SEVER
PHARMA SOLUTIONS

2021
COMPANY REPORT

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SEVER PHARMA SOLUTIONS IN BRIEF

An experienced partner to the pharmaceutical industry

1975

Our history dates back to the 1970s when Ferrosan established a pharmaceutical plant in Malmö, Sweden. Today we possess all the associated procedures and supporting services needed to develop and manufacture pharmaceutical products for our customers.

A unique niche in an expanding global market

Sever Pharma Solutions is one of a few CDMOs specializing in controlled release systems for highly potent drugs and offering end-to-end services. We are capable of developing new products throughout the different stages of development and can manufacture commercial products.

A potent platform for designing new products

The main focus of research and development within Sever Pharma Solutions is related to polymer-based delivery systems for the controlled release of highly potent drugs. With versatile technology platforms and advanced modeling algorithms, we help pharmaceutical companies to bring pharmaceutical ideas to life.

Operations on two continents

Sever Pharma Solutions' manufacturing is primarily based in Malmö, Sweden, with additional operations in The Netherlands. In 2021 we acquired the US company Foster Delivery Science which included the site in Putnam, Connecticut, providing us with extended R&D and manufacturing capabilities.

Our three product categories

1. Polymer-based dosage forms with controlled release, such as implants and vaginal rings.
2. Aseptic fill and finish, filling syringes and loading them into an autoinjector.
3. Oral solid tablets based on hot-melt extrusion.

Aseptic filling capacity

We started to develop an Aseptic filling capacity to build build capacity and develop our position as a competitive manufacturer of sterile injectable products. Production is planned to begin in 2023.

Our injury and absentee rate relative to total workforce time, measured in Lost-Time Frequency Rates (LTIFR) form for the year 2021,

is below 4

compared to the performance level of 8 for most companies of similar size

Our goal is to be carbon neutral in 2040

Industry 4.0

During the year, we started to focus more on digitalization, data utilization, and automation

In Putnam, Connecticut, we have in place a permit to build a facility up to

60 000 square feet

In 2021 we acquired the US company Foster Delivery Science, providing us with

Extended R&D capabilities

enabling future growth.

WITH OUR NEW US PLANT, WE ARE ONE STEP CLOSER TO BECOMING A GLOBAL CDMO

The pandemic significantly impacted our market and patients, and slowed our growth. At the same time, we managed to complete the acquisition of Foster Delivery Science in the US, which brings us additional expertise, product formulation capabilities, and production capacity. We will now integrate the operations in Sever Pharma Solutions and create a platform to meet the increased demand for our specialist knowledge.

During the year, the pandemic continued to impact our operations significantly. Our customers could not access hospitals and doctors in the same way, leading them to postpone planned campaigns and product launches. The growth of new patients with diagnoses and the need for medicines also decreased when many chose to stay at home and not visit clinics. Our supply chain was also affected. There was a shortage of personal protective equipment and sterile consumables, as suppliers naturally prioritized the vaccine manufacturers.

Some of our customers temporarily also chose to put the development of new products on hold, but we have been able to transfer those resources to other projects. However, this meant that we could not reach the level of growth we had anticipated. Our goal was an annual growth of 15 percent, but the eventual outcome was 3 percent. This is still quite reasonable based on the conditions during the pandemic and the way the market generally has been affected. Market activity has already begun to increase, and many factors that were limiting our growth are no longer in place. One example is HIV treatment in developing countries, an area largely dependent on funding from governments and organizations like the UN, USAID, and various Non-governmental organizations (NGOs). For the past two years, they have been spending all their resources combating Covid-19. Now we can see the focus shifting back to the treatment of HIV and family planning, which will increase the demand for our products.

A new US site with expansion possibilities

We took another critical step towards becoming a global CDMO by acquiring the US-based company Foster Delivery Science during the year. The acquisition has given us access to a new facility for R&D, which provides unique expansion opportunities. In addition, we gained access to an entirely new therapy area that fits well into our existing product portfolio and our competencies regarding the manufacture and release of active substances in vaginal rings and implants. Foster Delivery Science develops and manufactures injectable biodegradable ocular implants. It provides the opportunity for effective local treatment of many indications, such as changes in vision and diabetes-related blindness. There is a strong unmet demand in this segment, and we have high hopes that this will be a profitable new area for Sever Pharma Solutions. Foster Delivery Science also has excellent expertise in the pre-clinical phase, something we will be able to take advantage of and update our best practice. They also have extensive process knowledge in extrusion, so alongside our 30 years of experience, we can bring about a fruitful cross-fertilization of knowledge and skills.
The acquisition also gives us the possibility to expand our production. The Malmö site is located in a densely populated area with limited expansion opportunities. In contrast, there are large areas with space for additional buildings at the US site, enabling us to build commercial production facilities in the years to come.

The next step will be to fully integrate the US site into our existing business. We will base the technical integration on a multi-site setup, defining what we will manage locally and globally. We will also start working on a shared corporate culture, because while we are a Swedish company we are becoming increasingly international.

Building a global CDMO

The successful acquisition of Foster Delivery Science has increased our interest in making further acquisitions. We continuously screen the market to find companies that can fit into our profile and help to grow our global presence. We are primarily looking for companies with expertise in special formulations in line with our expertise in extended release, such as implants, Intrauterine device

STATEMENT OF CEO

(IUD), and patches, with front-end technologies where we see a positive market trend.

Our goal is to build a global CDMO with a niche strategy. There are few high-potency product manufacturers, and almost no one works with polymer implants. In 2021, we expanded our portfolio to include the filling of sterile products. We have built and qualified a line and are now testing the first products, where we expect a launch in 2023. It is an auto-injector filled with sterile, high-potency liquid, which fits well within our niche.

Unique competence in an expanding market

The market outlook is generally positive, especially for our new implant types for ophthalmology. This is one of the therapy areas with the most substantial growth, and where we have several products under development and in clinical trial programs. We are seeing increased demand, so this will be one of our focus areas in the years to come.

Another factor driving the market is the need for increasingly cost-effective solutions. Here, our implants and products with extended release have an advantage because they work for months and, in some cases, years. As the product is delivered locally, it also requires lower dosing. These products will also be highly effective for e.g. pain treatments, diabetes, and other chronic diseases where no dose adjustments are needed. In addition, it ensures that the patient receives the correct quantity of medication every day. An implant is positive for the cost of the dose, the effectiveness of the treatment, and the convenience of the patient – all essential factors as the number of patients with chronic diseases increases.

A one-stop shop

We are also seeing an increasing influx of new projects, which is positive. Our entire project organization is working full time, so the focus is on building additional capacity in premises, equipment, personnel, and skills. We will do this step by step to ensure that we meet our customers' needs. Many pharmaceutical customers want to keep clinical development and commercial manufacturing in the same place. We have an advantage because we are a full-service organization comprising the entire process. At the same time, we offer customers the flexibility to choose the services they need, such as market access and regulatory affairs support.

The challenge ahead lies in recruitment and finding the right skills. Our mix of pharmacy and polymer technology is unique, which means that we often recruit specialists in one category and train them internally in the other. We recruit from Sweden and Denmark, and now also the US. Our site is located near Boston, where there is a cluster of companies in medical technology and many people with pharmaceutical skills. Another critical area for securing competence is to work actively to retain our staff and offer the best workplace. It is essential to create optimal working conditions and opportunities for personal development. Our values and ambition to provide affordable medicines to the developing world will also attract talent.

Preparing for accelerated growth

In Sweden, we have seen very high growth rates, and this has created some bottlenecks. Work is underway to develop our internal processes and our organization to handle a more significant number of projects, coordinate our three sites, and create a common culture for the companies that are now part of Sever Pharma Solutions.

We have profitable growth and are both ready and able to make more investments, build a more robust structure, recruit more talent, and make more acquisitions. Together with all our competent and committed employees, we now have all the prerequisites in place to grow and make a difference in the world.

Malmö, October 14, 2022
Kenneth Stokholm
CEO

FINANCIAL HIGHLIGHTS

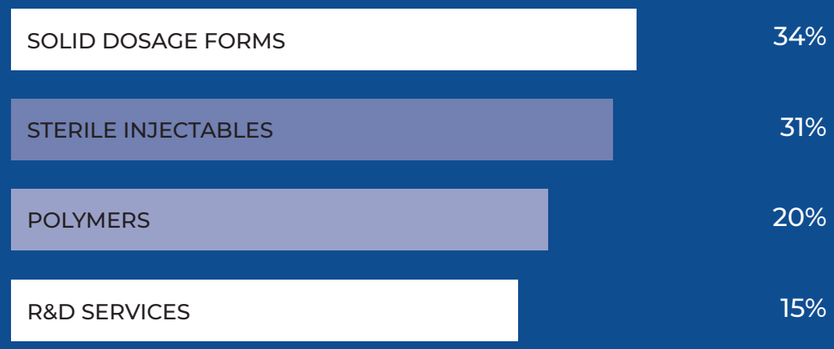
Sales

€ 47.8
million

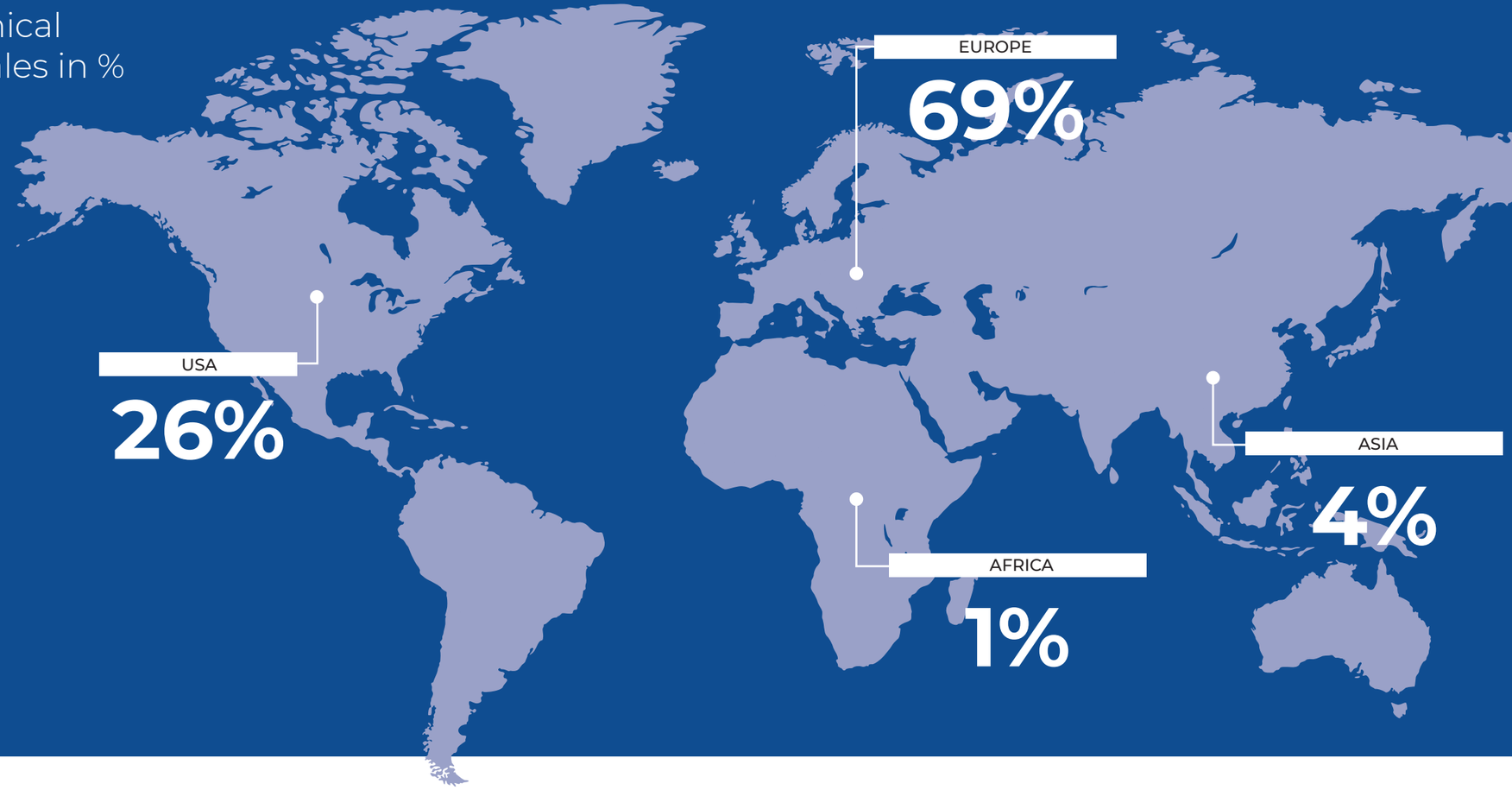
Growth in %
2019-2021 CAGR

21%

Segment split of sales in %



Geographical market sales in %






BRINGING PHARMACEUTICAL IDEAS TO LIFE

Sever Pharma Solutions brings pharmaceutical ideas to life by offering expertise in highly potent drug development, a drive to enhance performance, a passion for perfection, and a commitment to be a partner through the whole journey.

We add value through the entire development and manufacturing processes with in-depth analytics, expertise in highly potent drugs and polymer-based drug delivery systems, comprehensive material options, and creative solutions.

By providing a complete value chain, from development to sourcing and worldwide commercial supply, we can offer an optimized end-to-end solution. And as a committed long-term partner with a strong focus on creating a commercial product, we deploy all our resources for our customers right up to the finishing line – and beyond.

Together with our global GMP compliance, regulatory services, and market access strategies, we can ensure that our customers' products benefit patients all over the world.

All the capabilities needed

We believe that true capabilities result from in-depth knowledge, experience, and having the right infrastructure in place. The synthesis of these three components has been firmly established within Sever Pharma Solutions. Besides having a state-of-the-art manufacturing infrastructure, we can mobilize the best scientists. We are experts in the manufacture and development of polymer-based drug delivery systems, and our capabilities in this area allow us to perform development as well as GMP manufacturing of advanced delivery systems in the most efficient way. In addition, our capabilities cover solid oral dosage forms, and we can deal with drugs in the highest occupational exposure bands (OEB 4–5).

Manufacturing expertise

Sever Pharma Solutions has a long and successful history in manufacturing. We make a wide range of solid dosage products, as well as polymeric controlled-release delivery systems. We are dedicated to providing our customers with solutions precisely tailored to meet the unique requirements of their product and business. That may mean collaborating with them on the design, construction, management, and operation of a fully equipped cGMP manufacturing suite.

Our customers benefit from our expertise in facility design, construction, equipment selection, process development, and technology transfers to ensure they have exactly the commercial product supply they need to succeed. Commercial manufacturing is the ultimate goal to reach with our clients as a contract manufacturer.

In-depth analysis

Our professional staff are trained in cGMP and ICH* Guidelines. They are experts in the field of method development and validation, and have extensive experience of working with projects and commercial products to support all our customers. One of our strengths is our ability to be flexible and solve challenges that arise during a project's life cycle. We believe that good communication with our customers is one of the most important keys to success.

End-to-end development

We have long-standing experience in the technologically demanding area of polymer-based delivery systems. We also have unique (co)-extrusion capabilities, a readiness to manufacture investigational medicinal products for clinical trials, and an ability to handle drugs in the highest occupational exposure bands.

It is our philosophy to be a transparent and flexible development partner, willing to step in at any point of the development process to serve your objectives. This means that collaboration can begin with feasibility screening, followed by all the other necessary development steps until the product is ready for commercial production. Collaboration can also be narrower in scope, and for example only entail a quick and efficient technology transfer followed by manufacturing in our commercial plant.

As an industrial partner, we are aware of the difficulties involved in upscaling and large-scale manufacturing. For this reason, we always have the end goal in mind, and anticipate large-scale manufacturability throughout product and process design.

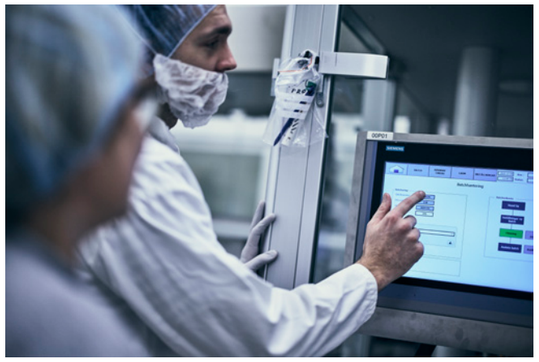
* International Council for Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH)

AN EXPERIENCED PARTNER TO THE PHARMACEUTICAL INDUSTRY

Our history dates back to the 1970s, and over the years, we have had steady growth, both organically and through mergers and acquisitions. Today Sever Pharma Solutions is an experienced CDMO with a global footprint, helping pharmaceutical companies to bring their ideas to life.

Sever Pharma Solutions' history in pharmaceutical production started in 1975 when Ferrosan established a pharmaceutical plant in Malmö, Sweden. Since then, the company has undergone several acquisitions and mergers and expanded its capabilities and manufacturing capacities.

Today we possess all the associated procedures and supporting services needed to develop and manufacture pharmaceutical products for our customers.



A few milestones:

- **1975** The Swedish plant is constructed by Ferrosan
- **1984** Ferrosan and Leo merge
- **1986** Pharmacia acquires Leo Ferrosan
- **1995** Ferring acquires the Swedish plant from Pharmacia Upjohn
- **1999** QPharma is founded and acquires the Swedish plant
- **2000** QPharma joins Nordic Group BV
- **2013** QPharma constructs a new building for manufacturing products with highly active substances in Malmö, Sweden
- **2018** QPharma expands the building for several new production lines in Malmö, Sweden
- **2020** SEVER Life Sciences BV is founded as a new holding company
- **2021** QPharma become Sever Pharma Solutions
- **2021** Sever Pharma Solutions acquires the US-based CDMO Foster Delivery Science

A UNIQUE NICHE IN AN EXPANDING GLOBAL MARKET

Sever Pharma Solutions is one of a few CDMOs specializing in controlled release systems for highly potent drugs and offering end-to-end services. We are capable of developing new products throughout the different stages of development, and can manufacture commercial products at our sites in Malmö, Sweden and Putnam, USA.

Within our niche, we focus mainly on three product categories, in all of which we can handle highly potent drugs:

1 Polymer-based dosage forms with controlled release, such as implants, rings, and films. This is a technology we have at our sites in Putnam, USA and Malmö, Sweden.

2 Aseptic fill and finish, filling syringes and loading them into an autoinjector. A typical application would be injection pens for treating active rheumatoid arthritis or severe allergic reactions.

3 Oral solid tablets based on hot-melt extrusion, a technique employed to enhance the performance of drug molecules exhibiting poor water solubility or poor bioavailability.

About 40% of marketed drugs and as many as 90% of active pharmaceutical ingredients (APIs) in the discovery pipeline are poorly water-soluble. There are several techniques to address this, and hot-melt extrusion is one. Oral dosage forms such as tablets and capsules are developed and manufactured using Hot Melt Extrusion technology.

Formulations are tailored to meet the client's desired profile for drug release using pharmaceutical-grade polymers and excipients designed for use. They can then be turned into several shapes. It could be a vaginal ring used as a contraceptive, releasing two kinds of hormones for three weeks. It could be an implant in the skin, but it could also be a very tiny implant in the eye. It could be used in oncology in solid tumors where the implant is placed inside the tumor, achieving a high dosage locally with low systemic influence. This is about controlled-release systems, and we are one of just a few companies in the world that does polymer-based dosage forms extremely well. We carry out development with the end game in mind, ensuring that development is focused on manufacturing the product on a commercial scale.

Current products that highlight our portfolio

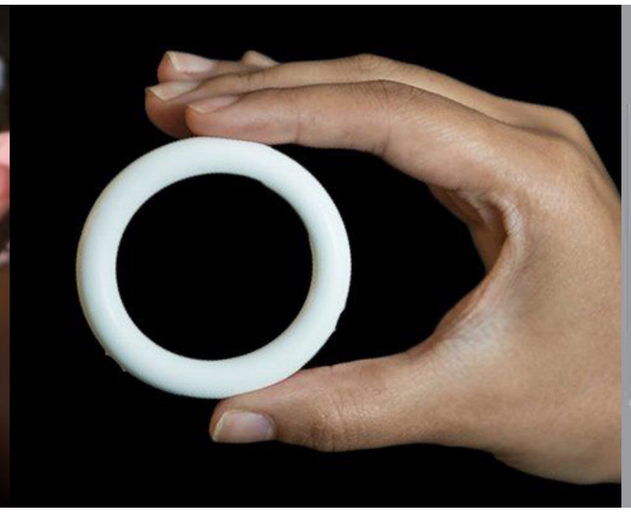
Dapiring® is a vaginal ring developed by the NGO International Partnership for Microbicides (IPM). It has a high drug load of antiviral and is used for HIV prevention in African countries. We are initiating commercialization and transferring the product to large-scale manufacturing at our site in Malmö. The first three registrations in African countries have been finalized. IPM buys the ring from us and distributes it to those countries where it has been registered.

We are in the process of scaling up **Annovera®**, a contraceptive ring that holds a full drug load for a whole year, currently sold only in the US.

Estring® is the vaginal ring we began making 20 years ago for Pfizer. It is intended for women who suffer from menopause and need Hormone Replacement Therapy (HRT). Their estrogen levels plummet during that period and can cause osteoporosis, hot flushes, and depression. Estring is used to supplement estrogen depletion in menopause.

Our flagship product in the aseptic line, **Nordimet®**, is an autoinjector product used in rheumatology. We can fill the syringes and assemble the autoinjector at our site.

We are currently developing various implants and rings for several pharmaceutical companies.. We also have several minute implants under development for the ocular space, one for the oncology space, and dermal implants for subcutaneous use.



PROJECTS AND MARKETS

Our market
We operate in a global market, and our client base can be divided into three categories. The first is NGOs, such as International Partnership for Microbicides (IPM), which is mainly American driven. They tend to focus on contraceptives and HIV prevention. It is not easy to distribute tablets to remote areas of Africa, so they want to develop controlled-release solutions that make it easier for people to comply. We are seeing many initiatives in this area.

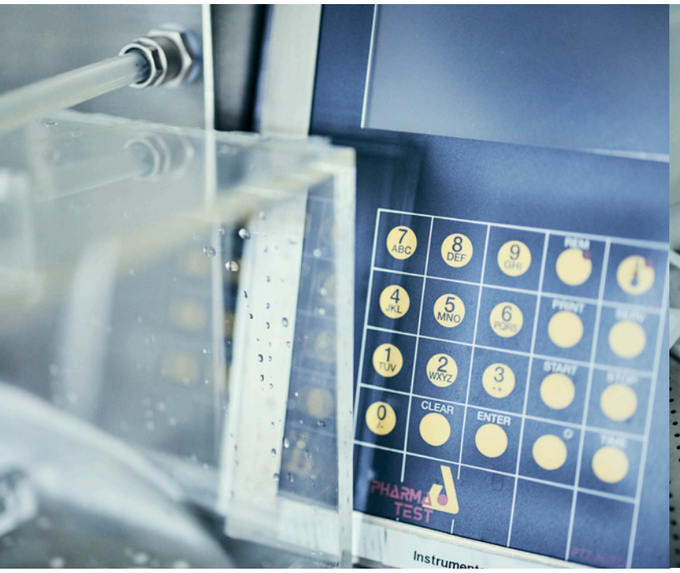
The second category is internal customers within Sever Life Sciences. We produce **Nordimet®** for Nordic Pharma, to name one.

The third category is customers within the external pharmaceutical industry. This is a diverse group ranging from big pharma to small start-ups. We work with companies like Pfizer, Merck, and Organon, helping them with early development and feasibility studies and supplying them with clinical trial material, and can also offer them commercial manufacturing. In Malmö, we have a well-established business with a long track record hailing back to the 1970s. Here we serve a large group of existing customers and attract more prominent pharmaceutical companies and start-ups. At our newly acquired site in Putnam, Connecticut, we have started on early development work up to clinical trial material, and are now beginning commercial manufacturing. Having both sites available for early development work and commercial manufacturing makes us agile, enables us to produce products for the local markets on the local markets, and gives us a balanced portfolio with a high number of early-stage development projects, several late-stage development projects, and an increasing number of commercial products.

We operate in mature markets such as vaginal rings and dermal implants, as well as in developing markets like mini implants for local use in the ocular and oncology space. Our market is increasing due to the use of these new mini implants in several therapeutical areas and the trend of using known molecules in sustained delivery systems, providing a more convenient service for chronic patients on existing drugs.

We address the overall pharmaceutical market, but we focus on three kinds of customers: Companies that want to manufacture generics with a highly potent API; companies developing a new product that would benefit from our knowledge in hot-melt extrusion and sustained drug delivery systems, ensuring that their development ideas ultimately turn into a commercial product; and companies that have an existing compound they want to distribute in a new way, e.g. as an ocular implant.

Future projects
At Sever Pharma Solutions, we are at the forefront of technology, we are innovative, and we are expanding the possible use of polymer and silicone implants for long-term drug release. One area we are looking into is biological pharmaceuticals. These are ideal for our long-term release solutions, because they typically have to be administered once or twice daily over a sustained period. Putting large molecules into polymers or silicon is a considerable challenge, but we plan to address that. If we succeed, we can add other APIs such as peptides. We also seek partnerships with technical universities and small companies that have exciting technologies. We are exploring 3D printing, making it one of our future capabilities to deploy when the time is right.




RESEARCH & DEVELOPMENT

The main focus of research and development within Sever Pharma Solutions is related to polymer-based delivery systems for the controlled release of highly potent drugs. With versatile technology platforms and advanced modeling algorithms, we help pharmaceutical companies to develop products end-to-end.

Our highly skilled and experienced scientific staff develops innovative products for customers at our development centers in Malmö, Sweden, and Putnam, Connecticut, USA. The regulatory path for polymer-based products is complex, so we have established a Regulatory Group in Baarn, The Netherlands, to support our customers in development. New candidate projects generally come in via business development, and are subsequently further defined and scoped with the support of our project management office. The scope of projects can differ from all-encompassing development of an innovative product, to tech-transfer of an existing product straight into commercial production.

Our primary focus within R&D is polymer-based delivery, although we have manufacturing capacity for solid dosage forms as well, and we are installing sterile fills and finish capabilities. In Malmö, we design and manufacture delivery systems such as vaginal rings and implants, and in Putnam we also develop miniaturized bioresorbable implants, for example, for ocular applications. An important aspect when designing dosage forms is to have the large-scale manufacturing process for the commercialized product in mind from the beginning. One of our strengths is in process and product development, which is about avoiding complexity through ingenious product design and automation of manufacturing processes.

Platform technologies shorten time-to-market

To be the leader in developing polymer delivery, we must be good at what we do. For this reason, we focus on versatile platform technologies that can be used to manufacture a variety of drug delivery systems, such as vaginal rings, implants and ocular systems. As we master our core technologies well, we can reduce the development risk, and this facilitates an efficient development process. Moreover, focusing on platform technologies allows us to invest in highly sophisticated custom-built equipment, providing us with a unique range of capabilities.

More agile development conditions

Pharmaceutical manufacturing is conducted under a quality regiment called GMP, Good Manufacturing Practice. It is strictly regulated, and everything that's done must be well documented. Since adhering to GMP is a significant effort, applying GMP in a phase-appropriate way during development is critical to performing drug product development quickly and efficiently. In Putnam, USA we have technical development capabilities for conducting early development without being constrained by GMP, which is not required in this phase. This is an excellent capability as we can work agilely, of course applying the best scientific practices and avoiding efforts not required for early-phase development. Similar capabilities will also be developed for the site in Malmö in 2023–24. These agile early phase capabilities, in combination with our extensive experience in GMP, which is required for the manufacture of clinical medication and commercial products, allows us to serve our customers end-to-end.

Highly accurate computational modeling

We develop products by using computational modeling to inform our formulation development. The modeling program is a mathematical algorithm we developed to predict key product attributes and this approach has been applied successfully to several development projects. The model has shown to be unprecedently accurate for an important category of formulations and it demonstrates the capabilities of Sever Pharma Solutions in product development.

A POTENT PLATFORM FOR DESIGNING NEW PRODUCTS

NEW SITE IN PUTNAM, USA, CREATES ROOM FOR GROWTH

Sever Pharma Solutions' manufacturing is primarily based in Malmö, Sweden. In 2021 we acquired the US company Foster Delivery Science which included the site in Putnam, Connecticut, providing us with extended R&D and manufacturing capabilities, in turn enabling future growth.

Currently, about 240 people are involved with operational activities in Severe Pharma Solutions, producing a portfolio consisting of intravaginal ring products, sterile injectables, and solid dosage. For sterile injectables we have the capacity to assemble the pens, and in 2021 we started to develop an aseptic filling capacity while we could also see market demand increasing. The goal is to build our position as a competitive manufacturer of sterile injectable products. Production is planned to begin in 2023, but both the Covid-19 pandemic and the war in Ukraine have created disruptions and made it difficult to source suppliers that are critical to the project. We aim to have the line completed at the end of 2022.

To enable faster growth, we also have a robust advancement plan to manage our assets with replacement projects and focus more on Industry 4.0, digitalization, data utilization, and automation. This is essential to the efficiency of running operations, but we will implement the process step by step where it makes business sense.

Focus on development of the Putnam site

For the plant in Putnam, Connecticut, we have a high level of ambition. The site is currently used primarily for R&D activities; commercial manufacturing takes place on a small scale and can be accommodated in the existing facilities. Our objective now is to build a new facility specifically for manufacturing. There are two reasons for building a manufacturing plant: The first is that we are reaching our capacity limit in Malmö, and secondly it secures a more robust business continuity for our customers. The plan is to take volumes produced for the US market out of Malmö and locate them at the site in the US. We want to fill our new lines as quickly as possible, but we also want to have extra capacity to handle products coming through the pipeline. In Putnam, we already have a permit to build a facility of up to 60,000 square feet, but it will be a modular expansion. We will build on what we know and the potential we see.

Some development will take place in Malmö too. We will support our aseptic filling capabilities by developing another quality control capability. A new microbiology laboratory will be a part of the plant, we will eventually expand the capabilities of R&D, and we have some possibility to expand the manufacturing footprint. Once that is done all the available space in Malmö will be used, and as the US plant gives us new capabilities, it makes sense to use it.

A challenging labor market

Overall, the development is positive, but there are ongoing difficulties. There are still disruptions in the supply chain, and we also see challenges from a pricing perspective. We are also facing challenges when it comes to recruiting people. The labor market is more demanding now, and it is harder to find capable people with relevant qualifications. Today, recruitments that generally would take up to three months might now take six months and perhaps even longer. But that is a challenge for the whole industry.

Phasing out the warehouse in Hengelo

In 2022, we will make changes to our logistics setup. We have three sites with warehousing capabilities, Malmö being the largest. Today the majority of products go directly from the CMO to the customer. This change will enable us to focus our logistics capabilities on Sweden and the US, and we will still have warehouse capabilities that cover our needs in the years to come. Our strategy is not to have any long-term stock; instead, we will always aim to distribute products as quickly as possible.

ESG - Environment, social, governance

Sustainability comprises three pillars: the environment, the society, and the governing of the corporation, which often is abbreviated as ESG. In short, it's about having a long-term perspective on profit, people, and the planet. We believe that as a modern global company, you can only create business success and long-term value for your clients by working systematically and strategically to monitor and improve how you impact the world in different ways.

Sustainability is front and center for a company of our kind. Subsequently, Sever Pharma Solutions is entirely focused on human health and well-being. Regarding sustainability, we aim to minimize our footprint and contribute to the world by all means. Hence, we work systematically and without hesitations to improve our performance within the environment, society, and governance.

Environment

We report according to the requirements of our environmental permits. We also perform sampling, measurements, analyses, and reporting of all vital parameters of environmental footprint, like water-, electricity- and energy consumption. Still, we constantly place efforts to improve our results too.

Furthermore, we comply with all legal requirements, standards, and other essential prerequisites to sustain our business in full compliance with any external expectation or need. Our ambition is always to exceed all mentioned requirements and systematically place measures to reduce our overall consumption and environmental footprint. We are a PSCI association-certified and approved company and a future associate member. The Pharmaceutical Supply Chain Initiative (PSCI) is a group of leading pharmaceutical and healthcare companies that share a vision of better social, health, safety, and environmental outcomes in the communities where members perform their activities.

In addition, during 2022, our focus is on energy efficiency; we are doing a complete energy survey, resulting in an action plan for further optimization. By reporting our energy mix, which is what energy sources we use, we will also track replacing nonrenewable sources with renewables.

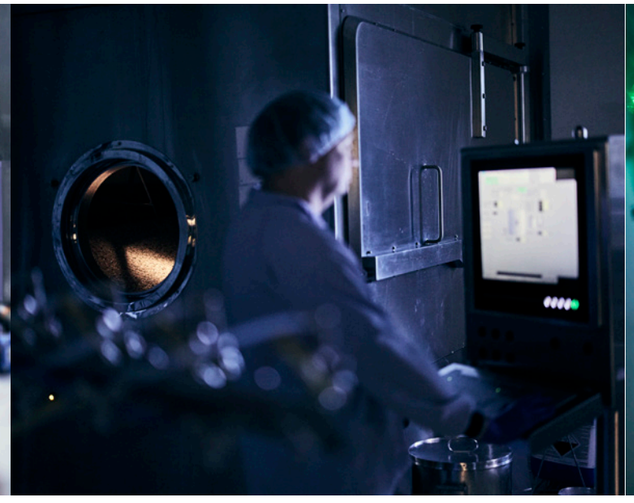
Our plan to begin measuring and reporting our carbon footprint is a strategic alignment with the UN 2030 Agenda for Sustainable Development goals and an expression of our efforts to focus on the significant determinant of climate change and global environmental health. We will use Greenhouse gas Emissions (GHG), a standard companies use to quantify, understand, and manage greenhouse gas emissions. It's measured in total amount in CO^2 equivalents by tracking the actual or estimated atmospheric emissions produced as a direct (or indirect) result of Sever Pharma Solution's energy consumption. The GHG Protocol has three definitions of emission data: Scope 1 is direct emissions from sources owned or controlled by the company, e.g., emissions from our sites. Scope 2 is indirect emissions from our operations, such as electricity or heat consumption. Scope 3 is indirect emissions from transporting our goods by vehicle and manufacturing by sub-contractors. We also plan to track our Emission Intensity by measuring total GHG emissions per output scaling factor, for instance, by employee headcount, and also actively deploy "carbon offsetting" as a part of our strategic emissions-reduction effort. Our goal is to be carbon neutral in 2040.

Water is a limited natural resource, so it's essential to minimize its use. We will report water consumed, recycled, and reclaimed annually in cubic meters (m^3).

Regarding environmental operations, we plan to have a formal ISO14001-based environmental certification by 2023 with specific waste, water, energy, and recycling policies. The policy will also promote continuous improvement of the company's overall environmental performance.

Society

Through the years, we have worked actively with Corporate Social Responsibility (CSR). Together with several NGOs, we have allowed people in developing countries and their healthcare

facilitators to receive pharmaceutical products for HIV prevention and birth control. We believe that all patient groups are crucial, but the ones in the poorest countries are the most important to us. It's more of an ethical than economical approach, emanating from our company values to Make a difference.

We work systematically and structured on environment and safety, both internally and externally. One of our core values is to be the best workplace in the industry, creating a culture of continuous growth and constant development. One factor indicating that we are doing an excellent job in this area is that our employee turnover over the last five years has been stable at x percent year-over-year. We also have a low ratio of temporary workers because we believe in and value our employees' competence and vast experience, contributing to our exciting growth journey. We continuously work on increasing engagement and are running yearly engagement surveys. This year's participation rate was 84%.

Health and safety performance is a crucial measurement of an organization's responsibility, and we intensely focus on this. Our injury and absentee rate relative to total workforce time, measured in LTIFR form for the year 2021, is below 4, compared to the performance level of 8 for most companies of similar size to Sever Pharma Solutions and within our line of business operations.

We have a strict policy for non-discrimination, and our gender pay ratio is in balance, with a slight overweight for women. Our gender diversity is well-adjusted, with about the same number of men and women holding executive/director positions.

As a global company, we have strict policies against child and forced labor use. We follow thoroughly established human rights norms within all applicable standards of moral-based human behavior, altogether regularly protected in municipal and international laws and policies. All our suppliers must also adhere to these and similar policies.

Governance

Research indicates that an increased number of women in the management boardroom is linked to better business results, including substantial financial performance, ability to attract and retain top talents, heightened innovation, enhanced client insight, strong performance on non-financial indicators, and improved board effectiveness.

Our board diversity ratio is an area we actively work with and consider business critical in all circumstances. Today, in Sweden, two out of five board members are women. Our US or Dutch affiliates currently do not have any women as board members. Therefore, we aim to have women board members on all our boards by 2025.
Sever Pharma Solution's main governance aspects are based on our fundamental operating principles summarized in well-defined, well-established, and well-communicated core company values:

MAKE A DIFFERENCE
CLOSE TO THE CUSTOMER
BEST WORKPLACE

Making a difference means that our work evolves around manufacturing safe and cost-effective pharmaceutical products for needy patients. In particular for women's health in developing countries. We always take a scientific approach and ensure our working processes are clear. We aim to have all employees at Sever Pharma Solutions feel proud of working with us and our accomplishments.

We strive to be **Close to the customer** and aim to understand our customers' market environment, align with their expectations, and contribute to making them meet their objectives. We want to create value for them, and hence we want to build long-term relationships with our customers and suppliers. We meet our customers with both flexibility and structured procedures.

Our employees are our most important asset. Our objective is to create a working environment and a culture where all thrive and appreciate each other. We want ambitious and skilled employees who work well together towards common, clear goals. We need qualified and engaged employees who are always doing their best.

Our corporate culture encompasses mutual respect, honesty, and a sense of responsibility. Sever Pharma Solutions encourages cultural diversity and appreciates different backgrounds and experiences. The well-being of our employees is an essential prerequisite for happiness at work and our shared success as a company. We want to be the **Best workplace**.

By actively managing ESG performance and governance throughout the supply chain, companies act in their interests, the interests of their stakeholders, and the interests of society at large. That's why we will require all our suppliers to follow our Code of Conduct and our goal is that 90% of them will do so by 2024. We also have ethics and anti-corruption policies and actively pursue a path to adopting the highest standards. All our current policies are transmitted and communicated to all employees to the full extent.

We have implemented a digital whistle-blowing system to provide all employees and external stakeholders with a dedicated communication channel for reporting and bringing attention to anything that may violate laws, other requirements, or our values and ethical rules. It allows us to prevent potential misconduct or correct any transgressions that may have occurred. The reporting channel is anonymous, and an external party handles the service.

Next step

We have a long track record in some areas, whereas we just started our journey in others with ambition and a goal perspective. Our objective to be the best workplace has resulted in a diversified, respectful, and safe work environment with a low level of absence. Our work with NGOs in developing countries has been going on since the 70s and remains an integrated part of our company. Finally, from now on, we will measure and report our progress within all relevant areas concerning the environment, social responsibility, and governance in a fact-based and transparent manner.

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