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SKAN Group Investor Presentation

September 2023

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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

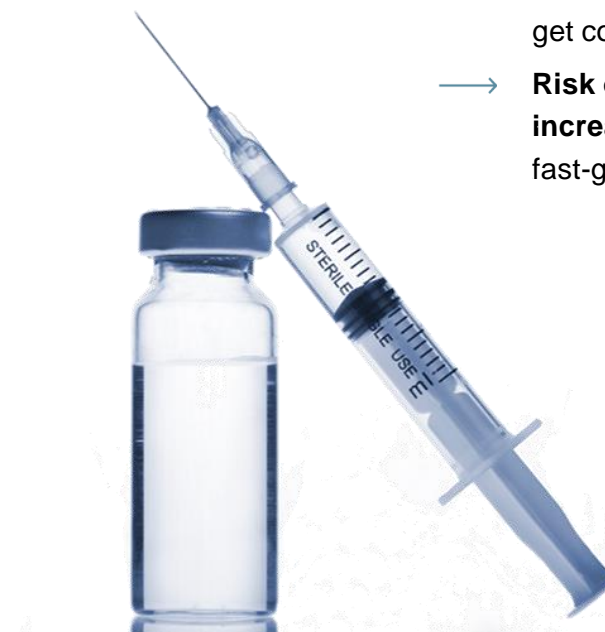
- **Cancer drugs** (ADC, Cytotoxics)
- **Cell & gene therapy** (Advanced Therapy Medicinal Products (ATMPs))
- **Hormones:** Insulin
- **Medical drugs** (Thrombosis, EPO, blood plasma products, botox, etc.)
- **Vaccines:** Flu, COVID-19, etc.

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

SKAN

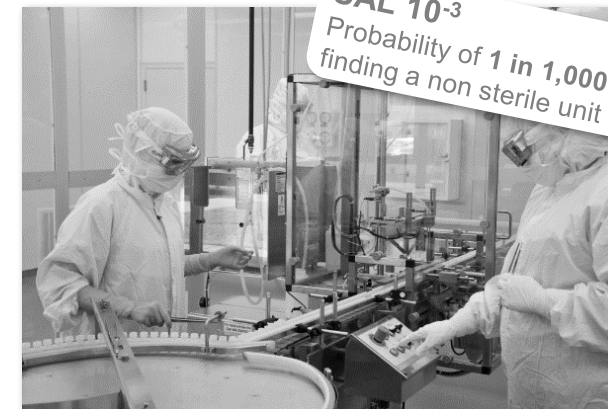
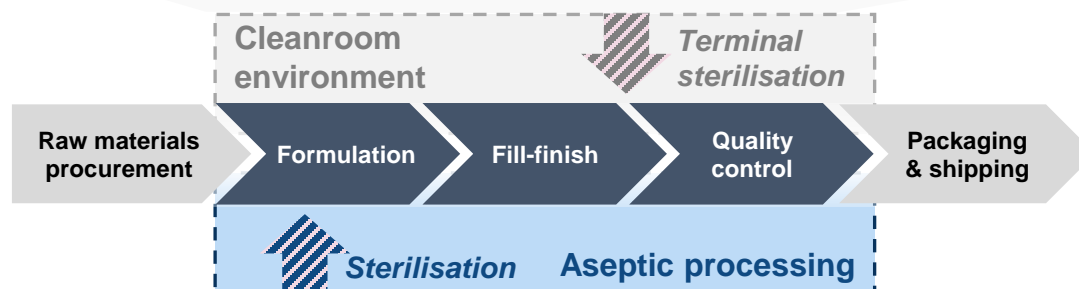
Solution: Medication sterility

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

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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

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 (75%)

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



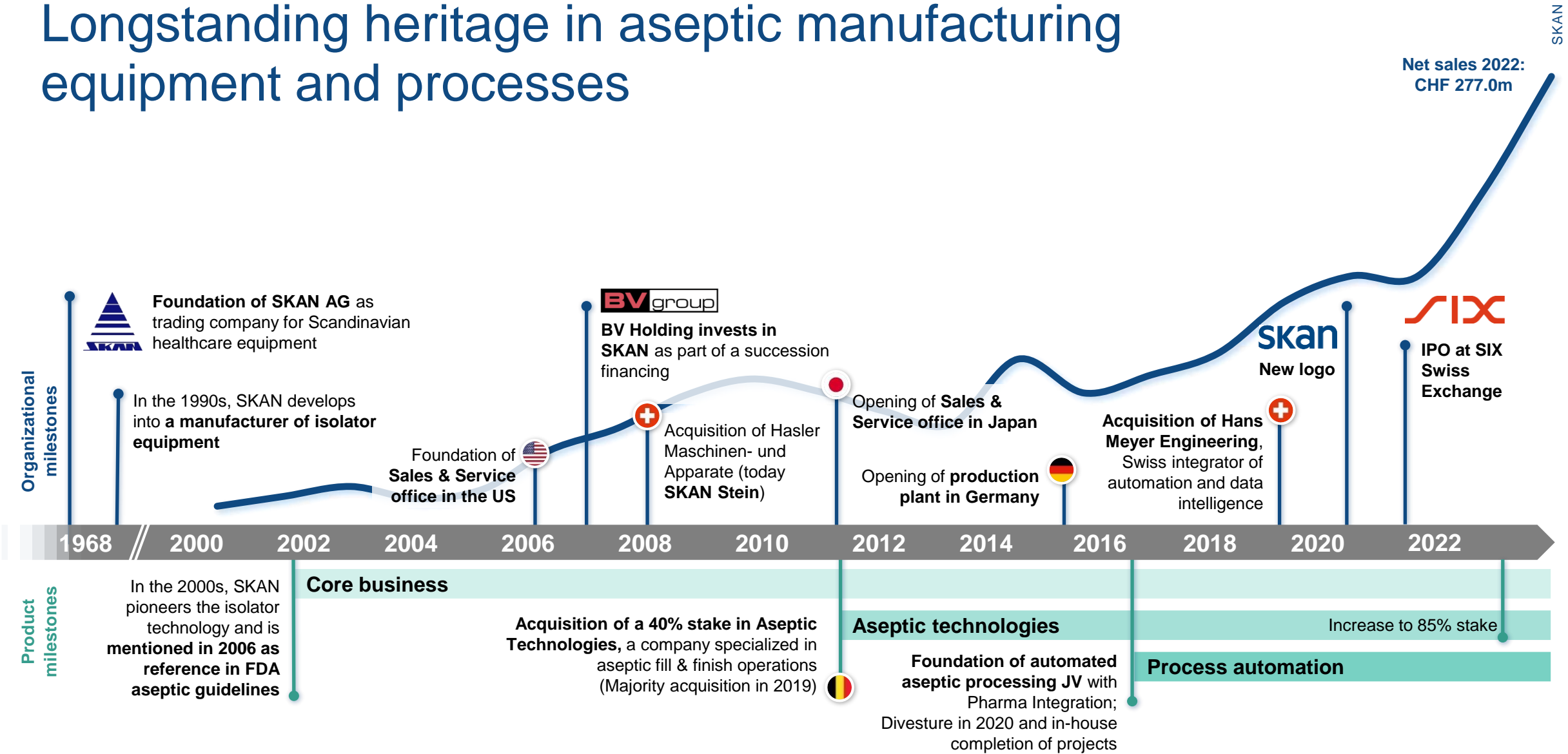
Services & Consumables (25%)

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

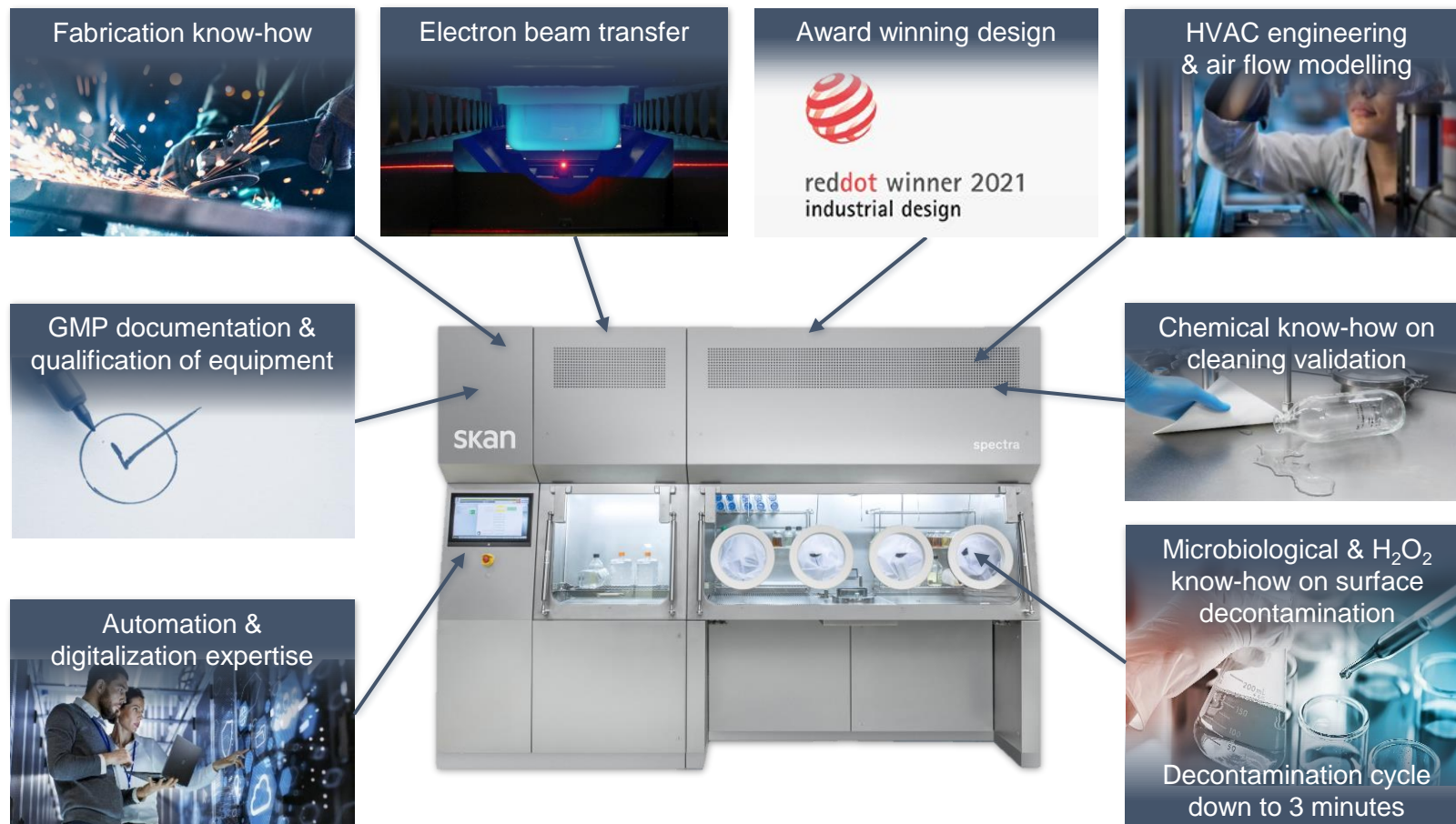
SKAN key figures

CHF 277.0m Net sales 2022	+18.2% Net sales growth 2021-22	CHF 40.2m EBITDA 2022	14.5% EBITDA margin 2022	50-60% Market share ⁽¹⁾	CHF 360.1m Order backlog 2022
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Longstanding heritage in aseptic manufacturing equipment and processes



Technology & innovation leadership

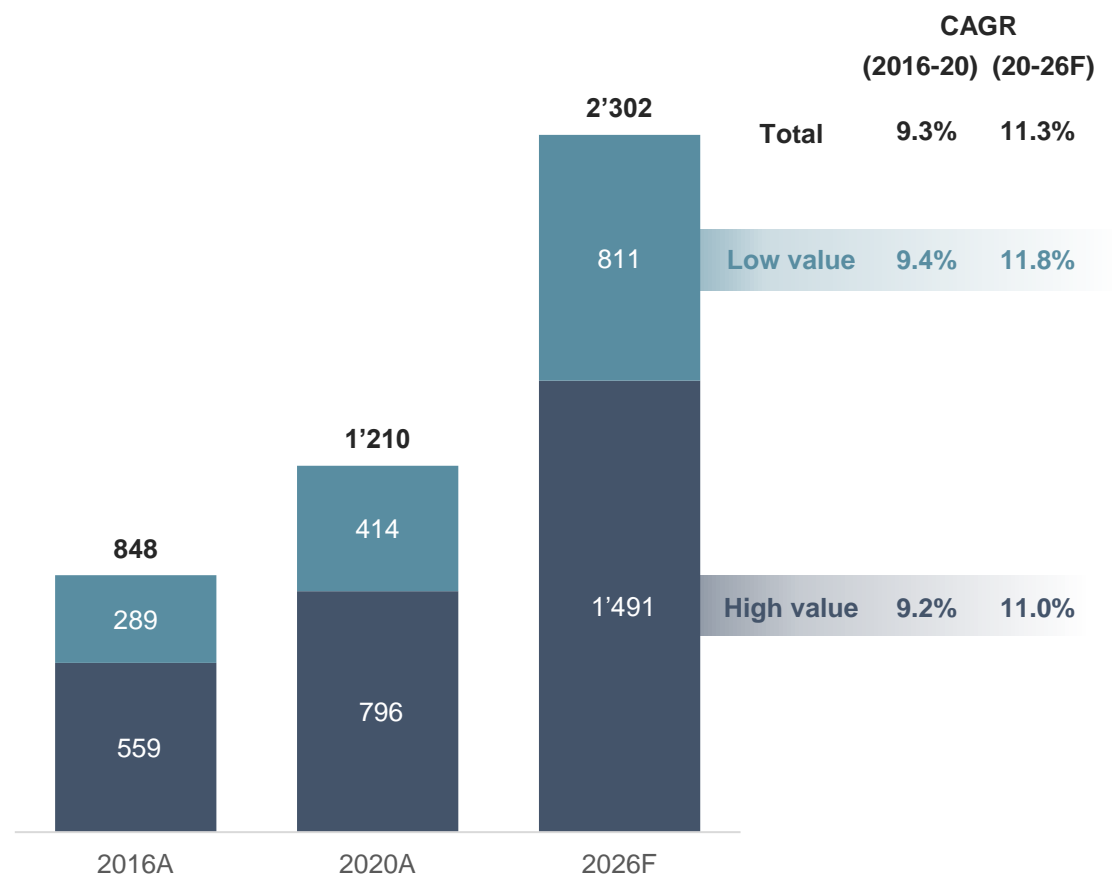


- **Technology leadership & foresight allows SKAN to be the market defining player**
- **Continuous active contribution to new guidelines & regulations** through industry standards setting organisations (ISPE, PDA, ISO)
- **Pure-play business model** enables an undiluted focus of resources to drive technology and innovation
- **More than 1,200 employees globally, of which more than 500 have an academic background, such as scientists and engineers** to ensure seamless innovation and production

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:

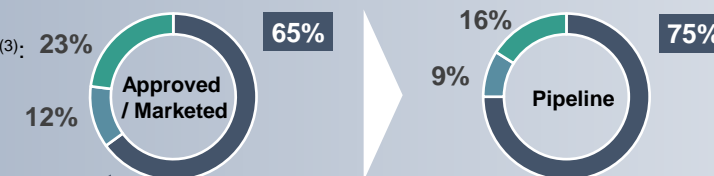
- Global pharmaceutical industry: +4.5% p.a. (CAGR 2021-2026F)⁽²⁾
- Cell & gene therapy market: +58% p.a. (CAGR 2020-2024F)⁽²⁾
- Highly potent APIs market: +8.9% p.a. (CAGR 2020-2024F)⁽²⁾



Shift towards injectable therapies

Peptide products by administration route⁽³⁾:

- Injection
- Oral
- Other



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.

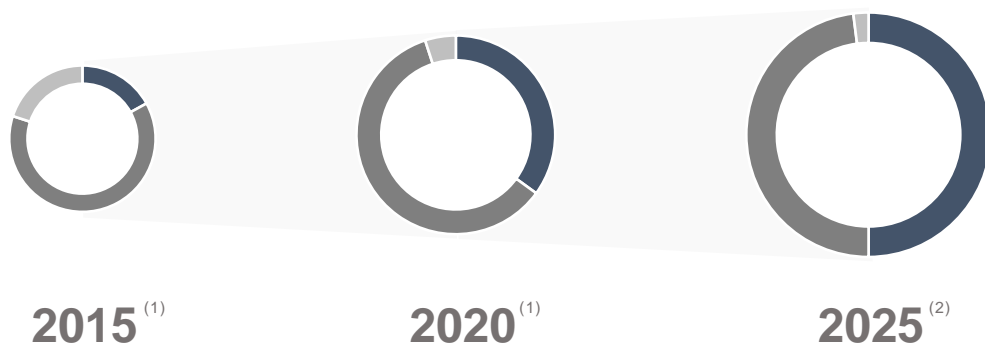
(2) L.E.K. market study based on third-party data.

(3) A.N. Ganesh et al, Medicine in Drug Discovery 9 (2021) 100079.

Constantly expanding addressable market

Aseptic manufacturing market by technology

Isolators RABS Cleanroom equipment



Shift from cleanroom towards isolator solutions...

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.)

Isolator

Integrated, fully-automated robotics



... and further to integrated aseptic manufacturing

Applications

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

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



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

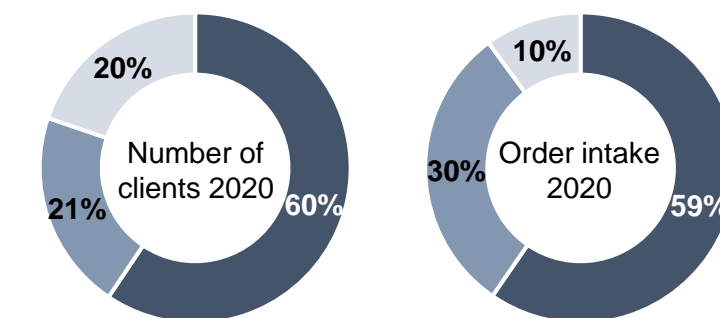
Selected (bio-)pharma customers...



Key statistics

High level of recurring customers

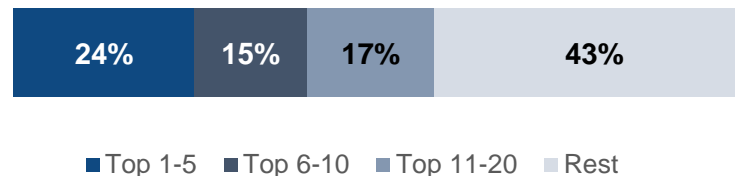
Number of clients & order intake share by type of client⁽¹⁾



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

Limited customer concentration

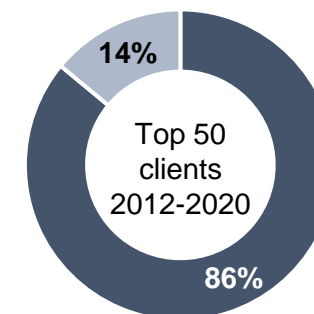
Total order intake 2018-2020 per customer⁽²⁾



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

Loyal customers

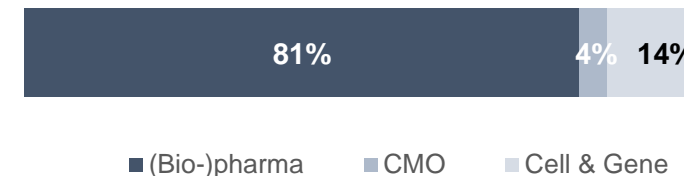
Share of top 50 customers over 2012-2020 contributing to 75% of total order intake over last 9 years⁽¹⁾



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

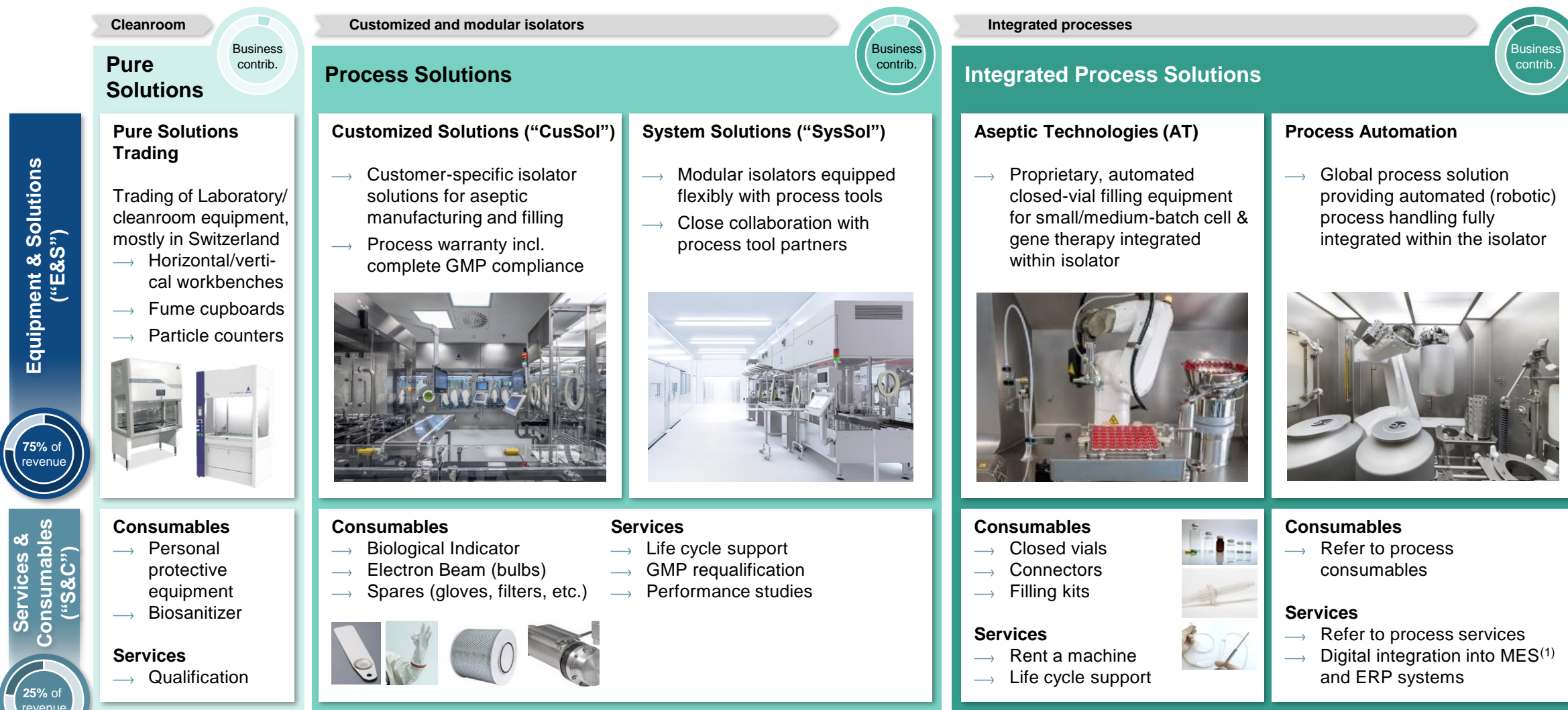
Large exposure to biopharma market

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

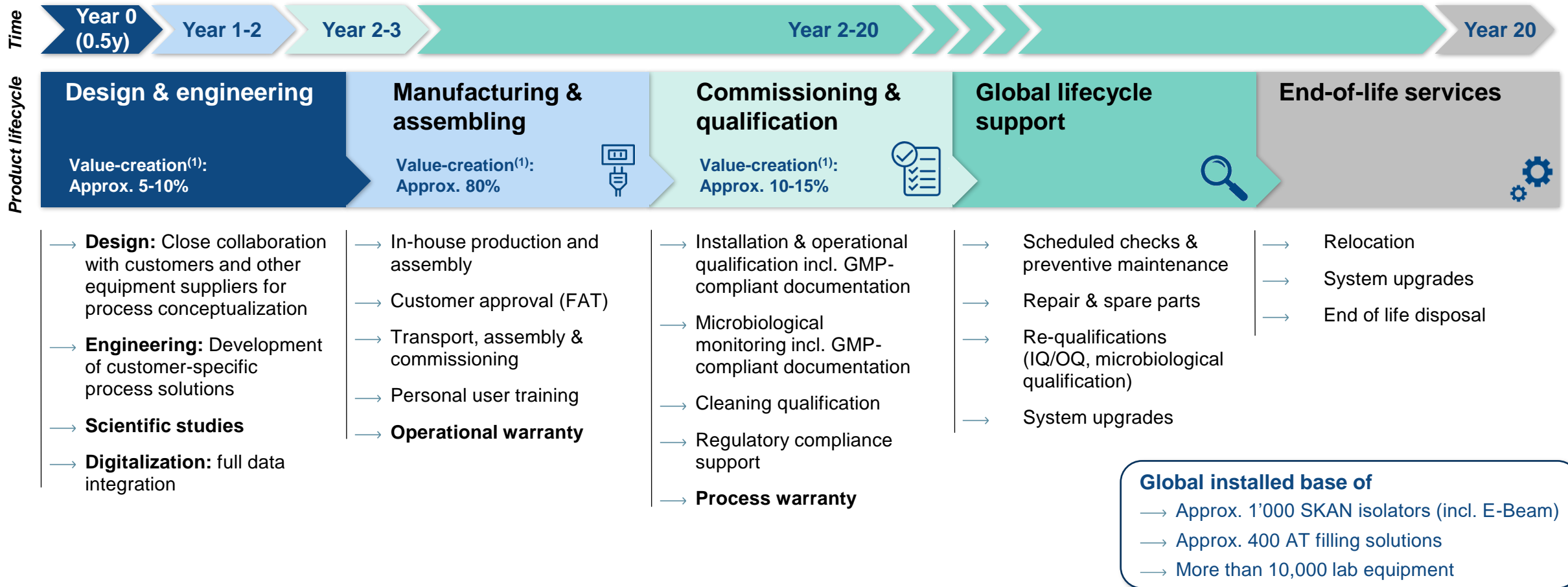


■ (Bio-)pharma ■ CMO ■ Cell & Gene

Comprehensive portfolio for aseptic manufacturing processes






















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



Aseptic Technologies is of strategic importance for SKAN

Five AT filled drugs on the market:

Customer	Product area	Phase
 Daiichi-Sankyo	Oncolytic virotherapy for brain cancer	 
 Boehringer Ingelheim	Cartilage repair for veterinary applications	 
 janssen Oncology <small>PHARMACEUTICAL COMPANIES OF Johnson & Johnson</small>	Lentivirus used for the production of a drug against multiple myeloma	 
 LEGEND BIOTECH		  
 ATARA BIO	Monotherapy for the treatment of Epstein-Barr virus	 
 Krystal	Treatment of wounds in patients with dystrophic epidermolysis bullosa in collagen type VII alpha 1 chain gene	 

- Aseptic Technologies (AT) provides automated, robot-assisted process solutions for polymer closed vials (AT-Closed Vial® Technology) for **applications in cell and gene therapy**, a market segment that is **growing +58% p.a.** (CAGR 2020-2024)(1).
- Injection molded AT-Closed Vials® are suitable for **cryogenic storage** at temperatures down to -196°C, which is not possible with glass vials and is **a unique selling point**
- There are now five drugs on the market that are filled using the closed vial solution of AT. The development pipeline of drugs is in the range of approx. 400 active ingredients.
- SKAN increased its stake in AT to 85% and is strengthening its Services & Consumables business, fully in line with our long-term strategy.

Strong and growing global footprint

Allschwil CH

Headquarters / production sites

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



Stein CH

Production site

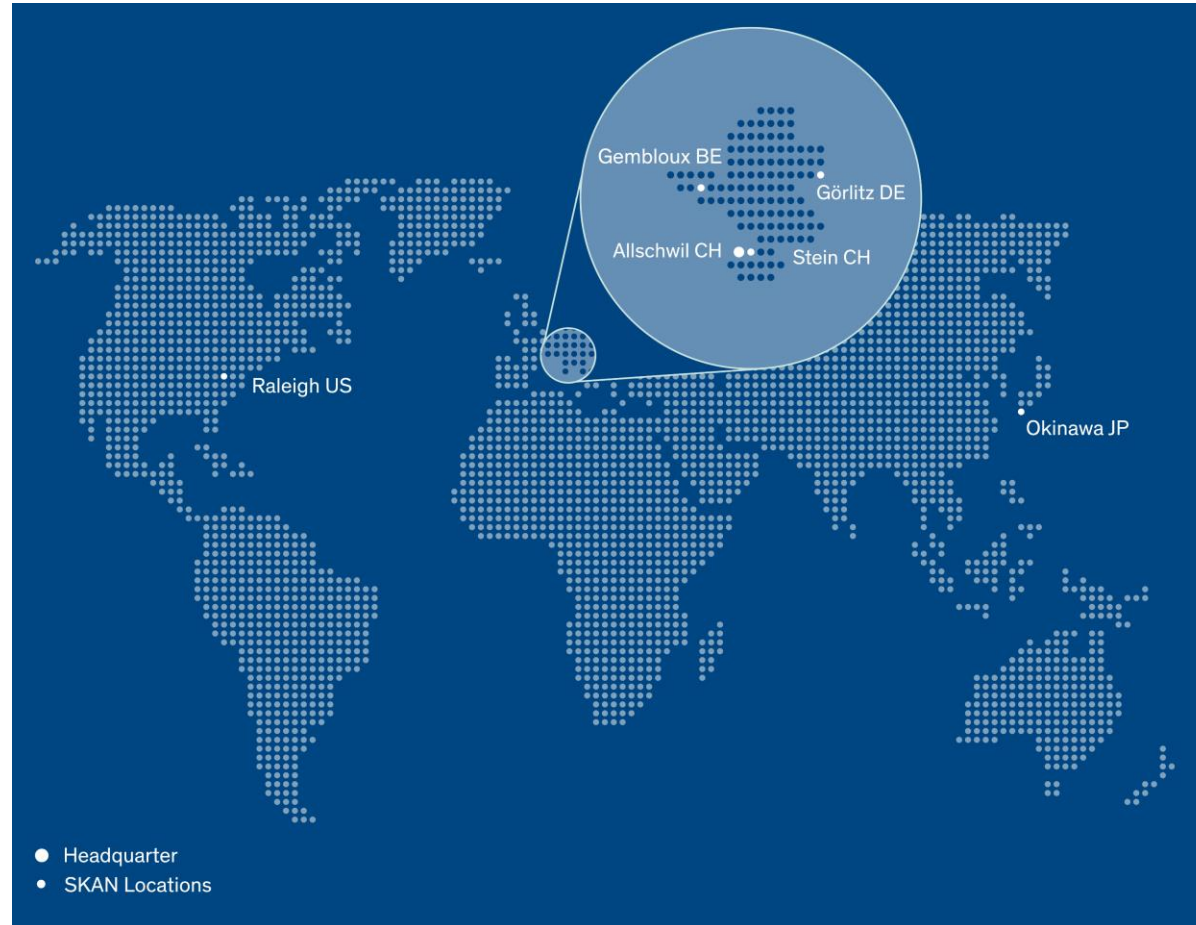
- Prototype construction, steelwork, E-Beam competence
- Approx. 6,923 m²
- 118 employees



Görlitz DE

Production site

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



Gembloux BE

Production site / AT

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



Raleigh US

Sales & services office

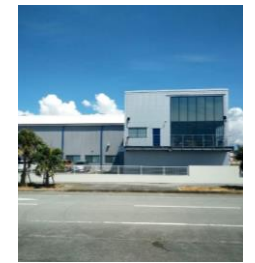
- Sales and life cycle support Americas
- Approx. 1,200 m²
- 97 employees



Okinawa JP

Production site

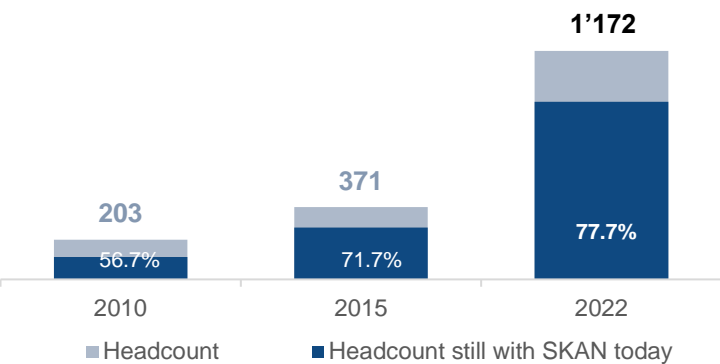
- Sales, assembly, and life cycle support Far East
- Approx. 2,170 m²
- 42 employees



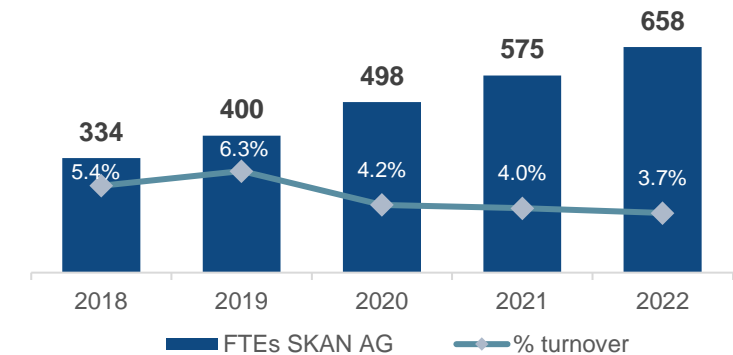
Experienced, entrepreneurial management and highly qualified workforce loyal to the firm

Dedicated workforce

Loyal, increasing workforce⁽¹⁾



Low employee turnover⁽²⁾

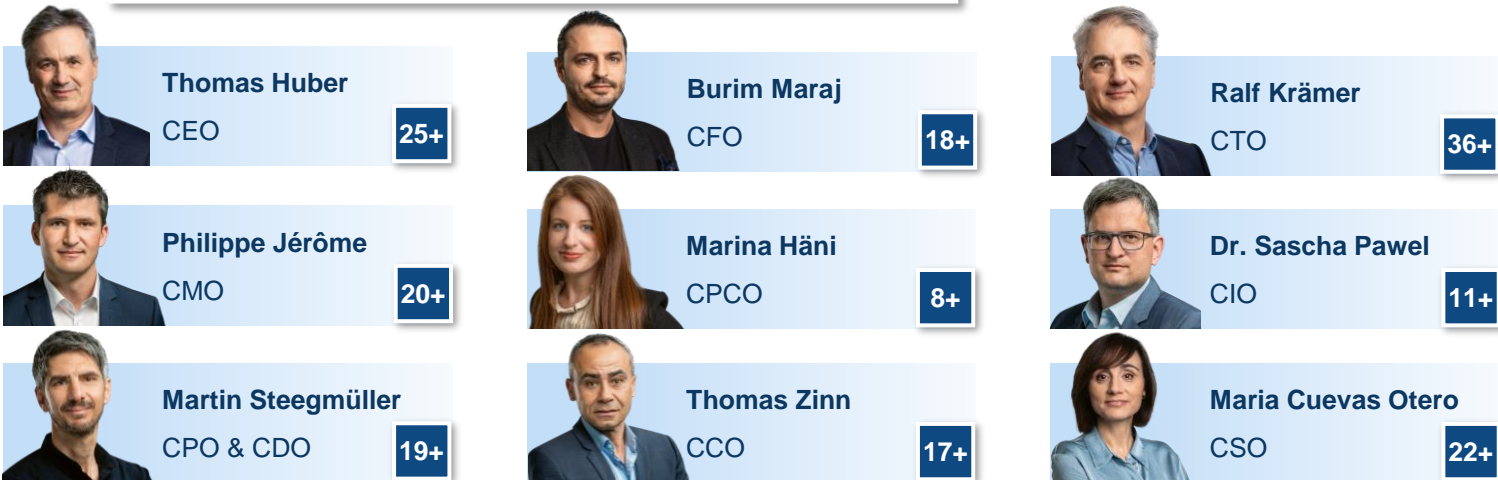


Board of Directors



Experienced management team

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

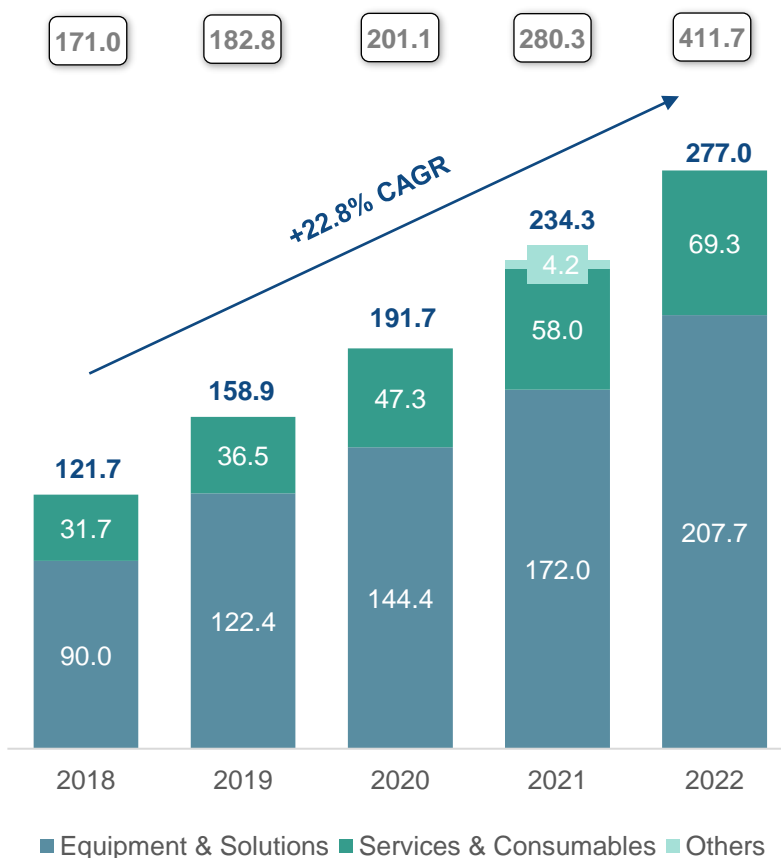


(1) All figures as of December of respective year and exclusive of temporary workers.
 (2) Refers to SKAN AG.

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

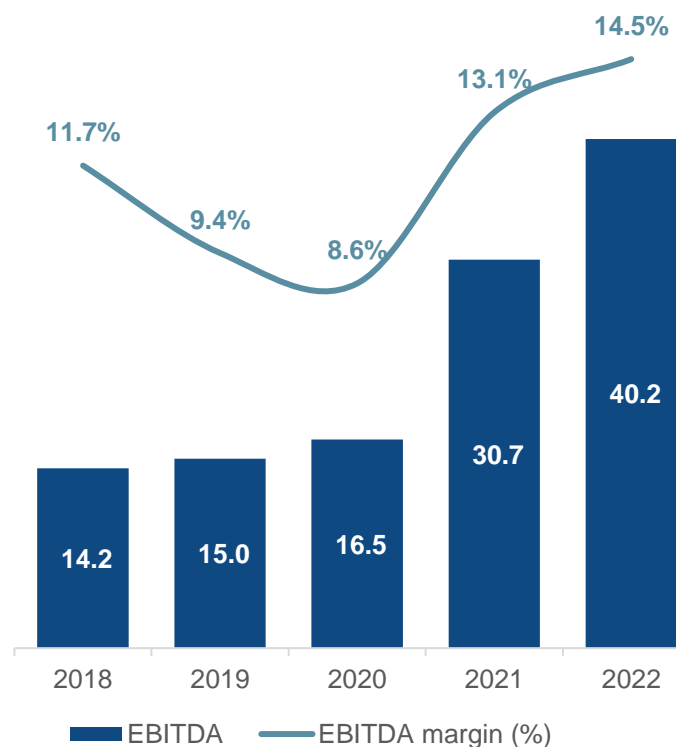
Net revenue & order intake⁽¹⁾

(CHFm)



EBITDA⁽¹⁾

EBITDA (CHFm) and EBITDA margin (%)



Consistent, above-market revenue growth (+22.8% CAGR 2018-2022)



Strong revenue visibility based on order backlog of CHF 360.1m as of end of 2022



Margin expansion following important development costs and personnel ramp-up



Stable ROCE⁽²⁾ of 14 to 16% despite important investments



Current net cash position and strong cash flow generation to finance future investment needs



Negative working capital

Highlights of the first half year 2023

Order Intake
in CHF million

175.3

-33.4%⁽¹⁾

Net Sales
in CHF million

139.7

+15.6%⁽¹⁾

EBITDA
in CHF million

18.6

+74.1%⁽¹⁾

EBITDA-Margin
as % of Net Sales

13.3

+4.5pp^(1, 3)

Investments
in CHF million

10.2

-35.1%⁽¹⁾

Order Backlog
in CHF million

384.6

+6.8%⁽²⁾

- Record high order backlog and book-to-bill ratio at 1.3 provide good visibility.
- Order intake normalized at a continued high level in the first six months of 2023. Overall, the order pipeline remains well-filled.
- Double digit net sales growth within guidance.
- EBITDA significantly increased compared to the same period last year. EBITDA-Margin withing guidance.
- EBIT more than doubled from CHF 5.9 million to CHF 12.4 million.
- Total investments of CHF 10.2 million mainly related to Pre-Approved Services project.

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



Efexor
Pfizer



Lipitor
Pfizer



Singulair
MSD



Advair Diskus
GSK



Norvasc
MSD

Top 10 medicines 2020



Eylea
Regeneron, Bayer
2020 Sales: \$8.36 Mia.



Keytruda
Merck & Co.
2020 Sales: \$14.38 Mia.



Revlimid
Bristol Myers Squibb
2020 Sales: \$12.15 Mia.



Eliquis
Bristol Myers Squibb,
Pfizer
2020 Sales: \$9.17 Mia.



Imbruvica
AbbVie, Johnson
& Johnson
2020 Sales: \$8.43 Mia.



Humira
AbbVie
2020 Sales: \$20.39 Mia.



Stelara
Johnson & Johnson
2020 Sales: \$7.94 Mia.



Opdivo
Bristol Myers Squibb
2020 Sales: \$7.92 Mia.



Biktarvy
Gilead Sciences
2020 Sales: \$7.26 Mia.



Xarelto
Bayer, Johnson &
Johnson
2020 Sales: \$6.93 Mia.

Confident market and business outlook

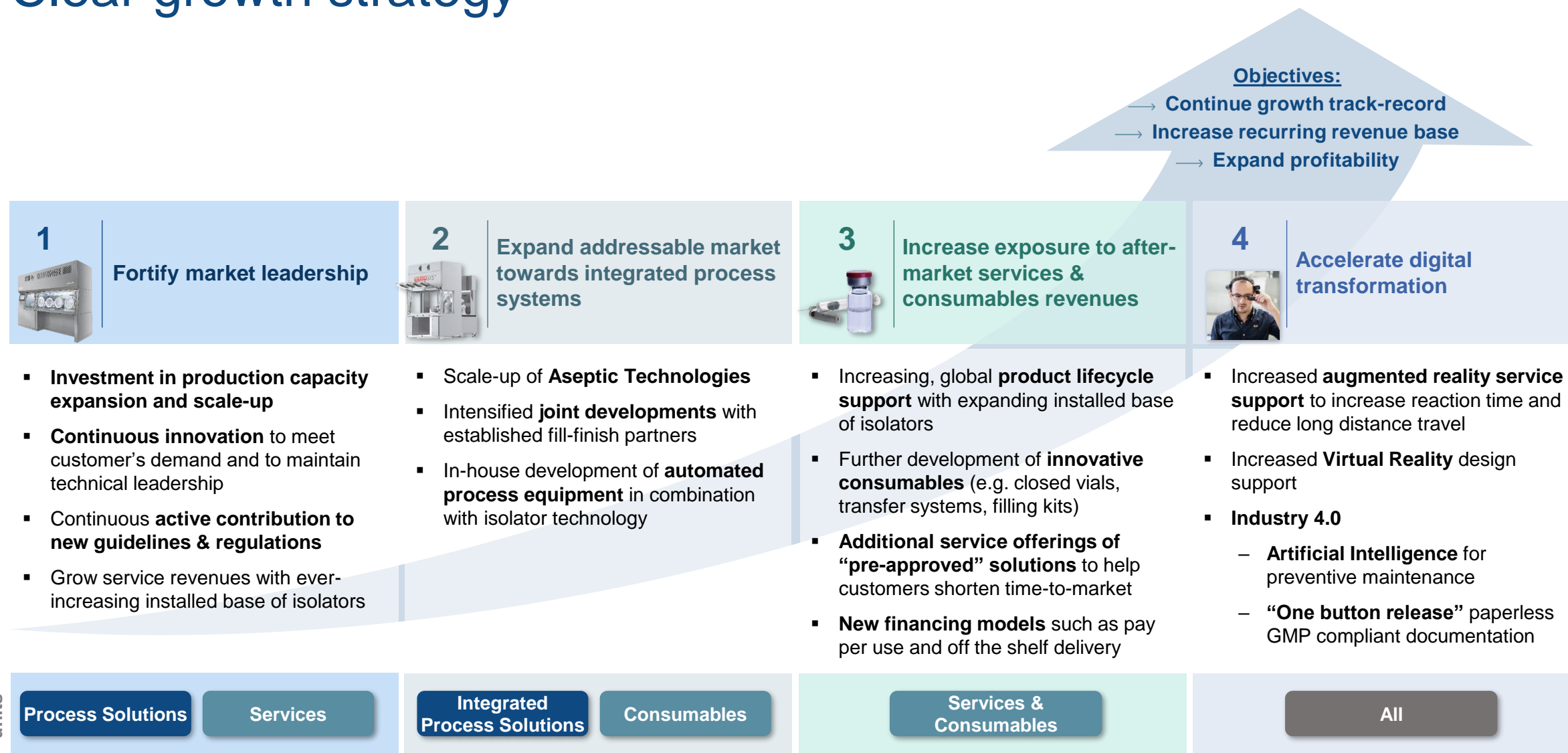
- Demand momentum in our market is expected to continue at a high level. Main drivers are:
 - The underlying growth of the global (bio)pharmaceutical market;
 - The reinforcing trend towards injectable drugs (three quarters of the drugs in development are now designed for an injectable dosage form);
 - 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.
- To accommodate the strong growth, we will – besides North America – further expand production capacity at the existing sites in Switzerland and Germany.
- SKAN Group expects the 2nd half of 2023 to be even stronger than the 1st half in terms of net sales and profitability.
- Guidance for the full year 2023 confirmed.

Financial targets and outlook

Metric	2023 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.

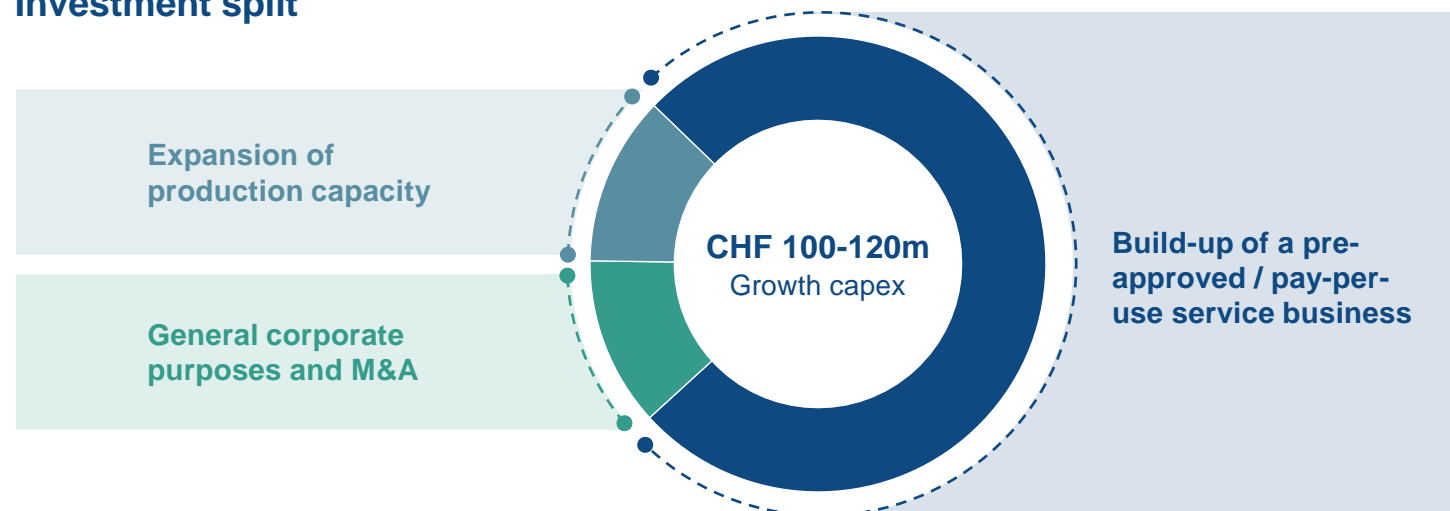
(1) 2023 targets assume no further deterioration (direct or indirect) of supply chain conditions and other unpredictable development of the geopolitical situation.
(2) E&S refers to Equipment & Solutions. S&C refers to Services & Consumables.

Clear growth strategy

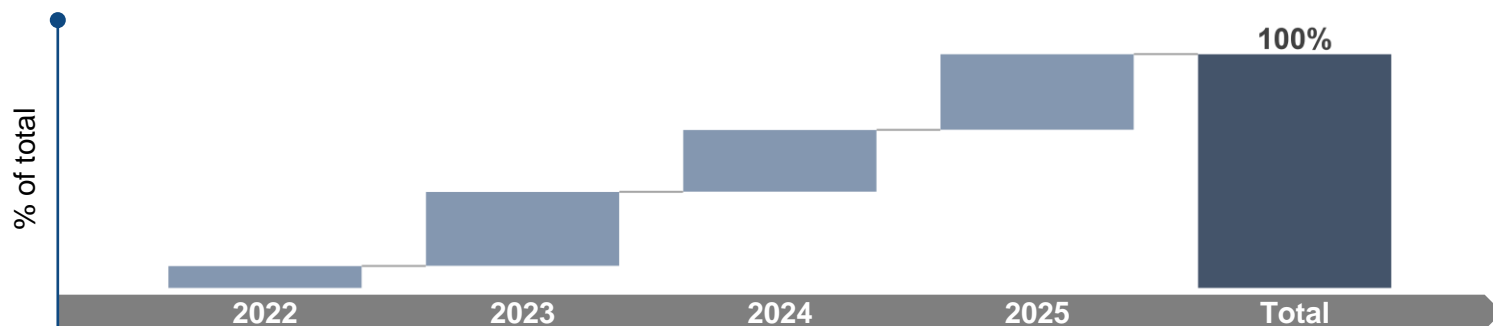


SKAN is committed to invest significantly in its core business and in future growth

Investment split



Planned investments over the mid-term



- SKAN will use the **proceeds from the IPO as well as cash generated from operations** to
 - Expand the production capacity to strengthen the core business
 - Further build up of the company's services business
 - General corporate purposes and opportunistic M&A opportunities
- SKAN plans to invest into **pre-approved / pay-per-use service business**
- These pre-approved services are **expected to deliver attractive EBITDA margins of up to 50%**

**Together always
one step ahead!**

SKan