

# Progress Report 2022

**150**  
years

On the  
Move since  
150 Years

expect  
more



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## Report Highlights



### CEO Interview

Chief Executive Officer Dr. Wolfgang Wienand about Siegfried's journey in 2022 and its priorities in the year to come.



### Sustainability: Sustainable API Production

With our expertise in process optimization, we make the production of APIs more sustainable.



Visit our Investor Relations Portal for more information  
[www.ir.siegfried.ch](http://www.ir.siegfried.ch)

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# Letter to the Shareholders



**Dr. Andreas Casutt**  
Chairman

**Dr. Wolfgang Wienand**  
Chief Executive Officer

Dear Shareholders

**2022 was another year of strong profitable growth for the Siegfried Group. In a once more challenging environment, the company demonstrated its resilience and delivered another record result. Sales growth remained strong and profitability raised to a new level. We also continued to invest in the Siegfried network, laying the foundation for further profitable growth. In 2023, the company will celebrate its 150<sup>th</sup> anniversary and the stage is set for Siegfried to continue its success story in the years to come.**

The challenges in 2022 were manifold. In particular, the war in Ukraine had a strong impact on the global economy. Together with the aftermath of the coronavirus pandemic, this led to disruptions in global supply chains and sharply rising raw material and energy costs. This was coupled with uncertainties about the macroeconomic outlook after central banks began raising interest rates to address strongly rising inflation.

Thanks to its resilient business model and forward-thinking management, Siegfried held up well in this challenging environment and achieved another record result. Full-year sales reached an all-time high of 1.229 billion Swiss francs (CHF), an increase of 15.6 percent in local currencies (2021: CHF 1.102 billion) supported by both, Drug Substances and Drug Products. Core EBITDA grew from CHF 207.2 million to now CHF 272.5 million, 31.5 percent higher than 2021. This resulted in a core EBITDA margin of 22.2 percent (2021: 18.8 percent), exceeding the 20 percent mark for the first time on a full-year basis. Core net profit grew by 34.1 percent to CHF 127.8 million (2021: CHF 95.3 million). Net profit according to Swiss GAAP FER was higher than the core net profit and amounted to CHF 156.5 million. The Board of Directors will propose to the Annual General Meeting an increase of the payout to the shareholders to 3.40 Swiss francs per share (2021: CHF 3.20). As in the previous year, the payout will be made by reducing the nominal value of the shares by way of a capital reduction.

At CHF 142.3 million, the Siegfried Group delivered a strong result for cash flow from operating activities after changes in net working capital (2021: CHF 119.7 million). Free cash flow amounted to CHF 27.2 million (2021: CHF 6.5 million).

At year-end, Siegfried had cash and cash equivalents of CHF 91.5 million (2021: CHF 72.6 million). Net debt amounted to CHF 418.5 million, a ratio of 1.54 to core EBITDA, and the equity ratio was 44.1 percent. Siegfried is well capitalized and has sufficient capacity to fund further organic and acquisitive growth.

### Integration of the two Spanish Drug Product Sites successfully completed

The two pharmaceutical manufacturing sites acquired from Novartis at the beginning of 2021, Barberà del Vallès and El Masnou, have been fully integrated into the Siegfried network in the year under review and contributed to the substantial profitable growth in the reporting period. For both sites, Siegfried was successful in acquiring new projects and products in 2022 and expects further intake of new business in 2023 and 2024.

### Vaccine projects opened new market segments

Starting in the second half of 2021, Siegfried has supported the global efforts against the coronavirus pandemic with development and manufacturing services in the field of aseptic fill & finish of Covid-19 vaccines. At our site in Hameln we were filling BioNTech's COVID-19 mRNA vaccine Comirnaty as well as Novavax' protein-based COVID-19 vaccine Novavax. In September 2022, Siegfried announced the extension of the collaboration with Novavax until the end of 2023, whereas the collaboration with BioNTech for their vaccine concluded at the end of 2022 in line with the original contractual terms. Through these projects, Siegfried demonstrated its ability to solve technologically demanding tasks even on short notice as well as to quickly ramp up capacities as required. With the investments in competencies and multi-purpose capacities in Hameln, Siegfried has established itself in the field of biologics and has already been able to support a number of customers with development and manufacturing services beyond vaccines.

### Expanding our capabilities and capacities to support long-term profitable growth

In 2022, Siegfried continued to invest in its global network to further strengthen its innovation and technological capabilities and capacities, enhance flexibility and become even more relevant to its customers. In Minden, we started the construction of a new world-class large-scale production plant for inno-

**“Thanks to its resilient business model and forward-thinking management, Siegfried held up well in this challenging environment and achieved another record result.”**

Dr. Andreas Casutt

vative Drug Substances, a total investment of up to CHF 100 million. At the same time, we further strengthened our footprint in the biologic fill & finish market segment by launching an additional filling line in Hameln. In Barcelona, the installation of our new Center of Excellence for pharmaceutical formulation development has been completed and will be inaugurated in the first half of 2023. Here, Siegfried will offer its customers a wide range of development services and differentiating pharmaceutical production technologies and in state-of-the-art laboratories and flexible pilot capacities. Also in 2023, we will start the construction of our new Center of Excellence for Drug Substances in Evionnaz.

### On track in a challenging environment

Macroeconomic challenges such as Russia's attack on Ukraine, the energy crisis in Europe and ongoing supply chain disruptions have put a burden also on Siegfried. However, with a steady focus on operational and commercial excellence, we were able to respond to them by closely managing our supply chains, applying strict cost discipline including broad energy saving measures and to find solutions together with our customers. As a result, we have been able to protect the interests of our customers as well as of our company and of our other

**“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.”**

Dr. Wolfgang Wienand

stakeholders. In addition to the benefit from these defensive measures, the positive development of our overall business including vaccines plus the active management of our entire product portfolio contributed to the increase in profitability to well above 20 percent core EBITDA margin.

**Strong commitment to sustainability**

Sustainability represents one of our five corporate values and is at the core of our business. With our expertise in process optimization, we help our customers to develop greener production processes for their products and to achieve ambitious sustainability targets. We introduce second-generation processes, apply green chemistry, and continuously search for opportunities to apply new sustainable technologies. With these efforts, we reduce energy consumption, produce less waste, and, at the same time, often save costs and increase the safety of our products. Our efforts and initiatives have been recognized by external parties and independent institutions: In 2022, we were again rated positively by ISS ESG, MSCI ESG and Sustainalytics, and were for the second time included in the Dow Jones Sustainability Index Europe. All our sites also scored well in the EcoVadis Rating.

**Change in the Board of Directors**

In October 2022, Siegfried announced that, after 10 years of service, board member Colin Bond has decided not to stand for re-election at the 2023 Annual General Meeting. We thank him for his valuable contribution to the positive development of the company in recent years and wish him all the best for his future endeavors. The Board of Directors has nominated Elodie Cingari as a new member for election. Elodie Cingari has been holding the position as Chief Financial Officer of the Landis+Gyr Group since 2020 and will bring extensive professional experience and a profound knowledge to the team.

**Continuing to deliver long-term profitable growth**

Siegfried’s business model is well proven, and we have consistently and effectively implemented our strategy over the last years. Based on this, we expect to deliver continuous profitable growth in the years to come through the continued introduction of attractive new business from existing and new customers, the active management of our portfolio of projects and products and by execution of organic investments in our network as well as value-adding M&A. Through these activities, we will continue to expand our capabilities and capacities and play an active role in the further consolidation of the CDMO industry.

**Outlook for 2023**

Siegfried expects a sales growth in the low to mid single-digit percentage range at constant exchange rates for the current year. In addition, Siegfried expects the core EBITDA margin to be at 20 percent or above, subject to unforeseen geopolitical and macroeconomic events or trends. In the medium-term, Siegfried expects a further increase in sales and profitability. Over the cycle, the company plans for average annual capital expenditures in low teens percentages of sales.

**Celebrating 150 years “on the move”**

In 2023, Siegfried celebrates its 150<sup>th</sup> anniversary. Going back on time to the year 1873, the two pharmacists Samuel

Benoni Siegfried and Johann Wilhelm Dürselen founded “Siegfried & Dürselen, Fabrik Chemisch-Pharmazeutischer Präparate sowie Handel mit Drogen”. In the 150 years of its existence, Siegfried had to reinvent and fundamentally transform itself several times. What has remained are the entrepreneurial mindset of our people and the fundamentals of our business: chemistry and pharmaceuticals – and the passion to develop and manufacture safe drugs for patients. We are pleased to celebrate the anniversary together with customers, partners, shareholders and employees around the world at various occasions.

In the name of the Board of Directors and the Executive Committee, we would like to thank our more than 3’600 employees at our eleven sites worldwide for their passion and 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 2022 in Review

# 1102.4

in million CHF

## Publication of 2021 annual results

For the first time, Siegfried reports sales of more than one billion Swiss francs and a 35% sales growth.



## Two new board members

Dr. Alexandra Brand and Dr. Beat Walti were elected in April to the Board of Directors of Siegfried Holding AG.



## New production plant in Minden, Germany

The construction of a new large-scale production plant of up to CHF 100 million investments has begun. The plant will be equipped with state-of-the-art technology and highly sustainable standards.

## Integration of two new Spanish sites

Barberà del Valles and El Masnou, located in the Barcelona region, have been successfully integrated into the Siegfried landscape.



January

April

August



# 586.7

in million CHF

### Half-year results

Net sales increased by 29.9% to CHF 586.7 million in the first half year. Profit margin expanded to 20.2% vs 17.3% last year.

## Support vaccine filling for Novavax



Novavax and Siegfried extended their collaboration for the commercial filling of Novavax's protein-based Coronavirus vaccine at Siegfried's manufacturing site in Hameln, Germany.

## Dow Jones Sustainability Index Europe

Siegfried was confirmed in the Dow Jones Sustainability Index Europe (DJSI) for the second consecutive year. Our company is the only Contract Development and Manufacturing Organization in DJSI Europe.

# 1229.5

in million CHF

### End-year results

In a very challenging environment, Siegfried reported an increase of net sales by 15.6% in local currencies supported by strong demand in both Drug Substances and Drug Products.

August

September

December



# Financial Summary

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# 1229.5



## Net sales (in million CHF)

Net sales in 2022 reached CHF 1229.5 million.

# 127.8



## Core net profit (in million CHF)

Core net profit in 2022 amounts to CHF 127.8 million.

# 272.5



## Core EBITDA (in million CHF)

Core EBITDA in 2022 reached CHF 272.5 million.

# 3564



## Employees

The number of employees reached 3564 FTEs.

	2022	2021	Change CHF (LC)
<b>Net sales (million CHF)</b>	<b>1 229.5</b>	<b>1 102.4</b>	+11.5% (+15.6%)
<b>Core gross profit (million CHF)</b>	<b>318.9</b>	<b>239.3</b>	33.3%
Core gross profit margin (%)	25.9	21.7	
<b>Core EBITDA (million CHF)</b>	<b>272.5</b>	<b>207.2</b>	31.5%
Core EBITDA margin (%)	<b>22.2</b>	<b>18.8</b>	
<b>Core EBIT (operating result) (million CHF)</b>	<b>190.8</b>	<b>124.4</b>	53.3%
Core EBIT margin (%)	15.5	11.3	
<b>Core net profit (million CHF)</b>	<b>127.8</b>	<b>95.3</b>	34.1%
Core net profit-margin (%)	<b>10.4</b>	<b>8.6</b>	
Non-diluted core earnings per share (CHF)	<b>30.28</b>	<b>22.66</b>	33.6%
Diluted core earnings per share (CHF)	<b>29.63</b>	<b>21.95</b>	35.0%
<b>Cash flow from operating activities (million CHF)</b>	<b>142.3</b>	<b>119.7</b>	18.9%
<b>Free cash flow (million CHF)</b>	<b>27.2</b>	<b>6.5</b>	320.0%
Investment in property, plant and equipment and intangible assets (million CHF)	<b>115.2</b>	<b>113.4</b>	1.6%
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>
<b>Equity (million CHF)</b>	<b>790.9</b>	<b>688.2</b>	14.9%
<b>Total assets (million CHF)</b>	<b>1 793.2</b>	<b>1 669.2</b>	7.4%
Equity ratio (%)	44.1	41.2	
Employees (number of FTEs)	3 564	3 432	3.8%

# Financial Commentary 2022

## Profitable growth and increase in margins

Despite continued macro challenges, Siegfried continued to grow profitably in 2022, increasing net sales to 1229.5 million Swiss francs, an increase of 11.5% in Swiss francs. The euro and the US dollar moved strongly during the year. The euro, which accounts for 55% of net sales depreciated by more than 7% against the Swiss franc, while the US dollar, accounting for 14% of net sales appreciated by more than 4%. The growth at constant currencies was 15.6%. Both the Drug Substances (+14.9%) as well as Drug Products (+6.6%) cluster contributed to the growth. After the acquisition of the two Drug Products plants in Spain, the Drug Products cluster has a significantly higher EUR net sales portion compared to the group as a whole, resulting in a significantly stronger currency headwind in 2022.

Core gross profit increased to 318.9 million Swiss francs, a significant improvement in the core gross profit margin from 21.7% in the previous year to 25.9% in the year under review.

Core EBITDA (272.5 million Swiss francs, +31.5%), Core EBIT (190.8 million Swiss francs, +53.3%) and Core net profit (127.8 million Swiss francs, +34.1%) again developed very positively. This was reflected accordingly in an increase in margins: the core EBITDA margin was 22.2% (previous year: 18.8%). The core EBIT margin (15.5%) also increased compared to the previous year (11.3%).

The core results exclude extraordinary expenses and income in a transparent and easy to understand way enabling the market participants to better understand the company's operational performance and allowing a better comparison across periods. In 2022, Swiss GAAP FER results were significantly affected by a strong increase of interest rates in the euro area, leading to reduction of the pension obligations from foreign pension plans and a technical and non-cash increase of the operating income. The core results have been corrected for that effect (–47.2 million Swiss francs). In addition, 1.2 million Swiss francs of interest expenses on these foreign pension plans were reclassified to financial expenses, and 6.0 million Swiss francs of non-recurring restructuring



**Dr. Reto Suter**  
Chief Financial Officer

**“Despite the macroeconomic uncertainties, we were able to continue our journey of profitable growth in 2022.”**

cost enhancing the operational performance on selected sites were adjusted. In 2022, no transaction or integration cost were adjusted.

## Operating expenses under control

Operating expenses are each year affected by extraordinary or non-recurring events; an analysis on the basis of core figures is appropriate.

In total, core operating expenses amounted to 128.1 million Swiss francs in 2022, or 10.42% of net sales, at exactly the same level relative to net sales as in 2021.

Core marketing and sales costs were slightly higher than in the previous year at 18.1 million Swiss francs, but on the same level in relative terms. For core research and development, an important client facing area for Siegfried, costs of 43.2 million Swiss francs were incurred, which means a slight decrease in relative terms. Administration and general costs at core level amounted to 71.1 million Swiss francs, a slight increase in relative terms, resulting amongst other effects from higher share based compensation and a higher provision for the STIP.

Other income was slightly higher than the previous year at 4.3 million Swiss francs.

#### Higher financial expenses on some, but not all funding layers

Financial expenses were higher than in the previous year at 7.8 million Swiss francs (prior year 4.2 million Swiss francs). The higher interest rate environment did affect funding from the revolving credit facility, but not interest expenses from the senior bonds (200 million Swiss francs) and the two hybrid convertible bonds (total 80 million Swiss francs).

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

At 276.1 million Swiss francs, operating cash flow before changes in net working capital was significantly above the previous year's level (210.7 million Swiss francs). In the area of net working capital, there was an increase in inventories, again from supply chain de-risking activities. In total, cash flow from operating activities amounted to 142.3 million Swiss francs, a significant increase of 18.9% compared to the previous year.

Investments in property, plant and equipment and intangible assets were slightly higher than in the previous year at 115.2 million Swiss francs (previous year 113.4 million Swiss francs). This results in a free cash flow of 27.2 million Swiss francs, significantly up from 6.5 million Swiss francs in the last year.

#### Other financial key figures

At year-end, Siegfried had 91.5 million Swiss francs in cash and cash equivalents. Non-current financial liabilities amounted to 510 million Swiss francs. Thus, net debt amounted to 418.5 million Swiss francs, resulting in net debt in relation to core EBITDA of 1.54, down from 1.97 at the end of 2021. The equity ratio was 44.1%. Thus, comparing to last year, the debt capacity of the Siegfried Group has substantially improved, providing the capacity to finance further growth steps.

#### Proposal of par value repayment to the General Assembly

At the Annual General Meeting on April 20, 2023, the Board of Directors will propose to the shareholders to reduce the par value of a share from 18.00 Swiss Francs by 3.40 Swiss Francs to 14.60 Swiss Francs and to distribute the amount of the reduction in par value of 3.40 Swiss Francs instead of a dividend.

**Dr. Reto Suter**  
Chief Financial Officer



# Business, Strategy & People



**Our Global Network**



**Business Model**



**CEO Interview**



**150 Years on the Move**



**Global Value Awards**



# Our Global Network

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

- DS Drug Substances
- DP Drug Products



			Siegfried since	Employees	Competencies
Zofingen <sup>HQ</sup>	Switzerland	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DS</span>	1873	650	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
Pennsville	USA	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DS</span>	1928	183	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
Hal Far	Malta	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DP</span>	2007	141	Solid oral dosage forms
Irvine	USA	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DP</span>	2012	133	Sterile filling
Nantong	China	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DS</span>	2013	274	Active pharmaceutical ingredients (API), Intermediates
Hameln	Germany	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DP</span>	2014	513	Sterile filling
Evionnaz	Switzerland	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DS</span>	2015	353	Active pharmaceutical ingredients (API), Intermediates
Minden	Germany	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DS</span>	2015	409	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
St. Vulbas	France	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DS</span>	2015	140	Active pharmaceutical ingredients (API), Intermediates
Barberà del Vallès	Spain	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DP</span>	2021	522	Solid oral dosage forms
El Masnou	Spain	<span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">DP</span>	2021	362	Sterile filling



More information about our sites  
[www.siegfried.ch/locations](http://www.siegfried.ch/locations)

# Our Business Model



## 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.

## 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

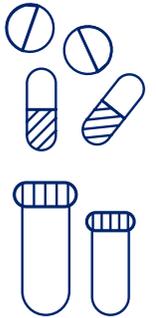
## Services

### – 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 an 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.

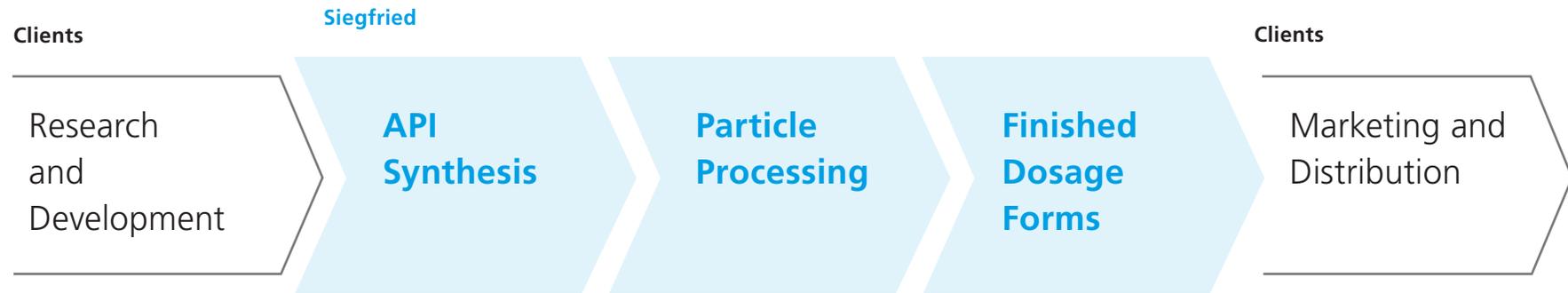
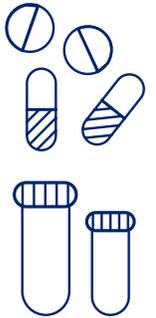
### Drugs Deliver the API into the Body

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

## 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.



The research-based pharmaceutical company discovers an active ingredient and develops a laboratory process and formulation.

Siegfried develops the production process (synthesis) in the laboratory. It is then scaled up to ensure that it also works on a larger and industrial scale.

Thanks to bridging technologies such as milling, micronization or spray drying, Siegfried can offer the production of active ingredients and finished formulations from a single source.

Siegfried produces finished drugs from the active ingredients and packages them: in solid form (tablets, capsules); semi-solid (ointments, gels); liquid (sterile filled)

The finished product is marketed and used.

Drug Substances

Drug Products

# CEO Interview



**Dr. Wolfgang Wienand**  
Chief Executive Officer

Chief Executive Officer Dr. Wolfgang Wienand about Siegfried's journey in 2022 and its priorities in the year to come.

**2022 was another successful year for Siegfried.  
How would you summarize it?**

It was another intense and challenging year due to the macroeconomic uncertainty caused by the war in Ukraine, which led to supply chain disruption, inflation, and an energy crisis. In the face of these circumstances, we once again demonstrated our resilience and acted proactively based on our robust business model, close customer relations, foresight and strategic planning. All that put us in the position to deliver significant sales growth to well above CHF 1.2 billion and an increased core EBITDA margin of 22.2%. Equally important besides numbers: We again made important steps forward in building the strongest team in our industry, ready to tackle the challenges ahead of us and translate the many opportunities available to us into future growth.

**“We again made important steps forward in building the strongest team in our industry, ready to tackle the challenges ahead of us and translate the many opportunities available to us into future growth.”**

**How do you see the CDMO market, and how will you capture the opportunities in 2023 and beyond?**

The CDMO market is growing steadily across all business segments for both small and large molecules. With a wide range of projects and products from small and mid-sized to large pharmaceutical companies, we saw and will continue to see a very attractive pipeline of opportunities, which we will seize for our future growth. I am confident that we are on the right track to fulfill our vision of being the leading CDMO in our space and becoming the most trusted partner of the pharmaceutical industry.

To ensure long-term profitable growth, we invest in our network, develop new technologies, and expand our capabilities and capacities. This will strengthen our core business. But we also continuously look for opportunities to enter attractive adjacent market segments, be it through organic investments or value-adding M&A.

In 2022, we broke ground at our Minden site with an up to CHF 100 million investment into a new world-class Drug Substances production plant. Our Center of Excellence for Drug



**“To ensure long-term profitable growth, we invest in our network, develop new technologies, and expand our capabilities and capacities.”**

Products at our Barcelona sites will soon be inaugurated. In 2023, the construction of a research and development center for Drug Substances in Evionnaz will start. These strategic projects will ensure that Siegfried remains a strong partner for the pharmaceutical industry and will keep its edge in the future.

**Sustainability is gaining more importance. What does your ESG journey look like?**

Sustainability represents one of our five corporate values and is at the core of our business. With our expertise in process optimization, we help our customers to develop manufacturing processes for their products with a smaller footprint and to support their ambitious sustainability targets. We introduce second-generation processes, apply green chemistry, and continuously search for opportunities to apply new technologies with less use of resources. With these efforts, we reduce energy consumption, produce less waste, and at the same time, can often save costs.

Our efforts and initiatives resulted in good progress for Siegfried in the area of sustainability, which external parties and independent institutions also recognized: In 2022, we were again rated positively in the ISS ESG and the MSCI ESG ratings and were for the second time included in the Dow Jones Sustainability Index Europe. All our sites also scored well in the EcoVadis Rating.

**You are celebrating the 150<sup>th</sup> anniversary this year. What does that mean to you?**

From conversations with members of the Siegfried founding family, employees, and my own experience over the past 12 years, it's exciting to see how far our company has come. This heritage is an obligation for all of us to make sustainable decisions every day so that, in another 150 years from now, another person will be standing here in my place celebrating the 300<sup>th</sup> anniversary of our company with his or her team.

# 150 years Siegfried: Important Milestones



Siegfried has had to reinvent and fundamentally change itself several times in the 150 years of its existence. What has remained are the fundamentals of the business: chemistry and synthesis.

1873



Foundation of the company "Siegfried & Dürselen, Fabrik Chemisch-Pharmazeutischer Präparate sowie Handel mit Drogen" by Samuel Benoni Siegfried – together with his brother-in-law and partner Johann Dürselen Wilhelm

1904



Transformation of his sole proprietorship into the "Aktiengesellschaft vormals B. Siegfried" by Benoni Siegfried.

1927



First subsidiary in the US, founded together with the Ganes family.



1973



Listing on the stock exchange on the occasion of the 100<sup>th</sup> anniversary.

2001

Focus on outsourcing and split into two divisions: Siegfried and Sidroga

2005



Acquisition of Penick Corporation in New Jersey, USA

2007



Launch of own pharmaceutical production site in Malta



Siegfried-Logo around 1879



Siegfried-Logo around 1879



Siegfried-Logo around 1940



Siegfried-Logo around 1948



## 2010

Definition of the “Transform” growth strategy, with which Siegfried aims to reach critical size. New investors and share capital increase.

## 2012



Acquisition of Alliance Medial Products (AMP) in Irvine (CA, USA) and thus entry into sterile filling.

## 2013



Start of construction of a new production site in Nantong (China) and a new production building in Zofingen (CH).

## 2014



Acquisition of Hameln Pharma GmbH in Hameln, Germany, specialized in sterile filling.

## 2015



Acquisition of three BASF production sites in Minden (DE), Evionnaz (CH) and St. Vulbas (FR). At the same time, preparation of the follow-up strategy of “Transform”: “Evolve” is focused on further growth, both in terms of sales and profitability.

## 2021



Acquisition of two Novartis pharmaceutical manufacturing sites in Spain: Barberà del Vallès (founded in 1994 by Ciba-Geigy) and El Masnou (founded in 1925 as Farmàcia Cusí).

## 2021

Establishment of a Center of Excellence in Barcelona

## 2022

Groundbreaking ceremony for a new large-scale production plant in Minden, Germany



Siegfried-Logo around 1955



Siegfried-Logo around 1973



Siegfried-Logo around 2001



# 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”



**Angelika Rublack**

Head of Sales Office Drug Product Sterile

**“The extended collaboration confirms the trust placed in our team to deliver high-quality products consistently and reliably.”**

Hameln, Germany

## With passion against Covid

Novavax, a US-based biopharmaceutical company, extended its collaboration with Siegfried for the aseptic fill and finish of Novavax’s protein-based coronavirus vaccine Nuvaxovid at our site in Hameln, Germany. This result was possible only thanks to the dedication, extensive planning and hard work of the team in Hameln. With investments in competencies and multi-purpose capacities in Hameln, Siegfried has established itself in the field of biologics and has already been able to support several customers with development and manufacturing services beyond vaccines.

**Horacio Comas**

Head of Project Management Drug Substance, Evionnaz

**Yolanda Pascual**

Process Support Team, Ointments

**Mònica Gallifa**

Engineering Services Facilitator

**“Excellence is cultivated through deliberate actions and honest intentions.”**

Evionnaz, Switzerland

## 2<sup>nd</sup> Generation Team

An American pharmaceutical company has been one of our customers for many years. Siegfried solidified this partnership by transferring and validating the 2<sup>nd</sup> Generation manufacturing process to our drug substance site in Evionnaz. Through close collaboration with the customer partner, our team in Evionnaz succeeded in expanding the network capacity. In addition, the global team is further developing our collaboration with this respective customer for drug products at El Masnou, bringing an investment opportunity into the non-sterile production of the same product.

**“Our work has paid off and we have achieved a 27% improvement in its production capacity.”**

El Masnou, Spain

## Sequential Filling & Reduced Set Up

The multidisciplinary team at the ointment plant in El Masnou successfully implemented a project that improved the design of their filling machine and increased its capacity. This was done by establishing a sequential filling process with reduced intermediate setup in aseptic manufacturing without compromising the current quality standards of the products. The improvements brought by this project allowed for increased performance and stability of the ointment filling line, thus increasing its production capacity by 27%.

**“Sustainability is a living philosophy that must be actively pursued for us to truly achieve our goals.”**

Barbera de Valles, Spain

## Equipo de Infraestructuras

The infrastructure team identified strategies to reduce our carbon footprint, such as investing in renewable energy sources. They assessed the current activities and their environmental impact, as well as evaluated options for energy efficiency. In addition, our Spanish team found ways through which existing initiatives can be adapted or scaled up to maximize their environmental impacts – such as the optimization of the water and steam installation and the efficient use of the HVAC control system. All these initiatives led to a saving of 6.7% in energy and a 7% gas reduction at the site.

# Sustainability



- Our Sustainability Journey**
- Sustainability Highlights**
- Sustainable API Production**



# Our Sustainability Journey

## Sustainability is one of Siegfried's corporate values. How does this manifest itself in daily business?

Siegfried celebrates its 150<sup>th</sup> birthday this year and in order to ensure the company's success in the coming decades, it is imperative that our company produces sustainably and acts wisely. Today, this is more important than ever.

Sustainability is a cross-functional and cultural issue. As such, it is crucial that the whole organization, each department and each employee, not only supports the various initiatives, but also internalizes the value of "sustainability" as such. For that purpose, we have – with the setup of a Sustainability Board in 2021 – created a committee that includes all relevant internal stakeholders representing the diverse areas of sustainability, including environmental experts, ethics&compliance, EHS, and of course human resources. The Sustain-

ability Board directly reports to the "Strategy & Sustainability Committee" of the Board of Directors, which defines the strategy, governance and risk management of the Siegfried Group in the area of sustainability. This setup ensures that the topic gets the attention required.

By means of many concrete projects across our different sites, we constantly strive to improve our sustainability performance. ESG topics have enjoyed priority for many years already. For instance, for a long time at all sites we have recorded and actively managed relevant environmental data in the areas of energy management, CO<sub>2</sub> emissions, water consumption and waste management. Our activities in all areas of sustainability are summarized every year in a comprehensive sustainability report, which is composed in accordance with the recognized international GRI guidelines.

## What were the key achievements related to sustainability at Siegfried in 2022?

We continued along the path taken and moved on with many projects to improve our sustainability performance in all areas of ESG. Of course, the macroeconomic environment caused the Ukraine war made us focus even more on supply chain topics and energy consumption. In the latter regard, we were able to achieve significant savings.

In 2022, we launched a broad and interdisciplinary project to challenge and reassess our company's material sustainability topics. Together with more than 150 members of the management across all departments and all Siegfried sites, we identified those issues for which we believe Siegfried as a company can have a significant positive impact on the environment, its employees and its customers and – ultimately – the patients. A total of eight material core areas that Siegfried will continue to proactively manage were defined. In addition,



**Luca Dalla Torre**  
General Counsel,  
Chairman of the Sustainability Committee

we also evaluated the impact of the various sustainability issues on the business of Siegfried, and for the first time evaluated our climate-related risks and opportunities in accordance with the TCFD guidelines.

It must be noted that many of the sustainability initiatives, in particular in the field of energy savings and reduction of our CO<sub>2</sub> footprint, were launched and implemented locally, on the level of our sites. For that, my thanks go to all the local colleagues and their great ideas and efforts, which will allow Siegfried to achieve its ambitious targets by way of many little steps and initiatives

On a global level, we also implemented various new global policies, namely

- Supplier Integrity Commitment
- Human Rights & Labor Standards Commitment
- Diversion Inclusion & Equality Policy
- Donations & Sponsorship Policy

In addition, we reorganized our ESG supplier risk management, which will allow us to assess and actively manage the ESG performance of our global suppliers based on certain risk criteria.

## What are the plans for 2023?

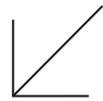
The extensive analysis of our material topics and our climate-related risks and opportunities conducted in 2022 helped us to identify those areas in which Siegfried, through its sustainable business conduct, may have a real impact. This allows us aligning our sustainability strategy with the corporate strategy. It does not come as a surprise that the reliable supply of safe medicines is and continues to be our top priority. However, a strong focus will also be set on the other areas that we identified as material to the business of Siegfried.

With respect to the reduction of our CO<sub>2</sub> footprint, the target remains unchanged: Siegfried aims to cut its CO<sub>2</sub> emissions (scope 1 and 2) in half, adjusted for revenue by 2030. However, this requires continues efforts, both with respect to energy efficiency as well energy sourcing. Last but not least, a specific focus will be on the scope 3 emissions, i.e. the assessment of our suppliers' emissions.



# Sustainability Highlights

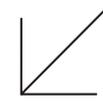
## -5%



### Energy Consumption

Total energy consumption was reduced by 103 terajoules (TJ) compared to last year. This is equivalent to the amount of energy Niagara Falls produces in the span of a week.

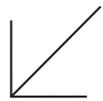
## -15.7%



### Carbon Emissions

Total carbon emissions were reduced by 12 140 tons CO<sub>2</sub>eq compared to last year. This reduction is equivalent to 5 full flights around the world.

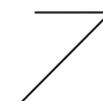
## -43%



### Total Lost Time Accidents

Total lost time accidents were reduced by 43% compared to last year.

## 73%



### Renewable Electricity

454 Terajoules (TJ) electricity consumption came from renewable energy sources. This is the equivalent to powering 27 000 households in Switzerland for a year.

# Sustainable API Production



With our expertise in process optimization, we make the production of APIs 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.



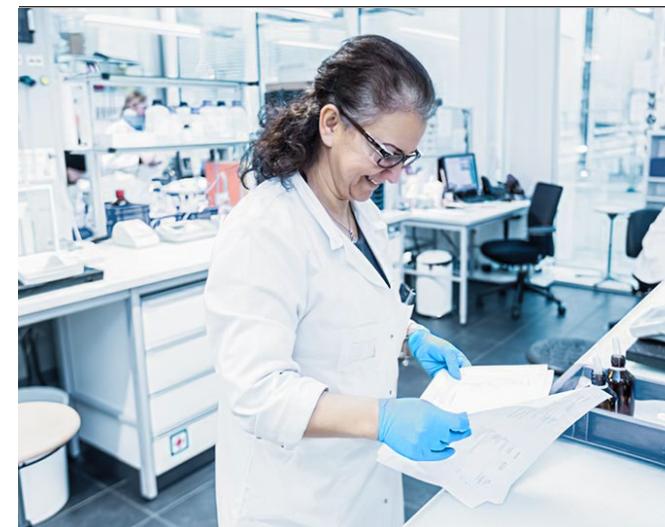
## Saving up to 50% raw materials with second-generation processes

Siegfried implemented second-generation processes for selected multi-client products by rethinking the API synthetic route and redesigning manufacturing processes. This new process replaces the original API synthesis with more efficient approaches, e.g. shorter synthetic routes, more selective catalytic processes and flow chemistry. This greener chemistry has a lower environmental impact, as shown at our site in Minden. For one of our multi-client products, the synthesis route was shortened from 17 to 9 production steps. The raw material and energy consumption was also reduced by half. At the same time, the process generated 50% less waste and thus had a smaller environmental impact. Ultimately, all these benefits lead to higher product yields for our customers.



## Enhancing API production through distillation

At Siegfried, distillation is used in numerous process steps of an API synthesis. Enhanced distillation techniques enable higher product quality, yield, and a more efficient process while reducing waste. In addition, we are able to distill organic solvents from wastewater so that it can be sent to a water treatment plant, thereby reducing the amount of incinerated waste. Furthermore, our subject matter experts use computer simulations to identify sustainability opportunities such as solvent consumption reduction, solvent recycling or energy savings. Siegfried recycles solvents extensively for large-volume products e.g. in Minden, Nantong and Zofingen, and plans to expand it further.



## Reducing waste up to 15 times with membranes

Pervaporation is a sustainable solution for removing water and methanol from solvents during API manufacturing. This method uses semi-permeable membranes that allow water or methanol molecules to pass through them. Through this process, we can reduce the waste produced by up to 15 times compared even to distillation. In addition, this approach has a smaller carbon footprint than incinerating the waste created in traditional methods. The use of pervaporation membranes offers an environmentally responsible way of managing solvent drying with lower energy consumption requirements. At the moment, Siegfried is testing this technology to deploy it in the near future.

# Annual Report 2022



Visit our Investor Relations Portal for more information

[www.ir.siegfried.ch](http://www.ir.siegfried.ch)

## Corporate Governance



## Remuneration Report



## Sustainability Report



## Financial Report



## About this Report

In addition to highlighting Siegfried’s business performance and its position concerning assets, finances and earnings, this report throws light on the company’s commitment concerning sustainability and its interaction with society and the various stakeholders. They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2022 financial year ending 31 December 2022. The future-oriented topics dealt with in the report represent an exception. Siegfried’s Annual Report appears annually and was last published in March 2022, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2024.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group’s corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group’s financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG’s Compensation Report (tables with remark “Audited”) for the financial year ending 31 December 2022 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by Elevate, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in reference with GRI Standards

This report has been prepared in reference with the GRI Standards. Please refer to the detailed GRI content index on our website.

### Publisher’s Note

This Annual Report is available in German and English

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