

# Corporate Presentation

November 2023

# Forward Looking Statements

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements, among other things, relate to the Company's growth drivers and expected levels of our organic growth; the impact of our investment in development and commercial initiatives; the anticipated impact of real estate transactions, debt repayment and contract renegotiations; financial guidance, including timing of revenues and EBITDA; our ability to manage costs and to achieve our financial goals; our ability to operate under lending covenants; our ability to maintain sufficient liquidity to operate the business; our ability to pay our debt under our credit agreement and to maintain relationships with CDMO commercial partners and develop additional commercial and development partnerships. The words "anticipate", "believe", "could", "estimate", "upcoming", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases may be used to identify forward-looking statements in this presentation. The forward-looking statements in this presentation are only predictions.

Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause the company's actual outcomes to differ materially from those expressed in or underlying these forward-looking statements include, but are not limited to, unstable market and macroeconomic conditions, including any adverse impact on the customer ordering patterns or inventory rebalancing or disruption in raw materials or supply chain; demand for the company's services, which depends in part on customers' research and development funding, their clinical plans and the market success of their products; customers' changing inventory requirements and manufacturing plans; customers and prospective customers decisions to move forward with the company's manufacturing services; the average profitability, or mix, of the products the company manufactures; the company's ability to enhance existing or introduce new services in a timely manner; the Company's ability to close its previously announced land sale transaction on the anticipated timeline; fluctuations in the costs, availability, and suitability of the components of the products the company manufactures, including active pharmaceutical ingredients, excipients, purchased components and raw materials, or the company's customers facing increasing or new competition; the Company's ability to collect on customers' receivable balances; the extent to which health epidemics and other outbreaks of communicable diseases could disrupt our operations; and other risks and uncertainties discussed in our filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). These forward-looking statements are based on information currently available to us, and we assume no obligation to update any forward-looking statements except as required by applicable law.

We anticipate raising funds from real estate asset sales to reduce our outstanding debt principal. There are a number of risks and uncertainties that could impact real estate values and or our ability, if any, to successfully monetize the sale of any non-core real-estate assets including, but not limited to, market forces, economic conditions, revenue concentration, debt levels, geographic location, interest rates, results of engineering plans, geotechnical surveys, coverage density, physical characteristics of the land (e.g. rock, wetlands delineation, streams, powerlines, topography, zoning), ability to reach acceptable contractual terms and obtaining the required approvals and release(s) from our senior secured lender.

Any historical or projected financial information contained in this presentation are not intended to be indicative of future financial results. The events and circumstances reflected in these forward-looking statements, may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. Undue reliance should not be placed on the forward-looking statements. Moreover, we operate in a dynamic industry and economy. New risk factors could emerge from time to time, and it is not possible for our management to predict all uncertainties that the Company may face.

## Non-GAAP Measures

To supplement our financial results determined by U.S. generally accepted accounting principles ("GAAP"), we have included certain non-GAAP information for our business. We believe that non-GAAP financial measures are helpful in understanding our business as it is useful to investors in allowing for greater transparency of supplemental information used by management. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, reported GAAP results. Please see the "Reconciliation of GAAP to Non-GAAP Financial Measures" at the end of this presentation for a reconciliation of non-GAAP financial measures to their most directly comparable GAAP measures.



# Investment Highlights



**30+ Years of Successful Commercial Manufacturing for Multiple Global Customers**



**End-to-End Capabilities with Unique Expertise Solving a Wide Array of Complex Dosage Formulation & Development Challenges**



**Solid Base of Development and Commercial Customers**



**NDA Ownership and Profit-Sharing Structure for Certain Drug Assets**



**State-of-the-Art, Newly Upgraded Facilities, Available Capacity in U.S.**



**Highly Experienced Management Team and Talented Workforce to Drive Future Growth**



**Strong Regulatory Track Record Spanning Multiple Countries and Agencies**



**Re-Organized, Rebranded Company Poised for Growth and Diversification Success**



# Societal is a Leading CDMO with a Wide Array of Dosage Form Capabilities

## Development

Simple to complex  
formulation approaches

Modified Release (MR)  
technology

Phase-appropriate  
analytical approaches



## Manufacturing



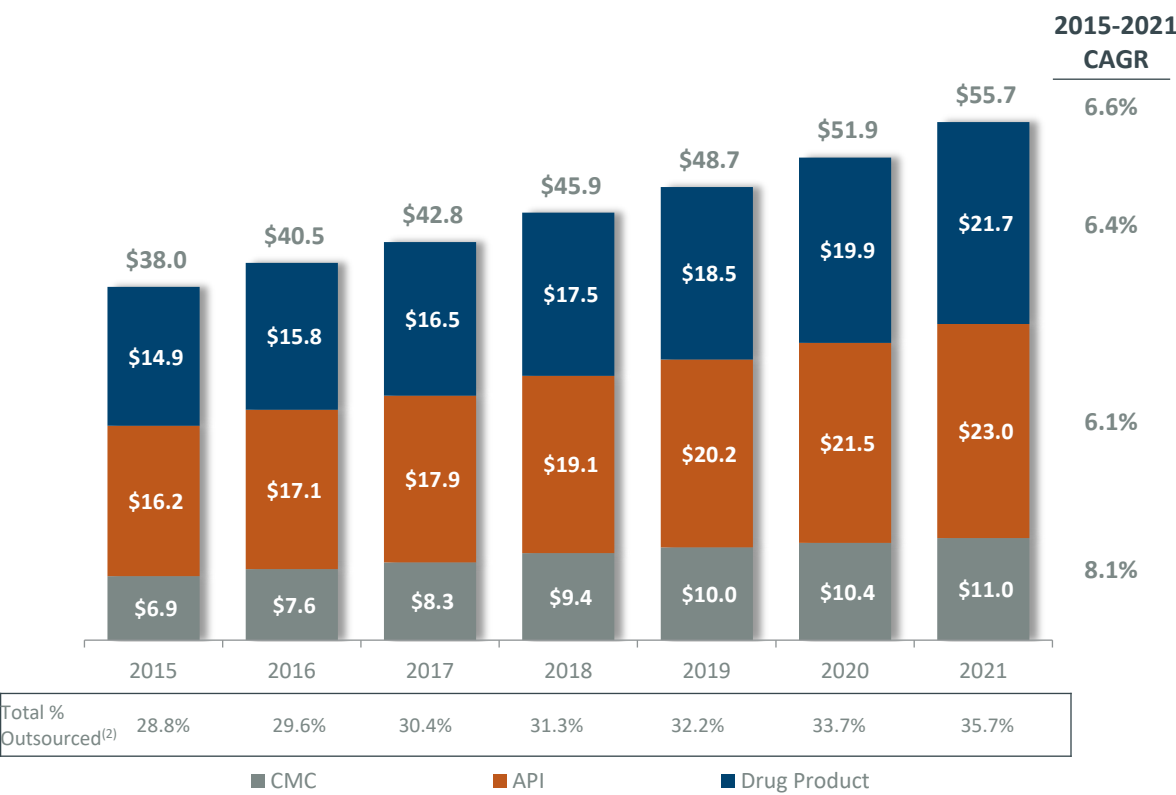
DEA-regulated and high  
potency compounds

Regulatory guidance and support  
from concept through commercial

Flexible-scale clinical and  
commercial manufacturing and  
packaging

# CDMO Market Overview

Large and Growing CDMO Market<sup>(1)</sup>



Continued outsourced penetration as biotech and pharma sponsors recognize the value of CDMO services

Drug Candidates by Therapeutic Compound<sup>(3)</sup>

Development Phase	Small	Oligos	Large	ADCs	Others	Total
Phase 1	1,458	66	1,076	47	459	3,106
Phase 2	1,560	83	1,057	29	496	3,225
Phase 3	506	21	355	6	114	1,002
Registration	203	4	119	--	70	396
Launched	2,114	12	1,182	6	550	3,864
Total	5,841	186	3,789	88	1,689	11,593

Societal's market focus is ~50% of total CDMO market

(1) Source: William Blair Equity Research.  
(2) Drug product outsourced market.  
(3) Source: QuintilesIMS / IQVIA

# Elements of 1-3 Year Strategic Plan - 2023

The Company's Strategic Plan is broken into five categories, each with three sub-categories:

## Market Segmentation & Corporate Identity

1. Differentiated Sales Strategies
2. Geographical (US) Advantage
3. Strengthened Brand Identity

## Capabilities Optimization & Expansion

1. Fill Existing Capacities
2. Scalable, Successful Ways of Working
3. Expanded Capabilities

## Client Experience & Trust

1. Superior Client Experience
2. Trusted, Phase Appropriate Quality System
3. Leverage Regulatory, Supply Chain Expertise

## Employee Experience & Culture

1. Excellent Employee Experience
2. Inspiring Culture
3. Supportive Environment

## Financial Strength

1. Revenue, EBITDA growth
2. Cash Management
3. Investor Relations

# Market Segmentation

***Differentiated Sales Strategies:*** Deploy unique sales and marketing strategies based on each market segment we are serving:

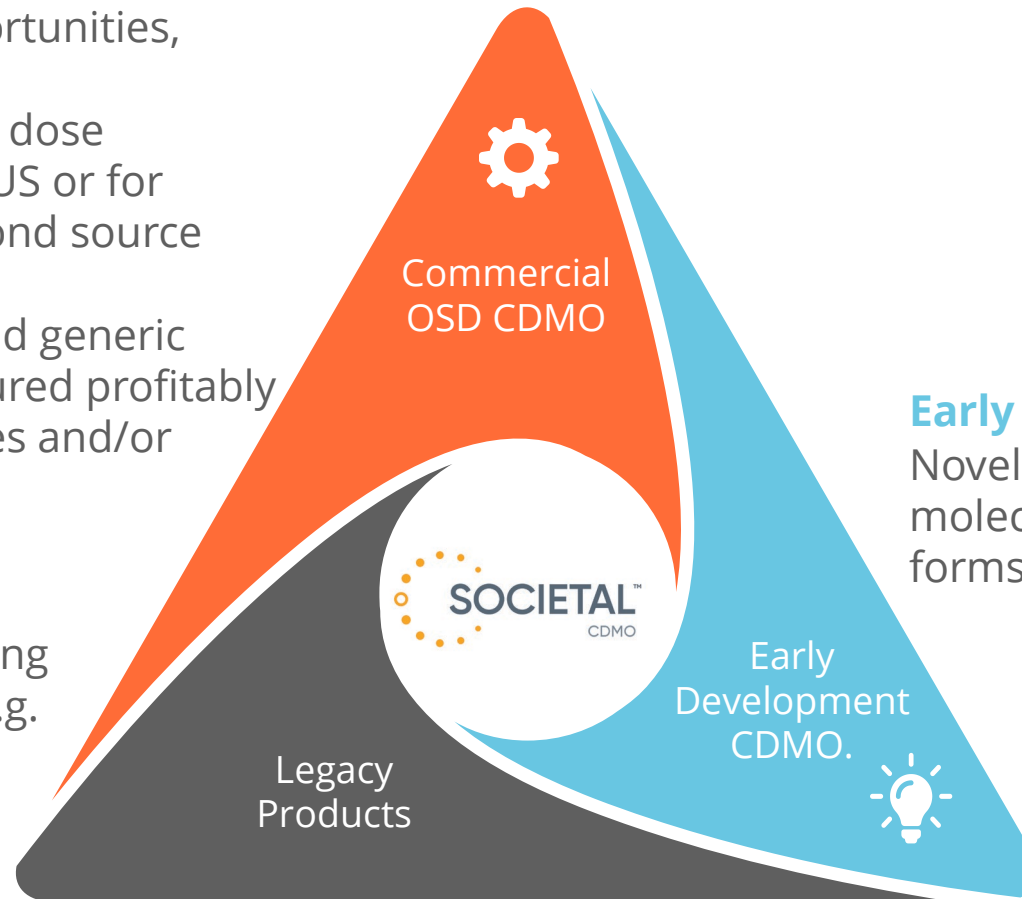
## **Commercial OSD CDMO.**

Tech transfer and Second Source opportunities, which generally could be:

- 1) Branded, commercial oral solid dose products being on-shored to the US or for which Societal can serve as a second source provider.
- 2) Oral solid dose late life cycle and generic products which can be manufactured profitably due to their complexity or volumes and/or occupy currently idle capacity.

## **Legacy Products.**

Legacy oral solid dose products including those with profit sharing economics (e.g. Verapamil, Ritalin).



## **Early Development CDMO.**

Novel, innovator-developed small molecule products of multiple dosage forms.

# Expanding Base of Commercial Customers

- Strong commercial customer base stabilizes business and minimizes fluctuations in revenues
- Long-term relationships (20+ years) with key commercial partners and fully contracted through 2024 (Verapamil) – 2025 (Ritalin/Focalin)
- Commercial customer forecasts (generally 12-to-24-month projections) with binding PO's typically for first three months, provides demand visibility and helps optimize supply chain execution



- Verapamil PM/Verelan™ SR/PM
- Societal owns NDA and DMF
- In event of termination Societal can switch distributors within a few months
- Branded & authorized generic sustained release capsules
- Complex formulation and manufacturing – proprietary know-how
- Exclusive sole supplier
- Mature single player market



- Ritalin LA™/Focalin XR
- Societal owns DMF
- Branded & authorized generic sustained release capsules – sold US/OUS
- Complex formulation and manufacturing
- Exclusive sole supplier
- Mature multi-player market
- Regulatory & tech transfer risk and cost given Societal quality track record and lifecycle of product



- Verapamil SR
- Societal owns NDA and DMF
- Authorized generic sustained release capsules, including an exclusive dosage form
- Complex formulation and manufacturing– proprietary 'know-how'
- Exclusive sole supplier
- Mature two player market – Teva maintains ~70% market share



- Branded Commercial Tablet Product
- Exclusive U.S. based Manufacturer
- Long term Contractual Master Services & Supply Agreement
- Annual minimum purchase requirements



- Donnatal® Elixir and Tablets
- Exclusive sole supplier, 5yr agreement through beginning of 2025
- 4 APIs and multi-step manufacturing process
- Annual purchase requirements

## Tech Transfers in Process



- Two unnamed Oral Solid Dose Tech Transfers
- Two development programs
- Three proposals for additional commercial programs



End-to-end solutions for customers from early-stage development to scaled commercial production



# Strong Progress Made Building a Diversified Revenue Portfolio (Baseline)

Size of Icon  
Represents 2018  
Revenue Value

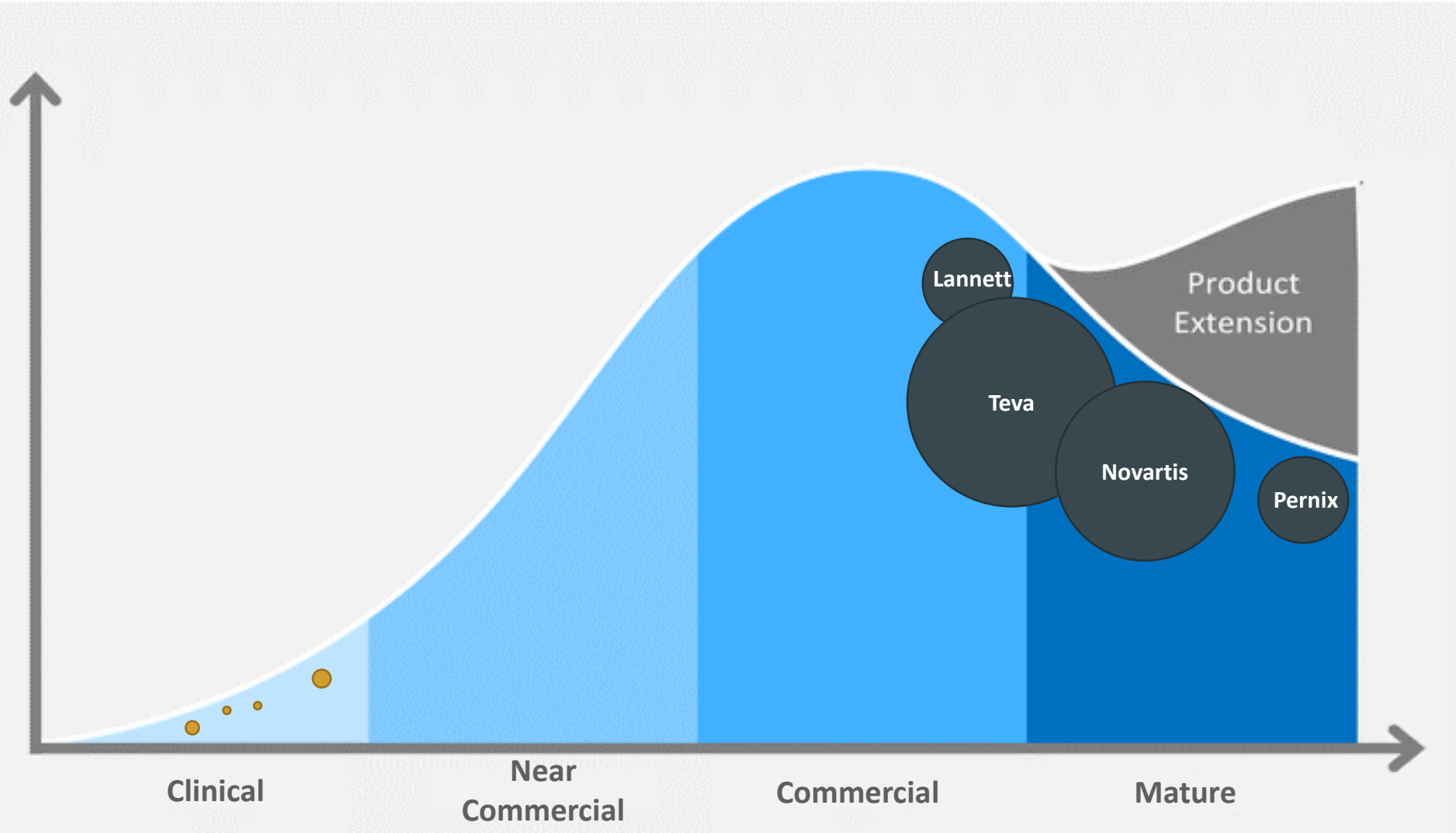
- \$0.5 million
- \$1 million
- >\$15 million

Color Key

- Commercial Supply
- Oral Solid Dose (OSD)

Shape Key

- Gainesville, GA



For illustrative purposes only, information presented is not risk and probability adjusted, and the actual growth of the product may vary significantly. The graph does not assume new customer additions or attrition. The information provided is illustrative only, the growth cycle may not be achieved and there is continued uncertainty relating to any guidance contained herein. There can be no assurance that such results will occur or that such results will be materially different from actual results.

# Strong Progress Made Building a Diversified Revenue Portfolio – Est. 2023 <sup>(1)</sup>

Not Risk Adj for Attrition

Size of Icon  
Represents 2023  
Revenue Value

- \$0.5 million
- \$1 million
- >\$15 million

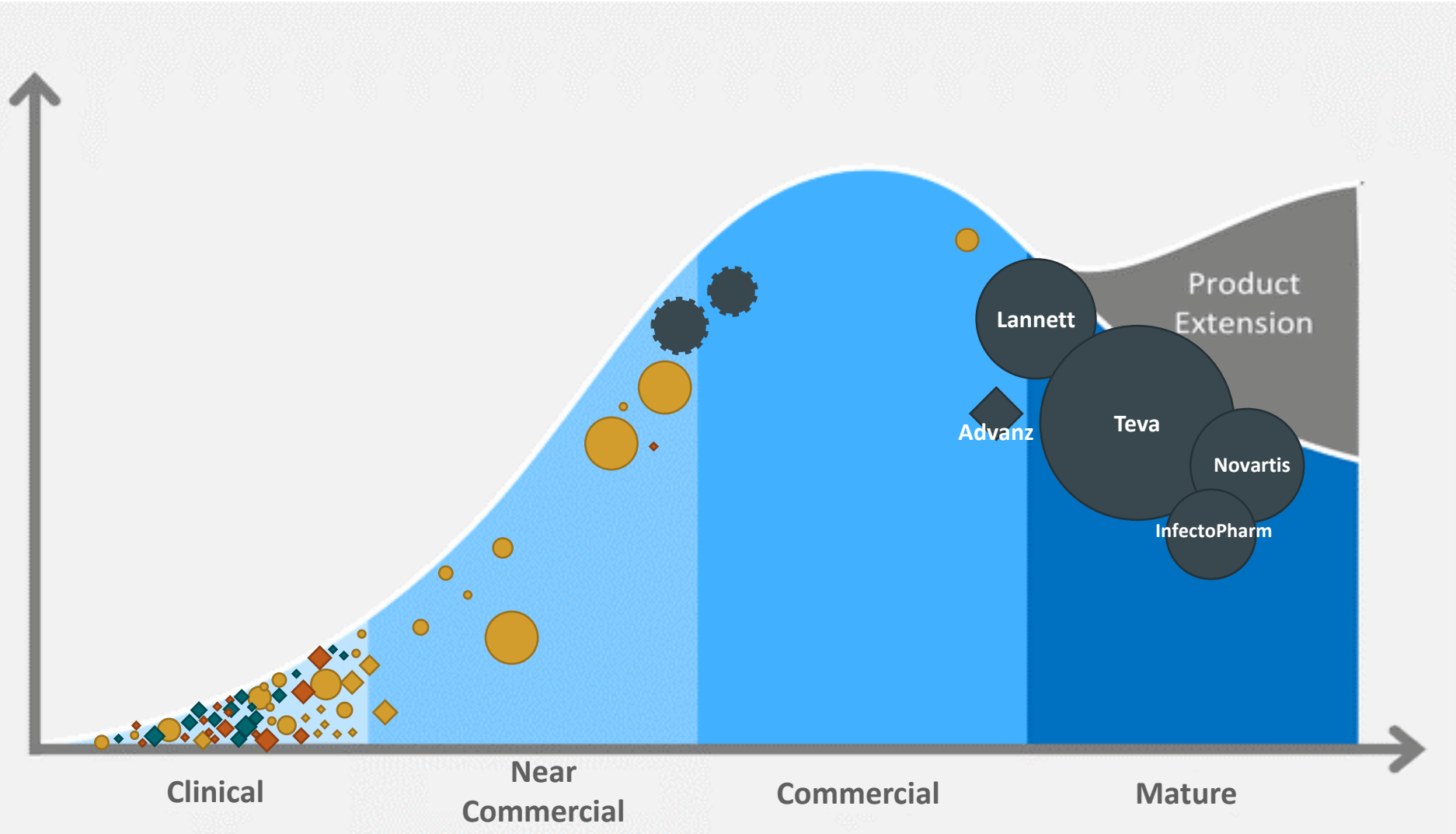
(1) Represents new business projects which are signed as of February 2023

Color Key

- Commercial Supply
- Oral Solid Dose (OSD)
- Sterile Injectable
- Other Dosage Form (ADF)

Shape Key

- Gainesville, GA
- San Diego, CA



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# Strong Progress Made Building a Diversified Project Portfolio – 2026 <sup>(1)</sup>

Not Risk Adj for Attrition

Size of Icon  
Represents 2026  
Revenue Value

● \$0.5 million

● \$1 million

● >\$15 million

(1) Represents new business projects which are signed as of February 2023

Color Key

Shape Key

● Commercial Supply

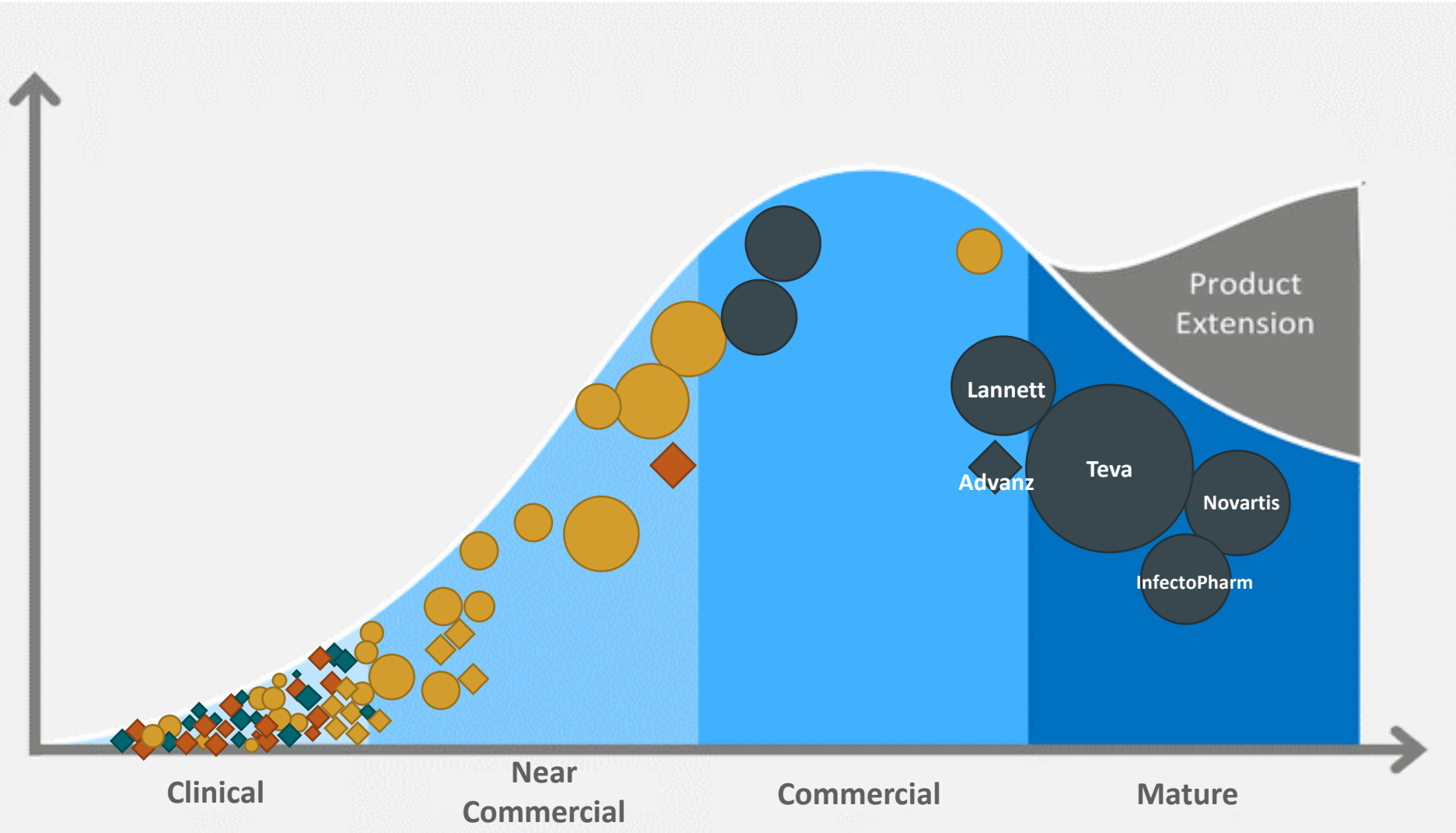
● Oral Solid Dose (OSD)

● Sterile Injectable

● Other Dosage Form (ADF)

● Gainesville, GA

◆ San Diego, CA



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# Societal Transformation & Growth

2020

## COMMERCIAL

- 4 Commercial Products
- 3 Commercial Customers
- Capsule Mfg – No Tableting

## DEVELOPMENT

- 4 Development Customers
- \$5.1M Revenue

2023

## COMMERCIAL

- ✓ 6 Commercial Products
- ✓ 5 Commercial Customers
- ✓ 4 Technical Transfers
- ✓ Launching First Commercial Tablet

## DEVELOPMENT

- ✓ Record High Revenue
  - ✓ 2022 \$19 million
  - ✓ 2023 Est. \$19 to \$20 million
- ✓ ~45 Active Development Customers
- ✓ ~66 Development Projects

## CAPABILITIES & SERVICES

- ✓ HiPo Development & Clinical
- ✓ Clinical Trial Packaging
- ✓ Commercial High Shear Granulation
- ✓ Commercial Fluid Bed Dryer
- ✓ Customer Proprietary Technology
- ✓ Re-commissioning Powder Coating
- ✓ Sterile vial filling
- ✓ Sterile Lyophilization
- ✓ Sterile Liposomes and Nanoparticles
- ✓ Oral liquids (solution, suspensions)
- ✓ Liquid/semi-solid filled capsules or powder filled capsules
- ✓ Topical gels, Ointments, Creams and Lotions

# Signed New Business Overview (1)

Not Risk Adj for Attrition

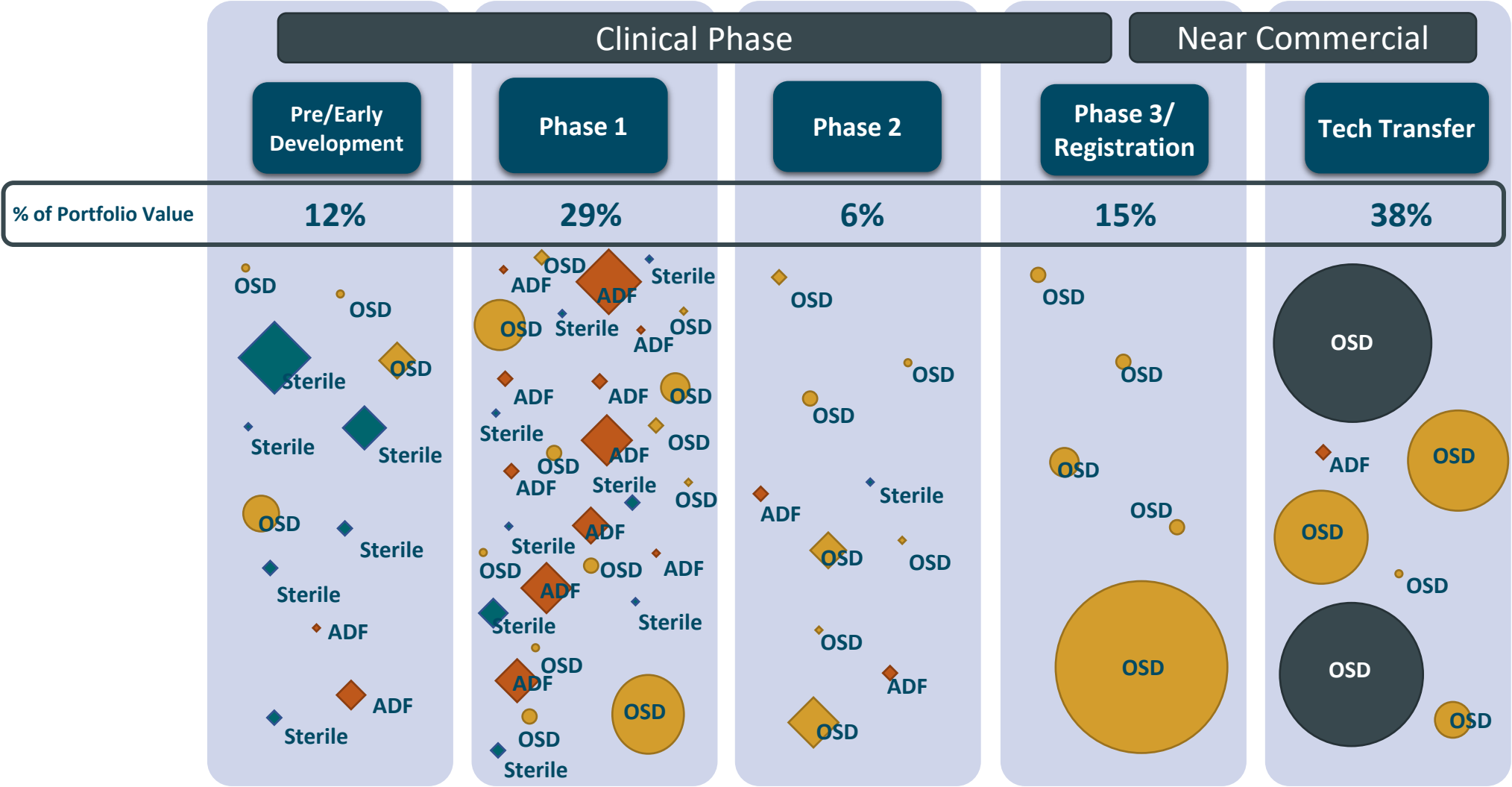
Size of Icon  
Represents 2023  
Revenue Value

Color Key

- Commercial Supply
- Oral Solid Dose (OSD)
- Sterile Injectable
- Other Dosage Form (ADF)

Shape Key

- Gainesville, GA
- San Diego, CA



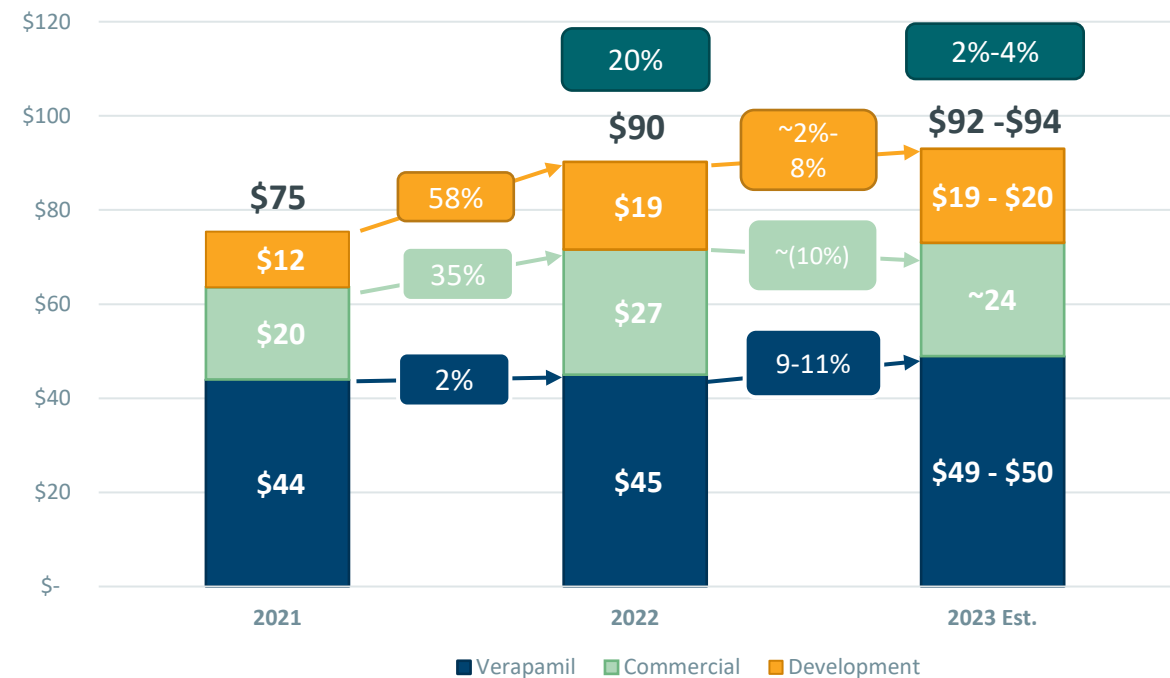
(1) Represents new business projects which are signed as of February 2023



# Revenue Trend by Type

Because commercial revenue is approximately 80% of total revenue, to achieve mid to high single digit growth rates, our development revenue is growing at a much higher rate.

## Societal As Reported Revenue



■ Verapamil ■ Commercial ■ Development

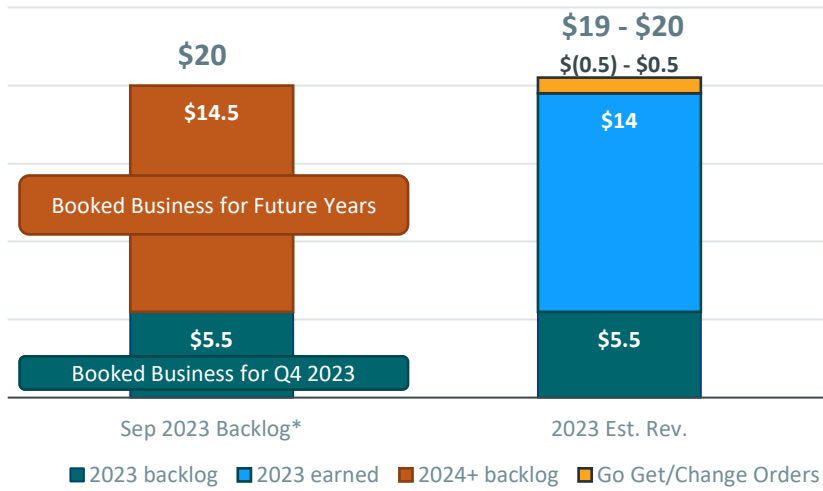
Comm.  
Rev \$ to  
Dev Rev \$

84%:16%

79%:21%

78%:22%

## Development Backlog and Guidance



\* Backlog reported for the Sep 2023 quarter is based on data pulled in early Nov 2023. The basis for presenting backlog or “booked business” was revised this quarter to exclude any revenue recognized year-to-date. In prior quarters, year-to-date revenue was included as part of backlog or “booked business.”

For illustrative purposes only, revenue mix, timing, estimates, assumptions, backlog, attrition, win-rate and the actual growth of revenue may vary significantly, and we may not be able to achieve our financial goals or anticipated revenue mix. The information provided is illustrative only, the growth cycle may not be achieved and there is continued uncertainty relating to any guidance contained herein. There can be no assurance that such results will occur or that such results may be materially different from actual results.

# 2023 Line of Sight to Development Revenue

Although we are winning new work, we are experiencing attrition of committed business, which is impacting 2023 revenue and the near-term sales cycle.

12/31 estimate

**\$25 - \$28**

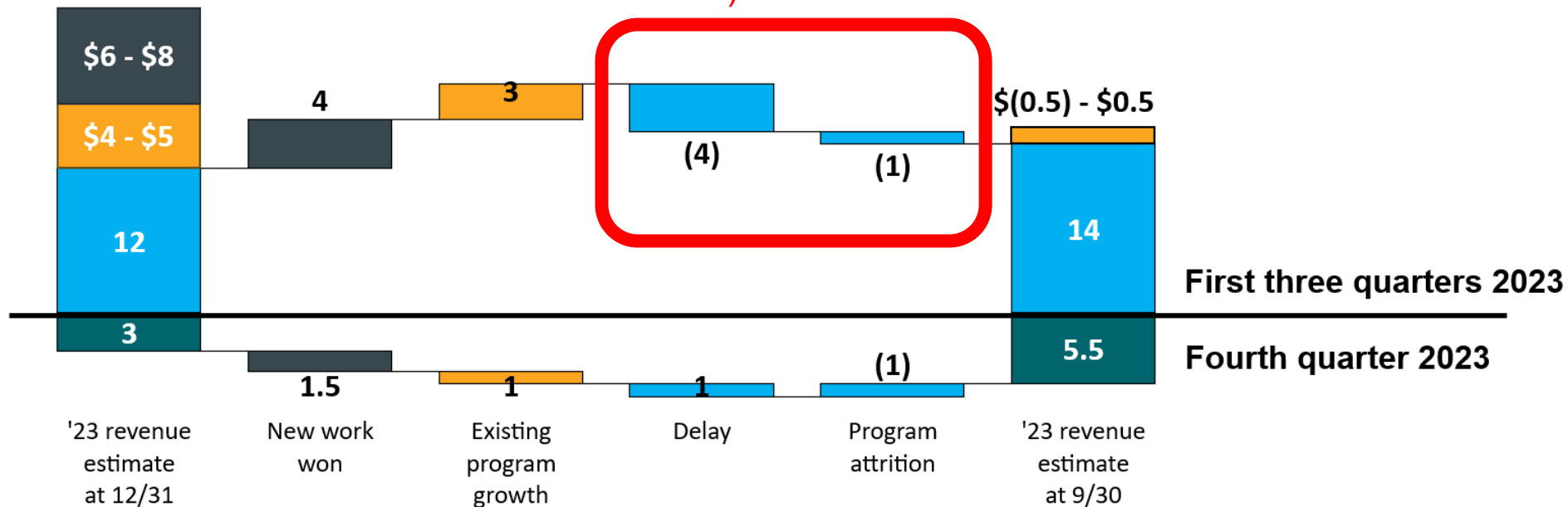


Work delayed or lost  
(attrition, macro funding  
environment)



9/30 estimate

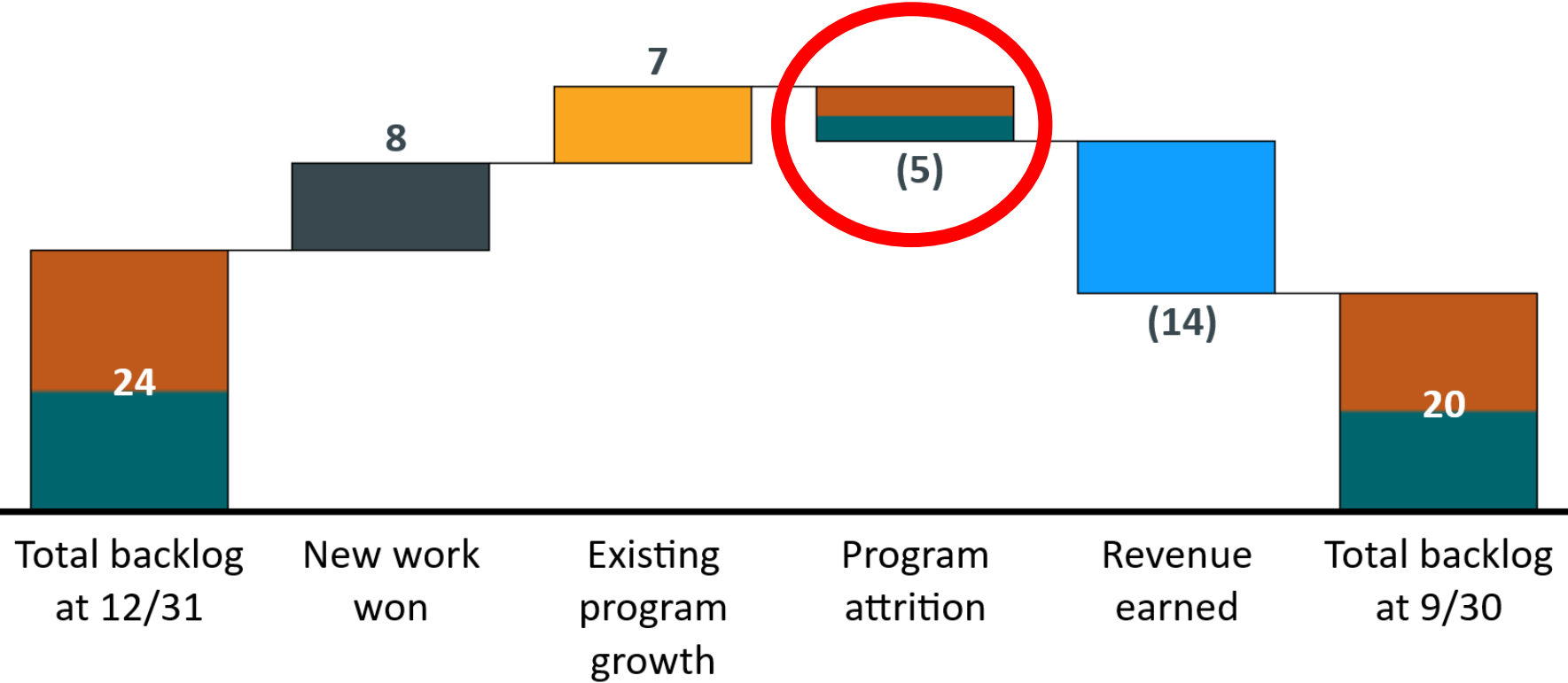
**\$19 - \$20**



For illustrative purposes only, timing, estimates, assumptions, backlog, attrition, win-rate and the actual growth of revenue may vary significantly, and we may not be able to achieve our anticipated financial goals. The information provided is illustrative only, the growth cycle may not be achieved and there is continued uncertainty relating to any guidance contained herein. There can be no assurance that such results will occur or that such results may be materially different from actual results.

# Total Signed Development Sales Backlog Rollforward

Although we are winning new work, attrition of signed programs is higher than anticipated, and what we can earn this year from signed new business is not coming in fast enough to offset the revenue that we're losing



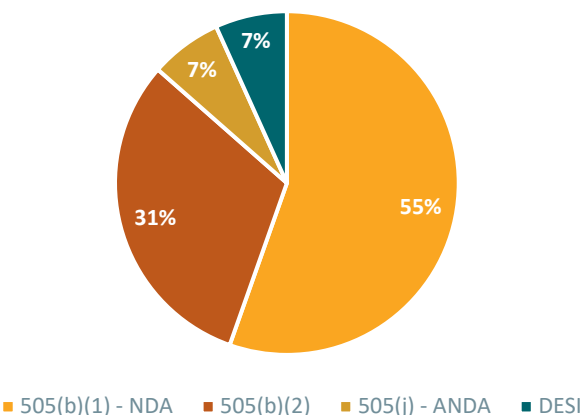
For illustrative purposes only, timing, estimates, assumptions, backlog, attrition, win-rate and the actual growth of revenue may vary significantly, and we may not be able to achieve our anticipated financial goals. The information provided is illustrative only, the growth cycle may not be achieved and there is continued uncertainty relating to any guidance contained herein. There can be no assurance that such results will occur or that such results may be materially different from actual results.

# Expanding Our Development Portfolio

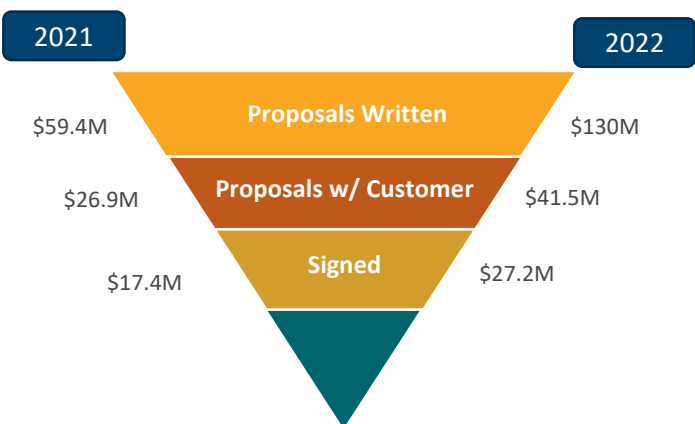
## New Business Commentary

- 15 New Customers in 2022 and added 22 new programs amongst our customer base
- During 2022, signed over 170 new or expanded/scope changes for projects with 33 different customers
- Tripled our win rate during 2022

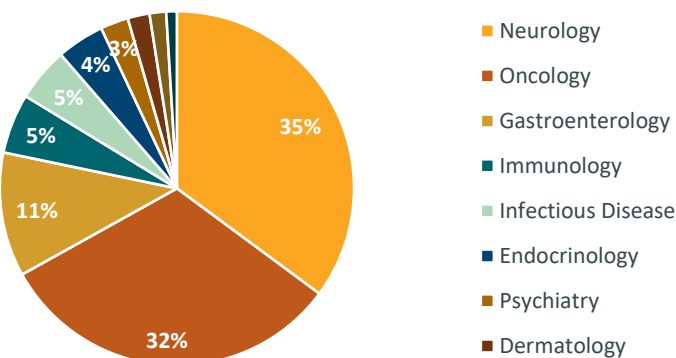
## Proposals Won by Filing Type



## Pipeline by Value



## Signed Sales by Therapeutic Area: '21 and '22



# State-of-the-Art Facilities

## Development

### Societal™ CDMO – San Diego



- Located in San Diego, CA
- Size: 24,500 ft<sup>2</sup>
- ~40 FTEs
- Opened 2014
- Current capacity (single shift): ~30-40%<sup>(1)</sup>
- State of the art facility, FDA and FDB (CA) inspected

San Diego performs development work, focusing on Advanced Dosage Forms – Development Services (aseptic fill / finish, inhalation, etc.)

California is the #1 state for life sciences VC investment<sup>(2)</sup>

### Societal™ CDMO – Chestnut Facility



- Located in Gainesville, GA
- Size: 24,000 ft<sup>2</sup>
- ~35 FTEs
- Opened 2018
- Current capacity (single shift): ~30-40%
- Leased through 2025 with renewal options

Chestnut performs development and cGMP (pre-commercial) development manufacturing before tech transfer to Gould site. High potency commercial production remains at Chestnut

## Commercial

### Societal™ CDMO – Gould Facility



- Located in Gainesville, GA
- Size: 97,000 ft<sup>2</sup>
- ~190 FTEs
- Opened ~1985
- Current capacity (single shift): ~60%
- Leased through 2042 with renewal options

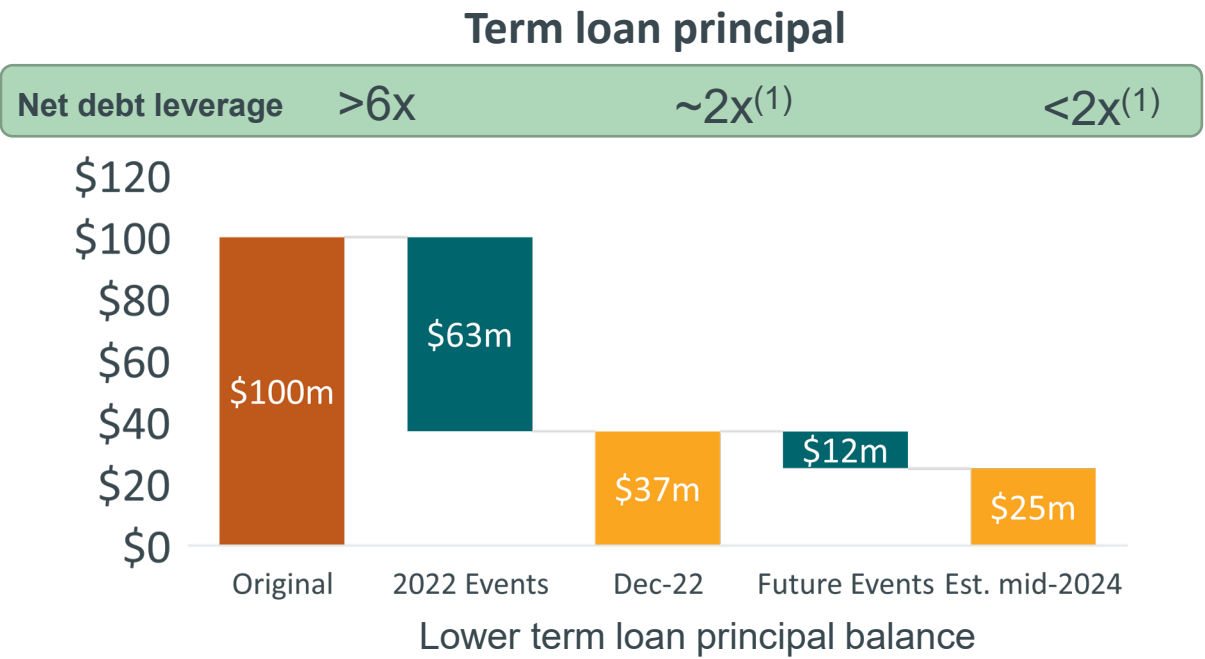
Significant experience transitioning projects from late-phase development to robust, long-term commercial production

(1) Excludes new vial filler and lyophilizer services.

(2) Source: California Life Science Association and PWC's *California Life Sciences Report 2020*.



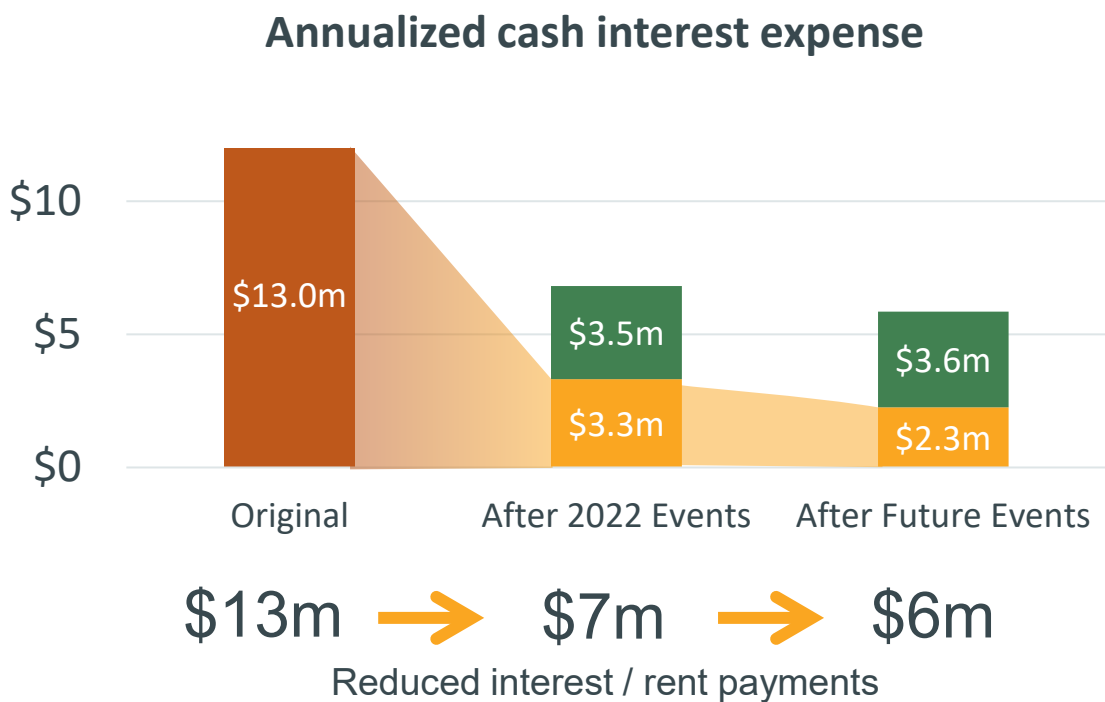
# Significant Progress on Senior Debt Reduction



**Debt reduction plan**

**2022 Events (completed):** New \$37m term loan with RBC, \$35m gross common and preferred equity raise and \$39m gross sale-leaseback of Gainesville commercial site closed December 2022 with proceeds used to repay \$100m of Athyrium term loans and pay fees & expenses

**Future Events (in process):** \$9m of anticipated gross proceeds from sale of 121 acres of land and \$3m of cash on balance sheet will be used to pay an \$8m mandatory principal prepayment and \$4m of scheduled principal amortization under the term loan with RBC. The land sale is currently under contract and expected to close first half 2024



- Athyrium term loans (13% interest, repaid December 2022)
- Lease of Gainesville commercial site (9% lease rate with 3% annual base rent increases)
- RBC term loan interest (9% interest at reduced borrowings, matures Dec '25)

(1) Net debt leverage is presented on a pro forma basis inclusive of a full year of rent for the new lease of the commercial manufacturing campus in Gainesville, GA. Net debt leverage is calculated as follows: (senior debt, net of cash) / (EBITDA, pro forma for full year rent) or (\$41m - \$15m) / (\$16.2m - \$3.3m) = ~2x.

# Recent Developments: Debt Restructuring

We successfully restructured our debt and certain covenants with our creditors to provide additional financial flexibility to the company during this time of market uncertainty and to align to the expected updated timing of the land sale.

## Restructuring Highlights

- RBC Debt Covenants:
  - Minimum Liquidity:
    - Maintain \$4.0M; step down to \$3.5M at 6/30/2024; step up to \$4.5M at 9/30/2024; step up to \$5.0M at 12/31/2024
    - Monthly tests at month end of \$1.5M
  - Leverage Ratio:
    - Maintain at 3.75x; step down to 2.75x at 6/30/2024
  - Fixed Charge Coverage Ratio
    - Lowered to 1.00x at 9/30/2023; 1.05x thereafter
- Debt Repayment
  - In the event of the Gainesville, GA land sale, \$7.5M of RBC principal is repaid (was \$10.0M)
- IRISYS Sellers Note
  - Principal of ~\$2.1M is deferred until earlier of land sale or June 2024

# Financial highlights

Revenue and operating cash flow positive contract development and manufacturing (CDMO) business

## Third quarter 2023 financial results

- Revenues were \$23.6 million, an increase of 9% from Q3 2022
- Net loss: \$4.6 million
- EBITDA, as adjusted, was \$2.8 million, down \$1.0 million from Q3 2022

## Full year 2023 guidance

- Revenue: \$92 to \$94 million, an increase of 2% - 4% over 2022
- Net loss: \$(13.6) to \$(12.1) million
- EBITDA, as adjusted: \$11.5 to \$13 million

## Third quarter 2023 highlights

*Signed Multiple New Business Agreements with New and Existing Customers*

*Closed Public Offering Raising Gross Proceeds of Approximately \$8.3 Million*

*Initiated Corporate Restructuring; Expected to Result in Annualized Savings of Approximately \$5.5 Million*

# Reconciliation of Non-GAAP Financial Measures (unaudited)

To supplement the company's financial results determined by U.S. generally accepted accounting principles ("GAAP"), the company has disclosed in the tables below the following non-GAAP information about EBITDA, as adjusted.

EBITDA, as adjusted, is net income or loss as determined under GAAP excluding interest expense, income tax expense, depreciation, amortization, non-cash stock-based compensation, costs related to the acquisition and integration of IriSys, costs related to the debt refinancing, and costs related to the corporate restructuring.

The company believes that non-GAAP financial measures, such as EBITDA, as adjusted, are helpful in understanding its business as it is useful to investors in allowing for greater transparency of supplemental information used by management. EBITDA, as adjusted is used by investors, as well as management in assessing the company's performance. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, reported GAAP results. Further, non-GAAP financial measures, even if similarly titled, may not be calculated in the same manner by all companies, and therefore should not be compared.

## Third quarter 2023 results:

(amounts in thousands)	Quarter ended September 30,	
	2023	2022
Net loss (GAAP)	\$ (4,592)	\$ (3,329)
Interest expense, net	2,832	3,544
Income tax expense	3	—
Depreciation	2,105	1,923
Amortization of intangible assets	168	244
Stock-based compensation	1,179	1,260
Refinancing, deal and integration costs (a)	82	174
Restructuring (b)	1,059	—
EBITDA, as adjusted	\$ 2,836	\$ 3,816

## Full year 2023 guidance vs. 2022:

(amounts in thousands)	Year ending / ended December 31,	
	2023	2022
Net loss (GAAP)	\$ (13,600) – (12,100)	\$ (19,881)
Interest expense, net	9,500	14,059
Income tax expense	200	1,105
Depreciation	8,100	7,413
Amortization of intangible assets	700	905
Stock-based compensation	5,000	5,426
Refinancing, deal and integration costs (a)	200	7,774
Restructuring (b)	1,400	—
EBITDA, as adjusted	\$ 11,500 – 13,000	\$ 16,801

- a) Costs related to the December 2022 debt refinancing and the acquisition and integration of IriSys.
- b) Costs related to the September 2023 corporate restructuring

