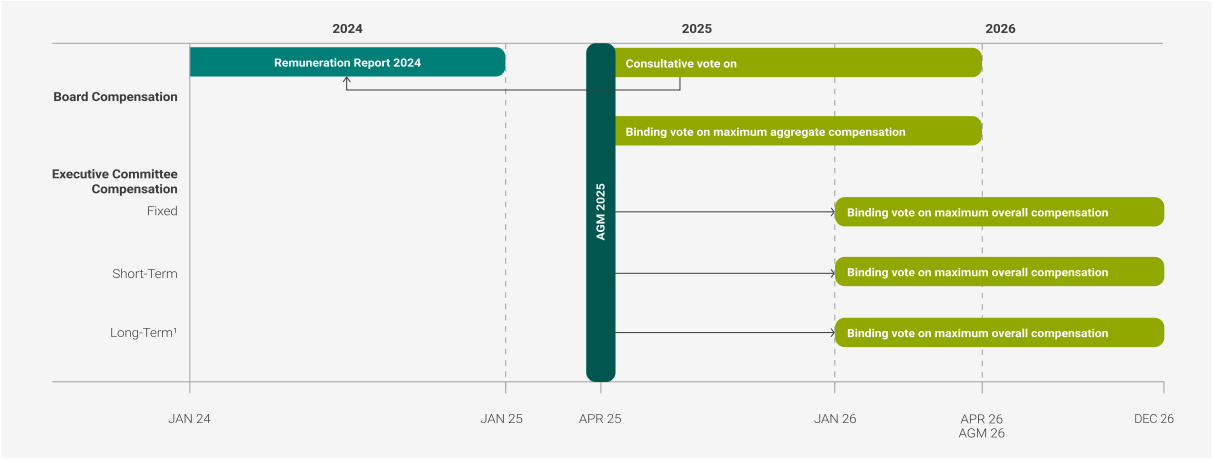
Table 2: Responsibilities regarding compensation decisions

The Board of Directors will submit two separate binding prospective compensation-related resolutions for shareholder approval at the upcoming general meeting 2025 ("AGM 2025"):

- The maximum aggregate amount of compensation of the Board of Directors for the term of office ending at the conclusion of the next general meeting (*i.e.*, until the general meeting in 2026); and
- The maximum overall compensation of the Executive Committee (fixed and variable components) for the financial year 2026.

In addition, the Board of Directors will submit this Remuneration Report to shareholders for a separate consultative vote.

Table 3: Structure of shareholder voting on compensation at the AGM 2025



[1] For details regarding the LTIP, including vesting periods, see section 5.1.4 "*Long-term incentive program*" of this Remuneration Report.

The Board of Directors may divide the maximum overall compensation of the Executive Committee to be proposed for approval into a maximum fixed and maximum variable compensation and submit the respective proposals for separate approval by the general meeting. Further, the Board of Directors may present to the general meeting deviating or additional proposals for approval in relation to the same or different time periods.

If the general meeting does not approve the amount of the proposed fixed and variable compensation, as the case may be, the Board of Directors may either submit new proposals at the same general meeting, convene an extraordinary general meeting and make new proposals for approval, or submit the proposals regarding compensation for retrospective approval at the next general meeting.

At the general meeting 2024 ("AGM 2024"), the Board of Directors submitted two separate binding prospective compensation-related proposals, which were approved by the shareholders:

- The maximum aggregate amount of compensation of the Board of Directors for the term of office ending at the conclusion of the next general meeting (*i.e.*, until the general meeting in 2025) in the amount of CHF 1,600,000 (including all employee and employer social security contributions); and
- The maximum overall compensation of the Executive Committee (fixed and variable components) for the financial year 2025 in the amount of CHF 7,000,000 (including all employee and employer social security and pension contributions).

In addition, shareholders approved the Remuneration Report 2023 in a consultative vote. For a reconciliation of approved compensation for the Board of Directors versus the estimated awarded amounts until the AGM 2025, see section 4.2 "*Compensation of the Board of Directors*" of this Remuneration Report. For a reconciliation of approved compensation for the Executive Committee versus awarded amounts for the year ended 31 December 2024, see section 5.2.2 "*Aggregate compensation of the Executive Committee*" of this Remuneration Report.

1.3 Role and activities of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee acts in advisory and preparatory capacities and has no decision-making authority of its own (unless provided with such authority by a special resolution of the Board of Directors). The Board of Directors remains ultimately responsible for the tasks delegated to the Remuneration and Nomination Committee by Swiss law, the Articles of Association or the Organizational Regulations.

The Remuneration and Nomination Committee is entrusted with preparing and periodically reviewing PolyPeptide's compensation policy, compensation strategy and principles as well as the performance criteria related to compensation and the accompanying review of their implementation. The Remuneration and Nomination Committee is also responsible for submitting proposals and recommendations to the Board of Directors regarding compensation matters. The Remuneration and Nomination Committee further supports the Board of Directors in preparing the compensation proposals for the general meeting. In addition, the Remuneration and Nomination Committee assists the Board of Directors in relation to the succession planning for and nomination of the members of the Board of Directors and the Executive Committee as well as the corporate governance of the Company and the Group. In furtherance of this, the Remuneration and Nomination Committee, for example, regularly assesses the set of competencies as well as each Director's contributions to ensure that an appropriate mix of skills, expertise and diversity is represented on the Board of Directors and its Committees. The specific responsibilities and competencies of the Remuneration and Nomination Committee are set forth in art. 19 of the Articles of Association, section 5.3 of the Organizational Regulations as well as the Remuneration and Nomination Committee Charter.

The Remuneration and Nomination Committee consists of at least two members of the Board of Directors who are elected individually and annually by the general meeting for a term of office ending at the conclusion of the next general meeting. Re-election is possible. The chair of the Remuneration and Nomination Committee is independent and is appointed by the Board of Directors. As of 31 December 2024, the Remuneration and Nomination Committee consisted of two members: Philippe Weber (chair) and Peter Wilden.[6]

The Remuneration and Nomination Committee meets at such frequency as it deems necessary to fulfill its duties, normally ahead of ordinary Board meetings, which are expected to take place at least four (4) times per year. Additional meetings may be held and may be convened at the request of either the Board of Directors or any Remuneration and Nomination Committee member. Since 1 January 2024, the Remuneration and Nomination Committee met six (6) times, in a combination of in-person sessions and video conferences, for an average duration of approximately one (1) hour.

The Remuneration and Nomination Committee keeps the Chair informed on a regular basis of all important strategic issues, transactions as well as any business situations and / or developments within its scope of responsibilities and duties. In addition, the chair of the Remuneration and Nomination Committee provides the full Board of Directors at their ordinary meetings with an overview of key topics discussed at the most recent Remuneration and Nomination Committee meeting. The signed minutes (together with all presentation and background materials) from each Remuneration and Nomination Committee meeting are also circulated or otherwise made available to the full Board for their review.

The Remuneration and Nomination Committee communicates periodically with and may invite to meetings the CEO, the CFO and the Chief Human Resources Officer, as well as such other persons (including external specialist advisors) as the Remuneration and Nomination Committee deems appropriate. Such individuals may attend meetings without the right to vote as guests, except where not appropriate (*e.g.*, if particular matters relating to their performance or remuneration are discussed).

In 2023 and 2024, the Remuneration and Nomination Committee worked with HCM International Ltd., Zurich ("HCM International") as external independent advisor on certain remuneration matters, including the redesign of and target setting for the long-term incentive program. For the changes made to the long-term incentive plan in 2024, see section 5.1.4 "*Long-term incentive program*" of this Remuneration Report. Other than with regards to the advice on certain remuneration matters, HCM International did not have any additional mandates at PolyPeptide in 2023 and 2024.

[6] The AGM 2024 confirmed the re-election of Philippe Weber and Peter Wilden as members of the Remuneration and Nomination Committee.

In 2022, the Remuneration and Nomination Committee engaged Willis Towers Watson ("WTW") for quantitative compensation benchmark services for PolyPeptide's management, including the Board of Directors and Executive Committee (see section 2 "*Remuneration philosophy and principles*" of this Remuneration Report). WTW did not provide any benchmark services in 2023 and 2024. However, WTW provided additional advisory services to the Group in 2023 and 2024, specifically actuarial valuations at two of our European sites. We believe that these standard and comparatively minor additional mandates at two of our local PolyPeptide sites did not impact their objectivity or independence.

In accordance with art. 19 of the Articles of Association and the Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee discussed the following topics at its meetings in 2024:

Review of remuneration principles, strategy and structure

- General review and assessment of the continued appropriateness of PolyPeptide's remuneration principles, strategy and structure
- Review of the Remuneration Report 2023
- Review of compensation proposals for the Board of Directors and Executive Committee for AGM 2024
- Finalization of the redesign of PolyPeptide's long-term incentive program (LTIP), with a focus on the performance targets
- Review of shareholders' and proxy advisors' feedback on the Remuneration Report 2023
- Review of the structure and approach to the Remuneration Report 2024, including analysis on remuneration disclosure

Compensation of the Board of Directors

- Preparation of compensation proposals for AGM 2024 for the Board of Directors
- Review of the results of the remuneration benchmark desk research for the Board of Directors

Compensation of the Executive Committee

- Review and preparation of proposals to the Board regarding the achievement of the 2023 variable short-term incentive for the members of the Executive Committee, including individual performance appraisal
- Review and preparation of proposals to the Board regarding individual performance targets and weighting for the 2024 variable short-term incentive for the members of the Executive Committee
- Review and preparation of proposals to the Board regarding performance targets for the 2024 variable long-term incentive award for the Executive Committee
- Preparation of compensation proposals for AGM 2024 for the Executive Committee
- Review of the results of the remuneration benchmark desk research for the Executive Committee

Succession and governance

- Succession planning and candidate recruitment for the Board of Directors
- Review of succession strategy for PolyPeptide's management
- Review of the results of the self-assessments of the Board of Directors and its Committees and consideration of an external evaluation
- General update on corporate governance trends and best practices as well as relevant regulatory developments
- Review of shareholder analysis and outreach
- Update on human capital management, including the Group's human resources mid- and long-term plan and an overview of key people analytics
- Review of material ESG topics assigned to the Remuneration and Nomination Committee
- Review of the Remuneration and Nomination Committee Charter

For more information, see also section 3.5.3.1 "*Remuneration and Nomination Committee*" of the Corporate Governance Report 2024.

2 Remuneration philosophy and principles

We believe that a corporate culture offering employees dynamic and stimulating working conditions with great opportunities to grow and contribute to the shared objective of creating customer satisfaction and fostering long-term customer loyalty through excellence in peptide and oligonucleotide technology, quality, value, service and customer support is key for safeguarding PolyPeptide's long-standing success.

In order to attract, motivate and retain talented individuals who drive performance, the Remuneration and Nomination Committee gives careful consideration to PolyPeptide's remuneration framework, which aims to be simple, clear and transparent. The Remuneration and Nomination Committee is guided by the following key principles:

- the remuneration framework should be competitive, commensurate with market conditions and drive sustainable long-term value creation
- the remuneration framework should reward individual performance and align the interests of the Board of Directors and Executive Committee with the interests of PolyPeptide and its shareholders
- the remuneration framework should be traceable
- the remuneration framework should contain a balance of both fixed and variable components to create sustainable value
- short-term variable components should be based on clear criteria and performance targets tied to PolyPeptide's strategic objectives and values, with consideration given to qualitative factors, including the individual's commitment to PolyPeptide's values through demonstrated behaviors
- long-term variable components should be evaluated and only awarded on the basis of PolyPeptide's long-term performance to promote the creation of shareholder value
- the remuneration framework should avoid creating unintended, undesirable or conflicting incentives or behaviors

As a basis for this work and to support compensation recommendations to the Board of Directors, the Remuneration and Nomination Committee reviews every two or three years (or more often as required) PolyPeptide's compensation system against the compensation of comparable companies to ensure that PolyPeptide's remuneration continues to be guided by its established principles and that remuneration levels remain competitive to support the retention and attraction of talent. For these purposes, the Remuneration and Nomination Committee regularly considers whether it is appropriate or necessary to engage external advisors as well as whether the identified peer groups from the most recent benchmark studies remain valid. The Remuneration and Nomination Committee further considers PolyPeptide's overall internal compensation structure, the individual's profile (*e.g.*, skill set, experience, seniority), PolyPeptide's global activities and the growing complexity and demands of its industry. Following such assessments, the Remuneration and Nomination Committee may propose to the Board of Directors compensation adjustments (*e.g.*, increases / decreases in base salaries or changes in the structure or proportion of the compensation components) for proposal to the general meeting.

In 2024, the Remuneration and Nomination Committee reviewed the compensation of the Board of Directors against internally compiled data (i) from executive studies and reports and (ii) on the basis of the disclosures of Swiss companies of similar size and structure, (*e.g.*, considering sector, employee base, revenue and market capitalization) as well as based on their business model and geographic presence.[7] This updated internal review showed that PolyPeptide maintained its positioning between the tenth and twenty-fifth percentile within this Swiss peer group as in 2023 (see section 2 "*Remuneration philosophy and principles*" of the Remuneration Report 2023. After examining the available data, the Remuneration and Nomination Committee observed that PolyPeptide's aggregate Board remuneration trended moderately higher. At the same time, the Remuneration and Nomination Committee remains focused on the Group's strategic ambitions and the need to retain and attract highly qualified directors to drive PolyPeptide's transformation and future growth. Furthermore, at least half of the Board's remuneration is paid in shares, thus closely aligning the Board's interest with that of the Company's shareholders to drive PolyPeptide's success (see also section 4.1 "*Remuneration approach*" of this Remuneration Report). On the basis of this assessment, the Remuneration and Nomination Committee concluded that no proposed changes to the remuneration of the Board of Directors were currently warranted.

[7] The similarly sized Swiss peer group comprised 13 companies in 2024: Lonza Group AG, Straumann Holding AG, Sonova Holding AG, Bachem Holding AG, Tecan Group Ltd., Galenica AG, Siegfried Holding AG, Idorsia Ltd, Medacta Group SA, medmix AG, Medartis Holding AG, Sensiron Holding AG and Ypsomed Holding AG (newly considered among the Swiss peer group).

To ensure competitiveness with the market, the compensation of the Executive Committee was also benchmarked in 2024 against internally compiled data (i) from executive studies and reports, (ii) from previously obtained European benchmark data (adjusted for inflation between 2022 and 2024)[8] and (iii) on the basis of applicable disclosures of Swiss companies of similar size and structure, (*e.g.*, considering sector, employee base, revenue and market capitalization) as well as based on their business model and geographic presence.[7] Review of the data shows that PolyPeptide is generally positioned between the tenth and twenty-fifth percentile across the different peer groups with relatively higher aggregate Executive Committee compensation depending on the individual roles. The Remuneration and Nomination Committee assessed the results, while at the same time considering PolyPeptide's ambitious growth strategy and the need to recruit and retain highly qualified executives in a competitive international labor market, and decided that currently no proposed changes to the aggregate remuneration of the Executive Committee was currently warranted.

[8] PolyPeptide commissioned a report from WTW in 2022, which analyzed executive compensation from a selected peer group of 22 European health science companies, consisting of Galapagos NV, Genmab A/S, Leo Pharma A/S, H. Lundbeck A/S, Laboratories Expanscience, QIAGEN N.V., IDT Biologika, Fidia Farmaceutici S.P.A., Cinfa S.A., Grupo Alter, Swedish Orphan Biovitrum AB, Ferring B.V., Galderma S.A., IBSA Institut Biochimique SA, Lonza Group AG, Novartis AG, Roche Holding AG, Straumann Holding AG, Tecan Group Ltd, Vifor Pharma AG, Bio Products Laboratory Holding Limited and Mundipharma International Limited. This peer group was selected by considering factors such as industry, revenue, employee base, geographic footprint, etc. The benchmark focused on appropriate functions within the peer group by applying the WTW grading. WTW uses a position evaluation methodology to size each role so that in all cases positions were compared with similar positions in terms of scope. See section 2 "*Remuneration philosophy and principles*" of the Remuneration Report 2022.

3 Agreements related to the compensation for members of the Board of Directors and the Executive Committee

According to art. 24 para. 1 of the Articles of Association and in line with the CO, any mandate agreements with members of the Board of Directors have a fixed term until the conclusion of the next general meeting. Early termination or removals remain reserved. According to art. 24 para. 2 of the Articles of Association, the employment agreements of the members of the Executive Committee are in principle concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term will not exceed one year. Employment agreements for an indefinite term may have a termination notice period of maximum 12 months. Art. 24 para. 3 of the Articles of Association provides that the non-competition obligations for the time following termination of an employment contract with members of the Executive Committee and the associated compensation are permitted to the extent that this is justified from a business perspective. According to art. 24 para. 3 of the Articles of Association, the compensation for such a non-competition undertaking shall not exceed the average compensation paid to such member during the last three business years.

Currently, all members of the Executive Committee are employed under contracts of unlimited duration with notice periods not exceeding a maximum of 12 months. Board mandates are not subject to notice periods and terminate ordinarily at the conclusion of the next general meeting. There are no contractual agreements or undertakings in place with respect to severance payments for members of either the Executive Committee or the Board of Directors. For information regarding special vesting provisions of any applicable LTIP awards, in particular with regard to a change of control, see section 5.1.4 "*Long-term incentive program*" of this Remuneration Report.

In addition, the current Executive Committee agreements contain non-competition clauses, and, in accordance with art. 24 para. 3 of the Articles of Association, any compensation for such a non-competition undertaking does not exceed the average compensation paid to such Executive Committee member during the last three business years.

4 Compensation framework for the Board of Directors

4.1 Remuneration approach

Pursuant to art. 25 of the Articles of Association, the compensation of the members of the Board of Directors (including the Chair) is determined by the entire Board of Directors based on the proposal of the Remuneration and Nomination Committee and subject to and within the limits of the aggregate maximum amounts approved by the general meeting. According to section 4(b) of the Organizational Regulations, the Chair is required to abstain from the deliberation and decision-making about their own compensation. The compensation consists of fixed compensation elements and may comprise variable compensation elements. The fixed compensation includes a fixed base fee and fixed fees for chair positions and memberships in Board committees or for roles of the Board of Directors as well as potentially a lump sum compensation for expenses (if applicable), which are determined by the full Board of Directors based on the proposal of the Remuneration and Nomination Committee, subject to and within the limits of the aggregate maximum amounts approved by the general meeting.

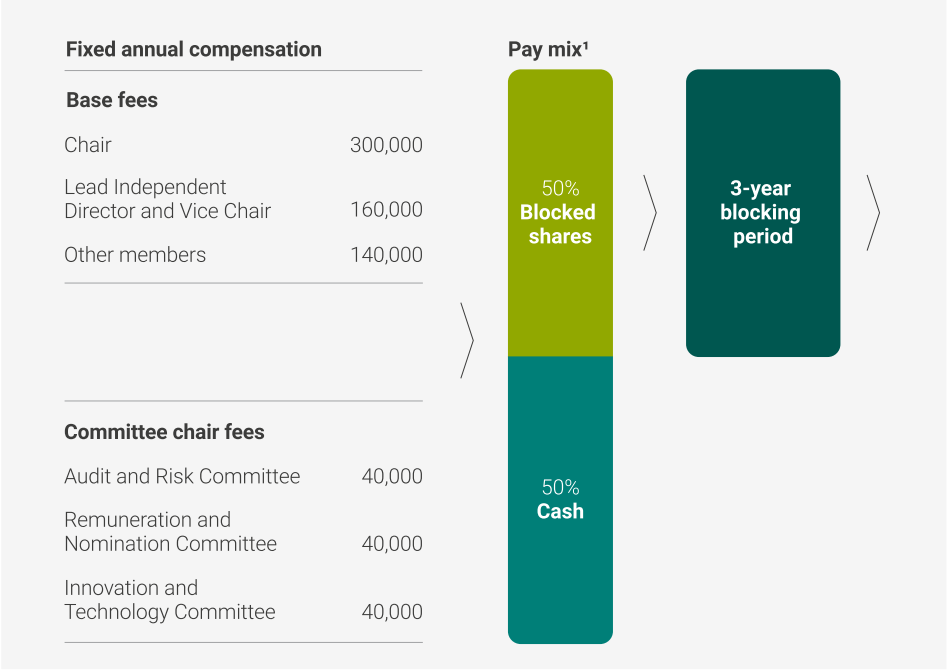
Any variable compensation comprises performance-related compensation elements and financial instruments (*e.g.*, performance stock units (PSU)) and depends on the achievement of strategic and / or financial targets set in advance by the Board of Directors over the course of a performance period defined by the Board of Directors. The compensation is awarded in cash, in the form of shares in the Company and other benefits. Where the compensation is paid in whole or in part in shares or financial instruments, the Board of Directors determines the grant conditions as well as any restriction periods and forfeit conditions.

Currently, members of the Board of Directors only receive fixed compensation elements, of which at least half are payable in shares and the remainder in cash. Board members have the option of electing 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 will be granted at a discount of 20% to market price.[9] All shares received as part of the Board's remuneration are subject to a three-year blocking period from the date of grant. We believe that the share-based component strengthens the alignment of the Board of Directors' interests with those of our shareholders as well as further incentivizes the members of the Board of Directors to drive PolyPeptide's success. During the period under review, there were no payments to pension funds or similar institutions for the members of the Board of Directors.

[9] The market price is the volume-weighted average share price over the last five trading days prior to the quarterly payment date.

Below is an overview of the current remuneration framework for the Board of Directors.

Table 4: Remuneration framework for the Board of Directors
(in CHF)



[1] Board members have the option of electing on an annual basis 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 will be granted at a discount of 20% to market price (calculated based on the volume-weighted average share price over the last five trading days prior to the quarterly payment date).

The cash and share compensation are paid out on a quarterly basis. The number of shares is determined by dividing each Board member's respective share-based compensation by the volume-weighted average closing share price over the last five trading days prior to the quarterly payment date (and with a discount of 20% on the shares exceeding 50% of the fixed fee, if applicable) and rounded up to the next whole number of shares. Any shares delivered to Board members in connection with their compensation are / will be blocked for a period of three years from the date of grant. In 2024, the allocated shares were sourced from the Company's treasury shares.

If a Board member resigns before completion of the respective term of office (i.e., mid-term), such member is entitled to the respective pro-rata compensation earned up to and including the resignation date, and any compensation already received in excess of the pro-rata entitlement is to be transferred back to the Company.

Pursuant to art. 27 of the Articles of Association, expenses that are not covered by the lump sum compensation for expenses (if applicable) pursuant to PolyPeptide's expense regulations are reimbursed against presentation of the relevant receipts. Amounts paid for expenses actually incurred do not need to be approved by the general meeting.

4.2 Compensation of the Board of Directors

The structure and remuneration components of the members of the Board of Directors has not changed in 2024 compared to 2023. However, the total compensation of the Board of Directors decreased by 22.6% for the year ended 31 December 2024 as compared to 31 December 2023 due to (i) the reduced size of the Board of Directors following AGM 2024, (ii) the fixed executive chair fee awarded to Peter Wilden for the period 1 February 2023 to 30 September 2023 and (iii) the appointment of Erik Schropp as chair of the Audit and Risk Committee ("ARC")[2].

The following tables show the compensation of the Board of Directors for the period from 1 January 2024 to 31 December 2024 (Table 5) and from 1 January 2023 to 31 December 2023 (Table 6). In each of these periods, the Board did not receive a lump sum for expenses; rather, any expenses incurred were reimbursed against the presentation of the relevant receipts.

Table 5: 2024 Compensation of the Board of Directors
(1 January 2024–31 December 2024)

CHF	Position	Cash compensation	Share-based compensation[1]	Total (cash and shares)	Social security contributions	Total compensation
Peter Wilden	Chair	75,000	243,817	**318,817**	18,225	**337,042**
Patrick Aebischer	Vice-Chair, Lead Independent Director, ITC Chair	50,000	162,555	**212,555**	11,762	**224,317**
Erik Schropp[2]	Member, ARC Chair	–	–	**–**	–	**–**
Jane Salik	Independent Member	70,000	70,038	**140,038**	–	**140,038**
Beat In-Albon[3]	Independent Member	37,500	122,572	**160,072**	8,569	**168,640**
Philippe Weber[4]	Independent Member, RNC Chair	18,000	180,042	**198,042**	13,356	**211,398**
Dorothee A. Deuring[5]	Independent Member	17,500	18,907	**36,407**	2,681	**39,088**
Total Board of Directors		**268,000**	**797,930**	**1,065,930**	**54,593**	**1,120,523**

[1] The number of shares due quarterly for each Director is determined by dividing each Board member's respective share-based compensation by the volume-weighted average share price over the last five trading days prior to the quarterly grant date and rounded up to the next whole number of 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 the volume-weighted average share price over the last five trading days prior to the quarterly grant date. The table reflects the fair value at grant date of the shares. For information regarding the accounting treatment of such share-based payments under IFRS, see note 4 "*Share-based payment*" of the consolidated financial statements in the Financial Report 2024.

[2] Erik Schropp, as representative of Draupnir Holding B.V. (one of the Company's significant shareholders, see section 1.2 "*Significant shareholders*" of the Corporate Governance Report 2024), waived all compensation for his Board duties for the term of office from the AGM 2024 to AGM 2025, including for his role as chair of the ARC as of 11 April 2024.

[3] Beat In-Albon stepped down as Chair of the ARC as of 11 April 2024.

[4] Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF). For the year ended 31 December 2024, the Group paid CHF 35,539 to NKF for legal services in relation to ongoing corporate legal matters (*e.g.*, securities, employment, tax, bank finance and corporate law matters), of which CHF 3,710 was directly attributable to legal services provided by Philippe Weber.

[5] Dorothee A. Deuring was elected as a member of the Board of Directors at the AGM 2023 on 12 April 2023 and decided not to stand for re-election at the AGM 2024 on 10 April 2024.

Table 6: 2023 Compensation of the Board of Directors
(1 January 2023–31 December 2023)

CHF	Position	Cash compensation	Share-based compensation[1]	Total (cash and shares)	Social security contributions	Total compensation
Peter Wilden	Chair	71,250	249,643	**320,894**	20,165	**341,059**
	Executive Chair[2]	200,000	–	**200,000**	14,356	**214,356**[2]
Patrick Aebischer	Vice-Chair, Lead Independent Director, ITC Chair	50,000	163,263	**213,263**	11,803	**225,067**
Erik Schropp[3]	Member	–	–	**–**	–	**–**
Jane Salik	Member	70,000	70,354	**140,354**	–	**140,354**
Beat In-Albon	Independent Member, ARC Chair	45,000	146,946	**191,946**	10,507	**202,453**
Philippe Weber[4]	Independent Member, RNC Chair	18,500	180,232	**198,732**	13,402	**212,135**
Dorothee A. Deuring[5]	Independent Member	52,500	52,621	**105,121**	7,765	**112,886**
Total Board of Directors		**507,250**	**863,060**	**1,370,310**	**78,002**	**1,448,313**

[1] The number of shares due quarterly for each Director is determined by dividing each Board member's respective share-based compensation by the volume-weighted average share price over the last five trading days prior to the quarterly grant date and rounded up to the next whole number of 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 the volume-weighted average share price over the last five trading days prior to the quarterly grant date. The table reflects the fair value at grant date of the shares. For information regarding the accounting treatment of such share-based payments under IFRS, see note 4 "*Share-based payment*" of the consolidated financial statements in the Financial Report 2023.

[2] The amount reflects the fixed executive chair fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chair (as announced on 30 January 2023) for the period 1 February 2023 to 30 September 2023. For the year ended 31 December 2023, Dr. Peter Wilden received in aggregate total compensation of CHF 555,415.

[3] Erik Schropp, as representative of Draupnir Holding B.V. (one of the Company's significant shareholders, see section 1.2 "*Significant shareholders*" of the Corporate Governance Report 2023), waived all compensation for his Board duties for the term of office from the AGM 2023 to AGM 2024.

[4] Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF). For the year ended 31 December 2023, the Group paid CHF 185,892 to NKF for legal services in relation to ongoing corporate legal matters (*e.g.*, securities, employment, tax, bank finance and corporate law matters), of which CHF 6,720 was directly attributable to legal services provided by Philippe Weber. In addition, NKF provided legal assistance in connection with the signing of a revolving credit facility agreement (as announced by the Company on 2 October 2023). The revolving credit facility agreement enabled the Company to refinance its then existing borrowings as well as to continue to finance its working capital and capital expenditure requirements to support its planned business growth.

[5] Dorothee A. Deuring was elected as a member of the Board of Directors at the AGM 2023 on 12 April 2023.

Reconciliation of compensation to shareholder resolutions

For the term to the AGM 2025, the AGM 2024 approved a maximum aggregate amount of fixed compensation for the Board of Directors of CHF 1,600,000 (including all employee and employer social security contributions). For the term to the AGM 2024, the AGM 2023 approved a maximum aggregate amount of fixed compensation for the Board of Directors of CHF 1,600,000 (including all employee and employer social security contributions).

Table 7 shows the reconciliation between the compensation that has been / will be paid / granted for the respective term of office and the maximum aggregate amount approved by the general meeting:

Table 7: Compensation approved and compensation paid / to be paid / granted for the members of the Board of Directors

	Total compensation granted	Maximum aggregate amount available	Status
AGM 2023 to AGM 2024	CHF 1,446,700[1]	CHF 1,600,000	Approved AGM 2023
AGM 2024 to AGM 2025	CHF 1,051,939[2]	CHF 1,600,000	Approved AGM 2024

[1] The amount includes the fixed executive chair fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chair for the period 1 February 2023 to 30 September 2023.

[2] The amount represents an estimate for the term of office from AGM 2024 to AGM 2025. The amount is calculated as an estimate for the six members of the Board of Directors elected at the AGM 2024, of which one member (Erik Schropp) waived his compensation for his Board duties for the current term of office. The final amount of total compensation granted will be disclosed in the Remuneration Report 2025.

4.3 Loans, credits and related-party compensation

In accordance with art. 28 of the Articles of Association, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2024 or 31 December 2023, respectively, to current members of the Board of Directors. In addition, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2024 or 31 December 2023, respectively, to former members of the Board of Directors.

For the years ended 31 December 2024 and 31 December 2023, respectively, no compensation was directly or indirectly paid or granted to persons closely associated with current or former members of the Board of Directors. In addition, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2024 or 31 December 2023, respectively, to persons closely associated with current or former members of Board of Directors.

For the related party transactions, refer to note 22 "*Related parties*" of the consolidated financial statements in the Financial Report 2024.

5 Compensation framework for the Executive Committee

5.1 Remuneration approach

Pursuant to art. 26 of the Articles of Association, the compensation of the members of the Executive Committee is determined by the entire Board of Directors based on the proposal of the Remuneration and Nomination Committee and subject to and within the limits of the aggregate amounts approved by the general meeting. Regarding the compensation of the members of the Executive Committee (other than the CEO), the Remuneration and Nomination Committee works in consultation with the CEO.

In principle (and as set forth by the Organizational Regulations), members of the Executive Committee shall attend designated and selected sections of the meetings of the Board and Remuneration and Nomination Committee meetings as guests without the right to vote, except where not appropriate (*e.g.*, if particular matters relating to their performance or remuneration are discussed). Compensation to members of the Executive Committee may be awarded in cash, in the form of shares in the Company and other benefits.

The remuneration framework for members of the Executive Committee consists of fixed base compensation in cash as well as variable compensation elements. The fixed compensation comprises the base salary, pension and other benefits. The variable compensation comprises short-term and long-term compensation components.

Below is an overview of the current remuneration framework for the Executive Committee.

Table 8: Remuneration framework for the Executive Committee

Component	Instrument	Purpose	Criteria
Fixed compensation			
Base salary	Monthly/bi-weekly cash payment	Attract, motivate, and retain talented and qualified management	Responsibilities and scope of the position; employee qualifications and skills; financial considerations; market conditions and competitiveness
Pension and Other benefits	Pension plan, insurance and benefits	Retain and safeguard employees and their dependents in the event of retirement, sickness, inability to work or death; provide competitive employee benefits	Comply with local laws and regulations (i.e., Switzerland, Sweden, the US, etc.); tailored to market conditions
Variable compensation			
Short-term incentive program	Annual cash bonus	Attract, motivate, retain and reward annual / short-term financial, operational and strategic objectives as well as demonstrated commitment to PolyPeptide values	Achievement of pre-identified performance targets (e.g., financial, operational and personal) at the end of a financial year
Long-term incentive program	Annual grant of performance share units (PSUs)	Retain, motivate, enhance and reward loyalty and align interests of shareholders and management	Achievement of pre-identified performance targets at the end of a three-year performance period

5.1.1 Base salary

The base salary for each member of the Executive Committee is a fixed component of compensation paid in cash on a monthly or bi-weekly basis depending on market practice. The base salary reflects the scope and key responsibilities of the role as well as the qualification and skills required to perform the role, along with the employee's individual skill set, qualifications and experience. Financial considerations, such as budget and affordability, are also evaluated together with market conditions and competitiveness (see section 2 "*Remuneration philosophy and principles*" of this Remuneration Report for further information regarding benchmarking analyses).

5.1.2 Pension and Other benefits

Pension and Other benefits provide security for employees and their dependents in the event of retirement, sickness, inability to work or death. The members of the Executive Committee participate in the pension and social insurance schemes in the countries where their employment contracts were entered into or where they are resident, as the case may be. As such, the plans vary according to local market practice and regulations; however, at a minimum, they reflect the statutory requirements of the respective countries. For example, in line with local employment practice for Swiss employees, all employees under Swiss employment contracts are covered by a supplementary non-compulsory occupational welfare plan in addition to PolyPeptide's compulsory occupational pension scheme.

We also offer competitive employee benefits. Depending on market practice, such additional benefits may include a company car or car allowance, health coverage, variable vacation supplement, etc. and, where relevant, relocation-related and international benefits, such as executive benefits allowance or reimbursements, tax advisory services, etc. In addition, to the extent applicable and as supported by appropriate documentation and verification, supplemental awards to incoming Executive Committee members to compensate for remuneration forfeited at the previous employer (generally on a "like-for-like" basis) are reported as "Other benefits". The monetary value of any of these remuneration elements is disclosed in the compensation tables.

Out-of-pocket expenses incurred by members of the Executive Committee in connection with their employment services for PolyPeptide are duly reimbursed in accordance with the applicable regulations and are not considered to be compensation subject to approval and, hence, are not further considered in the compensation tables presented further below.

5.1.3 Short-term incentive program

5.1.3.1 Overview

The short-term incentive program ("STIP") is an annual cash-based incentive program intended to motivate and reward the Executive Committee to deliver on PolyPeptide's short-term financial, operational and strategic objectives.

In accordance with art. 26 of the Articles of Association, the STIP performance targets are determined in advance by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, for one financial year, where any awards are based on the audited consolidated financial statements for that specific financial year (as applicable). Performance targets are determined on an annual basis for each member of the Executive Committee, taking into account such member's position, responsibilities, and tasks, before or at the beginning of the one-year performance period. Pay-outs are subject to caps that are expressed as pre-determined multipliers of the respective performance target levels.

We set demanding STIP financial performance targets to incentivize the delivery of best-in-class financial and operational performance. The annual targets for the financial and operational objectives are derived from the Group's annual budget and mid-term strategic plan. In parallel, individual performance targets (which are of a more qualitative and strategic nature and may include, for example, leadership skills, organizational development, demonstration of behaviors in line with PolyPeptide's values and management of strategic projects) also serve to encourage and motivate the Executive Committee to achieve the Group's objectives. As a general principle, the financial, operational and individual performance targets set each year further incorporate significant improvements against the previous year's achievements. As such, we consider our STIP financial, operational and individual performance targets commercially sensitive information. Communicating such targets would provide privileged insight into PolyPeptide's strategy and could lead to a competitive disadvantage. Therefore, we have decided not to disclose the specific STIP performance targets, but to provide a general comment on their achievement at the end of the cycle (*e.g.*, see Table 14 in section 5.2.1 "*Overview and performance assessment*" of this Remuneration Report for an overview of the STIP target performance in 2024).

Following the end of the applicable financial year, the Remuneration and Nomination Committee assesses the achievement of the STIP financial and operational performance targets and calculates the corresponding payout factor, which is subject to approval of the Board of Directors. For the individual performance component, the Remuneration and Nomination Committee conducts an assessment of the individual contributions of each member of the Executive Committee and includes the corresponding payout factor in its proposal to the Board of Directors.

In case of termination of employment before the payout of the respective STIP, the STIP payout may be forfeited or reduced depending on the conditions of such termination and subject to applicable law. Any STIP awards are paid in cash by 30 June following the approval of the applicable audited consolidated financial statements and are not subject to forfeiture or clawback provisions.

5.1.3.2 2024 STIP

For the year ended 31 December 2024, the individual target incentive amount for the CEO corresponded to 75% of the base salary and for the other current members of the Executive Committee in office as of 31 December 2024 between 30–35% of the base salary depending on the role. The maximum payout amount for the CEO was equivalent to 112.5% of the base salary and for the other current members of the Executive Committee in office as of 31 December 2024 between 45–52.5% of the base salary.

Currently, payouts under the STIP are calculated based on the achievement level of the respective performance targets, with 100% achievement resulting in 100% payout. For each quantitative performance target, there is a minimum threshold performance level of 85% achievement of the performance target, below which there is no payout. There is also a maximum performance level of 115% achievement of the performance target, at which threshold the payout is capped at 150%. For each qualitative performance target, appropriate deliverables, ranges and/or milestones are defined at the start of the reporting period and subsequently assessed at the end of the reporting period. Linear extrapolation is used to calculate the payout between the minimum threshold and target, and target and maximum. Thus, total payout under the STIP can range from 0% to 150% of the target incentive amount.

For the year ended 31 December 2024, the STIP objectives for the Executive Committee comprised financial, operational, ESG and individual performance objectives, as detailed in the table below.

Table 9: 2024 STIP performance objectives and weighting for the Executive Committee

Focus in 2024	Performance objective	Weighting
Growth	Revenue	30%
Profitability	EBITDA	35%
Liquidity and operational efficiency	Net Working Capital	15%[1]
Sustainability	Green Chemistry (ESG)	5%
Individual performance	Personal objectives	15%

[1] The weighting of the Net Working Capital performance objective is split between: H1 2024 at 5% and H2 2024 at 10%

To drive engagement and coordinated efforts among the Executive Committee, the weightings and allocation of the STIP performance metrics were revisited in 2024 and are now the same for all members of the Executive Committee, with 85% dependent on Group-wide performance criteria and 15% on individual objectives. Furthermore, to underpin PolyPeptide's commitment to sustainability, an ESG performance objective has also been added. The performance objectives were chosen because they are key value drivers for PolyPeptide and generally reward Executive Committee members for supporting the Group's growth, liquidity and operational efficiency as well as increasing profitability and promoting sustainable value creation. The sustainability performance objective focuses on PolyPeptide's green chemistry initiatives by assessing the Group's progress with regard to solvent consumption, percolation deployment and progress in green solvent projects (see also Corporate Responsibility Report 2024).

5.1.4 Long-term incentive program

5.1.4.1 Overview

The share-based long-term incentive program ("LTIP") is designed to motivate, reward and retain key employees by providing them with the opportunity to become shareholders as well as participate in the future long-term success and prosperity of PolyPeptide. Furthermore, the LTIP is intended to align the interests of eligible employees with those of the Company's shareholders, to promote a performance culture throughout the organization and to align remuneration with the creation of shareholder value.

In accordance with art. 26 of the Articles of Association, the LTIP takes into account the sustainable long-term performance and strategic objectives of PolyPeptide. Achievements are generally measured based on a period of several years. The long-term compensation pay-outs are subject to caps that may be expressed as pre-determined multipliers of the respective target levels.

The Board of Directors or, to the extent delegated to it, the Remuneration and Nomination Committee determines the performance metrics, target levels and target achievement as well as grant, vesting, exercise, restriction and forfeiture conditions and periods in relation to shares or similar rights regarding shares to be awarded. In particular, the conditions may provide for continuation, acceleration or removal of vesting, exercise, restriction and forfeiture conditions and periods, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change of control or termination of an employment or mandate agreement. The Group may procure the required shares or other securities through purchases in the market or by using conditional share capital. Compensation may be paid by PolyPeptide or companies controlled by it.

For awards made to any members of the Executive Committee (including the CEO), the Board of Directors approves any granting of PSUs upon recommendation of the Remuneration and Nomination Committee. The LTIP award for the Executive Committee, reflecting the value of the PSUs at grant date (*i.e.*, assuming 100% target achievement), will be subject to the maximum aggregate compensation amounts approved by the general meeting for the financial year in which the award is made. The number of shares vesting will depend on the achievements against the targets at the end of the three-year performance period and the LTIP value may vary based on the share price at the time of vesting.

With regard to the CEO, his employment agreement provides for an annual LTIP award target (*i.e.*, assuming 100% target achievement) corresponding to 145% of his base salary for the allocation of PSUs. For the other current members of the Executive Committee, their employment agreements provide for an annual target corresponding to between 10–30% of their base salary for the allocation of PSUs depending on the role. For eligible employees outside the Executive Committee, such individuals will be selected by the CEO based on objective and subjective criteria determined by the Executive Committee.

5.1.4.2 LTIP Plan[10]

Beginning in 2023 and continuing in the first quarter of 2024, with the assistance of an external independent advisor, the Remuneration and Nomination Committee critically reviewed the structure of the LTIP, with the goal to establish a long-term incentive approach that fostered a culture of sustainable, high-quality performance with appropriate risk-taking. Following an iterative process, which included an industry and peer review, the LTIP rules (the "Plan") were revised as of 11 April 2024 and included three new key performance metrics to be measured over a three-year performance period: (i) revenue to lay a solid foundation for the Group's targeted future growth, (ii) EBITDA to focus management's energy on restoring operational performance and profitability and (iii) Total Shareholder Return ("TSR") to promote capitalization recovery and enable a balanced view of the Group's performance by taking into account PolyPeptide's shareholders' perspective. Furthermore, to ensure broader alignment with strategic objectives and embed a shared commitment to PolyPeptide's long-term success, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, expanded the eligible pool of participants to include all members of the Executive Committee, all members of the PolyPeptide Management Committee and other key members of the Group's global senior management.

According to the Plan, in any calendar year between 1 January and 31 December, inclusive (a "Plan Year"), eligible employees may be awarded the contingent right to receive a certain number of registered Company shares in the future, provided that certain performance and other conditions are achieved ("Performance Share Unit(s)" or "PSU(s)"). Any shares awarded will only be transferred after such PSUs have vested and contingent upon continuous employment (subject to certain limited exemptions).

As a rule, the number of PSUs to be granted will equal the award amount (*i.e.*, usually a defined percentage of base salary converted into CHF) divided by the volume-weighted average share price over the last 20 trading days prior to the LTIP grant date. PSUs represent an unsecured, contingent right to the future transfer of shares in accordance with and subject to the restrictions set out in the Plan. PSUs do not provide the participant with any shareholding rights such as dividends, voting rights or the like during the vesting period. The right to receive any PSUs and / or shares under the Plan cannot be settled in cash.

As alluded to above, the vesting of (i) 30% of the granted PSUs will be based on the cumulative revenue; (ii) 40% of the granted PSUs will be based on the cumulative EBITDA; and (iii) 30% of the granted PSUs will be based on TSR, in each case as achieved during the three-year performance period compared to pre-defined performance ranges with minimum, target and maximum goals set by the Board of Directors, upon recommendation from the Remuneration and Nomination Committee.

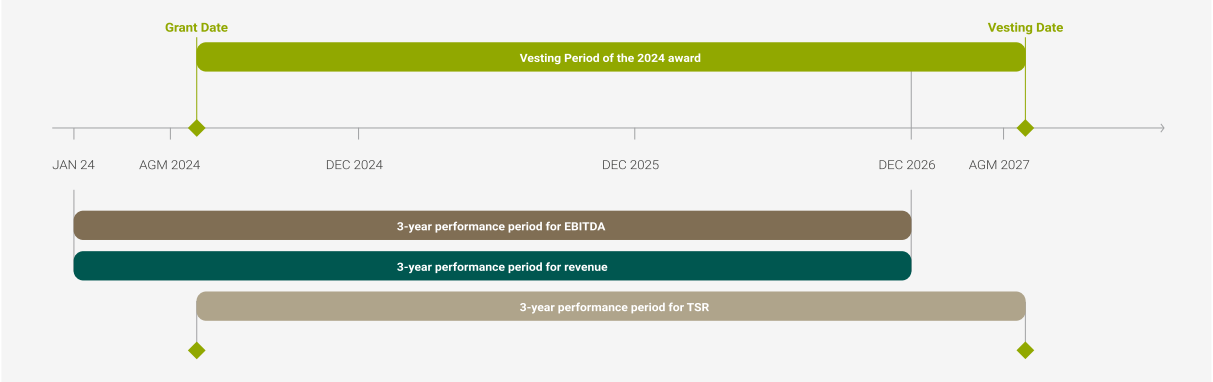
[10] Summary of the relevant LTIP Plan.

Revenue and EBITDA performance targets are aligned with the Group's financial reporting cycles (*i.e.*, three full financial years) and are derived from the audited financial statements.

TSR measures the Company's share performance and total return to shareholders over time by combining share price appreciation and dividends expressed as an annualized percentage. The Company calculates TSR as follows: the compound annual growth rate ("CAGR") between (i) the 20-day VWAP on the 21st trading day after the Company's general meeting in the grant year and (ii) the 20-day VWAP on the 21st trading day after the Company's general meeting relating to the last financial year of the applicable three-year performance period plus cumulative dividends per share distributed to the shareholders during this period (if any). The performance period of TSR is meant to capture and reflect shareholders' reaction to the Group's communicated performance outcomes of the preceding financial year.

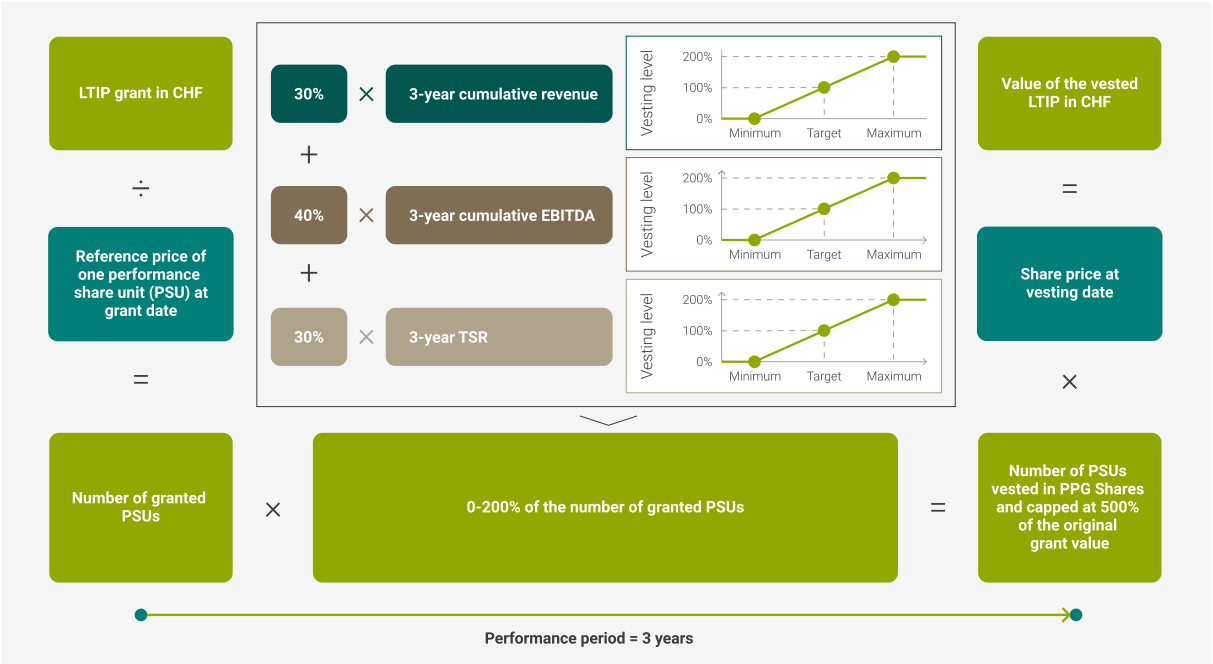
An illustration of the performance periods for each of the measures is presented in Table 10.

Table 10: LTIP Performance Periods



On the vesting date, if the minimum performance for any of the revenue, EBITDA or TSR measures as defined in the performance range is not met, the portion of the PSUs relating to that performance measure expires unconditionally and the respective PSUs do not vest. If the maximum performance is met or exceeded for a performance measure, participants may receive up to 200% of that portion of the PSUs relating to the respective performance measure. Between minimum and target performance as well as between target and maximum performance, the variable factor will increase linearly. The number of vested PSUs is subject to an absolute value cap representing, in each case, 500% of the original grant award.

Table 11: LTIP



The annual LTIP performance targets are set considering a thorough outside-in approach conducted by an external independent advisor modelling future possible performance outcomes for the performance period as well as the Company's mid-term strategy. The actual revenue, EBITDA and TSR targets are considered commercially sensitive information, and we believe that communicating such targets would provide privileged insight into PolyPeptide's strategy and could lead to a competitive disadvantage. As such, in the event that any PSUs vest, we will provide information on the target achievement at the end of the respective performance period (*i.e.*, for the 2024 LTIP award with the reporting for the financial year 2027, see Table 10).

If PSUs vest and the respective shares are transferred to a participant pursuant to the Plan, that participant will receive an additional number of shares to compensate for missed dividend payments during the vesting period. The number of additional shares will equal the total amount of dividends during the vesting period attributable to the shares transferred to that participant, divided by the volume weighted average share price over the last 20 trading days prior to the vesting date.

Upon recommendation of the Remuneration and Nomination Committee, the Board of Directors may in its discretion adjust PSUs as it deems appropriate in the case of variation of share capital (*e.g.*, issues of shares or other equity securities) or other corporate events (other than a change of control) to maintain the value of the PSUs outstanding.

Generally, in case of termination for cause, breach of confidentiality or voluntary termination, PSUs are forfeited without compensation. In certain circumstances, for example the termination of employment as a result of death, all PSU grants will vest with immediate effect on a pro-rata basis at target (based on the period of active employment during the performance period). Upon the occurrence of a corporate event (*e.g.*, change of control due to a merger), all unvested PSUs shall immediately vest at target. In the event of termination of employment due to retirement, permanent disability or if a participant's employment is terminated without cause effective before the vesting date, any PSUs held will vest at the end of the applicable vesting period(s) on a pro-rata basis.

The Plan further includes clawback provisions that allow for the cancelation or forfeiture of all or part of any unvested PSUs or, following vesting of any PSUs, the repayment for all or part of any vested PSUs, shares or cash settlements made under the Plan. These provisions apply in cases where, inter alia, the participant (i) engages in any act or omission that is considered malfeasance, fraud or misconduct, (ii) materially breaches any legal, regulatory or contractual obligations and/or internal policy of PolyPeptide, and/or (iii) takes part in any specific conduct that leads (or substantially contributes) to (A) the Company or PolyPeptide having to restate financial statements and / or (B) an inaccurate assessment of any performance or other condition under the Plan pursuant to which the individual LTIP award was made.

For PSUs granted in 2023, the LTIP is determined based on the three-year average of annual return on net operating assets (RONOA) and the three-year weighted cumulative basic earnings per share (EPS) objectives of the Company, each with a weighting of 50%. The vesting conditions for those grants remain materially unchanged. For further information, see section 5.1.4.2 "*LTIP Plan*" of the Remuneration Report 2023.

5.1.4.3 LTIP Plan awards and vesting of prior awards

The following table provides an overview of granted entitlements (PSUs) under the LTIP awards in 2024 and 2023.

Table 12: LTIP award

	LTIP award 2023	LTIP award 2024	Total outstanding PSUs as at 31 December 2024
CEO	34,040	38,988	**73,028**
Executive Committee	–	6,030	**6,030**
Management	–	14,055	**14,055**
Total	**34,040**	**59,073**	**93,113**

There were no PSUs outstanding that would have vested in 2024.

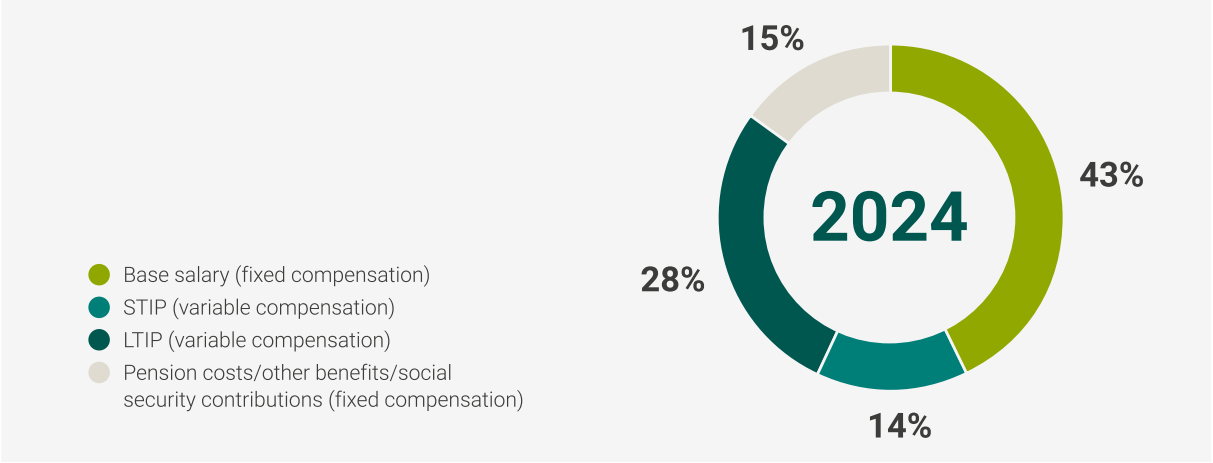
5.2 Compensation of the Executive Committee

5.2.1 Overview and performance assessment

For the year ended 31 December 2024, the Executive Committee received base salary, variable compensation and pension and Other benefits in line with the remuneration framework described in section 5.1 "*Remuneration approach*" of this Remuneration Report.

Overall, in 2024, the total variable compensation of the CEO (*i.e.*, STIP and LTIP) amounted to 60.3% of his total compensation and 151.9% of his total fixed compensation (*i.e.*, base salary, pension costs, Other benefits and social security contributions). For the other members of the Executive Committee (excluding the CEO), the total variable compensation (*i.e.*, STIP and LTIP) amounted to an average of 19.8% of the total compensation and an average of 24.6% of the total fixed compensation (*i.e.*, base salary, pension costs, Other benefits and social security contributions). Below is a cumulative overview of the compensation received by the Executive Committee.

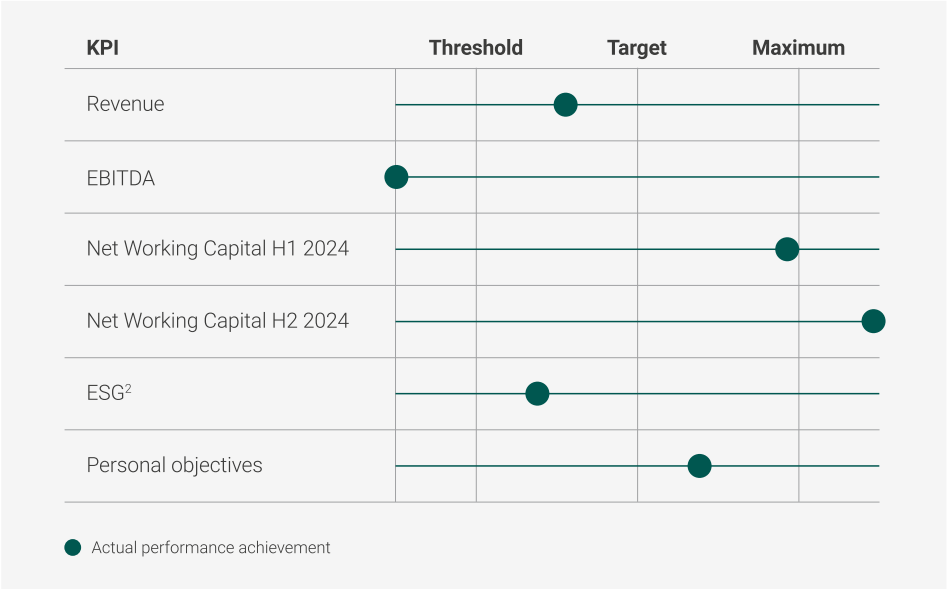
Table 13: Breakdown of Executive Committee compensation



In light of PolyPeptide's reported revenue increase of 5.1% and EBITDA of EUR 25.4 million, the STIP 2024 financial performance objectives were between the minimum threshold and target for growth but below the threshold for profitability. In terms of Net Working Capital, the performance objective's achievement was close to the maximum threshold for H1 2024 and above the maximum threshold for H2 2024. With regard to the ESG objective, the Group's overall achievement was between the minimum threshold and target. Upon recommendation of the Remuneration and Nomination Committee following its assessments of the respective individuals, the Board determined that the members of the Executive Committee had achieved between 75% and 150% of their respective personal objectives.

Table 14 illustrates the outcome of the STIP performance targets for 2024 (see Table 9 in section 5.1.3.2 "*2024 STIP*" of this Remuneration Report for an overview of the 2024 STIP performance objectives and weighting for the Executive Committee).

Table 14: 2024 STIP performance of objectives[1]



[1] Applicable for Executive Committee members in office as of 31 December 2024.

[2] The achievement of the ESG targets in 2024 was negatively impacted by certain changes in the product mix in production during the course of the year.

Thus, under the STIP 2024, the combined payout for the financial, operational and individual performance targets is 63.8% of the STIP target incentive amount for the CEO and between 52.6% and 63.8% of the STIP target incentive amounts for the other current members of the Executive Committee in office as of 31 December 2024.

5.2.2 Aggregate compensation of the Executive Committee

The following table shows the total aggregate compensation for the CEO (*i.e.*, Juan José González) as the highest paid member of the Executive Committee during the period under review as well as the aggregate amount for the other current and former members of the Executive Committee for the period from 1 January 2024 to 31 December 2024.

For the year ended 31 December 2024, the Executive Committee received total remuneration of CHF 4,714,606 (2023: CHF 4,715,682). This is an overall decrease of 0.02% compared to the previous year, with the main changes explained in greater detail below.

Table 15: 2024 Compensation of the Executive Committee
(1 January 2024–31 December 2024)

CHF	Juan José González (CEO)	Other members of the Executive Committee[7]	Total
Base salary	791,700	1,235,348	**2,027,048**
Pension costs[1]	105,545	166,307	**271,851**
Other benefits[2]	24,000	119,276	**143,276**
Social security contributions[3]	89,119	219,768	**308,887**
Total fixed compensation	**1,010,364**	**1,740,698**	**2,751,062**
STIP bonus[4]	380,982	250,493	**631,476**
LTIP grant[5]	1,153,643	178,426	**1,332,069**
Total compensation[6]	**2,544,989**	**2,169,618**	**4,714,606**

[1] Reflects pension contributions made in the year ended 31 December 2024, including (i) estimated contributions in relation to STIP 2024 to be paid by 30 June 2025 and (ii) differences in actual contributions paid in 2024 in relation to STIP 2023 compared to the estimated contributions in relation to STIP 2023 as disclosed in Table 16.

[2] Other benefits may include company car or car allowance, health coverage, variable vacation supplement etc. and, where relevant, relocation-related and international benefits, such as executive benefits allowance, tax advisory services, etc. The amounts reflected also include (i) estimated Other benefits due in relation to STIP 2024 to be paid by 30 June 2025; (ii) differences in actual Other benefits due in 2024 in relation to STIP 2023 compared to the estimated Other benefits in relation to STIP 2023 as disclosed in Table 16.

[3] Reflects social security contributions made in the year ended 31 December 2024, including (i) estimated contributions in relation to STIP 2024 to be paid by 30 June 2025; and (ii) differences in actual contributions paid in 2024 in relation to STIP 2023 compared to the estimated contributions in relation to STIP 2023 as disclosed in Table 16.

[4] Includes (i) the STIP to be paid by 30 June 2025; and (ii) differences in actual STIP 2023 paid in 2024 compared to the estimated STIP 2023 due to currency rate fluctuations.

[5] Disclosure reflects the LTIP grant for the reporting year, *i.e.*, the value of the PSUs at grant date, assuming 100% target achievement. The LTIP value at vesting may vary based on performance outcomes (between 0 and 200%) and respective share price at the time of vesting.

[6] All compensation amounts are disclosed in gross amounts. Amounts converted to CHF from other currencies are translated at the average exchange rates for the year ended 31 December 2024.

[7] Reflects the compensation for the period from 1 January 2024 to 31 December 2024 of the other current members of the Executive Committee as well as former members of the Executive Committee as follows: (i) the compensation paid to Lalit Ahluwalia during the CFO transition period from 1 January 2024 to 29 February 2024 following Marc Augustin's commencement as CFO on 1 January 2024, and (ii) the pro-rated compensation paid to Neil James Thompson as Director Global Sales and Marketing as well as compensation paid during his six-month contractual notice period that ended on 1 November 2024. For the year ended 31 December 2024, the Company paid CHF 291,316 in compensation to former members of the Executive Committee.

Table 16: 2023 Compensation of the Executive Committee
(1 January 2023–31 December 2023)

CHF	Juan José González (CEO)[1]	Other members of the Executive Committee[8]	Total
Base salary	561,167	1,763,932	**2,325,098**
Pension costs[2]	74,452	231,472	**305,923**
Other benefits[3]	51,706	292,723	**344,429**
Social security contributions[4]	61,371	334,814	**396,185**
Total fixed compensation	**748,696**	**2,622,940**	**3,371,636**
STIP bonus[5]	231,042	356,635	**587,678**
LTIP grant[6]	756,369	–	**756,369**
Total compensation[7]	**1,736,107**	**2,979,576**	**4,715,682**

[1] As announced on 3 April 2023, Juan José González was appointed as new CEO effective 12 April 2023.

[2] Reflects pension contributions made in the year ended 31 December 2023, including (i) estimated contributions in relation to STIP 2023 to be paid by 30 June 2024 and (ii) differences in actual contributions paid in 2023 in relation to STIP 2022 compared to the estimated contributions in relation to STIP 2022 as disclosed in Table 14 in section 5.2.2 *"Aggregate compensation of the Executive Committee"* of the Remuneration Report 2023.

[3] Other benefits may include company car or car allowance, health coverage, variable vacation supplement etc. and, where relevant, relocation-related and international benefits, such as executive benefits allowance, tax advisory services, etc. The amounts reflected also include (i) estimated Other benefits due in relation to STIP 2023 to be paid by 30 June 2024; (ii) differences in actual Other benefits due in 2023 in relation to STIP 2022 compared to the estimated Other benefits in relation to STIP 2022 as disclosed in Table 14 in section 5.2.2 *"Aggregate compensation of the Executive Committee"* of the Remuneration Report 2023.

[4] Reflects social security contributions made in the year ended 31 December 2023, including (i) estimated contributions in relation to STIP 2023 to be paid by 30 June 2024; and (ii) differences in actual contributions paid in 2023 in relation to STIP 2022 compared to the estimated contributions in relation to STIP 2022 as disclosed in Table 14 in section 5.2.2 *"Aggregate compensation of the Executive Committee"* of the Remuneration Report 2023.

[5] Includes (i) the STIP to be paid by 30 June 2024; and (ii) differences in actual STIP 2022 paid in 2023 compared to the estimated STIP 2022 due to currency rate fluctuations.

[6] Disclosure reflects the LTIP grant for the reporting year, *i.e.*, the value of the PSUs at grant date, assuming 100% target achievement. The LTIP value at vesting may vary based on performance outcomes (between 0 and 150%) and respective share price at the time of vesting. Juan José González, the CEO, was the only employee eligible to participate in the LTIP 2023 and was granted 34,040 PSUs.

[7] All compensation amounts are disclosed in gross amounts. Amounts converted to CHF from other currencies are translated at the average exchange rates for the year ended 31 December 2023.

[8] Reflects the compensation of the other current and former members of the Executive Committee for the period from 1 January 2023 to 31 December 2023 as follows: (i) the compensation paid to Neil James Thompson (Director Global Sales and Marketing), Jens Fricke (Director Global Operations) and Christina Del Vecchio, General Counsel (including a one-time appreciation bonus), (ii) the pro-rated compensation paid to Raymond De Vré, who resigned as CEO and stepped down from the Executive Committee on 30 January 2023 as well as compensation paid during his six-month contractual notice period that ended on 31 July 2023, (iii) the pro-rated compensation paid to Jan Fuhr Miller, who resigned as CFO and stepped down from the Executive Committee on 30 April 2023, but remained employed until 30 June 2023, (iv) the pro-rated compensation paid to Lalit Ahluwalia as new CFO ad interim and member of the Executive Committee effective 1 May 2023 until he stepped down from the Executive Committee as of 31 December 2023 and (v) the pro-rated compensation paid to Daniel Lasanow (former Director Global Operations) for the applicable portion of his contractual 12-month notice period that ended on 30 November 2023. For the year ended 31 December 2023, the Company paid CHF 965,443 in compensation to former members of the Executive Committee.

Additional commentary

The summaries below provide additional commentary with regard to the changes in the composition of the remuneration paid to the Executive Committee in 2024 as compared to 2023:

Composition of the Executive Committee: Table 15 reflects the remuneration of the current and former members of the Executive Committee for the period from 1 January 2024 to 31 December 2024, with 5.0 full-time equivalents in total. In 2024, Neil James Thompson stepped down as Director Global Sales and Marketing and member of the Executive Committee as of 26 April 2024. Thus, the totals reflected in Table 15 include, inter alia, (i) the compensation paid to Lalit Ahluwalia during the CFO transition period that from 1 January 2024 to 29 February 2024 following Marc Augustin's commencement as CFO on 1 January 2024 and (ii) the pro-rated compensation paid to Neil James Thompson as Director Global Sales and Marketing as well as compensation paid during his six-month contractual notice period that ended on 1 November 2024.

Table 16 reflects the remuneration of the current and former members of the Executive Committee, with 6.39 full-time-equivalents in total, for the period from 1 January 2023 to 31 December 2023. In 2023, PolyPeptide experienced transitions at the level of both the CEO and CFO. Specifically, Juan José González joined as CEO and member of the Executive Committee as of 12 April 2023, succeeding Raymond De Vré who resigned as CEO and member of the Executive Committee as of 30 January 2023. Jan Fuhr Miller resigned as CFO and member of the Executive Committee on 30 April 2023, and Lalit Ahluwalia joined as CFO ad interim and member of the Executive Committee as of 1 May 2023. Thus, the totals reflected in Table 16 include, inter alia, (i) the compensation paid to Neil James Thompson (Director Global Sales and Marketing), Jens Fricke (Director Global Operations) and Christina Del Vecchio (General Counsel, including a one-time appreciation bonus), (ii) the pro-rated compensation paid to Raymond De Vré as CEO as well as compensation paid during his six-month contractual notice period that ended on 31 July 2023, (iii) the pro-rated compensation paid to Juan José González as of 12 April 2023, (iv) the pro-rated compensation paid to Jan Fuhr Miller as CFO effective 1 January 2023 until 30 April 2023 as well as compensation paid until his departure on 30 June 2023, (v) the pro-rated compensation paid to Lalit Ahluwalia as CFO ad interim and member of the Executive Committee effective 1 May 2023 until he stepped down from the Executive Committee as of 31 December 2023 and (vi) the pro-rated compensation paid to Daniel Lasanow (former Director Global Operations) for the applicable portion of his contractual 12-month notice period that ended on 30 November 2023.

Base salary: The variance in base salary between 2023 and 2024 (a decrease of 12.8%) is mainly due to the changes in the composition of the Executive Committee, as described above. For members of the Executive Committee in office as of 31 December 2023 and 31 December 2024, respectively, the aggregated base salary levels in CHF increased by 4.5% in 2024 as compared to 2023, mainly due to individual salary increases and currency rate fluctuations.

Other benefits: Other benefits decreased by 58.4% in 2024 as compared to 2023, mainly due to the changes in the composition of the Executive Committee, as described above.

STIP: The total payout under the STIP in 2024 is 7.5% higher than in 2023, reflecting the performance levels as described in section 5.2.1 “Overview and performance assessment” of this Remuneration Report. The comparison of the total payouts in 2024 as compared to 2023 is further impacted by the changes to the composition of the Executive Committee, as described above.

LTIP: In 2024, the LTIP was expanded to all members of the Executive Committee (four (4) participants) whereas in 2023, Juan José González was the only employee eligible to participate in the LTIP and was granted 34,040 PSUs. Thus, this line item proportionally increased reflecting the additional individual LTIP awards made in 2024.

Reconciliation of compensation to shareholder resolutions

For the year ended 31 December 2023, the AGM 2022 approved a maximum aggregate amount of fixed and variable compensation for the Executive Committee of CHF 7,000,000 (including all employee and employer social security and pension contributions). Two new members were promoted to the Executive Committee and Juan José González was newly appointed to the Executive Committee in each case after the AGM 2022; however, no additional compensation amount in excess of that approved by the AGM 2022 was paid / granted, since the approved aggregate amount of compensation for the financial year 2023 was sufficient to compensate those newly appointed members. The compensation paid / granted to the Executive Committee in the year ended 31 December 2023 amounted to CHF 4,715,682 (including all employee and employer social security and pension contributions). It is thus within the limits of the amount approved by the extraordinary shareholders’ meeting for the same period.

For the year ended 31 December 2024, the AGM 2023 approved a maximum aggregate amount of fixed and variable compensation for the Executive Committee of CHF 7,000,000 (including all employee and employer social security and pension contributions). One new member was appointed to the Executive Committee after AGM 2023 (*i.e.*, the CFO); however, no additional compensation amount in excess of that approved by the AGM 2023 has been paid / granted, since the approved aggregate amount of compensation for the financial year 2024 was sufficient to compensate the members of the Executive Committee. The compensation paid / granted to the Executive Committee in the year ended 31 December 2024 amounted to CHF 4,714,606 (including all employee and employer social security and pension contributions). It is thus within the limits of the amount approved by the shareholders’ meeting for the same period.

Table 17 below shows the reconciliation between the compensation that has been paid / granted for the respective term of office and the maximum aggregate amount approved by the general meeting:

Table 17: Compensation approved and compensation paid / granted for the members of the Executive Committee

	Total compensation granted	Maximum aggregate amount available	Status
1 January 2023 – 31 December 2023	CHF 4,715,682	CHF 7,000,000	Approved AGM 2022
1 January 2024 – 31 December 2024	CHF 4,714,606	CHF 7,000,000	Approved AGM 2023
1 January 2025 – 31 December 2025	–	CHF 7,000,000	Approved AGM 2024

5.3 Loans, credits and related-party compensation

In accordance with art. 28 of the Articles of Association, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2024 or 31 December 2023, respectively, to current members of the Executive Committee. In addition, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2024 or 31 December 2023, respectively, to former members of the Executive Committee.

For the years ended 31 December 2024 and 31 December 2023, respectively, no compensation was directly or indirectly paid or granted to persons closely associated with current or former members of the Executive Committee. In addition, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2024 or 31 December 2023, respectively, to persons closely associated with current or former members of the Executive Committee.

For the related party transactions, refer to note 22 "*Related parties*" of the consolidated financial statements in the Financial Report 2024.

6 Ownership of shares and options

The members of the Board of Directors and Executive Committee reflected in the table below held 0.4% of the outstanding shares as at 31 December 2024 and 0.4% as at 31 December 2023. Other than as indicated in the table below, no persons or entities closely associated with members of the Board of Directors or Executive Committee held any shares as of 31 December 2023 or 31 December 2024, respectively.

Table 18: Shares held by members of the Board of Directors[1]

Name	Position	Shares held as at 31 December 2024	Shares held as at 31 December 2023
Peter Wilden	Chair	30,690	22,436
Patrick Aebischer	Vice-Chair, Lead Independent Director, Chair ITC	20,006	14,503
Erik Schropp[2]	Member, Chair ARC	3,193	3,193
Jane Salik	Independent Member	25,882	23,511
Beat In-Albon	Independent Member	17,196	13,054
Philippe Weber	Independent Member, Chair RNC	22,071	15,976
Dorothee A. Deuring[3]	Independent Member	n/a	3,000

[1] Any shares delivered to Board members in connection with their compensation are blocked for a period of three years from the date of grant.

[2] Erik Schropp is also a director of Draupnir Holding B.V. (one of the Company's significant shareholders); Draupnir Holding B.V.'s shareholding is not reflected in Table 18 (see section 1.2 "*Significant shareholders*" of the Corporate Governance Report 2024).

[3] Dorothee A. Deuring did not stand for re-election as a member of the Board of Directors at AGM 2024.

Table 19: Shares held by members of the Executive Committee

Name	Position	Shares held as at 31 December 2024	Shares held as at 31 December 2023
Juan José González	CEO	227,842	227,842
Marc Augustin	CFO	2,500	2,500
Christina Del Vecchio	General Counsel	–	–
Jens Fricke	Director Global Operations	1,380	1,380
Neil James Thompson[1]	Director Global Sales and Marketing	n/a	1,122

[1] Member of the Executive Committee until 26 April 2024.

As of 31 December 2024, none of the members of the Board of Directors or the Executive Committee, or any persons closely associated with any member, held any stock options.

7 Other remuneration-related information under the CO

For the reporting period, no compensation other than as described in this Remuneration Report was paid or granted to former or current members of the Board of Directors or the Executive Committee. As described in section 4.3 "*Loans, credits and related-party compensation*" and section 5.3 "*Loans, credits and related-party compensation*" of this Remuneration Report, no compensation was paid or granted to persons closely associated with former or current members of the Board of Directors or the Executive Committee. For the avoidance of doubt, remuneration paid to former Executive Committee members in the year ended 31 December 2024 is included in the remuneration in section 5.2.2 "*Aggregate compensation of the Executive Committee*" of this Remuneration Report.

8 Activities in other companies

In accordance with Swiss law, art. 23 of the Articles of Association limits the number of comparable functions at other companies with an economic purpose (including their group) that members of the Board of Directors and Executive Committee are allowed to have at one time. As of 31 December 2024, the members of the Board of Directors and Executive Committee carried out the following activities or mandates in comparable functions at other companies with an economic purpose (including their group) as per art. 734e CO:

Board of Directors

Peter Wilden, Chair
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- None

Patrick Aebischer, Vice-Chair and Lead Independent Director
Outside mandates at listed companies
- Member of the board of directors of Nestlé SA, Switzerland (since 2015)

Outside mandates at non-listed companies
- Member of the board of directors of Swiss Vaccine SA, Switzerland (since 2022)
- Chair of the board of directors of Vandria SA, Switzerland (since 2021)
- Senior Partner of NanoDimension Management Limited, Cayman Islands (since 2017)
- Chair of the board of directors of Amazentis SA, Switzerland (since 2007)

Erik Schropp, Member
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- CEO of Esperante Investments Group (since 2020) (including serving as a member of the board of directors of Draupnir Corporation B.V., The Netherlands (since 2022) and Draupnir Holding B.V., The Netherlands (since 2008) and of the following strategic business units: (i) SEVER Life Sciences B.V., The Netherlands (since 2019), including serving as a member of the board of directors of two subsidiary companies; (ii) Esperante Ventures B.V., The Netherlands (since 2008); (iii) Svar Life Science AB, Sweden (since 2008), including serving as a member of the board of directors of two subsidiary companies)
- Member of the board of directors of Haydn Holding AB, Sweden (since 2012) (including serving as a member of the board of directors at six subsidiary companies)
- Member of the board of directors of Ferring Foundation B.V., The Netherlands (since 2008) (including serving as a member of the board of directors of two subsidiary entities)

Jane Salik, Member
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- None

Beat In-Albon, Independent member
Outside mandates at listed companies
- Member of the board of directors of Evolva Holding SA, Switzerland (since 2020)

Outside mandates at non-listed companies
- Chair of the board of directors of Hans Kalbermatten Thermalbad AG, Switzerland (since 2021)

Philippe Weber, Independent member
Outside mandates at listed companies
- Vice-Chair of the board of directors of Leonteq AG, Switzerland, and Leonteq Securities AG, Switzerland (both since 2020)
- Member of the board of directors of Medacta Group AG, Switzerland (since 2019)
- Member of the board of directors of EDAG Engineering Group AG, Switzerland (since 2015)

Outside mandates at non-listed companies
- Member of the board of directors of NorthStar Holding AG, Switzerland (since 2018)
- Member of the board of directors of Banca del Ceresio SA, Switzerland (since 2017)
- Member of the board of directors of Newron Suisse SA, Switzerland (since 2007)
- Partner at Niederer Kraft Frey AG, Switzerland (since 2002)

Executive Committee

Juan José González, Chief Executive Officer
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- None

Marc Augustin, Chief Financial Officer
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- None

Christina Del Vecchio, Chief Legal Officer
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- None

Jens Fricke, Director Global Operations
Outside mandates at listed companies
- None

Outside mandates at non-listed companies
- None

For additional information regarding the business experience, education and activities of each member of the Board of Directors and Executive Committee, refer to section 3.1 *"Members of the Board of Directors"* and section 4.1 *"Members of the Executive Committee"*, respectively, of the Corporate Governance Report 2024.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

STATUTORY AUDITOR'S REPORT

To the general meeting of PolyPeptide Group AG, Baar

Report on the Audit of the Remuneration Report according to Art. 734a-734f CO

Opinion

We have audited the remuneration report of PolyPeptide Group AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) contained in table 5 "2024 Compensation of the Board of Directors (1 January 2024 - 31 December 2024)" on page 144, section 4.3 "Loans, credits and related-party compensation" on page 146, table 15 "2024 Compensation of the Executive Committee (1 January 2024 - 31 December 2024)" on page 155, section 5.3 "Loans, credits and related-party compensation" on page 158, table 18 "Shares held by members of the Board of Directors" on page 159, table 19 "Shares held by members of the Executive Committee" on page 159, section 7 "Other remuneration-related information under the CO" on page 160, and section 8 "Activities in other companies" on page 161/162 of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the remuneration report (pages 133 to 162) complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the *"Auditor's Responsibilities for the Audit of the Remuneration Report"* section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include table 5 "2024 Compensation of the Board of Directors (1 January 2024 - 31 December 2024)" on page 144, section 4.3 "Loans, credits and related-party compensation" on page 146, table 15 "2024 Compensation of the Executive Committee (1 January 2024 - 31 December 2024)" on page 155, section 5.3 "Loans, credits and related-party compensation" on page 158, table 18 "Shares held by members of the Board of Directors" on page 159, table 19 "Shares held by members of the Execuitve Committee" on page 159, section 7 "Other remuneration-related information under the CO" on page 160, and section 8 "Activities in other companies" on page 161/162 in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information,we are required to report that fact. We have nothing to report in this regard.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Board of directors' Responsibilities for the Remuneration Report

The board of directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The board of directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Zurich, 10 March 2025

BDO Ltd

René Füglister
Licensed Audit Expert
Auditor in Charge

Jan Trautwein
Licensed Audit Expert

Financial Report

Consolidated financial statements

Consolidated income statement

1 January–31 December

kEUR	Note	2024	2023
Revenue	3	336,792	320,372
Other operating income	3	1,978	4,481
Total income		**338,770**	**324,853**
Cost of sales		-299,422	-315,730
Gross profit / (loss)		**39,348**	**9,123**
Marketing and sales expenses	3	-3,866	-4,053
Research expenses	3	-1,095	-1,465
General and administrative expenses	3	-41,751	-40,073
Total operating expenses		**-46,712**	**-45,591**
Operating result (EBIT)		**-7,364**	**-36,468**
Financial income	3	6,802	103
Financial expenses	3	-17,583	-21,878
Total financial result		**-10,781**	**-21,775**
Result before income taxes		**-18,145**	**-58,243**
Income tax	5	-1,419	6,803
Result for the year		**-19,564**	**-51,440**
Attributable to shareholders of PolyPeptide Group AG		-19,564	-51,440
Earnings per share in EUR, basic	7	-0.59	-1.56
Earnings per share in EUR, diluted	7	-0.59	-1.56

Consolidated statement of comprehensive income

1 January–31 December

kEUR	Note	2024	2023
Result for the year		-19,564	-51,440
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations, net of tax		-523	7,713
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-523**	**7,713**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain / (loss) on defined benefit plans	16	-6,490	3,269
Income tax effect	5	1,392	-836
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-5,098**	**2,433**
Other comprehensive result for the year, net of taxes		**-5,621**	**10,146**
Total comprehensive result for the year, net of taxes		**-25,185**	**-41,294**
Attributable to shareholders of PolyPeptide Group AG		-25,185	-41,294

Consolidated statement of financial position

As at 31 December

Assets, kEUR	Note	2024	2023
Non-current assets			
Intangible assets	8	15,018	16,454
Property, plant and equipment	9	364,541	300,582
Right-of-use assets	10	24,448	23,523
Deferred income tax assets	5	17,620	16,690
Other financial assets	24	5,164	5,237
Contract costs	3	1,563	–
Total non-current assets		**428,354**	**362,486**
Current assets			
Inventories	12	146,351	128,507
Trade receivables	13	82,499	76,674
Contract assets	3	3,761	2,103
Corporate income tax receivables		8,023	7,424
Other current assets	14	19,311	16,188
Cash and cash equivalents	15	68,277	95,706
Total current assets		**328,222**	**326,602**
Total assets		**756,576**	**689,088**

Consolidated statement of financial position (continued)

As at 31 December

Equity and liabilities, kEUR	Note	2024	2023
Equity attributable to equity holders of the parent company			
Share capital	6	302	302
Share premium		203,129	203,129
Translation reserve		21,309	21,832
Treasury shares	6	-8,398	-10,394
Other capital reserves		425	1,217
Retained earnings		140,477	165,139
Total equity		**357,244**	**381,225**
Non-current liabilities			
Deferred income tax liabilities	5	3,205	3,644
Pensions	16	32,133	25,111
Provisions	17	1,942	1,649
Interest-bearing loans and borrowings	19	39,420	49,087
Lease liabilities	10	18,982	18,869
Other financial liabilities	18	9,508	9,893
Contract liabilities	3	99,639	23,160
Total non-current liabilities		**204,829**	**131,413**
Current liabilities			
Interest-bearing loans and borrowings	19	30,642	41,253
Lease liabilities	10	5,073	4,453
Other financial liabilities	18	1,266	1,227
Corporate income tax payable		356	227
Trade payables	20	73,256	60,906
Contract liabilities	3	60,475	42,969
Other current liabilities	20	23,435	25,415
Total current liabilities		**194,503**	**176,450**
Total liabilities		**399,332**	**307,863**
Total equity and liabilities		**756,576**	**689,088**

Consolidated statement of changes in equity

1 January–31 December

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 2024	**302**	**203,129**	**21,832**	**-10,394**	**1,217**	**165,139**	**381,225**
Result for the year						-19,564	-19,564
Remeasurement gain / (loss) on defined benefit plans, net of tax						-5,098	-5,098
Currency exchange differences			-523				-523
Total comprehensive income	**–**	**–**	**-523**	**–**	**–**	**-24,662**	**-25,185**
Share-based payment					1,204		1,204
Transfer of own shares				1,996	-1,996		–
Total transactions with owners	**–**	**–**	**–**	**1,996**	**-792**	**–**	**1,204**
Balance as at 31 December 2024	**302**	**203,129**	**21,309**	**-8,398**	**425**	**140,477**	**357,244**

Consolidated statement of changes in equity (continued)

1 January–31 December

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 2023	**302**	**203,129**	**14,119**	**-13,609**	**3,590**	**214,146**	**421,677**
Result for the year						-51,440	-51,440
Remeasurement gain / (loss) on defined benefit plans, net of tax						2,433	2,433
Currency exchange differences			7,713				7,713
Total comprehensive income	**–**	**–**	**7,713**	**–**	**–**	**-49,007**	**-41,294**
Share-based payment					842		842
Transfer of own shares				3,215	-3,215		–
Total transactions with owners	**–**	**0**	**–**	**3,215**	**-2,373**	**–**	**842**
Balance as at 31 December 2023	**302**	**203,129**	**21,832**	**-10,394**	**1,217**	**165,139**	**381,225**

Consolidated statement of cash flows

1 January–31 December

kEUR	2024	2023
Cash flow from operating activities		
Result for the year	-19,564	-51,440
Adjustments to reconcile cash generated by operating activities		
Depreciation, amortization and impairment	32,714	30,469
Movement in provisions	195	40
Movement in pensions	105	867
Share-based payment expense	1,204	842
Financial income	-6,802	-103
Financial expenses	17,583	21,878
Income tax expense / (income)	1,419	-6,803
Changes in net working capital		
(Increase) / decrease in inventories	-16,969	15,511
(Increase) / decrease in trade receivables	-5,009	-29,894
(Increase) / decrease in contract assets	-1,669	548
(Increase) / decrease in other current assets	-3,192	-3,738
Increase / (decrease) in trade payables	11,372	17,368
Increase / (decrease) in contract liabilities	89,897	38,840
Increase / (decrease) in other current liabilities	-1,980	7,564
Cash generated from operations	**99,304**	**41,949**
Interest income received	586	54
Interest expenses paid	-8,533	-4,754
Income taxes paid	-1,958	-764
Net cash flows from operating activities	**89,399**	**36,485**
Cash flow from investing activities		
Acquisition of intangible assets	-1,217	-3,836
Acquisition of property, plant and equipment	-85,751	-52,897
Disposal of property, plant and equipment	2	8
Investments in other financial assets	-2,489	-2,787
Investments in contract costs	-1,563	–
Net cash flows from investing activities	**-91,018**	**-59,512**

Consolidated statement of cash flows (continued)

1 January–31 December

kEUR	2024	2023
Cash flow from financing activities		
Proceeds from short-term borrowings from banks	–	55,172
Repayment of short-term borrowings from banks	–	-55,172
Net proceeds from short-term borrowings from Draupnir Holding B.V.	–	40,000
Net proceeds from long-term borrowings from banks	–	49,087
Repayment of short-term borrowings from Draupnir Holding B.V.	-10,000	–
Repayment of long-term borrowings from banks	-10,000	–
Repayment of lease liabilities	-4,625	-3,921
Repayment of other financial liabilities	-698	-619
Net cash flow from financing activities	**-25,323**	**84,547**
Net movement in cash and cash equivalents	**-26,942**	**61,520**
Cash and cash equivalents at the beginning of the year	95,706	37,528
Net foreign currency exchange differences	-487	-3,342
Cash and cash equivalents at the end of the year	**68,277**	**95,706**

Notes to the 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 offers a full-service concept from early-stage custom development to contract manufacturing in both solid phase and solution phase technology. In addition, the Group also markets a wide range of generic peptides.

The registered office of the Company is Neuhofstrasse 24, 6340 Baar, Switzerland.

As at 31 December 2024, the Company was a 55.47% subsidiary of Draupnir Holding B.V., a company registered in the Netherlands. Draupnir Holding B.V.'s ultimate parent entity is Cryosphere Foundation, a foundation registered on Guernsey, of which Mr. Frederik Paulsen (Lausanne, Switzerland) is at present a named beneficiary pursuant to the charter of the foundation governed by the laws of Guernsey, although he has no vested interest in any portion of the foundation assets.

1 Summary of material accounting policy information

Basis of preparation

The consolidated financial statements of PolyPeptide Group AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial year for the Group is 1 January–31 December 2024.

All amounts are stated in thousands of Euros (EUR), unless otherwise indicated.

Changes in accounting policies and presentation

The following amendments became mandatorily effective from 1 January 2024:

- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)
- *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16)
- *Non-current Liabilities with Covenants* (Amendments to IAS 1) which, however, the Group decided to early adopt for the reporting period beginning 1 January 2023.

The adoption of the amendments to the IFRS Accounting Standards has not had any significant impact on the 2024 financial statements of the Group.

As a result, the accounting policies are consistent with prior years.

Principles of consolidation

The consolidated financial statements include the Company and its subsidiaries as at 31 December of each year. Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date the Company obtains control until such time as control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Reference is made to Note 11 for information regarding the consolidated subsidiaries. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Translation of foreign currencies

The Group's consolidated financial statements are presented in Euros. The functional currency of the parent company is Swiss Franc (CHF). Each entity within the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Translation of transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Translation of subsidiaries
The functional currencies of the foreign operations are the Euro (EUR), US Dollar (USD), Indian Rupee (INR) and the Swedish Krona (SEK). As at the reporting date, the assets and liabilities of the subsidiaries with a functional currency other than the Euro are translated into the presentation currency of the Group (the Euro) at the rate of exchange ruling at the reporting date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recorded in other comprehensive income. On disposal of a foreign entity, the component of other comprehensive income relating to that foreign operation is recognized in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Net investment in a foreign operation
The parent company of the Group, PolyPeptide Group AG, has a monetary item that is a receivable from one of its subsidiaries. As of 1 December 2024, settlement of the receivable is neither planned nor likely to occur in the foreseeable future. As a result, the monetary item became, in substance, a part of the parent company's net investment in the subsidiary. As of 1 December 2024, exchange differences arising from the translation of the receivable into the functional currency of the parent company are thus initially recognized in other comprehensive income in the consolidated financial statements and reclassified to profit or loss on disposal of the net investment.

Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other taxes and duties. Revenue is recognized when a performance obligation is satisfied.

Performance obligations and timing of revenue recognition
The Group earns the majority of its revenues from the sale of goods. As a result, most of the Group's revenues are recognized at a point in time when control of the goods has transferred to the customer. All indicators of transfer of control according to IFRS 15 are normally in place when the Group delivers the goods to the customer. The level of judgement needed to determine the point in time at which a customer obtains control of the goods is thus limited.

When bill-and-hold arrangements are in place, the Group satisfies its performance obligation while still retaining physical possession of the goods until it is transferred to the customer at a point in time in the future. However, IFRS 15 clearly states four criteria that must be met for a customer to have obtained control of a product in a bill-and-hold arrangement. These criteria are reflected in the agreements with the customers, and the level of judgement needed for revenue recognition for bill-and-hold arrangements is thus also limited.

The Group has no sales contracts that include performance obligations relating to warranties or returns.

The Group also incurs a portion of its revenues in connection with pharmaceutical services like development and analytical services. In some cases, these contracts run longer than a year with revenue recognized typically on an over time basis. These service contracts are set up in a way to be distinct and the consideration related to the services is based upon standard hourly prices. For these services, the Group recognizes revenues based upon stage of completion which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input-based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours to complete the projects and therefore also represent the amount to which the Group would be entitled to based on its performance to date.

Determining the transaction price
With respect to the sale of goods, a transaction price is agreed in an order or order confirmation between the Group and its customer. Prices may also be included in the master service agreements, which are usually updated every year. However, the price in the order confirmation is controlling. There are no other variable components included in the

transaction price such as payables to the customer, non-cash considerations, etc. All other special considerations such as volume discounts are calculated on a calendar-year basis and therefore do not result in any uncertainties about the amount of the transaction price at the end of the financial year. The transaction price for services is based upon a price list with standard prices (fair value) for different kind of services.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the Group and the customer (either explicitly or implicitly) provides the Group with a significant benefit of financing the transfer of goods or services to the customer. The objective of this adjustment is to recognize revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. When adjusting the promised amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception.
If the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group applies a practical expedient and does not adjust the promised amount of consideration for the effects of a significant financing component.

Allocating amounts to performance obligations
As each performance obligation in a customer contract is generally priced against its fair value, only limited judgment is involved in the allocation of the total contract price to the individual performance obligations. This allocation will usually be determined by dividing the total contract price by the number of units ordered or hours spent.

Contract liabilities
If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group recognizes a contract liability when the payment is received, or the payment is due (whichever is earlier). The contract liability is derecognized and offset as revenue when the Group subsequently transfers the good or service to the customer.

Contract assets
A contract asset is defined as an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).
The Group recognizes a contract asset for unbilled work in progress related to the transfer of services where revenue is recognized 'over time'.
Contract assets are subject to impairment assessment. Refer to the accounting policies on impairment of financial.

Contract costs
The Group capitalizes costs to fulfil a contract as 'Contract costs' if the costs incurred are not within the scope of another IFRS standard, and all of the following criteria are met:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Capitalized contract costs are amortized in a manner that reflects the expected progress towards complete satisfaction of the related performance obligations. In most cases, this does not follow a straight-line basis over the contract terms.

Other income, costs and expenses
Other income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they arise.

Interest
For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate. Interest income and expense is included in financial income and expense in the income statement.

Research expenses
Research expenses relating to Custom Projects are included in 'Cost of sales' in the income statement. Research expenses not relating to Custom Projects are presented on the separate financial line item 'Research expenses' in the income statement

Share-based payment

Share-based compensation is provided to members of the Board of Directors, the Executive Committee and certain other selected key employees (as applicable).

The programs are classified as equity arrangements where the fair value of the shares granted under the programs are recognized as an expense with a corresponding increase in equity. The fair value of the shares is measured at the market share price of PolyPeptide Group AG's shares, adjusted to take into account terms and conditions upon which the shares were granted. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Corporate income tax is calculated on taxable profit according to the applicable tax rates in the various countries.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Current income tax items are recognized in correlation to the underlying transaction either in profit or loss, through other comprehensive income or directly in equity.

Tax credits

Tax credits that can only be realized by a reduction of current or future corporate tax payments, rather than being directly settled in cash, are presented as part of the income tax charge for the year.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect to taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized and the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss, through other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VAT

Income, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Fair value measurements

The Group measures certain financial instruments at fair value. The fair values of financial instruments measured at amortized costs are disclosed in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal market or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at costs less any accumulated amortization and any accumulated impairment losses. Internal development of software for internal use is recognized as intangible assets if the recognition criteria are met. Otherwise, the expenditure is reflected in the income statement in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The

amortization expense on intangible assets with finite useful lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

The Group's intangible assets consist of software that is amortized on a straight-line basis over five to ten years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the costs of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as dwelling costs in the income statement.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as stated hereunder.

• buildings (and leasehold improvements)	10 to 50 years
• machinery and equipment	3 to 20 years
• other	3 to 5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group's financial assets at amortized cost mainly include trade receivables.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Factoring

In the reporting period beginning 1 January 2023, the Group decided to enter a non-recourse factoring agreement with a bank for a few selected customers. The arrangement is non-recourse between the Group and the bank where all risks and rewards of ownership of receivables are fully transferred to the bank, and where the Group does not provide any guarantee about the performance of the receivables. When the Group derecognizes the receivable from the customer and recognizes the consideration received from the bank, the difference between the carrying amount of the receivable and the consideration received from the bank is recognized as a financial expense in the income statement.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from credit enhancements that are integral to the contractual terms.

Financial assets at amortized cost (debt instruments)

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit loss at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories
Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Raw materials are recognized at standard cost at the time of purchase.
Finished goods and work-in-progress include costs of direct materials and labor and a proportion of manufacturing overhead based on normal operating capacity but excluding borrowing cost as the production does not require a substantial period of time.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Other current assets
All other current assets are stated at the amounts at which they were acquired or incurred.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position and in the statement of cash flows comprise cash on hand and in banks and short-term deposits with an original maturity of three months or less.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
After initial recognition, the financial liabilities are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the income statement.

Derecognition of financial assets and liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continued involvement in the asset. If there is an associated liability, the Group recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the net of the carrying amount and the maximum amount of the consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as financial expenses in the income statement.

Pensions

The Group has insured contributory pension plans covering substantially all employees. Pension obligations are funded through annual premiums. The Group has defined benefit obligations to employees. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities it is the published bid price.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability, except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favor of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased assets.

Subsequent to initial measurement, lease liabilities are increased as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the revised net present value of future lease payments. The carrying amount of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or an index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

Other liabilities
All other liabilities are stated at the amounts at which they were acquired or incurred.

Cash flow statement
The cash flow statement is prepared according to the indirect method. Cash and cash equivalents comprise cash on hand and in banks and short-term deposits with an original maturity of three months or less. Interest and income tax cash flows are included in the cash flow from operating activities.

Future changes in accounting policies
The following standards, amendments to standards, and interpretations have been issued by the IASB and are mandatorily effective for reporting periods beginning 1 January 2025 or later. The Group has not early adopted any of these and does not believe these standards, amendments to standards, and interpretations will have a material impact on the recognition and measurements of financial items in the consolidated financial statements once adopted:

- *Lack of Exchangeability* (Amendments to IAS 21)
- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7)
- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Significant accounting judgments and estimates
The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date and tests for impairment when there are indicators that the carrying amounts may not be recovered. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate to calculate the present value of those cash flows. Even though 2023 and 2024 were characterized by a volatile macroeconomic environment, the Group has not identified any indicators of impairment. No impairment losses of non-current assets have thus been recognized in 2024 (2023: No impairment losses).

Pension and other employment benefits
The cost of defined benefit pension plans is determined using actuarial calculations. The actuarial calculations include assumptions about discount rates, future salary increases, and life expectancy. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions (see Note 16).

Deferred income tax assets
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management's judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies (see Note 5).

2 Segment information

PolyPeptide generates revenue that can be divided into the three business areas described in Note 3. The chief operating decision maker (i.e., the Executive Committee) reviews revenue generated within each business area but does not review results at this disaggregated level. The chief operating decision maker rather reviews the results of the Group as a whole to assess performance. As a result, 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. Accordingly, there is only one operating segment according to IFRS 8 – *Operating segments*.

The segment disclosures are thus provided in accordance with the requirements applicable for entities that have a single reportable segment.

Revenue from major customers (10% or more of total revenue)
In 2024, revenues of approximately kEUR 43,900 and kEUR 41,200, respectively, were derived from two customers.
In 2023, revenues of approximately kEUR 42,100 and kEUR 34,900, respectively, were derived from two customers.

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.

2024 kEUR	USA	Europe & India	Total
Revenue	94,419	242,373	336,792
Additions to intangible assets and PP&E	3,698	84,141	87,839
Non-current assets, carrying amount	96,692	307,315	404,007

2023 kEUR	USA	Europe & India	Total
Revenue	92,760	227,612	320,372
Additions to intangible assets and PP&E	4,479	50,411	54,890
Non-current assets, carrying amount	97,918	242,641	340,559

3 Revenue and expenses

PolyPeptide generates revenue that can be divided into the three business areas described below:

Revenue by business area

kEUR	2024	2023
Custom Projects	118,148	154,453
Contract Manufacturing	174,175	135,385
Generics and Cosmetics	44,469	30,534
Total revenue	**336,792**	**320,372**

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 cGMP 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 cGMP 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 products, including the production of commercial generic products where the Group manufactures 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 cGMP 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 by geographical area

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

kEUR	2024	2023
Americas	89,727	130,603
Europe	208,828	161,735
Asia Pacific	35,612	25,377
Others	2,625	2,657
Total revenue	**336,792**	**320,372**

Revenue from contracts with customers

2024 kEUR	API	Related services	Total
Timing of transfer of goods and services			
Point in time	307,752		307,752
Over time		29,040	29,040
Total revenue	**307,752**	**29,040**	**336,792**

2023 kEUR	API	Related services	Total
Timing of transfer of goods and services			
Point in time	282,189		282,189
Over time		38,183	38,183
Total revenue	**282,189**	**38,183**	**320,372**

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.

Contract assets and contract liabilities

Contract assets

kEUR	2024	2023
Balance as at 1 January	**2,103**	**2,660**
Transfer in the period from contract assets to trade receivables	-1,986	-2,646
Transfer of services to customers during the year where the right to payment as at 31 December is conditioned on something other than the passage of time	3,655	2,098
Currency exchange differences	-11	-9
Balance as at 31 December	**3,761**	**2,103**

Contract liabilities

kEUR	2024	2023
Balance as at 1 January	**66,129**	**27,538**
Amounts included in contract liabilities that were recognized as revenue during the period	-20,506	-23,062
Cash received in advance of performance and not recognized as revenue during the period	110,403	61,902
Interest expense from financing components	4,905	–
Currency exchange differences	-817	-249
Balance as at 31 December	**160,114**	**66,129**

Contract costs

kEUR	2024	2023
Balance as at 1 January	**–**	**–**
Asset recognized from costs incurred to fulfil a contract during the period	1,563	–
Amortization and impairment losses	–	–
Currency exchange differences	–	–
Balance as at 31 December	**1,563**	**–**

In 2024, the Group incurred costs of kEUR 1,563 in relation to setup activities required in order to satisfy future performance obligations (2023: nil). The costs (i) directly relate to two contracts with customers, (ii) have generated resources that will be used in satisfying the performance obligations in the contracts, and (iii) are expected to be recovered. Since the nature of the costs incurred is not within the scope of another IFRS standard, the costs incurred have been capitalized as an asset from costs to fulfil a contract in accordance with IFRS 15 – *Revenue from Contracts with Customers*.

The asset will be amortized in a way that reflects the expected progress towards complete satisfaction of the performance obligations. It is not expected that this will be on a straight-line basis over the terms of the contracts.

Other operating income

kEUR	2024	2023
Research refund	1,457	1,204
Invoiced freight and insurance	307	2,707
Export incentives	7	–
Investment grants	75	82
Other	132	488
Total other operating income	**1,978**	**4,481**

The research refund relates to a deduction on tax paid due to qualified research in chemistry.
The investment grants relate to improving air emission handling, etc.

Marketing and sales expenses

kEUR	2024	2023
Salaries and employee benefits	-2,683	-2,474
Marketing and promotion costs	-657	-1,049
Other	-526	-530
Total marketing and sales expenses	**-3,866**	**-4,053**

Research expenses

kEUR	2024	2023
Salaries and employee benefits	-814	-1,009
Other	-281	-456
Total research expenses	**-1,095**	**-1,465**

General and administrative expenses

kEUR	2024	2023
Salaries and employee benefits	-16,538	-16,107
Other staff expenses	-2,341	-2,630
Depreciation, amortization and impairment loss	-2,725	-4,155
Professional services	-7,045	-4,577
Insurance cost	-2,409	-2,563
IT services	-2,519	-2,530
License fees and royalties	-3,607	-2,899
Other	-4,567	-4,612
Total general and administrative expenses	**-41,751**	**-40,073**

Financial income

kEUR	2024	2023
Interest income due from third parties	586	54
Other financial income	34	49
Foreign currency exchange gains	6,182	–
Total financial income	**6,802**	**103**

Financial expenses

kEUR	2024	2023
Interest expenses due to third parties	-13,848	-5,623
Foreign currency exchange losses	–	-14,495
Other financial expenses	-3,735	-1,760
Total financial expenses	**-17,583**	**-21,878**

Staff costs

kEUR	2024		2023	
	Indirect	**Direct**	**Indirect**	**Direct**
Salaries and wages	-15,817	-79,927	-15,788	-73,256
Social charges	-3,341	-16,809	-3,011	-14,691
Pension costs	-877	-5,805	-831	-5,504
Total staff cost	**-20,035**	**-102,541**	**-19,630**	**-93,451**

An amount of kEUR 102,541 (2023: kEUR 93,451) relating to salaries and employee benefits has been included in cost of sales.

The average number of FTEs of the principal departments is as follows:

Average number of employees

	2024	2023
Production	722	665
Marketing and sales	18	19
Research and development	168	177
General and administration	103	99
Quality control	161	135
Quality assurance	119	107
Total	**1,291**	**1,202**

Depreciation and amortization included in the income statement

Included in Cost of sales:

kEUR	2024	2023
Depreciation	-27,460	-23,963
Amortization	-2,413	-2,220
Impairment	-116	-131
Total	**-29,989**	**-26,314**

Included in General and administrative expenses:

kEUR	2024	2023
Depreciation	-1,271	-1,479
Amortization	-85	-86
Impairment	-1,369	-2,590
Total	**-2,725**	**-4,155**

4 Share-based payment

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

Board of Directors

Members of the Board of Directors receive at least half of their fixed fees in shares, with 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 (in excess of 50%) and cash is selected by each Board member upon election at the annual general meeting and is fixed until the next annual general meeting. The Board of Directors is compensated on a pro-rata basis for the period of service, even in the case of early termination or removal.

In 2024, the fair value at grant date amounted to kEUR 785 (2023: kEUR 886), reflecting a measurement based on a total number of shares of 25,796 (2023: 43,690) and a price of EUR 30 per share as at 10 April 2024 (2023: a price of EUR 20 per share as at 12 April 2023).

All shares will be fully vested at the annual general meeting in April 2025. In 2024, a total amount of kEUR 802 (2023: kEUR 892) was recognized as “General and administrative expenses” in the income statement according to the principles of graded vesting in IFRS 2.

Executive Committee and selected key employees

The Board of Directors has adopted a Long-Term Incentive Plan (“LTIP”) for Executive Committee members and selected key employees of the Group. Under this share-based incentive program, eligible participants are awarded the contingent right to receive a certain number of shares in the future (“PSU(s)”) in the Company, subject to, inter alia, continued employment and achievement of market as well as non-market performance targets. The actual number of PSUs that will eventually vest and be settled in shares depends on revenue, EBITDA, and Total Shareholder Return (“TSR”) performance of the Group over a three-year performance period.
Two grants were made during 2024:

- In H1 2024, 30 employees of the Group, including members of the Executive Committee, were granted PSUs in the Company. The total fair value at grant date amounted to kEUR 3,408.

  The fair value at grant date for the PSUs conditioned on revenue and EBITDA performance (i.e., non-market vesting conditions) amounted to kEUR 2,629, reflecting a measurement based on 81,640 number of PSUs potentially vesting and the share price of PolyPeptide Group AG as of the grant date of EUR 32, adjusted for a value cap of 500% at vesting. The impact of the value cap has been determined based on a Monte-Carlo simulation.

  The fair value at grant date for the PSUs conditioned on TSR performance amounted to kEUR 779, reflecting a measurement based on 17,499 number of PSUs and a fair value per PSU of EUR 45. The fair value per PSU is determined based on a Monte-Carlo simulation that also incorporates a value cap of 500% at vesting.

- In H2 2024, three employees of the Group were granted PSUs in the Company. The total fair value at grant date amounted to kEUR 38.

  The fair value at grant date for the PSUs conditioned on revenue and EBITDA performance (i.e., non-market vesting conditions) amounted to kEUR 30, reflecting a measurement based on 1,056 number of PSUs potentially vesting and the share price of PolyPeptide Group AG as of the grant date of EUR 28, adjusted for a value cap of 500% at vesting. The impact of the value cap has been determined based on a Monte-Carlo simulation.

  The fair value at grant date for the PSUs conditioned on TSR performance amounted to kEUR 8, reflecting a measurement based on 226 number of PSUs and a fair value per PSU of EUR 38. The fair value per PSU is determined based on a Monte-Carlo simulation that also incorporates a value cap of 500% at vesting.

The participants are compensated for missed dividend payments during the vesting period if the PSUs vest. As a result, expected dividends during the vesting period have not impacted the fair value measurements of the grant.

An expense of kEUR 512 has been recognized in 2024 as “General and administrative expenses” in the income statement relating to the grants described above.

Chief Executive Officer

The CEO of the Group, Juan José González, is participating in the share-based incentive program described above. In addition to this, he was also granted PSUs on 6 September 2023 (“2023 CEO Grant”). The vesting of the PSUs for the 2023 CEO Grant depends on RONOA and EPS performance of the Group over a three-year performance period.

In accordance with IFRS 2, the maximum number of shares potentially vesting was used for the determination of the fair value of the grant. As a result, the fair value at grant date amounted to kEUR 1,135, reflecting a measurement based on 51,060 number of PSUs and the share price of PolyPeptide Group AG as of the grant date of EUR 23. The vesting period ends 10 trading days after the shareholders approve the 2025 audited consolidated financial statements.

The participant is compensated for missed dividend payments during the vesting period if the PSUs vest. As a result, expected dividends during the vesting period have not impacted the fair value measurement of the grant.

In 2024, no expense has been recognized in the income statement since it is expected that no PSUs from the CEO Grant will eventually vest. In 2023, an amount of kEUR 110 was recognized as “General and administrative expenses” in the income statement. This amount has been reversed in 2024.

5 Taxation

Taxation includes local and foreign taxation. Major components of the tax expense were:

kEUR	2024	2023
Consolidated income statement		
Current income tax charge	-1,139	-827
Deferred income tax charge	-280	7,630
Total income tax charge	**-1,419**	**6,803**
Consolidated statement of comprehensive income		
Income tax directly charged to comprehensive income	1,392	-836
Total income tax charge (credit)	**1,392**	**-836**

Amounts recorded in the consolidated statement of comprehensive income related to deferred income taxes on actuarial gains and losses on defined benefit plans as a result of IAS 19.

A reconciliation of the income tax charge applicable to profit from operating activities before income tax at the Swiss statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December was as follows:

kEUR	2024	2023
Result before income taxes	-18,145	-58,243
At Swiss statutory income tax rate of 11.8 %	2,142	6,849
Different income tax rates of other countries	2,904	5,611
Non-deductible expenses and non-taxable income	-737	-703
Non-capitalized tax losses	-7,986	-10,353
R&D tax credits	3,640	3,438
Effect of change in tax rates	-239	60
Adjustments in respect of current income tax of previous year	-1,143	1,901
At an effective income tax rate of -7.8% (2023: 11.7%)	**-1,419**	**6,803**

The effective tax rate for 2024 is -7.8%. The Group has recorded a limited tax expense, despite the loss before tax. This low tax expense is mainly due to non-capitalized tax assets, partly offset by R&D tax credits incurred in the US group entities in 2024.

Non-capitalized tax losses are also related to reversal of impairment of deferred tax assets on tax losses in Polypeptide Group AG, as profit in the year in this company is offset against non-recognized losses. A deferred tax asset has not been recognized for remaining losses due to uncertainty on whether the tax loss will be utilized before expiry (tax losses in Switzerland expire after seven years).

Income from R&D tax credits is related to US R&D tax credits. This income is subsequently reversed through the impairment of the US deferred tax assets.

The deferred tax assets include an amount of kEUR 2,757 relating to US R&D tax credits that have been claimed, but for which uncertainty exists on whether these will be sustained by the US tax authorities.

kEUR	2024	2023
Differences in carrying amount and fiscal valuation of assets and liabilities	5,872	5,813
Capitalized tax losses carried forward	11,748	10,877
Total deferred income tax assets	**17,620**	**16,690**

The deferred tax assets for losses carried forward relate to tax losses of PolyPeptide Laboratories Holding (PPL) AB (Sweden) and PolyPeptide Laboratories France S.A.S. (France). The tax losses are expected to be offset against future taxable profits which are expected to be realized within the foreseeable future.

The valuation of deferred tax assets for losses carried forward are based on management approved medium-term budgets. Tax losses are expected to be utilized within five years.

The net deferred tax asset compose of temporary differences, mainly related to intangible assets, inventory, pension liabilities, deferred tax deduction of book expenses as well as unutilized R&D tax credits in PolyPeptide Laboratories Inc. (USA), including accounting for uncertainty on whether this can be sustained by US tax authorities.

The Group has unrecognized tax loss carry forwards available for losses incurred in various countries approximating mEUR 1,155 (2023: mEUR 1,545), of which mEUR 10.2 has no expiration date and mEUR 1,145 will expire between 2028 and 2030. No deferred income tax asset has been recognized due to uncertainty with respect to available taxable profits in the future for these tax jurisdictions and the limitations imposed in tax legislation in order to utilize the tax losses.

The significant decrease in unrecognized deferred tax losses is because of a revaluation in 2024 of equity investments in Polypeptide Group AG, for which a deduction for value decreases in earlier years in correspondence with Swiss tax regulations has been claimed. The revaluation is calculated on the basis of the development of the share price of the Group.

The effect of this accumulated tax deduction and corresponding valuation allowance on the deferred tax asset has been reported through equity. As no net deferred tax asset is recognized for the tax loss generated by this tax deduction, there is no net tax effect reported in equity.

Deferred income tax liabilities as at 31 December relate to the following:

kEUR	2024	2023
Differences in carrying amount and fiscal valuation of assets and liabilities	3,205	3,644
Total deferred income tax liabilities	**3,205**	**3,644**

Differences in the carrying amount and tax values of assets and liabilities mainly relate to differences in valuation of Land & Buildings and Machinery & Equipment.

The deferred income tax charge relates to the following:

kEUR	2024	2023
Movement in deferred tax assets	931	8,404
Movement in deferred tax liability	439	-1,766
Translation differences	-258	156
Total deferred income tax charge	**1,112**	**6,794**

kEUR	2024	2023
Deferred tax charge in income statement	-280	7,630
Deferred tax (credit) / charge in statement of comprehensive income	1,392	-836
Total deferred income tax charge	**1,112**	**6,794**

Translation differences mainly relate to Swedish Krona and United States Dollar.

6 Shareholders' equity

Share capital

There have been no changes to the share capital of the parent company of the Group, PolyPeptide Group AG, during 2024. As a result, the share capital of PolyPeptide Group AG comprised 33,125,001 registered shares with a nominal value of CHF 0.01 each as at 31 December 2024.

All shares are fully paid-up.

Treasury shares

	Number of shares	Average purchase/ transfer price (EUR)	% of number of shares in share capital
Own shares as at 1 January 2024	155,494		0.5%
Purchase	–	–	–
Transfer	-26,989	74	-0.1%
Own shares as at 31 December 2024	**128,505**		**0.4%**
Own shares as at 1 January 2023	199,196		0.6%
Purchase	–	–	–
Transfer	-43,702	74	-0.1%
Own shares as at 31 December 2023	**155,494**		**0.5%**

Cash distribution

No cash distribution was made in 2024 (2023: no cash distribution).

7 Earnings per share

kEUR	2024	2023
Result for the year attributable to shareholders of PolyPeptide Group AG	-19,564	-51,440
Weighted average number of shares ('000)	33,125	33,125
Weighted average number of own shares ('000)	145	184
Weighted average number of outstanding shares ('000)	32,980	32,941
Dilution effect of share-based payment ('000)	20	27
Weighted average number of diluted shares ('000)	33,000	32,968
Earnings per share (EPS), basic	**-0.59**	**-1.56**
Earnings per share (EPS), diluted	**-0.59**	**-1.56**

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

Diluted earnings per share is calculated by dividing the result for the year attributable to the owners of PolyPeptide Group AG 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 4.

8 Intangible assets

The Group's intangible assets only consist of software.

kEUR	Software
Acquisition value	
Balance as at 1 January 2024	29,884
Additions	1,062
Disposals	–
Currency exchange differences	34
Balance as at 31 December 2024	**30,980**
Accumulated amortization and impairment losses	
Balance as at 1 January 2024	-13,430
Amortization	-2,498
Disposals	–
Currency exchange differences	-34
Balance as at 31 December 2024	**-15,962**
Carrying value as at 31 December 2024	**15,018**

kEUR	Software
Acquisition value	
Balance as at 1 January 2023	28,091
Additions	2,897
Disposals	-1,082
Currency exchange differences	-22
Balance as at 31 December 2023	**29,884**
Accumulated amortization and impairment losses	
Balance as at 1 January 2023	-12,226
Amortization	-2,306
Disposals	1,082
Currency exchange differences	20
Balance as at 31 December 2023	**-13,430**
Carrying value as at 31 December 2023	**16,454**

As at 31 December 2024, the carrying amount of software includes an amount of EUR 7.1 million (2023: EUR 6.6 million) that is still under construction. This software will be taken into use in subsequent periods and hence no amortization has been recognized for this software yet.

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any indicators of impairment have been identified, the Group calculates the amount of impairment as the difference between the recoverable amount of the asset and its carrying value and recognizes the impairment loss in the income statement. The Group has not identified any indicators of impairment during the year.

9 Property, plant and equipment

kEUR	Land & Buildings	Machinery & Equipment	Assets under construction	Other operating assets	Total
Acquisition value					
Balance as at 1 January 2024	129,943	243,432	91,168	559	465,102
Additions	30	1,444	85,303	–	86,777
Disposals	–	-1,165	-1,485	–	-2,650
Transfers	13,088	73,541	-86,565	–	64
Currency exchange differences	4,304	2,005	4	-2	6,311
Balance as at 31 December 2024	**147,365**	**319,257**	**88,425**	**557**	**555,604**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2024	-50,877	-113,204	–	-439	-164,520
Depreciation	-6,642	-17,544	–	-44	-24,230
Impairment losses	–	–	-1,485	–	-1,485
Disposals	–	1,163	1,485	–	2,648
Transfers	–	-15	–	–	-15
Currency exchange differences	-1,625	-1,837	–	1	-3,461
Balance as at 31 December 2024	**-59,144**	**-131,437**	**–**	**-482**	**-191,063**
Carrying value as at 31 December 2024	**88,221**	**187,820**	**88,425**	**75**	**364,541**

kEUR	Land & Buildings	Machinery & Equipment	Assets under construction	Other operating assets	Total
Acquisition value					
Balance as at 1 January 2023	124,016	201,157	98,644	548	424,365
Additions	2,590	7,864	41,535	4	51,993
Disposals	–	-3,259	-2,721	–	-5,980
Transfers	5,895	39,813	-45,708	–	–
Currency exchange differences	-2,558	-2,143	-582	7	-5,276
Balance as at 31 December 2023	**129,943**	**243,432**	**91,168**	**559**	**465,102**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2023	-45,333	-102,764	–	-390	-148,487
Depreciation	-6,428	-15,045	–	-47	-21,520
Impairment losses	–	–	-2,721	–	-2,721
Disposals	–	3,250	2,721	–	5,971
Transfers	–	–	–	–	–
Currency exchange differences	884	1,355	–	-2	2,237
Balance as at 31 December 2023	**-50,877**	**-113,204**	**–**	**-439**	**-164,520**
Carrying value as at 31 December 2023	**79,066**	**130,228**	**91,168**	**120**	**300,582**

In 2024, the Group decided to exercise a purchase option of a right-of-use asset. As a result, the asset was reclassified from right-of-use assets to property, plant and equipment. This is reflected in the table above by the net transfer of kEUR 64 (acquisition value) and kEUR 15 (accumulated depreciation), respectively.

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any indicators of impairment have been identified, the Group calculates the amount of impairment as the difference between the recoverable amount of the asset and its carrying value and recognizes the impairment loss in the income statement.
In 2024, the Group decided to discontinue the development of certain assets under construction. As a result, an impairment loss of kEUR 1,486 (2023: kEUR 2,721) was recognized, reflecting a recoverable amount of nil after the impairment.

The amount of borrowing costs capitalized during the year was nil (2023: nil).

As at 31 December 2024, the carrying amount of Land & Buildings includes an amount of approximately kEUR 6,300 (2023: kEUR 7,100) for which the legal ownership is no longer with the Group due to the transaction with Monedula AB, as further disclosed in Note 18.

10 Leases

Set out below are the carrying amounts of right-of-use assets recognized in the statement of financial position and the movements during the year:

kEUR	Buildings	Cars	Other equipment	Total
Cost of right-of-use assets				
Balance as at 1 January 2024	21,600	4,235	8,357	34,192
Additions	1,822	1,478	466	3,766
Remeasurements	1,000	-1	13	1,012
Disposals	-156	-667	-409	-1,232
Transfer to tangible assets (see Note 9)	–	–	-64	-64
Currency exchange differences	1,131	-11	58	1,178
Balance as at 31 December 2024	**25,397**	**5,034**	**8,421**	**38,852**
Accumulated depreciation				
Balance as at 1 January 2024	-6,520	-1,673	-2,476	-10,669
Depreciation	-2,294	-1,158	-1,049	-4,501
Disposals	142	629	346	1,117
Transfer to tangible assets (see Note 9)	–	–	15	15
Currency exchange differences	-359	4	-11	-366
Balance as at 31 December 2024	**-9,031**	**-2,198**	**-3,175**	**-14,404**
Carrying value as at 31 December 2024	**16,366**	**2,836**	**5,246**	**24,448**

kEUR	Buildings	Cars	Other equipment	Total
Cost of right-of-use assets				
Balance as at 1 January 2023	21,910	2,747	5,082	29,739
Additions	379	2,084	4,008	6,471
Remeasurements	27	7	38	72
Disposals	-106	-599	-759	-1,464
Currency exchange differences	-610	-4	-12	-626
Balance as at 31 December 2023	**21,600**	**4,235**	**8,357**	**34,192**
Accumulated depreciation				
Balance as at 1 January 2023	-4,935	-1,437	-1,951	-8,323
Depreciation	-1,840	-792	-1,290	-3,922
Disposals	106	553	759	1,418
Currency exchange differences	149	3	6	158
Balance as at 31 December 2023	**-6,520**	**-1,673**	**-2,476**	**-10,669**
Carrying value as at 31 December 2023	**15,080**	**2,562**	**5,881**	**23,523**

Set out below are the carrying amounts of the lease liabilities recognized in the statement of financial position and the movements during the year:

kEUR	Buildings	Cars	Other equipment	Total
Lease liabilities				
Balance as at 1 January 2024	15,542	2,593	5,187	23,322
Additions	1,674	1,460	402	3,536
Interest expenses	470	78	127	675
Remeasurements	985	-15	13	983
Lease payments	-2,560	-1,222	-1,518	-5,300
Currency exchange differences	803	-7	43	839
Balance as at 31 December 2024	**16,914**	**2,887**	**4,254**	**24,055**
Lease liabilities				
Balance as at 1 January 2023	17,172	1,314	2,732	21,218
Additions	379	2,083	3,983	6,445
Interest expenses	441	47	139	627
Remeasurements	27	-7	38	58
Lease payments	-2,007	-842	-1,701	-4,550
Currency exchange differences	-470	-2	-4	-476
Balance as at 31 December 2023	**15,542**	**2,593**	**5,187**	**23,322**

The maturity of the total undiscounted lease liability as at 31 December is disclosed in Note 23.

The following amounts are recognized in the income statement:

kEUR	2024	2023
Depreciation expense of right-of-use assets	4,501	3,922
Interest expense on lease liabilities	675	627
Variable lease payments not included in the lease liabilities	49	18
Short-term leases (included in G&A expenses)	1,153	991
Leases of low-value assets (included in G&A expenses)	367	494
Total amount recognized in the income statement	**6,745**	**6,052**

The Group had total cash outflows for leases of kEUR 6,869 in 2024 (2023: kEUR 6,053).
The total lease liability of the Group mainly relates to leases of buildings in Torrance, California, USA. The remaining lease liability largely consists of machinery and company cars in various Group companies, primarily having fixed monthly lease payments.

11 Investments 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 31 December are as follows:

Name	Location	Percentage of ownership	
		2024	2023
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%

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

2 PolyPeptide Laboratories A/S is a dormant company.

Percentage of voting shares is equal to percentage of ownership.

12 Inventories

kEUR	2024	2023
Raw materials and supplies	80,143	72,068
Work in progress	45,215	37,116
Finished goods	20,993	19,323
Balance as at 31 December	**146,351**	**128,507**

Raw materials that are expired or that are no longer used in production, and finished goods for which no future sales are expected, are fully written down at the balance sheet date. Finished goods that are expected to be sold after retesting are written down for the expected loss during this retesting. The estimated loss is approximately 10% of the original weight of the batch.

Costs of inventories recognized in cost of sales in the income statement during the financial year amounted to kEUR 132,771 (2023: kEUR 158,857).

Provisions for obsolete stock amounted to kEUR 51,282 as at 31 December 2024 (2023: kEUR 52,724). Inventory write-downs recognized in cost of sales in the income statement during the financial year 2024 amounts to kEUR 13,636, mainly due to inventory write-downs in Belgium (2023: kEUR 26,483, mainly due to inventory write-downs in Belgium and USA).

13 Trade receivables

kEUR	2024	2023
Trade receivables	82,499	76,674
Balance as at 31 December	**82,499**	**76,674**

Trade receivables are non-interest bearing and are generally on 30–90 day terms.

The Group has entered into a non-recourse factoring agreement with a bank for a few selected customers. The arrangement is non-recourse between the Group and the bank where all risks and rewards of ownership of receivables are fully transferred to the bank, and where the Group does not provide any guarantee about the receivables' performance. As a result, PolyPeptide has no continuing involvement in the transferred receivables.

When the receivable is derecognized, the difference between the carrying amount of the receivable and the consideration received from the bank is recognized as a financial expense in the income statement.

In 2024, consideration received from the bank as part of the non-recourse factoring agreement amounted to kEUR 50,551 (2023: kEUR 8,300) which resulted in a related financial expense of kEUR 388 (2023: kEUR 84).

The aging analysis of trade receivables is as follows:

kEUR	Total	< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
31 December 2024	82,499	70,004	11,183	786	66	460
31 December 2023	76,674	73,876	1,724	545	163	366

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

A significant part of the outstanding accounts receivable balance relates to large reputable pharmaceutical companies with no known history of write-offs. The expected credit loss for these large pharmaceutical companies is estimated at

nil. For smaller outstanding debtors, the expected loss rates are based on the Group's historical credit losses experienced over a three-year period prior to the end of the reporting period. These historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Movements in the bad debt allowance for trade receivables are as follows:

kEUR	2024	2023
Balance as at 1 January	279	187
Increase in bad debt allowance	572	187
Receivable written-off during the year as uncollectible	-197	-80
Unused amounts reversed	-37	-10
Currency exchange difference	5	-5
Balance as at 31 December	**622**	**279**

14 Other current assets

kEUR	2024	2023
Prepaid expenses	5,994	5,089
VAT receivable	13,173	9,783
Other	144	1,316
Balance as at 31 December	**19,311**	**16,188**

Other current assets are non-interest-bearing and are normally settled on 60-day terms.

15 Cash and cash equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following as at 31 December of each year:

kEUR	2024	2023
Cash and cash equivalents	68,277	95,706
Balance as at 31 December	**68,277**	**95,706**

Changes in liabilities arising from financing activities for the years were as follows:

kEUR	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Non-current other financial liabilities	Lease liabilities	Current other financial liabilities
Balance as at 1 January 2024	49,087	41,253	9,893	23,322	1,227
Cash flows	-13,154	-13,551	–	-5,300	-1,227
Non-cash flows					
New lease liabilities	–	–	–	3,536	–
Remeasurements	–	–	714	983	–
Accrued interest	3,487	2,940	604	675	–
Transfer from non-current to current	–	–	-1,266	–	1,266
Currency exchange differences	–	–	-437	839	–
Balance as 31 December 2024	**39,420**	**30,642**	**9,508**	**24,055**	**1,266**

kEUR	Non-current interest bearing loans and borrowings	Current interest-bearing loans and borrowings	Non-current other financial liabilities	Lease liabilities	Current other financial liabilities
Balance as at 1 January 2023	–	–	9,410	21,218	1,096
Cash flows	49,087	40,000	–	-4,550	-1,096
Non-cash flows					
New lease liabilities	–	–	–	6,445	–
Remeasurements	–	–	1,232	58	–
Accrued interest	–	1,253	597	627	–
Transfer from non-current to current	–	–	-1,227	–	1,227
Currency exchange differences	–	–	-119	-476	–
Balance as 31 December 2023	**49,087**	**41,253**	**9,893**	**23,322**	**1,227**

16 Pensions

The Group participates in local pension plans in the countries in which it operates. The pension plans are either structured as defined contribution plans or defined benefit plans:

- Defined contribution plans, where the Group is only obliged to pay a pension premium to a fund or insurance company on behalf of the employee. Contributions to defined contribution pension schemes are recognized as incurred in the consolidated income statement.
- Defined benefit plans, where the Group is obliged to provide pension benefits related to services rendered based on final salary levels. The obligation arising from the defined benefit plans is recognized as a net defined benefit obligation in the statement of financial position. This plan is used in Sweden, France, Belgium, India and Switzerland.

The majority of the total net defined benefit obligation recognized in the consolidated financial statements relates to the entities in Sweden and Belgium. For each of the defined benefit plans, no trust is established, and the full liability is recorded in the statement of financial position with compulsory insurance coverage.

The Swedish net defined benefit obligation is calculated by a third-party institution, the Pension Registration Institute (PRI). PRI also administrates the pension payments to employees, which are subsequently charged to the company.

The Belgian fund is outsourced to an insurance company called AXA Insurance. All funds requested to cover the year are called by and paid to the insurance company. The net defined benefit obligation is calculated by a third-party institution, Willis Towers Watson.

The movement in the net defined benefit obligation is shown on the following pages.

kEUR	Present value of obligation	Fair value of plan assets	Net defined benefit obligation
Balance as at 1 January 2024	**44,123**	**-19,012**	**25,111**
Amounts recognized in the income statement			
Current service cost	2,510	–	2,510
Past service cost	–	–	–
Interest expense (+) / income (-)	1,748	-806	942
Total amount recognized in the income statement	**4,258**	**-806**	**3,452**
Remeasurements recognized in other comprehensive income			
Return on plan assets, excluding amounts included in interest (income)	–	-6	-6
Actuarial gain (-) or loss (+) from changes in demographic assumptions	–	–	–
Actuarial gain (-) or loss (+) from changes in financial assumptions	5,687	–	5,687
Actuarial gain (-) or loss (+) from changes in experience	809	–	809
Change in asset ceiling, excluding amounts included in interest expense	–	–	–
Total amount recognized in other comprehensive income	**6,496**	**-6**	**6,490**
Exchange differences	-518	9	-509
Contributions:			
By employer	-277	-2,134	-2,411
By plan participants	230	-230	–
Payments from plan:			
Benefit payments	1,054	-1,054	–
Settlements	–	–	–
Balance as at 31 December 2024	**55,366**	**-23,233**	**32,133**

There was no impact of minimum funding requirements or asset ceiling on the net defined benefit obligation in 2024.

kEUR	Present value of obligation	Fair value of plan assets	Net defined benefit obligation
Balance as at 1 January 2023	**44,062**	**-17,425**	**26,637**
Reclassification from provisions (see Note 17)	739	–	739
Amounts recognized in the income statement			
Current service cost	2,411	–	2,411
Past service cost	9	–	9
Interest expense (+) / income (-)	1,645	-682	963
Total amount recognized in the income statement	**4,065**	**-682**	**3,383**
Remeasurements recognized in other comprehensive income			
Return on plan assets, excluding amounts included in interest (income)	–	685	685
Actuarial gain (-) or loss (+) from changes in demographic assumptions	-750	–	-750
Actuarial gain (-) or loss (+) from changes in financial assumptions	-2,393	–	-2,393
Actuarial gain (-) or loss (+) from changes in experience	-811	–	-811
Change in asset ceiling, excluding amounts included in interest expense	–	–	–
Total amount recognized in other comprehensive income	**-3,954**	**685**	**-3,269**
Exchange differences	139	-76	63
Contributions:			
By employer	-269	-2,173	-2,442
By plan participants	167	-167	–
Payments from plan:			
Benefit payments	-826	826	–
Settlements	–	–	–
Balance as at 31 December 2023	**44,123**	**-19,012**	**25,111**

The reclassification from provisions in 2023 relates to wage taxes of 24.26% on Swedish pension premiums. In prior years, this was classified as a provision in the consolidated statement of financial position. However, the classification of the liability was reassessed in 2023, and it was considered more appropriate to classify it as part of the defined benefit obligation. As a result, an adjustment to the opening balance is reflected in the table above.

There was no impact of minimum funding requirements or asset ceiling on the net defined benefit obligation in 2023.

Pension expenses reflected in the income statement

kEUR	2024	2023
Current service costs	2,510	2,411
Past service costs	–	9
Net interest costs	942	963
Defined benefit costs	**3,452**	**3,383**
Defined contribution costs	3,230	2,952
Total pension expenses	**6,682**	**6,335**

Weighted average principal assumptions used in determining the present value of the defined benefit obligation

kEUR	2024	2023
Discount rate (%)	3.15%	3.97%
Future salary increases (%)	3.34%	3.43%
Remaining life expectancy at the time of retirement (years):		
Male	22.1	22.0
Female	25.1	25.2

Sensitivity to changes in assumptions

Changes in the assumptions will impact the defined benefit pension obligation as at 31 December as follows:

	2024		2023	
kEUR	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (+/- 0.5%)	-4,043	4,652	-2,517	3,084
Future salary increases (+/- 0.5%)	2,318	-2,066	1,743	-1,542
Life expectancy (+/- 1 year)	796	-1,149	1,167	-1,068

Expected contributions to the plan for next annual reporting period

The Group expects to pay kEUR 3,605 in contributions to defined benefit plans in 2025 (2024: kEUR 1,423).

Weighted average duration

The weighted average duration of the defined benefit obligation is 15.5 years (2023: 14.8 years).

17 Provisions

kEUR	2024	2023
Provision for restoration costs	1,746	1,545
Provision for litigation	147	28
Other provisions	49	76
Balance as at 31 December	**1,942**	**1,649**

The provision for restoration costs primarily relates to the requirement to return leased properties of the Torrance facility into the conditions required by the terms and conditions of the lease agreements.

The provision for litigation relates to labor law claims from former employees.

Movement of the provision for the years was as follows:

kEUR	2024	2023
Balance as at 1 January	1,649	2,476
Reclassification to pensions (see Note 16)	–	-739
Utilization	-27	-47
Additions through profit or loss	248	13
Reversals through profit or loss	-26	–
Currency exchange differences	98	-54
Balance as at 31 December	**1,942**	**1,649**

18 Other financial liabilities

kEUR	2024	2023
Financial liability to Monedula AB	10,774	11,120
Total other financial liabilities as at 31 December	**10,774**	**11,120**
Non-current other financial liabilities	9,508	9,893
Current other financial liabilities	1,266	1,227
Total other financial liabilities as at 31 December	**10,774**	**11,120**

Financial liability to Monedula AB

In December 2019, PolyPeptide Laboratories (Sweden) AB sold all its shares in PolyPeptide Fastighets AB to related party Draupnir Holding B.V. PolyPeptide Fastighets AB was subsequently renamed into Monedula AB.

Monedula AB is the owner of the premises that are leased by PolyPeptide Laboratories (Sweden) AB. At transaction date, PolyPeptide Laboratories (Sweden) AB and Monedula AB extended the existing lease agreement to 31 December 2035.

Although the legal ownership of the premises was transferred to the buyer, management concluded that the transfer of the premises did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset. Therefore, the carrying value of the premises as at the transaction date remained in the consolidated statement of financial position of the Group.

The consideration received for the premises in the amount of SEK 124.8 million (kEUR 11,947) was recognized as a financial liability and accounted for in accordance with IFRS 9 as prescribed in IFRS 16.103(a).

The financial liability is currently measured at amortized cost using an effective interest rate of 5.57% (2023: 5.57%). The financial liability matures on 31 December 2035 and will be settled with future lease terms payable to Monedula AB. The total carrying value of the liability as at 31 December 2024 amounts to SEK 123.5 million (kEUR 10,774), of which SEK 14.5 million (kEUR 1,266) is presented as a current financial liability. The total carrying value of the liability as at 31 December 2023 amounted to SEK 123.4 million (kEUR 11,120), of which SEK 13.6 million (kEUR 1,227) was presented as a current financial liability.

The lease payments change each year based on changes in a consumer price index. When the adjustment to the lease payments takes effect, the financial liability is remeasured to reflect the new net present value of the future lease payments. The remeasurement is the reason for the increase in 2024 (in local currency).

19 Interest-bearing loans and borrowings

In second half of 2023, the Company signed a revolving credit facility agreement with Credit Suisse (now part of UBS Group), Danske Bank and Zürcher Kantonalbank as mandated lead arrangers. With Credit Suisse as the coordinator and agent, the banks committed to a three-year revolving credit facility (RCF) in the amount of EUR 111 million with an uncommitted increase option of EUR 40 million. The RCF allowed the Group to refinance its existing borrowings from banks as well as finance its working capital and capital expenditure requirements to support its planned business growth.
In parallel, the Company also secured a short-term subordinated credit facility from its main shareholder, Draupnir Holding B.V., in the amount of EUR 40 million. This may be refinanced under the RCF subject to certain conditions.

The RCF agreement includes a financial covenant. For each period of twelve months ending on 30 June or 31 December in any year, the Group must thus comply with a predetermined financial ratio that is based on debt and earnings.

The interest rate on the RCF amounts to one-month EURIBOR plus a margin on the amounts drawn. The margin is determined on a semi-annual basis based on the leverage ratio as defined in the RCF. In H1 2024, the margin was 3.40% per annum and in H2 2024, the margin was 2.45% per annum (H2 2023: 3.40% per annum).
The interest rate on the Draupnir Holding B.V. facility amounts to three-months EURIBOR plus a margin on the amounts drawn. During 2024, the margin has been between 3.25% and 4.20% per annum (2023: between 2.9% and 4.2% per annum).

One of the mandated lead arrangers participating in the RCF has issued a bank guarantee in the amount of EUR 10 million in favor of one of the Group's customers in relation to amounts received pursuant to (i) manufacturing capacity reservations and (ii) raw material prepayments. The amount of the bank guarantee has reduced the available drawings available under the RCF.

As at 31 December 2024, an amount of kEUR 40,000 was drawn from the revolving credit facility (2023: kEUR 50,000), and kEUR 30,000 was drawn from the credit facility provided by Draupnir Holding B.V. (2023: kEUR 40,000).

As at 31 December 2024, an amount of kEUR 1,200 was granted by ING Bank (2023: kEUR 1,200), of which nil was drawn as at 31 December 2024 (2023: nil). In 2024, the interest rate on the ING Bank credit facility amounted to one-month EURIBOR plus a margin of 1.2% on the amounts drawn and a facility fee of 0.30% on the total facility amount (2023: one-month EURIBOR plus a margin of 1.2% and a facility fee of 0.30%).

20 Trade payables and other current liabilities

kEUR	2024	2023
Trade payables	73,256	60,906
Total trade payables	**73,256**	**60,906**
Taxes and social securities	7,694	9,077
Accrued expenses	14,848	14,947
Other	893	1,391
Total other current liabilities	**23,435**	**25,415**

Trade payables and other current liabilities are non-interest-bearing.

21 Contingent liabilities and guarantees

Limited partnership investment
In November 2021, the Group entered into a limited partnership agreement with a commitment to invest a maximum amount of kUSD 30,000. A capital call was made during 2024, where the Group invested kUSD 2,700 in addition to investments made in prior years. The investments are recognized as “Other financial assets” in the consolidated statement of financial position and measured at fair value through profit or loss.

As at 31 December 2024, the Group thus has remaining a contingent liability of kUSD 21,000 (kEUR 20,215).

If the general partner of the limited partnership makes an additional capital call, the Group would be obliged to pay the amount within ten business days.

Guarantee pension fund
All members of the PRI Pensionsgaranti, the issuer of the defined benefit plan in Sweden, are subject to a mutual liability. This liability would only be invoked in the event that PRI Pensionsgaranti has consumed all its assets. The mutual liability of the Group is limited to a maximum of 2% of the Group’s individual pension liability with PRI Pensionsgaranti. As such, the Group has a contingent liability of kEUR 288 as at 31 December 2024 (2023: kEUR 264), for which it has issued a guarantee to PRI Pensionsgaranti.

Belgian labor authorities
The Belgian labor authorities (Service Public Federal – Emploi, Travail et Concertation Sociale) conducted a partial audit of the PolyPeptide Braine-l’Alleud site in July 2023. The audit report alleges a number of potential findings. The Group expects that a settlement could be reached in 2025 (provided, however, that any such settlement may be postponed or delayed due to ongoing discussions and/or procedural aspects) and that such settlement may result in an outflow of resources embodying economic benefits ranging from kEUR 53 to kEUR 9,600. The Group has consulted its lawyer and tried to prepare a reliable estimate of the potential outflow within this range in accordance with the guidance of IAS 37, but it has not been possible because of the various potential outcomes of the matter. As a result, no provision is recognized in the consolidated statement of financial position.

22 Related parties

The following transactions have been entered into with related parties:

2024 kEUR	Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
Thalamus AB	–	-149	–	-694
Ferring Group	43,939	-466	5,354	–
Monedula AB	114	-1,302	–	-10,774
Amzell B.V.	–	–	–	–
Nordic Pharma Inc (formerly Amring Pharmaceuticals Inc)	3	–	–	–
SVAR Life Science AB	193	-3	–	–
Nordic Pharma Ltd.	–	-2	–	–
Limhamn Kajan 37 AB	–	-48	–	-586

2023 kEUR	Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
Thalamus AB	–	-167	–	-197
Ferring Group	34,900	-93	1,279	-56
Monedula AB	8	-1,270	–	-11,120
Amzell B.V.	21	–	–	–
Amring Pharmaceuticals Inc	3	–	–	–
SVAR Life Science AB	104	–	14	–
Nordic Pharma Ltd.	–	-6	–	–
Limhamn Kajan 37 AB	–	-41	–	-182

In addition to the information shown in the table above, PolyPeptide Group AG secured in 2023 a short-term credit facility from its main shareholder, Draupnir Holding B.V., during 2023. As a result, interest expenses at the amount of kEUR 2,941 have been incurred during the year (2023: kEUR 1,224). As at 31 December 2024, an amount of kEUR 30,000 was drawn from the credit facility (2023: kEUR 40,000) and is accordingly recognized in the consolidated statement of financial position as a current liability (see Note 19).

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 the majority shareholder Draupnir Holding B.V.

Purchases from and amounts due to Thalamus AB relate to rental of premises.

Income from and amounts due from the Ferring Group relate to sale of goods.

Purchases from Monedula AB relate to the lease of premises. Income 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 as disclosed in Note 18.

Income from Amzell B.V. relate to sale of goods.

Income from SVAR Life Science AB relates to sale of goods.

Purchases from and amounts due to Limhamn Kajan 37 AB relate to rental of premises.

During 2024, no provisions for doubtful debt and no write-offs on receivables from related parties were recognized (2023: nil). No guarantees were given or received in 2024 for any outstanding related party balances (2023: nil).

Transactions with key management personnel

Compensation of key management personnel of the Group:

kEUR	2024	2023
Salaries and short-term benefits	3,557	4,341
Post-employment benefits	286	313
Share-based payment expense	1,082	842
Total transactions with key management	**4,925**	**5,496**

Reference is made to Note 4 for further details on the share-based payment expense.
Key management personnel are considered all members of the Executive Committee and the Board of Directors.

23 Financial risk management objectives and policies

The Group's principal financial instruments comprise trade receivables, cash and cash equivalents, trade payables, lease liabilities, other financial liabilities and interest-bearing loans and borrowings. The market risk, credit risk and liquidity risk relating to the Group's financial instruments are described below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risk. Currency risk and interest rate risk are considered most relevant for the Group and are thus described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is primarily exposed to interest rate risk due to the interest-bearing loans and borrowings described in Note 19 which is used as the basis for the sensitivity analysis below.

The Group does not enter into derivatives to hedge interest rate risks.

The table below shows the effect on the Group's profit before tax if a reasonably possible change in the market interest rate had been applied to the risk exposure in existence at the end of the reporting period. No impact on equity is disclosed because the interest rates on the credit facilities are variable.

kEUR	2024	2023
Change in interest rates		
Increase in basis points:		
50 (2023: 15)	-350	-135
100 (2023: 20)	-700	-180
Decrease in basis points:		
-50 (2023: -10)	350	90
-100 (2023: -15)	700	135

Since the amounts drawn from the revolving credit facility and the credit facility from Draupnir Holding B.V. (see further details in Note 19) have fluctuated significantly during 2024 and 2023, the Group does not believe that the year-end exposures reflect the exposures during the years. As a result, the sensitivity analysis above is considered unrepresentative for both years.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group's exposure to currency risk is primarily related to an inter-company receivable between the parent company, PolyPeptide Group AG, and PolyPeptide Laboratories Holding (PPL) AB because the functional currency of PolyPeptide Group AG is Swiss Franc (CHF) while the loan to PolyPeptide Laboratories Holding (PPL) AB is denominated in Euro (EUR).

As of 1 December 2024, however, settlement of the receivable is neither planned nor likely to occur in the foreseeable future. As a result, the monetary item became, in substance, a part of the parent company's net investment in the subsidiary. As of 1 December 2024, exchange differences arising from the translation of the receivable into the functional currency of the parent company are thus initially recognized in other comprehensive income in the consolidated financial statements and reclassified to profit or loss on disposal of the net investment.

At the end of 2024, a reasonably possible change in the foreign exchange rate between CHF and EUR would thus have no impact on the Group's profit or loss and equity.

At the end of 2023, a reasonably possibly change in the foreign exchange rate between CHF and EUR of +/– 5 percentage points would have negatively affected the result before tax by kEUR 7,494 if CHF appreciated against EUR

by 5 percentage points, while it would have been impacted the result before tax positively by the same amount if the CHF depreciated against EUR by 5 percentage points.

The Group is also exposed to currency risk from sales and purchases in currencies other than the functional currency of the operating sites. However, as the volumes of these transactions are relatively low compared to the total volume, the currency risk exposure from such transactions is considered low.

The Group does not enter into derivatives to hedge currency risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counter-parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group has no significant credit risks, other than those that have already been allowed for, nor any concentrations of credit with a single customer or in an industry or geographical region that carries an unusually high credit risk.

Credit risks relating to the trade receivables and cash balances are monitored regularly. Clients are assessed according to Group criteria prior to entering into agreements. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets recognized in the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk by using a cash flow forecast model. This model considers the timing of expected cash inflows from payments from customers as well as expected cash outflows for inventories, investments, salaries, financial expenses, VAT, taxes, and other operating expenses. The Group uses the cash flow forecast model for reducing the amounts drawn from the credit facilities while still monitoring its liquidity risk.

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 December based on contractual undiscounted payments.

kEUR	Less than 1 year	1-5 years	More than 5 years	Total
Year ended 2024				
Interest-bearing loans and borrowings	-30,642	-40,000	–	-70,642
Other financial liabilities	-1,297	-5,190	-8,974	-15,461
Lease liabilities	-5,179	-13,454	-7,519	-26,152
Trade payables	-64,504	-11,250	–	-75,754
Other current liabilities	-2,850	–	–	-2,850
Balance as at 31 December 2024	**-104,472**	**-69,894**	**-16,493**	**-190,859**

kEUR	Less than 1 year	1-5 years	More than 5 years	Total
Year ended 2023				
Interest-bearing loans and borrowings	-41,253	-50,000	–	-91,253
Other financial liabilities	-1,258	-5,032	-8,805	-15,095
Lease liabilities	-4,539	-11,856	-9,770	-26,165
Trade payables	-60,906	–	–	-60,906
Other current liabilities	-3,445	–	–	-3,445
Balance as at 31 December 2023	**-111,401**	**-66,888**	**-18,575**	**-196,864**

Capital management

The primary objective of the Group's capital management is to maintain sound capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and adjusts it in light of changes in

economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using shareholder equity ratio, which is the total shareholder equity divided by total equity and liabilities, based on the consolidated financial statements. The Group has no formally approved ratio range but considers a ratio above 25% as being sound.

The table stated below shows the development of the shareholder equity ratio for the years 2024 and 2023.

kEUR	2024	2023
Total shareholder equity	357,244	381,225
Total equity and liabilities	756,576	689,088
Equity ratio as at 31 December	**47.2%**	**55.3%**

24 Financial instruments

Fair values

In view of their short-term nature, the fair values of financial instruments of cash, trade receivables and payables, and short-term liabilities approximate their carrying amounts. All financial assets and liabilities are measured at amortized cost except for the investment in a limited partnership (see Note 21), which is measured at fair value through profit or loss.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's non-current financial instruments that are recognized in the consolidated statement of financial position.

kEUR	Carrying value		Fair value	
	2024	2023	2024	2023
Non-current financial assets				
Other financial assets	5,164	5,237	5,164	5,237
Non-current financial liabilities				
Interest-bearing loans and borrowings	39,420	49,087	40,000	50,000
Other financial liabilities	9,508	9,893	9,508	9,893

Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy (see Note 1) are as follows:

kEUR	Level 1	Level 2	Level 3
As at 31 December 2024			
Other financial assets	–	–	5,164
Interest-bearing loans and borrowings	–	40,000	–
Other financial liabilities	–	9,508	–
As at 31 December 2023			
Other financial assets	–	–	5,237
Interest-bearing loans and borrowings	–	50,000	–
Other financial liabilities	–	9,893	–

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Level 1 inputs include the publicly listed share price of PolyPeptide Group AG. Level 2 inputs include the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. Level 3 inputs include unobservable inputs that reflect the assumptions that market participants would use when pricing the asset, including assumptions about risk.

25 Subsequent events

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

The consolidated financial statements for 2024 were approved for issue by the Board of Directors on 10 March 2025 and are subject to approval by the Annual General meeting on 9 April 2025.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

STATUTORY AUDITOR'S REPORT

To the general meeting of PolyPeptide Group AG, Baar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PolyPeptide Group AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion the consolidated financial statements (pages 166 to 213) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the provisions of Swiss law, the requirements of the Swiss audit profession as well as the International Code of Ethics for Professional Accountants *(including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Key Audit Matter	How the Key Audit Matter was addressed in the audit
Revenue recognition The Group has recognised revenue of kEUR 336,792 (2023: kEUR 320,372). The Group earns the majority of its revenues from the sale of goods (Active Pharmaceutical Ingredients), which are recognised at a point in time and a portion of its revenues in connection with pharmaceutical services with revenue recognised typically on an over time basis. Due to the significant expected growth of revenues from Active Pharmaceutical Ingredients (API), the fact that sales contracts include many different terms, there is a risk of incorrect timing of revenue recognition due to fraud or error, the significant level of judgement and estimate involved by management in assessing revenue recognition over time related to pharmaceutical services, where contracts run longer than a year and the linkage of certain management incentive compensation to revenue targets, we consider revenue to be a key audit matter. We refer to Note 1 Summary of material accounting policy information and Note 3 Revenue and expenses.	We obtained an understanding of the control environment and performed a walkthrough of the revenue and receipts cycle as part of the risk assessment process. We performed tests of transactions for revenues, specific procedures on sales orders opened during the financial year 2024 but not closed as of 31 December 2024, credit memo testing, cut-off procedures by reviewing the shipping logs shortly before and after year-end and testing samples before and after the year-end. We have obtained the invoice journal and verified it to the general ledger. We have reconciled the sales prices and quantities to contracts and delivery notes on a sample basis. We have verified credit entries posted within trade receivables and related to bank receipts only. We have verified that all goods that have been shipped from the site are also invoiced at the balance sheet date or recorded as accrued income. We tested appropriate timing of revenue recognition by comparing individual sales transactions to delivery documents. We analysed revenue transactions using computer aided audit and data analysis techniques. We reviewed the calculation of percentage of completion and the related revenue and margin recognised for a selection of projects. We requested confirmation of revenues from significant customers through a confirmation directly from the third party. Furthermore, we have assessed the adequacy of the disclosures relating to revenue recognition in the notes.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information,we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 10 March 2025

BDO Ltd

René Füglister
Licensed Audit Expert
Auditor in Charge

Jan Trautwein
Licensed Audit Expert

Financial Report

Financial statements of PolyPeptide Group AG

Income statement of PolyPeptide Group AG

1 January–31 December

kCHF	Note	2024	2023
Financial income	7	16,720	9,238
Service income		9,603	8,947
Total income		**26,323**	**18,185**
Personnel expenses		-5,767	-6,201
Other operating expenses		-2,284	-2,086
Interest expenses third parties		-3,003	-1,083
Interest expenses related parties		-2,804	-1,179
Other financial expenses	8	-2,689	-12,770
Depreciation on tangible assets		-404	-173
Impairment reversal/loss on investments	9	326,400	-234,000
Operating result before taxes (EBT)		**335,772**	**-239,307**
Taxes		–	–
Net gain/loss for the year		**335,772**	**-239,307**

Statement of financial position of PolyPeptide Group AG

As at 31 December

Assets, kCHF	Note	2024	2023
Current assets			
Cash and cash equivalents	1	224	280
Loan to group companies		65,459	–
Other receivables from group companies		40,479	17,799
Accrued income and prepaid expenses		691	683
Total current assets		**106,853**	**18,762**
Non-current assets			
Loan to group companies		126,575	222,137
Financial assets	3	5,221	5,434
Investments	2	851,700	525,300
Tangible assets		586	683
Total non-current assets		**984,082**	**753,554**
Total assets		**1,090,935**	**772,316**

Statement of financial position of PolyPeptide Group AG (continued)

As at 31 December

Liabilities, kCHF	Note	2024	2023
Current liabilities			
Other liabilities due to third parties		1,354	1,471
Interest-bearing liabilities due to shareholder		28,730	37,812
Accrued expenses and deferred income		36	134
Total short-term liabilities		**30,120**	**39,417**
Non-current liabilities			
Interest-bearing liabilities due to third parties		37,647	46,301
Total long-term liabilities		**37,647**	**46,301**
Shareholders' equity			
Share capital	4	331	331
Statutory capital reserves			
Reserves from capital contribution	5	2,104,803	2,104,803
Other capital reserves		4,949	4,949
Treasury shares	6	-9,043	-10,943
Net loss brought forward		-1,412,542	-1,173,235
Net loss on sale of treasury shares		-1,102	–
Net gain/loss for the year		335,772	-239,307
Total shareholders' equity		**1,023,168**	**686,598**
Total liabilities and shareholders' equity		**1,090,935**	**772,316**

Notes to the financial statements of PolyPeptide Group AG

General information

Accounting policies
These financial statements were prepared in accordance with the provisions of the Swiss Law on Accounting and Finance Reporting (32nd title of the Swiss Code of Obligations). Significant valuation principles that have been applied in the preparation of these financial statements that are not prescribed by law are described below.

Presentation of cash flow statement and additional disclosures in the notes dispensed with
As PolyPeptide Group AG (the "Company") has prepared consolidated financial statements under a recognized accounting standard (IFRS), it has decided, in accordance with the law, to dispense with the presentation of information on interest-bearing liabilities and audit fees in the notes, a cash flow statement, and an annual review.

Financial year
The financial year runs from 1 January to 31 December.

Valuation principles
Assets are valued at no more than cost. Liabilities are carried at nominal value.

All assets and liabilities in foreign currencies are translated by applying the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the income statement.

Earnings and expenses originated in foreign currencies are translated with the monthly exchange rate.

Investments
Investments are shown at individual historical acquisition costs less impairment, if any.

Own shares
Own shares are recognized in equity as a negative item at cost as per the date of acquisition. In the event of a subsequent sale, a gain is recognized in other capital reserves and a loss is recognized in the accumulated deficit (prior year: in the income statement).

Share-based payments
Part of the variable compensation paid to members of the Executive Committee, selected key employees and part of the compensation paid to members of the Board of Directors is in the form of Company shares. The acquisition cost of the shares is recorded under personnel expenses.

Declaration of the number of full-time equivalents (FTEs)
The average number of full-time positions during the reporting was below 50.

1 Cash and cash equivalents

kCHF	2024	2023
Cash	224	280
Balance as at 31 December	**224**	**280**

2 Investments

There were no changes to the investments held by the Company during 2024. As a result, the table below shows the direct and significant indirect investments held by the Company as at 31 December 2024 and as at 31 December 2023:

Group companies	Location	Capital and voting shares	
		Direct	Indirect
Polypeptide Laboratories Holding (PPL) AB	Limhamn, Sweden	100%	
Polypeptide Laboratories (Sweden) AB	Limhamn, Sweden		100%
PolyPeptide SA	Braine-l'Alleud, Belgium		100%
PolyPeptide Laboratories France S.A.S.	Strasbourg, France		100%
PolyPeptide Laboratories Inc.	Torrance, CA, USA		100%
PolyPeptide Laboratories San Diego, LLC[1]	San Diego, CA, USA		100%
PolyPeptide Laboratories Pvt. Ltd.	Ambernath (East), India		100%
PolyPeptide Laboratories A/S[2]	Hillerød, Denmark		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.

Percentage of voting shares is equal to percentage of ownership.

3 Contingent liabilites and guarantees

Limited Partnership Investments

	2024		2023	
	kUSD	kCHF	kUSD	kCHF
Uncalled capital commitment as at 31 December	21,000	19,025	23,700	19,861

Limited partnership investments
In November 2021, the Company entered into a limited partnership agreement. The Company committed to invest a maximum amount of kUSD 30,000.
A capital call was made during 2024, where the Company invested kUSD 2,700 in addition to investments made in prior years. As a result, an uncalled capital commitment of kUSD 21,000 as at 31 December 2024 is disclosed in the table above.

If the general partner of the limited partnership makes an additional capital call, the Group would be obliged to pay the amount within ten business days.

Guarantee pension fund
All members of the PRI Pensionsgaranti, the issuer of the defined benefit plan in Sweden, are subject to a mutual liability. This liability would only be invoked in the event that PRI Pensionsgaranti has consumed all its assets. The mutual liability of the Group is limited to a maximum of 2% of the Group's individual pension liability with PRI Pensionsgaranti. As such, the Group has a contingent liability of kEUR 288 as at 31 December 2024 (2023: kEUR 264), for which it has issued a guarantee to PRI Pensionsgaranti.

Parent guarantee
The Company has provided guarantees in favor of two of the Company's fully indirectly owned subsidiaries. As of 31 December 2024, the guaranteed amount was mEUR 102.

4 Share capital

There have been no changes to the share capital of PolyPeptide Group AG during 2024. As a result, the share capital of PolyPeptide Group AG comprised 33,125,001 registered shares with a nominal value of CHF 0.01 each as at 31 December 2024.

5 Reserves from capital contributions

CHF	2024	2023
Reserves from capital contributions (foreign)	1,909,783,753	1,909,783,753
Reserves from capital contributions (domestic)	195,019,440	195,019,440
Total reserves from capital contribution as at 31 December	**2,104,803,193**	**2,104,803,193**

The reported reserves from capital contributions as capital contributions within the meaning of Art. 5 para. 1bis (for the part of the "domestic KER") or Art. 5 para. 1quater lit. a of the Withholding Tax Act (for the part of the "foreign KER") have been confirmed by the Swiss Federal Tax Administration as at 30 January 2024.

6 Treasury shares

2024	No. of shares	Average prices in CHF
Own shares as at 1 January 2024	155,494	70.38
Purchase	–	–
Transfer to Board members / executive committee (incl. group companies)	-26,989	70.38
Own shares as at 31 December 2024	**128,505**	**70.38**

2023	No. of shares	Average prices in CHF
Own shares as at 1 January 2023	199,196	70.54
Purchase	–	–
Transfer to Board members / executive committee (incl. group companies)	-43,702	71.13
Own shares as at 31 December 2023	**155,494**	**70.38**

During 2024, 26,989 shares were transferred to Board members as part of their share-based remuneration (2023: 43,702 shares transferred to Board members as part of their share-based remuneration). There were no purchases of treasury shares during 2024 and 2023.

7 Financial income

kCHF	2024	2023
Interest income from group companies	14,113	9,238
Foreign exchange result	2,607	–
Total financial income	**16,720**	**9,238**

8 Other financial expenses

kCHF	2024	2023
Foreign exchange result	–	-9,855
Other financial expenses	-2,689	-150
Realized capital loss treasury shares	–	-2,765
Total other financial expenses	**-2,689**	**-12,770**

9 Impairment loss/reversal on investments

Due to the large weight of the main asset (i.e., the investment in Polypeptide Laboratories Holding (PPL) AB) in the overall assets of PolyPeptide Group AG, the share price of PolyPeptide Group AG represents an indicator for the value of the underlying investment.

For reasons of valuation consistency, an impairment test was carried out using the same method as the original pricing of the shares at the IPO:
30,000,000 (number of shares) x CHF 28.40 (share price as at 31 Dec 2024) - CHF 300,000 = Net market value of PolyPeptide Laboratories Holding (PPL) AB.

In prior years, the impairment test has resulted in impairment losses. However, due to the increase of the share price of PolyPeptide Group AG in 2024, an impairment reversal of kCHF 326,400 has been recognized in the income statement in 2024 (2023: impairment loss of kCHF 234,000).

10 Share ownership of the Board of Directors and the Executive Committee

As at 31 December 2024:

	Function	Number of shares	which are blocked	allocated in the reporting period
Klaus Peter Wilden	Chairman	30,690	29,032	8,254
Patrick Aebischer	Vice-Chairman	20,006	18,901	5,503
Beat In-Albon	Member	17,196	16,201	4,142
Jane Anne Salik	Member	25,882	8,145	2,371
Erik Schropp	Member	3,193	–	–
Philippe Weber	Member	22,071	20,846	6,095
Dorothee Deuring[1)]	Member	3,624	3,624	624
Total Board of Directors		**122,662**	**96,749**	**26,989**

	Function	Number of shares	which are blocked	allocated in the reporting period
Juan Jose Gonzalez	CEO	227,842	–	–
Marc Augustin[2)]	CFO	2,500	–	–
Christina Del Vecchio	General Counsel	–	–	–
Neil James Thompson[3]	Director Global Sales and Marketing	1,122	–	–
Jens Fricke	Director Global Operations	1,380	–	–
Total Executive Committee		**232,844**	**–**	**–**
Total		**355,506**	**96,749**	**26,989**

1 Member of the Board until 10 April 2024.

2 Member of the Executive Committee as of 1 January 2024.

3 Stepped down as Director Global Sales and Marketing and member of the Executive Committee as of 26 April 2024.

As at 31 December 2023:

	Function	Number of shares	which are blocked	allocated in the reporting period
Klaus Peter Wilden	Chairman	22,436	22,436	14,034
Patrick Aebischer	Vice-Chairman	14,503	14,503	9,185
Beat In-Albon	Member	13,054	13,054	8,267
Jane Anne Salik	Member	23,511	6,250	3,958
Erik Schropp	Member	3,193	–	–
Philippe Weber	Member	15,976	15,976	10,141
Dorothee Deuring[1)]	Member	3,000	3,000	3,000
Total Board of Directors		**95,673**	**75,219**	**48,585**

	Function	Number of shares	which are blocked	allocated in the reporting period
Juan-José Gonzalez[2)]	CEO	227,842	–	–
Raymond De Vré[3)]	CEO	11,603	–	-4,883
Jan Fuhr Miller[4)]	CFO	7,767	–	–
Lalit Ahluwalia[5)]	CFO ad interim	–	–	–
Christina Del Vecchio	General Counsel	–	–	–
Neil James Thompson	Director Global Sales and Marketing	1,122	–	–
Jens Fricke	Director Global Operations	1,380	–	–
Total Executive Committee		**249,714**	**–**	**-4,883**
Total		**345,387**	**75,219**	**43,702**

1 Member of the Board of Directors as of 12 April 2023.

2 Member of the Executive Committee as of 12 April 2023.

3 Member of the Executive Committee until 30 January 2023.

4 Member of the Executive Committee until 1 May 2023.

5 Member of the Executive Committee as of 1 May until 31 December 2023.

11 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follows:

kCHF	31 December 2024	31 December 2023
0-1 years	118	113
1-5 years	472	452
More than 5 years	265	368
Total	**855**	**933**

12 Subsequent events

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

The financial statements for 2024 were approved for issue by the Board of Directors on 10 March 2025 and are subject to approval by the Annual General Meeting on 9 April 2025.

Proposal for the appropriation of accumulated deficit

The Board of Directors proposes that the General Meeting approves that the accumulated deficit of CHF 1,077,871,571 be carried forward to the new account.

Appropriation of accumulated deficit

CHF	2024
Net loss brought forward	-1,412,542,049
Net loss on sale of treasury shares	-1,101,556
Net profit for the period	335,772,034
Accumulated deficit to be carried forward	**-1,077,871,571**

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

STATUTORY AUDITOR'S REPORT

To the general meeting of PolyPeptide Group AG, Baar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PolyPeptide Group AG (the Company) – which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 218 to 228) comply with Swiss law and the articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Swiss law, the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Key Audit Matter	How the Key Audit Matter was addressed in the audit
Impairment reversal on Investments As of 31 December 2024, the book value of investments amounted to kCHF 851,700 (31 December 2023: kCHF 525,300) in PolyPeptide Laboratories Holding (PPL) AB, Sweden. Investments are carried at historical acquisition costs less impairment charges. We consider the valuation of investments in PolyPeptide Laboratories Holding (PPL) AB, Sweden to be a key audit matter owing to the magnitude of the balance in relation to the financial statements and the significant increase in share price in the course of 2024. There is a risk that carrying investments are not recoverable. We refer to Note General Information - Investments, Note 2 Investments and Note 9 Impairment loss/reversal on investments.	We performed the following audit procedures: We obtained and reviewed management's memorandum addressing the impairment reversal in PolyPeptide Laboratories Holding (PPL) AB, Sweden. We reviewed presentation and disclosure of the impairment reversal in PolyPeptide Laboratories Holding (PPL) AB, Sweden and recalculated the impairment reversal recognised. We assessed whether the share price is an observable market price in an active market. Moreover, we have assessed the adequacy of the disclosures relating to the impairment reversal in the notes.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information,we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors for the Financial Statements

The board of directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the board of directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 10 March 2025

BDO Ltd

René Füglister
Licensed Audit Expert
Auditor in Charge

Jan Trautwein
Licensed Audit Expert

Three-year financial history[1]

kEUR	2024	2023	2022
Income and expenses			
Revenue	336,792	320,372	280,978
Total income	338,770	324,853	283,464
Cost of sales	-299,422	-315,730	-228,987
Total operating expenses	-46,712	-45,591	-41,870
o/w Depreciation, amortization and impairment	-32,714	-30,469	-26,063
Financial income	6,802	103	9
Financial expenses	-17,583	-21,878	-5,049
Income tax	-1,419	6,803	200
Result for the year	-19,564	-51,440	7,767
Performance			
Gross profit	39,348	9,123	54,477
Gross margin in % of revenue	11.7%	2.8%	19.4%
EBITDA	25,350	-5,999	38,670
EBITDA in % of revenue	7.5%	-1.9%	13.8%
Operating result (EBIT)	-7,364	-36,468	12,607
Operating result (EBIT) in % of revenue	-2.2%	-11.4%	4.5%
Earnings per share (EUR), basic	-0.59	-1.56	0.24
Return on net operating assets (RONOA)	-1.6%	-8.5%	3.2%
Financial position			
Total assets	756,576	689,088	575,782
Non-current assets	428,354	362,486	324,212
Current assets	328,222	326,602	251,570
Total equity and liabilities	756,576	689,088	575,782
Equity	357,244	381,225	421,677
Non-current liabilities	204,829	131,413	58,053
Curent liabiliities	194,503	176,450	96,052
Cash flows			
Net cash flows from operating activities	89,399	36,485	5,460
Net cash flows from investing activities	-91,018	-59,512	-78,435
Net cash flows from financing activities	-25,323	84,547	-26,869
Cash and cash equivalents at the end of the year	68,277	95,706	37,528
Employees			
Employees (# of FTEs, average)	1,291	1,202	1,139

[1] This table includes references to 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.

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 APMs 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 APMs provided as well as a reconciliation of selected APMs 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

CDP – Carbon Disclosure Project

cGMP – current Good Manufacturing Practice

CO – Code of Obligation

CMC – Chemistry, Manufacturing & Controls

DDTrO – Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor

DMF – Dimethylformamide

EHS – Employee Health & Safety

ESG – Environmental, Social and Governance

FTE – Full-time equivalent

GHG – Greenhouse Gas Protocol

GRI – Global Reporting Initiative

Gx – Generics

ICH – International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use

ILO – International Labor Organization

ISO – International Organization for Standardization

IPO – Initial Public Offering

LCM – Life Cycle Management

LTI – Lost Time Injuries

NDA – New Drug Application

OECD – Organization for Economic Cooperation and Development

OTIF – On-Time-In-Full

PPQ – Process Performance Qualification

R&D – Research & Development

SDG – Sustainable Development Goals

SIX – SIX Swiss Exchange

SPPS – Solid Phase Peptide Synthesis

TCFD – Task Force on Climate-related Financial Disclosure

UN – United Nations

UNICEF – United Nations Children’s Fund

Operational indicators

As part of our financial disclosure, we report revenue from our custom development 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 clinical development 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 one-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 and toxicological studies;
- **phase I, phase II and phase III projects** includes GMP manufacturing of the API for phase I, phase II and phase III clinical trials, including analytical method validation, stability studies, process and analytical development as well as regulatory documentation;

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 on 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.).

Reference to "peptides" is to a chemical entity (CE) with a unique amino acid sequence regardless of production site or manufacturing process. A "pipeline peptide" is a new chemical entity (NCE) in pre-clinical or clinical phase of development and a "commercial peptide" is a NCE commercially approved on the market.

A "commercial project" relates to the manufacturing of commercial peptide or oligonucleotide. This includes therapeutic API or intermediates with regulatory approval, both for the innovator or for a generic drug manufacturer. A commercial project may also include material for diagnostic, cosmetic or veterinary purposes.

"Commercial revenue" is defined as the combined revenue of the business areas Contract Manufacturing and Generics & Cosmetics. "Development revenue" is defined as the revenue in the business area Custom Projects.

A lost time injury (LTI) is a work-related injury due to external causes that requires medical treatment and results in the loss of productive work time.

On time in full (OTIF) reflects whether a shipment / delivery is done on or before the promised shipping date (On Time) and the ordered or more than the ordered quantity is delivered (or within agreed tolerance) (In Full).

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.

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

EBITDA Margin: EBITDA as a percentage of revenue.

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

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 percentage 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

Revenue at constant currencies[1]

kEUR	2024	2023
Revenue at constant currency rates[1]	336,653	332,192
Impact from changes in exchange rates compared to prior period	139	-11,820
Revenue reported (IFRS)	**336,792**	**320,372**

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

Change in revenue

	2024 vs 2023	2023 vs 2022
Change in revenue reported (IFRS) (%)	5.1%	14.0%
Change in revenue at constant currency rates (%)[1]	5.1%	18.2%

[1] The change is calculated as: (Current period's revenue at constant currencies) / (Prior period's revenue reported (IFRS)) - 1.

Coronavirus pandemic

kEUR	H1 2024	H2 2024	FY 2024	H1 2023	H2 2023	FY 2023
Revenue not associated with the coronavirus pandemic	135,043	201,749	336,792	130,327	184,221	314,548
Revenue associated with the coronavirus pandemic	–	–	–	1,507	4,317	5,824
Revenue reported (IFRS)	**135,043**	**201,749**	**336,792**	**131,834**	**188,538**	**320,372**

Revenue by business area, excl. coronavirus pandemic[1] (2024 vs 2021)

kEUR	2024	2021
Commercial	**218,644**	**115,120**
Contract Manufacturing	174,175	89,600
Generics & Cosmetics	44,469	25,520
Development	**118,148**	**167,006**
Custom Projects, excl. revenue associated with the coronavirus pandemic	118,148	103,812
Revenue associated with the coronavirus pandemic	–	63,194
Revenue reported (IFRS)	**336,792**	**282,126**

[1] According to Note 3 in the consolidated financial statements, the Group generates revenue that can be divided into three business areas. However, to discuss business drivers more concisely, revenue of the business areas Contract Manufacturing and Generics & Cosmetics has been combined into “Commercial revenue” in the table above, while revenue in the business area Custom Projects is labelled “Development revenue”.

Revenue by therapeutic area, excl. coronavirus pandemic (2024 vs 2021)

kEUR	2024	2021
Metabolic	133,363	62,219
Oncologic	56,245	40,189
Other, excl. revenue associated with the coronavirus pandemic	147,184	116,524
Revenue associated with the coronavirus pandemic	–	63,194
Revenue reported (IFRS)	**336,792**	**282,126**

Revenue by customer type, excl. coronavirus pandemic (2024 vs 2021)

kEUR	2024	2021
Large pharma	205,504	119,429
Biotech, excl. revenue associated with the coronavirus pandemic	91,968	66,710
Revenue associated with the coronavirus pandemic	–	63,194
Other	39,320	32,793
Revenue reported (IFRS)	**336,792**	**282,126**

Operating result to EBITDA

kEUR	2024	2023
Operating result (EBIT)	-7,364	-36,468
Depreciation, amortization and impairment charges (if any)	32,714	30,469
EBITDA	**25,350**	**-5,999**

Return on net operating assets (RONOA)[1]

kEUR	2024	2023
Operating result (EBIT)	-7,364	-36,468
Average[1] Net operating assets:		
Total non-current assets (average)	395,420	343,349
Total current assets (average)	327,412	289,086
Cash and cash equivalents (average)	-81,992	-66,617
Total current liabilities (average)	-185,477	-136,251
Average[1] Net operating assets	455,363	429,567
Return on net operating assets (RONOA)	**-1.6%**	**-8.5%**

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

Free Cash Flow

kEUR	2024	2023
Net cash flows from operating activities	89,399	36,485
Acquisition of intangible assets	-1,217	-3,836
Acquisition of property, plant and equipment	-85,751	-52,897
Free Cash Flow	**2,431**	**-20,248**

Net Cash

kEUR	2024	2023
Cash and cash equivalents	68,277	95,706
Interest-bearing liabilities (Total financial debt):		
Interest-bearing loans and borrowings (Non-current)	-39,420	-49,087
Lease liabilities (Non-current)	-18,982	-18,869
Other financial liabilities (Non-current)	-9,508	-9,893
Interest-bearing loans and borrowings (Current)	-30,642	-41,253
Lease liabilities (Current)	-5,073	-4,453
Other financial liabilities (Current)	-1,266	-1,227
Interest-bearing liabilities (Total financial debt)	-104,891	-124,782
Net Cash / (debt)	**-36,614**	**-29,076**

Capital expenditures (Capex)

kEUR	2024	2023
Property, plant and equipment assets capitalized	86,777	51,993
Intangible assets capitalized	1,062	2,897
Capital expenditures (Capex)	**87,839**	**54,890**

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 Annual 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: timing and strength of its customer's product offerings, relationships with employees, customers and other business partners; strategies and initiatives of competitors; manufacturing capacity and utilization; quality issues; supply chain matters; the ability to continue to obtain sufficient financing to meet growth initiatives and liquidity needs; legal, tax or regulatory disputes; and changes in the political, social and regulatory framework in which the Group operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis. Although PolyPeptide Group AG believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

In particular, the statements in the sections on Guidance for 2025 and Mid-term outlook constitute forward-looking statements and are not guarantees of future financial performance. PolyPeptide Group AG's actual results of operations could deviate materially from those set forth in these sections as a result of the factors described above or other factors. As such, investors should not place undue reliance on the statements in the sections on Guidance for 2025 and Mid-term outlook.

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

Alternative Financial Performance Measures (APM): This report contains references to operational indicators, such as active custom projects and commercial projects, and APM that are not defined or specified by IFRS, including revenue at constant currency rates, EBITDA, EBITDA margin, net operating assets, return on net operating assets (RONOA), capital expenditures (Capex), equity ratio, free cash flow, net cash, total financial debt and headcount. These APM should be regarded as complementary information to and not as substitutes for the Group's consolidated financial results based on IFRS. These APM may not be comparable to similarly titled measures disclosed by other companies. For the definitions of the main operational indicators and APM used, including related abbreviations, as well as for selected reconciliations to IFRS, refer to the section "Definitions and reconciliations" in 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. Some non-financial figures in the Corporate Responsibility Report have been rounded. Percentages may have been calculated using rounded numbers.

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Contact

PolyPeptide Group AG
Neuhofstrasse 24
6340 Baar, Switzerland
info@polypeptide.com
www.polypeptide.com

Investor Relations
Phone: +41 (0) 43 502 05 80
investorrelations@polypeptide.com
https://www.polypeptide.com/investors/

Media / Corporate Communications
Phone: +41 (0) 43 502 05 80
mediateam@polypeptide.com
https://www.polypeptide.com/news/

Corporate Responsibility
Phone: +41 (0) 43 502 05 80
investorrelations@polypeptide.com

Share register and share information

areg.ch
Fabrikstrasse 10
4614 Hägendorf, Switzerland
Phone: +41 (0) 62 209 16 60
info@areg.ch

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PolyPeptide Group AG
polypeptide.com