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SKAN Group Investor Presentation

September 2022

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Key challenge for (bio-)pharmaceutical products

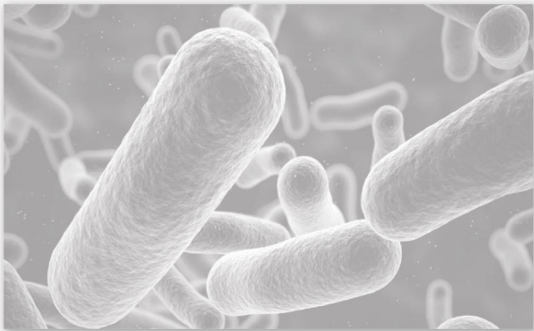
Key challenge:

Medical safety

Medication safety is key and (cross-) contamination unacceptable

Key contamination sources:

- **Air particles**
- **Input:** Raw materials, containers, closures
- **Personnel**



Products:

Injectables

- **Cancer drugs** (ADC, Cytotoxics)
- **Cell & gene therapy** (Advanced Therapy Medicinal Products (ATMPs))
- **Hormones:** Insulin
- **Medical drugs** (Thrombosis, EPO, blood plasma products, botox, etc.)
- **Vaccines:** Flu, COVID-19, etc.

Increased infection risk as their application bypasses many of the human body's natural defenses

In particular true for:

High-value biopharma drugs

- **Risk of significant economic losses** if high-value biopharma drugs get contaminated
- **Risk of cross-contamination increases** with small batch size of fast-growing personalized medicine



Isolators – Mission critical for (bio-)pharmaceutical processes

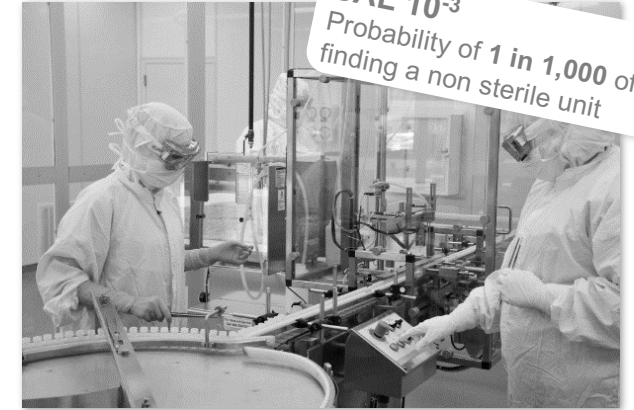
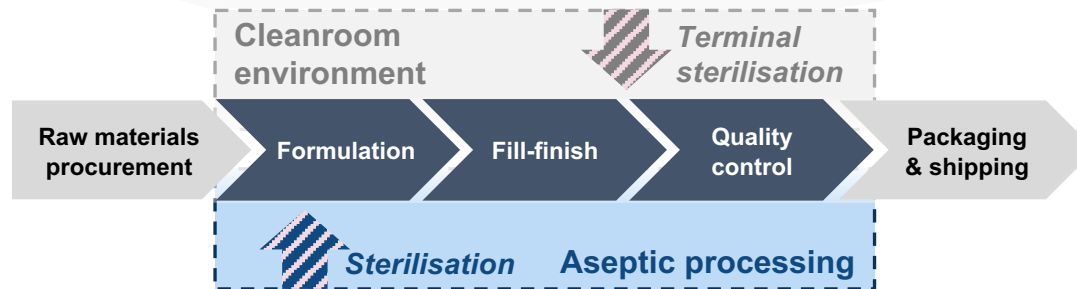
Solution: Medication sterility

Traditional pharma

Pharma products mainly chemical based

Cleanroom

- + Filling / closing in cleanroom with terminal sterilization
- Inappropriate for complex biopharmaceuticals



Biopharma of today and tomorrow

New products mainly biotech-based (sensitive to heat and pressure)

Isolators

- + Filling/closing under aseptic conditions eliminating effectively all contamination risk
- + Reduced cleanroom footprint and running costs and environmental-friendly
- + Complex process results in high market entry barriers

skan



SKAN's investment highlights

1 Market leader globally for high-end aseptic process solutions catering the global biopharma industry

2 Technology & innovation leadership with first-to-market solutions and reference point for aseptic manufacturing guidelines

3 Strategically positioned in a highly dynamic & rapidly growing niche market driven by strong underlying end market growth

4 Significant barriers to entry due to regulatory requirements know-how and mission criticality of aseptic processes



5 Trusted, long-term partner to a large, diversified customer base including almost all major blue-chip (bio-)pharma companies

6 Experienced & entrepreneurial management with proven track record of organic growth

7 Excellent financial profile with demonstrated profitable above-market growth and solid revenue visibility

8 Clear strategy with multiple avenues for growth and expansion of addressable market

1 | Global market leader for aseptic process solutions

Who is SKAN ?

- **A global market leader** in high-end, mission-critical isolator solutions for aseptic and aseptic-toxic production processes across (bio-)pharma
- **Pioneer in the isolator technology** with 50+ years of experience in cleanroom equipment
- **Trusted, long-term partner** to almost all major blue-chip (bio-)pharma companies
- **Diversified customer base** with more than 1,000 total active customers
- **Global footprint** across Europe, North America and Asia

SKAN aseptic process offering

Equipment & Solutions (76%)

- Customized and standard isolator solutions
- Automated aseptic filling stations, e.g. for cell & gene therapy
- Process solution from design & engineering to process qualification



Services & Consumables (24%)

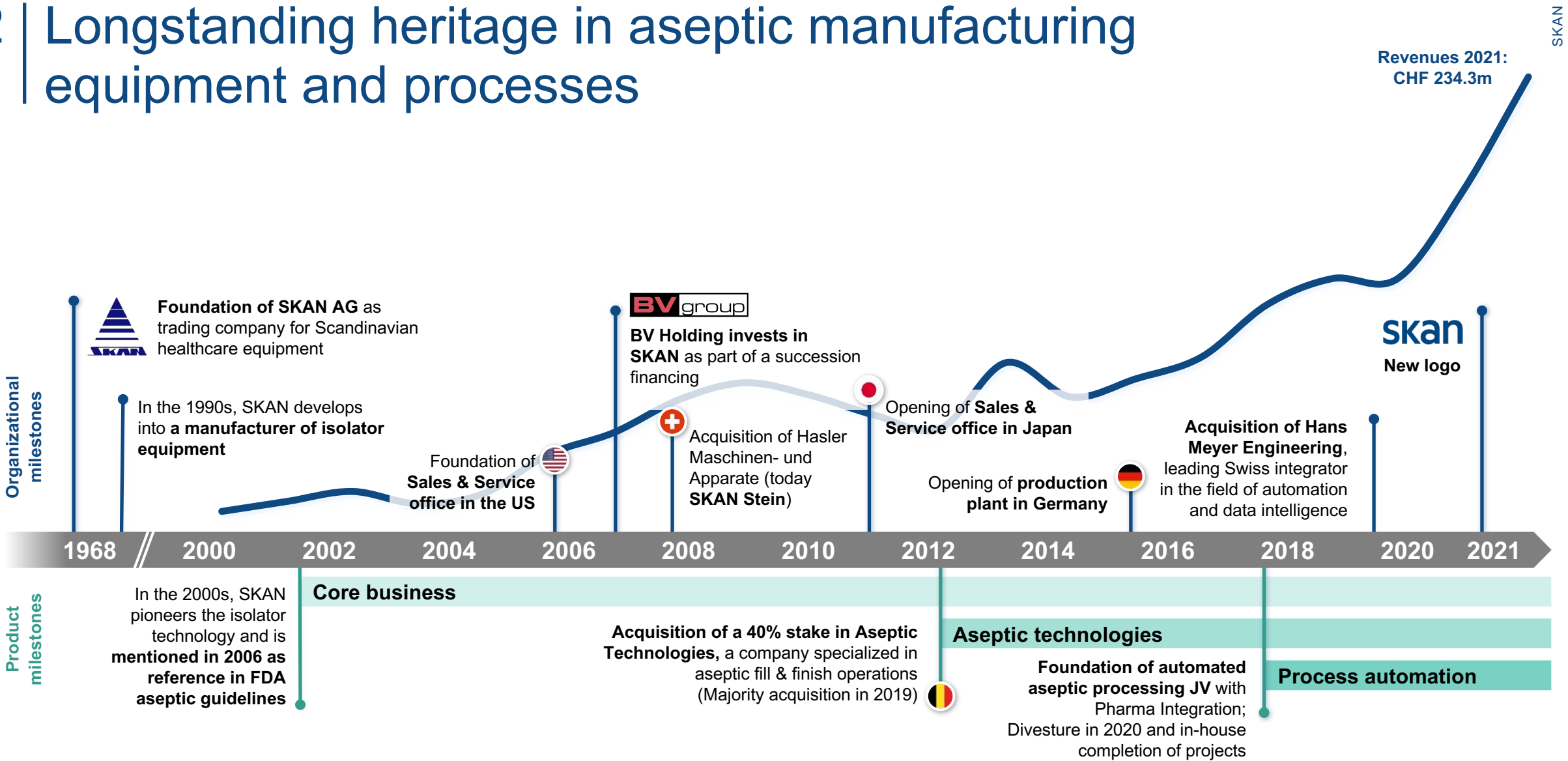
- Lifecycle management services
- Consumables: transfer connectors, closed vials, etc.

SKAN key figures

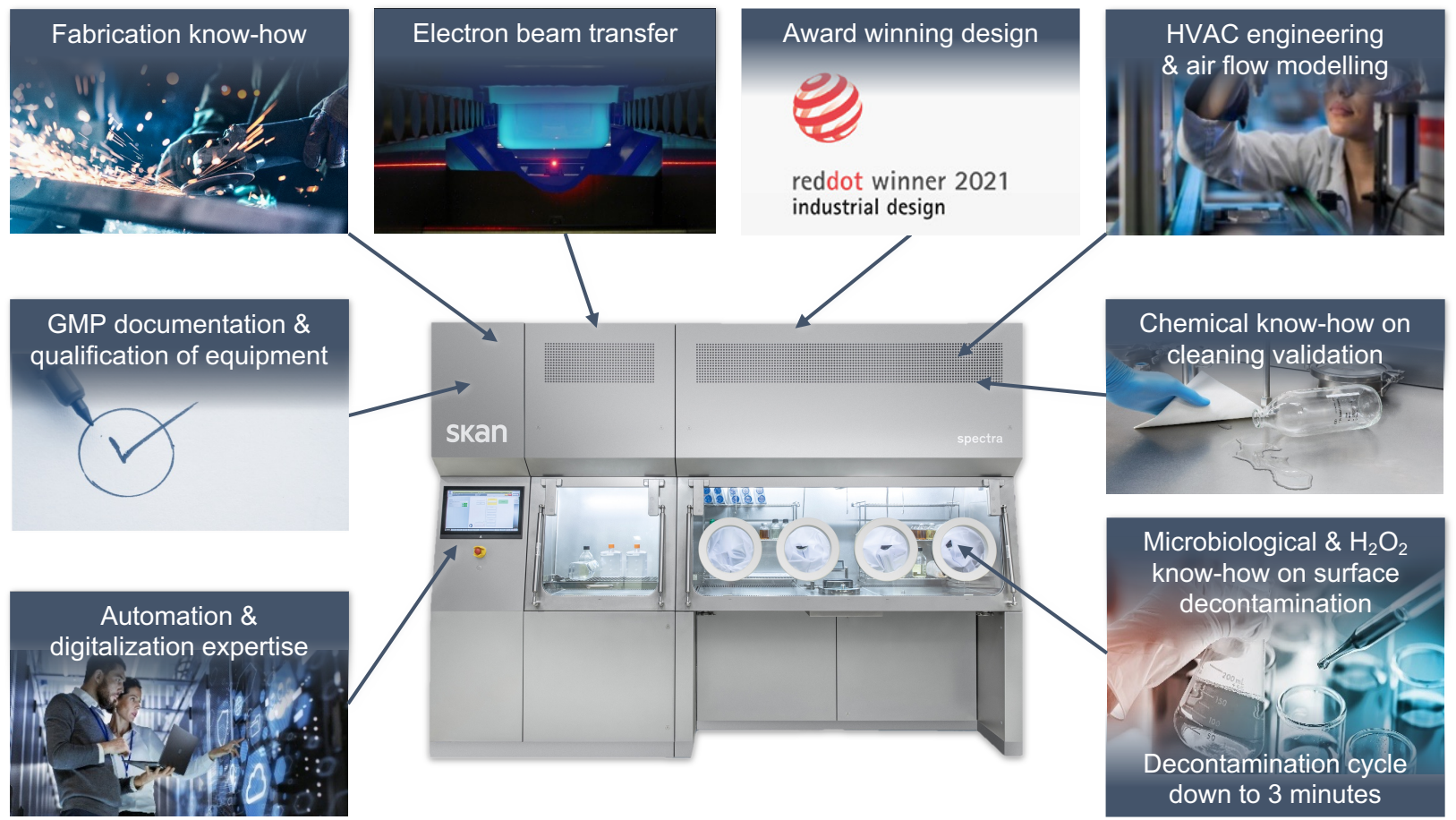


(1) L.E.K. market study. Depending on the definition of SKAN addressable market, SKAN has a 20-25% share within the high-value market and a 30-35% share within the premium high-value market. In above chart, the lower end of the ranges are shown.

2 | Longstanding heritage in aseptic manufacturing equipment and processes



2 | Technology & innovation leadership

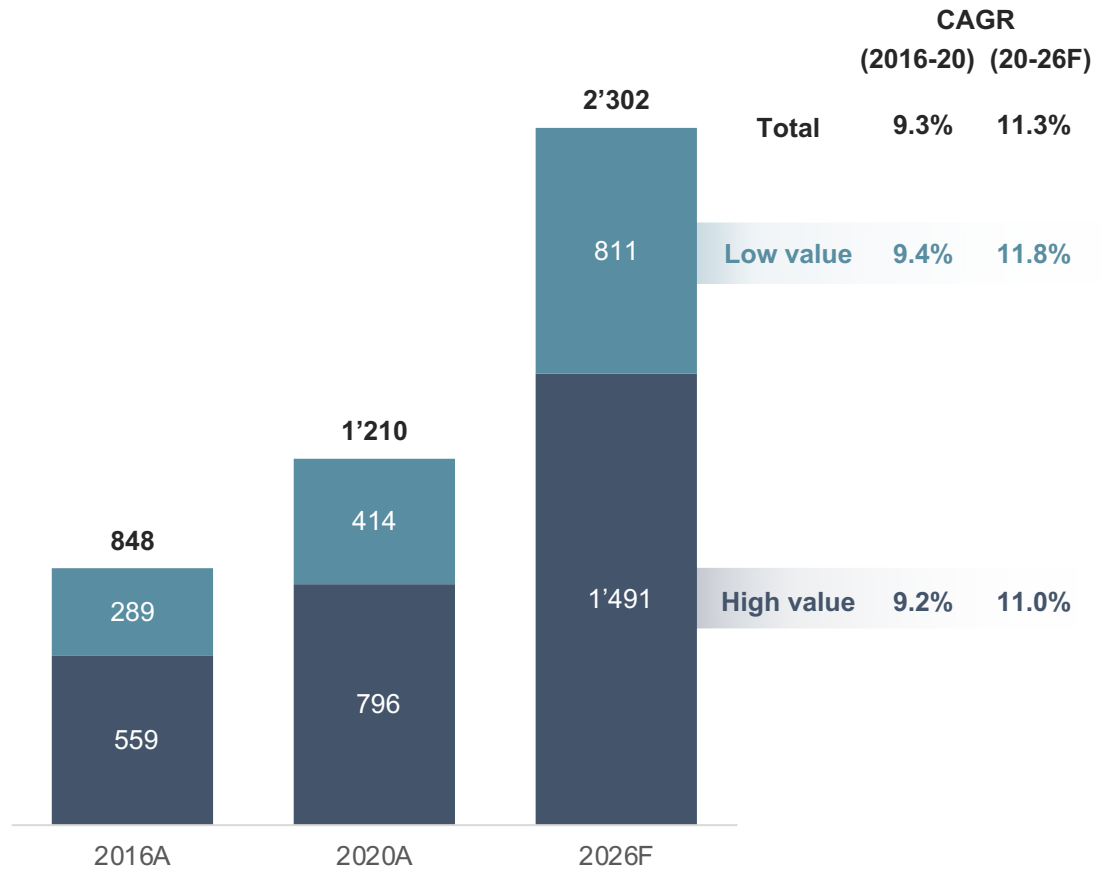


- **Technology leadership & foresight allows SKAN to be the market defining player**
- **Continuous active contribution to new guidelines & regulations** through industry standards setting organisations (ISPE, PDA, ISO)
- **Pure-play business model** enables an undiluted focus of resources to drive technology and innovation
- **More than 1,000 employees globally, of which more than 450 have an academic background, such as scientists and engineers** to ensure seamless innovation and production


3 | Highly dynamic niche market with strong end market growth

Strong growth of aseptic manufacturing⁽¹⁾

Isolator market by value (EURm)




Key growth drivers



Underlying biopharma industry growth:

- Global pharmaceutical industry: +4.5% p.a. (CAGR 2021-2026F)⁽²⁾
- Cell & gene therapy market: +58% p.a. (CAGR 2020-2024F)⁽²⁾
- Highly potent APIs market: +8.9% p.a. (CAGR 2020-2024F)⁽²⁾



Shift towards injectable therapies

Peptide products by administration route⁽³⁾:

23% Approved / Marketed

12% Injection

65%

9% Pipeline


16%

75%

Legend: Injection (Dark Blue), Oral (Teal), Other (Green)


Expected injectable market value growth: +8.5% p.a. (CAGR 2020-2025F)⁽²⁾

Growth in no. of injectable molecules in development: +17.8% p.a. (CAGR 2014-2020)⁽²⁾



Shift towards personalized medicine requiring aseptic manufacturing

- Growing demand for injection administration
- Growing demand for smaller batch sizes (e.g. expected orphan drug sales growth +10.8% CAGR 2020-2024F)⁽²⁾
- Increased risk of cross-contamination addressed by isolators



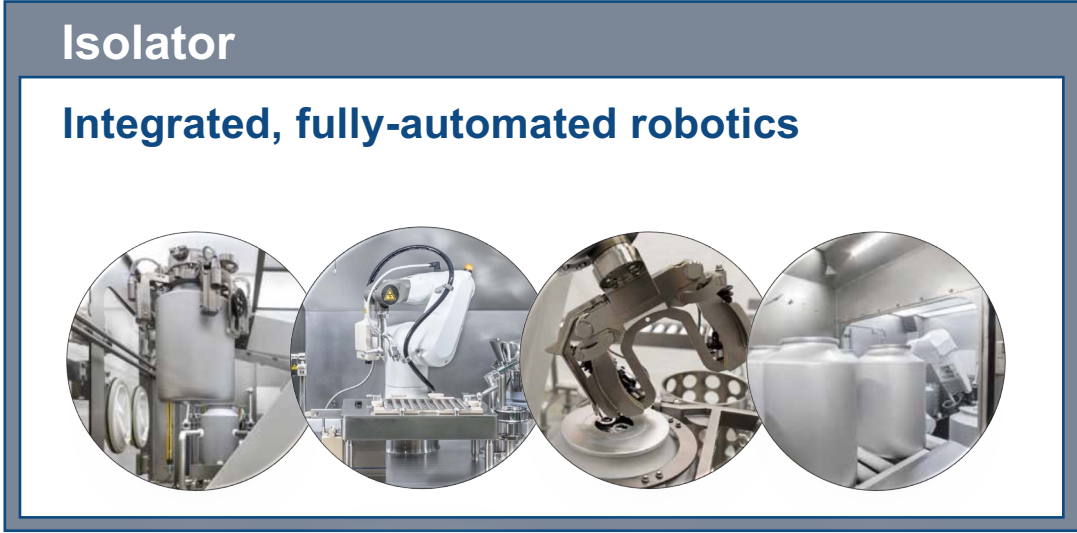
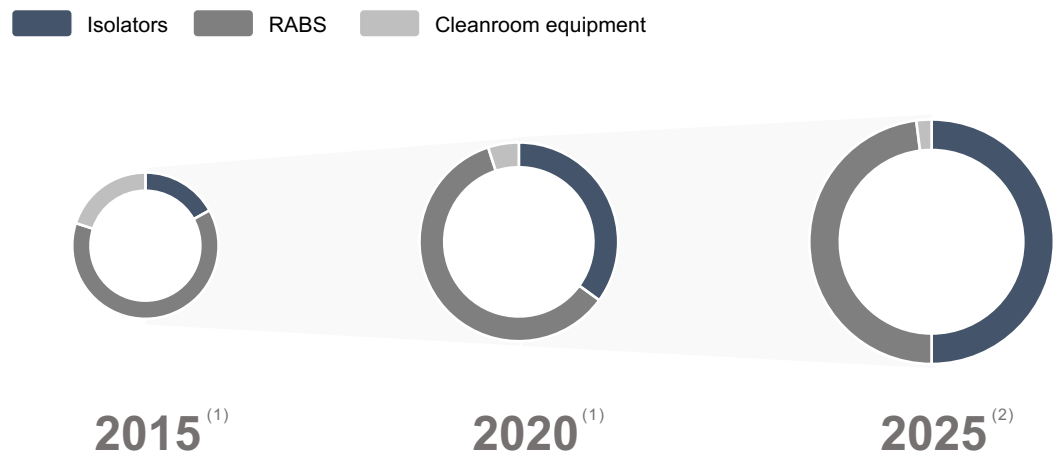
Continuing trend of pharma outsourcing

- Increased outsourcing via CMOs is driving the demand for isolation equipment
- Global CMO market: +6.3% p.a. (CAGR 2020-2025F)⁽²⁾

(1) L.E.K. market study.
 (2) L.E.K. market study based on third-party data.
 (3) A.N. Ganesh et al, *Medicine in Drug Discovery* 9 (2021) 100079.

3 | Constantly expanding addressable market

Aseptic manufacturing market by technology



Shift from cleanroom towards isolator solutions...

... and further to integrated aseptic manufacturing

Key trends

- Regulatory environment**
- Personalized medicine**

Competitive advantages of isolators vs. cleanroom

- Separation of production process from environment
- Automated, reproducible, documented bio-decontamination
- Isolator modularity / flexibility
- Reduced cleanroom footprint
- Lower running costs (energy, quality, etc.)

Applications

- Filling / closing of vials, bottles, pre-filled syringes, IV-bags, inhalers, cartridges
- Loading / unloading of freeze dryers
- Sterilisation of tubes

⁽¹⁾ 2020 ISPE Barrier Survey, August 2020. Based on filling machine orders.
⁽²⁾ Management estimates.

4 | Protected market leadership in aseptic processing underpinned by high entry barriers and significant switching costs

Market entry barriers

- Technological edge
- Stringent regulatory environment
- Mission criticality of aseptic processes
- Lock-in effect

SKAN's value proposition

- ✓ Mastery of difficult to replicate know-how on highest-performance isolators
- ✓ Process warranty regarding all regulatory (e.g. FDA, EMA, Swissmedic) required qualifications & timeline
- ✓ Swiss brand, engineering & reputation provide trust in isolator safety
- ✓ Large installed base of isolators and leading global services incl. tech transfer & consumables across product lifecycle

Market leadership



5 | Trusted, long-term partner for global (bio-)pharma customers

Selected customers...

... currently producing COVID-19 vaccines

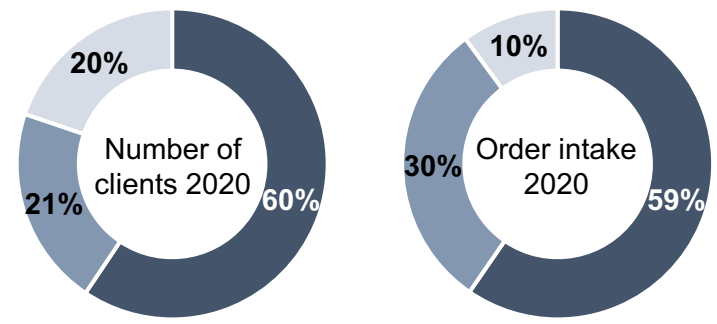
... other blue-chip (bio-)pharma clients



Key statistics

High level of recurring customers

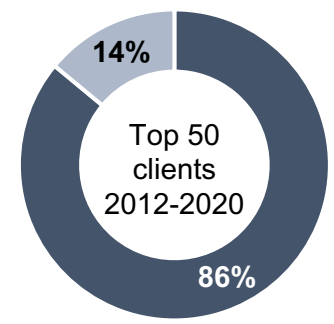
Number of clients & order intake share by type of client⁽¹⁾



- Recurring customers (2018–2020)
- New clients (2019 & 2020)
- Opportunistic clients

Loyal customers

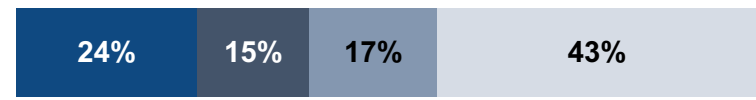
Share of top 50 customers over 2012-2020 contributing to 75% of total order intake over last 9 years⁽¹⁾



- Recurring clients (Continuous new order intake)
- New clients (First order intake)

Limited customer concentration

Total order intake 2018-2020 per customer⁽²⁾



- Top 1-5
- Top 6-10
- Top 11-20
- Rest

Large exposure to biopharma market

Total order intake 2018-2020 per end market⁽²⁾⁽³⁾



- (Bio-)pharma
- CMO
- Cell & Gene

(1) Analysis based on customers of SKAN AG (SKAN AG includes almost all of SKAN's projects while Service & Consumables may be ordered on the local subsidiary level).
 (2) Analysis based on customers of SKAN AG and Aseptic Technologies.
 (3) Analysis based on management estimates and suffers from limited customer disclosure on actual use of SKAN's equipment. (Bio-)pharma includes Pharma and Vaccines. Customers of Aseptic Technologies classified as Cell & Gene (or CMO if a clear distinction can be made).

5 | Comprehensive portfolio for aseptic manufacturing processes

Equipment & Solutions ("E&S")

76% of revenue

Services & Consumables ("S&C")

24% of revenue


Cleanroom Business contrib.

Pure Solutions

Pure Solutions Trading

Trading of Laboratory/cleanroom equipment, mostly in Switzerland

- Horizontal/vertical workbenches
- Fume cupboards
- Particle counters



Consumables

- Personal protective equipment
- Biosanitizer

Services


- Qualification

Customized and modular isolators Business contrib.

Process Solutions


Customized Solutions ("CusSol")

- Customer-specific isolator solutions for aseptic manufacturing and filling
- Process warranty incl. complete GMP compliance




System Solutions ("SysSol")

- Modular isolators equipped flexibly with process tools
- Close collaboration with process tool partners



Consumables

- Biological Indicator
- Electron Beam (bulbs)
- Spares (gloves, filters, etc.)



Services


- Life cycle support
- GMP requalification
- Performance studies

Integrated processes Business contrib.

Integrated Process Solutions


Aseptic Technologies (AT)

- Proprietary, automated closed-vial filling equipment for small/medium-batch cell & gene therapy integrated within isolator




Process Automation

- Global process solution providing automated (robotic) process handling fully integrated within the isolator



Consumables

- Closed vials
- Connectors
- Filling kits



Services

- Rent a machine
- Life cycle support

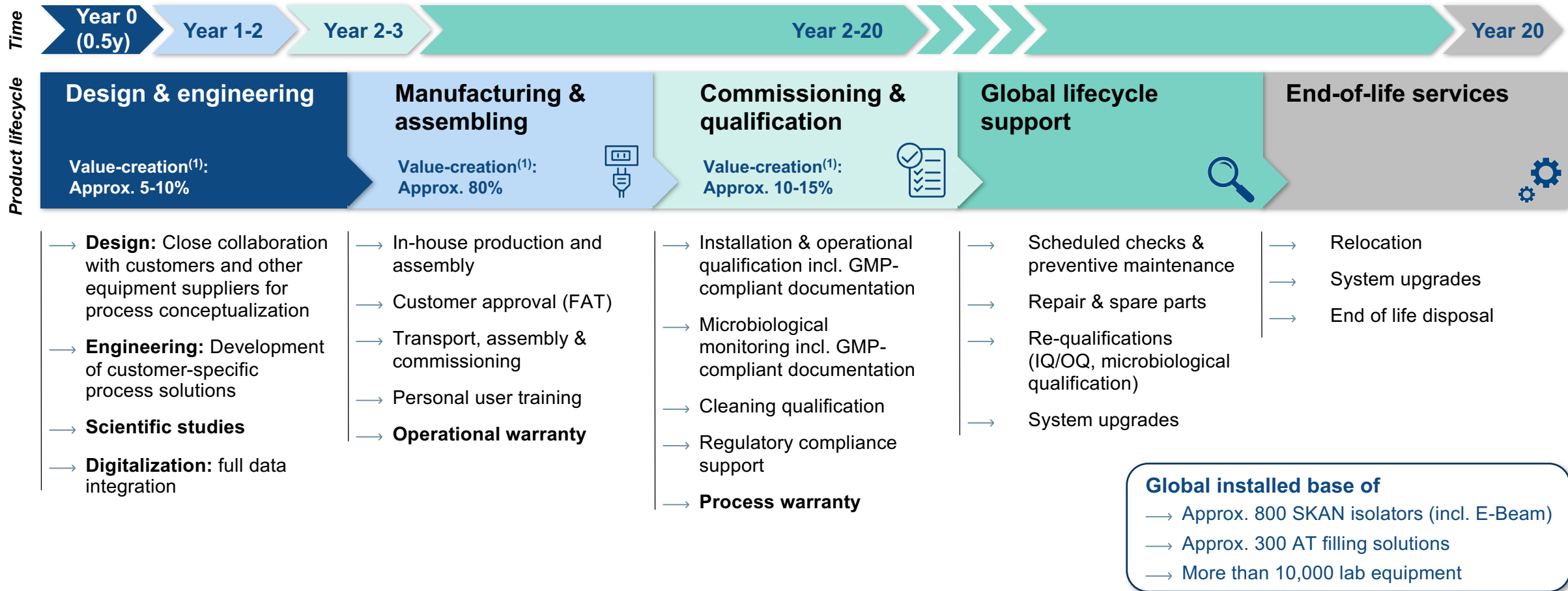
Consumables

- Refer to process consumables

Services

- Refer to process services
- Digital integration into MES⁽¹⁾ and ERP systems

5 | One-stop-shop across the entire lifecycle of SKAN's mission-critical aseptic process solutions



(1) Value creation is an approximation for the value-add provided in each step in a typical project of an isolator process solution for a client and is based on SKAN's Percentage-of-Completion method for invoicing clients throughout the project. The Percentage-of-Completion for milestones vary from project to project and should be considered as indicative approximation only.

5 | Strong and growing global footprint

Allschwil CH

Headquarters / production sites

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



Stein CH

Production site

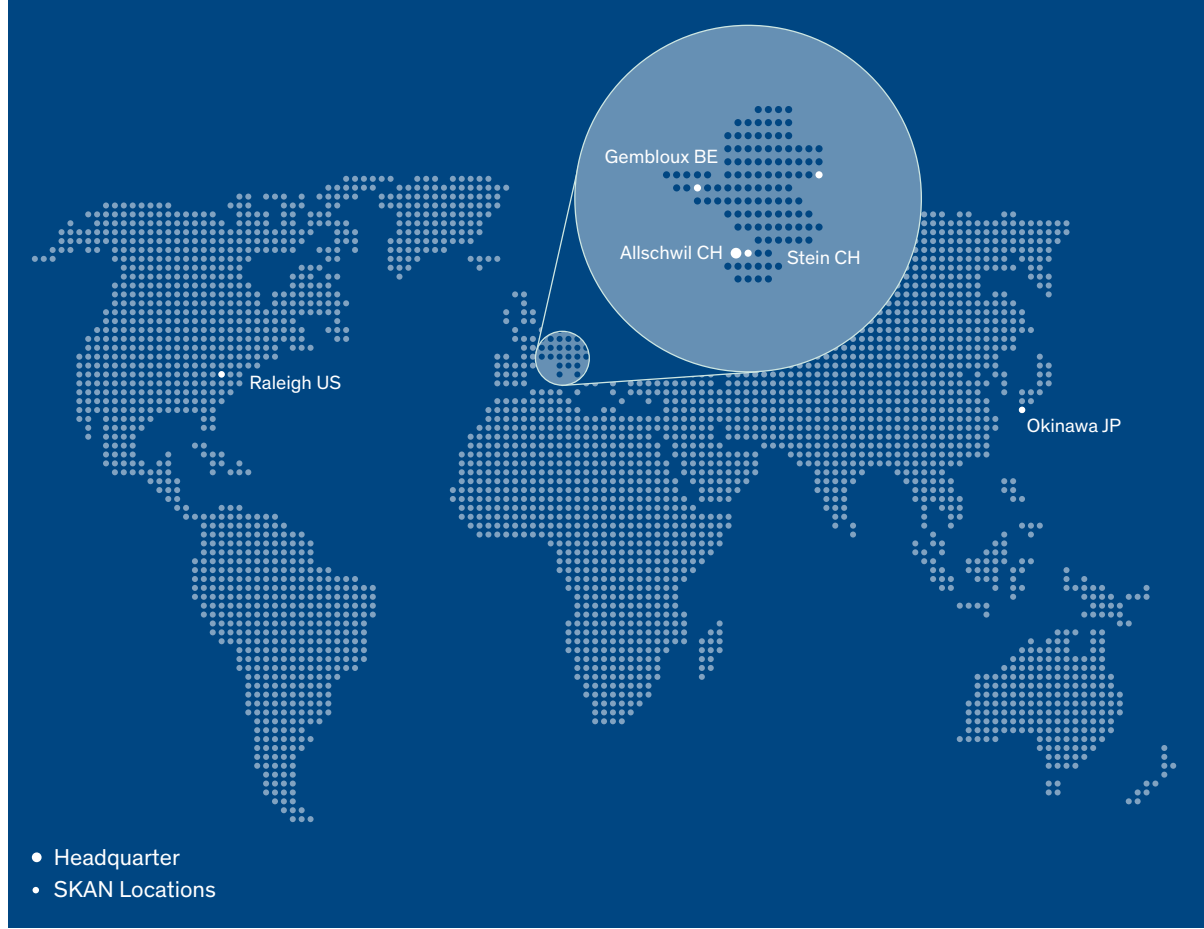
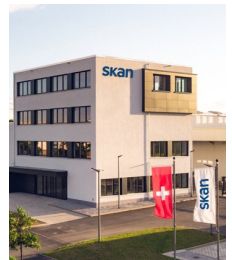
- Prototype construction, steelwork, E-Beam competence
- Approx. 3,320 m²
- 78 employees



Görlitz DE

Production site

- Focus: Steelwork, production, assembly, qualification
- Approx. 8,900 m²
- 227 employees



Gembloux BE

Production site / AT

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



Raleigh US

Sales & services office

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



Okinawa JP

Production site

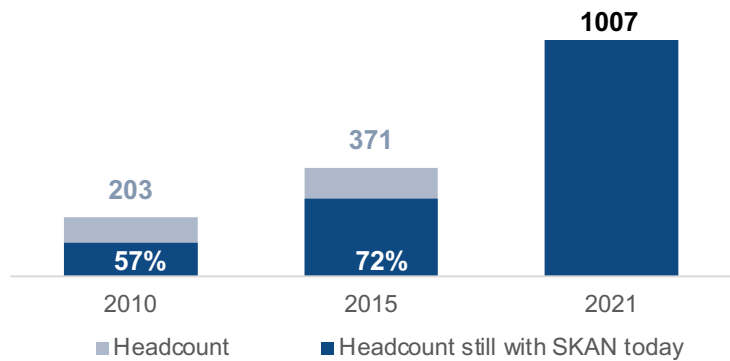
- Sales, assembly, and life cycle support Far East
- Approx. 2,170 m²
- 37 employees



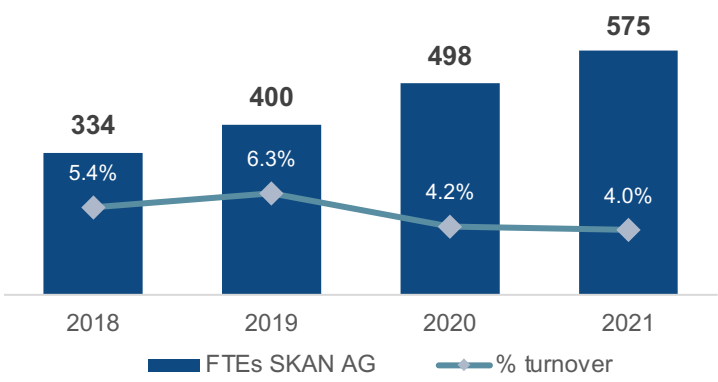
6 | Experienced, entrepreneurial management and highly qualified workforce loyal to the firm

Dedicated workforce

Loyal, increasing workforce⁽¹⁾



Low employee turnover⁽²⁾



Board of Directors

- Dr. Gert Thoenen *Chairman*
- Dr. Beat Lüthi
- Cornelia Gehrig
- Gregor Plattner
- Oliver Baumann
- Patrick Schär
- Thomas Huber

Experienced management team

>70 combined years at SKAN
 approx. 180 combined years in the industry

	Thomas Huber CEO 25+		Burim Maraj CFO 18+		Ralf Krämer CTO 36+
	Philippe Jérôme CMO 20+		Marina Häni CPCO 8+		Dr. Sascha Pawel CIO 11+
	Martin Steegmüller CPO & CDO 19+		Thomas Zinn CCO 17+		Dr. Cornelia Henny-Weiss COO 20+

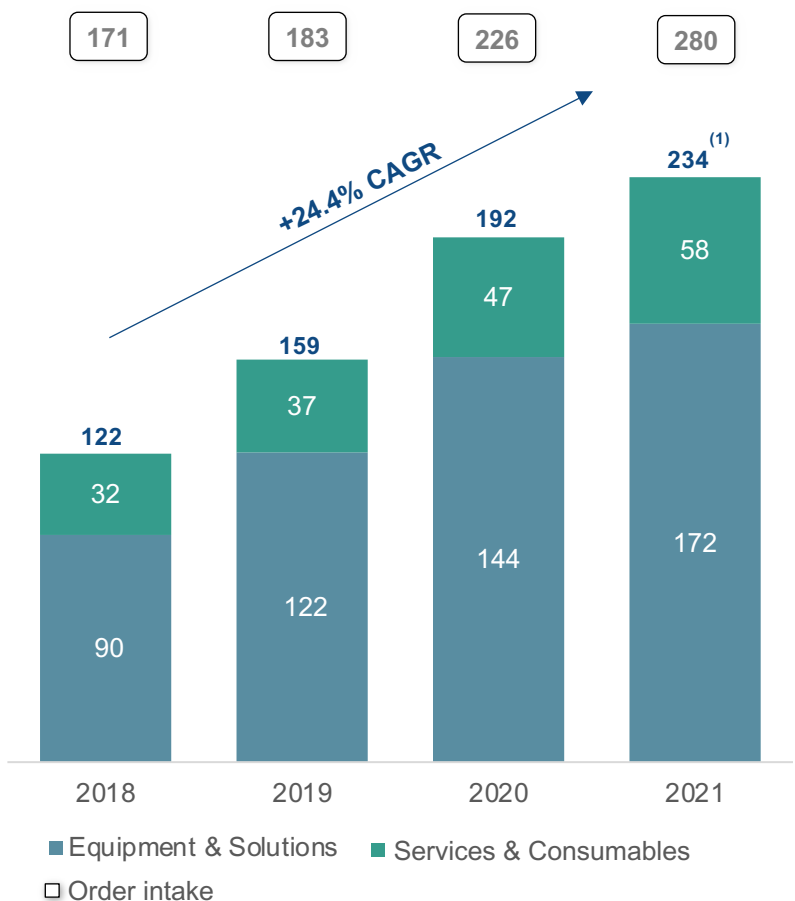
Years of industry experience

(1) All figures as of December of respective year and exclusive of temporary workers.
 (2) Refers to SKAN AG.

7 | Excellent financial profile with above-market growth and high revenue visibility

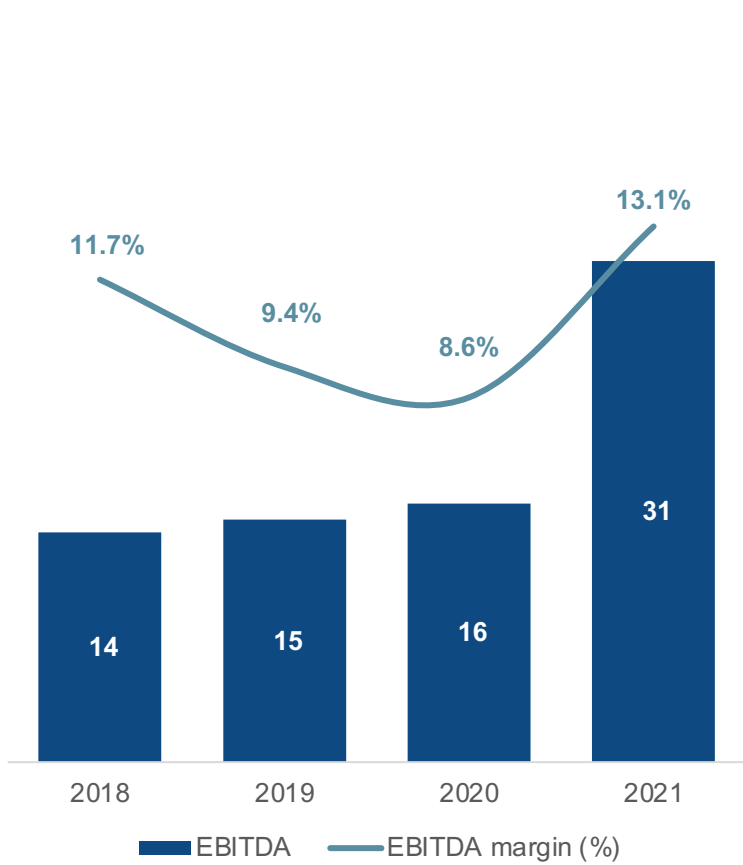
Net sales & order intake

(CHFm)



EBITDA

(CHFm and in % of net sales)



- Consistent, above-market revenue growth** (+24.4% CAGR 2018-2021)
- Strong revenue visibility** based on order backlog of CHF 226.1m as of end of 2021
- Margin expansion** following important development costs and personnel ramp-up in 2019 and 2020
- Stable ROCE⁽²⁾ of 14 to 16%** despite important investments
- Net cash position** as of end 2021 of CHF 116.2m and **strong cash flow generation** to finance future investment needs
- Negative working capital**

(1) Included CHF 4.2m Others
 (2) Defined as reported EBIT / (Total Assets – Short-term Liabilities).

7 | Highlights of HY1/2022

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.

7 | Strong top line results in both business segments

in CHF m	HY 2022	HY 2021	Δ in %
Equipment & Solutions			
Order intake	226.3	121.7	86%
Net sales	90.2	76.5	18%
EBITDA	4.8	7.0	-32%
EBITDA-Margin	5.3%	9.1%	–
Services & Consumables			
Order intake	37.0	35.1	5%
Net sales	30.7	25.6	20%
EBITDA	5.9	6.3	-7%
EBITDA-Margin	19.2%	24.7%	–

Equipment & Solutions

- This segment increased order intake in the first half of 2022 by 86 percent.
- Customers are now focusing on the production of other substances that were previously postponed due to the pandemic.
- Customers invested more in small-volume systems.

Services & Consumables

- The relatively low growth in order intake is attributable to the fact that commissioning at customers was delayed and orders for closed vials are not linear.

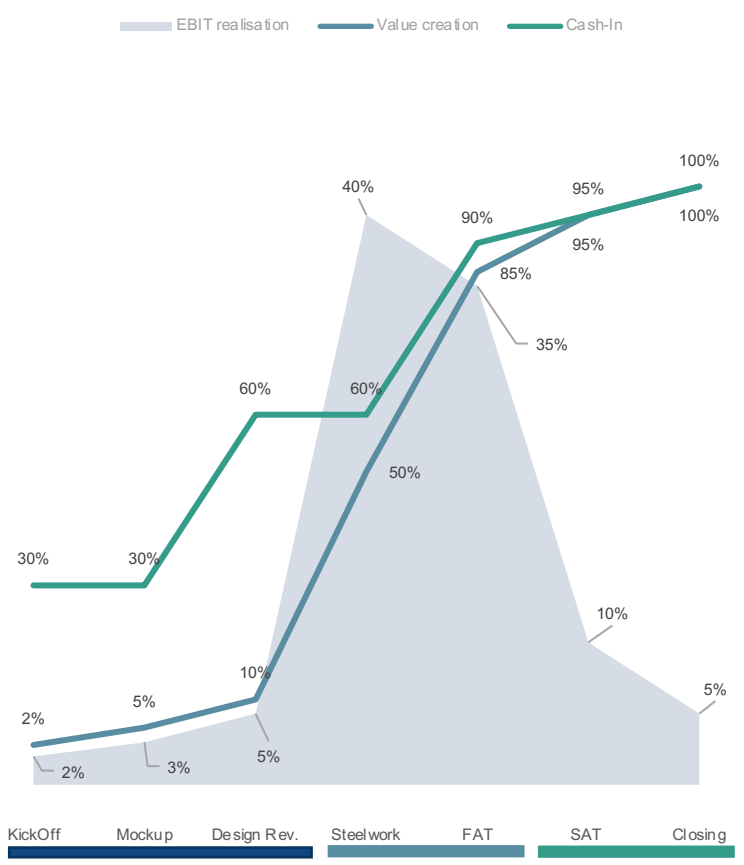
7 | Market and business outlook

- 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.
- No material exposure to Ukraine, Russia or Belarus, and no impact by sanctions or potential loss of markets. Although the global impact on energy cost will also impact the price policy of SKAN.

7 | Strong value creation of project business in HY2/2022

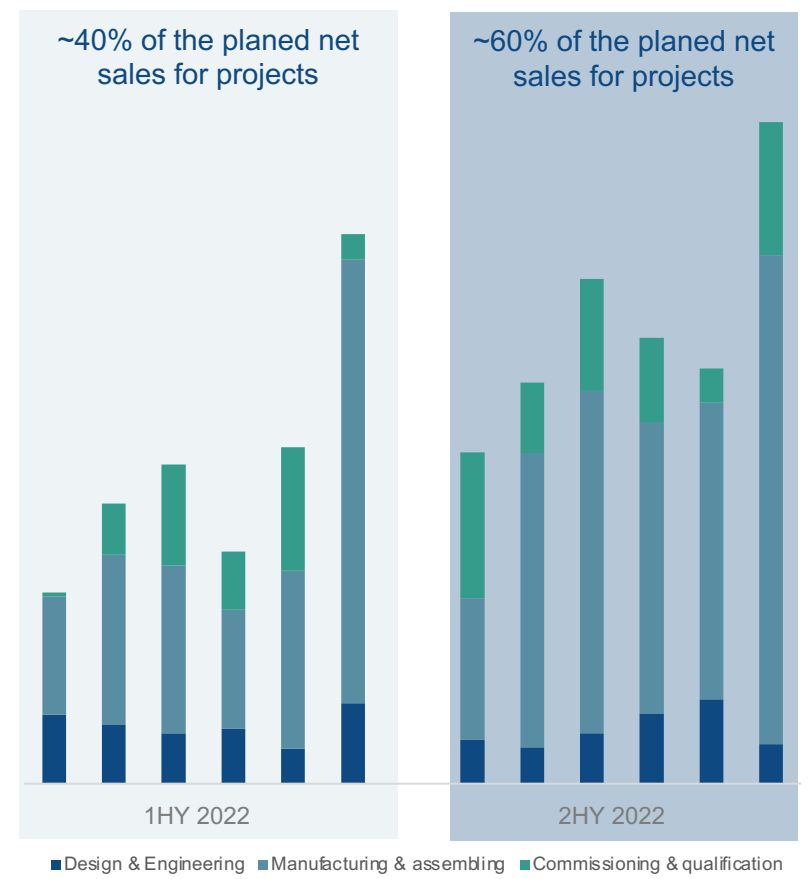
General value creation structure

(in % per project milestone)



Net sales evolution of projects

(in % of the project phase)



Comments

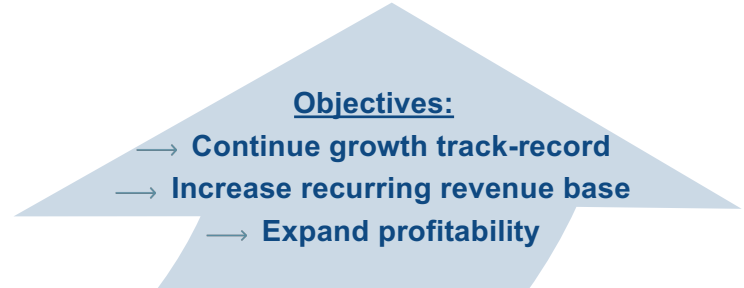
- Net sales growth and profit recognition is strongly linked to project progress based on cost-to cost PoC method
- Large project orders from 2021 were in the engineering phase in HY1 2022 that contributes less net sales & margin, since only engineering hours are booked
- In 2021 the proportion of small-scale 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.

7 | Financial targets and outlook

Metric	2022 Targets ⁽¹⁾	Mid-Term Outlook
Group net revenue growth Segment net revenue growth ⁽²⁾	Mid- to upper teens 	Mid- to upper teens 
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.

8 | Clear growth strategy



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

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

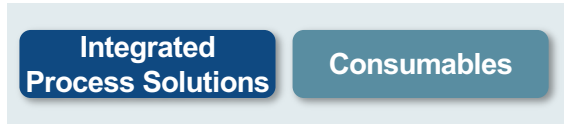
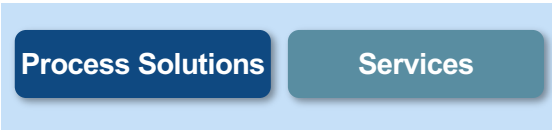
3 Increase exposure to after-market services & consumables revenues

- 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

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

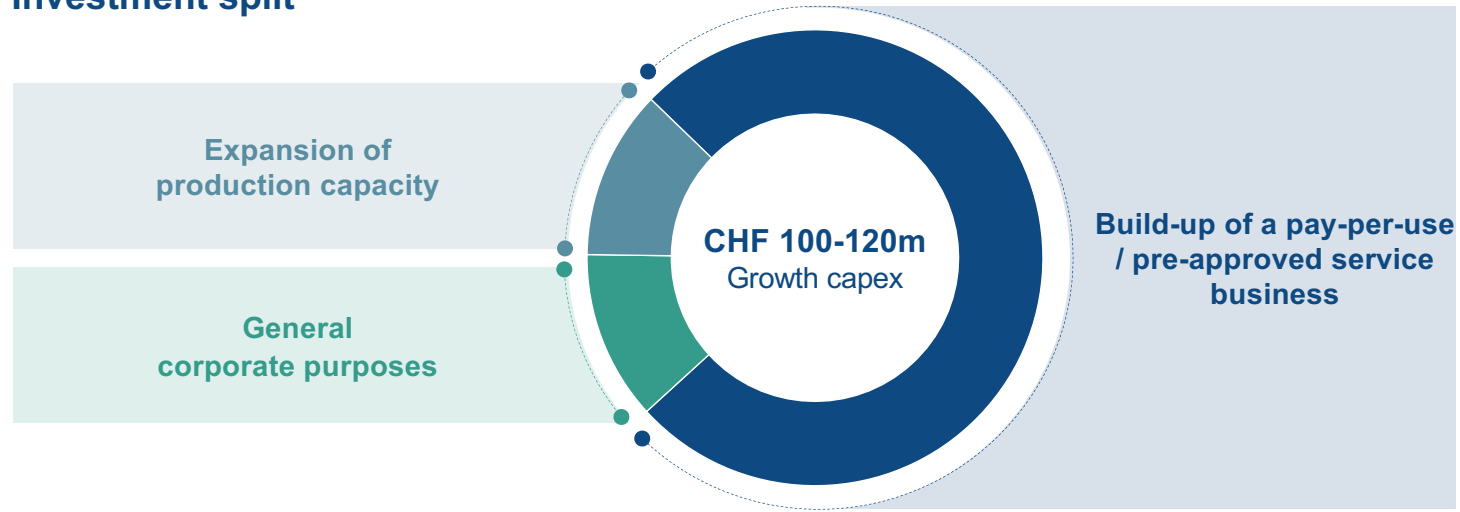
Business units



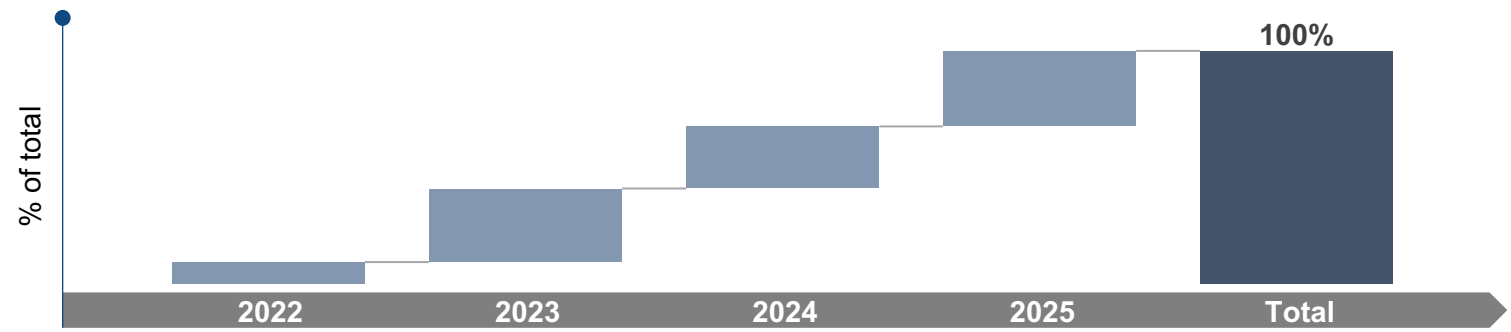


8 | Planned investments

Investment split



Planned investments over time



- SKAN is **committed to invest significantly in its future growth beyond the mid-term guidance**, as expressed by the company's targeted growth capex which is expected to amount to CHF 100-120m (cumulative) over the mid-term
- Within the mid-term guidance, **SKAN plans to invest into several isolators accounted for on the balance sheet**, setting the basis for continuous high-profit growth expected to materialize primarily over the long-term (only limited contribution over the mid-term period)
- The pre-approved isolators are **expected to contribute in the long-term approx. CHF 50m in annual net sales at attractive EBITDA margins of up to 50%**
- The business shall be **scalable beyond the figures mentioned above**
- Primary proceeds from the IPO as well as cash generated from operations shall be used to
 - Build out the company's services business
 - Expand the production capacity
 - General corporate purposes and opportunistic M&A opportunities

**Together always
one step ahead!**

SKan