



pharmaand GmbH
SUSTAIN
ABILITY
REPORT 2022

"We believe in the power of highly qualified and motivated employees and partners who work closely together in teams to achieve pharma&'s ambitions and plans."



Frank Rotmann
Founder and
Managing Director

"On our way to becoming a fully integrated pharmaceutical company, we invest in the expansion of our internal capacities to meet the needs of our patients for niche drugs in the best way possible."



Elmar Zagler
Founder and
Managing Director

pharma& is privately owned, founded by Frank Rotmann and Elmar Zagler, and jointly managed by them. Their team consists of highly experienced industry experts who aim to ensure the long-term availability of established original products in the field of specialty medicines. pharma& distributes its products worldwide for the potential benefit of current and future patients.

Our Motivation

Foreword by the founders:

We founded pharma& in 2017 with an aspiration to breathe new life into proven medicines by guaranteeing the enduring availability, dependability, and quality of essential drugs worldwide.

Our many years of experience in a wide variety of positions in the pharmaceutical industry have shown us that as medicines become more mature, they are often given lower priority within a Company portfolio and eventually may be discontinued. Accessing effective medicine is a primary goal for both healthcare providers and patients, and it can be devastating when those medicines are no longer available. Whether a former blockbuster or niche medicine, pharma& acquires the worldwide rights to these needed medicines and remains committed to doing whatever it takes to maintain and develop the value of these medicines for all who depend on them.

To ensure long-term access to these medicines, we took over LOBA Feinchemie in Fischamend, Austria, in 2021 to manufacture our medicinal products exclusively and independently in Europe and under local safety standards in the near future. By 2024, this site will be transformed into Loba biotech GmbH, a modern biopharmaceutical production facility that meets the globally applicable regulatory requirements and current environmental and sustainability demands.

Over the last five years, we have acquired multiple medicines, leading to the growth of an agile and adaptable organization capable of responding to business priorities in real time with a team of highly experienced industry experts. Working across our subsidiaries, joint ventures, and partners, we now operate globally. Together, we bring a shared dedication to breathe new life into proven medicines.

Frank Rotmann
Elmar Zagler

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ESG SPOTLIGHTS



ENVIRONMENT

TOTAL CO₂ EMISSIONS FOR 2022:
1,425.17 t
 (100% offset by CO₂ certificates)

VOLATILE ORGANIC COMPOUNDS (VOC) IN THE EXHAUST AIR:
868 kg

HAZARDOUS WASTE TO BE DISPOSED OF IN 2022:
351 t



SOCIAL

PROPORTION OF WOMEN IN 2022:
41 %

WOMEN IN SECOND-TIER MANAGEMENT LEVEL POSITIONS IN 2022:
35 %

WORK-RELATED ACCIDENTS IN 2022:
0

EMPLOYEE DEVELOPMENT:
 Decision to develop an e-learning platform



GOVERNANCE

BUSINESS UNIT STRUCTURING:
 Separating HR department from finance department and establishing it as an independent HR/Law business unit

ADJUSTMENT TO THE BUSINESS MODEL :
 Closure of fine chemical production as of 31 December 2022

1 pharma& AND Loba biotech ESG REPORT

1. Introduction

This report highlights the sustainability of the business activities of pharmaand GmbH (hereinafter referred to as pharma&), formerly known as zr pharma& GmbH and its wholly owned subsidiary Loba biotech GmbH (hereinafter referred to as Loba), which was operating under the name LOBA Feinchemie GmbH until 01/07/2023. pharma&'s sales activities are purely-office based while Loba biotech also operates its own manufacturing facilities and laboratories.

In this report, we consider sustainability from a double materiality perspective:

- Financial Materiality (Outside-In) and
- Environmental and/or Social Impact Materiality (Inside-Out)

This means that, if an aspect of business activity is deemed to be material in at least one of these points, it is relevant for the sustainability analysis within the Corporate Sustainability Reporting Directive (CSRD) or the European Sustainability Reporting Standards (ESRS) and shall be addressed in this report.

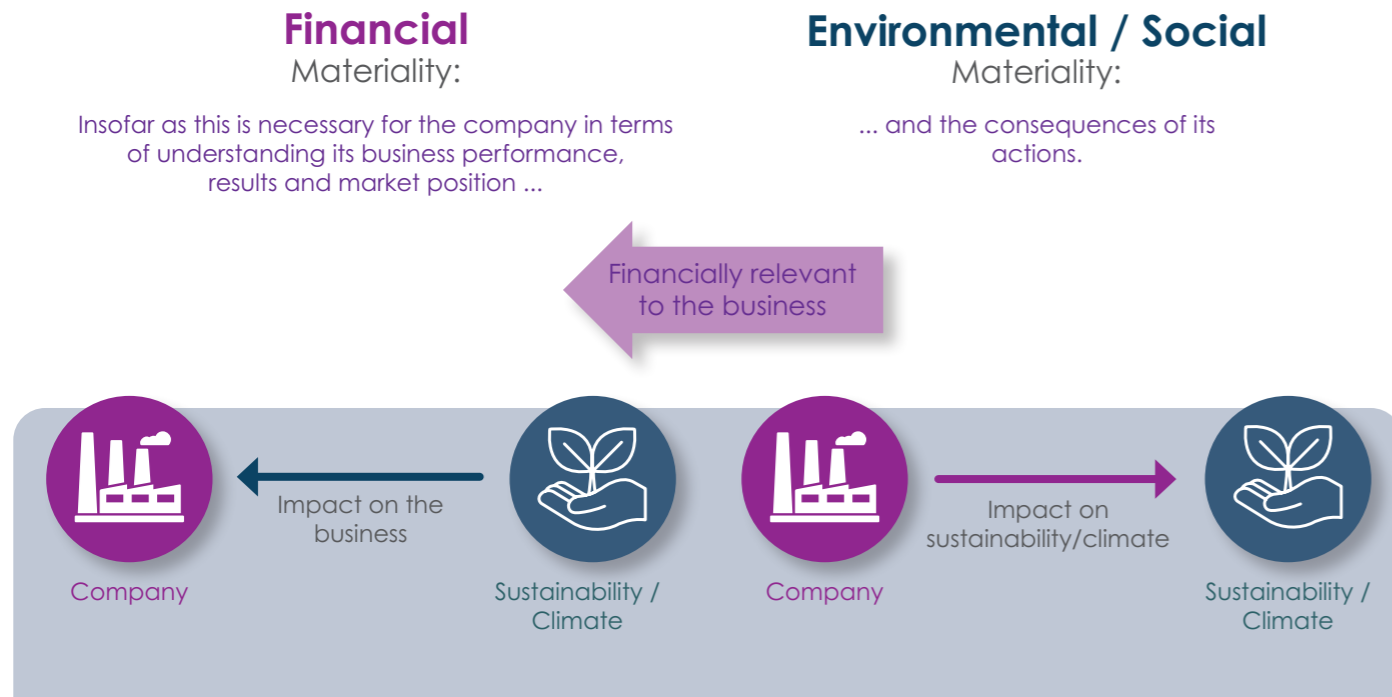


Figure 1: Double materiality (in accordance with the European Commission (2019)). (Guidelines for reporting on climate-related issues)

Financial materiality refers to aspects of sustainability that are directly related to the company's business results and its economic situation (e.g., the price on carbon).

Environmental or social materiality focuses on aspects of business activity that have an impact on the environment and the social environment of the company (e.g., CO₂ emissions from production or long-term job creation).

pharma& and Loba biotech conducted a materiality analysis in the sense of the CSRD in a simplified form as a means of identifying relevant sustainability issues. The individual steps examine their business activities from various perspectives (e.g., competition, external

stakeholders, corporate management) in order to get as comprehensive a view of the company as possible. When applied to pharma& and Loba biotech, the materiality analysis comprised five steps.

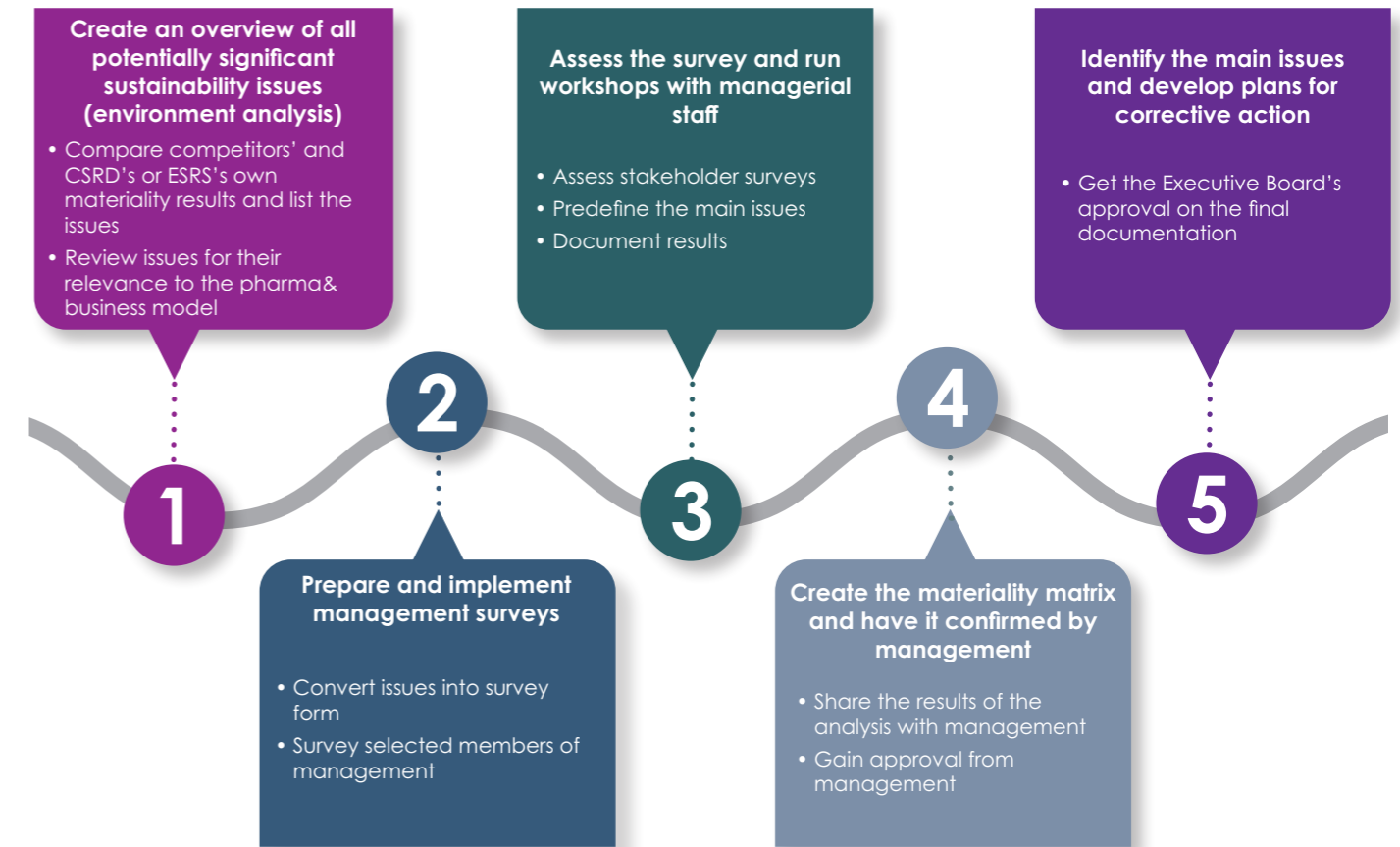


Figure 2: Procedure for the materiality analysis

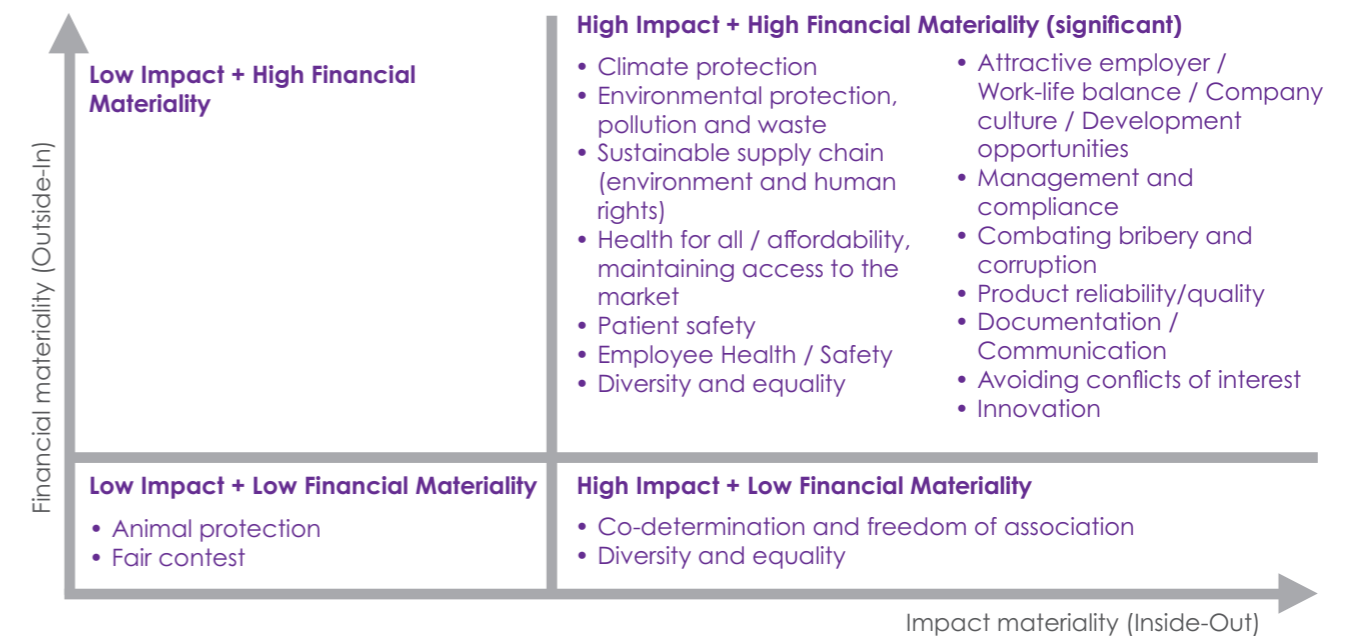


Figure 3: Materiality Matrix

Stakeholder groups, shareholders, employees, competitors and subsidiaries were included in the initial materiality analysis (see Figure 4). Other groups are to be added to future analyses.

THE STAKEHOLDERS OF pharma&



Figure 4: Stakeholder Overview

-  Directly influential / affected stakeholders
-  Indirectly influential / affected stakeholders



2

2. Environment

The environment part of this report addressed three significant topic areas:

- Climate protection
- Environmental protection and pollution
- Sustainable procurement and a transparent supply chain

The term “CO₂ emissions” refers to all greenhouse gas emissions and carbon dioxide equivalents (Co₂e) for the remainder of the report.

2.1. Climate protection

Climate protection is a relevant issue for pharma& and Loba biotech and significantly influences strategic business decisions. Increasingly stringent emissions regulations, for instance, mean that cost-intensive retrofits need to be carried out at Loba biotech's production facilities. Current as well as future regulatory requirements, such as the WGC-BREF (Common Waste Gas Treatment in the Chemical Sector – Best Available Techniques Reference Document) also demand stricter control using enhanced data collection and reporting with regard to production-related emissions. This will require further investment in internal processes and expertise.

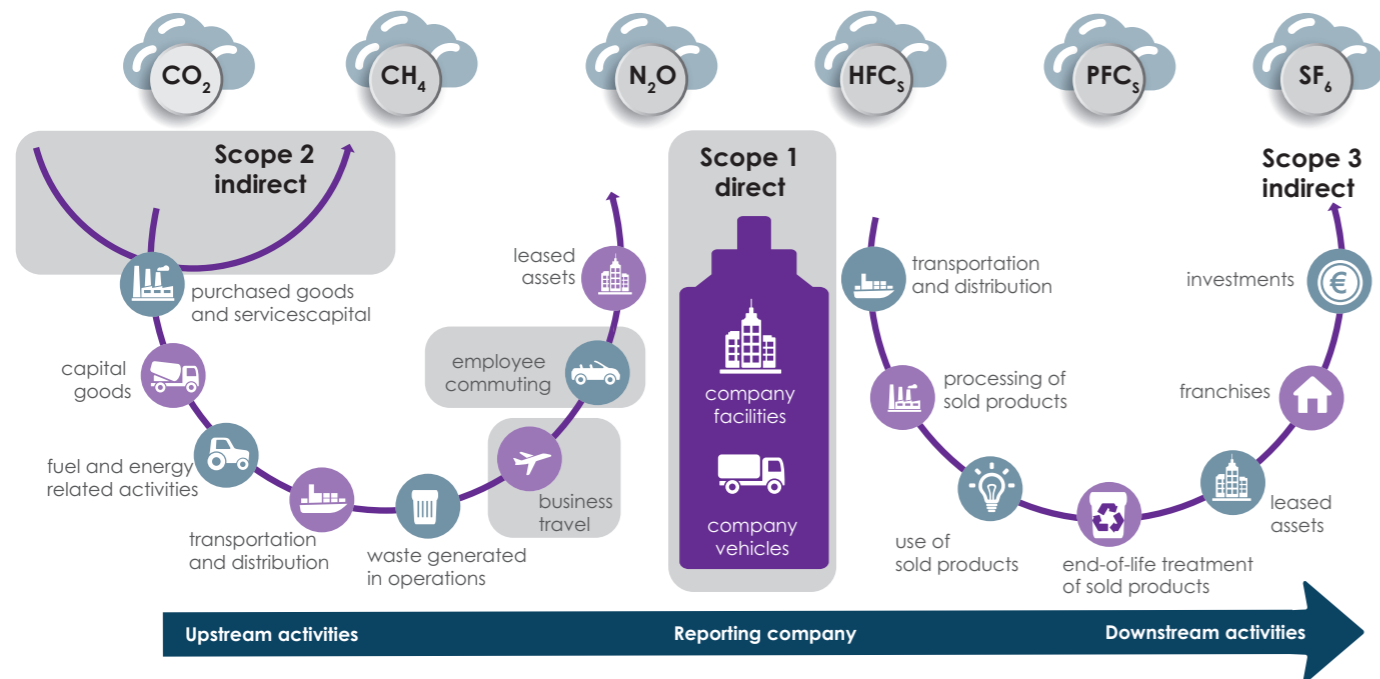


Figure 5: Definition of Scope 1, 2 and 3 emissions

The production of fine chemical and pharmaceutical products is energy-intensive and therefore also CO₂-intensive, and the issue of climate protection now concerns all parts of society. That is why Loba biotech is planning to build a photovoltaic power station (125 kW) in 2023 and a hydroelectric power plant (46 kW) in 2024. By which time, these plants will already supply 53% of the current energy consumption. Loba biotech's transformation into a modern biotech site will significantly increase energy consumption (at least fourfold from 2024 onwards). The two plants will then cover approx. 11% of the demand. Loba biotech entered into a contract with the supplier Energie Klagenfurt GmbH at the end of 2022 to supply the entire Loba biotech site with green electricity and keep the energy that is not generated in-house as low as possible. This will come into effect from 2023 and save up to 34.3 tons of CO₂ Scope 2 emissions based on 2022 consumption volumes.

The two companies have been recording their CO₂ emissions since 2021 in accordance with the Greenhouse Gas Protocol (GHG Protocol) so that they may measure and report on any progress made as regards climate protection

now as well as in the future. In 2022, this included Scope 1, Scope 2 and some Scope 3 carbon dioxide emissions for the two companies (see Figure 5).

1,425.17 tons of CO₂ emissions were recorded, 97% of which (1,376.71 tons) was attributable to Loba biotech and 3% (48.46 tons) to pharma&. This represents an increase of 72% in total emissions compared to the previous year, which is driven primarily by the continued strong growth seen by pharma& and Loba biotech. As this growth is partly due to the construction of Loba biotech's new biopharmaceutical production facility, which is expected to be fully operational by mid-2024, a further increase in emissions is to be expected up to and including 2024. 100% of CO₂ emissions for 2022 were offset with certificates from Climate Austria. This offsetting is essentially based on three Climate Austria projects – heat pumps in Salzburg, heat recovery in Styria and energy-efficient cooking and heating for rural households in Malawi.

The total volume of volatile organic compounds (VOC freight) in Loba biotech's production exhaust air was recorded at 868 kg (2021: 816 kg).

| | Scope | 2022 - CO ₂ -emissions | 2021 - CO ₂ -emissions |
|--------------|--------------|-----------------------------------|-----------------------------------|
| pharma& | Scope 1 | 4.51t | 13.62t |
| | Scope 2 | 3.99t | 0.33t |
| | Scope 3 | 39.96t | 13.20t |
| | total | 48.46t | 27.15t |
| Loba biotech | Scope 1 | 1200.00t | 660.88t |
| | Scope 2 | 129.59t | 97.00t |
| | Scope 3 | 47.12t | 43.51t |
| | total | 1376.71t | 801.39t |
| total | | 1425.17t | 828.54t |

CO₂ emissions – absolute

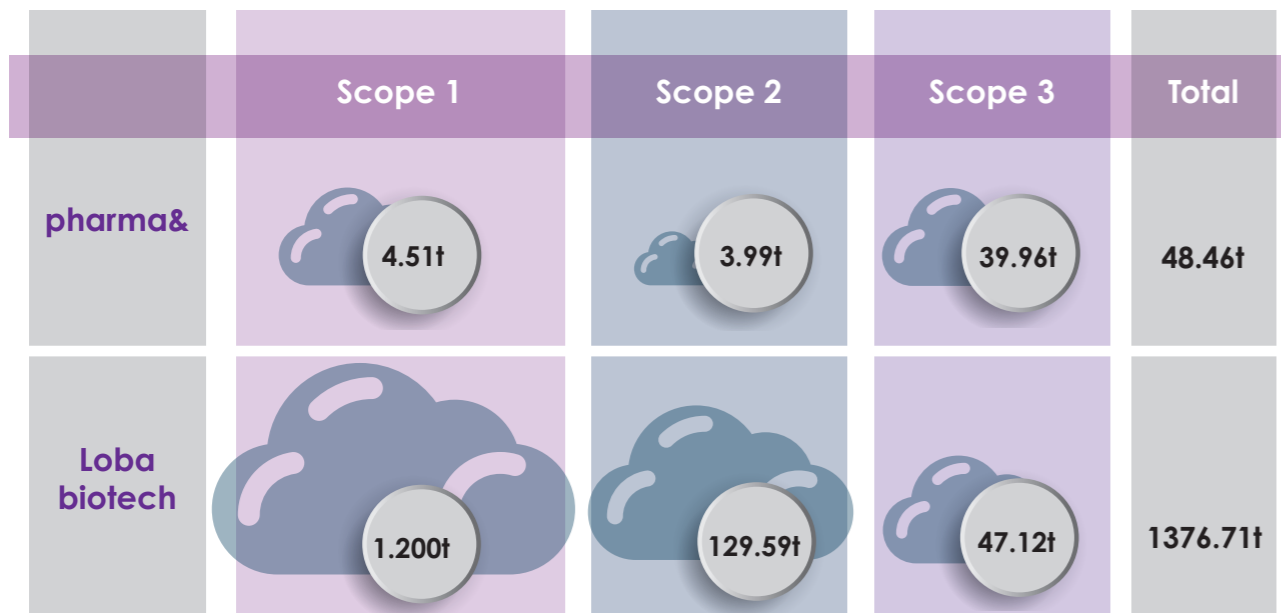


Figure 6: Overview of CO₂ emissions at pharma& and Loba biotech

2.2. Environmental protection and pollution

Environmental protection, pollution and waste are also confronted with stricter regulatory requirements for environmental protection and hazardous materials (e.g., EU environment quality standards) and this leads to complex and cost-intensive adjustments in production and waste treatments. This area also poses a major risk of reputational damage to the company should a case of environmental pollution ever occur.

The environmental materiality of the topic area for pharma& is characterized by one factor in particular. The possibility that materials that are potentially hazardous to the environment and living organisms, and which are used and produced in the manufacture of pharmaceutical products, may leak, can have a major negative impact on the company's environment.

The relevant key figure in the area of environmental protection, pollution and waste at Loba biotech in 2022 amounted to 351 tons (2021: 373.9 tons) of hazardous waste to be disposed of. Loba biotech is planning a major reorganization of production in 2023 and 2024. This includes the closure of fine chemicals on 31 December 2022 and the construction of a biopharmaceutical production facility, which began at the start of 2022. This will result in changes to waste and sewage volumes, energy consumption as well as exhaust air, which can only be quantified once the reorganization is complete. For the time being, the new facilities are being built in accordance with the current standards and specifications.

2.3. Sustainable procurement and a transparent supply chain

Sustainable procurement, a transparent supply chain and the possibility of tracing products already comply with current regulations (EU ordinances and guidelines). These already require significant transparency along the supply chain of pharmaceutical companies.

By establishing sustainable supply chains, suppliers are also forced to step up their sustainability efforts. Such a supply chain and the possible

traceability of products also increases transparency for doctors and patients and can serve as a good example for other companies.

In 2022, the management decided to conduct a suppliers' survey for all existing suppliers so that they could identify what measures suppliers are taking to prevent ecological damage or have



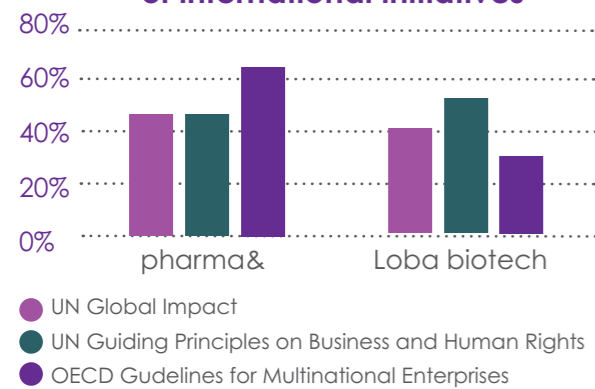
a positive impact on the natural environment. A survey was developed for this purpose and sent to 75 pharma& and Loba biotech suppliers. 53 surveys were completed in total (Loba biotech: 36, pharma&: 17), which were then assessed separately by company.

An initial selection of the findings shows that many suppliers are already addressing various aspects of sustainability. It is clear that, depending on the initiatives, 45% - 65% (pharma&) and 30% - 55% (Loba biotech) of suppliers are supporters

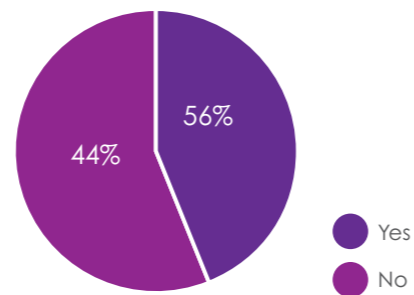
of international initiatives. Furthermore, approx. 55% of suppliers at both companies already use renewable energy in their operations. While 82% (pharma&) and 67% (Loba biotech) of suppliers have already set a reduction target for CO₂ emissions, only 65% (pharma&) and 56% (Loba biotech) respectively actually measure their CO₂ emissions.

The "pharma&" and "Loba biotech" figures always refer to the suppliers for the respective company:

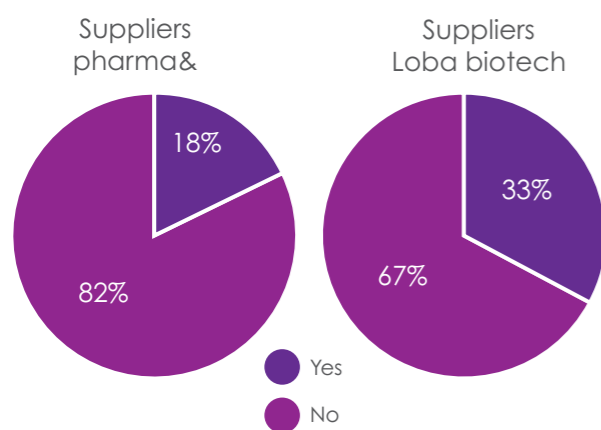
Signatories / Supporters of international initiatives



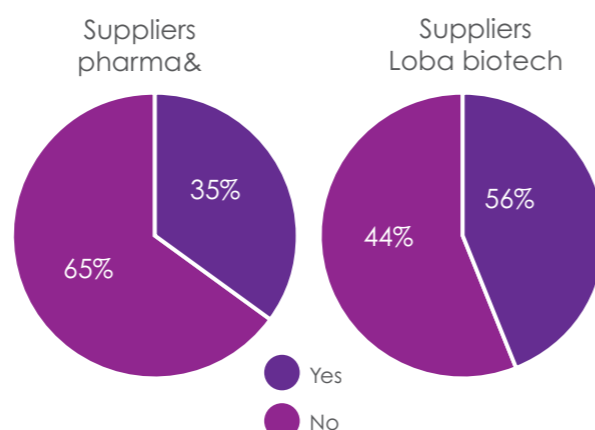
Using renewable energies in operations (pharma& & Loba biotech)



Reducing CO₂-emissions



Measuring CO₂-emissions





3. Social

Employees and all other players along the value chain are a relevant topic for pharma& and Loba biotech and form the basis for a functioning business model.

The following topics are included in the section of the report that deals with social sustainability issues:

- Health for all
- Patient centering
- Workplace health and safety
- Diversity
- Supply chain
- An attractive and family-friendly employer
- Co-determination and employee representatives
- Careers and further training

3.1. Health for all

pharma& assumes responsibility for producing and distributing well-established and widely used medicinal products from companies whose entrepreneurial focus has changed. This approach gives pharma&, together with Loba biotech, access to a stable market segment. The decision to expand this segment may also have a positive effect on sales and reduce the level of risk for the business.

That is why pharma& secures medicinal products in a sustainable manner for the doctors and for patients who depend on them. In most cases, newly developed alternatives are more expensive than established medicines

that can be used to treat the same or similar diseases. Securing access to established, older products therefore also provides people from lower-income groups with access, especially in countries where there is no statutory health insurance.

pharma& has continued the Patient Assistance Program (PAP) in the USA to address this aspect. The program is designed to provide low-income people who are not eligible for other government insurance or aid programs such as Medicaid, Medicare or drug assistance programs, with free access to the drug, Pegasys®, provided by pharma&. The aim of the

program is to support disadvantaged patients, who would otherwise have been denied access to life-saving treatment, to overcome financial bottlenecks. The program also aims to reduce health inequalities and improve social justice in neglected population groups.

In 2022, a total of 25 cases were approved (approval rate: 32%). Applications were mainly rejected because applicants had sufficient health insurance or their incomes were deemed sufficiently high.

3.2. Patient centering

As a company operating in the pharmaceutical sector, the quality, efficacy and safety of medicinal products are a prerequisite for obtaining official authorization to market one's products. Effective and safe medicines have a

positive effect on the state of people's health. On the other hand, the fact that negative effects on health are also possible (e.g., side effects) emphasizes the relevance of this topic area.

3.3. Workplace health and safety

In addition to patient safety, the health and safety of pharma& and Loba biotech employees is also a key issue. Legal regulations stipulate what must be observed in the context of workplace health and safety (e.g., the Employee Protection Act). Work-related accidents are a potential financial risk, because they can lead to high court costs, compensation for damages or the like.

Accidents or unhealthy working conditions have a major impact on the people affected. Workplace health and safety measures not only maintain the health of employees, but also increase their job satisfaction and the company's appeal as an employer. This has the potential to attract new employees.

Loba biotech has implemented a series of comprehensive measures for health and safety in the workplace for this purpose. This includes a safety specialist providing safety-related support to all the company's business units, as well as support from three safety officers. A fire safety officer makes sure that all necessary preventive measures and regulations are implemented. The safety manual and additional Standard Operating Procedures (SOPs) form the theoretical basis for the company's internal safety management policy. Preventive workplace healthcare is another important pillar of workplace health and safety. There were no recorded work-related accidents at either Loba biotech or pharma& in the year 2022.

3.4. Diversity

The total workforce of pharma& and Loba biotech has a gender distribution of 41% (women) to 59% (men). The management is convinced that diversity and equal opportunities are practiced here, as diverse teams overcome challenges better than homogeneous ones. pharma& and Loba biotech is led by two male managing directors. In the second-tier

management level (Management), Loba biotech is represented by three women and eight men, and pharma& is represented by three women and three men. This second-tier management level therefore demonstrates that the total proportion of women is 35% (Loba biotech: 27%, pharma&: 50%).

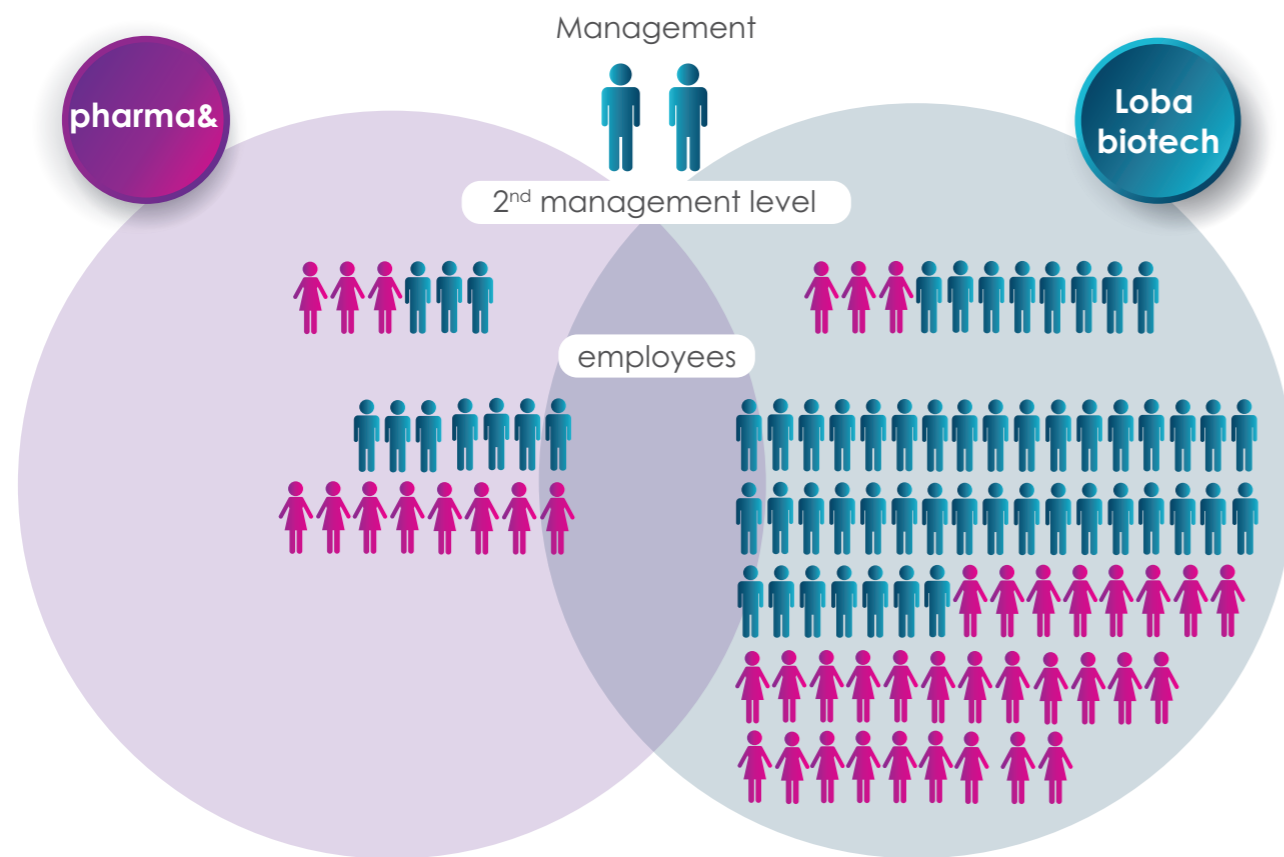


Figure 7: Overview of gender distribution at pharma& and Loba biotech

3.5. Supply Chain

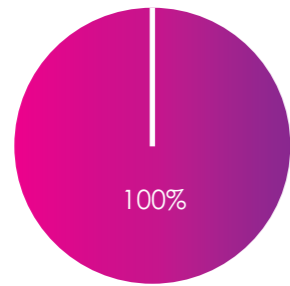
In addition to compliance with local laws, compliance with international workers' rights also plays a special role at pharma& and Loba biotech. Indeed, because of the international value chain that both companies operate in, pharma& and Loba biotech need to ensure that value is being created and workers in the supply chain are being protected. The EU's supply chain guidelines, which may prove relevant to pharma& and Loba biotech in the near future, regulate the corporate responsibility of companies exceeding a certain size to respect human rights in supply chains. The International Labour Organization determines general workers' rights and places a particular focus on product and employee safety while pharmaceutical products are being manufactured.

pharma& and Loba biotech use surveys to collect information on the established quality

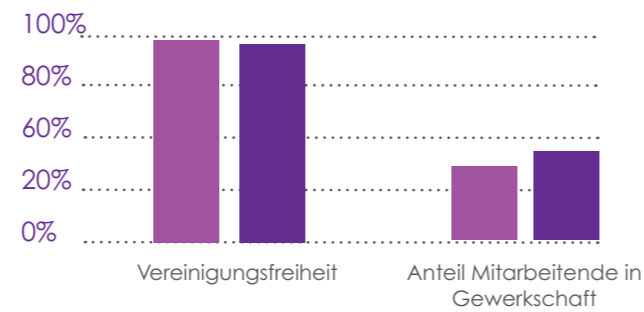
systems to guarantee sufficient quality levels in production and delivery.

In addition to the survey on environmental aspects, the 2023 supplier survey also asks questions about social issues as a means of learning more about how suppliers are implementing and establishing measures and processes that allow them to operate in a socially sustainable manner. Two aspects can already be seen in the following diagrams. On the one hand, 100% of all pharma& and Loba biotech suppliers run regular training courses on workplace health and safety. Moreover, over 90% of suppliers have freedom of association, while between 35% (pharma& suppliers) and 41% (Loba biotech suppliers) of employees belong to a trade union. One limitation here is that it is not possible to collect this figure from all suppliers for data protection reasons.

Running training courses on workplace health and safety (pharma& & Loba biotech)



Freedom of association



3.6. Attractive and family-friendly employer

In addition to their economic success, pharma& and Loba biotech, in their capacity as small companies, maintain a healthy company culture with the aim of improving employee satisfaction, retaining employees and making a positive contribution to the local community. Fostering working relationships based on trust and maintaining a healthy working environment in which employees are incentivized are vital, especially against the background of growth and development aspirations for both companies. As part of Loba biotech's transformation into a biotechnology company and the growth in the number of employees resulting from this, the HR department was separated from the Finance department in 2022 and re-imagined as an independent HR/Legal department. Moreover, a new human resources strategy is

being rolled out in which employee satisfaction and its measurement will play a central role. A comprehensive HR reporting system is also being implemented here. Retaining employees and attracting new employees lie at the core of the new strategy. Among other things, a new, standardized recruiting process and uniform onboarding process have been developed specifically for this purpose. Alternative working models, such as a shift model and a 4-day week, are also undergoing development. In line with its current growth plans, pharma& is planning to focus on its human resources strategy in 2023 to retain employees and attract new ones. These initiatives are designed to increase the company's appeal as an employer.

3.7. Co-determination and employee representatives

The works council is responsible for communicating with management and advocating on behalf of employees, and, as such, it is involved in the

relevant legally prescribed decision-making processes. It consists of 4 members and holds quarterly meetings with management.

3.8. Careers and further training

The establishment and staffing of the first foreign branch in the UK marked the beginning of pharma&'s development of business activities with its own staff in Europe. pharma& has also laid the foundation for further headquarter expansions by relocating its headquarters to the modern office in the center of Vienna.

pharma& and Loba biotech provide their employees with a wide range of opportunities for further development to support them in their career planning. The training program available to pharma& and Loba biotech employees is particularly noteworthy here. Employees can gain further qualifications, exploit their potential and respond to changing activities by taking advantage of programs like these. At Loba biotech, the transformation into a biotechnology company is creating a plethora of new opportunities and possibilities that will also allow the workforce to grow and establish Loba biotech as an attractive

employer in the region. pharma& also supports employees with their further training, which they initiate of their own accord. Loba biotech has developed training content that is governed, to some extent, by regulatory requirements using its own production facilities as its basis. It is specified which training courses must be carried out and at which intervals. The training courses include content on quality inspections, cleaning production equipment and preparing reports. In 2022, a total of 139 training courses were carried out at Loba biotech. Each training course lasted 45 minutes on average.

In future, these and other Loba biotech educational and developmental programs will be integrated into a dedicated e-learning platform, which will serve as the basis for the Loba biotech Academy. And this is where mandatory and voluntary training and learning materials from various areas will be bundled and communicated.



GOVERNANCE

4



4. Governance



The following topics are included in the section of the report that deals with governance sustainability issues:

- Management and compliance
- Product reliability and quality
- Documentation, communication and risk management
- Combating bribery and corruption
- Preventing conflicts of interest and acting ethically
- Innovation

The decision to close Loba biotech's fine chemical production as part of the company's reorganization at the end of 2022 has implications which will be felt across the business units. It will not only affect the volume and type of waste generated (see Environmental protection and pollution), but also the regulation to which the company is subject and therefore the topic governance. Fine chemical production is, for example, classified as posing a potential risk to the environment's soil and water whereas this does not occur to the same extent in the production of chemical and biological agents. These and other reorganizations will occupy much of the work done by pharma& and Loba biotech's respective management teams, especially in 2023 and 2024, and will lead to further structural and operational adjustments in addition to growth.

4.1. Management and compliance

As public companies, pharma& and Loba biotech are subject to a whole range of relevant laws and requirements, compliance with which is monitored by the competent authorities and form an elementary part of the day-to-day business. Non-compliance can be sanctioned with fines and therefore lead to financial losses. In addition to compliance with the relevant regulatory requirements, good corporate governance forms the basis of a successful company. pharma&'s strategy and targeted course of growth allow the company to be financially secure and position itself in

a competitive way. This approach requires investments that are used for the company's sustainable success. A failure of major investments, strategically important projects or the non-observance of compliance laws and official requirements may lead to reputational damage for the company in addition to financial losses. Avoiding such negative effects and the sustainable success of the company are the goals of pharma& and Loba biotech's management. pharma& is planning to hire its own dedicated Compliance Manager in 2023 to further improve Group-wide compliance

4.2. Product reliability and quality

Medicinal products need to satisfy high standards when it comes to their quality, efficacy and safety, and are therefore subject to comprehensive quality assurance measures per se. In the same way that high-quality and effective medicinal products make an important contribution to people's healthcare,

inferior products can have adverse effects on patients. Quality assurance processes are continuously reviewed and improved upon on a constant basis to prevent this from happening and provide doctors and patients with the best possible product.

4.3. Documentation, communication and risk management

pharma& and Loba biotech each follow standardized documentation and communication processes to fulfill the documentation requirements and auditing regulations. Loba biotech documents in accordance with the requirements of GMP (Good Manufacturing Practice). Good traceability and communication also form the basis for the company's image in its direct social environment and in society.

As a manufacturing company in the pharmaceutical and fine chemicals sector, Loba biotech has a prescribed risk management system and pharma& has also implemented a system for identifying and processing business risks. These systems and effective risk management allow us to identify not just economic risks, but also environmental and social risks, and prevent or mitigate their effects.

4.4. Combating bribery and corruption

Bribery and corruption wreak major havoc on the private sector and on society. That is why the existing governance guidelines at pharma& and Loba biotech will each be supplemented with specific sections on these two topics and risk management procedures will be adapted accordingly.

No cases of corruption, bribery or other related cases (e.g., administrative fines or dismissals) were recorded at either pharma& or Loba biotech in 2022.

4.5. Preventing conflicts of interest and acting ethically

Integrity and fair conduct form part of Loba biotech und pharma&'s sustainable action. Avoiding internal and external conflicts of

interest reduces inefficiencies and dissatisfaction among our workforce.

4.6. Innovation

Innovations can create competitive advantages and significantly improve a company's economic situation, especially in the pharmaceutical sector. However, pharma& and Loba biotech's strategy involves the continuation of products that have already been tried and tested, which means that their

innovation activities are primarily focused on the security of supply and process improvements. Here, pharma& and Loba biotech rely on streamlining programs and the initiative of all employees, and incentivize entrepreneurial action throughout the company.



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