

PRESS RELEASE | LEONTEQ PUBLISHES FULL-YEAR 2021 RESULTS

Zurich, 10 February 2022 | Ad hoc announcement pursuant to Art. 53 LR

Leonteq AG (SIX: LEON) is today announcing record revenues and profits for 2021, driven by strong client activity, disciplined risk management and the focused execution of its strategy supported by a benign market environment.

2021 financial highlights

- Group net profit more than tripled to CHF 155.7 million (2020: CHF 39.9 million); earnings per share increased to CHF 8.47 (2020: CHF 2.15)
- Total operating income was CHF 417.8 million, up 78% year on year, reflecting strong fee income of CHF 306.7 million and a positive net trading result of CHF 112.4 million
- Already strong capital base increased further to CHF 873.6 million (end-2020: CHF 722.6 million); return on equity of 21%
- Distribution to shareholders of CHF 3.00 per share proposed for the financial year 2021, up 300% from CHF 0.75 per share for 2020

Disciplined execution of 2018 strategic plan

- Business diversification and earnings quality significantly enhanced
- LynQs established as one-stop-shop for investment solutions; more than 100 clients and partners onboarded under innovative white-labelling platform format
- White-labelling set-up with Basler Kantonalbank and Banque Internationale à Luxembourg completed; turnover of more than CHF 1.2 billion generated in 2021
- New white-labelling partnerships entered into with VP Bank and Swissquote; cooperation with Raiffeisen Switzerland extended until 2030

Growth Strategy 2026

- Launch of ambitious five-year strategy cycle based on four dimensions:
 - Expansion and diversification of offering across products, asset classes and issuers
 - Investments in digital client solutions, leveraging scalable technology platform
 - Focus on strong position in home market and expansion of offering to international client base
 - Integration of ESG aspects into business activities and product offering
- Targeting total operating income of CHF 450-500 million and return on equity of over 15% by 2026
- Progressive dividend policy with payout ratio of more than 50% from 2022 onwards

Very strong start to 2022

- Leonteq had a very strong start to 2022 driven by substantial increase in net trading results year on year

Income statement CHF million	H2 2021	H1 2021	H2 2020	Change y-o-y	FY 2021	FY 2020	Change y-o-y
Total operating income	212.0	205.8	131.0	62%	417.8	234.5	78%
of which net fee income	136.7	170.0	121.6	12%	306.7	334.6	(8%)
of which net trading results	77.0	35.4	8.7	N/A	112.4	(98.4)	N/A
Total operating expenses	(130.4)	(125.2)	(99.2)	31%	(255.6)	(197.9)	29%
Profit before taxes	81.6	80.6	31.8	157%	162.2	36.6	343%
Group net profit	81.3	74.4	34.4	136%	155.7	39.9	290%

Lukas Ruffin, Chief Executive Officer of Leonteq, stated: “Over the last few years, Leonteq has successfully executed the strategy it laid out in 2018 and realised the goals we set out to achieve. Our record 2021 results are a testament to our market-leading offering as a fintech platform for structured investment solutions. Further, this performance demonstrates the effectiveness of the investments we have made in key strategic initiatives. Leonteq today has a much more diversified business and a significantly enhanced earnings quality, providing us with strong foundations for the generation of long-term value for all our stakeholders.”

Record results - reflecting a more diverse business mix

2021 was characterised by a benign market environment with generally positive equity markets, the absence of significant cross-asset market shocks, and attractive volatility levels overall. Against this backdrop, Leonteq experienced high levels of client activity across its full range of investment solutions and further diversified its revenue streams across products, underlyings and issuers. Client transactions increased by 28% to a total of 264,213 and the number of issued products grew by 29% to 41,663 in 2021.

In terms of own issued products, Leonteq saw volumes and revenues reach record levels. In addition, it generated a 34% increase in turnover from its balance sheet-light business to CHF 2.6 billion in 2021. Further, Leonteq significantly expanded its fund derivative business and recorded more than a sixfold increase in revenues to CHF 28.1 million (2020: CHF 4.2 million). Revenues from products with crypto assets as underlyings grew to CHF 17.4 million in 2021, a sixfold increase compared to the previous year. Leonteq's revenues in its asset management-like business, including actively managed certificates (AMCs) and tracker certificates, rose by 59% to CHF 57.7 million.

Leonteq generated strong net fee income of CHF 306.7 million in 2021. This compared to the exceptionally strong result of CHF 334.6 million in 2020, reflecting Covid-19-related market developments. At the same time, Leonteq continued to focus on disciplined risk management and recorded a positive net trading result of CHF 112.4 million in 2021, driven primarily by substantial positive contributions from hedging activities in the amount of CHF 88.5 million and a positive contribution from treasury activities of CHF 23.9 million. This compared to a net trading result of CHF -98.4 million in 2020.

Leonteq's total operating income grew by 78% to CHF 417.8 million in 2021. Total operating expenses rose to CHF 255.6 million, an increase of 29% year on year, reflecting planned investments in strategic initiatives, a performance-driven increase in variable costs and provisions for legal cases and taxes.

In line with the guidance issued on 15 November 2021, Leonteq reported record Group net profit of CHF 155.7 million in 2021, compared to CHF 39.9 million in the previous year. Shareholders' equity amounted to CHF 802.1 million as of 31 December 2021, compared to CHF 647.5 million as of 31 December 2020. Including deferred fee income of CHF 71.5 million, Leonteq's capital base reached CHF 873.6 million as of 31 December 2021.

Shareholder distribution to increase by 300% to CHF 3.0 per share for 2021

In line with Leonteq's dividend policy, the Board of Directors will propose a shareholder distribution of CHF 3.00 per share for the financial year 2021 to the Annual General Meeting on 31 March 2022. This corresponds to a 300% increase compared to CHF 0.75 per share for 2020. The proposed distribution to shareholders for 2021 represents a payout ratio of 36% of net profits, which is to be paid in equal amounts out of retained earnings and capital contribution reserves. As previously announced, Leonteq is transitioning towards a progressive dividend policy and expects to pay out more than 50% of net profits from the financial year 2022 onwards.

Christopher Chambers, Chairman of Leonteq, stated: “Leonteq has consistently delivered on its dividend policy over the past few years. Following a period of conservative payouts, we are now moving to a progressive dividend policy that underscores our confidence in the company's ability to generate attractive and sustainable returns over time.”

Leonteq products reach record volumes

Demonstrating Leonteq's position as an established counterparty and the positive impact of its investment grade rating, platform assets in Leonteq's own products grew to CHF 6.3 billion as of 31 December 2021, an increase of 29% compared to end-2020. Turnover in own issued products increased by 27% to CHF 14.7 billion in 2021. In recent years, Leonteq has become the single largest issuer by outstanding volume on its platform for investment solutions. Margins remained high at 108 basis points, compared to 116 basis points in the previous year. Furthermore, to diversify its funding sources, Leonteq will consider issuing an inaugural public bond in due course.

Outstanding volumes of products issued by Leonteq's platform partners increased by 5% to CHF 9.7 billion at the end of 2021. Turnover generated with platform partners decreased to CHF 14.2 billion in 2021 from CHF 14.8 billion in the previous year. Margins continued to normalise, returning to 96 basis points from the exceptionally high level of 120 basis points seen in 2020.

The Insurance & Wealth Planning Solutions (IWPS) business line continued to be impacted by the challenging long-term Swiss Franc interest rate environment as well as pandemic-related effects, which affected the in-person sales activities of third-party distribution channels. Net fee income decreased by 45% to CHF 11.9 million in 2021, while outstanding policies serviced on the platform increased by 3% to 52,997 at end-2021.

In early 2022, Leonteq decided to rename its IWPS business "Pension Savings" and to integrate it into the Investment Solutions business line. Going forward, the Group will therefore comprise only one single reportable segment, in line with Leonteq's strategy and business model.

Strong home market and increased footprint in Europe and the Middle East

Leonteq maintained its strong position in its Swiss home market. Together with its platform partners, Leonteq is the leading issuer of SIX-listed yield enhancement products with a market share of 26%, and it currently ranks as the number three issuer of total SIX-listed structured products with a market share of 12%. Leonteq also expanded its range of digitally tradable investment products in Switzerland by listing products on BX Swiss in 2021. Net fee income in Switzerland was CHF 117.2 million in 2021, down 9% compared to the previous year.

Operations in Europe generated net fee income of CHF 146.3 million (-15%), the second-highest result in Leonteq's history after the very strong performance in the previous year. Leonteq made particularly good progress in Italy, where it currently ranks among the top four issuers on SeDeX and Cert-x for structured investment products, with a market share of 8%. In recognition of these achievements, Leonteq won four awards at the Italian Certificate Awards, including taking first place in the "Certificate of the Year" category. In Portugal, Leonteq finished setting up its service centre in Lisbon, where it currently has 38 employees.

In Asia (including the Middle East), Leonteq implemented key initiatives by increasing the range of products issued by Standard Chartered and improving its AMC offering for Asian clients. Leonteq also expanded its regional footprint by opening a new office in Dubai. As a result, the Asia region (including the Middle East) saw a 31% increase in net fee income year on year to CHF 43.2 million in 2021.

Publication of inaugural Sustainability Report

Leonteq has today published its inaugural Sustainability Report, which forms an integral part of the Annual Report 2021. Prepared in accordance with the international standards of the Global Reporting Initiative (GRI), Leonteq's sustainability report outlines the company's commitment to sustainability and the measures it is taking to support the sustainable development of the company. Leonteq has identified 13 material topics that it will report on in the context of responsible investing and environmental, social and governance (ESG) aspects. Leonteq considers continued and increased sustainability efforts in these areas to be an important driver of its long-term development. As part of these efforts, Leonteq is integrating ESG factors into its range of products and services with the ambition of becoming a leading ESG provider for structured products. This includes offering innovative solutions in response to different client needs, creating awareness of ESG, promptly identifying trends and risks, offering ESG-related investment opportunities and reporting transparently on ESG aspects in its products. In recognition of the company's efforts to support its clients in investing responsibly, Leonteq received the award for Best ESG Product at the 2021 Swiss Derivative Awards.

In the second half of 2021, Leonteq underscored its commitment to sustainability by becoming a signatory to the UN Principles for Responsible Investment (PRI). It also signed up to the United Nations Global Compact (UNGC) and became a member of the Swiss Sustainable Finance (SSF) association.

These combined efforts further reinforce Leonteq's long-term commitment to embedding ESG considerations and sustainability practices in its business activities and product and service offerings and to reporting transparently on its progress each year.

Managing the next stage of growth: Successful conclusion of 2018 strategic plan and launch of ambitious five-year strategy cycle

Over the past four years, Leonteq has successfully executed on its strategic plan to increase scalability, drive growth and enhance the investment experience. Key initiatives included the expansion of its product offering, the launch of its digital marketplace LynQs along with the onboarding of more than 100 clients and partners under a new innovative white-labelling platform format, the redesign of its AMC Gateway and the build-out of its Smart Hedging Issuance Platform (SHIP), which today offers clients the choice of seven leading investment banks as hedging counterparties.

Leonteq has also increased its number of white-labelling partners to 14. In 2021, it successfully completed the onboarding of Basler Kantonalbank and Banque Internationale à Luxembourg onto its multi-issuer platform and recorded more than CHF 1.2 billion in turnover from these two new partners. In addition, Leonteq signed in January 2022 new cooperation agreements with VP Bank and Swissquote and recently extended its cooperation with Raiffeisen Switzerland until 2030.

As a result of these measures, Leonteq has significantly enhanced its ecosystem and strengthened its market position as a leading fintech platform for structured investment solutions. This is underscored by its solid overall financial track record and strong capital base. Further, Leonteq has improved its earnings quality and has seen its revenues from growth initiatives and less capital-intensive activities increase to CHF 149 million (corresponding to 44% of Group revenues) in 2021, compared to CHF 27 million (11%) in 2017.

2022 marks the beginning of a new five-year strategy cycle: The pandemic-related trends affecting end-investor behaviour, digitalisation and online connectivity have accelerated the growth opportunities for Leonteq in terms of product distribution and white-labelling offerings. Against this background, Leonteq has developed its Growth Strategy 2026, which it will execute through four dimensions: offering, platform, regions and sustainability.

- **Offering:** As Leonteq continues to grow its activities beyond the traditional structured products business, it will focus on further expanding and diversifying its offering across products, asset classes and issuers. Additionally, Leonteq expects to launch new initiatives, including an automated flow platform designed to offer clients a large range of securitised leverage products (including warrants), and a new innovative white-labelling onboarding concept.
- **Platform:** With its scalable technology platform, Leonteq wants to stay at the forefront of digitalisation and will further automate processes and services across the entire value chain. Further, Leonteq will continue to create innovative digital solutions for its clients and will add new modules, features and functionalities to its B2B4C LynQs platform, as well as investing further in its D2C SIGMA platform.
- **Regions:** While further strengthening its market-leading position in Switzerland, Leonteq intends to expand its offering to an international client base. At the same time, Leonteq will take targeted measures to strengthen its brand in Europe, Asia and the Middle East.
- **Sustainability:** Underscoring its ambition to become a leading ESG provider for structured investment solutions, Leonteq will continue implementing responsible investing opportunities for its clients and partners. To this end, Leonteq launched a sustainability initiative in 2020 and will further integrate ESG aspects into its business activities as well as its product and service offering.

In terms of financial targets, Leonteq aims to generate total operating income of CHF 450 - 500 million and a return on equity of more than 15% by end-2026, driven by the profitable growth of the business while maintaining its strong capital base.

CEO Lukas Ruffin stated: "With our Growth Strategy 2026, we have created a clear and comprehensible plan for Leonteq's continued sustainable growth, building on the successful execution of our current strategy. We will pursue our plan for the next growth phase in a disciplined manner as we are expanding our ecosystem for innovative investment solutions."

Very strong start to 2022

Leonteq had a very strong start to 2022 primarily due to a substantial increase in net trading results compared to the same period in the prior year. This reflects higher levels of overall market volatility, including exceptional share price fluctuations of selected large-cap companies around their recent earnings announcements.

Leonteq full-year 2021 results press and analyst conference call

A press and analyst conference call with Lukas Ruffin, CEO of Leonteq, and Marco Amato, Deputy CEO and CFO of Leonteq, will be held today, 10 February 2022, at 10.00 a.m. CET.

The presentation can be followed live via [audio webcast](#) with a simultaneous slide show.

Should you wish to enter the phone Q&A session, please use the following dial-in details:

- Dial-in number Switzerland: +41 (0)58 310 50 00
- Dial-in number UK: +44 (0) 207 107 06 13
- Dial-in number USA: +1 (1) 631 570 56 13

Please dial in 10-15 minutes before the start of the presentation and ask for 'Leonteq full-year 2021 results'.

This press release, the full-year 2021 results presentation and the annual report 2021 are available at: <http://www.leonteq.com/fullyearresults>

A replay of the audio webcast can be accessed at: <http://www.leonteq.com/fullyearresults>

Important dates

31 March 2022	Annual General Meeting 2022
21 July 2022	Half-year 2022 results

Alternative performance measures used in this press release

The definitions of alternative performance measures used in this press release are provided in the Annual Report 2021 on page 9.

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LEONTEQ

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