SKAN Group AG
Presentation of the HY 2022 Financial Results

23 August 2022

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Agenda

Highlights of the first half year

Order Intake
in CHF million

263.3

+67.9%(1)

Net Sales
in CHF million

120.9

+18.5%(1)

EBITDA
in CHF million

10.7

-13.1%(1)

EBITDA-Margin
as % of Net Sales

8.8

-3.2pp(1, 3)

Investments
in CHF million

15.7

-8.3%(2)

Order Backlog
in CHF million

367.4

+62.5%(2)

- Record-high order intake in the first half of 2022 in both business segments. This confirms the continuation of market growth and our leading positioning as high value isolator supplier.
- Double digit net sales growth within guidance, stronger growth expected in second half year based on non-linearity of our project related sales recognition. (HY 2022: cumulation of projects in starting phase).
- EBITDA decreased compared to the same period last year. Relative to net sales, costs rose more sharply due to inflation-related effects like wage increases and higher material cost, but mainly due to the continued expansion of the workforce, investments into standardization and the expansion of facilities.
- The reason was that various projects were in the completion phase and numerous new orders in the design phase – both phases during which the added value transferrable from order intake to sales is relatively low. Since the large order intake from 2021 will enter the high value-added production phase in the second half of the year, SKAN Group will make up for the shortfall in profitability.
- Record order backlog and book-to-bill ratio at 2.2 provide good visibility.

(1) Changes compared to 1st half 2021
(2) Changes compared to 31.12.2021
(3) Percentage points

Good operational progress despite macroeconomics

- Organization was able to manage a double-digit organic growth despite the current macroeconomic environment.
- Significantly reduced impact in supply chain delays by changes in the manufacturing process, increased power in procurement as well as ramp up of stock.
- Expansion of main production capacity in Stein CH and Görlitz DE successfully completed as per growth plan 2025. Ramp up of personnel follows as required.
- The continuation of our decentralization strategy continues with a focus on USA. This proves to be a competitive advantage specifically in the current crisis environment in Europe.
- In the USA, local competencies were built up so that the organization is closer to customers and can handle a broader range of tasks. This reduces intercontinental air travel significantly.

Agenda

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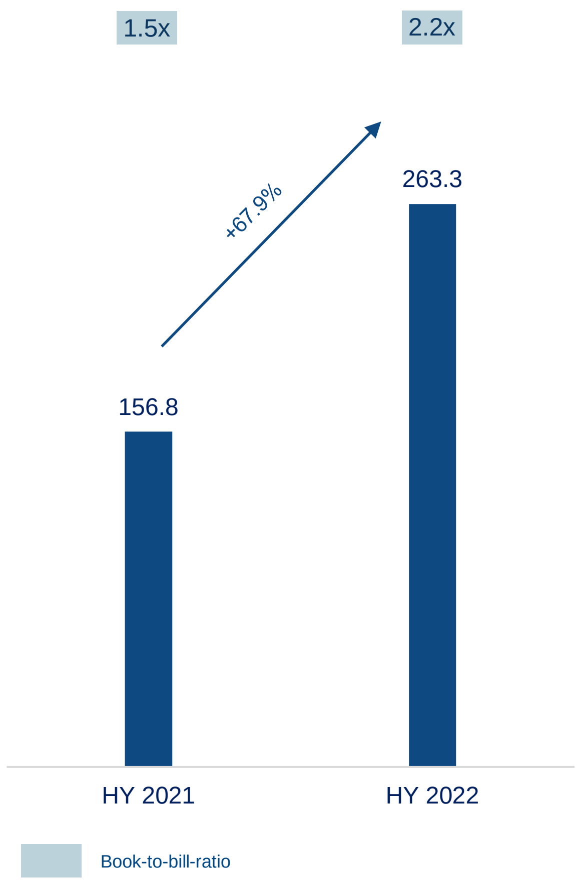
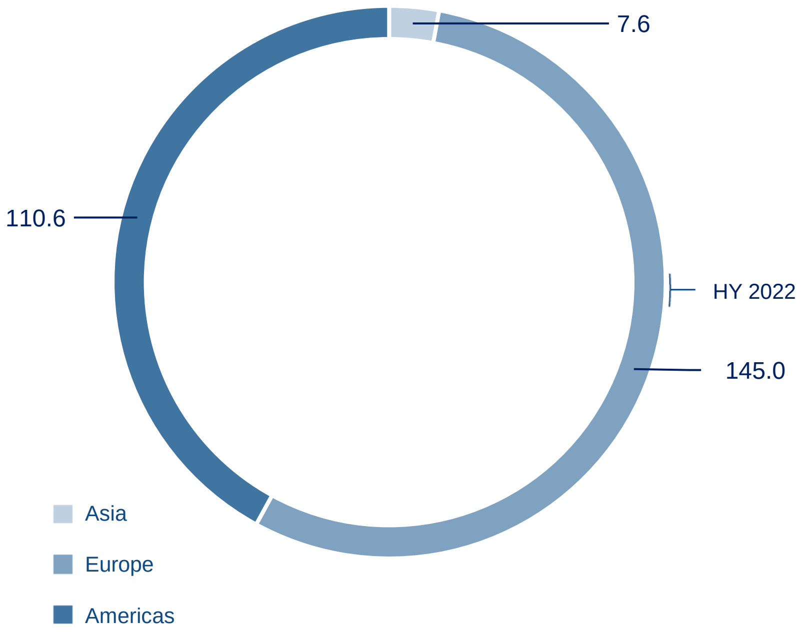
2. Financial Results HY 2022 — Burim Maraj (CFO)
3. Outlook 2022 — Thomas Huber (CEO)
4. Questions and discussions

Strong order intake momentum

Order intake
(CHFm)



Order intake by regions
(CHFm)



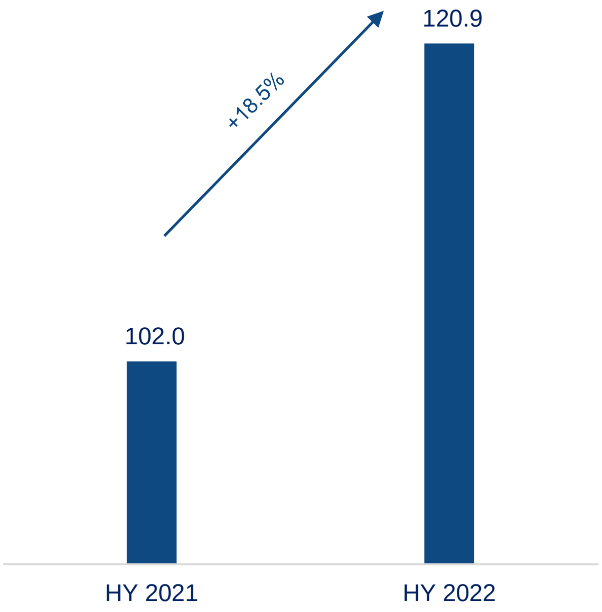
Comments

- **Order intake grew by +67.9% y-o-y**
- Strong order intake momentum translating into a strong book-to-bill ratio, reflecting favorable market momentum
- The growth is significantly impacted by the segment Equipment and Solutions (E&S), which grew by 85.9% compared to prior year
- Europe (55%) and Americas (42%) remain the main markets. Asia decreased from 8% to 3% of the total value
- SKAN was once again able to significantly increase the closing rate of offers

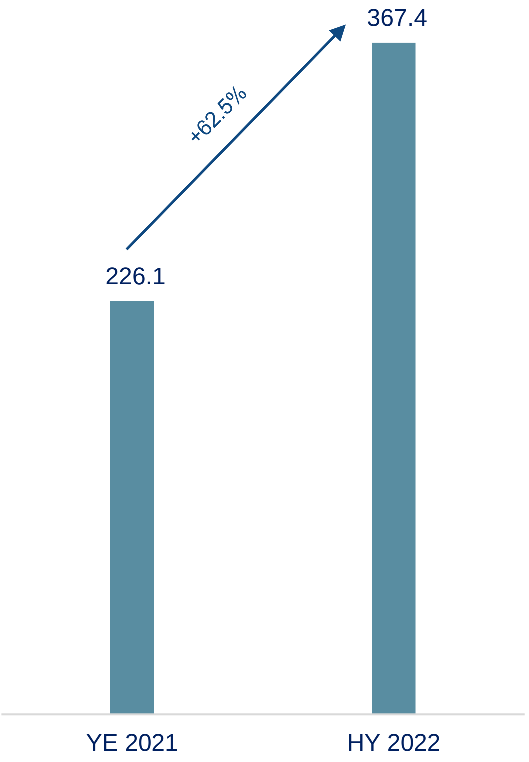
Note: Rounding differences may occur.

Stable growth in net sales and record order backlog

Net sales
(CHFm)



Order backlog
(CHFm)



Comments

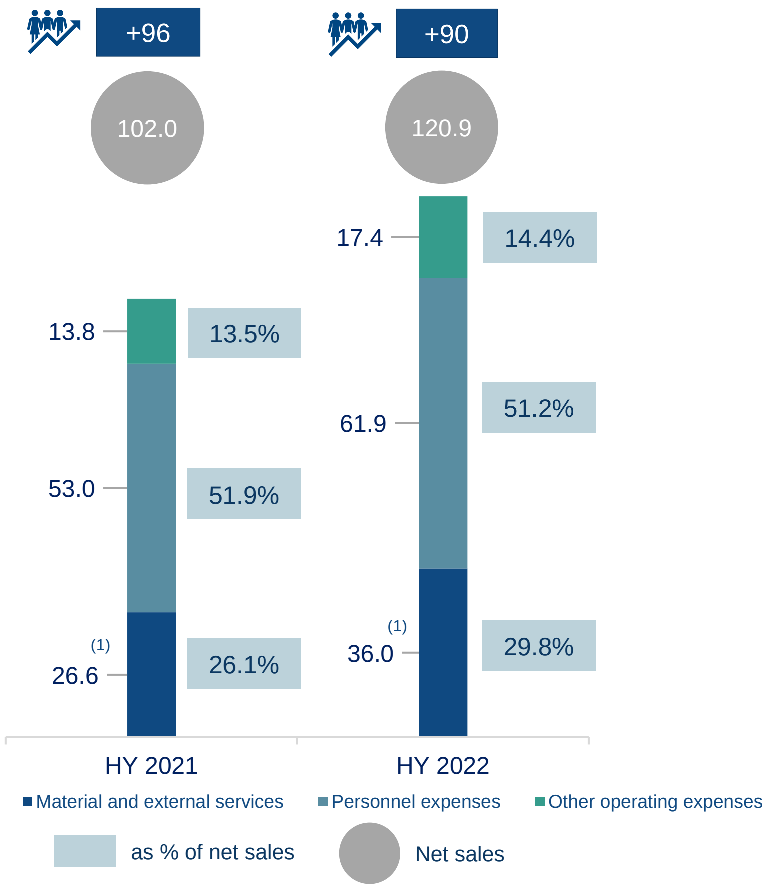
- **Net sales grew by +18.5% y-o-y**
- Both segments contributed to the growth rate, where S&C grew on a faster pace with 20% compared to 17.9% for E&S
- In a regional perspective, the European market recorded robust growth of 30% compared to previous half year 2021
- In the region Asia, sales grew even faster at 63%. This increase can be attributed to individual customers many of which export their products to the Western markets
- Future top-line visibility is further substantiated by **record order backlog of CHF 367.4m**

Note: Rounding differences may occur.

Cost management and margin development

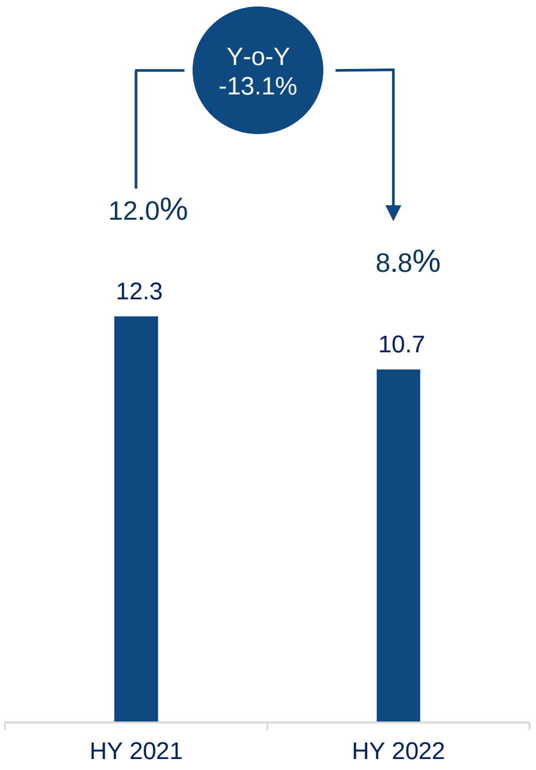
Expenses

(CHFm)



EBITDA

(CHFm and margin in %)



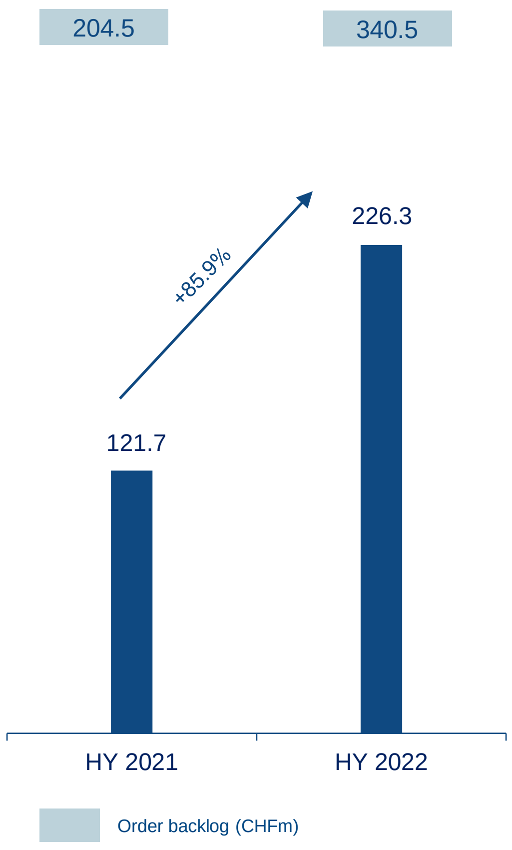
Comments

- EBITDA margin decreased to 8.8% which is mainly driven by the non- linearity of project sales & margin recognition, higher material & logistic cost, personnel and other operating expenses which grew faster than the net sales in the first half of 2022
- Ramp-up of personnel still impacted profitability in first half 2022 to **support future growth**: the full cost allocation of the actual as well as previous year hires impacted the margins
- Other operating expenses increased (+26%) in the reporting period, mainly driven by travel expenses, maintenance and administrative costs
- The increase in travel expenses is due to the growing operating business and the end of COVID travel restrictions in our core markets
- The increase in maintenance and administrative costs correspond to the growing business and to the increased resources.

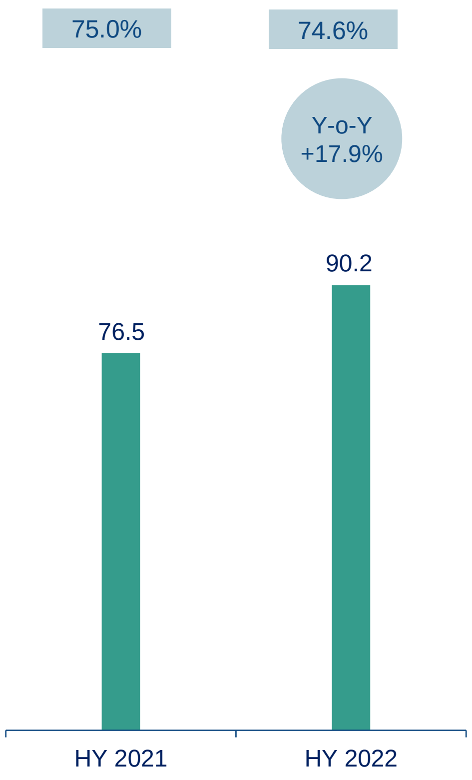
Note: Rounding differences may occur
(1) CHF 5.1m change in inventory of finished, unfinished goods & work in progress not considered (HY 2021: CHF 3.7m)

Segment Equipment & Solutions (E&S)

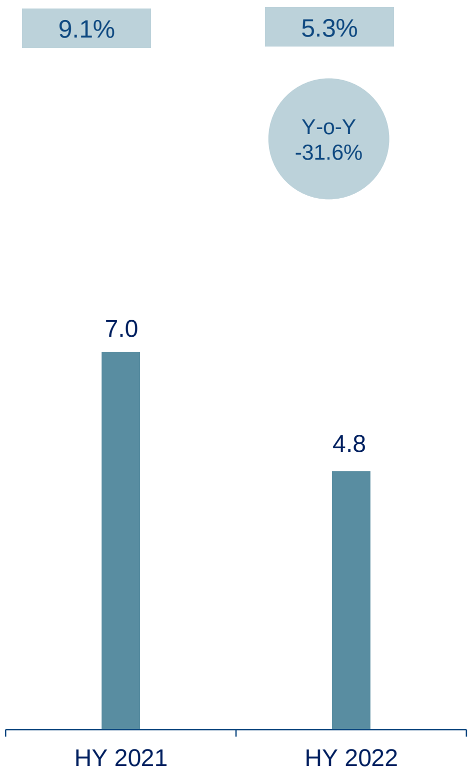
Order intake
(CHFm)



Net sales
(CHFm and as of % of total net sales)



EBITDA
(CHFm and margin in %)

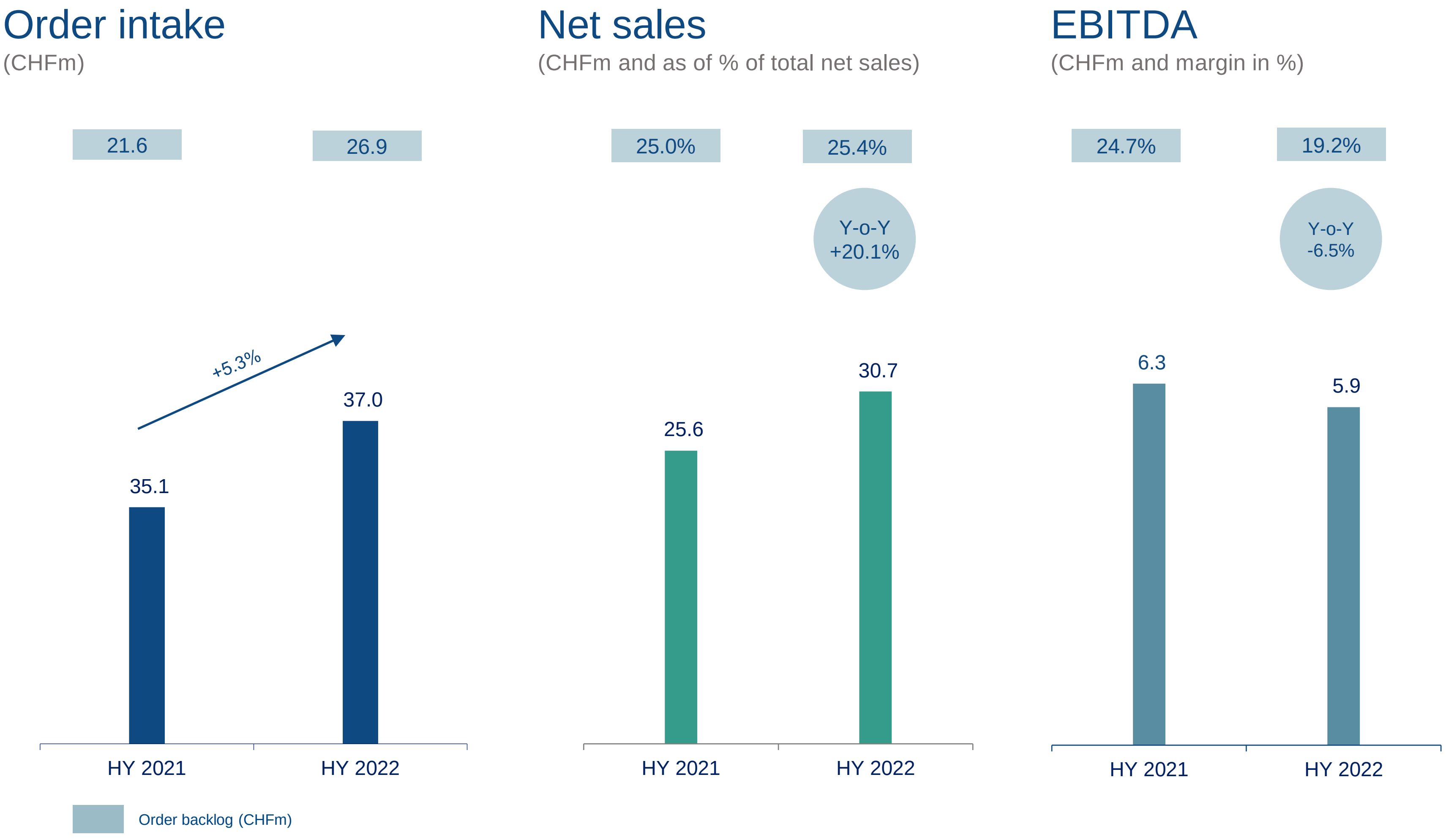


Comments

- Order intake growth in E&S primarily driven by customized long-term projects.
- Positive impact on order intake also driven by catch-up effect for small-volume systems
- EBITDA margin decreased to 5.3% mainly driven by projects in early stage with low value creation and the ramp-up of resources and other operating expenses.

Note: Rounding differences may occur.

Segment Services & Consumables (S&C)



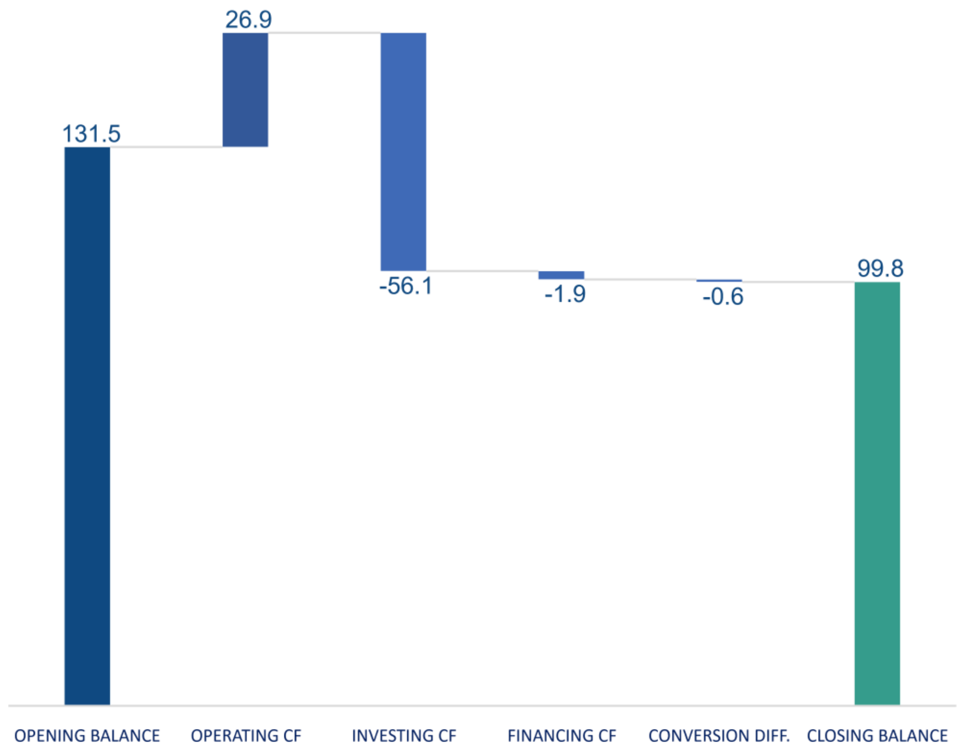
Comments

- The relatively low growth in order intake is attributable to the fact that commissioning at customers was delayed and spare parts were used later as well as the fact that orders for closed vials are not linear
- Although sales increased faster than order intake, the order backlog was built up. This is primarily due to long-term retrofit orders which are reflected in the WIP until the orders are completed
- EBITDA margin decreased to 19.2% due to ramp-up of service resources

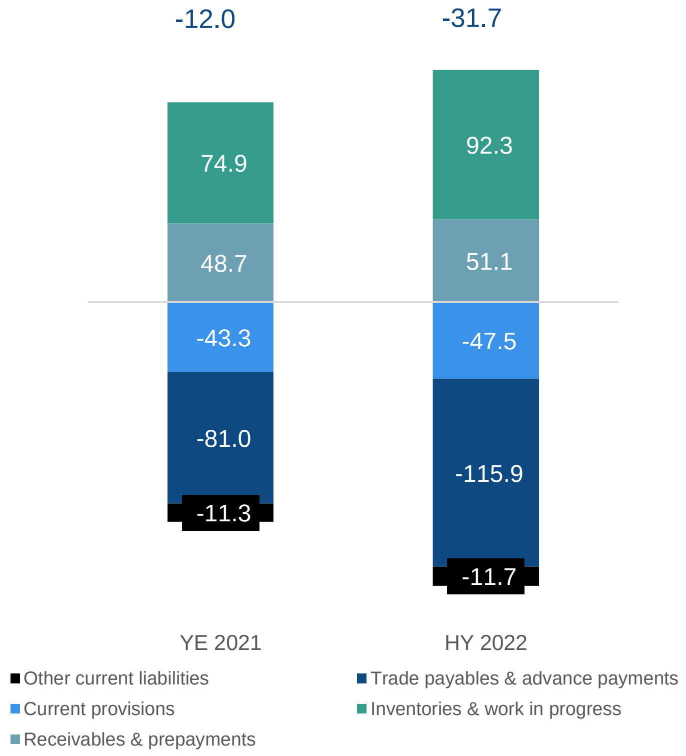
Note: Rounding differences may occur.

Negative NWC due to significant order intake growth

Cash flow
(CHFm)



Net-working-capital (NWC)
(CHFm and in %)



Comments

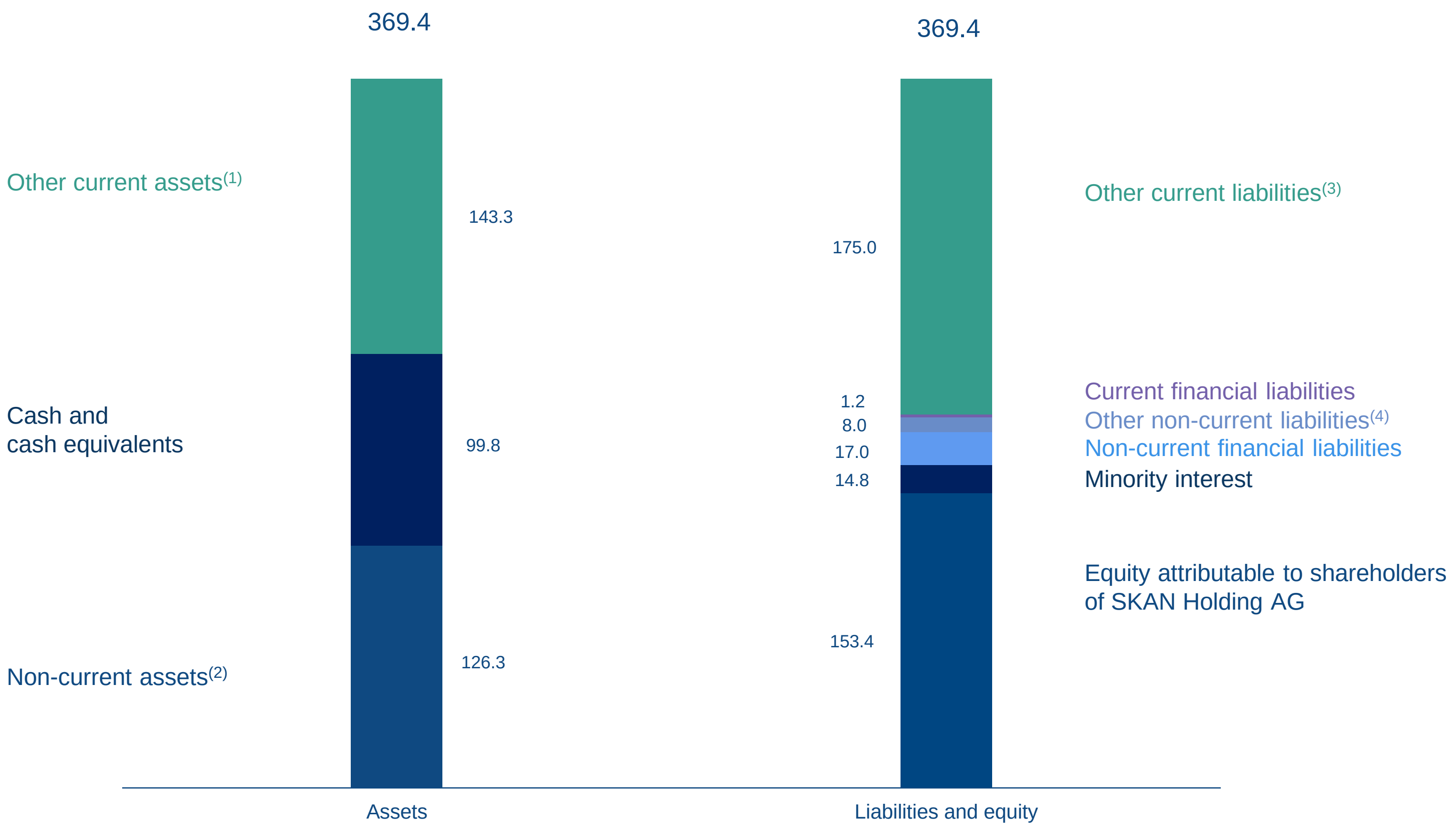
- High operating cash flow compared to first half 2021 mainly impacted by the significant increase in advance payments from customers driven by the high order intake
- Investments mainly impacted by Stein and Görlitz, thereof CHF 13.8m related to growth capex and CHF 1.9m to maintenance capex. Another CHF 15.4m are attributable to the prepayment of AT shares
- Further investments relate to fixed-term deposit of CHF 25.0m
- In the reporting period, SKAN increased inventories to process the high order backlog on time. This reduces the dependency on international supply chain issues and ensures future growth
- The substantially negative NWC of CHF -31.7m is a consequence of the high order intake and the associated advance payments from customers.

Note: Rounding differences may occur.

Strong balance sheet & finance structure

Balance sheet as of 30th June 2022

(CHFm)



Comments

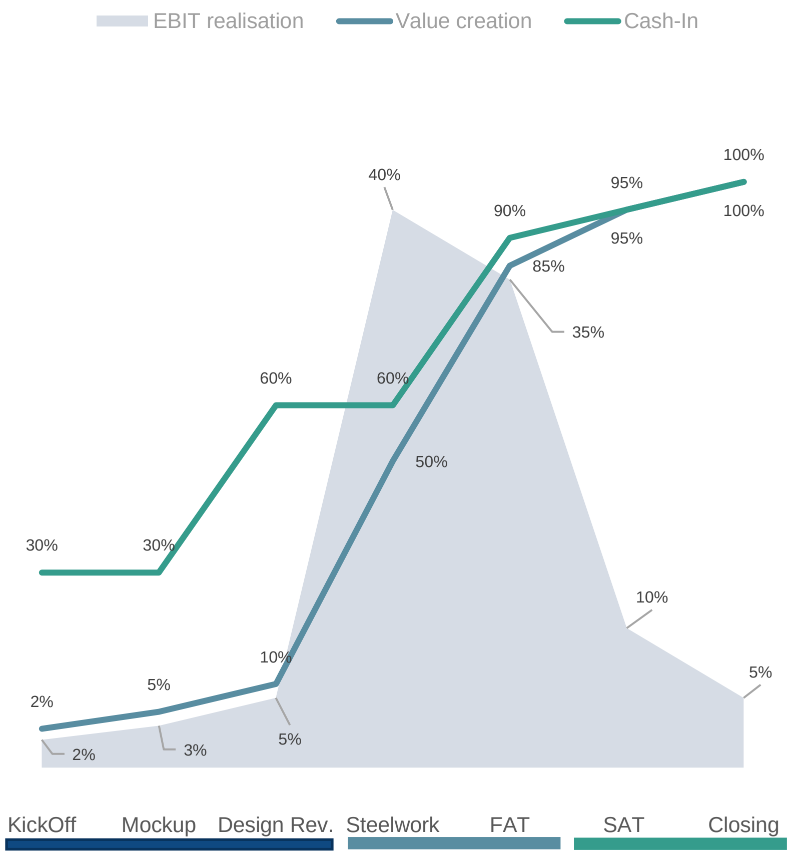
- Strong **net cash position of CHF 106.5m** as of 30th June 2022 and is thus very well positioned to finance future growth
- In order to avoid negative interest rates, SKAN has invested its liquid funds in a fixed-term deposit .
- Non-current financial debt comprises loans and borrowings with banks (CHF 16.8m) as well as lease liabilities (CHF 0.2m). Increase mainly due to additional loans from banks for the financing of the production sites in Görlitz (DE) and Stein (CH)
- The total equity CHF 168.2m relates to an equity ratio of a solid 45.5%

Note: Rounding differences may occur.
(1) Includes trade receivables, other current receivables, inventories, work in progress and prepayments & accrued income.
(2) Includes property, plant and equipment, financial assets and intangible assets.
(3) Includes trade payables, advance payments from customers, other current liabilities, current provisions, and accrued liabilities & deferred income.
(4) Includes other non-current liabilities, deferred tax liabilities and non-current provisions.

Strong value creation of project business in HY2

General value creation structure

(in % per project milestone)



Net sales evolution of projects

(in % of the project phase)

Comments

- Net sales growth and profit recognition is strongly linked to project progress based on cost-to cost PoC method
- Large project orders from 2021 were in the engineering phase in HY1 2022 that contributes less net sales & margin, since only engineering hours are booked
- In 2021 the proportion of small-scale isolator systems grew on a lower pace => customers were mainly focusing on large systems. Meanwhile adoption of processes in Görlitz to support large projects
- **Boost of HY2 net sales & margin due to almost 2.5x higher project milestones in "manufacturing & assembling" phase with strong value creation**
- The positive effect on profitability will even be higher than on sales, since we have continued to ramp-up capacity & related cost with full pace in HY1, based on the record-high backlog and the long-term growth perspective of our markets.

Note: Rounding differences may occur.

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Market and business outlook

General development of market trends:

- Market growth expected to remain high in the coming years. Development of the (bio)pharmaceutical industry and shift towards the superior isolator technology as main drivers.
- In HY2 we expect to continue to increase market share versus competitors due to our technical leadership.
- Order backlog is likely to continue to increase due to the unstopped demand for high value aseptic manufacturing.
- Bottlenecks in the supply chain are likely to persist. Long lead times and adapted manufacturing processes guarantee that SKAN maintains a high level of delivery readiness. However, SKAN also increased the stock of critical components and raw materials.
- SKAN has implemented price adjustments to account for cost and salary inflation as well as current logistic challenges.

SKAN resilient to current crisis

No major impact by current “international crisis” on SKAN:

⟶ **Ukraine**
SKAN has no direct material exposure to Ukraine, Russia or Belarus, and is not impacted by sanctions or potential loss of markets. Although the global impact on energy cost will impact the price policy of SKAN.

⟶ **EUR – CHF parity**
SKAN has started to develop countermeasures since 2015, today natural hedge, fabrication in EUR countries and market- and technology leadership minimize a potential negative impact.

⟶ **Supply Chain / Inflation**
Current supply chain issues and long lead times of components trigger additional efforts, but do not have a major impact on our business so far. Cost inflation is compensated by our customers.

SKAN Group’s growth strategy

Objectives:
- Continue growth track-record
- Increase recurring revenue base
- Expand profitability

1 Fortify market leadership

- **Investment in production capacity expansion and scale-up**
- **Continuous innovation** to meet customer’s demand and to maintain technical leadership
- Continuous **active contribution to new guidelines & regulations**
- Grow service revenues with ever-increasing installed base of isolators

Business units: Process Solutions | Services

2 Expand addressable market towards integrated process systems

- Scale-up of **Aseptic Technologies**
- Intensified **joint developments** with established fill-finish partners
- In-house development of **automated process equipment** in combination with isolator technology

Business units: Integrated Process Solutions | Consumables

3 Increase exposure to after-market services & consumables revenues

- Increasing, global **product lifecycle support** with expanding installed base of isolators
- Further development of **innovative consumables** (e.g. closed vials, transfer systems, filling kits)
- **Additional service offerings of “pre-approved” solutions** to help customers shorten time-to-market
- **New financing models** such as pay per use and off the shelf delivery

Business units: Services & Consumables

4 Accelerate digital transformation

- Increased **augmented reality service support** to increase reaction time and reduce long distance travel
- Increased **Virtual Reality** design support
- **Industry 4.0**
  - **Artificial Intelligence** for preventive maintenance
  - **“One button release”** paperless GMP compliant documentation

Business units: All

Guidance

Metric	2022 Targets[1]	Mid-Term Outlook
Group net revenue growth	Mid- to upper teens	Mid- to upper teens
Segment net revenue growth[2]	**E&S** **S&C**	**E&S** **S&C**
EBITDA margin	13 - 15%	Gradually increase profitability level to upper teens in the mid-term. Potential for further increase beyond mid-term period.

(1) 2022 targets assume no further deterioration of supply chain conditions.
(2) E&S refers to Equipment & Solutions. S&C refers to Services & Consumables.

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SKAN

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Together always one step ahead!

Abbreviations and Definitions

Alternative Financial Performance Measures (APM)

- **EBITDA:** Operating result (EBIT) plus depreciation, amortisation.
- **EBITDA margin:** EBITDA as a percentage of net sales from goods
- **EBT:** Profit before income taxes.
- **Equity ratio:** Equity at the end of the period divided by total assets at the end of the period.
- **Headcount:** Number of people employed by SKAN Group at the time indicated (i.e. excluding contractors).
- **Book-to-bill ratio:** order intake divided by net sales.
- **Net Cash:** Cash and cash equivalents including liquid funds invest-ment less current and non-current financial liabilities.
- **Net working capital (NWC):** Total current assets (excluding cash and cash equivalents) minus trade payables, advance payments from customers, other current liabilities, current provisions, and accrued liabilities and deferred income. Compared to the previous year (31.12.2021) SKAN subtracted the accrued liabilities and deferred income from total current assets as given in the definition. To make the previous year's key figure comparable NWC from previous year was recalculated (according to the given definition).
- **Operating result (EBIT):** Earnings before total financial result and income taxes.
- **Return on capital employed (ROCE):** Operating result (EBIT) divided by the sum of the average total assets minus the average current liabilities, expressed as a percentage.