

Media release - Ad hoc announcement pursuant to Art. 53 LR

Zurich, 27 March 2023

EPIC Suisse AG reports strong operating results for 2022 in line with its growth strategy

- Rental income growth of 4.9% to CHF 61.5 million in 2022 versus CHF 58.6 million in 2021
- Like for like increase of 3.2% in rental income mainly due to new lettings
- Reported vacancy rate further reduced to 5.8% as at 31 December 2022 (3.3% on an adjusted basis) due to new lettings (31 December 2021, 7.6% and 3.7% respectively)
- Long WAULT of 8.2 years as at 31 December 2022 (8.6 years as at 31 December 2021)
- EBITDA (excluding revaluation on properties and CHF 5.9 million one-off IPO costs) amounted to CHF 48.9 million (CHF 48.9 million in 2021)
- Solid equity ratio at 52.4%
- Dividend proposal of CHF 3.00 per registered share

EPIC Suisse AG (SIX: EPIC) (the “Company” or “EPIC Suisse”) published today strong operating results for the fiscal year 2022. The Board of Directors will propose a gross dividend of CHF 3.00 per registered share to the Annual General Meeting on 26 April 2023.

Growth in rental income and lower vacancies

Rental income from real estate properties increased by 4.9% to CHF 61.5 million for 2022 (CHF 58.6 million for 2021). The increase was mainly driven by a reduction of the vacancy rate to 5.8% in 2022 (7.6% in 2021), as well as having a full year of rental income generated from the acquisition of our logistics property in Roggwil with effect as of 1 April 2021. On an adjusted basis (adjusted for absorption and strategic vacancy in the properties Zänti Volketswil and Biopôle Serine), the vacancy rate amounted to 3.3% (3.7% for 2021). The net rental income yield for properties in operation increased slightly to 4.2% for 2022 (4.1% for 2021).

Total real estate portfolio valued at CHF 1'501.9 million

The independent real estate valuer Wüest Partner AG revalued all properties at year end, resulting in a net unrealised revaluation gain of CHF 0.9 million in 2022 (CHF 48.9 million in 2021). The lower revaluation gain is largely explained by the stabilisation of the weighted average real discount rate at 3.31% in 2022, while this rate had decreased in 2021 by 12 basis points to 3.32% from 3.44% in 2020.

With capital investments of CHF 29.5 million into the existing portfolio and an acquisition of a company whose main asset is a production/industrial building on a plot of land in Tolochenaz next to plots already owned by EPIC Suisse corresponding to total asset cost of CHF 5.6 million, the portfolio value increased by 2.5% to CHF 1'501.9 million as at 31 December 2022 (CHF 1'465.8 million at 31 December 2021).

Profitability

EBITDA (including revaluation of properties) for 2022 amounted to CHF 44.0 million (CHF 97.8 million for 2021). This includes one-off IPO expenses of CHF 5.9 million already accounted for in the first half of 2022. Excluding the unrealised revaluation gain of properties and the above-mentioned one-off IPO costs, the EBITDA remained in line with the previous year at CHF 48.9 million. The 2022 net operating income increase of CHF 1.5 million was offset by additional other operating expenses, mainly in connection with the Company being public.

The financial result came to a net income of CHF 20.8 million (net expense of CHF 3.6 million for 2021) and includes unrealised revaluation gains from hedging derivative instruments (interest rate swaps) in the amount of CHF 27.9 million for 2022 (CHF 3.9 million for 2021). As already mentioned in the half-year 2022 report, in accordance with IFRS, the interest rate swaps are valued at their current fair value at each balance sheet date and changes in the fair value are reflected in the statement of profit or loss. These fair value adjustments do not impact the Company's operations, cash flows, or dividend policy.

Profit (including revaluation effects) reached CHF 56.4 million in 2022 versus CHF 77.5 million for 2021. Excluding revaluation effects of the properties and derivatives, profit stood at CHF 32.6 million (CHF 38.1 million in 2021), and rising to CHF 38.4 million when excluding the above-mentioned IPO costs of CHF 5.9 million.

Sound capital base

As at 31 December 2022, equity totalled CHF 818.4 million with a solid equity ratio of 52.4% (CHF 577.9 million and 38.6% at 31 December 2021). Net asset value per share increased to CHF 79.23 (CHF 77.05 at 31 December 2021).

Despite the Swiss National Bank raising interest rates in 2022, the weighted average interest rate at 31 December 2022 stayed low at 1.0%, while the weighted average residual maturity of all bank loans stood at 4.1 years (5.0 years at 31 December 2021).

Dividend of CHF 3.00 per share proposed to the Annual General Meeting 2023

Based on the positive results and in line with the Company's dividend target announced in 2022, the Board of Directors will propose to the Annual General Meeting, to be held on 26 April 2023, to distribute a gross dividend of CHF 3.00 per share or a total of CHF 31.0 million, corresponding to a dividend yield of 4.7% based on the closing price of the registered shares at year end 2022.

Outlook

With the ongoing war in Ukraine, the global geopolitical and economic situation remains fragile and the interest rate environment less favourable. Nevertheless, the Company expects the Swiss real estate market to show resilience and assuming no material adverse impact on its operations, EPIC Suisse targets a rental income increase of circa 4% for the full year 2023.

For selected key figures, please refer to the appendix of this press release as well as to the Annual Report 2022 for further information and a glossary of alternative performance measures (on page 141 of the report).

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Reporting

The Annual Report 2022 is available on the Company's website under Media & Investors – Financial Reports: <https://ir.epic.ch/en/financial-reports/>

About EPIC Suisse AG

EPIC Suisse AG is a Swiss real estate company with a high-quality property portfolio of CHF 1.5 billion in market value. It has a sizeable development pipeline and a strong track record in sourcing, acquiring, (re)developing and actively managing commercial properties in Switzerland. EPIC's investment properties are mainly located in Switzerland's major economic hubs, specifically the Lake Geneva Region and the Zurich Economic Area. Listed on SIX Swiss Exchange since May 2022 (SIX ticker symbol EPIC; Swiss Security Number (Valorennummer) 51613168; ISIN number CH0516131684). More information: www.epic.ch

Disclaimer

This publication may contain specific forward-looking statements, e.g. statements including terms like "believe", "assume", "expect", "forecast", "project", "may", "could", "might", "will" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of EPIC Suisse AG and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. EPIC Suisse AG assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

Alternative performance measures

This media release contains references to operational indicators, such as reported vacancy rate, adjusted vacancy rate and WAULT, and alternative performance measures (APM) that are not defined or specified by IFRS, including EBITDA (incl. revaluation of properties), EBITDA (excl. revaluation of properties), net operating income, return on equity (incl. revaluation effects), return on equity (excl. revaluation effects), profit (excl. revaluation effects), net loan to value (LTV) ratio. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. These APM may not be comparable to similarly titled measures disclosed by other companies. For the definitions of the main operational indicators and APM used, including related abbreviations, refer to the section "Alternative Performance Measures" on page 141 of the Company's Annual Report 2022.

SELECTED KEY FIGURES – ANNUAL RESULTS 2022

Result	Units	2022	2021
Rental income from real estate properties	CHF ('000)	61'480	58'623
Net operating income (NOI) ¹	CHF ('000)	56'401	54'869
Net gain from revaluation of properties	CHF ('000)	936	48'860
EBITDA (incl. revaluation of properties)	CHF ('000)	44'017	97'751
EBITDA (excl. revaluation of properties)	CHF ('000)	43'081	48'891
EBITDA (excl. revaluation of properties and excl. one-off IPO costs)	CHF ('000)	48'936	48'891
Profit (incl. revaluation effects)	CHF ('000)	56'373	77'486
Profit (excl. revaluation effects) ²	CHF ('000)	32'584	38'073
Net rental income yield properties in operation	%	4.2%	4.1%
Balance sheet		31 Dec 2022	31 Dec 2021
Total assets	CHF ('000)	1'563'201	1'498'481
Equity (NAV)	CHF ('000)	818'412	577'865
Equity ratio	%	52.4%	38.6%
Return on equity (incl. revaluation effects) ³	%	8.1%	14.3%
Return on equity (excl. revaluation effects) ⁴	%	4.7%	7.0%
Weighted average interest rate on mortgage-secured bank loans	%	1.0%	0.9%
Weighted average residual maturity of mortgage-secured bank loans	Years	4.1	5.0
Net loan to value (LTV) ratio ⁵	%	38.3%	51.4%
Portfolio		31 Dec 2022	31 Dec 2021
Total portfolio	CHF ('000)	1'501'882	1'465'792
Investment properties in operation	CHF ('000)	1'447'761	1'433'982
Investment properties under development/construction	CHF ('000)	54'121	31'810
Reported vacancy rate (properties in operation)	%	5.8%	7.6%
Adjusted vacancy rate (properties in operation) ⁶	%	3.3%	3.7%
WAULT (weighted average unexpired lease term)	Years	8.2	8.6
Information per share		31 Dec 2022	31 Dec 2021
Number of shares outstanding at period end	# ('000)	10'330	7'500
Net asset value (NAV) per share	CHF	79.23	77.05
Share price on SIX Swiss Exchange	CHF	63.50	n/a
		2022	2021
Weighted average number of outstanding shares	# ('000)	9'200	7'500
Earnings per share (incl. revaluation effects)	CHF	6.13	10.33
Earnings per share (excl. revaluation effects)	CHF	3.54	5.08

¹ Rental income from real estate properties plus other income less direct expenses related to properties

² Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes

³ Profit after tax before other comprehensive income divided by the average IFRS NAV. The average IFRS NAV corresponds to ½ of the sum of the IFRS NAV at the beginning and at the end of the reporting period

⁴ Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes divided by the average IFRS NAV. The average IFRS NAV corresponds to ½ of the sum of the IFRS NAV at the beginning and at the end of the reporting period

⁵ Ratio of net debt to the market value of total real estate properties including the right-of-use of the land

⁶ Reported vacancy rate adjusted for absorption and strategic vacancy in certain properties in operation (i.e. Zänti Volketswil, Biopôle Serine)