

Half-Year Report

2023

Siegfried delivers strong sales growth
and profitability in first half 2023

150
years

expect
more

Key Figures

607.1 ^{+6.8 % (in LC)}

Net Sales (million CHF)

Net Sales amount to 607.1 million Swiss francs (2022: 586.7 million Swiss francs)

125.7 ^{-3.4%}

Core EBITDA (million CHF)

Core EBITDA amounts to 125.7 million Swiss francs (2022: 130.2 million Swiss francs)

87.2 ^{-4.6%}

Core EBIT (million CHF)

Core EBIT amount to 87.2 million Swiss francs (2022: 91.4 million Swiss francs)

20.7%

Core EBITDA margin (%)

Core EBITDA margin as of June 30, 2023, is 20.7% (2022: 22.2%)

14.4%

Core EBIT margin (%)

Core EBIT margin as of June 30, 2023, is 14.4% (2022: 15.6%)

3633 ^{+1.9 %}

Employees

Siegfried employs 3633 people (FTE) at 11 sites worldwide

Siegfried delivers strong sales growth and profitability in first half 2023

- Net sales up to CHF 607.1 million
(prior year CHF 586.7 million), an increase of 6.8% in local currencies
- Core EBITDA of CHF 125.7 million
(prior year CHF 130.2 million) at a margin of 20.7% (prior year 22.2%)
- Core net profit of CHF 58.9 million (prior year CHF 65.2 million)
- Strategy EVOLVE on track: Significant investments in existing network and acquisition of 95% majority stake in DiNAMIQS, a well-positioned cutting-edge gene therapy CDMO start-up, to support future profitable growth in core areas and beyond
- Outlook increased: Siegfried now expects a sales growth of mid single-digit percentages (in LC) and a Core EBITDA margin above 20% for the full year 2023

Siegfried delivered a strong half year with significant growth, even though we had to compensate for the phasing out of vaccines business. The Siegfried team, once again, demonstrated its readiness to navigate through external challenges and uncertainties, based on strong commitment, hard work and our ambition to be a reliable first-class partner to our clients. We kept our day-to-day operations well on track and at the same time continued to look ahead and execute important investments in the network as foundation for our future growth. With the acquisition of DiNAMIQS we have opened the door to the new growth area of gene therapies and strengthened our position in biologics. In the year of our 150th anniversary, Siegfried is stronger than ever and we are looking forward to our journey onward and upward.

In the first half of 2023, Siegfried (SIX: SFZN) continued its strong growth trajectory and more than offset the phasing out of sizeable vaccines business since 2022. Significant progress has been made in the implementation of the corporate strategy EVOLVE which is geared towards long-term profitable growth in core areas and beyond.

Net sales amounted to CHF 607.1 million, an increase of 3.5 percent in Swiss Francs and 6.8 percent in local currencies. While the growth in the first half of 2023 was fueled by the Drug Substances business and its strong expansion of existing business, successful acquisition of new projects and an active portfolio management, the underlying business in Drug Products also developed well.

Core EBITDA amounted to CHF 125.7 million (prior period: CHF 130.2 million), representing a robust Core EBITDA margin of 20.7% (prior period: 22.2%). Core net profit amounted to CHF 58.9 million (prior period: CHF 65.2 million). Cash flow from operating activities increased to CHF 78.8 million (prior period: CHF 76.3 million).

Continued growth in a challenging environment

In the first half year, Siegfried's business model with its well-diversified portfolio of products and customers plus its strong position as one of the globally leading CDMO, has once again proven its resilience to risks and volatility resulting from continuing macroeconomic and geopolitical uncertainties. The company was able to keep up its dynamic pace and, on a group sales level, overcompensate for the phasing out of sizeable vaccines business while keeping the Core EBITDA margin well above the 20% mark. This positive result was driven by continued high demand for Siegfried's products and services, an ongoing active portfolio management, and strict cost discipline in all areas, overhead as well as operations. In Drug Substances in particular, business with new and existing customers continued to strongly expand based on close customer relationships, the broad set of technological capabilities and high-value capacities, and Siegfried's excellent quality track record. As for Drug Products, the integration of the Spanish sites is now completed and they are already attracting new business. Their transformation into highly flexible CDMO platforms concluded with the opening of the new Center of Excellence in Barcelona in March 2023. The development center provides a wide range of development services with flexible pilot capacities, strengthening Siegfried's global Drug Products network and its ability to acquire new business in that space.

Significant investments in the existing network

In addition to the completion and ramp-up of the development center in Barcelona, Siegfried continued to make significant investments into its existing global manufacturing network. In Minden, Germany, Siegfried is investing up to CHF 100 million in building a new large-scale production plant for Drug Substances. The new production plant will not only significantly increase the capacity of Siegfried's Drug Substance business, but also expand the technological capabilities and the flexibility of Siegfried's global network. Furthermore, at the end of April 2023, Siegfried began constructing a new global development center for Drug Substances in Evionnaz, an investment of up to CHF 25 million, which will significantly increase Siegfried's R&D capacities to drive future growth. Beyond these landmark investments, Siegfried continued to add capacities and capabilities across the whole network.

DiNAMIQS acquisition creates new growth opportunities

In May 2023, Siegfried announced the acquisition of a 95% majority stake in DiNAMIQS, a Swiss-based biotechnology company focused on the development and manufacturing of viral vectors for cell and gene therapies (CGT). Siegfried intends to bring DiNAMIQS' capa-



Dr. Wolfgang Wienand, Chief Executive Officer

bilities to commercial scale and create a best-in-class biotech CDMO in that space. This will include the investment in a GMP manufacturing facility, which is currently being designed and the engineering work is in preparation. Through this acquisition, plus the follow-on establishment of commercial-scale GMP capacities, Siegfried further expands its footprint in the biologics space and creates significant mid to long-term growth opportunities in this very dynamic market segment.

Outlook for 2023 increased

Based on the strong half-year results, Siegfried now expects a sales growth of mid single-digit percentages (in LC) and a Core EBITDA margin above 20% for the full year 2023.

Dr. Wolfgang Wienand

Chief Executive Officer

W. Wienand

Key Figures 2023

	1 st Half-Year 2023	1 st Half-Year 2022	Change CHF (LC)
Net sales (million CHF)	607.1	586.7	+3.5% (+6.8%)
Gross profit (million CHF)	147.7	156.4	– 5.6%
Gross profit margin (%)	24.3%	26.7%	
Core¹ results			
Core EBITDA (million CHF)	125.7	130.2	– 3.4%
Core EBITDA margin (%)	20.7%	22.2%	
Core EBIT (operating result) (million CHF)	87.2	91.4	– 4.6%
Core EBIT margin (%)	14.4%	15.6%	
Core net profit (million CHF)	58.9	65.2	– 9.8%
Core net profit-margin (%)	9.7%	11.1%	
Core non-diluted earnings per share (CHF)	14.02	15.43	– 9.2%
Core diluted earnings per share (CHF)	13.84	15.09	– 8.2%
Cash flow from operating activities before change in current assets (million CHF)	119.5	128.1	– 6.7%
Cash flow from operating activities (million CHF)	78.8	76.3	3.3%
Free cash flow (million CHF)	14.3	15.5	– 7.9%
Investment in property, plant and equipment and intangible assets (million CHF)	64.5	60.7	6.3%
	June 30, 2023	December 31, 2022	Change
Equity (million CHF)	805.4	790.9	1.8%
Total assets (million CHF)	1 768.0	1 793.2	– 1.4%
Equity ratio (%)	45.6%	44.1%	
Employees (number of FTEs)	3 633	3 564	1.9%

¹ As of June 30, 2023, CHF 1.5 million was reclassified from the current net interest on foreign pension liabilities to the financial result (previous year CHF 0.6 million). In the reporting period, consulting services were used at individual locations as part of specific performance improvement projects. For this purpose, CHF 1.6 million was neutralized in core administration expenses (previous year CHF 1.6 million). Also CHF 1.4 million expenses for transaction costs, which did not lead to a transaction is not included in core results as well as jubilee costs for 150 years Siegfried CHF 0.8 million. The tax asset on the step up on trademark rights was released as of June 30, 2023 in a proportionate amount of CHF 0.9 million (previous year CHF 0.9 million).

Consolidated Core Income Statement

In 1000 CHF	1 st Half-Year 2023	1 st Half-Year 2022
Core result		
Net sales	607 052	586 741
Cost of goods sold	–459 367	–430 354
Gross profit	147 685	156 387
Marketing and sales costs	–11 346	–9 516
Core research and development costs	–22 095	–21 345
Core administration and general overhead costs	–33 681	–36 725
Other operating income	6 640	2 560
Core EBIT (operating result)	87 204	91 361
Financial income	245	16
Core financial expenses	–5 775	–3 539
Exchange rate differences	–3 085	–2 590
Core profit before income taxes	78 588	85 248
Core income taxes	–19 739	–20 025
Core net profit incl. minorities	58 849	65 223
Minorities	8	–
Core net profit	58 857	65 223
Depreciation	38 536	38 857
Core EBITDA	125 740	130 218
Core non-diluted earnings per share (CHF)	14.02	15.43
Core diluted earnings per share (CHF)	13.84	15.09

The core results do exclude extraordinary expenses and income. Siegfried uses the core results in addition to Swiss GAAP FER as important indicators for the internal assessment of the performance of the Group.

Siegfried defines the effects of changes in the interest rate of foreign pension plans, restructuring, transaction and integration costs as well as impairments on non-financial and intangible assets as extraordinary expenses and income.

Siegfried believes that the disclosure of core results enables financial markets a better understanding of the company and allows a better comparison over the years.

Share Information

			2023	2022	2021	2020	2019
Market prices registered share	high	CHF	759.5	879.5	934.5	689.0	469.0
	low	CHF	606.0	573.0	618.0	313.5	321.5
Year-end (2023: until 30/6/)		CHF	739.0	613.5	889.5	651.5	469.0

Consolidated Income Statement

In 1000 CHF	1 st Half-Year 2023	1 st Half-Year 2022
Net sales	607 052	586 741
Cost of goods sold	–459 367	–430 354
Gross profit	147 685	156 387
Marketing and sales costs	–11 346	–9 516
Research and development costs	–22 930	–21 345
Administration and general overhead costs	–38 057	–38 986
Other operating income	6 640	2 560
Operating result	81 992	89 100
Financial income	245	16
Financial expenses	–4 296	–2 905
Exchange rate differences	–3 085	–2 590
Profit before income taxes	74 856	83 621
Income taxes	–19 649	–20 876
Net profit incl. minorities	55 207	62 745
Minorities	8	–
Net profit	55 214	62 745
Non-diluted earnings per share (CHF)	13.15	14.85
Diluted earnings per share (CHF)	12.99	14.51

Consolidated Balance Sheet

In 1000 CHF	June 30, 2023	December 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	789 340	779 901
Intangible assets	41 814	35 853
Financial and other non-current assets	590	591
Employer contribution reserves	9 320	9 018
Deferred tax assets	22 370	22 950
Total non-current assets	863 434	848 313
Current assets		
Inventories	486 501	405 782
Trade receivables	281 238	337 767
Other current assets	63 054	62 605
Accrued income and prepaid expenses	39 460	43 737
Current income taxes	3 652	3 120
Securities	208	135
Derivative financial instruments	–	258
Cash	30 451	91 483
Total current assets	904 564	944 887
Total assets	1 767 998	1 793 200

Consolidated Balance Sheet

In 1000 CHF	June 30, 2023	December 31, 2022
Liabilities and equity		
Equity		
Share capital	65 233	79 776
Treasury shares	– 105 939	– 102 112
Capital reserves	132 355	109 532
Hybrid capital	80 000	80 000
Retained earnings	633 786	623 732
Total equity excl. minorities	805 435	790 928
Minorities	– 35	–
Total equity incl. minorities	805 399	790 928
Non-current liabilities		
Non-current financial liabilities	470 000	510 000
Non-current provisions	28 884	27 884
Deferred tax liabilities	22 634	12 579
Other non-current liabilities	52 785	52 701
Non-current pension liabilities	81 440	81 514
Total non-current liabilities	655 743	684 678
Current liabilities		
Trade payables	91 411	114 065
Other current liabilities	92 600	86 007
Accrued expenses and deferred income	53 834	51 196
Derivative financial instruments	114	1
Current pension liabilities	382	473
Current provisions	10 872	10 311
Current income tax liabilities	57 643	55 541
Total current liabilities	306 856	317 594
Total liabilities	962 599	1 002 272
Total liabilities and equity	1 767 998	1 793 200

Consolidated Statement of Cash Flows

In 1000 CHF	1 st Half-Year 2023	1 st Half-Year 2022
Net profit incl. minorities	55 214	62 745
Depreciation and impairment of PP&E and intangible assets	38 536	38 857
Change in provisions	– 148	61
Other non-cash items	–4 023	–4 332
Share-based payments	3 073	4 452
Exchange rate differences	3 085	2 590
Financial income	–245	–16
Financial expenses	4 296	2 905
Income taxes	19 649	20 876
Net result on disposal of property, plant and equipment	43	–23
Cash flow from operating activities before change in NWC	119 480	128 115
Change in net working capital:		
Trade receivables	56 447	–27 581
Other current assets and accruals	323	9 296
Inventories	–85 470	–64 888
Trade payables	–11 313	29 974
Other current liabilities and accruals	10 592	15 799
Payments out of provisions and pension liabilities	–3 703	–4 012
Income taxes paid	–7 585	–10 448
Cash flow from operating activities	78 772	76 255

Consolidated Statement of Cash Flows

In 1000 CHF	1 st Half-Year 2023	1 st Half-Year 2022
Purchase of property, plant and equipment	–57 343	–60 711
Proceeds from disposal of property, plant and equipment	79	20
Purchase of intangible and other assets	–7 189	–20
Acquisition of group companies	–10 562	–
Interest received	163	13
Dividend received	1	3
Cash flow from investing activities	–74 852	–60 695
Free cash flow	14 320	15 544
Capital change	1 016	1 071
Decrease of syndicated loan	–40 000	–30 000
Change in other non-current liabilities	–61	–14
Purchase of treasury shares	–6 408	–11 836
Interest paid and bank charges	–4 426	–2 762
Distribution to the shareholders of Siegfried Holding AG	–14 438	–
Cash flow from financing activities	–64 317	–43 541
Net change in cash and cash equivalents	–60 396	–27 981
Cash and cash equivalents 1/1/	91 483	72 621
Net effect of exchange rate changes on cash	–635	–463
Cash and cash equivalents 30/06/	30 451	44 178

Consolidated Statement of Changes in Equity

In 1000 CHF	Share capital	Treasury shares	Capital reserves	Hybrid capital	Value fluctuations of financial instruments ¹	Accumulated profits ¹	Offset goodwill / badwill ¹	Cumulative translation adjustments ¹	Total Siegfried Holding shareholders	Total minorities	Total equity
As of January 1, 2023	79 776	-102 112	109 532	80 000	-1 535	868 300	-117 921	-125 112	790 929	-	790 929
Net profit	-	-	-	-	-	55 214	-	-	55 214	-8	55 207
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-29	-29
Distribution from nominal capital reduction	-15 191	-	-	-	-	753	-	-	-14 438	-	-14 438
Interest on hybrid capital	-	-	-	-	-	-360	-	-	-360	-	-360
Changes in financial instruments	-	-	-	-	-1 629	-	-	-	-1 629	-	-1 629
Employee share plan	-	-	-	-	-	-23 558	-	-	-23 558	1	-23 557
Change in treasury shares	-	-3 827	-	-	-	1 595	-	-	-2 232	-	-2 232
Capital increase	648	-	22 823	-	-	-	-	-	23 471	-	23 471
Allocation goodwill / badwill	-	-	-	-	-	-	-6 991	-	-6 991	-	-6 991
Currency translation differences	-	-	-	-	-	-	-	-14 971	-14 971	-	-14 971
As of June 30, 2023	65 233	-105 939	132 355	80 000	-3 164	901 944	-124 911	-140 083	805 434	-35	805 399
As of January 1, 2022	93 196	-78 696	85 594	80 001	707	726 163	-118 975	-99 773	688 217	-	688 217
Net profit	-	-	-	-	-	62 745	-	-	62 745	-	62 745
Distribution from nominal capital reduction	-14 183	-	-	-	-	647	-	-	-13 536	-	-13 536
Interest on hybrid capital	-	-	-	-	-	-360	-	-	-360	-	-360
Changes in financial instruments	-	-	-	-	-2 153	-	-	-	-2 153	-	-2 153
Employee share plan	-	-	-	-	-	-19 991	-	-	-19 991	-	-19 991
Change in treasury shares	-	-11 341	-	-	-	319	-	-	-11 021	-	-11 021
Capital increase	763	-	23 938	-	-	-	-	-	24 701	-	24 701
Currency translation differences	-	-	-	-	-	-	-	-9 568	-9 568	-	-9 568
As of June 30, 2022	79 776	-90 037	109 532	80 001	-1 447	769 524	-118 975	-109 341	719 033	-	719 033

¹ In the Consolidated Balance Sheet these items are disclosed as retained earnings.

Through the creation of new shares from conditional capital for the distribution of shares for participation plans the share capital of Siegfried Holding AG has increased by CHF 0.6 million.

In addition, the par value per share was decreased from CHF 18.00 each by resolution of the general assembly on April 20, 2023 to CHF 14.60 each. The capital reduction was publicly certified on April 20, 2023. The share capital amounts to CHF 65.2 mil-

lion as of June 30, 2023 and is divided into 4468000 registered shares with a par value of CHF 14.60 each (2022: 4432000 registered shares with a par value of CHF 18.00 each).

All fully consolidated investments are held to 100% by the Group, except for SIEGFRIED DiNAMIQS Ltd, which represents a 95% interest.

1. Accounting Principles

Scope of consolidation

This Half-Year Report includes the unaudited half-year consolidated financial statements of Siegfried Holding AG, which is domiciled in Switzerland, and its subsidiaries for the reporting period ended June 30, 2023 (1st half-year 2023). The half-year consolidated financial statements have been drawn up in accordance with Swiss GAAP FER 31 and should be read in conjunction with the Consolidated Financial Statements for the financial year ended December 31, 2022. The Group prepares its accounts in compliance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). The accounting principles are set out in detail in the Annual Report 2022 of the Siegfried Group. The half-year consolidated financial statements were approved by the Board of Directors on August 14, 2023.

Information about the Group

Siegfried is a worldwide pharmaceutical supplier with production sites in Switzerland, the USA, Malta, China, Germany, France and Spain. Siegfried develops and produces under contract to the pharmaceutical industry active pharmaceutical ingredients (Drug Substances) and their intermediates. Siegfried also produces finished pharmaceutical products (Drug Products). Siegfried Holding AG (head office in Zofingen, AG) is listed on the SIX Swiss Exchange.

2. Most Important Currency Translation Rates

Balance Sheet

Closing rates	June 30, 2023	December 31, 2022
1 USD	0.901	0.923
1 EUR	0.979	0.985
100 CNY	12.393	13.382

Income Statement

Average rates	1 st Half-Year 2023	1 st Half-Year 2022
1 USD	0.912	0.944
1 EUR	0.986	1.032
100 CNY	13.168	14.572

3. Scope of Consolidation

As of April 1, 2023, Siegfried AG acquired the operating site of Celgene Chemicals Sàrl in Zofingen.

As of May 4, 2023, Siegfried AG acquired 95% of the shares of DiNAQOR DiNAMIQS Ltd from DiNAQOR Ltd. The company was subsequently renamed SIEGFRIED DiNAMIQS Ltd. The Schlieren

(CH) based biotechnology company focused on the development and manufacturing of viral vectors for cell and gene therapies. On May 12, 2023, Siegfried Pharmaceutical UK Ltd, based in London, UK, was founded. Siegfried Pharmaceutical UK Ltd is a 100% subsidiary of Siegfried Holding AG.

4. Share-Based Payments

In the 1st half-year of 2023, 36 000 shares were created from conditional capital. They were utilized for the allocation of shares for the vesting period (2020–2022) of the Long Term Incentive Plan (LTIP) and the shares acquired by the employees under the Employee Share Purchase Plan (ESPP).

5. Contingent Liabilities

In comparison with the contingent liabilities at December 31, 2022, there have been no changes in the period under review.

6. Contingent Assets

Siegfried has potential claims from contracts for payments in the maximum amount of EUR 33.0 million over the years 2023–2028. These claims are due upon achievement of certain agreed target values and will be settled once a year for a completed business year.

7. Segment Information

The Siegfried Group consists of one “reportable segment”. Financial information is regularly reported to the Board of Directors at the level of the Siegfried Group as a whole. Based on this financial information the Siegfried Group is managed and its performance is measured.

Net sales by product group

In CHF million	1 st Half-Year 2023	1 st Half-Year 2022
Drug Substances	398.5	339.5
Drug Products	208.6	247.2
Total	607.1	586.7

8. Events after the Balance Sheet Date

There are no significant events after the balance sheet date.

Cautionary Statement regarding Forward-Looking Statements

This Half-Year Report contains certain forward-looking statements identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage.

The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Siegfried’s earnings or earnings per share for 2023 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Siegfried.

Publisher’s Note

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The Siegfried Group is a global life sciences company with production facilities in Switzerland, Germany, Spain, France, Malta, the USA and China. Siegfried employs about 3600 people (FTE) worldwide. Siegfried Holding AG is headquartered in Zofingen (Switzerland) and is listed on the Swiss Stock Exchange (SIX: SFZN).

We offer customized services in the development and production of active pharmaceutical ingredients, intermediates and complex dosage forms (including aseptic filling) as well as products from our own portfolio.

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