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SKAN Group AG Presentation of the 2022 Financial Results

28 March 2023

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Agenda

1. Overview of Business Year
2. Strategy execution
3. Financial Results 2022
4. Sustainability
5. Outlook
6. Questions and discussions

Thomas Huber (CEO)

Thomas Huber (CEO)

Burim Maraj (CFO)

Thomas Huber (CEO)

Thomas Huber (CEO)

Successful first business year as listed company – financial targets well achieved

Order Intake
in CHF million

411.7

+46.9%⁽¹⁾

Net Sales
in CHF million

277.0

+18.2%⁽¹⁾

EBITDA
in CHF million

40.2

+30.9%⁽¹⁾

EBITDA margin
as % of Net Sales

14.5

+1.4pp^(1, 2)

Investments
in CHF million

28.9

-32.3%⁽¹⁾

Order Backlog
in CHF million

360.1

+59.3%⁽¹⁾

- Order intake, net sales and EBITDA reach new record levels; net sales growth and EBITDA well reached the communicated financial targets
- This was achieved despite headwinds from supply chain bottlenecks and price inflation for raw materials which underlines the robust business model.
- As announced, the weaker first six months were made up for by a very good second half; accuracy of forecast underpins the good visibility of our business.
- Win rate for quotations remained high, mainly due to the qualitative and technological superiority of our equipment as well as our process know how.
- SKAN was again able to expand its position as number one in the high-end segment of the isolator market.
- Record order backlog and book to bill ratio at 1.5 provide very good visibility.
- Proposed dividend of CHF 0.25 per share (2021: CHF 0.24 per share).

Good operational progress and further investments in capacity expansion



- Organization was able to manage again a double-digit organic growth.
- Delays in supply chain countered by reorganizing production processes, building up inventories and ordering key components earlier.
- Due to price inflation for raw materials, SKAN had to adjust selling prices in certain cases.
- Strategic investments progress on track
- Continued investments in expansion of production capacity, completed at SKAN Stein and SKAN Germany sites and started at the AT site in Gembloux.
- Decentralization strategy ongoing to build up more local competencies at all SKAN sites to be closer to customers and handle a broader range of tasks.

Strong and growing global footprint

Allschwil CH

Headquarters / production sites

- Engineering, sales, service, assembly, R&D, laboratories
- Approx. 26,682 m²
- 658 employees



Stein CH

Production site

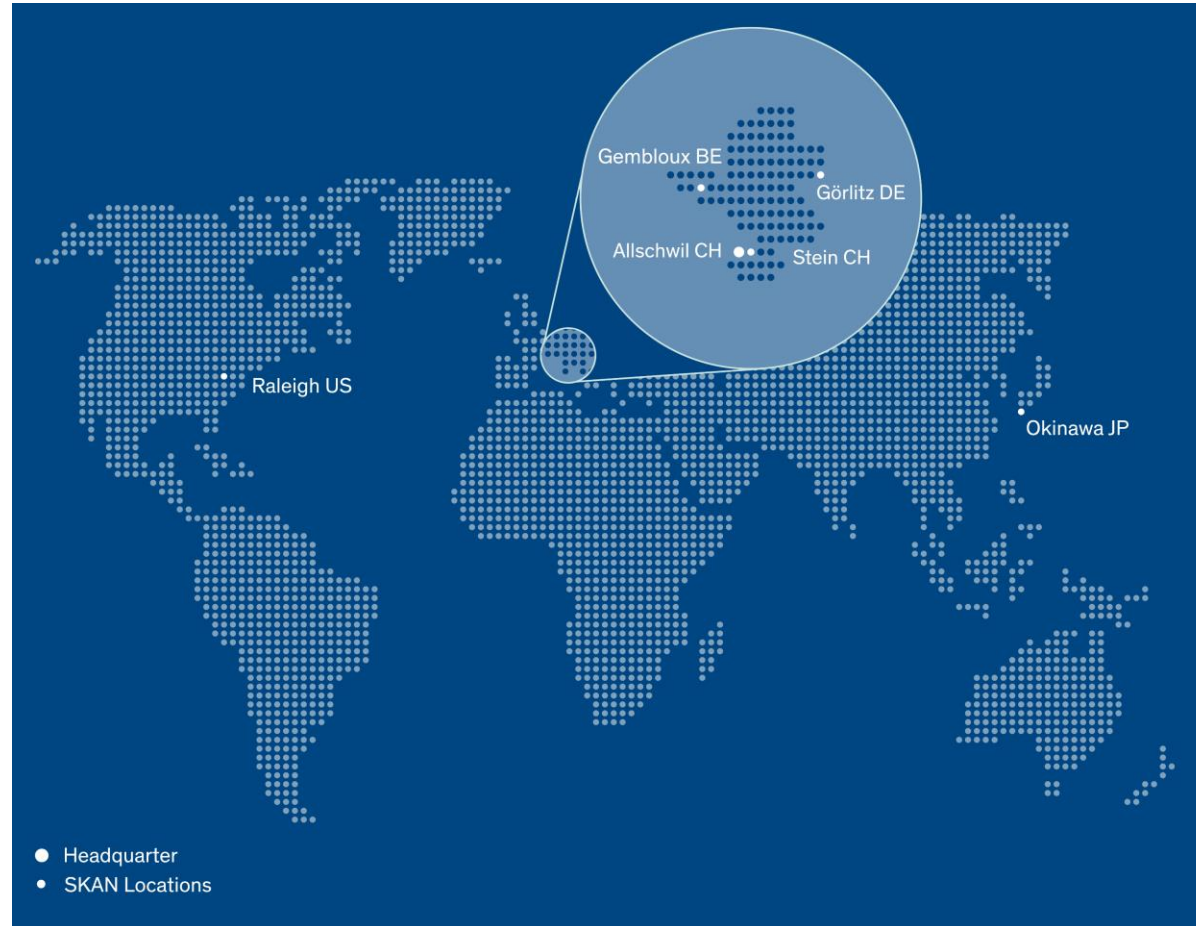
- Prototype construction, steelwork, E-Beam competence
- Approx. 6,923 m²
- 101 employees



Görlitz DE

Production site

- Focus: Steelwork, production, assembly, qualification
- Approx. 26,649 m²
- 253 employees



Gembloux BE

Production site / AT

- Aseptic Filling equipment (Closed Vial® Technology)
- Approx. 3,590 m²
- 38 employees



Raleigh US

Sales & services office

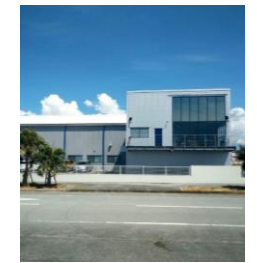
- Sales and life cycle support Americas
- Approx. 1,200 m²
- 79 employees



Okinawa JP

Production site

- Sales, assembly, and life cycle support Far East
- Approx. 2,170 m²
- 43 employees



New members of the Executive Management team



Maria Cuevas Otero (1976, Spanish)

Group Chief Service Officer since 1 February 2023

Education:

- Executive MBA HSG, MBA, UNED Spain, degree Engineer in Computer Sciences, University of Sevilla

Professional career:

- Worked at various industrial companies such as Hexagon, Bombardier and Mercedes-Benz

Marina Häni (1992, Swiss)

Group Chief People and Culture Officer since 1 August 2022

Education:

- Currently MAS Human Resource Management, Federal Diploma of Higher Education in Human Resource Management, HRSE

Professional career:

- Held HR roles at SKAN and in the hospitality sector

Ralf Krämer (1966, German)

Group Chief Technology Officer since 1 April 2022

Education:

- State-certified engineer in metal construction, Städt. Gewerbliches Berufsbildungszentrum, Würzburg

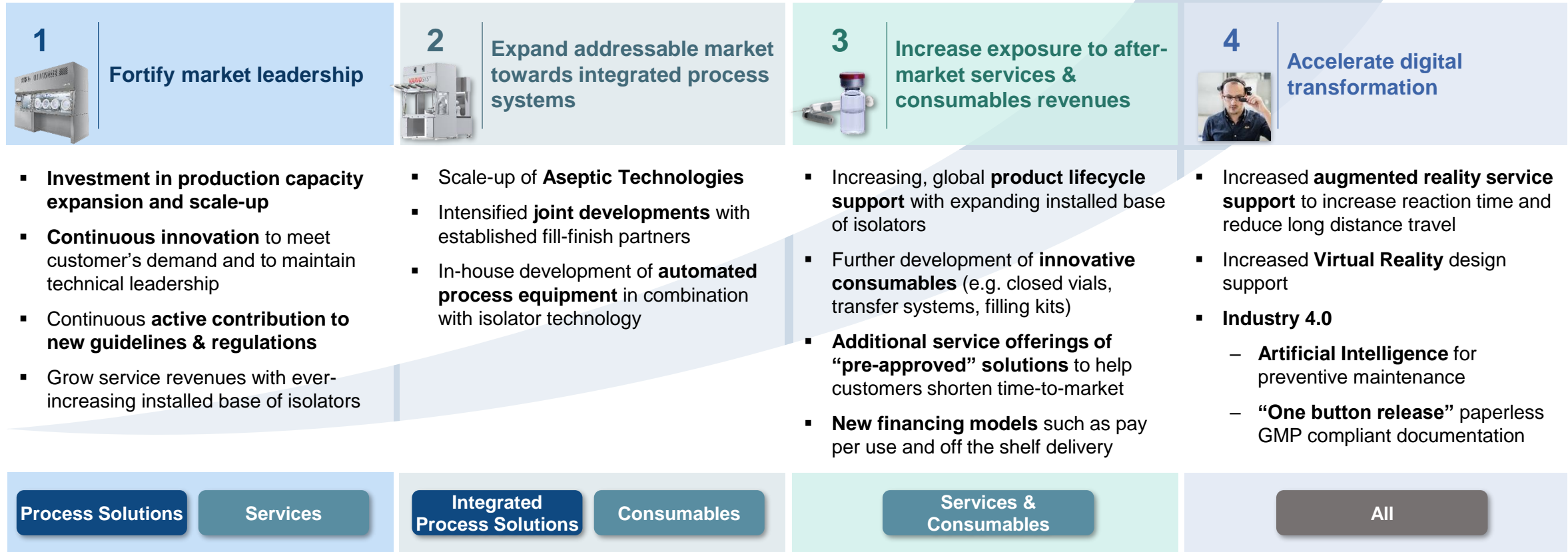
Professional career:

- Held several technical functions at SKAN and Tetra Pak

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SKAN Group's growth strategy



Strategy execution in 2022



<p>1</p>  <p>Fortify market leadership</p>	<p>2</p>  <p>Expand addressable market towards integrated process systems</p>	<p>3</p>  <p>Increase exposure to after-market services & consumables revenues</p>	<p>4</p>  <p>Accelerate digital transformation</p>
<ul style="list-style-type: none"> Very solid project pipeline ensures growth. New organization in place to put strong focus on standardisation. Continued growing collaboration with technology partners. New, state of the art products have been launched to the market and start to make an impact. 	<ul style="list-style-type: none"> 3rd drug filled in AT closed vial received commercial approval. AT development pipeline grew around 30% to approx. 400 substances. SKAN increased stake in AT to 80%. First projects where SKAN offers total solution with own isolator and process equipment from group companies or external partner companies. 	<ul style="list-style-type: none"> Product lifecycle support is growing and supported by SKAN Academy and the decentralization of competencies to SKAN hubs. Increasing the stake in AT to 90% by 2026 at the latest will further strengthen consumables business. Building for pre-approved services in interior construction; equipment with systems to start before end of year. 	<ul style="list-style-type: none"> Virtual customer support is available globally. Digital connectivity of SKAN equipment has been standardized and will be rolled out on all equipment. One button release, conceptual stage completed and implementation on going.
<p>Process Solutions Services</p>	<p>Integrated Process Solutions Consumables</p>	<p>Services & Consumables</p>	<p>All</p>

Business units

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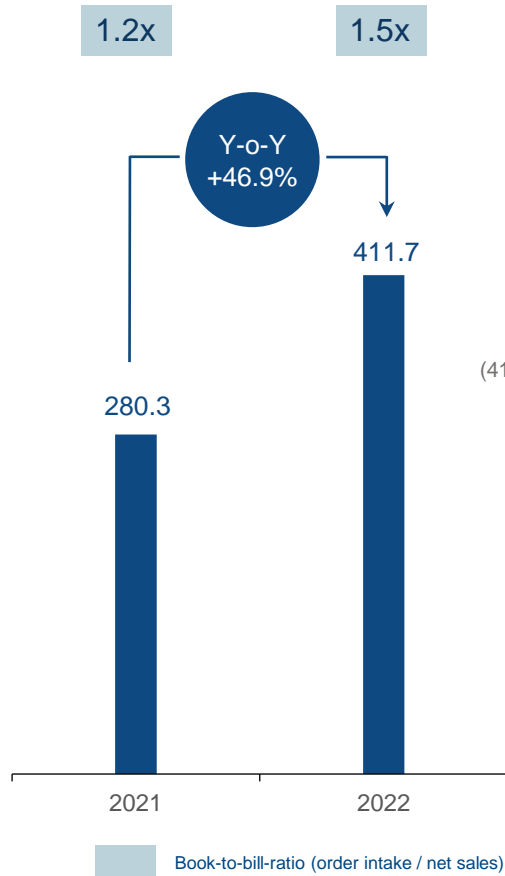
Burim Maraj (CFO)

Thomas Huber (CEO)

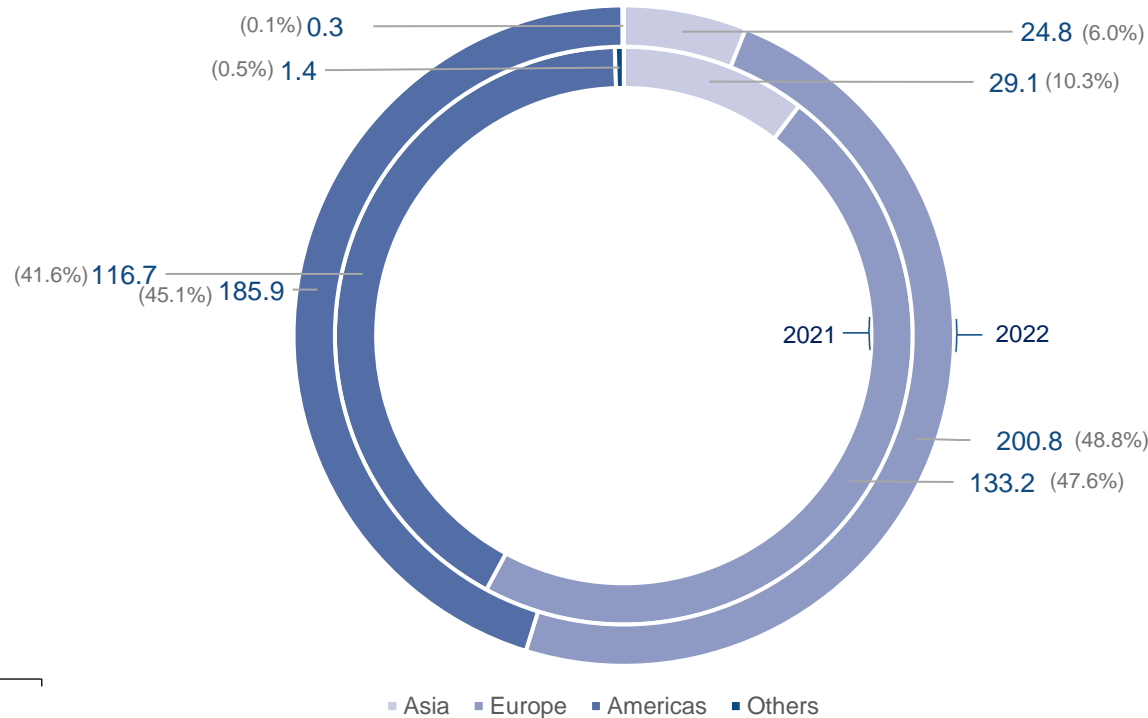
Thomas Huber (CEO)

Sustained order intake momentum

Order intake (CHFm)



Order intake by regions (CHFm and as of % of total order intake)



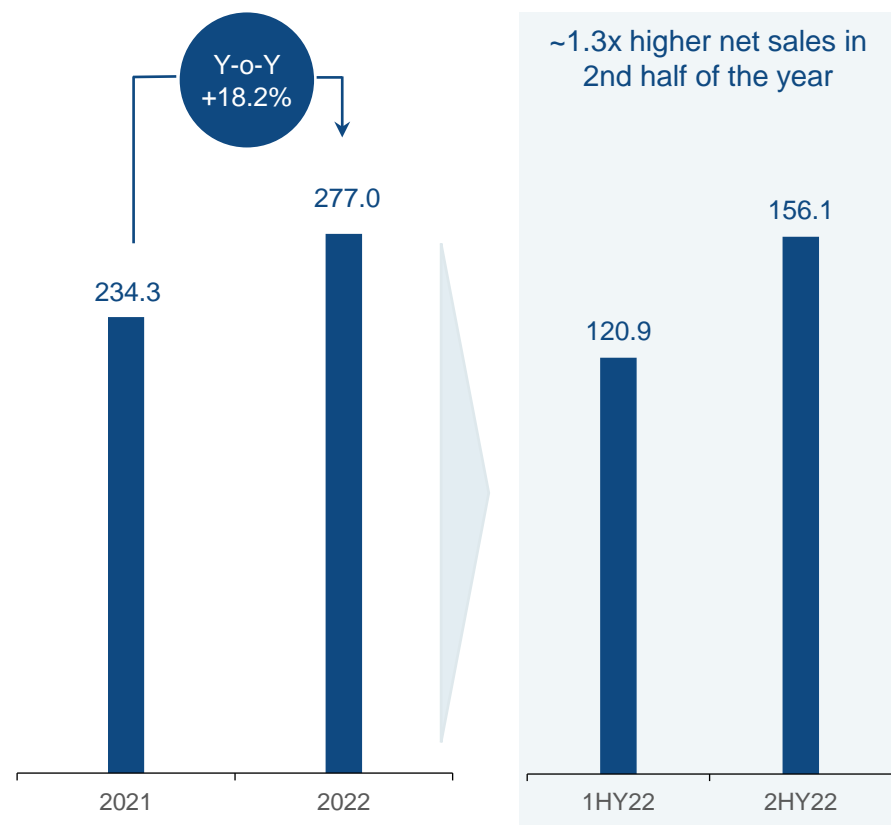
Comments

- Order intake grew by **+46.9% y-o-y to a new record**
- Sustained order intake momentum with solid book-to-bill ratio, reflecting strong market momentum
- Mainly driven by high-speed systems with e-beam technology
- Another driver is the catch-up effect in small-volume systems as customers refocus on medications that were put on hold during the Covid phase
- Also the Life Cycle Support and Aseptic Technologies contributed to the growth
- Europe (48.8%) and Americas (45.1%) remain the main markets. The fluctuation in Asia is primarily due to single larger orders from customers.
- SKAN was once again able to maintain a high closing rate of offers throughout the year

Above market growth and high top-line visibility

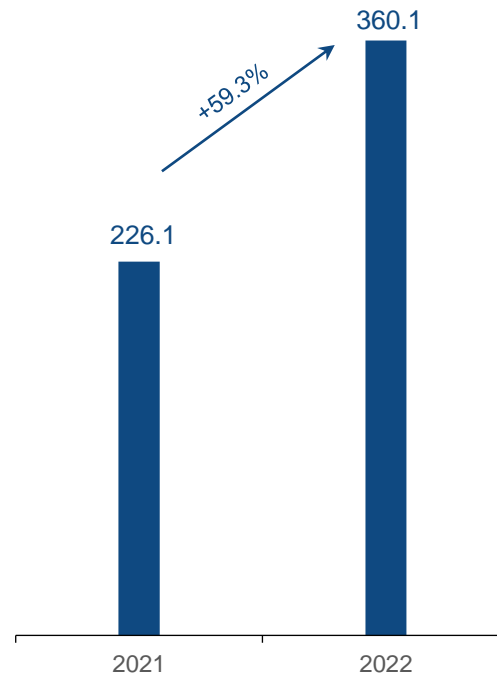
Net sales

(CHFm)



Order backlog

(CHFm)



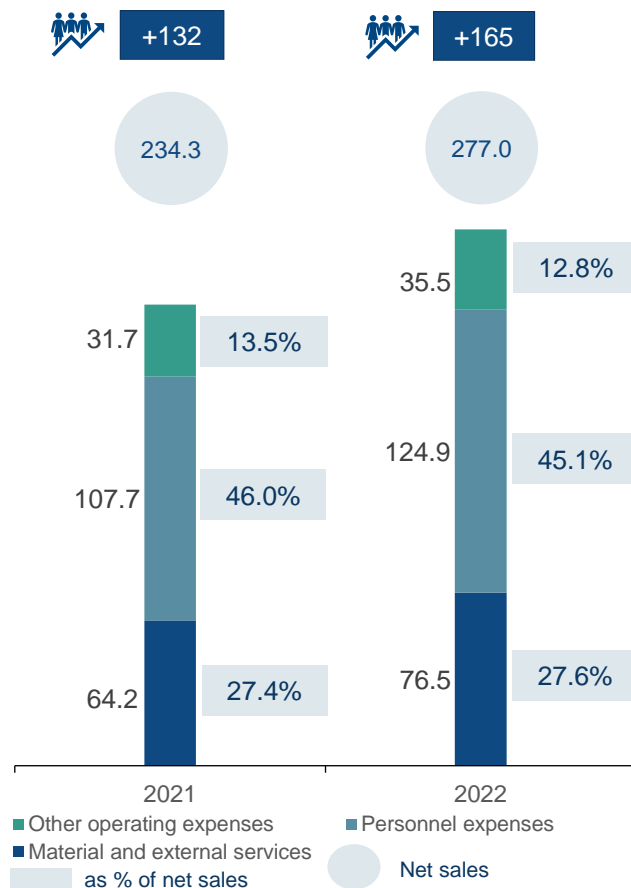
Comments

- Net sales grew by **+18.2% y-o-y** on the upper end of our guidance
- Adjusted at constant exchange rate (CER), growth amounted to around 19%
- All business units contributed to the strong growth
- Net sales generation mainly driven by the planned value-intensive production phase of the project business in the 2nd half of the year (1.3x more net sales)
- Completion of >80 customer projects
- Life Cycle Support and the service business of our Laboratory equipment also with significant contribution to sales growth due to the steady increasing installed base
- Record **order backlog of CHF 360.1m** underpins visibility for future net sales

Outstanding performance and profitability in 2nd HY

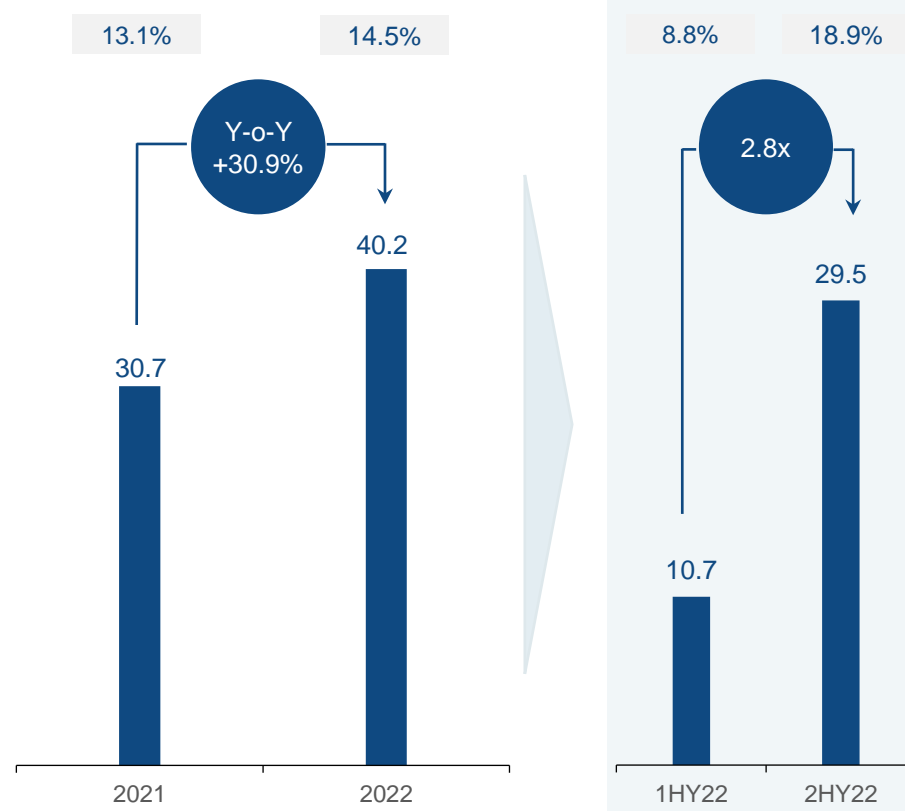
Expenses

(CHFm and in % of net sales)



EBITDA

(CHFm and margin in %)



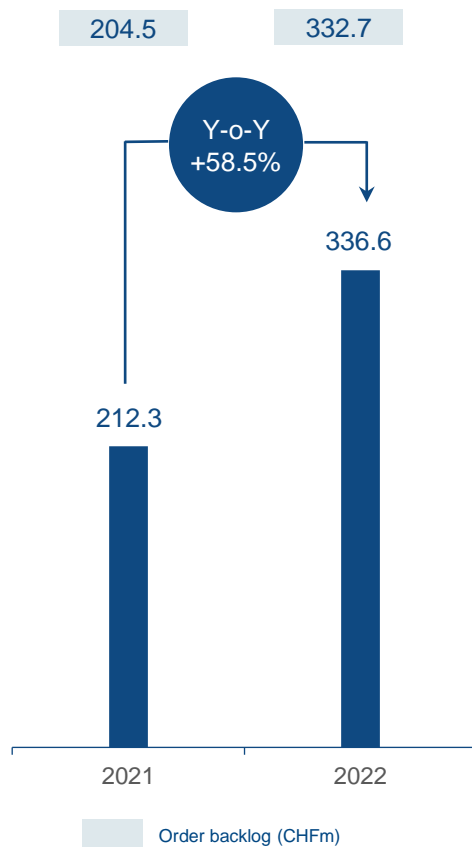
Comments

- EBITDA margin of 14.5% at the upper end of guidance
- In addition, we invested around 7% in development and expensed directly
- Margin generation mainly driven by the planned value-intensive production phase of the project business in the 2nd half of the year (2.8x more EBITDA)
- Material intensity with 27.6% slightly higher y-o-y mainly due to cost inflation
- Improved productivity compensated higher personnel costs driven by wage inflation and significant increase in headcount. **Personnel intensity at 45.1%, 0.9pp lower than previous year**
- Other operating expenses increased to CHF 35.5m driven by more travel activities, rental cost (full year in new HQ), repair and maintenance expenses. **Declining ratio to 12.8% relative to net sales demonstrate the operating leverage**

Segment Equipment & Solutions (E&S)

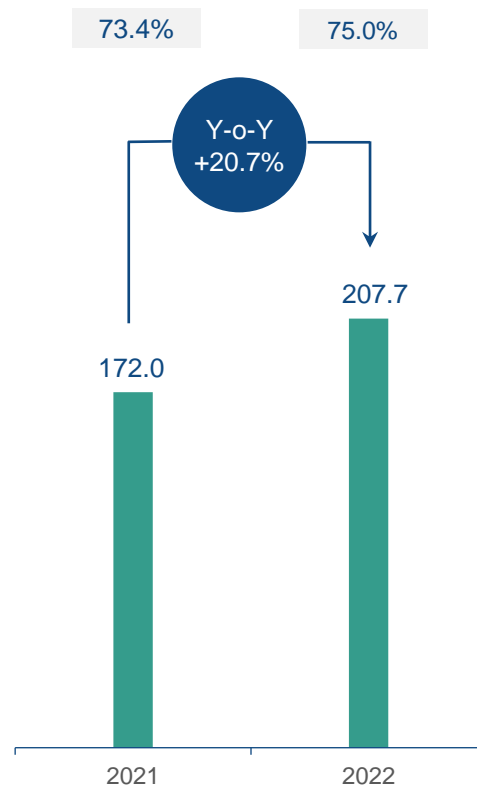
Order intake

(CHFm)



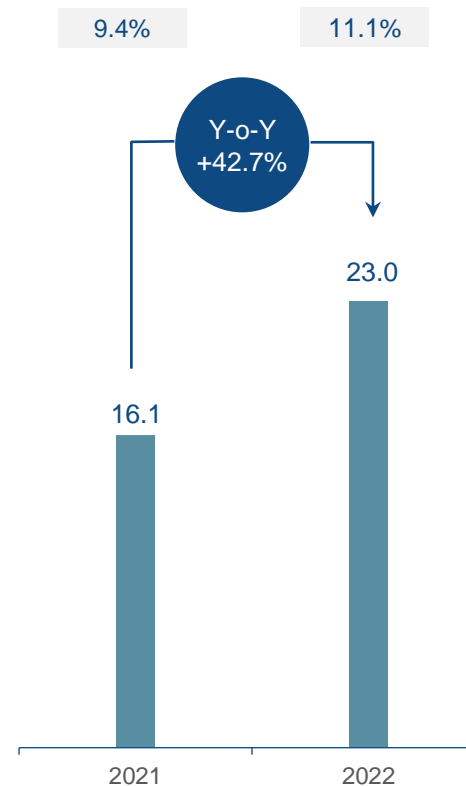
Net sales

(CHFm and as of % of total net sales)



EBITDA

(CHFm and margin in %)



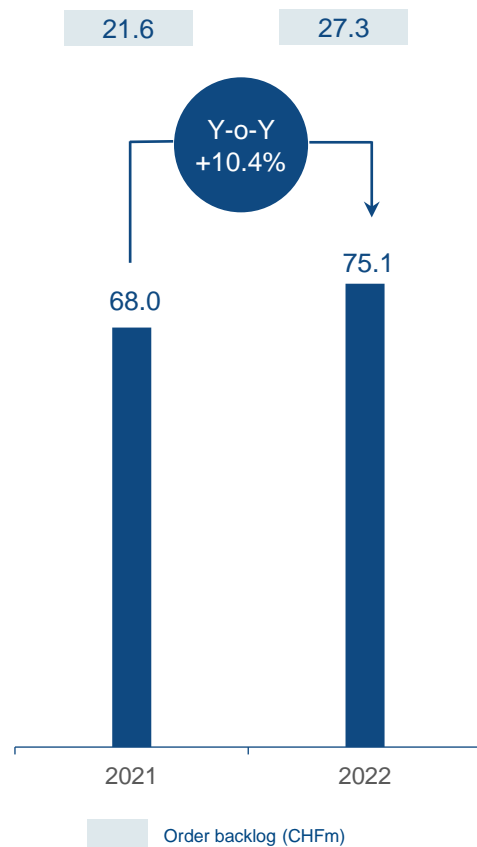
Comments

- Order intake growth in E&S primarily driven by both, high-speed and small volume systems (each +57.6% y-o-y)
- Net sales and margin generation mainly driven by the planned value-intensive production phase of the project business in the 2nd half of the year
- Despite the high headcount increase, the EBITDA margin improved to 11.1% also due to higher productivity
- Total >80 completed customer projects, which secure recurring revenues in S&C segment going forward
- AT's equipment business also performed very well, which will drive the recurring consumables business

Segment Services & Consumables (S&C)

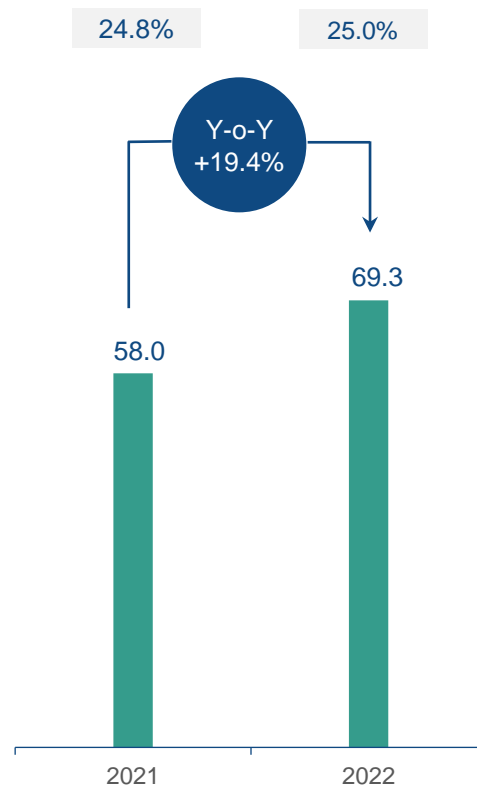
Order intake

(CHFm)



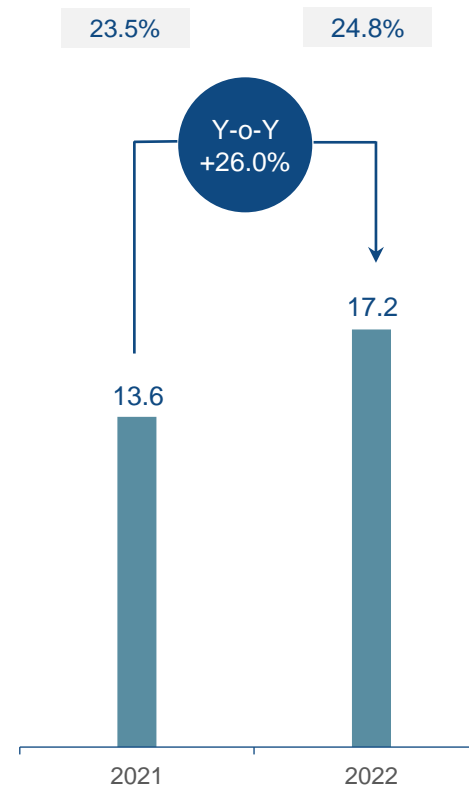
Net sales

(CHFm and as of % of total net sales)



EBITDA

(CHFm and margin in %)



Comments

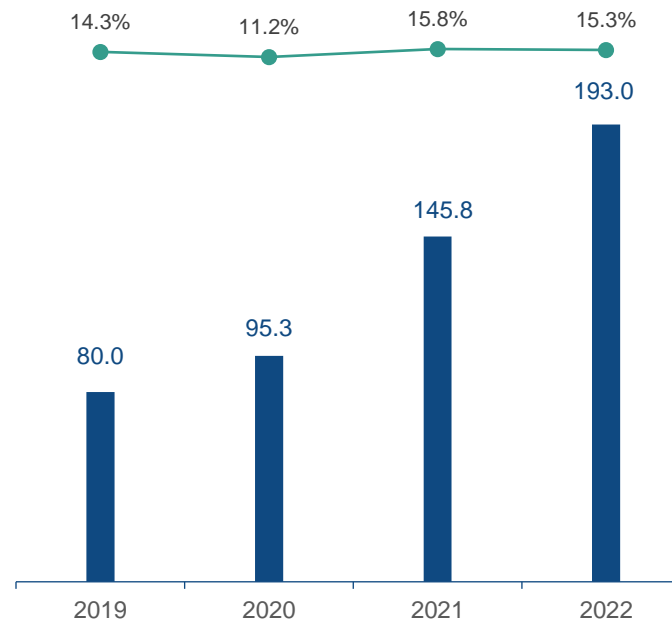
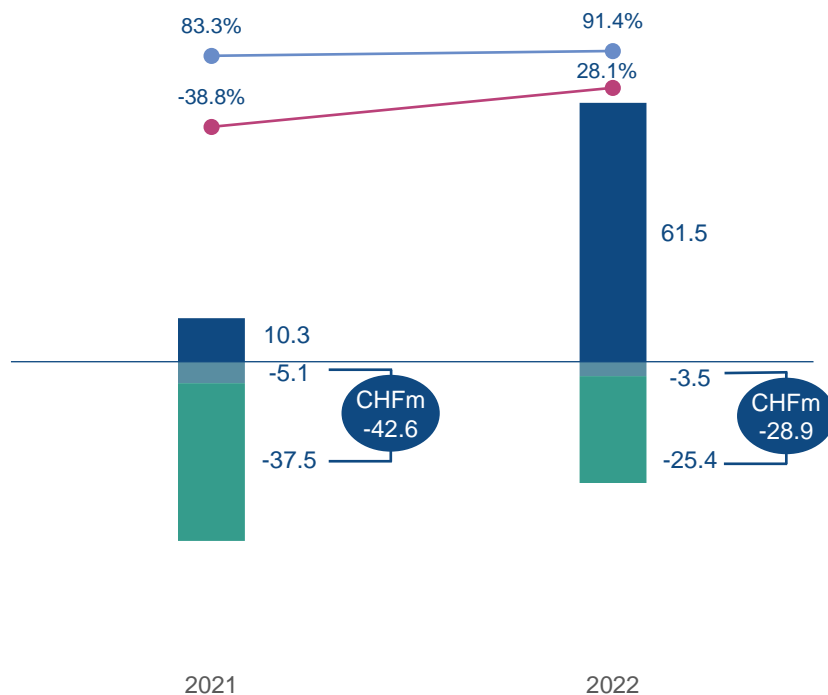
- Order intake grew at a slightly slower rate, partly due to delayed commissioning of the systems at customers. Consequently, the spare parts business is also lagging behind
- Net sales increased primarily due to completion of retrofit business, maintenance contracts and delivery of SKAN bioindicators (SKAN BI's)
- The service business for laboratory equipment contributed very well due to the increased installed base
- Customer pipeline for closed vials business has grown >30% from 300 to c. 400
- Despite the high headcount increase, the EBITDA margin improved to 24.8% due to profitable retrofit business and product mix of spare parts and other consumables

Strong operating cash generation and attractive ROCE despite significant growth capex

Cash flow and conversion rate ⁽¹⁾
(CHFm and cash conversion in %)

Return on capital employed ⁽²⁾
(CHFm and in %)

Comments



- High operating cash flow compared to 2021 mainly impacted by the significant increase in advance payments from customers driven by the high order intake
- Increased inventory by CHF 13.5m in order to continue to mitigate the dependence on global supply chain issues as much as possible.
- Total investments of 28.9m
 - CHF 18.8m for increasing production capacity in Stein and Görlitz.
 - CHF 4.7m increasing capacity for closed vials
- Attractive capital efficiency illustrated by ROCE of 15.3%
- Maintenance capex with 1.3% of net sales reflects the relatively low asset intensity and maintenance requirements of SKAN's business model

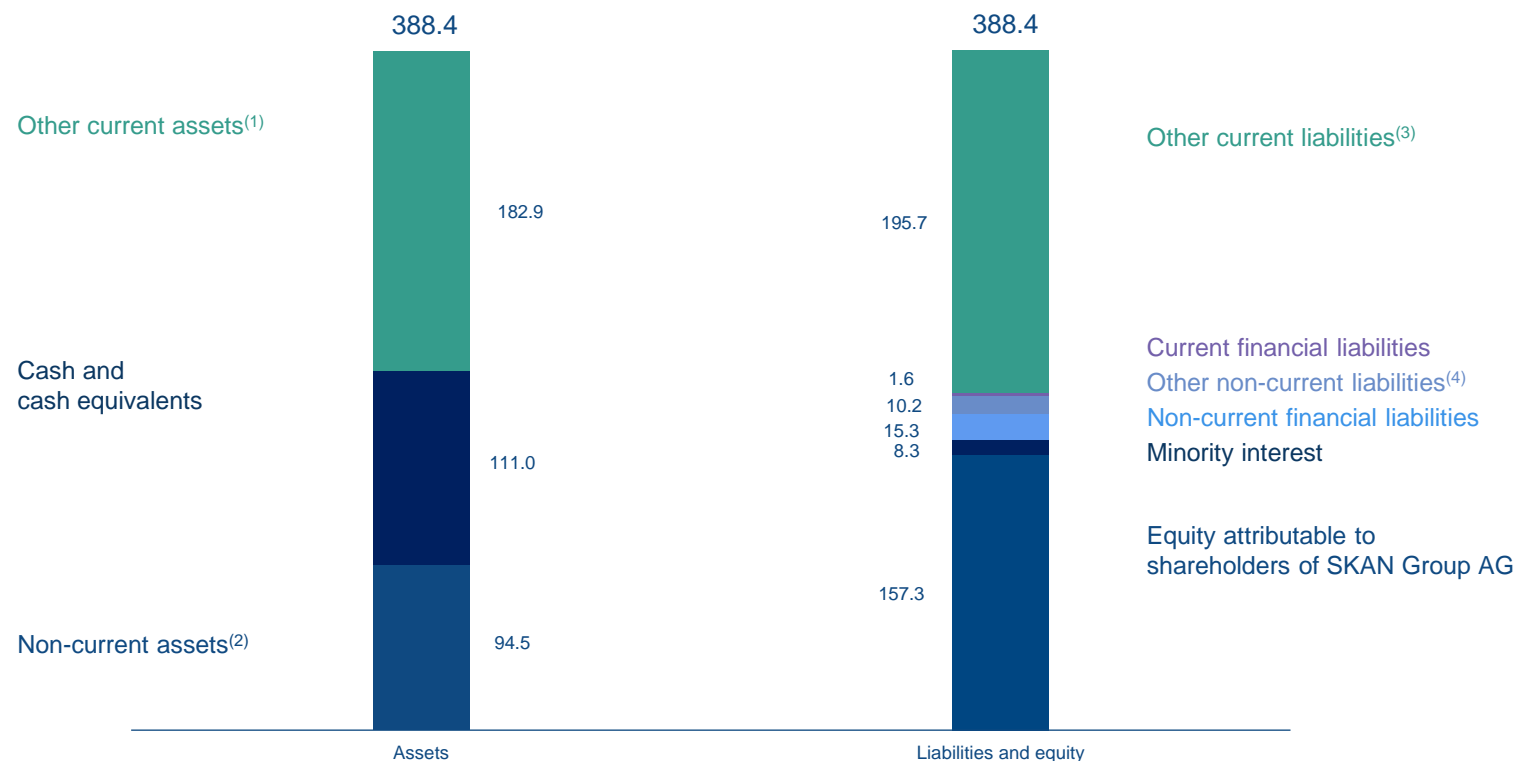
■ Growth capex
■ Operating cash flow
■ Cash conversion (maintenance capex only)
■ Maintenance capex
● Cash conversion (total capex)

■ Average capital employed ● ROCE

Continued strong balance sheet & finance structure

Balance sheet as of 31 Dec 2022

(CHFm)



Comments

- High liquidity and only limited financial debt lead to a **net cash position of CHF 94.1** as of 31. Dec 2022. Cash position is needed to finance our strategic investments and keep the flexibility for M&A opportunities
- Non-current financial debt comprises loans and borrowings with banks (CHF 15.1m) as well as lease liabilities (CHF 0.2m)
- The equity of CHF 165.6m represents a solid equity ratio of 42.6% as of 31.12.2022.
- Minority interest of CHF 8.3m primarily attributable to share capital of Aseptic Technologies S.A. not owned by SKAN (20%)

Note: Rounding differences may occur.

(1) Includes fixed term deposit, trade receivables, other current receivables, inventories, work in progress and prepayments & accrued income.

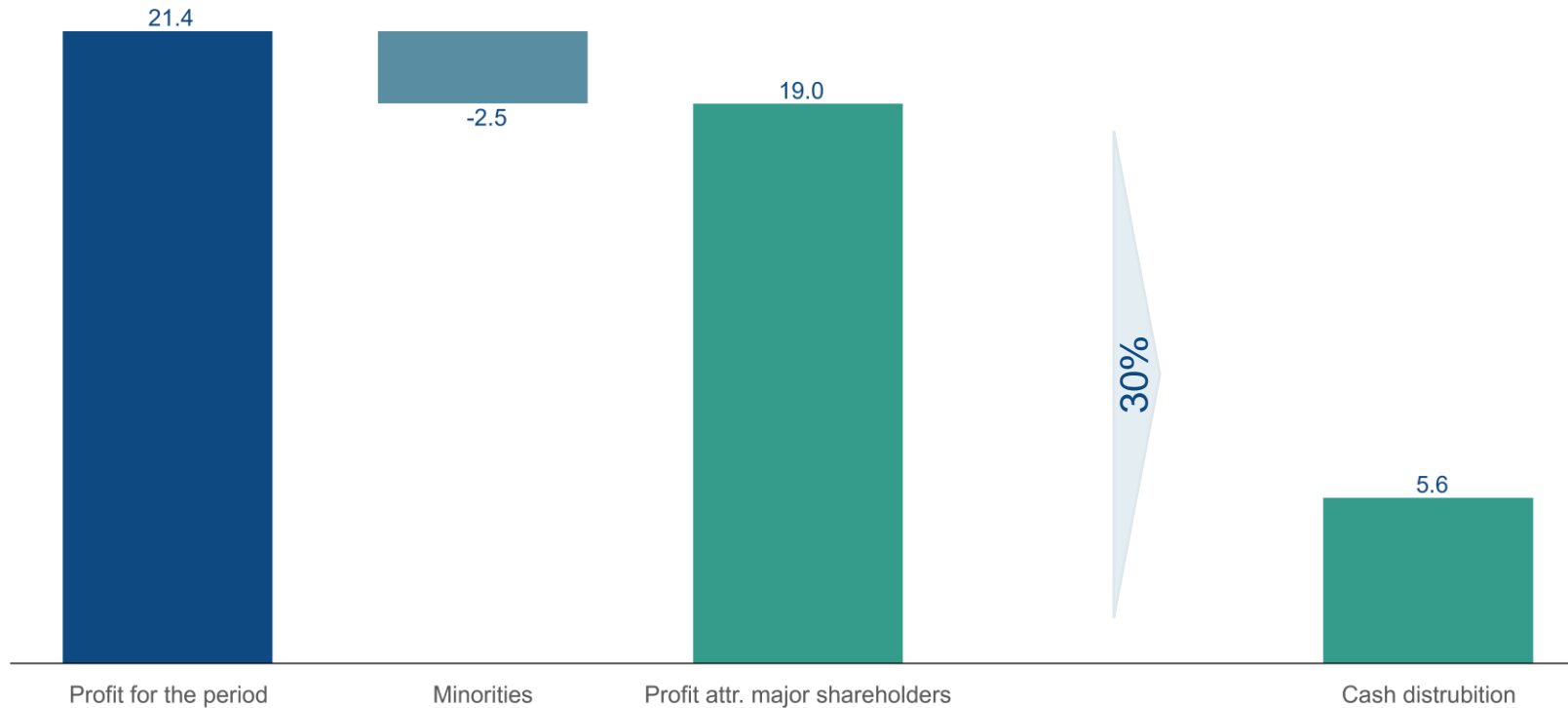
(2) Includes property, plant and equipment, financial assets and intangible assets and deferred tax assets.

(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.

Dividend proposal for the AGM 2023

Profit for the period and cash distribution (CHFm)



Comments

- **Proposed dividend of CHF 0.25/share** (2021: 0.24/share)
 - 50% from capital contribution reserves ("KER")
 - 50% from retained earnings
- Distribution of CHF 5.6m
- Payout ratio of 30% of 2022 profit attributable to shareholders of SKAN Group AG which is in line with our dividend policy

2022 — At a glance

skan

- 1 **Consistent above-market growth**
- 2 **Top-line visibility** supported by **record order intake** and **order backlog**
- 3 **EBITDA margin within guidance** despite headwinds in the supply chain and significant ramp up of resources **for future growth**
- 4 **Dynamic E&S** business ensuring **continuous growth** of **recurring high-margin S&C** revenues
- 5 **Stable return** on capital attributes despite significant **growth investments**
- 6 **Strong balance sheet** & financing structure providing full flexibility for **future growth**

+46.9% SKAN order intake Growth (y-o-y)	>4.0x higher than the global isolator market ⁽¹⁾ (based on y-o-y order intake growth)
1.5x book-to-bill ratio (based on order intake 2022)	CHF 360.1m order backlog as of 31 Dec 2022
14.5% EBITDA margin (2022)	
+58.5% order intake growth in E&S	24.8% EBITDA margin in S&C
15.3% return on capital employed	28.9m Total investments
42.6% Equity ratio	94.1m Net cash position

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Commitment to Sustainability according to our credo “prevention rather than compensation”

Environmental



SKAN Technology:

- Isolators use 10-20x less energy than traditional cleanrooms⁽¹⁾
- Reduced waste due to less need for cleanroom protective equipment



SKAN Strategy:

- Group-wide decentralization strategy to reduce (air) travel
- No-plastic initiative
- Electrification of service fleet
- Solar panels on new construction with latest building standards – we produce our own electricity in Allschwil, Stein and Germany

Social



SKAN Technology:

- Isolators safely facilitate the development and manufacture of new and life-saving medication
- SKAN’s high-quality solutions are required for cancer drugs, cell & gene therapy, hormones, medical drugs, vaccines etc.



SKAN Strategy:

- Employee development and trainings
- Low employee turnover
- Inclusive hiring
- Equal pay policy

SKAN Sustainability Report 2022

UN SDG⁽²⁾



GRI indicators⁽³⁾

- ▶ R&D spend
- ▶ Customer health and safety
- ▶ Incidents of non-compliance with laws and regulations
- ▶ New employee hires and employee turnover
- ▶ Training and education
- ▶ Diversity of governance bodies & employees (gender, age, minority, vulnerable groups)
- ▶ Gross direct (scope 1) GHG emissions
- ▶ Indirect (Scope 2) GHG emissions

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

Top 10 medicines 2005



Lipitor
Pfizer



Zoloft
Pfizer



Nexium
Astra Zeneca



Plavix
Sanofi



Prevacid
Takeda



Efaxor
Pfizer



Zocor
Pfizer



Singulair
MSD



Adavair
GSK



Norvasc
MSD

Top 10 medicines 2020



Eylea
Regeneron, Bayer



Keytruda
Merck & Co.



Revlimid
Bristol Myers Squibb



Eliquis
Bristol Myers Squibb,
Pfizer



Imbruvica
AbbVie, Johnson & Johnson



Humira
AbbVie



Stelara
Johnson & Johnson



Opdivo
Bristol Myers Squibb



Biktarvy
Gilead Sciences



Xarelto
Bayer, Johnson & Johnson

Market and business outlook

General market development

- > Market growth expected to remain high in the coming years. Fundamental growth of the (bio)pharmaceutical industry, trend towards injectable drugs, reshoring and shift to superior isolator technology as main drivers.
- > Demand for equipment, services and consumables from SKAN will also continue.
- > SKAN sees its strategy confirmed and is consistently implementing it in order to further increase market share versus competitors.

Business development

- > Start into the current year has been encouraging, and the record order backlog and full project pipeline should ensure a good course of business in 2023.
- > 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.
- > SKAN is confident to achieve its growth targets in the current year.

Guidance

Metric

2023 Targets ⁽¹⁾

Mid-Term Outlook

Group net sales growth

Segment net sales growth⁽²⁾

Mid- to upper teens

 **E&S**  **S&C**

Mid- to upper teens

 **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.

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**Together always
one step ahead!**

SKan

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 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.