

# BACHEM HALF-YEAR REPORT 2020

# BACHEM

The Swiss based Bachem Group is a public, innovation-driven company specializing in the development and manufacturing of pepTides and oligonucleoTides. As a full service provider Bachem offers products for clinical development and commercial applications as well as a comprehensive catalog and exclusive custom synthesis. With 50 years of experience and subsidiaries in Switzerland, the United States, the United Kingdom and Japan, Bachem is the partner of choice for the biotech and pharma industry worldwide.

**Bachem. Leading Partner in Tides**

## LEADING PARTNER IN TIDES

BACHEM HAS BEEN A PIONEER IN THE FIELD OF PEPTIDES FOR 50 YEARS AND IS NOW EXPANDING INTO OLIGONUCLEOTIDES. THE COMPANY LISTENS TO ITS CUSTOMERS AND IS A RELIABLE PARTNER WHEN IT COMES TO FULFILLING THEIR EXPECTATIONS.

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**STRENGTH AND RELIABILITY IN EXCEPTIONAL CIRCUMSTANCES**

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**RECORD SALES**

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**INCREASED PROFITABILITY**

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**ACCELERATED HIRING**

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**SECOND HALF ON TRACK TO BREAK FURTHER RECORDS**

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**ANNUAL TARGETS CONFIRMED**

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# FIRST HALF-YEAR 2020 IN BRIEF

SALES  
(IN MCHF)

# 177.1

Sales reach a new all-time high in H1: up by 31.7%

EBIT  
(IN MCHF)

# 40.3

Surge in operating income: 64.9% above reference period

SALES  
(IN MCHF)



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	2020	2019	CHANGES IN %	
			CHF	LC
SALES (IN MCHF)	177.1	134.5	+31.7	+35.8
EBITDA (IN MCHF)	53.0	36.5	+45.3	+56.3
EBITDA IN % OF SALES	29.9	27.1		
EBIT (IN MCHF)	40.3	24.4	+64.9	+81.0
EBIT IN % OF SALES	22.7	18.2		
NET INCOME (IN MCHF)	32.8	20.4	+60.7	
NET INCOME IN % OF SALES	18.5	15.2		
EARNINGS PER SHARE (EPS - IN CHF)	2.35	1.49	+57.3	
CASH FLOW FROM OPERATING ACTIVITIES (IN MCHF)	58.7	32.0	+83.5	
NUMBER OF EMPLOYEES (IN FULL-TIME EQUIVALENTS)	1 356	1 209 <sup>1</sup>		

<sup>1</sup> Value as per December 31, 2019

In a period dominated by the COVID-19 pandemic, Bachem again displayed strength and reliability in the first half of 2020. With dedication and an excellent crisis management team and in compliance with strict protective measures, the Group lived up to its responsibilities as a supplier of essential goods. Stronger than ever and with record results, Bachem held firmly to its growth trajectory.

### Record half-year sales

The Bachem Group (SIX: BANB) set a new half-year sales record of 177.1 million CHF in the first half of 2020. Sales grew by a solid 42.6 million CHF (+31.7%) over the prior year period. Only negative exchange rate effects held the total short of the Group's historic best of 179.2 million CHF (achieved in H2 2019). In local currencies (LC), sales climbed +35.8%. This strongest result in corporate history was the latest in Bachem's unbroken series of records in recent years, a striking testimony to the Group's performance capacity. The Company expects the growth trend to continue, with

sales in excess of 200 million CHF in the second half of 2020.

### Significant growth boost for generics

Sales of generic products reached 71.7 million CHF, more than 23% above the prior year reference figure (58.2 million CHF). Performance was strong in both regions. In Europe/Asia first-half revenues climbed roughly 8% in LC; in North America sales nearly doubled (+97% in LC). Products made in Switzerland continued to account for a high proportion of sales. Based on orders and communications with customers, Bachem anticipates a very good second half and a full-year result for 2020 which will again significantly exceed the previous year's.

### Lockdown impacts research chemicals

Unlike the other business units, Bachem's Competence Center for Custom Synthesis in St. Helens, UK, experienced a direct impact from the COVID-19 pandemic and resulting lockdown measures. The temporary closure of research departments and universities had a negative effect on new orders and deliveries. Nevertheless, barring a further worsening of the current situation, the Bachem team is confident that the second half will be stronger. Overall, the Research Chemicals division once again made a very positive showing. In particular, periodic major catalog bulk product orders and custom synthesis associated with NCE active substance development projects generated total growth of 4.8 million CHF (+35.9% in LC) over the reference period.

### Tailwind for New Chemical Entities

Sales growth in the New Chemical Entities (NCEs) unit was also very gratifying. Both regions contributed strong results to the division's performance. After having already recorded substantial gains the previous year, North America sales again advanced significantly, exceeding the year-back figure by over 43% in LC. The Europe/Asia region likewise posted an impressive performance, bettering its prior year results by some 95% in LC. A robust +36.6% local currency increase in accompanying services also highlighted the healthy structure and quality of the NCE project portfolio as a basis for further sustained growth.

### Disproportionate increase in operating income

The sales gains had a positive impact on profitability. Despite a higher expense base, operating income for the first half of 2020 grew by 15.8 million CHF over the prior year period to 40.3 million CHF (+64.9%). At 22.7%, the EBIT margin likewise significantly exceeded that of the year-back period (H1 2019: 18.2%). The substantial increase was mainly the result of better total capacity utilization along with higher contribution margins due

to increased sales. The latter also benefited from a favorable product mix during the period under review.

**Accelerated hiring**

In response to strong demand, a healthy order book, and the anticipated trajectory of business, Bachem created 151 new jobs worldwide through mid-year 2020. The growth was attributable primarily to the institution of multiple shifts at the production plants in Switzerland and the United States, the addition of engineering resources to expand capacity, and the accelerated development of the new oligonucleotides business. Increased demands on IT services and cyber security meant that additional specialists had to be recruited. As of June 30, 2020, the Bachem Group employed a total of 1408 people in 1356 full-time equivalent positions.

**Product mix helps boost gross profit**

The cost of goods sold in the first half of 2020 came to 121.1 million CHF or 68.3% of sales. At mid-year improved sales, better capacity utilization and fixed cost absorption, bolstered by an advantageous product mix, had resulted in a significantly higher gross profit margin of 31.7% (H1 2019: 28.5%). In the second half, this figure is likely to dip back slightly due to the anticipated structure of sales.

**Marketing & sales**

First-half marketing and sales costs came to 7.8 million CHF (H1 2019: 7.3 million CHF). As a percentage of total sales, these expenses fell sharply to 4.4% (H1 2019: 5.5%). The main causes of the increase in absolute expenses were the expansion of the new Tokyo office and strategic hiring in the sales organization. As a result of measures to contain the COVID-19 pandemic, it is anticipated that various activities will be suspended or curtailed. On this basis, the Company is anticipating marketing and sales costs of approximately 16 million CHF for the whole of 2020.

**Research & development**

The Group recorded research and development (R&D) costs of 1.4 million CHF (H1 2019: 0.6 million CHF). Due to ongoing high utilization of the R&D departments for customer projects, internal activities approved by the Research Committee have in the past been postponed. Thanks to the expansion of the team, these activities have now been driven forward according to plan. No development expenses were capitalized during the period under review.

**General administrative costs**

General administrative costs for the first six months of 2020 amounted to 7.1 million CHF (H1 2019: 6.4 million

CHF). As a percentage of total sales, these expenses declined to 4.0% (H1 2019: 4.7%). The disproportionate increase in absolute expenses is due, among other things, to the expansion of the Controlling, Intellectual Property, and Corporate Social Responsibility departments. Expenses for the full year are expected to total 14.5 million CHF.

**Increase in depreciation and amortization**

With new production capacity now onstream, depreciation and amortization rose by roughly 0.7 million CHF to 12.7 million CHF. As a percentage of sales, however, the total fell to 7.2% (H1 2019: 9.0%) thanks to encouraging sales growth. No impairments were recognized during the period under review.

**Net income sharply higher**

Net income grew sharply by 12.4 million CHF (+60.7%) despite unfavorable exchange rate effects and amounted to 32.8 million CHF at mid-year (H1 2019: 20.4 million CHF). In contrast to the nearly balanced foreign exchange result of the reference period, exchange rate movements had a negative effect of -0.6 million CHF. This was mainly due to the valuation at the balance sheet date of US dollar-denominated loans to subsidiaries by the holding company.

**Tax rate**

The net income figure reflects income taxes of 6.5 million CHF (H1 2019: 3.7 million CHF). The consolidated tax rate rose amongst other things due to higher revenue contributions from the United States, with an associated higher rate of taxation, to 16.6% (year-back period: 15.2%).

**Net current assets lower**

Cash flow from operating activities before change in net current assets for the first half of 2020 amounted to 49.8 million CHF (H1 2019: 34.4 million CHF). The changes in net current assets resulted in a cash inflow of 8.9 million CHF. Receivables including prepaid expenses and accruals have shrunk by a net 10.1 million CHF since the start of the year while liabilities including accruals and deferrals have expanded by a net 19.6 million CHF, resulting in a total cash inflow of 29.7 million CHF. Conversely, a net capital commitment arose through the expansion of inventories in the amount of 20.8 million CHF. This was primarily the result of higher semi-finished and finished goods inventories and work in process because of ongoing projects – and in anticipation, once again, of a stronger second half. Moreover, stocks of production-critical raw materials have been deliberately expanded to ensure their availability. This process most recently proved useful at the start of the

coronavirus pandemic, ensuring that operations could continue uninterrupted. Operating cash flow for the first six months of 2020 outpaced that of the reference period by 26.7 million CHF (+83.5%) at 58.7 million CHF (H1 2019: 32.0 million CHF).

#### Investments in capacity expansion

Cash flow from investing activities in the first half of 2020 amounted to –28.7 million CHF. As expected, this was significantly higher than the prior year figure (H1 2019: –15.7 million CHF). In the course of the current growth phase, Bachem is expanding production capacity at its sites in Switzerland and the United States. The Group has also considerably bolstered its internal capabilities for rapid completion of investment projects. The executive team anticipates further capital expenditure in the range of 60 million CHF in the second half.

#### Financing secured

A total of 46.8 million CHF of the bank loans reported at year-end 2019 were repaid in the period under review. During the same period, Bachem raised loans from a bank and from Ingro Finanz AG in the amount of 54.3 million CHF. Long-term loans totaling 60 million CHF were carried forward unchanged from the prior year. Also under financing activities, the total for distribution of an increased dividend of 3.00 CHF amounted to 42.0 million CHF.

#### Cash and cash equivalents of 16.5 million CHF

Cash and cash equivalents declined by 4.9 million CHF to 16.5 million CHF (H1 2019: 12.0 million CHF).

#### Capital base extremely solid

Owing to the distributed dividend and higher liabilities, Bachem finished the period with a slightly lower but still very solid equity ratio of 65.8% (69.2% at the end of the year 2019).

## OUTLOOK

### LEADING PARTNER IN TIDES

Based on the established peptides business and expanding oligonucleotide activities, Bachem has the potential and the means to grow annual sales above 500 million CHF in the next three years.

### PEP-TIDES

The pace of growth in the core peptides business, driven by market approval of new compounds and pharmaceutical forms and by a broad-based project portfolio, continues to accelerate. As the market leader, Bachem has the ability to capture an above-average portion of this growth while also serving as a dependable partner for outsourcing projects.

### OLIGONUCLEO-TIDES

Growing demand and continuing momentum in the field of oligonucleotides are accelerating Bachem's performance in this promising market segment. An expanding project portfolio and satisfied customers are supporting the rapid development of additional capacity. In the medium term, Bachem is targeting annual sales of over 100 million CHF and is seeking a market position among

the top three oligonucleotide contract development and manufacturing organizations (CDMOs).

### INVESTMENTS IN CAPACITY EXPANSION

To make the foreseen growth possible, the executive team plans to undertake investments in excess of 300 million CHF, primarily in capacity expansion, in the medium term. Of this total, 85 million CHF are expected to be spent in the current fiscal year. To finance these investments, Bachem plans to increase free cash flow and draw on existing bank credit limits.

### GUIDANCE CONFIRMED

Based on the strong mid-year results and an excellent order situation, the Company confirms its existing guidance. Assuming a stable exchange rate and economic environment, Bachem anticipates new record results for fiscal year 2020. With expected sales in excess of 200 million CHF in the second half, Bachem is targeting sales growth of over 20% compared to the previous year along with a further disproportionate increase in operating profit. **Bachem. Leading Partner in Tides**



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### Quality Strategy

The quest for the perfect solution. Continuous improvement thanks to creativity and the ability to adapt. Always seeing what has been achieved and the current challenge as a starting point and incentive for the next development.

Doing this requires a specific mindset: namely, that of an entrepreneur who always wants to offer his partners the best possible quality. With 100% reliability, no exceptions. Steadfastly convinced of doing the right thing.

We at Bachem have lived this commitment to quality from the very outset. Embedded as a strategy, established as a Company-wide initiative, it shapes our day-to-day activities over the long term. Our well-established position as market leader in the production of active ingredients is a result of this consistent focus and, of course, the requirements and appreciation of our customers: **Quality Matters.**



**1. BACHEM IS THE MOST ROBUST AND SUSTAINED SUPPLIER IN THE INDUSTRY SINCE 50 YEARS.**

**2. ALL STAGES OF DRUG DEVELOPMENT (PRECLINICAL RESEARCH, CLINICAL PHASES I-III AND AFTER COMMERCIAL LAUNCH) ARE SUPPORTED BY BACHEM'S API PRODUCTION AND SERVICES.**

**3. BACHEM IS UNIQUE IN ITS ABILITY TO PRODUCE LONG-CHAIN AND COMPLEX PEPTIDES IN LARGE QUANTITIES FOR COMMERCIAL APPLICATIONS.**

**4. HIGHEST INDUSTRY STANDARDS FOR QUALITY ASSURANCE, CONTROL AND REGULATORY COMPLIANCE ARE PART OF BACHEM'S "QUALITY MATTERS" COMMITMENT.**

**5. EXCELLENT PROJECT MANAGEMENT RECORD WITH THE WORLD'S BEST PHARMACEUTICAL AND BIOTECHNOLOGY COMPANIES - THE BEST WORK WITH THE BEST.**

**FIVE REASONS TO INVEST**

# CONSOLIDATED INCOME STATEMENT

(Unaudited)

in 1000 CHF	Notes	First half-year 2020	First half-year 2019
Sales	5	177 140	134 519
Cost of goods sold		- 121 068	- 96 223
<b>Gross profit</b>		<b>56 072</b>	<b>38 296</b>
Other income		449	447
Marketing and sales costs		- 7 795	- 7 343
Research and development costs		- 1 352	- 610
General administrative costs		- 7 114	- 6 374
<b>Operating income (EBIT)</b>	5	<b>40 260</b>	<b>24 416</b>
Financial income		11	2
Financial expenses	6	- 903	- 318
<b>Ordinary income before taxes</b>		<b>39 368</b>	<b>24 100</b>
Income taxes		- 6 536	- 3 666
<b>Net income<sup>1</sup></b>		<b>32 832</b>	<b>20 434</b>
<b>Earnings per share (CHF)<sup>2</sup></b>		<b>2.35</b>	<b>1.49</b>

<sup>1</sup> The net income is completely attributable to the equity holders of the parent.

<sup>2</sup> There are no options or similar that have a dilutive effect.

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

# CONSOLIDATED BALANCE SHEET

(Unaudited)

in 1000 CHF	Notes	June 30, 2020	Dec. 31, 2019
<b>Assets</b>			
Cash and cash equivalents		16 513	21 431
Trade receivables		71 846	83 949
Other current receivables		3 856	2 782
Prepaid expenses and accrued income		3 684	2 979
Current income tax assets		1 324	844
Inventories		239 027	219 174
<b>Total current assets</b>		<b>336 250</b>	<b>331 159</b>
Property, plant and equipment		307 551	296 602
Intangible assets		13 324	13 458
Assets from employer contribution reserve		320	320
Deferred tax assets		6 347	5 605
<b>Total non-current assets</b>		<b>327 542</b>	<b>315 985</b>
<b>Total assets</b>		<b>663 792</b>	<b>647 144</b>
<b>Liabilities and equity</b>			
Trade payables		14 360	18 189
Other current liabilities	7	29 411	17 504
Accrued expenses and deferred income		26 920	19 395
Current income tax liabilities		5 155	2 345
Current financial liabilities	8	54 448	46 917
<b>Total current liabilities</b>		<b>130 294</b>	<b>104 350</b>
Non-current financial liabilities	8	60 213	60 184
Deferred tax liabilities		36 387	34 792
<b>Total non-current liabilities</b>		<b>96 600</b>	<b>94 976</b>
<b>Total liabilities</b>		<b>226 894</b>	<b>199 326</b>
Share capital		700	700
Retained earnings		415 038	403 205
Share premium		58 517	79 039
Own shares		0	- 1
Cumulative translation differences		- 37 357	- 35 125
<b>Total capital and reserves attributable to the equity holders of the company</b>		<b>436 898</b>	<b>447 818</b>
<b>Total liabilities and equity</b>		<b>663 792</b>	<b>647 144</b>

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)

in 1000 CHF	Notes	First half-year 2020	First half-year 2019
<b>Cash flow from operating activities</b>			
Net income		32 832	20 434
Adjustments for:			
Income taxes		6 536	3 666
Depreciation and amortization		12 715	12 054
Financial income		- 11	- 2
Financial expenses	6	903	318
Share based payments		488	310
Loss on sale of property, plant and equipment		12	0
Income taxes paid		- 3 264	- 2 280
Other non-cash items		- 370	- 71
<b>Cash flow from operating activities before changes in net current assets</b>		<b>49 841</b>	<b>34 429</b>
Change in trade receivables		11 640	19 328
Change in other current receivables, prepaid expenses and accrued income		- 1 499	- 701
Change in inventories		- 20 830	- 18 070
Change in trade payables		- 3 800	- 2 989
Change in other current liabilities, accrued expenses and deferred income		23 359	6
<b>Cash flow from operating activities</b>		<b>58 711</b>	<b>32 003</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment		- 26 614	- 15 019
Investments in intangible assets		- 1 961	- 644
Other financial payments and proceeds		- 119	- 47
<b>Cash flow from investing activities</b>		<b>- 28 694</b>	<b>- 15 710</b>
<b>Cash flow from financing activities</b>			
Capital increase		0	47 586
Dividends paid	4	- 41 998	- 27 377
Increase in financial liabilities		54 300	113 700
Repayment of financial liabilities		- 46 863	- 160 070
Interest paid		- 237	- 452
<b>Cash from financing activities</b>		<b>- 34 798</b>	<b>- 26 613</b>
Net effect of currency translation on cash and cash equivalents		- 137	- 13
<b>Net change in cash and cash equivalents</b>		<b>- 4 918</b>	<b>- 10 333</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>21 431</b>	<b>22 302</b>
<b>Cash and cash equivalents at the end of the half-year</b>		<b>16 513</b>	<b>11 969</b>
<b>Net change in cash and cash equivalents</b>		<b>- 4 918</b>	<b>- 10 333</b>

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

2020 in 1000 CHF	Notes	Share capital	Retained earnings	Share premium	Own shares	Cumulative translation differences	Total
<b>Balance at January 1</b>		<b>700</b>	<b>403 205</b>	<b>79 039</b>	<b>- 1</b>	<b>- 35 125</b>	<b>447 818</b>
Net income according to income statement			32 832				<b>32 832</b>
Dividends	4		- 20 999	- 20 999			<b>- 41 998</b>
Transactions with own shares (net of tax)				- 11			<b>- 11</b>
Share based payments				488	1		<b>489</b>
Cumulative translation differences						- 2 232	<b>- 2 232</b>
<b>Balance at June 30</b>		<b>700</b>	<b>415 038</b>	<b>58 517</b>	<b>0</b>	<b>- 37 357</b>	<b>436 898</b>

2019 in 1000 CHF	Notes	Share capital	Retained earnings	Share premium	Own shares	Cumulative translation differences	Total
<b>Balance at January 1</b>		<b>680</b>	<b>386 418</b>	<b>30 861</b>	<b>- 1</b>	<b>- 33 746</b>	<b>384 212</b>
Capital increase		20		47 980			<b>48 000</b>
Transaction costs of the capital increase (net of tax)				- 819			<b>- 819</b>
Net income according to income statement			20 434				<b>20 434</b>
Dividends	4		- 37 377				<b>- 37 377</b>
Transactions with own shares (net of tax)				- 7			<b>- 7</b>
Share based payments				310			<b>310</b>
Cumulative translation differences						- 758	<b>- 758</b>
<b>Balance at June 30</b>		<b>700</b>	<b>369 475</b>	<b>78 325</b>	<b>- 1</b>	<b>- 34 504</b>	<b>413 995</b>

Goodwill in the amount of 1352 kCHF is offset in retained earnings.

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

# SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1 Accounting policies

### *Principles of consolidation*

These consolidated interim financial statements comprise the unaudited consolidated financial statements of Bachem Holding AG, a company registered in Switzerland, and its subsidiaries for the six-month period ended June 30, 2020.

The consolidated interim financial statements were prepared in accordance with Swiss GAAP FER 31 "Complementary recommendation for listed public companies." These consolidated interim financial statements do not include all the information and disclosures contained in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2019, which were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

### *Changes in accounting policies*

For the reporting year 2020, no changes in accounting policies became effective. The accounting policies used are consistent with those used in the annual consolidated financial statements 2019.

### *Approval of the interim financial statements*

The consolidated interim financial statements were approved for issue by the Board of Directors of Bachem Holding AG on August 13, 2020.

## 2 Foreign exchange rates

in CHF	Income statement average rates		Balance sheet period-end rates	
	First half-year 2020	First half-year 2019	June 30, 2020	Dec. 31, 2019
USD	0.97	1.00	0.95	0.97
EUR	1.06	1.13	1.07	1.09
GBP	1.22	1.29	1.17	1.28
JPY (100)	0.89	0.91	0.88	0.89

## 3 Seasonality

The operating income is subject to fluctuations having no seasonal origin.

## 4 Dividend distribution

On April 28, 2020, a dividend of 41 998 kCHF, respectively 3.00 CHF per share was distributed for the year 2019 (previous year: 37 377 kCHF, respectively 2.75 CHF per share).

## 5 Segment information

The presented values are based on the same valuation principles according to Swiss GAAP FER as used for the whole interim financial statements.

in 1000 CHF	Europe/ Asia	North America	Total segments	Corporate and eliminations	Consolidated values
<b>Sales information first half-year 2020</b>					
Sales third parties	82 771	94 369	177 140	0	<b>177 140</b>
Sales intersegment	47 584	2 850	50 434	- 50 434	<b>0</b>
<b>Total sales</b>	<b>130 355</b>	<b>97 219</b>	<b>227 574</b>	<b>- 50 434</b>	<b>177 140</b>
<b>Income information first half-year 2020</b>					
Operating income (EBIT)	32 868	9 677	42 545	- 2 285 <sup>1</sup>	<b>40 260</b>
<b>Other information first half-year 2020</b>					
Additions in property, plant and equipment and intangible assets	20 197	4 971	25 168	0	<b>25 168</b>
Depreciation and amortization	- 10 674	- 2 035	- 12 709	- 6	<b>- 12 715</b>
Total assets	518 603	162 693	681 296	- 17 504 <sup>2</sup>	<b>663 792</b>
Total liabilities	285 241	75 779	361 020	- 134 126 <sup>3</sup>	<b>226 894</b>

<sup>1</sup> The amount consists of the operating income from corporate activities of -2 862 kCHF and of eliminations in the value of 577 kCHF.

<sup>2</sup> The amount consists of corporate assets as for example cash and cash equivalents and loans to Group companies in the total of 236 416 kCHF and of eliminations in the value of -253 920 kCHF.

<sup>3</sup> The amount consists of corporate liabilities of 116 200 kCHF and of eliminations in the value of -250 326 kCHF.

in 1000 CHF	Europe/ Asia	North America	Total segments	Corporate and eliminations	Consolidated values
<b>Sales information first half-year 2019</b>					
Sales third parties	69 880	64 639	134 519	0	<b>134 519</b>
Sales intersegment	26 030	2 902	28 932	- 28 932	<b>0</b>
<b>Total sales</b>	<b>95 910</b>	<b>67 541</b>	<b>163 451</b>	<b>- 28 932</b>	<b>134 519</b>
<b>Income information first half-year 2019</b>					
Operating income (EBIT)	17 825	9 130	26 955	- 2 539 <sup>1</sup>	<b>24 416</b>
<b>Other information first half-year 2019</b>					
Additions in property, plant and equipment and intangible assets	7 886	2 436	10 322	0	<b>10 322</b>
Depreciation and amortization	- 9 906	- 2 141	- 12 047	- 7	<b>- 12 054</b>
Total assets	469 297	143 389	612 686	- 12 370 <sup>2</sup>	<b>600 316</b>
Total liabilities	262 474	63 712	326 186	- 139 865 <sup>3</sup>	<b>186 321</b>

<sup>1</sup> The amount consists of the operating income from corporate activities of -2 735 kCHF and of eliminations in the value of 196 kCHF.

<sup>2</sup> The amount consists of corporate assets as for example cash and cash equivalents and loans to Group companies in the total of 247 822 kCHF and of eliminations in the value of -260 192 kCHF.

<sup>3</sup> The amount consists of corporate liabilities of 116 954 kCHF and of eliminations in the value of -256 819 kCHF.

## 6 Financial expenses

in 1000 CHF	<b>First half-year 2020</b>	First half-year 2019
Interest expenses	- 183	- 247
Other financial expenses	- 119	- 42
Foreign exchange result	- 601	- 29
<b>Total financial expenses</b>	<b>- 903</b>	<b>- 318</b>

## 7 Other current liabilities

As of June 30, 2020, other current liabilities include, besides various other liabilities, prepayments from customers in the amount of 20 351 kCHF (December 31, 2019: 3 488 kCHF).

## 8 Financial liabilities

As of June 30, 2020, Bachem's financial liabilities consist of a loan from the related party Ingro Finanz AG in the amount of 25 000 kCHF (December 31, 2019: 0 kCHF), bank loans in the amount of 89 300 kCHF (December 31, 2019: 106 800 kCHF) and finance lease liabilities in the amount of 361 kCHF (December 31, 2019: 301 kCHF).

The loan from the related party and the bank loans were provided as unsecured business loans in CHF and bear an average interest of 0.3% p.a. The loan from the related party is perpetual, but can be canceled at any time. The bank loans have remaining durations between 1 and 23 months and the finance leases between 0.5 and 3.5 years.

## 9 Tax reform Switzerland

The reform process has not yet been completed at cantonal level in all cantons relevant to Bachem. In addition, the influences of certain elements of this reform and their implementation options are examined in detail. As soon as the reform process in all cantons relevant to Bachem has been completed and the concrete implementation has been decided on the basis of the detailed examination of all elements, the resulting influence on income and capital taxes will be reflected affecting net income.

## 10 Contingent liabilities and other commitments

There are no material contingent liabilities or other commitments at the balance sheet date.

## 11 Events after the balance sheet date

There have been no material events after the balance sheet date.

## Financial Calendar

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### **Annual Report 2020**

March 12, 2021

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### **Annual General Meeting**

(business year 2020)

April 28, 2021

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### **Half-Year Report 2021**

August 27, 2021

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#### **Forward-looking statements**

Forward-looking statements contained herein are qualified in their entirety and are of only limited validity. Investors are cautioned that all forward-looking statements involve risks and uncertainty. There are certain factors that could cause results to differ materially from those anticipated. This includes as well the timing and strength of new product offerings, pricing strategies of competitors, the Group's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs, and changes in the political, social and regulatory framework in which the Group operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

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