

Alvotech S.A. EU Taxonomy Disclosure for 2023

The EU Taxonomy Regulation (2020/852/EU) entered into force at the EU level on July 12, 2020, and applies to Alvotech starting with the fiscal year 2023. The regulation establishes an EU framework for the classification of environmentally sustainable economic activities, requiring firms to disclose information on how and to what extent their business is associated with these activities. Based on this framework, firms can assess and communicate whether their activities have the *potential* to be considered sustainable (Taxonomy *eligible*) and which of these activities can be classified as sustainable (Taxonomy *eligible & aligned*). Firms must disclose the percentage of economic activity that can be considered eligible and aligned, in terms of the share of Turnover, Capital Expenditures (CapEx) and Operating Expenses (OpEx).

Alvotech has identified economic activities which may be considered under the framework based on the six official environmental objectives, which are climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems. To be classified as sustainable, an activity must contribute to at least one of these objectives but

also must not cause any significant harm to any of the other five. Furthermore, the activity must meet minimum human rights safeguards and have no negative social impact. Additionally, the EU has instituted specific technical screening criteria for each of the six environmental objectives.

For 2023 we assessed which economic activities were eligible and aligned. We assessed that one economic activity was eligible to report on for the fiscal year: ‘1.2 Manufacture of Medicinal Products’ by contribution to the environmental objective of ‘Pollution prevention and control’. Furthermore, we evaluated whether we could classify any of our Turnover, CapEx and OpEx for this economic activity as ‘Taxonomy aligned’. As we have not made sufficient progress in assessment of alignment with the technical screening criteria, we do not report these activities as being both eligible and aligned but will aspire to report at least a part of these activities as aligned for 2024.

Accounting policies for this disclosure

Turnover consists of total revenues, including revenue from the sale of products and milestones from long-term out-license commercial contracts, in accordance with IFRS 15. The Turnover KPI is defined as Taxonomy eligible Turnover divided by total Turnover.

Total CapEx is defined as additions to fixed assets and intangible assets. Goodwill is not included. The CapEx KPI is defined as Taxonomy eligible CapEx divided by total CapEx.

Total OpEx consists of direct costs that relate to R&D and excludes General and Administrative expenses. The OpEx KPI is defined as Taxonomy eligible OpEx divided by total OpEx.

About the KPIs

We consider all Turnover, i.e. the sum of product and milestone revenues, to be related to ‘1.2. Manufacture of Medicinal Products’.

For CapEx we only include expenditures related to expansion of production capacity, which include all additional facility equipment, but excludes furniture, fixtures, leasehold improvements, and computer equipment. No building construction or building renovation is included. No CapEx was considered to be aligned as certain requirements in the design phase of these projects have to be met.

For OpEx the total includes all operational expenditure in R&D. The fairly narrow EU Taxonomy OpEx definition, requiring the expenditure to be for R&D directly linked to manufacturing processes, is the reason why OpEx is considered neither eligible nor aligned.

A.1., A.2. and B. refer to the definitions in Annex V to the Commission Delegate Regulation 2023/2486/EU of June 27, 2023. None of the activities disclosed here are classified as Enabling or Transitional as we do not have economic activities substantially contributing to ‘Climate Change Adaptation’, ‘Water’, ‘Circular Economy’ or ‘Biodiversity’.

EU TAXONOMY ELIGIBILITY AND ALIGNMENT

| Environmental objective | Economic activity | Turnover | | CapEx | | OpEx | |
|--|--|---------------|-------------|---------------|-------------|----------------|-------------|
| | | USD million | (%) | USD million | (%) | USD million | (%) |
| Total | | 93.382 | 100% | 31.369 | 100% | 210.827 | 100% |
| Non-eligible activities (B.) | | 0 | 0% | 2.018 | 6% | 210.827 | 100% |
| Pollution prevention and control | 1.2. Manufacture of medicinal products | 93.382 | 100% | 29.351 | 94% | 0 | 0% |
| Eligible activities not aligned (A.1.+A.2.) | | 93.382 | 100% | 29.351 | 94% | 0 | 0% |
| Eligible activities and aligned (A.1.) | | 0 | 0% | 0 | 0% | 0 | 0% |