



Sustainability Report

Our long-term sustainability focus

Our overall objective is to contribute to the development of our portfolio of subsidiaries, thus increasing the profitability of the Group. We are convinced that sustainability work is an important prerequisite for achieving our goals. MedCap invests exclusively in life science, which means that through our activities we contribute to sustainable development and promote human health. We work to grow as a company and thus contribute to people's well-being, prevent exclusion due to illness or disability and contribute to socio-economic values. At the same time, we take responsibility for any negative impact of our activities on people and the environment.

ABOUT THE REPORT

The report and the work done on it provide the basis for developing the Group's sustainability work, while also providing shareholders and other stakeholders with an understanding of and knowledge about MedCap's priority sustainability issues and our sustainability work. The Sustainability Report is based on the Swedish legislation relating to sustainability reporting, which stipulates the inclusion of environmental, social, employee, human rights, corruption and bribery issues. This report covers the entire MedCap Group, i.e. the parent company MedCap AB and all subsidiaries.

OUR DEFINITION OF SUSTAINABILITY

For MedCap, sustainability means responsible business practices. What we do must be sustainable

ABOUT THE MEDCAP GROUP

MedCap's business concept is to acquire and develop small and medium-sized, well-managed life science companies by contributing capital, expertise, experience and networks in the respective companies' fields of activity. The business is run in two business areas, MedTech and Specialty Pharma. See pages 14–20 for more information about our business areas.

MedCap's strategy is to be an active owner to ensure the development of its subsidiaries and increase profitability. We are committed to combining

entrepreneurship and the flexibility and efficiency of our companies with our access to resources, networks and industrial expertise. See pages 6–8 for more information on strategy and objectives.

MedCap operates mainly in Europe, with subsidiaries in Sweden, Norway, the UK and Germany. The average number of employees is 3 in the parent company and 361 in the Group.

MedCap's business concept is to contribute to the development of its subsidiaries by providing expertise, networks and capital. This depends in part on MedCap's parent company having access to suppliers of various services, such as banks and business brokers. In turn, the subsidiaries offer solutions, primarily in the form of pharmaceuticals and medical devices, through various healthcare providers to contribute to people's well-being and prevent exclusion due to illness or disability, while reducing the costs to society.

The subsidiaries' suppliers consist of subcontractors making their own products and suppliers of raw materials, as well as of suppliers of goods for resale. The Group's suppliers are located mainly in Europe, the USA and Asia. MedCap's work with suppliers is built around the Group-wide Supplier Code of Conduct.

LONG-TERM SUSTAINABILITY

As an owner, MedCap has decisive influence over its subsidiaries and works actively through board representation to ensure, among other things, that the subsidiaries are run in a long-term sustainable manner and that Group-wide policies are adopted and complied

with.

MedCap has adopted a number of policies that set the guidelines for how MedCap and its subsidiaries should act in a responsible and sustainable manner as a company, owner and employer. One important Group-wide policy document is our Code of Conduct. The policies are adopted by the Board of Directors, evaluated annually and updated as necessary. The CEO of each subsidiary is responsible for ensuring that the Code of Conduct and policies are integrated in their own operations and organisation.

For MedCap, long-term sustainability means complying with laws and regulations and operating with good business ethics, integrity and respect. Our policies form the basis for this.

A selection of common policy documents in the Group:

- Code of Conduct
- Supplier Code of Conduct
- Environmental Policy
- Whistleblower Policy

Code of Conduct

The Code of Conduct sets out the principles for our operations and our relationships and provides our guidelines for sustainability. The Code describes how we should

strive to act as employees and how we do business. Our Code of Conduct is based on our core values, business ethics, determination and respect, and the Global Compact's ten principles.

Supplier Code of Conduct

Our Supplier Code of Conduct sets out guidelines on issues such as anti-corruption and respect for human rights throughout the supply chain.

Environmental Policy

MedCap expects all companies in the Group to work actively to reduce environmental impacts throughout the value chain and encourages its stakeholders, such as suppliers and trading partners, to work in this direction. MedCap sees environmental work as a commitment to continuously improve working processes and results in the environmental field.

Whistleblower Policy

The purpose of this policy is to ensure that the company's employees feel safe to report wrongdoing and serious incidents concerning the company without fear of negative consequences. Company employees must feel that reports they make in accordance with the whistleblower policy are taken seriously and handled professionally and confidentially.

THE GLOBAL COMPACT'S 10 PRINCIPLES The Global Compact aims to encourage businesses to take global responsibility and includes ten principles relating to human rights, working conditions, the environment and corruption. The principles are based on the UN Declaration of Human Rights, the ILO core conventions on

GLOBAL COMPACT PRINCIPLES AND PAGE REFERENCES

Areas	Principles	Page
Human rights	1. Companies are asked to support and respect the protection of international human rights in the sphere they can influence; and 2. ensure that their own company is not involved in any breach of human rights.	Codes of conduct and policies – page 23 Business – page 28
Working conditions	3. Companies are asked to maintain freedom of association and actual recognition of the right to collective bargaining; 4. elimination of all forms of forced labour; 5. actual elimination of child labour; and 6. elimination of discrimination in connection with recruitment and performing work	Our approach to sustainability – page 22 Business – pages 26–28
Environment	7. Companies are asked to support the precautionary principle with regard to environmental risks; 8. take initiatives to promote greater environmental responsibility; and 9. encourage the development and dissemination of environmentally friendly technologies.	Environmental Policy – page 23 Business – page 28

Policies adopted that are relevant to corporate responsibility and sustainability are MedCap's Codes of Conduct, Environmental Policy and Whistleblower Policy.

AWARD-WINNING COLLABORATION WITH SAMHALL

MedCap's subsidiary Inpac won the prestigious Show the Way Award, presented by Samhall, which recognises those who are leading the way for people with disabilities and ending their exclusion from the labour market. The photo shows Inpac's CEO, Henrik Nyberg, receiving the award trophy.



human rights at work, the Rio Declaration and the UN Convention against Corruption. MedCap applies the Global Compact principles through our Code of Conduct to promote responsible business practices and by implementing the principles in our corporate strategy. The principles are part of the corporate culture of our day-to-day work and are one of several important parameters for potential acquisitions. In the 'Global Compact – principles and page references' table, we describe examples of how we support and promote the Global Compact's ten principles.

We are convinced that through good business ethics and good corporate governance we can contribute to positive development in the entire value chain and contribute to sustainable development.

SUSTAINABILITY ORGANISATION

MedCap's Board of Directors, through Group management, is ultimately responsible for the Group's sustainability work. Group management decides on long-term overall objectives in key areas. The Group's CEO and CFO, with the management teams of the subsidiaries, are responsible for implementing the decisions taken, and for coordinating and developing the Group's sustainability work.

SUSTAINABILITY IN PORTFOLIO COMPANIES

In line with our well-established corporate culture, operational sustainability work is driven by decentralised responsibility in the companies. An important success factor for us is that we 'operate with a small-scale approach on a large scale' by combining the flexibility, efficiency and personal touch of a small enterprise with the resources, networks and long-term perspective of a large corporation. Freedom with responsibility is the fundamental principle that permeates all processes in the organisation. Each company has the opportunity to grow and develop its operations within our business model and the framework adopted. MedCap does not micro-manage the companies but is an active owner, being involved in Boards of Directors and through monitoring.

MedCap can help subsidiaries in the development of their sustainability efforts through common overall

policies and dialogues. Sustainability aspects are integrated in existing processes, and sustainability issues are discussed at regular activities with employees in the subsidiaries. By being an active owner, we can drive the operational sustainability work of our portfolio companies.

PRODUCT SAFETY AND REGULATIONS Our industry, Life Science, is governed by rules, regulations and guidelines. There are strict requirements for product safety and quality. This leads to increased safety and peace of mind for users, their families, carers and the organisations that procure medical devices. In addition to the rules and regulations that our subsidiaries closely follow, several of our subsidiaries are certified to quality assurance standards (ISO) for medical device companies. We are convinced that the best possible product safety and quality in the products we produce contributes to increased sustainable development.

SUSTAINABILITY RISKS

In addition to the sustainability risks described in the risk section, page 33, which may have an impact on our operations, there is also the risk that we do not act in accordance with the policies, guidelines and ambitions that underpin our overall sustainability work. This may ultimately have serious financial consequences for the company, but it may also damage our reputation. It is important that we as a company act and deal with issues in the areas identified in which we have the greatest opportunity to contribute to more sustainable development. Identifying, managing and preventing sustainability risks is important from a financial and legal point of view and to ensure that we do business responsibly.

MedCap's approach to managing sustainability risks follows our decentralised governance model. The subsidiaries, supported by the Group's framework, have a responsibility to identify sustainability risks, to manage them and to report them to the person responsible within the Group. Sustainability risks in the Group are monitored within the framework of established risk management processes, monitoring of key ratios and the annual risk analysis. We strive to develop and improve our ability to identify, measure and manage sustainability

risks in both our acquisition process and our risk monitoring process.

SUSTAINABILITY IN THE INVESTMENT PROCESS

For MedCap as an investor and owner, it is important to identify and manage risks and opportunities related to sustainability in connection with acquisitions. Integrating Global Compact sustainability factors in the investment process and ownership provides a better understanding of the risks and opportunities to which a company is exposed. Being a responsible company ensures that MedCap can continue to attract interesting investment opportunities and be seen as a preferred partner by entrepreneurs and financiers.

Our Code of Conduct describes how employees are expected to act and how sustainability should be taken into account in the context of acquisitions. It is our ambition to invest in companies that are deemed to have the potential to develop in the long term. Sustainability factors are always part of the analysis in the acquisition process.

MATERIALITY ANALYSIS AND STAKEHOLDERS

MedCap aims to meet the sustainability requirements and expectations of our stakeholders. Ensuring existing requirements and anticipating future requirements is a fundamental part of our strategy for sustainable business development. Our stakeholders are groups in our community who directly or indirectly affect or are affected by our operations. We strive to have an open dialogue with our stakeholders to focus our sustainability work on the issues our stakeholders consider to be most important. We have identified six key stakeholder groups: users, suppliers, employees, owners and customers in the form of healthcare providers and public authorities.

A stakeholder dialogue and a materiality analysis were carried out previously to ensure that MedCap has the right focus in its sustainability work and takes into account the views of the various stakeholders. Through

interviews with people such as owners and employees of the Group, their expectations and priorities were identified. In addition, an analysis of data from customers was carried out with regard to sustainability-related requirements.

The materiality analysis resulted in three focus areas: product stewardship, engaged employees and responsible business practices. On the basis of the analysis, a number of key ratios were compiled. The key ratios were grouped according to key sustainability issues and divided into these three focus areas.

PRODUCT STEWARDSHIP

Ensuring compliance with existing requirements and anticipating future requirements is a fundamental part of our strategy for sustainable product stewardship. Our subsidiaries must ensure that the products and services provided are available to users, that they are safe to use and that good information about the products is available.

In the MedTech segment, subsidiaries follow the medical devices directives for all proprietary products where applicable, ensuring continuous work in each area. In Speciality Pharma too, the nature of the industry means that high demands are placed on product stewardship at each subsidiary. Compliance with product stewardship standards is ensured through each company's quality management system and related organisation.

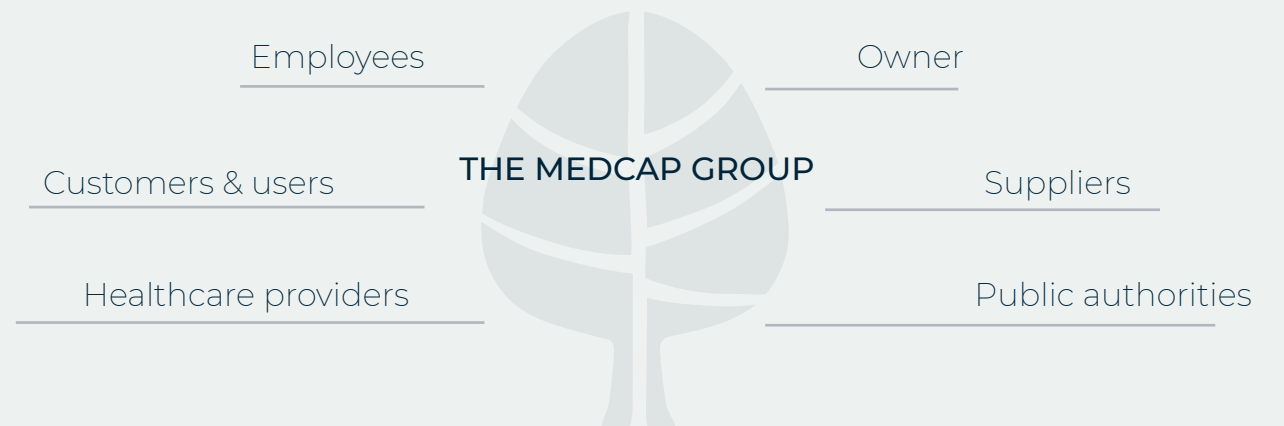
The following key ratios have been identified as material and are integrated in the reporting process for all subsidiaries:

- **Certified quality management systems and compliance with medical devices directives** to ensure high product quality and safety for users
- **Delivery accuracy** to ensure reliability of supply of

THREE FOCUS AREAS



STAKEHOLDERS



RESULT FOR

MedCap's subsidiary Abilia has been preparing for the MDR for several years and has worked intensively to learn the rules based on the fact that it has products in the lowest risk category. Abilia has enhanced its processes, strengthened its skills and undergone ISO 13485 certification.

"With the increased requirements for clinical evidence and monitoring of product function and safety, we have further improved our approach to harnessing the knowledge and experience of prescribers and users," says Tove Christiansson, CEO of Abilia.

pharmaceuticals/medical devices to all customers

- **Quality-related incidents and number of complaints to ensure high product quality and safety for consumers**
- **Customer index** to ensure good monitoring practices and customer and user satisfaction

COMMITTED EMPLOYEES

Having the right employees is a prerequisite for MedCap companies to develop, produce and deliver good products and services to customers and users. With skilled, healthy, safe employees, increased diversity and equal opportunities, we ensure commitment, innovation and development.

The major subsidiaries in the MedCap Group have HR officers who are responsible for managing human resources issues. Employee surveys are regularly used

as a starting point for continuous improvement work for employees.

Like 2020, 2021 was a challenging year, with the pandemic placing high demands on both individual employees and company management. Procedures to reduce the risk of infection, including by enabling remote working but also by increasingly meeting customers and other stakeholders digitally, were introduced in the early stages of the pandemic with good effect.

The following key ratios have been identified as material and are integrated in the reporting process for all subsidiaries:

- **Ratio of women/men** to ensure a gender-equal workplace
- **Sickness absence (short and long)** to ensure a healthy working environment and to minimise work-related illnesses
- **Work-related injuries** to minimise work-related

RESULT FOR

At the end of December, MedCap had 361 employees, 162 of whom were women. MedCap has gender-equal management bodies at most levels and in most companies. See the table on page 27. During the year, 60% of the Group's employees completed performance reviews, and 70% of the Group's companies conducted employee surveys. The target is 100% and work has been initiated to achieve this target.

In 2022, staff turnover in some of the Group's companies has been higher than in the past, and this will be continuously monitored by the companies' management teams.

illnesses and accidents

- **Employee index (employee surveys), number of performance reviews conducted and staff turnover** to ensure that we retain qualified employees with the right skills and commitment

RESPONSIBLE BUSINESS PRACTICES

Responsible business practices are the foundation of long-term sustainability, which means that we comply with laws and regulations and operate with good business ethics, integrity and respect. As a Swedish public limited company with securities listed on Nasdaq Stockholm, the Group is obliged to comply with the Swedish Companies Act, Nasdaq Stockholm's regulations for issuers and the Corporate Governance Code. In addition, MedCap has a set of internal regulations which, with the external regulations, form the framework for its operations. The key regulations include the Articles of Association, the Board of Directors' Rules of Procedure, the CEO Instructions, the Code of Conduct, the Insider Policy, the Information Policy, the Whistleblower Policy and the Finance Policy.

Good business ethics and anti-corruption make up one of the most important areas for MedCap's stakeholders and are included in the company's Code of Conduct, which states that employees and consultants must act professionally and ethically according to a number of guidelines. MedCap takes a zero tolerance approach to

corruption and bribery.

All employees of the Group or other persons representing the MedCap Group have a responsibility to comply

RESULT FOR

In 2021, all MedCap subsidiaries adopted the company's Code of Conduct, which sets out guidelines on good business culture and values.

All potential acquisitions were analysed on the basis of frameworks including the ten principles of the Global Compact and the MedCap Code of Conduct.

In 2021, no breaches of laws or permits leading to legal repercussions or fines were reported.

In 2021, one report was received by the company's whistleblower function. The case was handled in accordance with the established guidelines.

SUBSIDIARIES' CERTIFIED QUALITY MANAGEMENT SYSTEMS AND COMPLIANCE WITH MEDICAL DEVICES DIRECTIVES

Cardiolex	Abilia	Inpac	Multi-Ply	Unimedica
Cardiolex has been certified according to the requirements for quality assurance of medical device companies, ISO 13485, which means that Cardiolex's quality management system meets the requirements of the international standard. ISO 13485 means the right to CE marking according to MDD, class II b products.	Abilia has been certified according to the requirements for quality assurance of medical device companies, ISO 13485, which means that Abilia's quality management system meets the requirements of the international standard. ISO 13485 means the right to CE marking according to MDD, class II b products.	Inpac's quality assurance work is in line with EU cGMP. Inpac has been certified according to the requirements of: ISO 9001 (quality management) ISO 14001 (environmental management) ISO 22000 (food industry).	Multi-ply has been certified according to the requirements of ISO 9001 (quality management).	Unimedica AB's quality assurance work is in line with EU cGMP. Unimedica AB has also been certified according to the requirements for quality assurance of medical device companies, ISO 13485, which means that Unimedica AB's quality management system meets the requirements of the international standard. ISO 13485 also means the right to CE-mark products.
All products (Class I) meet MDR requirements.	All products (Class I) meet MDR requirements.			

PROPORTIONS OF MEN AND WOMEN

	Number of women	Number of men	Proportion of women	Proportion of men
MedCap Board of Directors	1	4	20%	80%
MedCap management team	1	2	33%	67%
Subsidiary managers	3	2	60%	40%
Unimedica management team	5	5	50%	50%
Abilia management team	4	2	67%	33%
Cardiolex management team	2	3	40%	60%
Multi-ply management team	4	2	67%	33%

UN Sustainable Development Goals

MedCap has analysed the 17 Sustainable Development Goals to determine which of them we should focus on in our operations and how we can integrate them in our operations. The analysis was performed from the perspectives of severity of impact, opportunity and how we create value for customers and users of our products. As a result of the analysis, we will focus on the following six goals in the coming years:

THE UN SUSTAINABLE DEVELOPMENT GOALS MOST CLEARLY LINKED TO MEDCAP'S FOCUS AREAS



Goal 3
Good health and well-being

All companies in the MedCap Group work to develop and provide medical devices and pharmaceuticals that contribute to more efficient healthcare, better health and increased well-being. The companies are in close contact with the healthcare system to understand the needs that exist and work on preventive interventions to meet medical demand.



Goal 4
Quality education

MedCap's subsidiary Abilia gives individuals with special needs the opportunity to complete their education and helps them become included in the labour market. Better learning environments at schools are positive for all pupils, teachers and school staff.



Goal 5
Gender equality

All companies in the MedCap Group work to achieve a workplace that is gender equal in all respects, where it is a matter of course that all employees, regardless of gender, ethnic background or disability, are given the opportunity to develop on equal terms.



Goal 8
Decent work and economic growth

Medcap's objective is to create stable, sustainable growth. We see it as a matter of course to offer decent working conditions to our employees and support inclusion in the labour market by several companies in the Group providing individuals with disabilities with better conditions to perform their work.



Goal 10
Reduced inequality

MedCap's subsidiary Abilia contributes to equality and diversity by increasing the independence and involvement of individuals at home, at school and in the workplace, and to a more inclusive society. Several of the Group's subsidiaries work for the inclusion of all people regardless of disability and their ability to work, including through our partner Samhall.



Goal 12
Responsible consumption

MedCap's manufacturing subsidiaries are making the transition to more sustainable packaging solutions and work continuously to optimise packaging to reduce the environmental impact of the transport chain. When purchasing packaging, the aim is to choose environmentally classified, sustainable packaging for the products made available to the market. We also work actively to replace products that may not meet the company's quality and environmental requirements.

Developments in 2021

In 2021, sustainability goals and key ratios were developed to clarify the direction and the road to 2025. The areas covered are product stewardship, our employees and responsible business practices. MedCap works continuously to develop sustainability reporting, both internal and external.

Events in 2021



Somna Weighted Blanket from Abilia

ABILIA – USER STORY

Abilia works to promote a socially sustainable, inclusive society in which people with special needs feel safe, independent and involved. Abilia's aids help users structure and manage their daily lives, take control and generate increased confidence, independence and involvement in the activities of daily life and working life.

A combination of aids has given Bonnie and her family a better quality of life. After several years of difficulties with concentration, behavioural control and sensitivity to sound, an assessment revealed that Bonnie, then aged 7, had ADHD. The transition to a calmer, more structured daily life was facilitated by three aids that support time management and time awareness, and reduce worry, anxiety and sleeping difficulties. Bonnie was referred for three aids: Somna Weighted Blanket and the time and planning tools MEMOplanner and MEMO Timer to structure her daily life.

The right aids to support a person's life can greatly improve their chances of succeeding at school and managing their daily life better.

INPAC – WINNER OF THE SHOW THE WAY AWARD

At the Lund-based company Inpac, employees from Samhall work side by side with the company's own employees. During the Show the Way Gala on 22 November 2021, CEO Henrik Nyberg received the Employer of the Year award. Inpac, which produces and packages probiotic medicines and dietary supplements, has 20–30 people from Samhall working for them on a daily basis.



The award is recognition of our work on inclusion in cooperation with Samhall

The company has already been recognised for its far-reaching work to make room for people with disabilities in the labour market, when last year it received the regional Show the Way award for Employer of the Year in Götaland. It means a great deal to win the national award in the same category now as well. "I am very happy and proud," says Henrik Nyberg, CEO of Inpac.



Henrik Nyberg, CEO of Inpac, centre.

Auditor's opinion

THE AUDITOR'S OPINION CONCERNING THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of MedCap AB (publ), corporate identity no. 556617-1459

TASK AND DIVISION OF RESPONSIBILITIES

The Board of Directors is responsible for the Sustainability Report for 2021 on pages 21–29 and for it being prepared in accordance with the Swedish Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review took place in accordance with FAR's recommendation RevR 12, 'The auditor's opinion concerning the statutory sustainability report'. This means that our review of the Sustainability Report has a different focus and is substantially narrower in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

OPINION

A Sustainability Report has been prepared.

Stockholm, 21 March 2022

KPMG AB

