

Progress Report 2023

expect
more



Table of Content

Report Highlights



CEO Interview

Chief Executive Officer Dr. Wolfgang Wienand on Siegfried's journey in 2023 and its priorities in the year to come.



Sustainability Across our Network

Achieving our ambitious targets through many small steps.



Visit our Investor Relations Portal for more information
siegfried.ch/investors/reports

Letter to the Shareholders	3
-----------------------------------	----------

The Year in Review	6
---------------------------	----------

Financial Summary	→
--------------------------	---

Financial Overview	9
---------------------------	----------

CFO Commentary	10
-----------------------	-----------

Business and Strategy	→
------------------------------	---

Our Global Network	13
---------------------------	-----------

Business Model	14
-----------------------	-----------

CEO Interview	16
----------------------	-----------

Sustainability and People	→
----------------------------------	---

Our Sustainability Journey	19
-----------------------------------	-----------

Sustainability Highlights	21
----------------------------------	-----------

Our Distinctions	22
-------------------------	-----------

Making an Impact	23
-------------------------	-----------

Sustainability Across our Network	24
--	-----------

Global Value Awards	26
----------------------------	-----------

Letter to the Shareholders



Dr. Andreas Casutt
Chairman

Dr. Wolfgang Wienand
Chief Executive Officer

Dear Shareholders

In 2023, Siegfried once again delivered a strong year with significant sales growth at attractive profitability. The Siegfried team was able to deliver this very good performance while more than offsetting the phasing out of significant vaccines business compared to 2022. This result validates the resilience of our business model and the dedication and spirit-to-win of our global teams. The company is ready to keep this momentum and to translate the many opportunities available to us into future growth.

In withstanding continued inflation and the ongoing energy crisis in 2023, Siegfried's underlying business (excluding coronavirus vaccines) with its well-diversified portfolio of products and customers, has once again demonstrated its resilience. The company was able to keep up its dynamic pace and to overcompensate for the phasing out of significant and above-average profitable vaccines business while protecting the profit margin on all levels. This positive result was driven by continued high demand for Siegfried's products and services in its underlying business, ongoing active portfolio optimization and strict cost discipline at corporate level as well as at all manufacturing sites.

In drug substances, the business continued to strongly expand based on close customer relationships, Siegfried's scientific and technical excellence and the complementary expertise of its global network. The underlying drug products business grew at mid to high single-digit percentages (in LC). At the same time, Siegfried continued to expand its drug products capabilities and strengthened its footprint in biologics. Paired with its quality track record and extensive manufacturing experience, Siegfried once again was a partner of choice for both new projects and products for drug substances as well as for drug products.

Net sales reached CHF 1.272 billion, an increase of 6.3 percent in local currencies and 3.4 percent in CHF (2022: CHF 1.229 billion). Core EBITDA was CHF 273.3 million, up +0.3 percent (2022: CHF 272.5 million). This resulted in a core EBITDA margin of 21.5 percent (2022: 22.2 percent), despite the phasing out of above-average profitable vaccines business compared to 2022. Core net profit grew by +0.3 percent to CHF 128.1 million (2022: CHF 127.8 million). The Board of Directors will propose at the Annual General Meeting on 18 April 2024 to increase the distribution to shareholders by CHF 0.20 to CHF 3.60 per share. As in prior years, this distribution will be effected by way of a reduction in the par value of each share.

At CHF 208.6 million, the operating cash flow was signifi-

cantly above the previous year's level (2022: CHF 142.3 million). Free cash flow amounted to CHF 71.8 million, significantly up from last year (2022: CHF 27.2 million).

At year-end, Siegfried had cash and cash equivalents of CHF 56.4 million (2022: CHF 91.5 million). Net debt amounted to CHF 388.6 million, a ratio of 1.42 to core EBITDA, and the equity ratio was 45.0 percent. Compared to the previous year, the Siegfried Group's debt capacity and its ability to finance further growth steps has further expanded.

Expanding capabilities and capacities to support long-term profitable growth

As part of the EVOLVE strategy, Siegfried continued to make significant investments into its global manufacturing network to further strengthen its innovation and technological capabilities. In March 2023, Siegfried inaugurated the new Development Center for Drug Products in Barcelona. The development center provides a wide range of development services with flexible pilot capacities, strengthening Siegfried's global Drug Products network and enhancing the ability to acquire new business. At the end of April 2023, Siegfried began constructing a new global development center for Drug Substances in Evionnaz, which will significantly increase Siegfried's R&D capacities to drive future growth. Construction of the new large-scale multi-purpose production plant for Drug Substances in Minden continued. Beyond these landmark investments, Siegfried invested in additional capacities and capabilities across the entire network.

New growth opportunities from the acquisition of DINAMIQS

In May 2023, Siegfried acquired a 95% majority stake in DINAMIQS, a Swiss-based biotechnology company focused on the development and manufacturing of viral vectors for cell and

“Siegfried delivered a strong year with significant sales growth while more than offsetting the phasing out of significant vaccines business.”

Dr. Andreas Casutt

gene therapies. Siegfried intends to bring DINAMIQS' capabilities to commercial scale and to create a best-in-class biotech CDMO in that space. This will include the investment in a GMP manufacturing facility, which is on course to go live in 2025. With first business intake from small and large pharmaceutical companies, the growing DINAMIQS team is well on track to create significant mid to long-term growth opportunities for Siegfried in this dynamic market segment.

Strong commitment to sustainability

Sustainability represents one of Siegfried's five corporate values and is at the core of its business. With Siegfried's expertise in process optimization, the company helps its customers to develop greener production processes for their products and to achieve ambitious sustainability targets. Siegfried introduces second-generation processes, applies green chemistry, and continuously searches for opportunities to apply new sustainable technologies. With these efforts, Siegfried reduces energy consumption, produces less waste, and, at the same time, often saves costs and increases the safety of products. These efforts and initiatives are recognized by external parties and independent institutions: In 2023, Siegfried was again rated positively by ISS ESG, MSCI ESG and Sustainalytics, and were for the third

“We continuously search for opportunities to apply green chemistry and new sustainable technologies.”

Dr. Wolfgang Wienand

time included in the Dow Jones Sustainability Index Europe. All sites also scored well in the EcoVadis Rating.

Outlook for 2024

In 2024, Siegfried will keep its momentum with the ambition to again overcompensate for the phasing out of significant vaccines business. The company expects a sales growth in the low single-digit percentage range in local currencies and a core EBITDA margin at or above the level of 2023, implying a growth of the underlying business at or above market. Capital expenditures in the year will be elevated due to ongoing projects in Minden, Evionnaz and at DINAMIQS at mid teens percentage of sales.

In the mid-term, Siegfried expects continued profitable growth at or above market (excluding M&A), while stepwise expanding profitability. Over the cycle, the company plans for average annual capital expenditures in low teens percentages of sales.

Continuing to deliver long-term profitable growth

Siegfried's business model is well-proven and the company has consistently and effectively implemented its strategy in recent years. Based on this, Siegfried expects to deliver continued

profitable growth over the years to come through the introduction of attractive new business from existing and new customers, the optimization of its portfolio of projects, products and assets and by execution of organic investments in its network as well as value-adding M&A. Through these activities, Siegfried will continue to expand its capabilities and capacities and play an active role in the further consolidation of the CDMO industry.

In the name of the Board of Directors and the Executive Committee, we would like to thank our 3900 employees at our 12 sites worldwide for their passion and their commitment to our ambitious targets for the future. They have once again demonstrated their ability to perform and withstand in a challenging environment on our way to build the strongest team in the industry.

We would also like to thank you, dear shareholders, for your loyalty towards our company and your support and we look forward to seizing the many opportunities available to us.

Dr. Andreas Casutt
Chairman



Dr. Wolfgang Wienand
Chief Executive Officer



The Year 2023 in Review

1.229

in CHF billion

Publication of full-year results 2022

Siegfried significantly increases sales and profits.

February

Opening Development Center Barcelona



Siegfried opens global Development Center for Drug Products in Barcelona.

March

Annual General Meeting



Siegfried increases distribution and appoints Elodie Carr-Cingari to the Board of Directors, thus strengthening diversity at the highest level.



Start Construction R&D Center DS EVZ

Siegfried begins construction of a new global R&D Center for Drug Substances in Evionnaz.

April



Acquisition **DINAMIQS** a Siegfried company

Siegfried acquires majority stake in DINAMIQS to establish a best-in-class development and manufacturing organization for cell and gene therapies.



Anniversary Celebration

Siegfried celebrates its 150th anniversary with a big party and looks back on its long, eventful history.

Announcement Henrik Krüpper

Siegfried announces Henrik Krüpper as the new COO Drug Substances.

607

in CHF million

Publication of half-year results 2023

Siegfried delivers strong sales growth and profitability in first half 2023.

1.272

in CHF billion

End-year result 2023

Net sales in 2023 reached CHF 1.272 billion.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Siegfried confirmed in the Dow Jones Sustainability Index Europe for the third consecutive year.



Energy Savings

Siegfried implemented electricity savings projects equivalent to 18 GWh/year (3400 average households in Switzerland).

May

August

December



Financial Summary

Financial Overview
CFO Commentary



1.272



+3.4 %
Net sales (in billion CHF)

Net sales in 2023 reached CHF 1.272 billion.

273.3



+0.3 %
Core EBITDA (in million CHF)

Core EBITDA in 2023 reached CHF 273.3 million.

191.9



+0.6 %
Core EBIT (in million CHF)

Core EBIT in 2023 reached CHF 191.9 million.

128.1



+0.3 %
Core net profit (in million CHF)

Core net profit in 2023 amounts to CHF 128.1 million.

	2023	2022	Change CHF (LC)
Net sales (million CHF)	1 271.5	1 229.5	+3.4 % (+6.3 %)
Core gross profit (million CHF)	320.4	318.9	0.5 %
Core gross profit margin (%)	25.2%	25.9	
Core EBITDA (million CHF)	273.3	272.5	0.3 %
Core EBITDA margin (%)	21.5	22.2	
Core EBIT (operating result) (million CHF)	191.9	190.8	0.6 %
Core EBIT margin (%)	15.1	15.5	
Core net profit (million CHF)	128.1	127.8	0.3 %
Core net profit-margin (%)	10.1	10.4	
Non-diluted core earnings per share (CHF)	30.24	30.28	−0.1 %
Diluted core earnings per share (CHF)	29.80	29.63	0.6 %
Cash flow from operating activities (million CHF)	208.6	142.3	46.6 %
Free cash flow (million CHF)	71.8	27.2	163.6 %
Investment in property, plant and equipment and intangible assets (million CHF)	137.1	115.2	19.0 %
	31.12.2023	31.12.2022	Change
Equity (million CHF)	838.1	790.9	6.0 %
Total assets (million CHF)	1 861.5	1 793.2	3.8 %
Equity ratio (%)	45.0	44.1	
Employees (number of FTEs)	3 684	3 564	3.4 %

Financial Commentary 2023

Continued strong growth trajectory

In 2023, Siegfried continued its strong growth trajectory and more than offset the phasing out of sizeable vaccines volumes. Net sales increased to CHF 1271.5 million, an increase of 3.4% in CHF. The euro and the US dollar depreciated strongly during the year. The euro, which accounts for 50% of net sales depreciated by 3.3% against the Swiss franc, while the US dollar, accounting for 13% of net sales depreciated by 5.9%. The growth at constant currencies was 6.3%.

Despite continued inflation trends in key cost categories, the underlying business continued to grow profitably. Core gross profit was CHF 320.4 million, and the Core gross profit margin of 25.2% was only slightly below the previous year (25.9%).

Core EBITDA (CHF 273.3 million, +0.3%), Core EBIT (CHF 191.9 million, +0.6%) and Core net profit (CHF 128.1 million, +0.3%) were slightly ahead of the previous year. This was reflected accordingly in the margins: the Core EBITDA margin was 21.5% (previous year: 22.2%), Core EBIT margin was 15.1% (previous year: 15.5%) and Core net profit margin was 10.1% (previous year: 10.4%).

The Core results, excluding extraordinary expenses and income, offer a transparent and straightforward view of Siegfried's operational performance. This approach facilitates a more accurate comparison across different periods.

In 2023, Swiss GAAP FER results were significantly affected by a decrease of interest rates in the euro area, leading to an increase of the pension obligations from foreign pension plans and a technical and non-cash decrease of the operating income. The Core results have been corrected for that effect (CHF 11.9 million). In addition, CHF 3.0 million of interest expenses on these foreign pension plans were reclassified to financial expenses, and CHF 2.1 million of non-recurring restructuring cost enhancing the operational performance on selected sites as well as CHF 1.4 million of transaction cost were adjusted.



Dr. Reto Suter
Chief Financial Officer

“Despite continued inflation trends in key cost categories, the underlying business continued to grow profitably.”

Operating expenses under control

Operating expenses are each year affected by extraordinary or non-recurring events; an analysis based on Core figures is appropriate. For 2023, a tight cost control was key. We have continued to invest into our organizational development pro-

grams but have off-set these expenses by increased efficiency in other areas.

In total, Core operating expenses amounted to CHF 128.5 million in 2023, or 10.10% of net sales, a relative decrease to the previous year (2022: 10.42%) and a very small increase in absolute terms (2022: CHF 128.1 million).

Core marketing and sales costs were CHF 19.4 million, slightly higher than in the previous year (2022: CHF 18.1 million), growing in proportion to the constant currency net sales growth. For Core research and development, an important client facing function for Siegfried, costs of CHF 43.4 million were incurred, which is about equal to the prior year (2022: CHF 43.2 million). Administration and general costs at Core level amounted to CHF 70.7 million, a decrease in absolute terms (2022: CHF 71.1 million) and in relative terms (2023: 5.56%, 2022: 5.78%).

Other income was slightly higher than the previous year at CHF 5.0 million (2022: CHF 4.3 million).

Higher financial expenses on some, but not all funding layers

Financial expenses were higher than in the previous year at CHF 9.5 million (prior year CHF 7.8 million). The higher interest rate environment did affect funding from the revolving credit facility, but not interest expenses from the senior bonds (CHF 200.0 million) and the two hybrid convertible bonds (total CHF 80.0 million). Foreign exchange differences were significantly higher at CHF 12.8 million (2022: CHF 4.3 million), as a result of the high volatility in the foreign exchange markets, specifically towards year end.

Operating cash flow, free cash flow and cash flow from financing activities

At CHF 208.6 million, the operating cash flow was significantly above the previous year's level (2022: CHF 142.3 million). Compared to last year, we deployed less capital to inventories and trade receivables.

Investments in property, plant and equipment and intangible assets were slightly higher than in the previous year at CHF 137.1 million (2022: CHF 115.2 million). This corresponds to 10.7% of net sales. This results in a free cash flow of CHF 71.8 million, significantly up from the last year (2022: CHF 27.2 million).

In the financing cash flow, the two largest movements were a reduction in the syndicated loan of CHF 65.0 million and the distribution to shareholders of CHF 14.4 million.

Other financial key figures

At year-end, Siegfried had CHF 56.4 million in cash and cash equivalents. Non-current financial liabilities amounted to CHF 445.0 million. Thus, net debt amounted to CHF 388.6 million, resulting in net debt in relation to Core EBITDA of 1.42, down from 1.54 at the end of 2022 and 1.97 at the end of 2021.

The equity ratio was 45.0%. Thus, comparing to last year, the debt capacity of the Siegfried Group has improved again and also the ability to finance further growth steps.

Proposal of par value repayment to the General Assembly

At the Annual General Meeting on April 18, 2024, the Board of Directors will propose to the shareholders to reduce the par value of a share from CHF 14.60 by CHF 3.60 to CHF 11.00 and to distribute the amount of the reduction in par value of CHF 3.60 instead of a dividend.

Dr. Reto Suter
Chief Financial Officer



Business and Strategy



Our Global Network
Our Business Model
CEO Interview



Our Global Network

As a leading CDMO, the Siegfried Group builds on a finely tuned global development and production network of twelve sites in seven countries on three continents, both in the area of Drug Substances and Drug Products.

DS Drug Substances
DP Drug Products



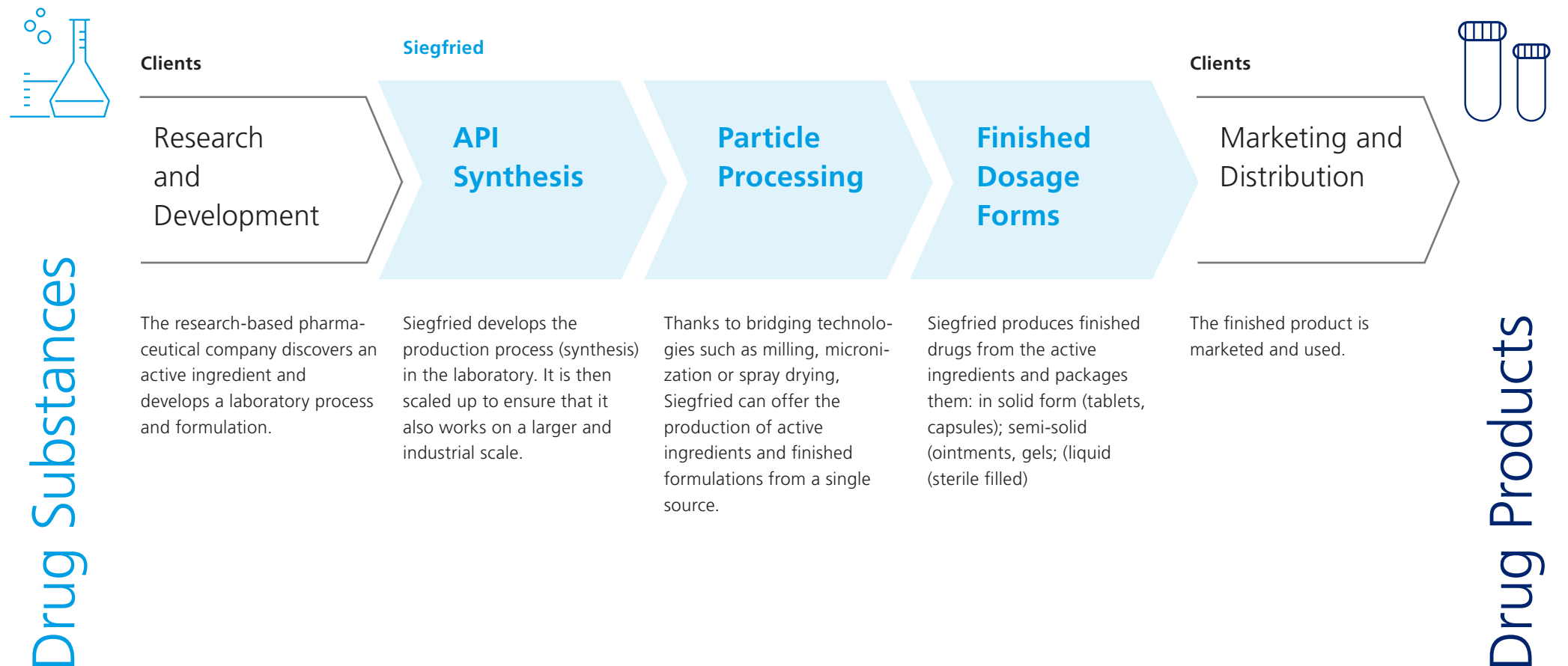
More information about our sites
www.siegfried.ch/locations

			Siegfried since	Employees	Competencies
Zofingen ^{HQ}	Switzerland	DS	1873	696	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
Pensville	USA	DS	1928	181	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
Hal Far	Malta	DP	2007	151	Solid oral dosage forms
Irvine	USA	DP	2012	146	Sterile and aseptic filling
Nantong	China	DS	2013	270	Active pharmaceutical ingredients (API), Intermediates
Hameln	Germany	DP	2014	503	Sterile and aseptic filling
Evionnaz	Switzerland	DS	2015	366	Active pharmaceutical ingredients (API), Intermediates
Minden	Germany	DS	2015	445	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
St. Vulbas	France	DS	2015	145	Active pharmaceutical ingredients (API), Intermediates
Barberà del Vallès	Spain	DP	2021	490	Solid oral dosage forms
El Masnou	Spain	DP	2021	394	Sterile filling
DINAMIQS, a Siegfried Company	Switzerland	DS	2023	13	Viral vectors

Our Business Model

From the API to the Finished Product

As a fully integrated pharmaceutical company, Siegfried is today one of the few suppliers that can carry out both the development of active ingredients and finished formulated drugs under one roof. This combination of experience and know-how is unique in the CDMO market.



Our Offering



Products

– APIs and intermediates

Siegfried's chemical expertise centers on the development and production of active pharmaceutical ingredients and intermediates. Our global network in this field includes sites in North America, Europe and Asia.

Services

– Exclusive Synthesis

Our services in the field of exclusive synthesis comprise process and chemical development, analytical development, pilot manufacturing and scale-up, and commercial manufacturing.

– Portfolio offering

Siegfried offers a wide portfolio of APIs no longer protected by patents, focusing on anesthetics, pain and addiction treatment applications, central nervous & respiratory diseases as well as caffeine for human health and nutrition.

– Viral vectors

DINAMIQS offers end-to-end viral vector manufacturing solutions to accelerate gene therapy projects from DNA design to commercial scale. They offer a comprehensive and customized range of manufacturing services, process development, quality control and analytics solutions.

Products

– Solid oral dosage forms

Siegfried offers a specific range of pharmaceutical development and production of solid dosage forms (tablets and capsules) for the global market.

– Sterile und aseptic filling–Injectable

Siegfried's capabilities include filling of small molecules, biologics and vaccines in formats like vials, ampoules and pre-filled syringes.

– Ophthalmics

Siegfried is an expert in filling sterile ointments, gels, suspensions and solutions into tubes, pre-filled syringes, cartridges and vials.

– Inhalative products

Siegfried manufactures capsules for inhalation applications for medical devices for the treatment of respiratory diseases

Services

– Contract Development and Manufacturing

Siegfried's services comprise pharmaceutical development, analytical development, scale-up and clinical trial material production, process and analytical transfer, and commercial manufacturing and packaging.

– Licensing

Siegfried has selected oral solid and sterile products commercially available. assembles complete registration dossiers and offers a Common Technical Document (CTD) for all products



Drug Substances

Active Pharmaceutical Ingredients (API), the key to healing

Active pharmaceutical ingredients (APIs) are used in the production of a medication. APIs are the key ingredient of a finished product that is ready for administration with a direct effect concerning treatment.

Drugs Deliver the API into the body

A drug is a pharmaceutical product which, in a certain dosage and dosage form, serves to recognize, prevent or heal an illness. Since ancient times, certain plants and parts of plants and animal-based substances serve as drugs and, more recently, also synthetic preparations and biological substances.

Drug Products

CEO Interview



Dr. Wolfgang Wienand
Chief Executive Officer

Chief Executive Officer Dr. Wolfgang Wienand on Siegfried's journey in 2023 and its priorities in the year to come.

2023 was another successful year for Siegfried. How would you summarize it?

The Siegfried team has, once again, delivered a strong year with significant sales growth above 6% to now 1.272 billion Swiss Francs. I am particularly pleased that we were able to not only compensate for the phasing-out of significant vaccines business, but even to overcompensate for it. This result highlights our resilient and robust underlying business and the dedication of our strong teams at Siegfried, which are ready to tackle the challenges ahead of us and to translate the many opportunities available to us into future growth.

What did your sustainability journey in 2023 look like?

Sustainability represents one of our five corporate values and is at the core of our business. Throughout 2023 we successfully implemented various initiatives across our sites, such as reducing



See our video with comments on the full-year results from the CEO and ExeCom members at

www.siegfried.ch/investors/reports

“I am particularly pleased that we were able to not only compensate for the phasing-out of significant vaccines business, but even to over-compensate for it.”



“Sustainability represents one of our five corporate values and is at the core of our business.”

water usage, saving energy and gas, and introducing new safety measures. We continued working towards our target to halve CO₂ emissions by 2030, adjusted for revenue, compared to 2020. While in the past we focused on scope 1 and 2 emissions, we also reported an estimate for our scope 3 footprint for the first time.

Siegfried remains committed to the aims of the UN Global Compact and our efforts have been recognized as “GC Advanced” since 2022. In addition, Siegfried once again received positive ratings from ISS ESG and MSCI ESG and was included in the Dow Jones Sustainability Index Europe for the third consecutive year. All our sites also scored well on the EcoVadis Rating with GOLD or SILVER ratings.

How will Siegfried continue this momentum in 2024 and beyond?

In 2023, we made significant progress in the implementation of our strategy EVOLVE, which is geared towards long-term profitable growth through organic investments plus M&A. One important pillar of this strategy is to invest in our global network.

In 2023, we broke ground on a new global R&D Center for Drug Substances at our site in Evionnaz. We also inaugurated our new Development Center for Drug Products in Barcelona and at the same time construction continued on our new large-scale multi-purpose production plant in Minden.

Another important pillar of our strategy is the expansion into new high growth areas within the CDMO business model. This is exactly what we did with the acquisition of DINAMIQS in May 2023. Through this acquisition, we opened the door to the new growth area of cell and gene therapies and at the same time strengthened our position in biologics.

Through these strategic acquisitions and investments, I am confident that we are well on track to achieve our ambition to be a leading CDMO in our space and the most trusted partner of the pharmaceutical industry.

Where do you see further opportunities for growth in the CDMO market?

The CDMO market is, at different rates, growing steadily across all business segments for both small and large molecules. While we are more and more active in the field of biologicals and will benefit from its attractive growth dynamics, small molecules still dominate the global pipeline of drug candidates from development through clinical phases to market approval. Small molecules also continue to dominate when it comes to new drug approvals by the FDA. Based on our strong position and attractive offering in that space, we will be able to continuously acquire new attractive pipeline projects and convert them into large-scale commercial wins.

Throughout 2023, the team kept laying the foundation for a good future for Siegfried and further strengthened our ability to manufacture and deliver safe drugs for the benefit of millions of patients worldwide. With our focus on both, acquisition of new business as well as flawless execution for existing projects and products, we continuously invest in our commercial, operational and organizational excellence in order to ensure that we are able to make competitive and attractive offers to our customers also in the future.

Sustainability and People

Our Sustainability Journey



Sustainability Highlights



Our Distinctions



Making an Impact



Sustainability Across our Network



Global Value Awards



Our Sustainability Journey

Sustainability is one of Siegfried's corporate values. How is this reflected in day-to-day operations?

Sustainability is a collective and cultural concern, emphasizing the need for the entire organization, every department, and each employee to not only endorse various initiatives but also internalize the value of "sustainability". To achieve this, we established a Sustainability Board in 2021 – a committee bringing together key internal stakeholders from diverse sustainability areas, including environmental experts, ethics and compliance, Health, Safety and Environment, and human resources. Reporting directly to the Board of Directors' "Strategy & Sustainability Committee," this board defines Siegfried's sustainability strategy, governance, and risk management. This structure ensures the necessary focus on sustainability.

Through numerous projects across our sites, we continually aim to enhance our sustainability performance. Environmental, Social, and Governance (ESG) matters have been a

longstanding priority. For example, we have systematically recorded and actively managed important environmental data such as energy usage, CO₂ emissions, water consumption, and waste management across all sites. Our sustainability activities are documented annually in a comprehensive sustainability report, following the internationally recognized GRI guidelines.

What were the key achievements related to sustainability at Siegfried in 2023?

We continued along the course we set last year and moved forward with many projects to improve our sustainability performance in all areas of ESG. Our Energy Crisis team, established in 2022, continued to implement various initiatives across the Siegfried network to reduce energy consumption, achieving significant savings. We continued working toward our target to halve CO₂ emissions, adjusted for revenue by 2030. While in the past we focused only on scope 1 and 2 emissions, in 2023, we

established our full scope 3 value chain footprint, enabling Siegfried to extend our efforts to include scope 3 emissions, and report this figure for the first time.

Another key focus area was the introduction of a more comprehensive supply chain integrity program to take a risk-based approach to our supplier monitoring. In addition, we strengthened our information and cybersecurity program, launched a new employer branding to position Siegfried as an employer of choice, and created the sustainability office to support our sites with sustainability data validation.

In recognition of our efforts, we maintained all our sustainability distinctions including being named a member of Dow Jones Sustainability Index S&P for the third year, and our low-risk rating by Sustainalytics and Morningstar.



Luca Dalla Torre
General Counsel,
Chairman of the Sustainability Committee

What are the plans for 2024?

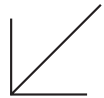
In 2024, we will redefine our sustainability roadmap to sharpen our focus areas and improve our data baselining with regards to water, resources and waste, to define KPIs going forward. Projects that were launched in 2023, including the supply chain integrity program and site decarbonization roadmap, will be realized.

With respect to the reduction of our CO₂ footprint, the target remains unchanged: Siegfried aims to cut CO₂ emissions (scope 1, 2 and 3) in half, adjusted for revenue by 2030. However, this requires continued efforts, both with respect to energy efficiency as well as energy sourcing, and collaboration with our suppliers and customers. Siegfried will continue to engage with customers to identify products that we can collaborate on to reduce their carbon footprint.



Sustainability Highlights

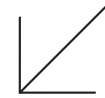
–4.8 %



Energy Consumption (vs. 2022, sales based)

Total energy consumption was reduced by 29.8 terajoules (TJ) compared to last year.

–32.1 %



Carbon Emissions since 2020 (absolute, Scope 1&2)

Total carbon emissions have been reduced by 32.2 kT CO₂eq compared to 2020.

–11 %



Total Lost Time Accidents (LTIFR)

The lost time injury rate was reduced by 11% compared to last year.

71 %

Renewable Electricity

455 Terajoules (TJ) electricity consumption came from renewable energy sources.

Our Distinctions

Dow Jones Sustainability Index S&P

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Siegfried has been a member of the Dow Jones Sustainability Index (DJSI) Europe for three years. The DJSI is a widely recognized standard for measuring corporate environmental, social, and governance (ESG) progress across industries. Siegfried is currently the only Contract Development and Manufacturing Organization (CDMO) in the DJSI Europe.

Morgan Stanley Capital International ESG Rating

MSCI
ESG RATINGS
AA

We have held “leader” status (‘AA’) in the MSCI index since 2022. The MSCI ESG Index grants institutional investors effective tools to integrate ESG considerations into their investment process and portfolios. The ratings measure a company’s resilience in relation to long term, industry-specific ESG criteria and compare it against its competitors.

Carbon Disclosure Project

CDP
DRIVING SUSTAINABLE ECONOMIES

As Siegfried is new to the CDP index, we received the Rating D for Disclosure, a typical rating for CDP newcomers. CDP is a widely recognized non-profit organization that assesses and scores companies on their climate change strategies, with higher scores indicating a greater corporate commitment to tackling climate change risks. This independent information helps investors evaluate how well companies are managing climate change-related risks and opportunities.

EcoVadis Rating



For the last few years Siegfried has undertaken a yearly Corporate Social Responsibility (CSR) assessment across all sites using the recognized EcoVadis label to show our commitment and work in the field of sustainability. This rating evaluates 21 sustainability criteria, divided into four categories. The methodology applied by EcoVadis for the CSR rating is based on international standards issued, e.g. by Global Reporting Initiative (GRI), United Nations Global Impact and the International Labour Organization. Our most recent results reflect “GOLD” for 4 Siegfried sites and “SILVER” for the other seven sites.

Science-Based Target Initiative



Siegfried joined the Science-based Target Initiative (SBTi) in 2022 with the status “Committed”, a mandatory step for the first two years in the index while our climate targets are validated. SBTi provides companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. More than 4000 businesses around the world are already working with SBTi. By joining, businesses demonstrate that they are committed to reducing their environmental impact and achieving climate neutrality. Being part of the SBTi also ensures companies have access to guidance, tools and support to meet their climate goals.

Sustainalytics/ Morningstar



Siegfried is included in the Sustainalytics index since 2022 and rated with low risk. This certification demonstrates our low environmental and social impacts, as well as our robust corporate governance practices. Sustainalytics and Morningstar have partnered to provide comprehensive research and assessment of ESG-related investments. The two companies combine Sustainalytics’ expertise in ESG analysis with Morningstar’s financial data analysis, offering investors an integrated view of potential ethical considerations associated with each investment.

Making an Impact

Our expertise in process optimization makes API production more sustainable

Sustainability plays an important role in our industry – it is central to Siegfried's purpose and the value we create for our stakeholders. With our expertise in process optimization, we help our customers to develop greener production processes for their products and to achieve their ambitious sustainability targets.

We introduce second-generation processes, apply green chemistry, and continuously research new sustainable technologies. With these efforts, we reduce energy consumption, produce less waste, and at the same time, maximize our products' safety.

Reducing energy consumption across the globe

Since launching the energy crisis team in October 2022, Siegfried has continued to reduce energy consumption and implemented 96 projects throughout the Siegfried network. Initiatives equivalent to 7 % of Siegfried's energy consumption were implemented in 2023. Initiatives included standardizing refrigeration systems to -25° in Evionnaz, optimizing HVAC systems in production areas through start-stop modes in Barberà del Vallès and using waste solvent in the incinerator to reduce gas consumption and generate steam in Nantong.

Recognizing the importance of our communities

As a global company with strong local roots, the communities we operate in are a vital factor to our success. Each year, we give back by supporting a wide range of local cultural, educational, social, science and sports projects. In 2023, the year of our 150th anniversary, we contributed to a significant number of charitable causes on top of our normal donations, donating a total of CHF 85 000 to local charities around the world as part of our anniversary celebrations.

Additionally, our employees have again successfully completed the global charity run, “#everystepmatters” with a total distance of 31 096 km, raising donations for local charities selected by each sites' employees.



Sustainability Across our Network



Hameln: Reducing electricity consumption through more than 50 successful projects

At our Hameln site, the implementation of various energy-saving initiatives in 2022 and 2023 resulted in a noteworthy 11 % reduction in electricity consumption in 2023. Among the projects contributing to this achievement were the introduction of a new efficient compressed air unit, the implementation of a high-efficiency vacuum unit, and optimization measures in the Heating, Ventilation, and Air Conditioning (HVAC) systems. In total, over 50 projects were successfully realized, demonstrating a commitment to energy efficiency and sustainability across multiple facets of operations.



Barberà del Vallès and El Masnou: Creating a culture of safety

Our Spanish sites implemented a creative and co-created safety campaign to increase employee awareness of the risk that daily behaviors can pose to safety. Nearly all Spanish employees participated in the campaign which introduced a behavioral "character" every two weeks. Over the course of almost a year, employees discussed these behaviors within teams and carried out individual and collective challenges to combat them. The implementation of this campaign resulted in a 15 % increase in the detection of events that could have resulted in an accident but didn't (good catches & near misses).



Nantong: Utilizing waste to reduce gas consumption

Our site in Nantong is using waste solvent in the incinerator instead of gas, reducing gas consumption by 50 %. By incinerating 348 tons of waste solvent, the site reduced the amount of waste created and also generated 4387 tons of steam.



Zofingen: Solar panel installation, a bright idea

Solar panels were installed on a warehouse building at our Zofingen site in December 2023, to feed electricity into the grid. The system has a planned annual output of 250 MWH/a, which covers 1 % of Zofingen's electricity requirements.



Minden: Modernizing a steam boiler yields energy savings

The Minden site has successfully completed the modernization of its steam boiler in December 2023, incorporating a state-of-the-art burner system and advanced automation software. This initiative is expected to yield substantial environmental benefits, saving 300 MWh of energy (gas or oil) annually and resulting in a significant reduction of 60 tons of CO₂ emissions per year.

Global Value Awards

At Siegfried, recognizing talent and celebrating success is an integral part to our culture. We created the Global Value Awards to highlight outstanding initiatives that embody our core values, fostering an environment that values innovation, collaboration, and continuous improvement. Employees are encouraged to nominate colleagues for exceptional work related to our corporate values.

Our values and leadership principles are the basis to build the strongest team in the industry.



Excellence

"We excel in everything we do"



Passion

"We deeply care about what we do and how we do it"



Integrity

"We act responsibly, reliably, respectfully and live up to our own standards"



Quality

"We do it right first time"



Sustainability

"We do not only think about tomorrow, but far beyond"



**Beat Badertscher**

Senior Program Manager, Zofingen

**Alexandre Tellier**

Head of All Analytics, Evionnaz

**Marcela Lopez**

Site Head, Barberà del Vallès

“A global interdisciplinary development and transfer project could be implemented with great spirit and effort in terms of time, yield and quality.”

“Integrity means acting responsibly, reliably, and respectfully. To create a great workplace, we must work together to ensure every employee feels comfortable.”

“Achieving Excellence in a project is a mix of teamwork, expertise and passion!”

Global Sustainability Award: 2nd Generation Process

Redeveloping a long-standing process for one of Siegfried's most important exclusive products was a remarkable demonstration of our core value Sustainability. This groundbreaking work was brilliantly brought to fruition through the efforts and the collaborative spirit of the R&D team. It masterfully implemented a more efficient process, introducing an innovative 3-step sequence. This resulted in a significant reduction in production steps, an impressive increase in yield from 24% to 42%, and a significant reduction in cost and waste. The successful scale-up and transfer of this process to our Minden site demonstrates the potential within our organization.

Global Integrity Award: Health and Well-Being at Work

Initiatives like the good manners in open space, summer grills, Christmas mulled wine, and organizing sports activities have significantly improved the workplace environment in Evionnaz. Moreover, the leadership demonstrated in developing and implementing the Quality of Life at Work training course has been outstanding. The participation of over 110 employees in this program is proof of the impact of the dedication and effort made. The ability to juggle such initiatives alongside professional duties exemplifies true integrity and are an invaluable contribution to making our workplace a more positive, healthy, and inclusive environment.

Global Excellence Award: Coated Tablet Production

An American company entrusted Siegfried with the manufacturing of one of its products for the treatment of obesity. These tablets required three-layer compression technology that the Barberà Site did not have. In record time, a project team was created, responsible for the design and execution of the project, from the layout of the production room and the tableting machine to the training of the operators who would work with this new technology. The manufacture of this product is complex since the coated tablet is made up of two layers of API and one inert layer. The project team has worked intensely to meet the deadlines and expectations agreed with.

Global Passion Award: Development of a non-sterile Cream

The El Masnou team has successfully completed the development project of a non-sterile cream for a well-known customer in Siegfried's DS network. Through close collaboration with the customer, the project team has been able to implement a new technology meeting all customer expectations. Taking advantage of the center of excellence from the first minute after the inauguration the team has carried out a complete design of experiment and the subsequent scale up to the production area implementing new manufacturing equipment, new processes and new analytical methods with excellent results.

The customer has recognized this good work, which has established the basis for future relations in drug product. El Masnou has been entrusted with a new development project based on this excellence collaboration.



Albert Montserrat

Head Project and Program Management,
El Masnou

"Taking advantage of the center of excellence from the very beginning the team has carried out a complete design of experiment and the subsequent scale up to the production area."

Global Excellence Award: Business Model Makeover

A global pharmaceutical company with whom we have had a close partnership for decades approached us with a challenge which would require us to jointly redesign our operating business model. A core team was established at both companies in order to develop our options and model these alternatives to ensure their implications were truly understood by both the customer and our internal organization. As the alternative solutions to the challenges became clear a broader multi-site cross-functional team was leveraged to fully map our preferred options while ensuring timelines were adhered to. Following the presentation of two possible solutions and in depth review with our customer, the final target model was selected and seamlessly implemented to a strict timetable, while ensuring mitigation of potential impacts on production, inventory planning and key financial metrics.



Peter Hekler

Global Head BD Exclusives Drug Substances,
Pennsville

"Through the dedication of a multi-site & cross-functional team we were able to totally re-engineer our operating model bringing added value to both our customer and Siegfried."

Annual Report 2023



Visit our Investor Relations Portal for more information

www.siegfried.ch/investors/reports

Corporate Governance



Remuneration Report



Sustainability Report



Financial Report



Cautionary Statement regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward looking statements contained in this Annual Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage. The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Siegfried’s earnings or earnings per share for 2024 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Siegfried.

Publisher’s Note

This Annual Report is published in German and English.

This is an excerpt of Siegfried’s Annual Report 2023. All chapters can be downloaded at siegfried.ch/investors/reports

Concept and layout:

SOURCE Associates AG, Zurich

Publishing System:

mms solutions ag, Zurich

Realization:

NeidhartSchön AG, Zurich

Publisher:

Siegfried Holding AG, Zofingen