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SKAN Group AG
Presentation of the 2023 Financial Results

26 March 2024

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Agenda

Highlights of the financial year 2023

Order Intake
in CHF million

295.1

-28.3%[1]

Net Sales
in CHF million

320.0

+15.5%[1]

EBITDA
in CHF million

50.1

+24.9%[1]

EBITDA-Margin
as % of Net Sales

15.7

+1.2pp[1, 2]

Investments
in CHF million

35.3

+22.3%[1]

Order Backlog
in CHF million

312.1

-13.3%[1]

- Stabilisation of order intake at a healthy level after an exceptionally strong previous year.
- Order backlog and book-to-bill ratio at 0.9 offer planning security for more than a year in Equipment & Solutions.
- Net sales growth at constant exchange rates with 19.2% at upper end of guidance.
- EBITDA increased once again compared to the previous year. EBITDA-Margin above the guidance.
- EBIT increased by 28.1% from CHF 29.5 million to CHF 37.8 million.
- Total investments of CHF 35.3 million mainly related to the expansion of pre-approved services.

(1) Changes compared to previous year
(2) Percentage points

Both segments progressing well




Equipment & Solutions

- Incoming orders were evenly split between isolators for high-speed applications and systems for smaller production volumes inlcuding quality control applications.
- The segment made progress as planned with the strategic initiatives in the areas of integrated process systems and standardisation.
- SKAN Group has once again invested a significant amount, around 7% of Group net sales, in initiatives as well as general research and development.

Services & Consumables

- The consumables business proved to be a key driver of sales and margin growth in the Service & Consumables segment in the reporting year.
- Automated process solutions for closed vials from our Belgian subsidiary Aseptic Technologies were particularly in high demand.
- SKAN is well on track with the project for pre-approved services, which will contribute to the expansion of the services business in the future.

Agenda

SKAN Group’s growth strategy

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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

Strategy execution in 2023

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

1 Fortify market leadership

- Launch of digital suite of products «Sphere».
- Decentralisation progress, product and knowledge transfer are according to plan.
- Seamless integration to data management systems to increase efficiency at customer site.
- Annex 1: SKAN actively serving as a guiding partner for our customers, navigating them through the newly introduced requirements.

Business units: Process Solutions | Services

2 Expand addressable market towards integrated process systems

- Seven drugs filled in AT closed vial received commercial approval in 14 countries.
- AT development pipeline grew again to approx. 450 substances.
- SKAN increased stake in AT to 85%.
- Launch of «Pure 2» as an early phase research solution.

Business units: Integrated Process Solutions | Consumables

3 Increase exposure to after-market services & consumables revenues

- Product lifecycle support is growing and supported by SKAN Academy and the decentralisation of competencies to SKAN hubs.
- Increasing the stake in AT to 90% by 2026 at the latest will further strengthen consumables business.
- Progress of pre-approved services as planned.

Business units: Services & Consumables

4 Accelerate digital transformation

- VR Mockup is part of our standard offering and provides unprecedented insights into to the User Experience.
- First customers use our predictive maintenance solution with AI for system surveillance.
- Implementation of «One Button Release» according to plan. First application of the digital landscape (for seamless data transfer) went live, first workflows of other applications created or in testing.

Business units: All

Customer proximity strengthened through accelerated decentralisation

Allschwil CH

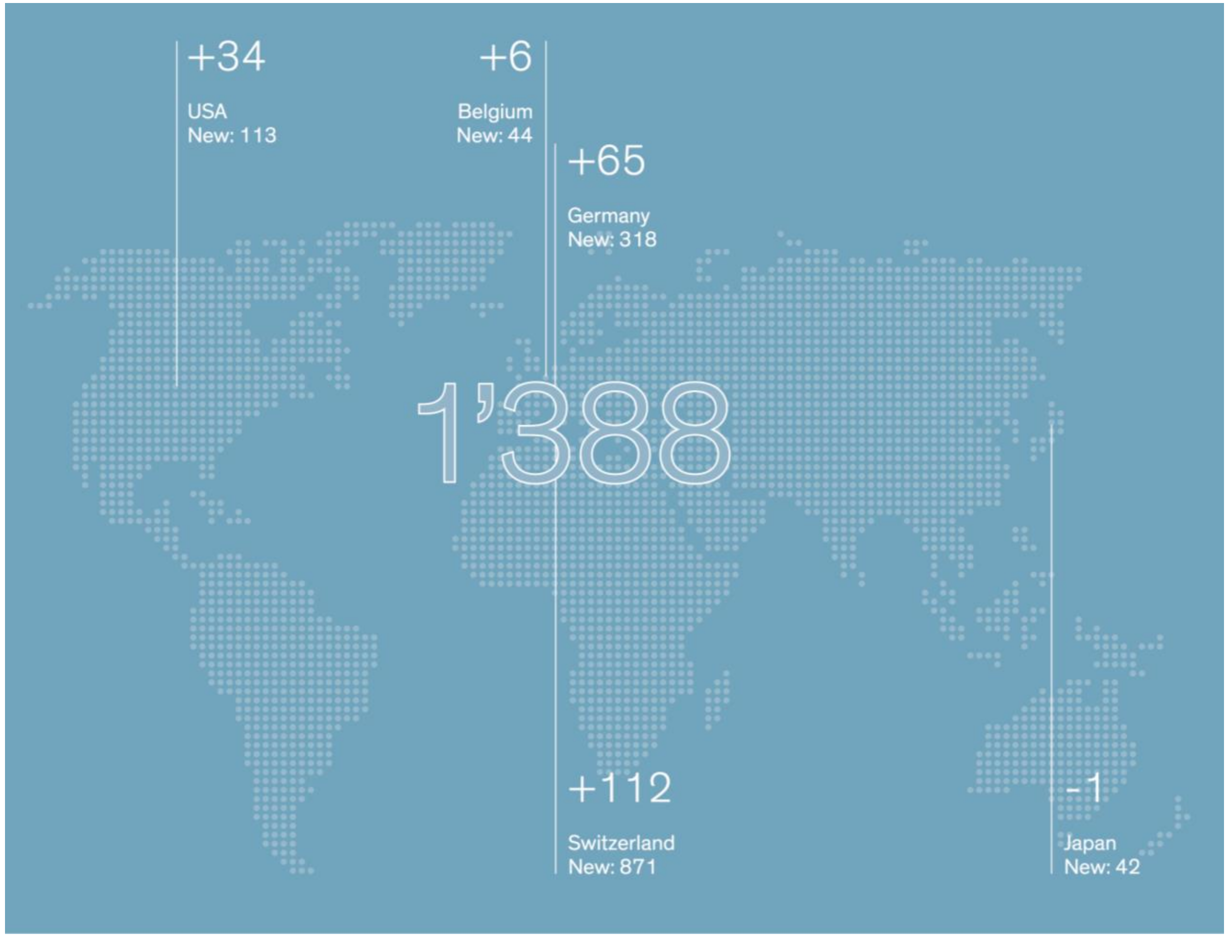
Headquarters / production sites
- Engineering, sales, service, assembly, R&D, laboratories
- Approx. 26,682 m^2

Stein CH

Production site
- Prototype construction, steelwork, E-Beam competence
- Approx. 6,923 m^2

Görlitz DE

Production site
- Focus: Steelwork, production, assembly, qualification
- Approx. 26,649 m^2



Gembloux BE

Production site / AT
- Aseptic Filling equipment (Closed Vial® Technology)
- Approx. 3,590 m^2

Raleigh US

Sales & services office
- Sales and life cycle support Americas
- Approx. 1,200 m^2

Okinawa JP

Production site
- Sales, assembly, and life cycle support Far East
- Approx. 2,170 m^2

New drugs increase consumption of AT-Closed Vial®

Seven AT filled drugs on the market:

Customer	Product area	Phase
Daiichi-Sankyo	DELYTACT®: Oncolytic virotherapy for brain cancer	✓
Boehringer Ingelheim	ARTI-CELL® FORTE: Cartilage repair for veterinary applications	✓
Janssen Oncology / Legend Biotech	CARVYKTI™: Lentivirus used for the production of a drug against multiple myeloma	✓
Atara Bio	EBVALLO™: Monotherapy for the treatment of Epstein-Barr virus	✓
Krystal	VYJUVEK™: Treatment of wounds in patients with dystrophic epidermolysis bullosa in collagen type VII alpha 1 chain gene	✓
Vertex / CRISPR Therapeutics	CASGEVY™: Therapy for the treatment of sickle cell disease and transfusion-dependent Beta Thalassemia	✓
Pfizer	BEQVEZ™: Therapy to treat Haemophilia B	✓

- Besides the expansion of the installed equipment base, which requires maintenance, requalification and spare parts, the volume in the Services & Consumables segment was driven by higher sales of AT-Closed Vial® and associated disposable product path.
- This confirms the expectation that the comercialisation of new drugs increases the consumption of AT-Closed Vial®.
- **Together, these 7 drugs are subject to 14 approvals by 6 major health authorities, including FDA, MHRA and EMA" (30.6.2023: 5 drugs in 9 countries).**
- The development pipeline of drugs in AT-Closed Vial® is likely to be in the region of 450 active ingredients.
- Besides the sale ready-to-fill closed vials also the demand for AT production equipment increases.

Explanation of abbreviations:
FDA: Food and Drug Administration
MHRA: Medicines and Healthcare products Regulatory Agency
EMA: European Medicines Agency

Agenda

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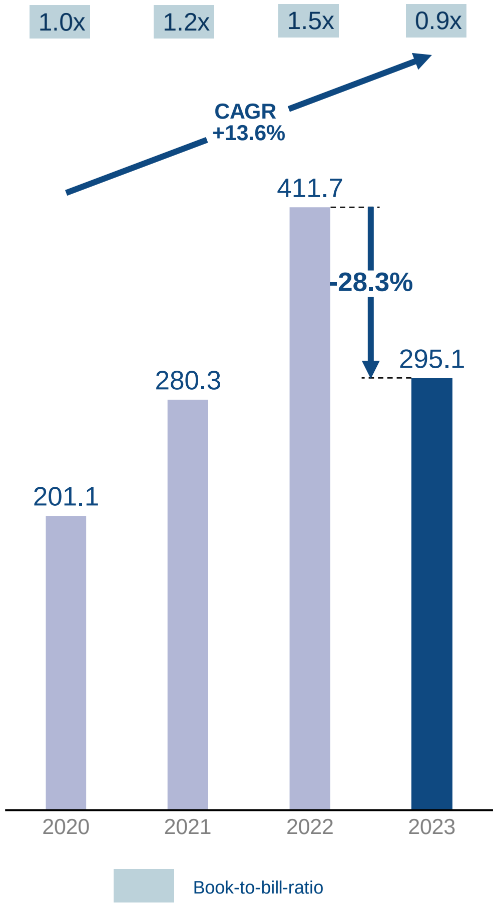
1. Overview of Business Year	Thomas Huber (CEO)
2. Strategy execution	Thomas Huber (CEO)
3. Financial Results 2023	Burim Maraj (CFO)
4. Outlook	Thomas Huber (CEO)
5. Questions and discussions	

Order intake momentum has stabilised at a healthy level

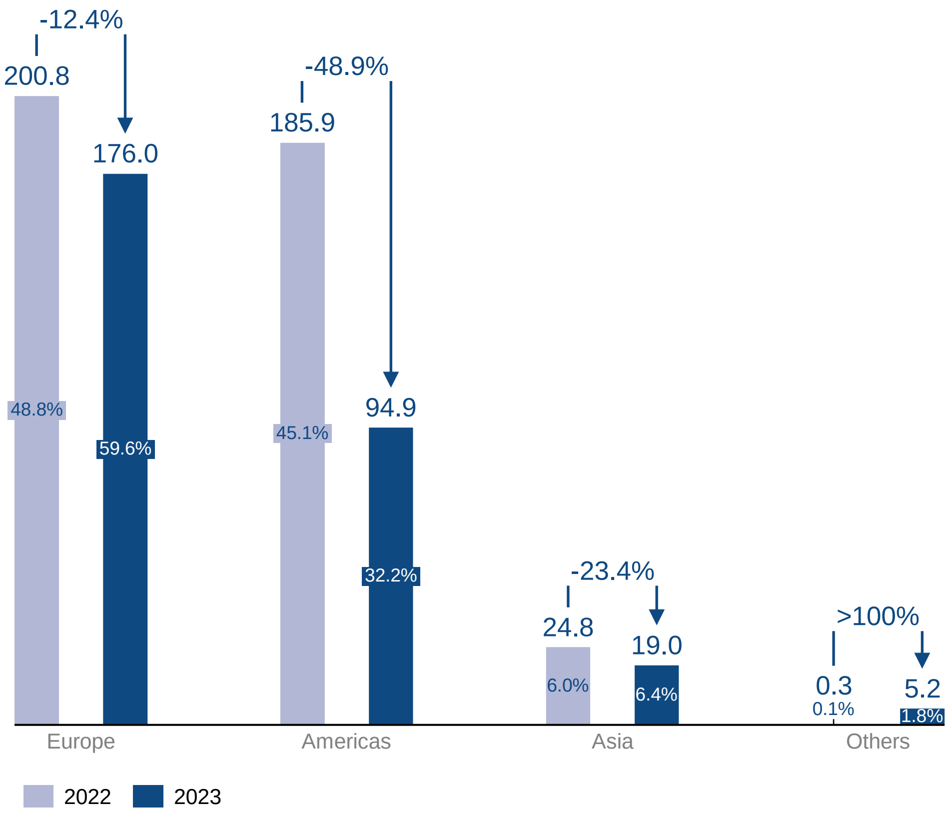
Order intake

(CHFm and Δ in %)



Order intake by regions

(CHFm and Δ in %)



Comments

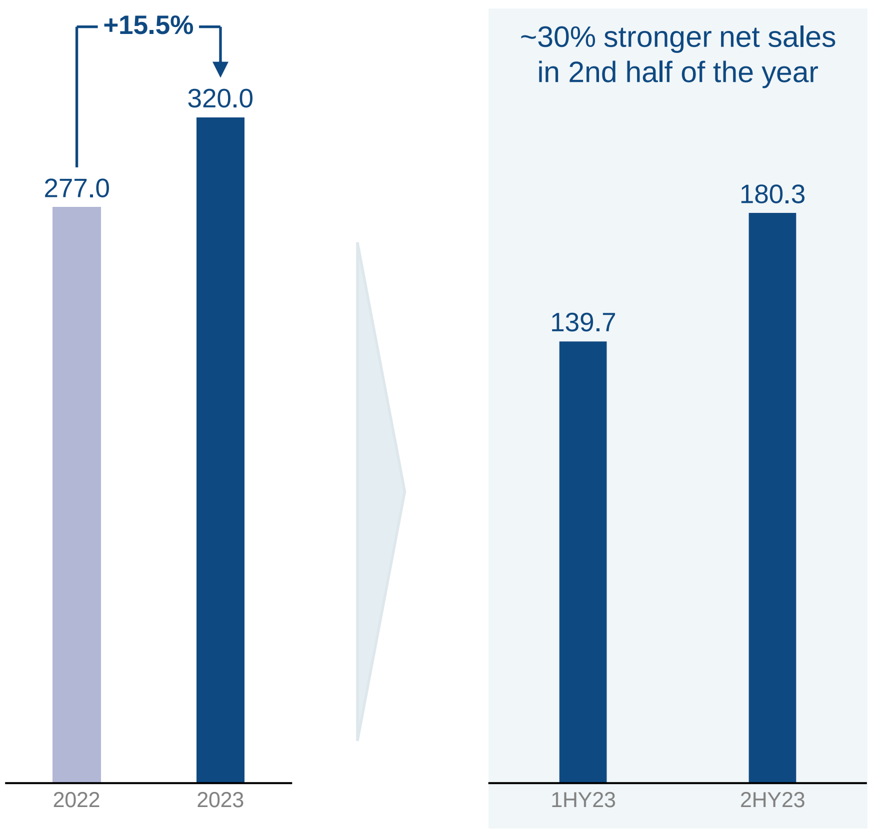
- **Stabilisation of order intake at a healthy level after an exceptionally strong previous year, in line with our expectations.**
- At constant exchange rates (CER), **decline is -25.9%.**
- **First orders received for GLP-1 production capacities**.
- The Book-to-Bill ratio of 0.9. provides a good planning security and again more attractive lead times.
- Europe (59.6%) and Americas (32.2%) remain the main markets.
- **Increasing order pipeline provides us with good visibility for future growth.**

Note: Rounding differences may occur.

Robust growth in net sales and comfortable order backlog

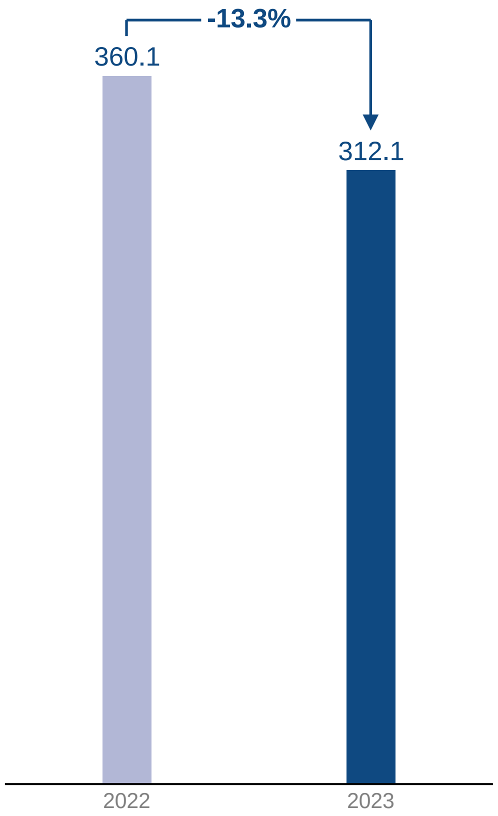
Net sales

(CHFm and Δ in %)



Order backlog

(CHFm and Δ in %)



Comments

- **Net sales grew by +15.5% y-o-y**
- At constant exchange rates (CER), **growth reached around 19.2%, positioning it at the upper end of our guidance.**
- Both segments contributed to the growth rate, where S&C grew on a faster pace with 19.6% compared to 14.2% for E&S.
- The shifts of revenue-intensive phases in the project business to the second half of the year consequently led to a 30% stronger sales growth in the second half.
- The reduction of order backlog to CHF 312.1m **positively impacts the delivery times for customers while still securing a good visibility for further growth.**

Note: Rounding differences may occur.

Strong margin improvement through product mix and higher degree of in-house production

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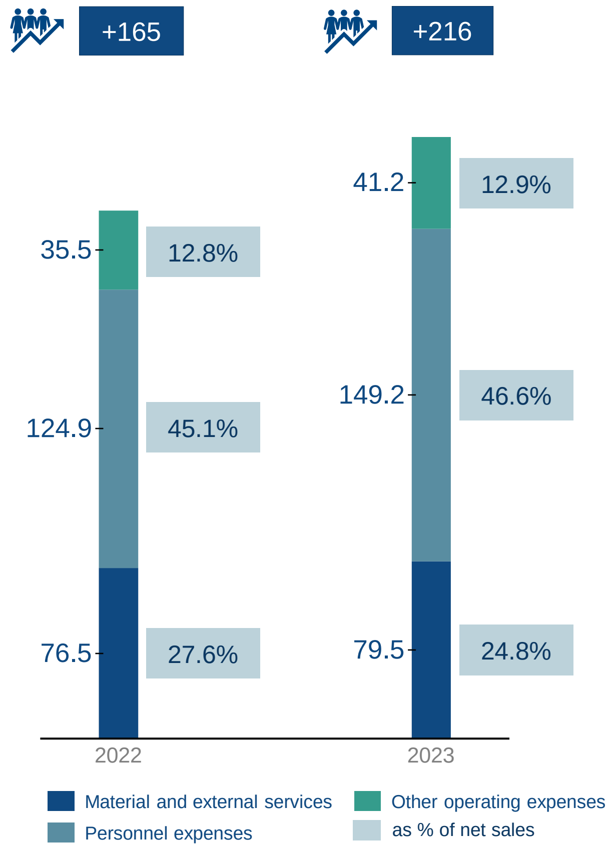
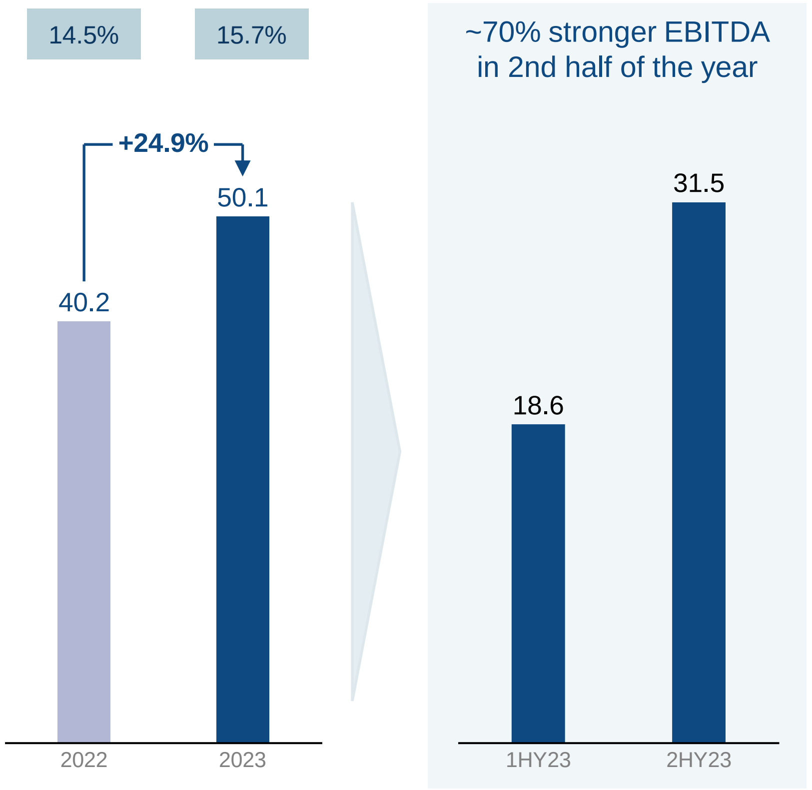
Expenses
(CHFm)



EBITDA
(CHFm and margin in %)



Comments

⟶ EBITDA increased by 24.9% to CHF 50.1m, **resulting in an EBITDA margin of 15.7%, surpassing the projected targets.**

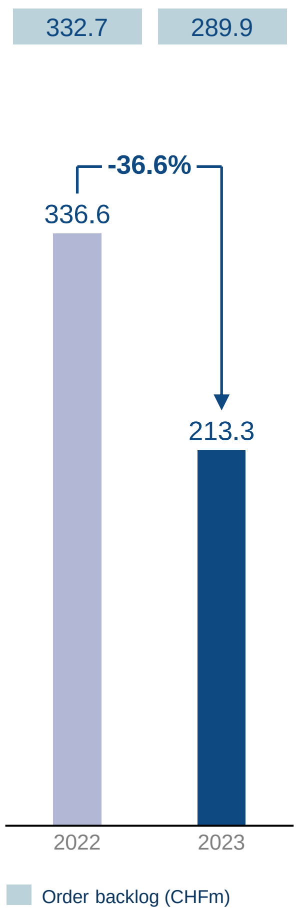
Following factors impacted the margin:

- ⟶ Boost of HY2 net sales & margin as more project milestones were in "manufacturing & assembling" phase with strong value creation.
- ⟶ Considerable growth in the Service & Consumables sector, driven by the sale of consumables from Aseptic Technologies, spare parts business, and retrofit business.
- ⟶ Expansions in Görlitz & Stein enabled to increase insourcing of production and thus reduce material intensity from 27.6% to 24.8%.
- ⟶ A further increase in personnel by **216 employees** increased the personnel intensity from 45.1% to 46.6%.
- ⟶ Other operating expenses increased in line with the operating business from 12.8% to 12.9%, mainly driven by travel expenses and maintenance costs.

Segment Equipment & Solutions (E&S)

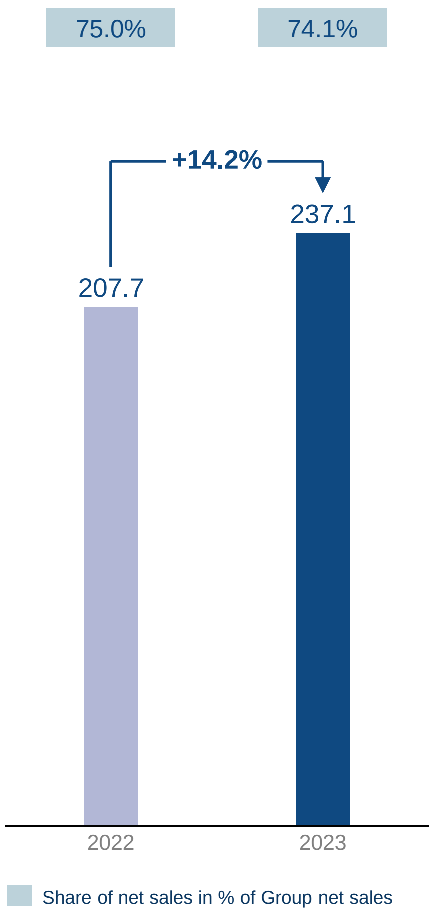
Order intake

(CHFm)



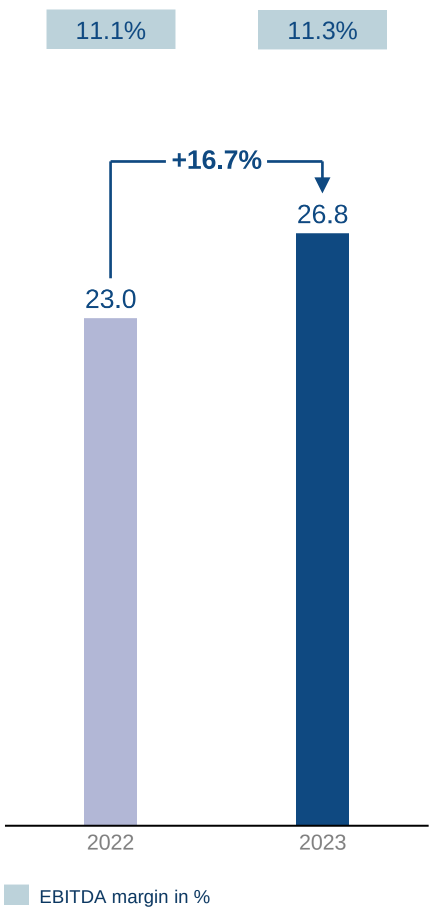
Net sales

(CHFm and as of % of Group net sales)



EBITDA

(CHFm and margin in %)



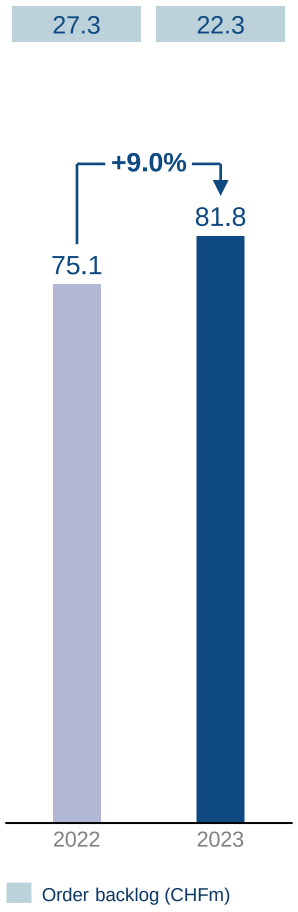
Comments

- Stabilised order intake and a reduced backlog **post a record year positively impact delivery times and ensure a good visibility for approx. one year.**
- At constant exchange rates (CER), **decline of order intake is at -27.3%.**
- Net sales increased by 14.2%, slightly slowed down due to customers shifting projects to 2024.
- **>70 Projects completed.**
- EBITDA grew by +16.7% to CHF 26.8m with a slightly increased EBITDA margin to 11.3%.

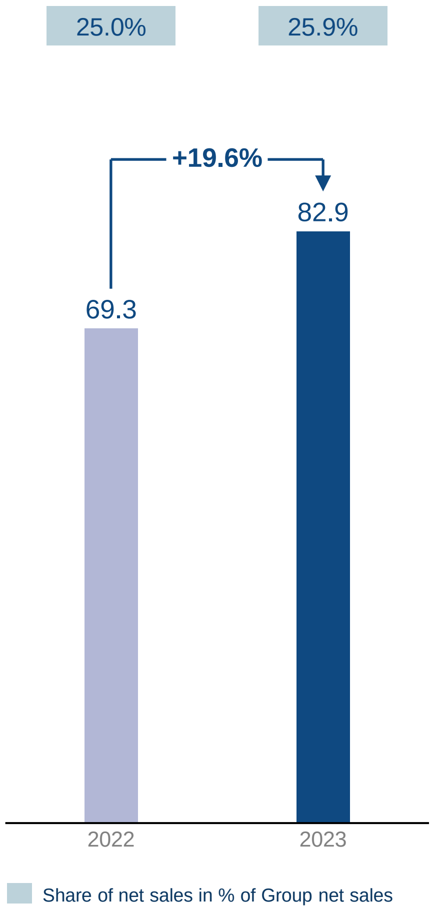
Note: Rounding differences may occur.

Segment Services & Consumables (S&C)

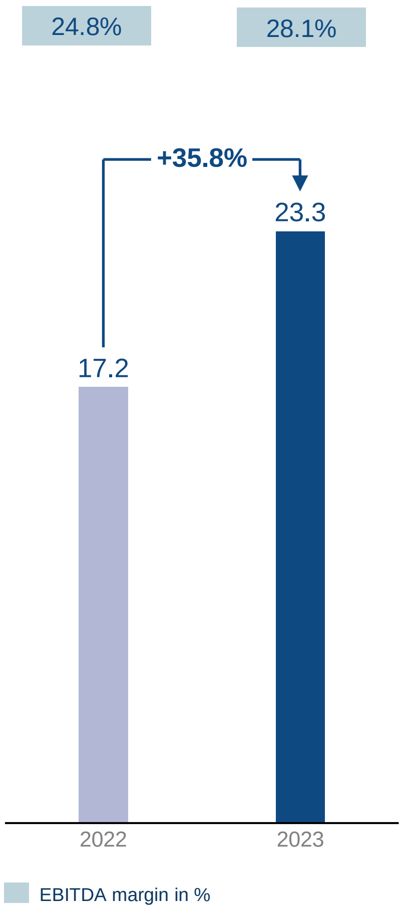
Order intake
(CHFm)



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



EBITDA
(CHFm and margin in %)



Comments

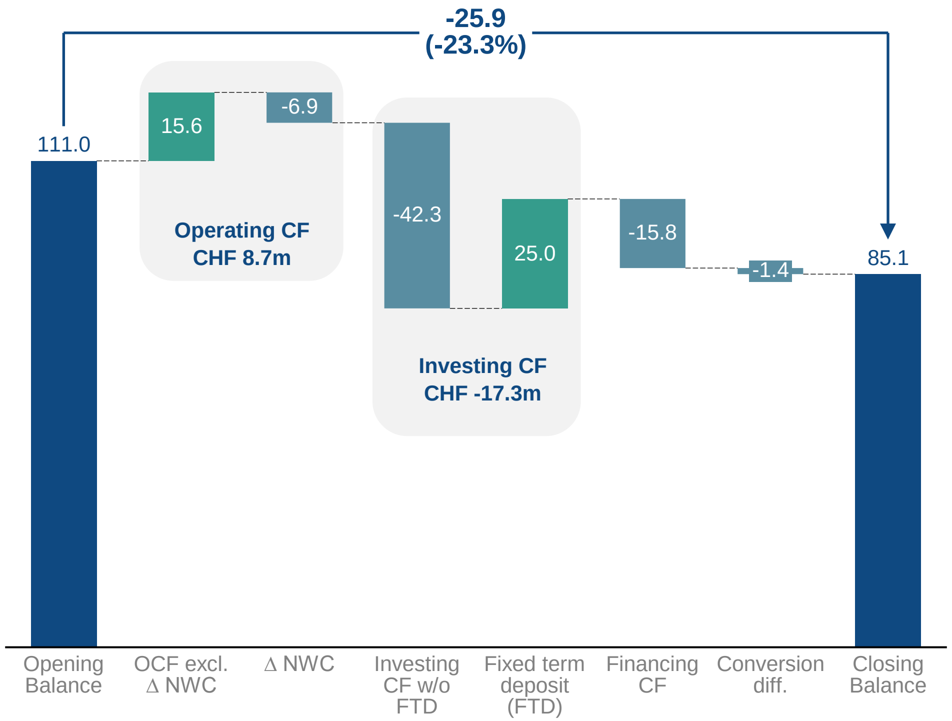
- Order intake grew +9.0% to reach CHF 81.8m in the reporting year.
- At constant exchange rates (CER), **double digit order intake growth of +15.2%.**
- 19.6% growth in net sales is driven by the steady expansion of the installed base which requires regular maintenance, periodic requalification as required by regulations, and Retrofit business.
- **Significant (+35.8%) increase in EBITDA and EBITDA-margin compared to prior year.**
- The consumables business, especially the AT closed vials, and parts business proved to be a key driver of sales and margin growth.

Note: Rounding differences may occur.

Cash flow driven by stabilised order intake & significant growth investments, but ROCE improved by increased EBIT

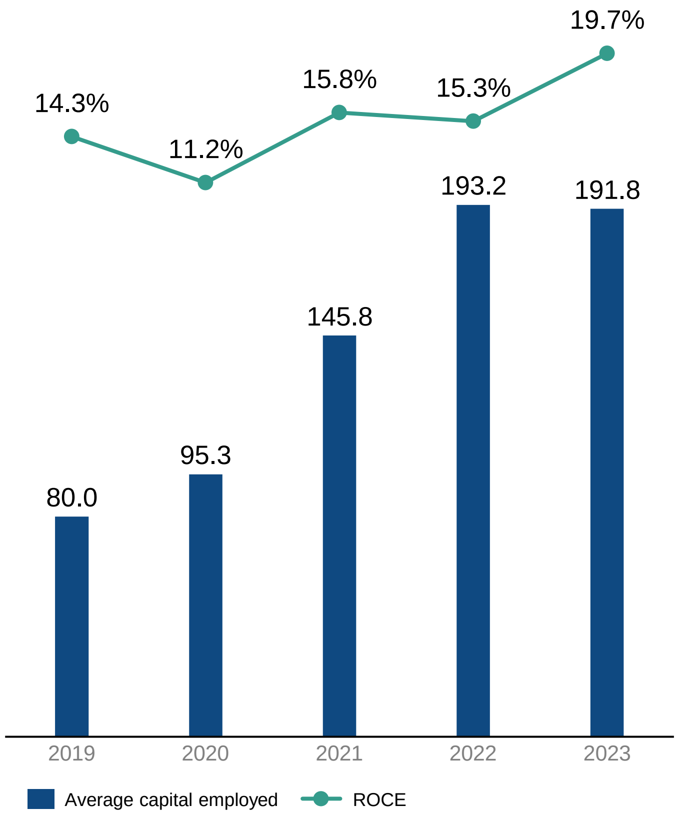
Cash flow

(CHFm)



Return on capital employed [1]

(CHFm and in %)



Comments

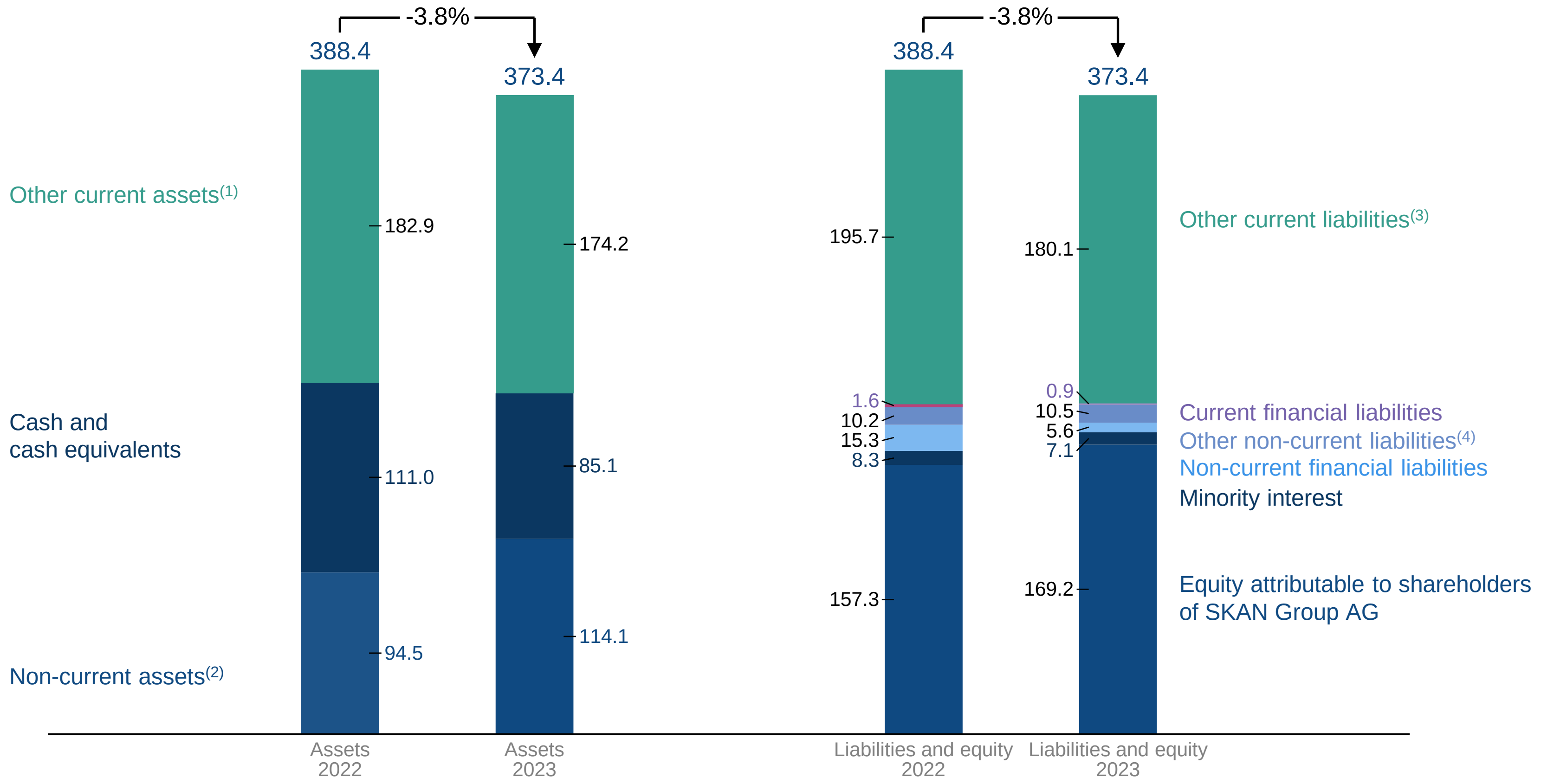
- Operating CF of CHF 8.7m was significantly lower compared to the previous year, which is primarily due to the lower order intake and the associated lower advance payments from customers.
- **Generally Operating CF fluctuations occur due to the project nature of our business.**
- The majority of investments is attributable to the expansion of pre-approved services and the purchase of an additional 5% stake in AT.
- Financing CF is driven by the repayment of loans in connection with the Görlitz site and dividend payments.
- Attractive capital efficiency illustrated by ROCE well above cost of capital with strong trajectory despite significant growth investments.

Note: Rounding differences may occur.
(1) Defined as EBIT / (Average Total Assets – Average Short-term Liabilities).

Strong balance sheet & finance structure

Balance sheet as of 31 Dec.

(CHFm)



Comments

- SKAN Group posts a **net cash position of CHF 78.6m** as of 31st December 2023 and is thus very well positioned to finance future growth.
- The change in non-current financial debt is mainly driven by repayment of CHF 9.0m of loans from banks for the financing of the production site in Görlitz (DE).
- The total equity amounted to CHF 176.4 million, which corresponds to a **very solid equity ratio of 47.2%.**

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, intangible assets and deferred tax 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.

40% higher dividend proposal vs. previous year

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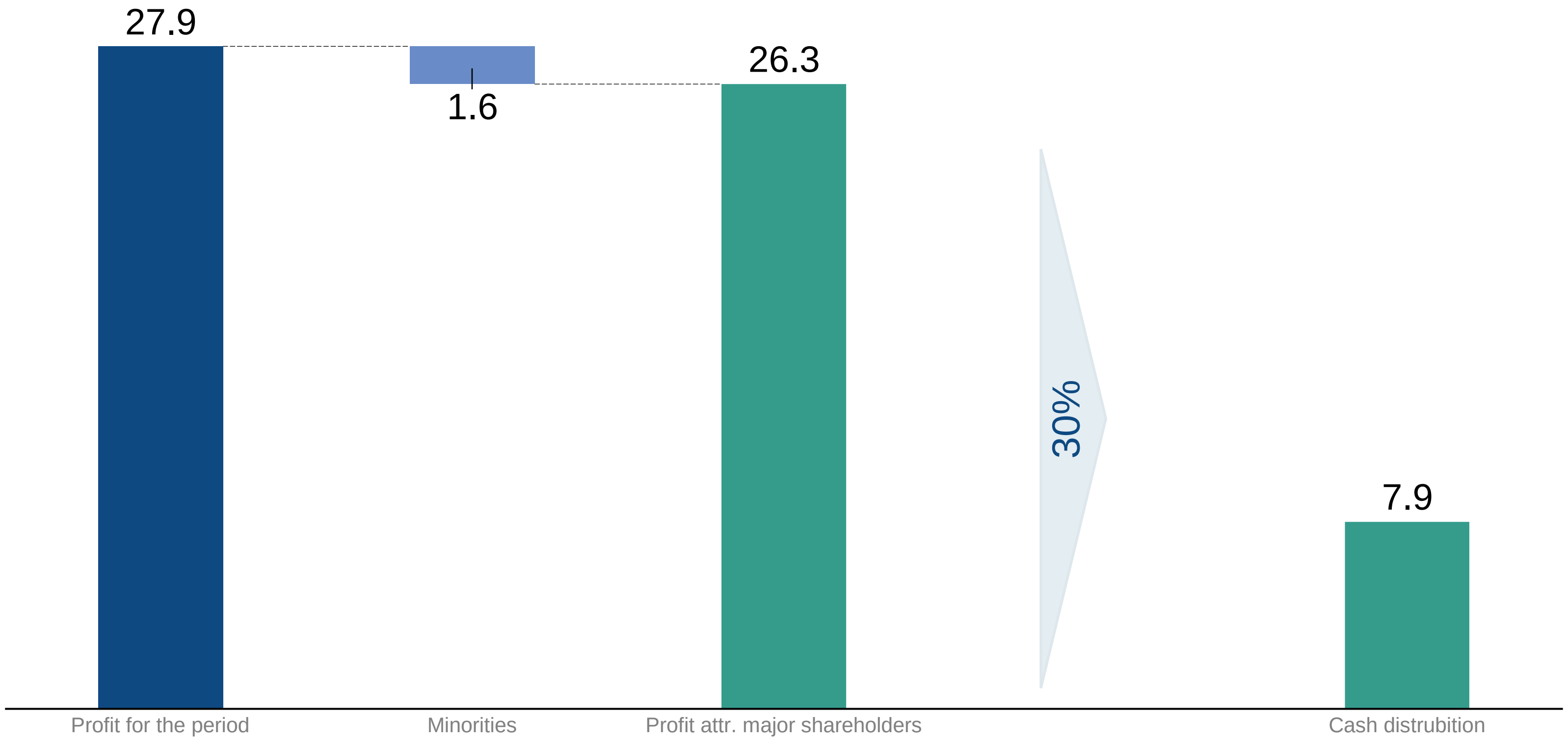
Profit for the period and cash distribution

(CHFm)



Comments

- **Proposed dividend of CHF 0.35/share** (2022: 0.25/share)
  - 50% from capital contribution reserves ("KER")
  - 50% from retained earnings
- Distribution of CHF 7.9m (PY: CHF 5.6m)
- Payout ratio of 30% of 2023 profit attributable to shareholders of SKAN Group AG which is in line with our dividend policy

2023 — At a glance

1	**Consistent** above-market **growth**	CHF 320.0m net sales	+19.2% net sales growth y-o-y at constant exchange rates (CER)
2	**Top-line visibility** supported by **high order intake** and **order backlog**	0.9x book-to-bill ratio (based on order intake 2023)	CHF 312.1m order backlog as of 31 Dec 2023
3	**EBITDA margin above guidance** despite headwinds and significant ramp up of resources **for future growth**	15.7% EBITDA margin	
4	**Dynamic E&S** business ensuring **continuous growth** of **recurring high-margin S&C** revenues	CHF 237.1m net sales in E&S	28.1% EBITDA margin in S&C
5	**Robust return** on capital despite significant **growth investments**	19.7% return on capital employed (ROCE)	CHF 35.3m Total investments in PPE
6	**Strong balance sheet** & financing structure providing full flexibility for **future growth**	47.2% Equity ratio	CHF 78.6m Net cash position

Agenda

Century of biology: Shift toward injectable biotech drugs drives need for aseptic process solutions

2005	0% of top 10 drugs injectable dosage form
Lipitor Pfizer	Zoloft Pfizer
Nexium Astra Zeneca	Plavix Sanofi
Prevacid Takeda	Efexor Pfizer
Zocor Pfizer	Singulair MSD
Adavair Diskus GSK	Norvasc MSD

2020	50% of top 10 drugs injectable dosage form
Eylea Regeneron /Bayer	**Humira AbbVie**
Keytruda Merck	**Stelara J&J**
Opdivo BMS	Revlimid, BMS
Eliquis BMS, Pfizer	Singulair MSD
Imbruvica AbbVie, J&J	Norvasc MSD

2023	70% of top 10 drugs injectable dosage form
Comirnaty Pfizer/ Biontech	**Humira AbbVie**
Keytruda Merck	**Stelara J&J**
Opdivo BMS	**Spikevax Moderna**
Dupixent Sanofi	Paxlovid Pfizer
Eliquis BMS, Pfizer	Singulair MSD

mAb / biotech drug substance

Market and business outlook

General market development

- Demand momentum in our market is expected to continue at a high level. Main drivers are:
  - The underlying growth of the global (bio)pharmaceutical market;
  - The reinforcing trend towards injectable drugs (three quarters of the drugs in development are now designed for an injectable dosage form);
  - The shift from traditional cleanrooms to the technologically more advanced isolator technology;
  - The reshoring of pharmaceutical production.
- As a consequence, demand for SKAN's equipment, services and consumables will continue, as evidenced by the well-filled order pipeline.

Business development

- The start to the current year, alongside a robust order backlog and a full project pipeline, should ensure a good course of business in 2024.
- To support our robust growth, we will enhance production capacity not only in North America but also at our established Swiss and German sites (e.g. Logistic Hub).
- SKAN is confident to achieve its growth targets in the current year.

Guidance unchanged

Metric	2024 Targets[1]	Mid-Term Outlook
Group net sales growth	Mid- to upper teens	Mid- to upper teens
Segment net sales 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) 2024 targets assume no further deterioration (direct or indirect) of economic general conditions and other unpredictable development of the geopolitical situation.
(2) E&S refers to Equipment & Solutions. S&C refers to Services & Consumables.

Agenda

Together always one step ahead!

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Abbreviations and Definitions

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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 investment 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.
- **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.