SUSTAINABILITY REPORT 2023

PHARMANUTRA

Contents

Dear Readers,

The Sustainability Report clearly demonstrates our commitment to addressing the environmental, social and economic challenges of our time.

With PharmaNutra Group's third Sustainability Report, we share with you the progress we made and the goals we achieved, as per our Sustainability Plan schedule.

During 2023, we achieved all the goals we set ourselves, promoting an inclusive and responsible corporate culture, and contributing positively to the communities in which we operate. Through initiatives such as the donation of part of the margin realised from sales to the Russian market to local associations working to support Ukrainian families, and other initiatives that are included in this document, we have tried to transform our values into concrete and tangible actions.

The year 2023 marked a milestone in the history of PharmaNutra Group. In October we inaugurated the Group's new headquarters, which was designed and built with the well-being of workers in mind: 10 thousand square metres of outdoor and green areas, relaxation and convivial areas, a gymnasium and the company canteen. Out of the 5,300 square metres of total covered area, 2,200 are used for production, 1,600 for management offices and about 1,500 for ancillary services.

Our people are very important and that is why we put their safety first and we promote programmes to further improve standards relating to protection and prevention. We want the best talent with us so we invest in their professional development and training. In our strategic sustainability plan, we consider it of the utmost importance to build a serene and inclusive environment in which people can express their potential and be valued and rewarded according to their commitment and talent, but also encouraged to contribute to the company's success. It is precisely with these aims in mind that the Group's new headquarters was built.

Through the construction of the new headquarters, we are also working to reduce our climate impact. We will purchase green energy quotas from the grid, use electrical power from renewable sources, strive to use the natural resources as well as the raw materials we need in circular manner, searching for and proposing more environmentally friendly materials.

Equally important is having achieved Euro 100 million in turnover. Such a step represents a crucial transition point towards new and ambitious goals for the future.

Our strategy also includes the increasingly active and responsible involvement of players along the supply chain: we have extended the number of suppliers engaged in the process of assessing and improving their environmental and social performance; we are undertaking the process of obtaining an ESG rating with the aim of having ideas for improvement to work on looking at the future.

PharmaNutra Group's Sustainability Report is presented not only to show the goals we achieved, but also to foster dialogue and collaboration. We are aware that achieving sustainability requires the commitment and contribution of everyone involved, both inside and outside the company.

It is a challenging path that we will face as always with determination and enthusiasm to build a future in continuous evolution and sustainable growth for PharmaNutra Group by pursuing the process of value creation that has characterised our history.

Faithfully yours,

Andrea and Roberto Lacorte
Founders of PharmaNutra S.p.A.

Letter to the Shareholders' stakeholders

PharmaNutra's figures

+464%
Market Cap**
(vs. Listing of July 2017)

53.6%*
SiderAL® market share
in Italy (source IQVIA)

+17.6%
CAGR consolidated turnover
2017-2023

76
Countries of the world reached

44
Business partners

106
Employees in Italy

154
Pharmaceutical Sales Representatives on the national territory

more than 30
Sports entities supported through sponsorship and medical partnerships

49
Portfolio Products

22
Proprietary patents

49
Registered trademarks

21
Proprietary raw materials

166
Basic research and clinical studies published

* Total Nutraceutical Market (PharmaNutra+Junia Pharma) by value
**Data as at 31/12/2023

01

About us

1.1 PharmaNutra Group

PharmaNutra Group (hereinafter also the "Group") consists of PharmaNutra S.p.A. (“PharmaNutra”, the “Company” or the “Parent Company”) and its subsidiaries Junia Pharma S.r.l. (“Junia Pharma”), Alesco S.r.l. (“Alesco”), Akern S.r.l. (“Akern”), PharmaNutra USA Corp. ("PharmaNutra USA" or "PHN USA") and PharmaNutra España S.L. (“PharmaNutra España” or “PHN ESP”).

PharmaNutra, a nutraceutical company located in Pisa, is specialised in the development of nutritional supplements and medical devices. In particular, it deals with the research, design, development and marketing of proprietary and innovative products. Among these, the most relevant are the ones based on Sucrosomial Iron®, namely the products of Sideral® line, and the products for the restoration of joint and movement capacity in osteo-articular diseases, consisting of Cetilar® line.
It complies with strict quality standards while focusing on the unique and exclusive raw materials used throughout the country.
It designs and produces formulations with an important scientific background.
Since 2005, it has been developing and marketing directly and independently a line of products under its own brand, being managed through a structure of Pharmaceutical Sales Representatives who present the products directly to the medical class. PharmaNutra now has the know-how to manage all stages from design, formulation and registration of a new product, to marketing and sales, up to Pharmaceutical Sales Representatives' training.

The business model developed has been recognized by key health marketing experts as an example of innovation and efficiency in the entire pharmaceutical space.
The Company constantly boosts its research and development activities in order to further strengthen its results in its industry.
Junia Pharma is active in the production and marketing of pharmaceuticals, medical devices, OTC and nutraceuticals for the paediatric sector.
Alesco produces and distributes raw materials and active ingredients for the food, pharmaceutical and food supplement industries.
Akern is an Italian company established in 1980 to research, develop and produce medical instrumentation and software for monitoring body composition using bio-impedance techniques.
PharmaNutra USA was established in December 2022, it is located in Miami (Florida) and is aimed at distributing PharmaNutra® branded products in the US market through direct distribution on the territory and selected e-commerce channels.
PharmaNutra España was established in March 2023 with headquarters in Barcelona. It is in charge of the distribution of the Cetilar® and Cetilar® Nutrition line products in the Spanish market through selected online sales channels and a dedicated sales network.

1.1.1 PharmaNutra: The history

2000
Alesco
Establishment of a new company specialising in nutraceutical raw materials.

2003
PharmaNutra
PharmaNutra was founded, dedicated to the development of medical devices and nutraceuticals.

2010
Junia Pharma
Establishment of a new company focused on the paediatric sector.

2022
Akern
PharmaNutra starts and completes the process of acquiring 100% of the shares of Akern S.r.l.

2023
New growth strategies
Incorporation of PharmaNutra USA and PharmaNutra España and launch of Cetilar® Nutrition line.

PharmaNutra Group is the result of the vision of two brothers, Andrea and Roberto Lacorte, who, in the early 2000s, decided to bring together their scientific and commercial insights to change the way people approach health and well-being.

Alesco was thus established with the aim of standing out in the nutraceutical market for the high scientific value of the raw materials distributed. Thanks to continuous capital expenditures, today Alesco's active ingredients are considered among the most effective on the market and are also applied in the pharmaceutical, food and cosmetic fields.
PharmaNutra was established in 2003 with the aim of developing innovative nutritional supplements and medical devices, taking care of the entire production process, from the development of proprietary raw materials to the distribution of the finished product.

In 2010, Junia Pharma, a company specialising in the development and distribution of drugs, medical devices, OTC and nutritional supplements dedicated to the paediatric area, was established to respond to the ever-increasing health demands of children. Through its constant attention to the needs of children and the quality and safety of its products, Junia Pharma is now present in Italy and in many foreign countries, acting as a point of reference for doctors and families.

In 2022, PharmaNutra started and completed the process of acquiring 100% of the shares of Akern S.r.l..
Akern S.r.l. was established in 1980 with the purpose of research, development and production of medical instrumentation and software for monitoring body composition using bio-impedance techniques. The company's mission is to support doctors and researchers in the challenge against chronic degenerative diseases, ensuring clinically relevant results that support diagnosis and therapeutic choice. Over the years, Akern has developed technologies that have allowed the company to be recognised in Europe as the benchmark for body composition science.

In 2023, PharmaNutra USA and PharmaNutra España were established to distribute the Group's products in their respective markets based on the development and medium-long term strategic plan defined.
The continuous capital expenditures in R&D have led to the development of innovative patented technologies, such as the Sucrosomial® technology through which the Group has succeeded in a short time in establishing itself in the production of iron-based nutritional supplements with the brand SiderAL® and Cetilar® r.m., a complex of highly concentrated Cetylated Esters (CFA) that together with Cetilar® brand is considered one of the top emerging players in the field of medical devices dedicated to the restoration of joint capacity.

The technologies developed have also been applied in the development of a new line of food supplements for people practising sports (Cetilar® Nutrition), which was launched in March 2023.
For the purposes of this Sustainability Report, the newly established PHN USA and PHN ESP have been excluded from the scope of consolidation except for the calculation of Economic Value Generated and Distributed.
The exclusion from the reporting scope of this document stems from the fact that the two companies had extremely limited operations during 2023 and
therefore, the impact of these companies on the Group and on the stakeholders identified, in economic, environmental and social terms, is not material. The two companies will be consolidated starting from the 2024 Sustainability Report.

1.1.2 PharmaNutra Group values

The pillars on which PharmaNutra is built have always been, and will continue to be, based on three fundamental elements: people, protection of intellectual property and continuous improvement.
The Group believes that terms such as ethics, responsibility, research, innovation and respect for the people walking the same path as you have real, profound and current meaning. It is precisely on these concepts that the way of doing business is based. These are the solid foundations on which the founders have built, with commitment, determination and a pinch of healthy madness, a company that today is recognised as an Italian excellence.

Compliance with the regulatory provisions applicable in Italy and in any other country in which the recipients operate

Transparency vis-à-vis all stakeholders, i.e. the categories of individuals, groups or institutions whose interests are directly or indirectly affected by the performance of corporate activities

Responsibility towards the community which, even indirectly, may be influenced in its economic and social development by the activities of Group's companies

Protection of safety and health, physical and moral integrity and **rights of workers**

Respect for employees and a commitment to enhance their professional skills

Rejection of any conduct that, although aimed at achieving a result consistent with the companies' interests, presents aspects that are not compatible with the principles of its Code of Ethics and the **commitment to comply with the applicable regulatory provisions**, as well as the companies' rules of conduct and procedures.

Protection and preservation of the environment in all its components, the atmosphere, water, soil and subsoil, flora, fauna and ecosystems.

PharmaNutra Group's Code of Ethics - The trust that our customers, Partners and Stakeholders place in our Group is our most valuable asset. Therefore, it is the duty of all of us to renew this trust every day with correct and upright behaviour, also based on everyone's knowledge of and respect for the internal rules and legal regulations. To this end, PharmaNutra Group is committed to the constant pursuit of excellence and has deemed it appropriate to establish the ethical principles and rules of conduct aimed at pursuing the full respect of the founding values of business ethics, within a corporate culture that considers the respect of the laws in force and of the principle of legality as essential elements.

1.1.3 PharmaNutra market

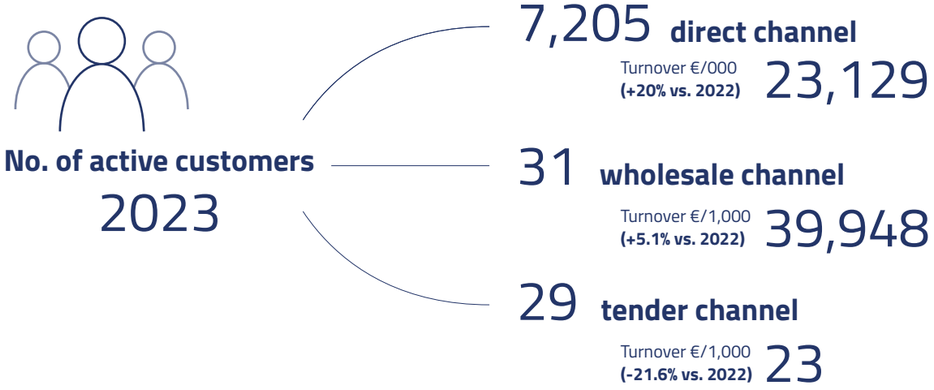
PharmaNutra Group's distribution and sales model consists of three main Business Lines:
Direct Business Line: it is characterised by direct presence in the reference markets in which the Group operates and concerns both PharmaNutra and Junia Pharma.
The logic behind this model is to ensure complete control of the territory through an organisational structure of about 151 Pharmaceutical Sales Representatives (ISC)[1] who, through sales and scientific information activities, ensure full control of all the players in the distribution chain: hospital doctors, outpatient doctors, pharmacies (even hospital pharmacies) and convey reliability, scientific value and product quality.

PharmaNutra's sales network is divided into two distinct lines: **Primary Care** and **Supportive Care**, each headed by a manager reporting directly to the Commercial Management.

1 - Data as at 31 December 2023.

The main aim of this organisation is to achieve greater effectiveness in the commercial activities of ISC through a stronger focus on medical targets and product portfolio management.
The **Primary Care Line** predominantly operates with territorial doctors and pharmacies, and the main brand in its product list is Cetilar®, in its various formulations.

The **Supportive Care Line** predominantly operates in the hospital sector and the main product in its portfolio is Sideral® Forte.
The customers of the Direct Business Line are pharmacies, drugstores, rehabilitation centres (Direct Orders) and wholesalers. The tenders relate to sales made to the public administration through the subsidiary Junia Pharma.



Indirect Business Line: the business model is common to all three of the Group's companies and is mainly used in foreign markets. It is characterised by the marketing of finished products (PharmaNutra and Junia Pharma) and raw materials (Alesco) through local partners which, under long-term exclusive distribution contracts, distribute and sell the products in their own markets.
The search and selection of international partners and the negotiation of distribution contracts are directly handled by the company management with the support of an agent dedicated exclusively to the development and management of relations with foreign customers.

The two types of distribution mentioned above are complementary as, on the one hand, they allow for the complete management of the distribution and marketing process in Italy, and, on the other hand, they guarantee the quickest and widest territorial coverage, being possible only through a network of selected distribution partners.

PharmaNutra Group has been present in foreign markets since 2013. Currently, the Group's products are present in about **76** countries worldwide, including Europe, Asia, Africa and America, through a network of **44** carefully selected business partners.

	COUNTRIES	PARTNERS
Contracts	**76**	**44**
Active	60	39
On registration	16	5
Under negotiation	**19**	**19**

Sales made through the network known as "Direct Business Line" represent 63.4% of revenues, while approx. 31.6% is guaranteed by sales made abroad through distributor customers, hereinafter referred to as "Indirect Business Line".

Akern Business Line: the business model involves the sale of instrumentation and software for body bio-impedance analysis in Italy and in foreign markets through agents (three agents as at 31/12/2023), distributors and online sales. Revenues from this business line represent 5.0% of total revenues.
In 2023, consolidated revenues from sales amounted to Euro 100.2 million, with an increase of 21.1% compared to the previous year.
In terms of volumes, the sales of finished products as at 31 December 2023 reached 13.7 million units, an increase of approximately 22.4% compared to 11.2 million units in the previous year.

NET REVENUES BY LINE OF BUSINESS

NET REVENUES BY BUSINESS AREA

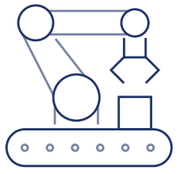
1.1.4 Business Model

The Group has the know-how to manage all stages of the production process from design, formulation and registration of a new product, to marketing and sales, up to the training of Pharmaceutical Sales Representatives and of those involved in marketing Akern's products. The Group markets unique and innovative products by taking care, also through outsourcing, of the entire production process from raw materials to the finished goods. It directly manages the distribution, promotion and sale of all products in its portfolio.

The primary activities carried out by the Group and which add value to the company's product are as follows:

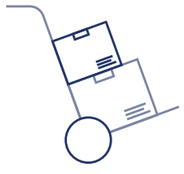
PharmaNutra Group's R&D Activities

BASIC RESEARCH
FORMULATION
COMPLIANCE/PRE-MARKETING TESTS



Production plants

PRODUCTION



Logistics

DISTRIBUTION

- **Research and Development**

The year 2023 was characterised by the construction and start-up of the new laboratories at the new company headquarters. Today, the new research premises host three laboratories with very high potential: pharmaceutical techniques, cell biology and quality control with state-of-the-art technology and machinery. This, together with the team of researchers and technicians who work on a daily basis, will make it possible to reduce the time needed to research new products, improve current ones, and study all their features and functions. During the year, the process of strengthening the structure continued with the addition of a new employee as laboratory technician and a new figure as formulator for the internal development of innovative formulations.

The "Research and Development" activity for food supplements and medical devices can be structured in 5 clearly distinct phases:

1) **Discovery**: PharmaNutra Group is capable of creating new technologies and therapeutic solutions like Sucrosomial Minerals® (Iron, Magnesium and others) and CFAs (Cetylated Fatty Acids), which really constitute one-of-a-kind elements that cannot be copied as they are covered by proprietary international patents.
2) **Synthesis of proprietary raw materials (active ingredients)**: the production technique for proprietary active ingredients is also an invention and property of the Group, which constantly carries out a functional evaluation to make improvements to the techniques and items that make up the active ingredients.
3) **Basic research**: The construction of the new laboratories makes it possible to carry out the part of experimental research in the field of cell biology, which represents a fundamental step in the activity of screening and studying the effectiveness of all the formulation prototypes developed and to be tested before moving on to industrialisation. These studies allow for (i) comparison of the Group's solutions with competing solutions, (ii) comparative evaluation of formulation improvements, (iii) understanding of the metabolic pathways by which the nutritional/therapeutic action is carried out, and (iv) preliminary efficacy prior to evaluation in human clinical trials.
4) **Clinical trials**: as "non-drugs", clinical trials on patients are carried out both preliminarily on new products, where necessary, and on products already on the market. In any case, they are only conducted at leading university or private hospitals.
5) **Quality Control**: the analytical and organoleptic quality check of (i) the ingredients constituting the proprietary raw materials and (ii) the finished products destined for end consumers in the marketplace, is performed at accredited and certified laboratories according to strict procedures established by international standards. Following a method typical of the pharmaceutical industry, all batches on the market up to their expiry date are subjected to an after-sale check. The use of accredited analytical laboratories extends to chemical and microbiological stability tests of all new formulations (often customised according to the regulatory requirements of the various countries) before they are placed on the market, in order to define a shelf life (expiry date) certified by defined analytical protocols.

The Research and Development activity related to the medical instrumentations developed and produced by Akern is based on the constant work carried out on a yearly basis with dozens of universities to improve not only its equations/algorithms but also to better define standards and references to more accurately and specifically detect body composition alterations related to different patho-physiological conditions.
Thanks to rigorous research protocols, the results of Akern's equations are validated against reference methods (NMR, isotopic dilution, DXA, 3C and 4C models) and their accuracy is so high that many of them have become standard algorithms for the scientific community and for other manufacturers' instrumentation.
Today, Akern® is recognised in Europe as a reference company for the body composition science and is one of the most cited companies in world literature.

- **Raw material procurement**

The companies PharmaNutra and Junia Pharma directly manage, through Alesco, the procurement process of raw materials from carefully selected distributors on the basis of high quality standards and strict technical requirements that guarantee the highest levels of product quality through quantitative analyses (search for metals and non-metals), microbiological and organoleptic analyses. Akern purchases its raw materials and semi-finished products from highly qualified suppliers that guarantee high quality standards.

- **Production**

The Group's products, food supplements and medical devices are entirely manufactured by nine Italian pharmaceutical plants selected following an in-depth audit by the quality control department and aimed at ensuring the highest quality standards which are verified through periodic analytical controls (quantitative, microbiological and allergen analyses) to be repeated before the product is released for marketing.
The production of medical instrumentations by the subsidiary Akern is carried out by subcontractors who assemble the components to make semi-finished products, while final assembly and testing are carried out internally by in-house personnel.
Following the inauguration of the Group's[2] new headquarters in October 2023, the production of proprietary raw materials will be progressively carried out in the plant owned by the Group, thus ensuring shorter production times and greater flexibility.

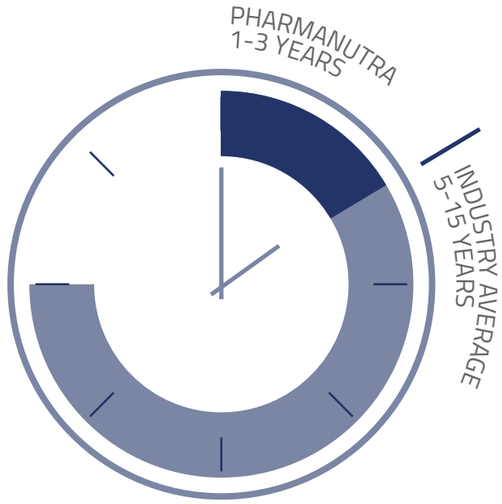
The new plant has been designed to meet the highest standards of technology, **functionality and energy efficiency**, representing a concrete commitment in terms of **sustainability** also considering its location at the gates of San Rossore natural park. It occupies an area of 5,200 square metres, of which 2,200 square metres are used for production, 1,600 square metres for management activities and about 1,500 square metres for ancillary services, with **over 10,000 square metres of outdoor areas**.

The investment is made in line with the values of Industry 4.0, with a focus on landscape aesthetics, comfort and energy efficiency, with a view to both environmental sustainability (through the reuse of the existing building, the cultivation of endemic plants and the use of materials with low environmental impact) and social sustainability (for the enhancement of human capital with innovative areas for psychophysical well-being).

- **Logistics**

The supply of goods to retailers in the Italian market (in particular pharmacies and wholesalers) is entrusted to one of the leading providers of logistics services for pharmaceutical products in Italy, being very attentive to environmental issues and holding an ISO 14001 certification. All packaging, adhesive tape, box-filling materials used, and even most of the pallets are green, 100% recycled and recyclable.

Our competitive advantage



Discovery of substances

Pharmaceutical formulation **development**

Evaluation of effectiveness

Patent coverage

Marketing

Communication

Medical detailing activities

Distribution and **sales**

2 - Please note that the operational headquarters of Akern S.r.l. remains at Via Lisbona 32/34 Pontassieve (FI).

1.1.5 Products, brands and their purpose

The Group deals with the research, design, development and marketing of innovative nutritional supplements and medical devices.
PharmaNutra is specialised in the development of nutritional supplements and medical devices. Among these, the most relevant are those based on Sucrosomial® Iron, consisting of the Sideral® line, the products for restoring joint capacity and movement in osteo-articular disorders, consisting of the Cetilar® line, and Sucrosomial® Minerals, nutritional supplements based on Sucrosomial® Minerals, vitamins and amino acids, designed for daily well-being and support to the immune system.

SIDERAL® LINE

SiderAL · SiderAL FORTE · SiderAL FOLICO · CARDIO SiderAL · SiderAL H · SiderAL MED

INTERNATIONAL SIDERAL® LINE

SiderAL FORTE INT. · SiderAL FORTE H.T. · SiderAL FOLIC · SiderAL PRENATAL I 30mg

CETILAR® LINE

Cetilar Crema · Cetilar Patch · Cetilar Tape · Cetilar Oro

CETILAR® NUTRITION LINE

Cetilar NUTRITION *FEED YOUR PERFORMANCE

RACE GEL · RACE GEL CAF · ENDURANCE GEL · RACE CARB CAF · ENDURANCE CARB

RACE BAR CHOCOLATE · RACE BAR CHEESE + PEAR · RACE BAR SALTED PEANUT+CRANBERRY

RECOVER · HYDRAL · SHIELD · REST

SUCROSOMIAL® MINERALS

ApportAL · UltraMag (Magnesio Sucrosomiale®, 375 mg di Mg)

OTHER PROPRIETARY PRODUCTS

BONECAL · DiKappa 2 · NovOmega · GestalysDHA

Junia Pharma is active in the production and marketing of pharmaceuticals, medical devices, OTC and nutraceuticals for the paediatric sector.

SIDERAL® LINE

SiderAL GOCCE · SiderAL BIMBI · SiderAL GOCCE FORTE · SiderAL ORO

INTERNATIONAL SIDERAL® LINE

SiderAL ACTIVE · SiderAL GOCCE INT. · SiderAL ORO INT. · SiderAL GOCCE P.

LACTOZEPAM® LINE

Lactozepam · Lactozepam Forte · Lactozepam ORO

APPORTAL® VITAL

ApportAL VITAL

DOLOMIR® LINE

DOLOMIR OTO · DOLOMIR GOLA

OTHER PROPRIETARY PRODUCTS

Blefarene BABY · Neo D3

PRESCRIPTION PRODUCTS

Ribomicin 0,3%
Collirio, soluzione
Gentamicina

Ribomicin 0,3%
Collirio, soluzione
monodose da 0,5 ml
Gentamicina

Ribomicin 0,3%
unguento oftalmico
Gentamicina

PRODUCTS UNDER EXCLUSIVE LICENCE

capri care 1 capri care 2

Alesco produces and distributes raw materials and active ingredients for the food, pharmaceutical and food supplement industries.

PROPRIETARY RAW MATERIALS (ACTIVE INGREDIENTS)

SideMag marine · SideMag · UltraFer · UltraIod · UltraSel · UltraChrome · UltraCal sea · UltraZin · UltraCal

OTHER TECHNOLOGIES

UltraJoint · UltraSterol · UltraMir · Cetilar c.m. · LipoCet · UltraRed

RAW MATERIALS UNDER EXCLUSIVE LICENCE FOR ITALY

lactium · Aquamin · BIOENERGY RIBOSE · ATURA PLANT ORIGIN PROTEINS · Chromax chromium picolinate

Akern produces and distributes non-invasive diagnostic tools and medical software for monitoring body composition using bio-impedance techniques.

DIAGNOSTIC TOOLS

NUTRI | LAB · BIA101 | BIVA PRO · BIA101 | MED

MEDICAL SOFTWARE

HBO | HOSPITAL BODYGRAM · BODYGRAM DASHBOARD

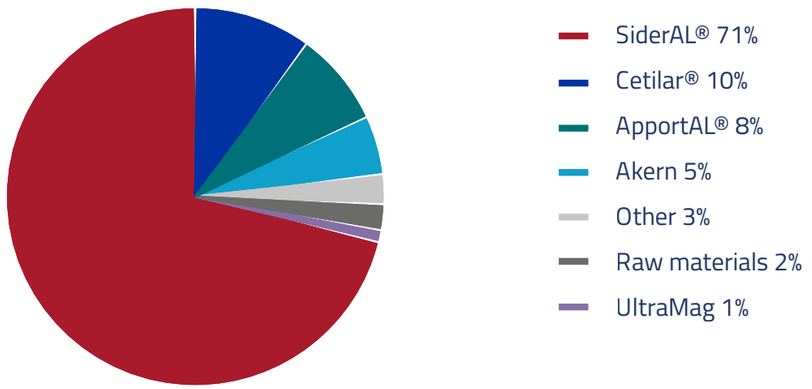
The table below provides a breakdown of revenues by product line for the financial year 2023.

F.P. REVENUES PER PRODUCT LINE €/1,000	2023	2022	Δ%	INCIDENCE 2023	INCIDENCE 2022
SiderAL®	71,272	58,790	11.80%	71.13%	71.07%
Cetilar®	10,034	8,144	24.22%	10.01%	9.84%
ApportAL®	8,074	8,238	112.05%	8.06%	9.96%
UltraMag®	1,022	874	1.27%	1.02%	1.06%
Other	9,802	6,679	246.42%	9.78%	8.07%
Total	**100,202**	**8,2724**	**25.69%**	**100%**	**100%**

The Sideral® line, with an increase in revenues reaching Euro 71.3 million as at 31 December 2023 (+21.2 compared to 2022) and an incidence on the total finished product turnover of 71%, being stable compared to 2022, confirms itself as the main line in the Group's product portfolio with considerable growth margins.

The Cetilar® line returned to pre-Covid levels with a 23% increase over the previous year. The incidence on total revenues remained in line with the previous year. Apportal® showed a slowdown compared to the previous year, in line with the general trend in the tonic products market, as the effects of Covid-19 progressively faded.
The item Other includes Akern's revenues, Alesco's sales of raw materials and revenues from the other products of the Group.

FINISHED PRODUCT REVENUES BY PRODUCT LINE



1.1.6 Vision and Mission

PharmaNutra's mission is to **make a difference** by putting science at the service of nutrition so as to intervene before people need it.
We believe that the essential and indispensable tool to achieve this goal is **curiosity**, which drives one towards information, study, listening and knowledge in order to be able to understand the evolution of society and to have a microphone constantly turned on the health care environment.

These are our objectives:

Healing by educating for well-being: PharmaNutra works so that people do not get sick. This project goes beyond the concept of prevention because it is about culture and food awareness

Healing by making you feel well: **we enhance natural elements** with our technology so that nutritional supplements can be more effective and without contraindications

Healing by making people stronger: we know the human organism and are aware that the first step to safeguarding its health is to give it **strong and effective natural defences**

How can we achieve them?

Making people more aware of the value of what they consume through food and the importance of a **healthy lifestyle**

Implementing a new **proprietary laboratory for the simulation of** digestion and absorption processes to be made available to researchers and experts

Applying its know-how and technologies to **new trace elements** to enhance their natural effectiveness

Activating **new study and research programmes** so that talents in the territory have a future in science, sport and everyday life

1.1.7 A business that creates value: the Group's impacts

PharmaNutra's corporate governance system primarily aims at creating value for Shareholders through a responsible and sustainable approach, without losing sight of the social relevance of the business and all interests involved.
With a CAGR of around 17.60% over the last 7 years, PharmaNutra Group presents itself as a growing and strongly future-oriented company.
The following tables show the main income statement and balance sheet data for the financial years 2023, 2022 and 2021[3].

INCOME STATEMENT FIGURES €/millions	2023	%	2022	%	2021	%
Revenues	102.0	100%	83.4	100%	68.8	100%
Revenues from sales	100.2	98%	82.7	99%	68.1	99%
EBITDA	26.5	26%	24.4	29%	20.1	29%
Net result	12.8	13%	15.0	18%	13.8	20%
Net result (excl. non-recurring items) *	15.5	15%	15.0	18%	13.3	19%
EPS - Net result per share (Euro)	1.60	-	1.56	-	1.42	-

* The Net Result and Net Earnings per share excluding non-recurring items as at 31/12/2023 include the amount of Euro 2.6 million, which represents the burden incurred for the definition of the tax periods between 2017 and 2021 with the aim of complying with the cooperative compliance program provided for by Italian Legislative Decree no. 128 of 5 August 2015.

BALANCE SHEET DATA €/millions	2023	2022	2021
Net invested capital	57.0	40.3	17
NET FINANCIAL POSITION	(2.62)	10.6	28.1
Shareholders' equity	(54.4)	(51.0)	(45.1)

ECONOMIC VALUE GENERATED €/1,000	2023	2022	2021
Value of production	101,963	83,394	68,836
Income from participations	-	-	29
Other financial income	905	528	130
Extraordinary income	-	-	-
TOTAL	**102,868**	**83,922**	**68,995**

In 2023, the Group obtained tax credit and tax relief in the amounts shown in the table below:

€/1,000	2023	2022	2021
Tax relief and tax credits	340	282	760

The 2021 tax credits include credits on reserach and development for Euro 258 thousand, credits obtained pursuant to Article 1 of Italian Law no. 205 of 27/12/2017 for Euro 457 thousand and credits on sponsorships for Euro 45 thousand.

3 - The Net Result and Net Earnings per share excluding non-recurring items as at 31/12/2023 include the amount of Euro 2.6 million, which represents the burden incurred for the definition of the tax periods between 2017 and 2021 with the aim of complying with the cooperative compliance program provided for by Italian Legislative Decree no. 128 of 5 August 2015.
The Net Result Net Earnings per share excluding non-recurring items as at 31 December 2021 is net of the tax credit obtained on the costs incurred for the transition to the MTA market in 2020

The 2022 and 2023 tax credits mainly refer to credit on Research and Development activities (72% for 2023 and 97.4% for 2022) and the remainder to credits for advertising investments. They are recognised on an accrual basis.

ECONOMIC VALUE DISTRIBUTED €/1,000	2023	2022	2021
Value distributed to suppliers of goods and services	(57,473)	(43,834)	(35,484)
Value distributed to the employees	(6,807)	(5,102)	(4,288)
Value distributed to the commercial network	(9,979)	(8,836)	(7,922)
Value distributed to capital providers*	(8,719)	(7,002)	(6,527)
Value distributed to P.A. bodies	(10,505)	(8,423)	(5,084)
Value distributed to the community	(1,142)	(1,208)	(1,016)
TOTAL	**(94,625)**	**(74,405)**	**(60,321)**

*Note: the value distributed to capital providers includes dividends paid and financial expenses

The increase in the Value distributed to P.A. bodies compared to the previous year refers to the charge related to the settlement of the 2017-2021 tax periods. As already indicated in the 2022 Sustainability Report, after having defined the 2016 tax period by means of a deed formalised in March, the Parent Company began discussing with the Provincial Directorate of the Inland Revenue Agency at the Pisa office to also settle the tax periods from 2017 to 2021. This discussion covered the same type of remarks already considered for the 2016 tax period and, although it follows a general audit carried out by the tax authorities, it will not point out any additional types of tax remarks for the Company. This makes it possible to then pursue the objective, already informally anticipated to the tax supervisory authorities, of adhering to the cooperative compliance program provided for by Italian Legislative Decree no. 128 of 5 August 2015. To this end, in the financial statements as at 31 December 2022, a provision of Euro 1.4 million had been set aside for taxes. The checks carried out as part of the dialogue process with the Inland Revenue resulted in an additional charge of approximately Euro 2.6 million.

ECONOMIC VALUE RETAINED €/1,000	2023	2022*	2021*
Wealth retained by the Group (Economic value generated - Economic value distributed)	8,243	9,516	8,674

*The wealth retained by the Group was restated for the years 2022 and 2021 as the difference between the Economic value generated and the Economic value distributed.

1.2 Our approach to sustainability

1.2.1 Regulatory overview

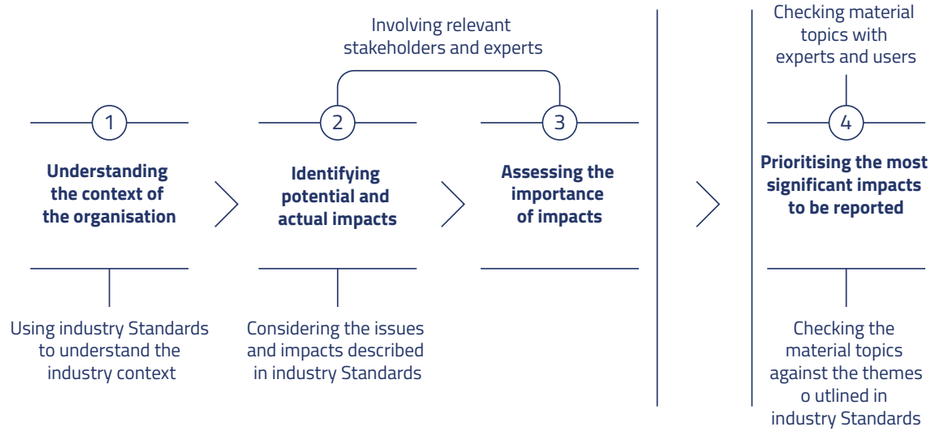
On 21 April 2021, the European Commission (EC) published the proposed Corporate Sustainability Reporting Directive (CSRD), with the aim of improving sustainability reporting in order to make the most of the potential of the European Single Market and contribute to the transition to a fully sustainable and inclusive economic and financial system, in line with the European Green Deal and the UN Sustainable Development Goals. The final text of the directive is the result of the agreement between Parliament, the Council and the EU Commission and was approved on 10 November 2022. The new EU Directive 2022/2464 was published in the EU Official Journal on 16 December 2022.
In March 2024, the draft decree transposing Directive (EU) 2022/2464 was published.
Below are some of the main new features of the new Directive:

- increase in the number of companies subject to disclosure: extension of the scope of application of reporting obligations. In fact, the new directive concerns all companies, both listed and unlisted, that exceed at least two of the following three limits: more than 250 employees, a balance sheet of more than Euro 25 million per year and net revenues exceeding Euro 50 million. Micro-enterprises are excluded, while all SMEs listed on European markets are subject to the obligation;
- increased disclosure requirements: the objective of CSRD is to ensure the disclosure of information on sustainability risks, opportunities, policies, impacts, targets and performance, thus encouraging the link between financial and sustainability information;
- compliance with Standards and Regulations: the information reported should be consistent with EU Regulations and Standards. The CSRD amends the requirements of the Accounting, Transparency and Audit Directives. In addition, ESG reporting will have to meet the EC Reporting Standards.

On 31 July 2023, the European Commission published the "Delegated Act" introducing the first twelve European Sustainability Reporting Standards ("ESRS"). The twelve ESRS published provide sector agnostic or "cross-sectoral" guidance on environmental, social and governance issues.
The adoption of these standards constitutes a comprehensive set of rules for reporting the impacts generated by companies on people and the environment, as well as the financial risks and opportunities for companies related to sustainability.
PHN Group will be obliged to report in accordance with the new ESRS as of the year 2025 (Reporting 2026). As of the second half of 2024, it has planned to start a project path to comply with the new CSRD principles.

1.2.2 The materiality analysis

In line with 2022, the 2023 materiality analysis was conducted in accordance with the "impact materiality" process defined by GRI 3: Material Topic 2021, in compliance with the requirements dictated by the GRI Universal Standards 2021.



Through this approach, given the context in which it operates, by means of an assessment of the information it has on the economy, the environment and people, taking into account the needs of its internal and external stakeholders, and after discussion with the top management and the main company representatives for material topics, a list of 21 most significant, positive and negative, actual and potential impacts[4] of the organisation on aspects such as economy, the environment and people, including impacts on human rights (so-called **impact materiality**) was identified.
Subsequently, in order to assess the significance of the impacts identified and to prioritise them, a questionnaire was prepared to be submitted to its most relevant stakeholders (employees, Board of Directors, Board of Statutory Auditors, some banks, some investors and the main suppliers).
The questionnaire gave PharmaNutra Group' stakeholders the opportunity to express their opinion in terms of **severity/relevance** (for current impacts only) and **likelihood of occurrence** (for potential impacts)[5].

4 -In 2022, the number of impacts was 22. With the completion of work for the construction of the new headquarters, it was deemed appropriate to merge the impact "increase in waste generation related to the construction of the new headquarters" into the impact "waste generation related to the construction of the new headquarters and the performance of laboratory and prototype analysis activities".
5 - Within the questionnaire, stakeholders were asked to rate the impacts in terms of severity and likelihood on a scale of 1 to 7.
The severity of an actual or potential negative impact depends on the following characteristics:
- Scale: how serious is the impact;
- Scope: how widespread is the impact, for example, the number of people affected or the extent of environmental damage.
- Characteristics of irreparability: how difficult it is to mitigate or compensate the resulting damage.
The likelihood of a potential negative impact refers to the possibility of occurrence of the impact and can be measured or determined in a qualitative or quantitative way.

Below is the list of impacts identified and submitted for stakeholders' assessment:

MATERIAL TOPIC	IMPACT	IMPACT TYP.
Creation of sustainable value and social commitment	Creation of economic and financial value	**Current positive**
	Research and development investments	**Current positive**
	Ongoing collaboration with the university aimed at improving relations with the territory and establishing continuous education flows for internal staff and the possibility of recruiting future candidates	**Current positive**
	Redevelopment of an area in Pisa territory through the construction of a new technologically advanced headquarters that respects the environment	**Current positive**
	Donations, sponsorships and liberal grants	**Current positive**
Corporate welfare and employee career development	Development of staff skills through appropriate training programmes	**Current positive**
	Guarantee of stable employment for employees and collaborators	**Current positive**
	Improving the psycho-physical well-being of individuals and their families through welfare solutions, with an eye to work-life balance	**Current positive**
Product quality and safety	Potential damage to consumer health related to products distributed on the market that are defective and/or do not comply with EU regulations	**Potential negative**
	Loss of sensitive information relating to the production process and company know-how	**Potential negative**
	Use of non-biodegradable packaging to maintain product quality	**Current negative**
Energy efficiency	Emissions and/or waste generation along the value chain	**Current negative**
	Production of GHG and non-GHG emissions in the corporate activity	**Current negative**
Waste management and recycling	Increase in waste generation related to the construction of the new headquarters	**Current negative**
	Generation of hazardous waste in the course of laboratory and prototype analysis activities	**Current negative**
Responsible procurement management	Possible human rights violations along the value chain	**Potential negative**
	Collaboration with certified suppliers with whom research activities focusing on product quality improvement are carried out	**Current positive**
Health and safety at work	Occurrence of accidents due to employees' lack of attention to health and safety	**Potential negative**
Diversity and equal opportunities	Cases of employee discrimination based on gender, age, political or sexual orientation, marital status, etc.	**Potential negative**
	Lack of transparency in communication and application of subjective evaluation drivers in employee career paths	**Current negative**
Ethics, integrity and fight against corruption	Cases of non-compliance with the regulatory system in which the company operates	**Potential negative**
Cybersecurity and Data Responsibility	Business Continuity issues and cyber attacks that could impact business operations	**Potential negative**

The remainder of this report features the description of the mitigation actions implemented by the Group to manage negative impacts.

Through the analysis of the answers received in the questionnaires, material topics were ranked according to the criterion of relevance.
Ethics, integrity and fight against corruption together with cybersecurity and data responsibility are the most relevant topics for the stakeholders who filled in the questionnaire, while ranked last are the topics of waste management and recycling as well as energy efficiency.
Below is a short description of the material topics of PharmaNutra Group:

#	MATERIAL TOPICS IDENTIFIED	DESCRIPTION
1	**Ethics, integrity and fight against corruption**	The Group regards integrity as a founding value of its leadership. For this reason, it ensures compliance and enforcement of the regulations, with a view to fairness and transparency towards shareholders and stakeholders.
2	**Cybersecurity & Data Responsibility**	The protection and responsible handling of corporate data is an essential prerequisite for safeguarding stakeholders' interests and maintaining the trust placed in us.
3	**Corporate welfare and employee career development**	The beating heart of the Group lies in its people. That is why we are committed to creating perspectives for personal and professional growth, striving to meet the needs of our employees and developing individual capabilities through continuous learning.
4	**Responsible procurement management**	In order to ensure a procurement policy aimed at reducing waste and guaranteeing respect for human dignity, the Group is committed to formalising agreements that require respect for human value and the principles contained in its Code of Ethics, with a view to responsible procurement.
5	**Diversity and equal opportunities**	The Group's interest in giving everyone the same opportunities for professional development is constant, maintaining an appropriate level of gender representation in the corporate workforce, promoting respect for equal opportunities, fair treatment of all people and diversity as an asset to be cultivated.
6	**Product quality and safety**	PharmaNutra Group's goal is to make safe and effective products available to the community. To this end, research and development, in which our company is one of the leaders, is strategic and fundamental.
7	**Sustainable value creation**	PharmaNutra Group is committed to achieving results that satisfy its investors, the needs of all relevant stakeholders and to creating value for the community in which the company operates.
8	**Health and safety in the workplace**	The Group guarantees safe and welcoming workplaces for all, recognising prevention in workers' health and safety as a priority and responsibility of the company.
9	**Energy efficiency**	PharmaNutra Group pays attention to energy resources, managing consumption with the aim of improving the energy efficiency of all its activities.
10	**Waste management and recycling**	Through its production plants, research laboratory and construction site for the new headquarters, the Group seeks to contribute to reducing the impact of its activities on the environment.

1.2.3 The Stakeholders

PharmaNutra Group maintains an interactive and continuous dialogue with the main internal and external stakeholders, listening to them and understanding their expectations, in order to actively contribute to corporate sustainable development goals and to value creation in the long term.
Starting from the awareness of its role and activities, the Group has identified its stakeholders in order to understand their expectations and define actions that fulfil the interests expressed, with the aim to satisfy market and consumer demands.

PharmaNutra constantly involves its stakeholders mainly through the activities of its Pharmaceutical Sales Representatives, sharing brochures and prospectuses. Another fundamental role is played by the trade fairs and congresses the Group takes part in, which allow it to disseminate its values and come into direct contact with the various stakeholders.
During the year 2023, questionnaires were prepared so as to involve employees and key suppliers (Pharmaceutical Sales Representatives, production plants, universities) in the Group's sustainability world.
Based on the responses received through this activity, it was possible to obtain relevant insights and feedback and to try to capture, albeit indirectly, the stakeholders' perception of the Group in terms of sustainability.
In the chapters on staff and suppliers, the results of the questionnaires will be discussed in more detail.

STAKEHOLDERS	MODES OF INVOLVEMENT
SUPPLIERS	▪ Regular progress and alignment meetings between suppliers and corporate business units ▪ Code of Ethics ▪ Trade fairs and congresses ▪ Training to Pharmaceutical Sales Representatives ▪ Order platform ▪ Questionnaire on ESG issues
CUSTOMERS	▪ Internet channels (website, LinkedIn) ▪ Social Media ▪ Trade fairs and congresses ▪ Scientific training for foreign distributors
EMPLOYEES AND COLLABORATORS	▪ Regular internal staff meetings for every single function ▪ Annual performance evaluation ▪ Continuing Education ▪ Corporate events ▪ Questionnaire on ESG issues
SHAREHOLDERS AND THE FINANCIAL COMMUNITY	▪ Meetings of the Board of Directors ▪ Periodic (quarterly) and annual management reports ▪ Press releases ▪ Website ▪ Periodic meetings
LOCAL COMMUNITIES	▪ Continuous dialogue of partnerships with civil society and charitable organisations with regard to cultural and sports initiatives ▪ Territorial and community initiatives
SCIENTIFIC COMMUNITY AND UNIVERSITIES	▪ Trade fairs and congresses ▪ University projects through sponsored masters
HEALTH CARE FACILITIES AND WORKERS	▪ Dialogue with health care professionals, the scientific and university community ▪ Press releases ▪ Website ▪ Trade fairs and congresses ▪ Use of medical partnerships

PharmaNutra also deems it essential to be part of the community of companies in its sector and territory: this is why it is an associate member of Farmindustria, Union Foods (formerly Federsalus), Unione Industriali di Pisa.

1.2.4 Our contribution to the UN Sustainable Development Goals

Consistent with its vision and mission, PharmaNutra Group joined the 2030 Agenda for Sustainable Development (the “Agenda”) and assessed in a more direct way how it can contribute to the Sustainable Development Goals (SDGs). The Agenda was signed at the UN summit in September 2015 by 193 countries and includes 17 Sustainable Development Goals (SDGs), broken down into 169 targets, which have global validity and chart a path of responsibility and collaboration to address current challenges.

The 17 goals of the Agenda refer to a set of important themes for sustainable development that take into account the three dimensions - being economic, social and ecological - and involve all countries and societies, from private companies to the public sector, aiming to end poverty, fight inequality, tackle climate change and build societies that respect human rights.

Below are the material topics identified by PharmaNutra Group associated with the relevant SDGs, demonstrating the contribution that the Group’s companies can make towards achieving the SDGs.

Through a document on the official GRI Standards website showing the correlation between the GRIs applied and specific SDGs, the link between each topic and the SDGs of the 2030 Agenda was made.

	3 HEALTH AND WELL-BEING	5 GENDER EQUALITY	6 CLEAN WATER AND HYGIENE	7 CLEAN AND AFFORDABLE ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCING INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 ACTING FOR THE CLIMATE	14 LIFE UNDERWATER	15 LIFE ON EARTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
WASTE MANAGEMENT AND RECYCLING	■		■		■			■	■			■	
ENERGY EFFICIENCY	■			■	■				■	■	■	■	■
CORPORATE WELFARE AND EMPLOYEE CAREER DEVELOPMENT		■			■		■						
HEALTH AND SAFETY IN THE WORKPLACE	■				■								■
DIVERSITY AND EQUAL OPPORTUNITIES		■			■		■						
RESPONSIBLE PROCUREMENT MANAGEMENT					■								
PRODUCT QUALITY AND SAFETY													■
CYBERSECURITY AND DATA RESPONSIBILITY													■
ETHICS, INTEGRITY AND FIGHT AGAINST CORRUPTION													■
SUSTAINABLE VALUE CREATION		■			■	■		■					

1.2.5 The development of sustainability in PharmaNutra Group

During 2023, the Group implemented the actions that had been scheduled in the Sustainability Plan defined the previous year.
Through the Sustainability Plan, the Group communicates to its stakeholders its strategic guidelines and identifies the objectives it is committed to achieving, thus guaranteeing continuous annual updates, in the knowledge that sustainability is never a point of arrival but a constantly evolving path.
The Sustainability Plan is divided into six high-level areas of commitment:

GOVERNANCE
Oriented towards sustainable success

COMMUNITY
Contributing to the well-being and improvement of the quality of life of the local community

PEOPLE
Generating involvement, awareness and belonging to the ESG project

VALUE CHAIN
ESG-oriented strengthening of the supply chain

ENVIRONMENT
Ensuring efficient consumption management and reduction of environmental impacts

INNOVATION
Ensuring the protection of intellectual property, patents and raw materials

Below is the table listing the objectives identified in the 2022-2025 strategy and their status of achievement in 2023.

AREA OF COMMITMENT	PROJECTS	SCHEDULE	STATUS	NOTES
Governance oriented towards sustainable success	Delegation of ESG powers to the Executive Director	2023	✔	Appointed during the BoD in July 2023
	Widening of the Risk Committee functions with the inclusion of ESG matters	2023	✔	Appointed during the BoD in July 2023
	Appointment of the ESG Manager	2023	✔	Appointed during the BoD in July 2023
	Creation of the ESG Operations Team	2023	✔	Appointed during the BoD in July 2023
	Implementation of software for data collection, data processing, ESG Report drafting	2023	✔	Completed in early 2024
	Software implementation for ESG Report taxonomy	2023	✘	Postponed to 2025
	Integration of the Code of Ethics with ESG issues	2024	✘	Under implementation
	Spreading of knowledge about the Code of Ethics	2024	✘	Under implementation
	Achievement of ESG certification and rating	2024/2025	✘	Under implementation
	Software implementation for ESG Report tagging	2025	✘	
	Implementation of management incentive systems also based on ESG targets	2026	✘	
People: involvement, awareness and ownership of the ESG project	Organisation of the annual meeting with employees to share Group strategies and trends	2023	✔	On the occasion of the move to the new headquarters, the Board had the pleasure of meeting all employees
	Addition of a company canteen and a well-being area in the new headquarters	2023	✔	In operation since October 2023
	Implementation of Smart or remote working agreements	2023	✔	Agreements signed in February 2023
	Introduction of a personnel incentive system based on qualitative/quantitative elements	2024	✘	Under implementation
	Formalisation of the staff training plan	2024	✘	Under implementation
	Organisation of team building events	2024	✘	Under implementation
	Organisation of the training course about Project Management	2024	✘	Under implementation
	Induction to the Board of Directors on ESG issues	2023	✔	At the end of 2023, on the occasion of the meeting of the Board of Directors for the approval of the third-quarter financial statements, a short ESG training was provided to all Board members
	Training on ESG issues to all staff/functional managers (managers who are part of the ESG team)	2024	!	Training sessions on ESG topics started in December 2023 to key corporate representatives for material topics. The sessions ended in mid-2024
	Formalised communication of the career path and personal objectives to be achieved during the year	2025	✘	
	Achievement of 45001 certification (Occupational Health and Safety Assessment Specification)	2025	✘	
	MBO system on ESG criteria to the ESG team	2026	✘	

AREA OF COMMITMENT	PROJECTS	SCHEDULE	STATUS	NOTES
Environment: ensuring efficient consumption management and reduction of environmental impacts	Commitment to purchase certified green energy	2023/2024	✗	Under implementation
	Assessment of the environment policy adoption and training	2024	✗	Under implementation
	Implementation of a water and energy consumption monitoring system	2024	✗	Under implementation
	Evaluation of the possibility of using biodegradable packaging	2025	✗	
	Assessment of the adoption of an ISO 14001-compliant environmental management system	2025	✗	
	Projects to reduce water consumption and share of waste for disposal	2026	✗	
Community: contributing to the well-being and improvement of the quality of life of the local community	Development of initiatives aimed at the development and welfare of the local community	2023/2024	✓	On a yearly basis, the Group implements and participates in initiatives aimed at the development and well-being of the community
	Definition of agreements with educational institutions for internships, school/work placement	2023	✓	1 school/work project and 1 short internship were carried out
	Evaluation of the possibility of using food not consumed by the company canteen in canteens/ hospitality centres	2025	✗	Preliminary verifications highlighted administrative requirements that could prevent the project from being implemented
Value chain: ESG-oriented strengthening of the Supply chain	Introduction in supplier selection processes of the compliance with ESG criteria to be defined	2024	✗	Under implementation
	Establishment of contractual clauses requiring the most significant suppliers to provide KPIs to be defined (implementation of a monitoring system for energy and water consumption upstream in the value chain)	2024	✗	Under implementation
	Evaluation of the implementation of incentive systems for strategic suppliers based on ESG criteria (guaranteeing annual orders, intervention on payment terms, etc.)	2025	✗	
Innovation: ensuring the protection of intellectual property, patents and raw materials	Assessment of the achievement of ISO 27001-Information Security Management Systems certification	2025	✗	

For monitoring the objectives, the Group has defined an appropriate measurement method (KPI) allowing to determine the effectiveness of the actions taken.
The main reason why they are used is precisely to determine whether the company is achieving its objectives. If this is not happening, corrective measures can be introduced. Therefore, sustainability indicators measure the company's performance and how it implements its plans from a sustainability perspective.

AREA OF COMMITMENT	CUSTOM KPI	2023 TARGET	2023 FINAL BALANCES	Δ%	2024 TARGET
People	% of employees hired with open-ended contract	>90%	88%	▼ -2%	>90%
	Turnover rate	<14%	12.3%	▲ 1.7%	<14%
	Questionnaire per year about the workplace environment	1	1	— 0%	1
R&D	Staff dedicated to R&D projects for annual hours	>9500	9747	▲ 3%	>9500
	Research and development investments	>500000	521000	▲ 4%	>500000
Value chain	% of suppliers who signed the Code of Conduct	>95%	*	n.a.	>95%
	Audits of at least 50% of critical suppliers	>=50%	60%	▲ 10%	>=50%
Community	Amount disbursed to the community as a donation	200000	195000	▼ -3%	200000
	Amount paid to sports clubs as sponsorships	100000	212717	▲ 113%	100000
	Amount invested in collaboration projects with universities started during the year	50000	34000	▼ -32%	50000
	Value generated in k€ (revenues) > 10% compared to the previous year	90996	100202	▲ 10.12%	+10%
Ethics and governance	Training to 80% of staff on the Code of Ethics and anti-corruption policy	n.a.	n.a.	n.a.	80%

* Reporting on this KPI is postponed to 2024

02

Governance, ethics and integrity

2.1 Approach, strategy

PharmaNutra Group's core values include respect for ethics in business and socially responsible behaviour by placing responsibility towards customers, shareholders, people and the environment at the core of its business model.
To this end, the Group, which has been listed on the Euronext Star Milan market since December 2020, has adopted a governance structure aligned with national and international best practices and complies with the principles set forth in the Corporate Governance Code for Listed Companies promoted by the Corporate Governance Committee.

2.1.1 The Governance

PharmaNutra holds 100% of the companies listed in the company chart in section 1.1.
In February 2024, the Board of Directors of the Parent Company approved the plan to merge by incorporation (the "Merger") the subsidiaries Junia Pharma and Alesco into PharmaNutra.

The operation is part of a broader project for the reorganisation of the Group and intends to improve management efficiency of the Group, allowing for the development of significant IT, logistics, commercial, corporate and administrative synergies, also with a view to optimising business processes as well as allowing for the containment of the overall costs of the corporate structure. The reorganisation will make it possible to unify and integrate operational processes and achieve greater flexibility and efficiency in the use of resources.
Over the years, the Group has strengthened its governance structure, which is a sign of reliability and transparency towards its stakeholders by adopting the following organisational elements:

- Corporate governance structure reflecting the principles of Borsa Italiana's Corporate Governance Code;
- Code of Ethics containing the principles and values as a foundation for smooth management execution;
- Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001;
- Systems certified according to international ISO standards to control sensitive processes and operations for smooth running of the organisation.

PharmaNutra Group has adopted a traditional organisational model, consisting of: Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.
The Group's governance is entrusted to the Board of Directors, which consists of seven members, four of whom are executive directors and three independent directors, appointed in 2023 with office until the approval of the 2025 financial statements, and whose Chairman is not an employee or manager of the Group.
Its operation is governed by the specific "Regolamento del Consiglio di Amministrazione (Rules of the Board of Directors) published on the Parent Company's website **(www.pharmanutra.it**).

BOD COMPOSITION

AGE GROUP

Basically, the Board of Directors has an average age of more than 50 years, it is made up of 71% men, while the remaining 29% are women, with the average age of directors almost equally distributed between the 30-50 and over 50 age groups.
The members of the Board of Directors in office until 31 December 2023 are characterised by a mix of professional and personal skills ranging from scientific subjects to economics, law and management, with international experience in the business sectors in which PharmaNutra Group operates.
An abstract of the Curricula of all Board members can be found in the "Governance" section of the website **www.pharmanutra.it**.

The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting (which also determines their number) on the basis of lists in which the candidates must be listed in numerical order and in compliance with the pro tempore regulations in force concerning directors who meet the requirements of independence and gender balance.
The right to submit lists is held by the Board of Directors in office and by shareholders who, at the time the list is submitted, alone or together with others own shares representing at least the minimum percentage of the share capital with voting rights at the Ordinary Shareholders' Meeting as established by Consob, which will in any case be indicated in the notice of call.
Consob set the shareholding required for the submission of lists for the election of the Company's Board of Directors at 2.5% of the share capital.
Pursuant to the Articles of Association, the Directors are elected for a term of 3 (three) years or for a period of not more than 3 (three) financial years, as determined by the Shareholders' Meeting upon election, and can be re-elected.
PharmaNutra's Board of Directors met 11 times during 2023 (9 times in 2022), mainly dealing with issues concerning: (i) the implementation of future growth strategies, such as the integration of Akern (acquired in 2022), the start-up of the foreign subsidiaries established in 2023, (ii) the approval of the financial statements (quarterly, half-yearly and annual), (iii) the approval of the budget, (iv) the approval of the Sustainability Plan and Report, (v) the approval of regulations of the Board committees, the adoption of new procedures (the Group's Whistleblowing management procedure) and additions to existing procedures and the 231 model.
The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, decides on strategic guidelines both from a sustainable and a business viewpoint, and monitors the implementation of the decisions taken.
Strategies are defined by the Board of Directors, which takes sustainability impacts into account in the evaluation process.

In line with the Sustainability Plan (the "Plan") approved in 2023, the following actions were implemented:

1. With a view to sustainability, expansion of the functions of the Audit and Risk Committee, which has become the Audit, Risk and Sustainability Committee.

In addition to supporting the Board of Directors' assessments and decisions on the internal control and risk management system, such Committee has proposal and advisory functions vis-à-vis the Board of Directors on sustainability issues such as:

- examining and evaluating sustainability issues related to business operations and the dynamics of interaction with stakeholders;
- examining and evaluating the system for collecting and consolidating data for the preparation of sustainability reports and documents that will be required in the future as a result of the European Union's sustainability regulations;
- examining the Sustainability Report in advance, formulating an opinion for approval by the Board of Directors;
- monitoring the Group's positioning on sustainability issues, with particular reference to the Group's ranking in ethical sustainability indices;
- expressing opinions on any further sustainability issues at the request of the Board of Directors.

2. Assignment to an Executive Director of specific delegated powers for the management of the organisation's impacts on economy, the environment and people, and in particular:
   - proposing, coordinating and starting projects and initiatives in the area of social responsibility;
   - monitoring action plans for the implementation of the Sustainability Plan, also in the light of external best practices;
   - reviewing stakeholders' information and requests on sustainability issues and coordinating the drafting of the annual Sustainability Report.
3. Appointment of the Group's ESG Manager with the task of implementing the software for drafting the Sustainability Report, monitoring the KPIs defined in the Sustainability Plan and coordinating the operations team for the implementation of the operational actions envisaged in the plan and the reporting of results, contributing to the dissemination of the sustainability culture.

For further details, please refer to the documents in the Governance section published on PharmaNutra Group's website.

2.1.2 The Committees

The Board of Directors has established three committees within its structure featuring proposal and advisory functions: the **Remuneration and Nomination Committee**, the **Control, Risk and Sustainability Committee** and the **Committee for Related Party Transactions**, consisting solely of independent and non-executive directors. The roles, composition and functioning of the various committees are defined by specific regulations that implement the principles set out in Borsa Italiana's Corporate Governance Code.

Remuneration and Nomination Committee

The Company has established a remuneration committee within its Board of Directors. On 26 April 2023, the Parent Company's Board of Directors appointed non-executive and independent directors as members of the Committee:

- Giovanna Zanotti – Independent Director – as Chairwoman;
- Marida Zaffaroni – Independent Director;
- Alessandro Calzolari – Independent Director.

The Committee has advisory and proposal functions with reference to the Remuneration Policy:

- it proposes the adoption of the Policy for the Remuneration of Directors and top executives with strategic responsibilities, including incentive plans;
- it periodically assesses the adequacy, overall consistency and practical application of the Remuneration Policy for Directors and top executives with strategic responsibilities;
- it submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors holding particular offices;
- it makes proposals to the Board of Directors with reference to the Remuneration Policy, including incentive plans, with reference to Managing Directors and other Directors holding particular offices, as well as, according to the suggestions of the Managing Directors, proposals for the definition of the remuneration criteria of the top managers with strategic responsibilities of the Company.

During the financial year and up to the Report Date, the Remuneration and Nomination Committee met three times.

Control, Risk and Sustainability Committee

On 3 February 2023, the Board of Directors of the Parent Company approved the regulation of the Control and Risk Committee defining its operation rules. Pursuant to the aforementioned regulation, the Control and Risk Committee has the task of assisting the Board of Directors' evaluations and decisions concerning the internal control and risk management system, by means of an adequate preliminary activity of a proposal and advisory nature, so that the main risks relating to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored. More specifically, the Control and Risk Committee is entrusted with the tasks regarding control and risks as set forth in Recommendations 33 and 35 of the Corporate Governance Code, as also specified in the Committee's regulation published in the Governance section of PharmaNutra's website.

On 26 April 2023, the Parent Company's Board of Directors appointed as members of the Control and Risk Committee the Independent Directors Marida Zaffaroni (as Chairwoman), Alessandro Calzolari and Giovanna Zanotti. At the time of their appointment, the Board of Directors considered that the members of the Control and Risk Committee have, on the whole, adequate expertise in the business sector in which the Group operates to assess the related risks. In addition, the Directors Alessandro Calzolari and Giovanna Zanotti have adequate knowledge and experience in accounting, financial and risk management matters.

In July 2023, the Board of Directors of the Parent Company extended the competencies of this Committee by assigning it proposal and advisory functions vis-à-vis the Board of Directors on sustainability issues, as already mentioned.

During the financial year and up to the Report Date, the Control and Risk Committee met six times.

Related Party Transactions Committee

The Related Party Transactions Committee includes 3 Independent Directors, in the persons of Alessandro Calzolari (as Chairman), Marida Zaffaroni and Giovanna Zanotti, who were appointed by the Board of Directors of the Parent Company on 26 April 2023.

The Committee is assigned the functions set out in the Related Party Transactions Procedure (the "RPT Procedure").

On 23 October 2020, the Board of Directors of the Parent Company, after obtaining the favourable opinion of the independent directors in office at that date, resolved to adopt a new RPT Procedure. The RPT Procedure entered into force as of the negotiations start date and was last amended on 29 June 2021. The RPT Procedure establishes the rules governing the procedures for the identification, approval and management of the company's transactions with related parties in order to ensure the transparency and substantive and procedural fairness of transactions with related parties, carried out directly or through subsidiaries pursuant to art. 93 of T.U.F. or otherwise companies subject to management and coordination.

In addition, it should be noted that PharmaNutra – as (i) a smaller company, as well as (ii) a newly listed company pursuant to article 3 of the "RPT Regulations" adopted by Consob with resolution no. 17221 of 12 March 2010 as subsequently amended (the "RPT Regulations") – applies to related party transactions – including the more relevant ones (as identified in accordance with Annex 3 of the RPT Regulations) – a procedure which takes into account the principles and rules set out in article 7 of the RPT Regulations, as an exception to article 8 of the same RPT Regulations.

For further information on the RPT Procedure, please refer to the procedure available on the website www.pharmanutra.it, Governance section.

During the financial year and up to the Report Date, the Related Party Transactions Committee met once.

The Board of Directors periodically evaluates the effectiveness of its activity and the contribution made by its individual members, through formalised procedures whose implementation it oversees.

To this end, it carries out its own assessment of the size, composition and actual functioning of the Board itself and of the Board Committees (so-called board review), also considering the role that the Board has played in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

During the financial year 2023, the Board of Directors carried out the annual assessment on the basis of a specific questionnaire divided into different areas of investigation (i.e. composition, structure, size and functioning of the Board, interaction with management, risk governance, composition and structure of the committees, etc.) and with the possibility of expressing comments and proposals. Such a questionnaire was transmitted and completed by all the Directors, as well as examined by the Board at its meeting of 15 March 2024. The Remuneration and Nomination Committee assisted the Board and the Chairman of the administrative body in ensuring the adequacy and transparency of the self-assessment process and, more generally, assisted the Board in its self-assessment activities, examining, in particular, the results of the self-assessment procedure.

As a result of the aforementioned self-assessment, the Board considered the administrative body suitable to perform the functions attributed to it by current legislation and that the size, composition and functioning of the Board and its committees are adequate with respect to the management and organisational needs of the Issuer, also taking into account the professional characteristics, experience, including managerial experience, of its members, their seniority as well as the presence, out of a total of 7 (seven) members, 3 (three) independent non-executive directors and 2 (two) female directors, who also guarantee an adequate composition of the Committees established within the Board.

In addition, the Directors considered that the composition of the Board of Directors reflects adequate diversity profiles regarding aspects such as age, gender composition and training and professional path.

Furthermore, it should be noted that, at the Report Date, the Board did not adopt a plan for the succession of executive directors, taking into account the current shareholding and organisational structure of the Issuer and also considering that the Corporate Governance Code recommends it only for "large companies".

The Group has also appointed a **Lead Independent Director** in the person of Alessandro Calzolari, one of the independent directors elected by the Board of Directors, with the task of collaborating with the Chairman of the Board of Directors to ensure that corporate governance functions properly, that information flows to the directors in a complete and timely manner as recommended by the Corporate Governance Code, and to coordinate, in collaboration with the Managing Director, the activities of the non-executive and independent directors.

Periodically, the Board of Directors, directly or through its delegated bodies, reports on its own actions and on any transactions conducted by the Company and its subsidiaries to the **Board of Statutory Auditors**. As a supervisory and controlling body, it performs control functions over the administration of the Company and compliance with the rules laid down in the Italian Civil Code.

As at 31 December 2023, the Board of Statutory Auditors consisted of three auditors, 2 men and 1 woman, all of whom were over 50 years of age.

The **Supervisory Body (SB)**, established pursuant to Italian Legislative Decree 231/2001, has the task of supervising and verifying the adequacy and application of PharmaNutra Group's Organisation, Management and Control Model, in relation to the corporate structure and its effective capacity to prevent the commission of offences. It carries out annual checks and on the occasion of substantial changes in activities or regulatory or organisational changes of reference, the completeness and updating of the Model, and ensures its observance by all recipients.

As at 31 December 2023, the Supervisory Body consists of three members:

- Mr Michele Luigi Giordano (Chairman and Standing Auditor)
- Mr Guido Carugi
- Mr Pasquale Giovinazzo (Internal Auditor)

During 2023, PharmaNutra Group's Supervisory Body met 7 times (10 in 2022).

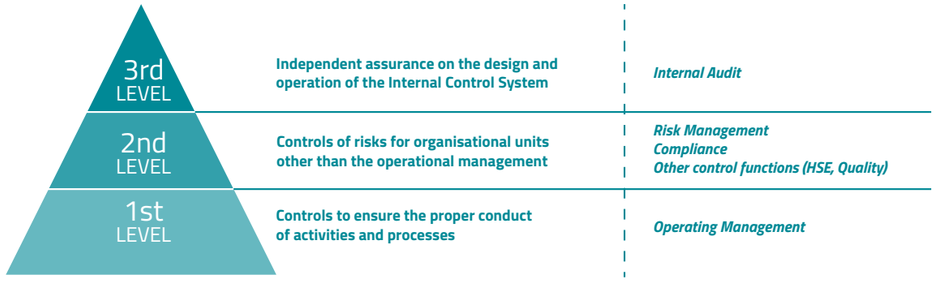
The architecture of the Internal Control System

PharmaNutra Group deems it of the utmost importance for the development and management of its business to maintain an effective Internal Control System that, without being an unnecessary bureaucratic burden, is useful to the whole Group in achieving its objectives.
In line with national and international best practices, a valid Internal Control System must be aimed at enabling a sound, correct and consistent management of the company in accordance with its objectives through an adequate process of risk identification, measurement and management.
The responsibility for maintaining an adequate level of the Internal Control System lies with all employees, in particular managers and heads of business units, with different levels depending on the responsibility held by each.
The Internal Control System is the set of rules, procedures and organisational structures aimed at enabling a sound, correct and consistent management of the company in accordance with its objectives through an adequate process of identification, measurement, management and monitoring of the main risks.
An effective Internal Control System helps to ensure:

- the protection of company assets;
- the efficiency and effectiveness of business operations;
- the reliability of financial reporting;
- the compliance with laws and regulations.

The execution of controls involves, with different roles, the administrative bodies, the control bodies, the management and all personnel. They form an integral part of corporate process activities. Internal controls can be attributed to three different organisational levels:

- **line controls or first-level controls**, aimed at ensuring that operations run smoothly. They are carried out by operational personnel in the different corporate functions (e.g. hierarchical and/or authorisation controls) or incorporated into procedures;
- **controls on risk management or second-level controls**, whose objective is to contribute to the definition of risk measurement methodologies, to verify compliance with the limits assigned to the various operational functions and to check the consistency of the operations of individual functions with the objectives assigned. They are entrusted to corporate functions other than operations;
- **internal audit or third-level controls**, aimed at identifying anomalous trends, violations of procedures and regulations as well as assessing the functionality in terms of design and operation of the overall internal control system. It is conducted continuously, periodically or by exception, by functions other than and independent of the operational functions, including by means of on-site audits.



Roles and responsibilities in the Internal Control System

The **Board of Directors** defines the guidelines of the Internal Control System so that the main risks are correctly identified and adequately measured, managed and monitored.

The **Chairman of the Board of Directors** oversees the company's internal control functions, those aimed at ensuring that public interest is fulfilled in the provision of the service and respect for users' rights.

The **Managing Director** is responsible for the management of the company, ensures that the organisational, administrative and accounting structure is appropriate to the nature and size of the company, examines the company's strategic, industrial and financial plans, evaluates and reports to the Board of Directors and the Board of Statutory Auditors on the general performance of operations and its foreseeable evolution as well as on the most significant operations, due to their size or characteristics, carried out by the Company. Therefore, it ensures the necessary resources for the management of the internal control system.

The **Head of Internal Audit** is responsible for verifying, on the basis of international standards, that the Internal Control System is always adequate, fully operational and functioning through an audit plan based on a process of analysis and prioritisation of the main risks. The Head of Internal Audit is not responsible for any operational area, reports hierarchically to the Board of Directors through the Chairman.

The function acts on the basis of the Internal Audit Mandate, the formal document that defines the purposes, powers and responsibilities of the Internal Audit activity, defined by the Board of Directors of PharmaNutra S.p.A.

By law, the **Board of Statutory Auditors** has the task of monitoring compliance with the principles of proper administration and the adequacy of the Company's organisational structure (for the aspects within its competence), the Internal Control System and the administrative-accounting system, as well as the reliability of the latter in correctly representing management events. Also in order to facilitate the fulfilment of the aforementioned tasks, the Board of Statutory Auditors:

- takes part in the meetings of the Board of Directors;
- independently evaluates the effectiveness and functioning of the Internal Control System and makes any recommendations to the competent bodies.

The Independent Auditors check during the year:

- the regular keeping of corporate accounts and the correct recording of management events in the books of account;

- that the financial statements and the consolidated financial statements correspond to the results of the books of account and the audits performed and that they comply with the rules governing them.

The **Supervisory Board** is established pursuant to Italian Legislative Decree 231/2001 and is endowed with autonomous powers of initiative and control. It has the task of supervising the operation of and compliance with the Organisation, Management and Control Model as well as its updating.

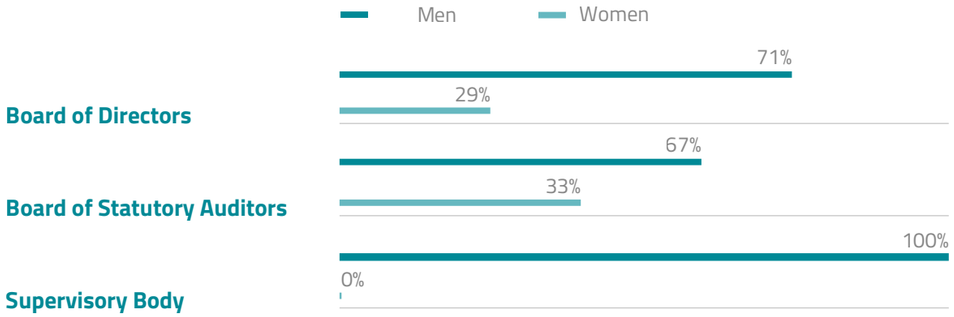
The **Heads of Function** are responsible for fostering and monitoring the effectiveness of the Internal Control System.

Employees, within the scope of their roles and responsibilities, after appropriate training, must contribute to ensuring the functioning of the Internal Control System.

The accounts are audited by the auditing firm BDO, which is entered in the special register kept by Consob.

The table below shows the breakdown by gender of the persons belonging to the corporate bodies described above for 2023.

	MEN	WOMEN	TOTAL
Board of Directors	5	2	7
Board of Statutory Auditors	2	1	3
Supervisory Body	3	0	3
TOTAL	10	3	13



In particular, as at 31 December 2023, 77% of the members of PharmaNutra Group's main governing bodies are men, while the remaining 23% are women.

2.1.3 Remuneration Policy

The Remuneration Policy adopted by the Group defines the principles and guidelines to which it adheres in determining the remuneration practices for Directors and the members of the Board of Statutory Auditors, as well as in monitoring the enforcement of the same.

The Remuneration Policy was drafted in light of the recommendations set forth in the Corporate Governance Code promoted by the Corporate Governance Committee, taking into account the provisions of the Rules of the markets organised and managed by Borsa Italiana S.p.A. and the relevant Instructions for issuers with STAR qualification, and was approved by the Company's Board of Directors on 16 April 2024 with a two-year duration.

The Company's Remuneration Policy – and, in particular, the policy on variable components of remuneration – contributes to the Company's strategy and to the pursuit of not only short-term but also medium/long-term interests and the sustainability of the Company.

The Policy is functional to the pursuit of sustainable success by the Company and takes into account the need to have, retain and motivate people having the skills and professionalism required by their role in the Company. In view of this goal, the Policy is defined in such a way as to ensure an overall remuneration structure capable of recognising the managerial value of the persons involved and the contribution made to the growth of the Company in relation to their respective roles and functions.

The Remuneration Policy has a two-year duration and in particular with reference to the 2024 and 2025 financial years.

The Company did not rely on the support of independent experts in the preparation of the Remuneration Policy.

The main persons and bodies involved in the preparation, approval and revision of the Remuneration Policy are the Board of Directors, the Committee, the Shareholders' Meeting and the Board of Statutory Auditors.

The remuneration of the members of the Board of Directors consists of a fixed part and a variable part (variable remuneration is reserved for executive members only).

The fixed component of the Executive Directors' remuneration is commensurate with the responsibilities, delegated powers and professional skills associated with the office/function held by the person concerned.

This component, which is not linked to the achievement of performance objectives, is determined in an amount sufficient to remunerate the performance of Executive Directors and Directors holding particular offices in the event that the variable components are not paid due to the failure to achieve the performance objectives specified by the Board.

The remuneration of Non-executive and Independent Directors shall be appropriate to the skills, professionalism and commitment required by the duties assigned to them within the Board of Directors and Board committees.

The variable component is divided into a short-term and a medium to long-term component.

The incentive system for Executive Directors recognises an appropriate balance between the fixed and variable components, consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the Company's business and the sector in which it operates, it being understood that the variable portion represents a significant part of total remuneration.

The short-term variable component is determined on the basis of the achievement of preset annual objectives related to performance indicators, both at consolidated and group level, established by the Board of Directors, on the proposal of the Remuneration Committee.

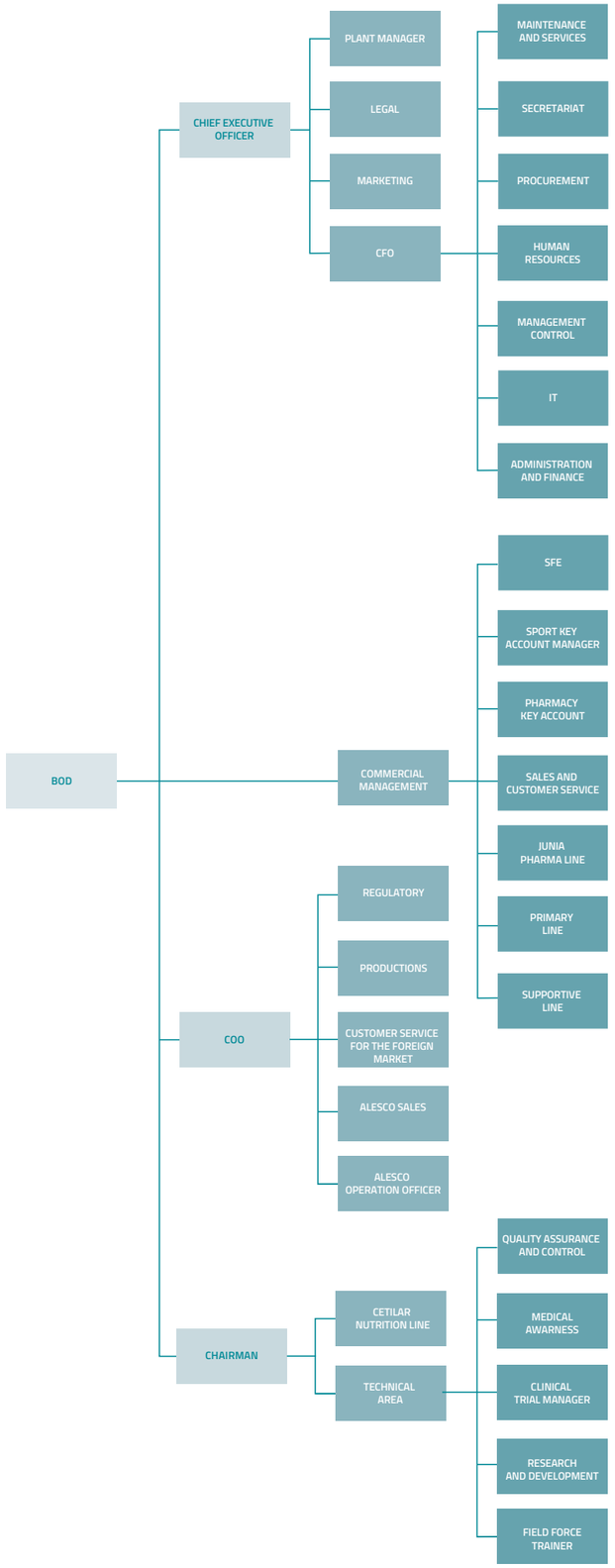
The performance objectives, to which the payment of the variable components for Executive Directors is linked, are predetermined, measurable and mostly linked to a long-term horizon. They are consistent with the Company's strategic objectives and are designed to promote its sustainable success, including financial parameters only.

The medium-long term variable component of Executive Directors consists of monetary incentive plans that, in line with the best comparable market practices, envisage adequate vesting periods and is determined on the basis of the achievement of predefined annual quantitative targets correlated to performance indexes determined at Group level, established by the Board of Directors, upon proposal of the Remuneration Committee.

For further insights, please refer to the section on the Report about the Remuneration policy and the remuneration paid[6].

2.1.4 The organisational structure

The organisational structure of the Parent Company is divided into four main areas, each being headed by an executive director, and transversally applies to all three companies belonging to the Group:
Research and Development supervised by the Chairman and coordinated by the Commercial Scientific Director, production and logistics supervised by the COO and coordinated for the Italian market by the Commercial Director
Administration, Finance and Control supervised by the Vice-President and coordinated by the Administration, Finance and Control Director (CFO)
Marketing and Communication supervised by the Vice-President and coordinated by the Marketing Manager



6 - The Remuneration Policy Report is available at the following link:
https://www.pharmanutra.it/wp-content/uploads/2024/03/Relazione-sulla-politica-in-materia-di-remunerazione-e-sui-compensi-corrisposti.pdf

The organisational chart of the subsidiary Akern S.r.l. follows the organisational structure of PharmaNutra and is supervised by the Managing Director.

2.1.5 The Organisation, Management and Control Model and the Group's Code of Ethics

In 2019, PharmaNutra adopted the Organisation, Management and Control Model (pursuant to Italian Legislative Decree 231/01), approved by the Board of Directors, and updated periodically (last update November 2023).

Thanks to its set of protocols, such Model allows for the application of a complete and effective control system within the Group, aimed at regulating and defining the corporate structure and the management of its sensitive processes, thus reducing the risk of criminal offences being committed, if it is correctly applied.

For the Model to be developed and adopted effectively, PharmaNutra Group:

- Carried out a risk assessment to identify and analyse the risk of offences being committed in the various company activities (both established and developing);
- Implemented specific procedures to manage risk, preventing the commission of unlawful conduct in areas where the risk of offences is higher.
- Defined the management structure for the prevention of offences, ethical principles, resources (human, economic, information), responsibilities and information flows, enabling the application and updating of prevention procedures and the detection, over time, of the emergence of new risk areas.

The effectiveness of Model 231 is ensured by the control activities of the Supervisory Body, which monitors the proper functioning of the Model, also with the support of the Internal Audit Department, takes care of its updating and continues to carry out its activities in accordance with its Articles of Association.

Model 231 traditionally consists of a general part, in which the guiding principles for the conduct of company operations are established, as well as the procedures for setting up and functioning of the Supervisory Body and the system of sanctions. There is also a special section where the control protocols of the corporate activities assessed as "sensitive" are explained and procedures for the precise regulation of some of them are included.

The documents constituting Model 231 are:

- Code of Ethics
- Disciplinary system
- Risk assessment
- List of offences

All the Organisational Models adopted within PharmaNutra Group foresee specific channels reserved to the reporting of anomalies or violations by employees and periodic training of personnel on the contents of the Models and reference standards.

Below are the main conducts contained in PharmaNutra Group's Code of Ethics:

- compliance with the regulatory provisions applicable in Italy and in any other country in which the Recipients operate;
- transparency vis-à-vis all stakeholders, i.e. the categories of individuals, groups or institutions whose interests are directly or indirectly affected by the performance of corporate activities;
- responsibility towards the community which, even indirectly, may be influenced in its economic and social development by the activities of Group's companies;
- protection of safety and health, physical and moral integrity and rights of workers;
- respect for employees and a commitment to enhance their professional skills;
- rejection of any conduct that, although aimed at achieving a result consistent with the companies' interests, presents aspects that are not compatible with the principles of this Code of Ethics and the commitment to comply with the applicable regulatory provisions, as well as the companies' rules of conduct and procedures;
- protection and preservation of the environment in all its components of the atmosphere, water, soil and subsoil, flora, fauna and ecosystems.

2.1.6 Anti-corruption

In a perspective of continuous improvement, within the project of updating the Model 231/2001, the Group has set itself the objective of adopting an anti-corruption procedure aimed at guaranteeing the ethical performance of corporate activities, protecting the creation of value for the Group and its stakeholders and those fundamental values on which PharmaNutra's activities are based.

PharmaNutra Group manages the anti-corruption topic through the Organisation, Management and Control Model, which includes the Code of Ethics adopted by the Company in 2019 and as last updated on 6 November 2023.

In compliance with the Code of Ethics, the Model provides specific rules for the prevention of cases of corruption and the management of risks that may arise in the performance of corporate activities.

In order to ensure compliance with the principles contained in the Code of Ethics, the Company shall ensure its widespread dissemination to employees, but also to suppliers, distributors and any other subject deemed to be appropriate.

During 2023, as in previous periods, there were no incidents of proven corruption, which demonstrates the Group's ongoing commitment in this area.

As of 15 July 2023, the new whistleblowing procedures introduced by Italian Legislative Decree no. 24/2023, which transposes EU Directive 2019/1937 and expands the protections in the event of whistleblowing, extending the subjective scope of application and the procedures to protect whistleblowers from possible retaliation, became effective. Therefore, a whistleblowing tool guaranteeing the anonymity of the whistleblower was activated. In light of the activation of this tool, the text of the new "PharmaNutra Group's Whistleblowing Management Procedure" was approved.

2.1.7 Data Responsibility and Cybersecurity

PharmaNutra Group aims at continuously improving its privacy governance with guidelines for the business on the application of privacy requirements for specific activities, particularly in the processing of health data and takes into account the risks associated with the processing and integrity of the personal data of all its stakeholders. That is why it has adopted a Privacy Policy in accordance with Art. 13 of the EU Regulation 2016/679 as well as the applicable national data protection legislation.

The Group's data management follows specific standards of responsibility and confidentiality, using a protective IT infrastructure to guarantee data integrity throughout their life cycle, so as to prevent accidental or intentional modification, falsification or even deletion.

The Group's employees, with particular reference to those working in the field of clinical trials handling large amounts of data, receive continuous training on the importance of data integrity and privacy.

During 2023, as in the previous financial years, there were no security incidents/data breaches, such as to pose a risk to the rights and freedoms of the data subjects involved, no inspections or audits were carried out by the Privacy Guarantor and/or other competent privacy authorities, and no complaints were lodged with the Privacy Guarantor against PharmaNutra Group pursuant to Art. 77 of the GDPR.

PharmaNutra Group is on a path of constant evolution of its information systems in the broader context of digitisation of business processes and the related IT security.

To this end, in 2022 a Cyber Maturity Assessment was carried out in cooperation with the Group's consultants in order to evaluate the current level of maturity with regard to Cybersecurity issues in order to prevent and identify gaps in various contexts of the organisation and identify any remedial actions to be taken.

The areas assessed were:

- Human factors
- Information Risk Management
- Business Continuity
- Operations and Technology
- Legal & Compliance

The analyses conducted and the assessments carried out revealed gaps in the areas of Information Risk Management, Business Continuity and Operations & Technology, which led to the definition of a plan to remedy the most relevant gaps, concluded in 2023, being broken down as follows:

- **Business Impact Analysis (BIA)**: business impacts for the loss/interruption of activities related to the processes in scope were identified, quantified and qualified in order to provide data to determine appropriate continuity strategies. Below are the main assessment items characterising the BIA:
- Impacts: these are assessed on the various stages of the process by means of a three-level scale (Low/Medium/High) and refer to specific characterisations, i.e. as impacts of the following types: Economic, Regulatory, Reputational
- Timing: for the process under analysis, the IT assets being essential for its correct execution are listed, specifying the values of: RTO (Recovery Time Objective), RPO (Recovery Point Objective).
- Interdependencies: any interdependencies (e.g. sequencing) are defined for each process step and their impacts are assessed in the event of prolonged service interruption.
- Resources: the various resources associated with the process, such as human resources, IT assets, third parties involved, are recorded in the BIA sheet
- **Business Continuity Plan**: at the end of the BIA analysis activities, the findings were formalised in a specific document, called "Business Continuity Plan", aimed at illustrating the solutions, resources and activities put in place to ensure the business continuity of the corporate processes in scope. This plan was approved by the Board of Directors of the Parent Company on 26 April 2023.
- **Risk assessment on outsourced activities to third parties in the IT field**: the contracts of the four strategic IT suppliers were analysed and an assessment of the potential risk of the supply, and the countermeasures applied, was carried out, defining the remedial activities to be ensured by the supplier.

The **procedure for incident management** and the **procedure for the management of logical access** to the Group's information system were finally formalised.

The cyber security improvement activity is continuing in 2024 with the definition of a Security Testing plan with the aim of periodically conducting scans on the infrastructure (internal and external) and the execution of a Cyber Security Testing activity from within the company network using an automated platform that allows managed and secure emulation of cyber attack tests in order to provide a comprehensive overview of the security level of the systems analysed. A Vulnerability Assessment Test, an Advanced Penetration Test and a Ransomware Test were performed.

Training on cyber security was also planned for all Group employees, with the aim of rising awareness about it.

2.2 Our management systems and certifications

As an operator in the health care and well-being sector, the quality of PharmaNutra Group's products and business processes is an indispensable value, to which the Group pays special attention through a structured Quality Assurance system, regulating activities at every level.

PharmaNutra Group's Quality Assurance system is based on three fundamental principles:

INNOVATION: The protection of intellectual property, patents and raw materials is the key to PharmaNutra Group's uniqueness

SCIENTIFIC RIGOUR: Cutting-edge studies and clinical research constantly guide the Group in the development of new products and solutions.

DEVELOPMENT SPEED: Flexible and interdisciplinary resources are the driving force behind development in a constantly changing world.

PharmaNutra is a **SA8000:2014** and **UNI EN ISO 9001:2015** certified company. Furthermore, since 2020, Cetilar® Cream, Cetilar® Patch and ApportAL® products were certified to meet the requirements of the **Play Sure Doping Free** specification.

PharmaNutra first obtained the **ISO 9001 certification** for its quality management system in 2007, Junia Pharma in 2012, Akern in 2017 and Alesco became certified in 2018. In 2018, all the Group's Italian companies were certified 9001:2015, maintaining ISO standards for the development and production of food supplements and medical devices in compliance with the requirements of a management system.

Akern is also **ISO 13845 certified**, a quality system for medical device manufacturers that takes care of all aspects, from design to after-sales service, including production, traceability and safety checks.

The Group's need is to demonstrate its ability to regularly supply products that meet customer demands and applicable mandatory requirements. In addition, our companies aim at continuously increasing customer satisfaction through the effective application of the system, as well as at promoting the use of the process-based approach and the risk-based thinking one:

- ensuring the availability of the necessary resources for the Quality Management System also through continuous professional development of personnel to ensure competence, awareness and the necessary knowledge for processes to take place;
- ensuring the continuity of product supply to customers and that agreed quality and legal requirements are met;
- selecting qualified service providers to maintain high quality standards;
- monitoring internal economic/financial and commercial aspects, also in relation to the national and global economic environment;
- defining quality indicators against which to assess the performance of business processes and implement intervention plans, which are periodically checked and redefined.

PharmaNutra and Junia Pharma are voluntarily SA8000 certified, regarding the implementation of a Corporate Quality System and Corporate Social Responsibility (quality in the workplace). PharmaNutra and Junia Pharma want to align their corporate objectives with their ethical principles, being aware that social responsibility is an added value for organisational development.

The adoption of the principles contained in SA8000 standard:

- It encourages accountability to the various stakeholders, both internal and external, in a transparent manner, with regard to issues such as working conditions, safety and staff remuneration; it promotes a participative business management model, in which dialogue between company leadership and staff is encouraged;
- It fosters a collaborative climate within the organisation.
- It supports communication between the company and its external stakeholders with a view to transparency.

The distinctive elements of SA8000 certification are:

- Avoiding and/or discouraging child labour
- Avoiding and/or discouraging forced or compulsory labour
- Monitoring and ensuring workers' health and safety in the workplace
- Guaranteeing freedom of association and the right to collective bargaining
- Avoiding or/discouraging the implementation of discriminatory practices
- Monitoring the correct and fair application of disciplinary practices
- Ensuring working hours congruent with those defined by current regulations
- Monitoring that the remuneration complies with the contracts concluded and the regulations in force
- Promoting the organisation and growth of the company's Management System

The Group is committed with a management system to respect human rights and labour laws and regulations, social performance is monitored and health and safety in the workplace is promoted.

FARMINDUSTRIA Certification

PharmaNutra Group holds Farmindustria Certification, thus ensuring compliance with the modalities of the specific scientific information activities of pharmaceutical companies. This certification is integrated with the Quality Management Systems such as ISO 9001:2015 or SA8000 (Social Accountability).

Holding this certification represents for PharmaNutra and the Group's companies a reason for differentiation in the nutraceutical industry, improves the credibility of the commitments made, thanks to the controls carried out by the independent third party body, and is a tool for communication and transparency of the quality of service towards all stakeholders.

PLAY SURE DOPING FREE Certification

In order to avoid taking doping food supplements and any other kind of doping products, the doping free certification was created. It is a first concrete attempt to ensure a precise formulation of food and nutritional products in general, so as to offer correct information not only to sportsmen and women, but to all consumers in general who want to avoid taking prohibited substances. The certification was created with the twofold aim of enhancing the companies that are committed to promoting action against doping substances in respect of their consumers, and at the same time giving a boost for activities that enable the control of production processes in an ethical manner.

The products of Cetilar® line were **Play Sure Doping Free**-certified in 2020. Granted by the **No Doping Life** association in technical collaboration with Bureau Veritas Italia, the Play Sure Doping Free label certifies that products are free of any substance considered potentially doping and hence are particularly suitable for those practising sport at any level.

Doping is regulated at the international level by the World Anti Doping Agency (WADA), which annually issues specific lists of substances that must not be taken by athletes to be compliant for international competitions. Against this list, pharmaceutical manufacturers are obliged to display a warning on the packaging if there is a "prohibited" substance among the ingredients of the drug (graphically represented by a crossed-out red circle with the word Doping in black).

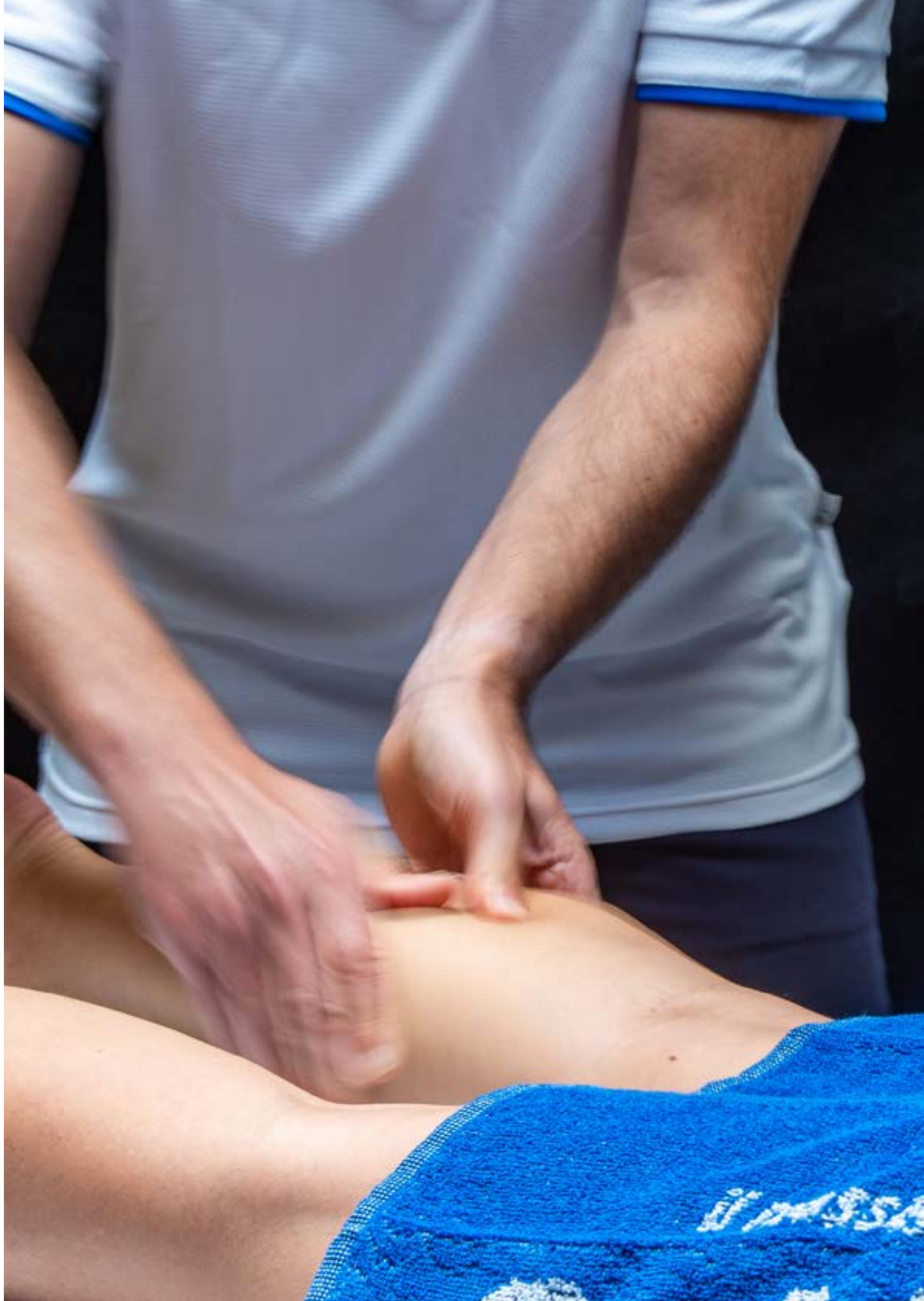
The certification benefits for PharmaNutra Group are manifold and are reflected throughout the supply chain: for all other parties involved in the production of the food supplement and/or food product, it represents an improvement in corporate image by proving care and attention to consumer needs. For customers, it represents a quality guarantee with respect to what is stated on the label.

BIOAGRICERT Certification

In August 2022, the subsidiary Alesco S.r.l. obtained the certification in accordance with Article 35, paragraph 1 of EU Regulation 2018/848 on organic production and labelling of organic products.

By obtaining such certification, Alesco is authorised to import organic products from third countries into the European Union. The products covered by the certification are Acquamin® and plant protein concentrates.

During 2024, PharmaNutra Group aims to achieve further product certifications, including "NSF Certified For Sport", for the certification of doping-free products available on the US market, and vegetarian and vegan certification for products free of ingredients of animal origin.



03

People

3.1 Approach and policies

Human capital is a strategic asset for PharmaNutra Group and it can have a decisive impact on the entire value chain, leveraging people, skills and passion to enable us to face increasingly competitive markets.

The people working within the organisation represent a key stakeholder that PharmaNutra Group is committed to protect, involve and develop in a perspective that dynamically favours operations, the constant exchange of information and know-how and the development of relations between the Group's companies.

Great companies are such not only because of the effectiveness of their products, but above all because of the value of the people who help to build them through their work and daily sacrifices. In an environment where effectiveness and innovation are the business pillars, taking care of people means paying attention to the dynamics of the different teams, but also being demanding and expecting quality, seriousness and dedication.

At PharmaNutra we believe in talent, but even more so in commitment and willpower, because the success of a company is only achieved when it is able to guarantee a future, safety, work and values for all its employees.

3.2 PharmaNutra staff

3.2.1 People management

Following the move to the new headquarters at the end of 2023, the idea that people are the beating heart of the Group has been realised: the new headquarters focuses on the well-being of employees, creating a welcoming inclusive environment that makes everyone feel part of one big family.

For the development of its human resources and their enhancement, the Group aims at fostering their professional growth and career development, believing that the results achieved are closely linked to people's ability to activate their energies to reach objectives.

The selection process is aimed at finding the resources that best match the profiles required by corporate functions. The recruitment policy can be described as reactive as it starts when a position becomes vacant.

The main recruitment channel used is the LinkedIn portal through job postings, which is a useful tool to quickly reach young talent throughout the country. At the same time, the posting is also published on the main recruitment sites and on the company website.

In order to assess the skills of the candidates during the selection process, several motivational, cognitive and technical interviews are conducted according to the position to be filled.

There is always an interest and pleasure on the part of the executive directors to personally meet all candidates to convey to them the passion and pride of being part of PharmaNutra.

For the purpose of comparing the benchmark KPIs for 2023 with the KPIs for 2022 and 2021, it should be noted that in 2022, the subsidiary Akern S.r.l. was excluded from the scope of consolidation of the Sustainability Report except for economic data.

As at 31 December 2023, the total number of employees in the Group was 106 (+49% compared to 2022, +18% excluding Akern), of which 58% were women and the remaining 42% men, with an average age of 41.

The CCNL national collective agreement applied for the employees of PharmaNutra, Junia Pharma and Alesco is that of the Pharmaceutical Chemical Industry, while the CCNL for Akern's employees is that of the Private Mechanical Engineering Industry and Plant Installation Industry.

There are no staffing contracts or other types of contracts in the Group.

88% Employees with open-ended contract

41 years of average age

30 people hired during 2023

12.3% turnover rate

58% ♀ women

42% ♂ women

Workforce by qualification broken down by age group

	2023				2022				2021			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	0	2	1	3	0	1	1	2	0	1	1	2
Managers	0	20	6	26	0	18	3	21	0	20	3	23
White collars	13	38	14	65	11	28	6	45	7	28	4	39
Blue collars	1	9	2	12	0	3	0	3	0	2	0	2
TOTAL	14	69	23	106	11	50	10	71	7	51	8	66

% inc. workforce by qualification broken down by age group

	2023				2022				2021			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	0%	67%	33%	100%	0%	50%	50%	100%	0%	50%	50%	100%
Managers	0%	77%	23%	100%	0%	86%	14%	100%	0%	87%	13%	100%
White collars	20%	58%	22%	100%	24%	62%	13%	100%	18%	72%	10%	100%
Blue collars	8%	75%	17%	100%	0%	100%	0%	100%	0%	100%	0%	100%
TOTAL	13%	65%	22%	100%	15%	70%	15%	100%	11%	77%	12%	100%

Workforce by qualification broken down by gender

	2023				2022				2021			
	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	OTHER	TOTAL
Executives	2	1	0	3	1	1	0	2	1	1	0	2
Managers	16	10	0	26	14	7	0	21	16	8	0	24
White collars	16	49	0	65	11	34	0	45	4	34	0	38
Blue collars	11	1	0	12	2	1	0	3	1	1	0	2
TOTAL	45	61	0	106	28	43	0	71	22	44	0	66

% inc. workforce by qualification broken down by gender

	2023				2022				2021			
	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	OTHER	TOTAL	MEN	WOMEN	OTHER	TOTAL
Executives	67%	33%	0%	100%	50%	50%	0%	100%	50%	50%	0%	100%
Managers	62%	38%	0%	100%	67%	33%	0%	100%	67%	33%	0%	100%
White collars	25%	75%	0%	100%	24%	76%	0%	100%	11%	89%	0%	100%
Blue collars	92%	8%	0%	100%	67%	33%	0%	100%	50%	50%	0%	100%
TOTAL	42%	58%	0%	100%	39%	61%	0%	100%	33%	67%	0%	100%

Employees broken down by contract

	2023				2022				2021			
	MAN	WOMAN	OTHER	TOTAL	MAN	WOMAN	OTHER	TOTAL	MAN	WOMAN	OTHER	TOTAL
Open-ended contract	40	53	0	93	24	41	0	65	22	37	0	59
Fixed-term contract	5	8	0	13	4	2	0	6	0	7	0	7
Hours not guaranteed	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	45	61	0	106	28	43	0	71	22	44	0	66
Contracts changed from fixed-term to open-ended	2	1	0	3	0	5	0	5	1	3	0	4

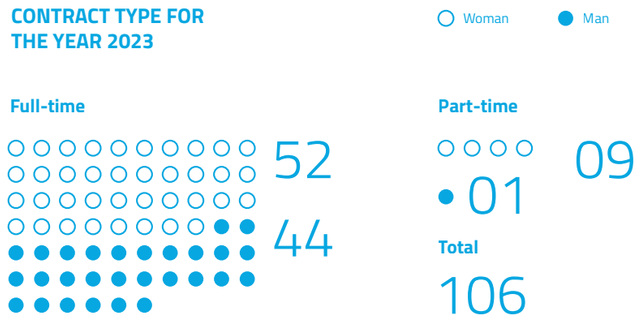
PharmaNutra Group is committed to ensuring the continuity of employment within its company. As at 31 December 2023, 88% of contracts are open-ended and 89% of these are full-time.
Fixed-term contracts are used as an instrument of mutual acquaintance preparatory to the establishment of open-ended contracts.
50% of the 6 fixed-term contracts in 2022 were transformed into open-ended contracts in 2023.

As the table opposite shows, part-time contracts mainly concern the female gender.

The increase in the number of part-time employees is the effect of the change in the consolidation area in the reporting year (five employees from Akern).

Employees broken down by type

	2023			2022			2021		
	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL
Full-time	44	52	96	28	38	66	22	40	62
Part-time	1	9	10	0	5	5	0	4	4
TOTAL	45	61	106	28	43	71	22	44	66



The turnover rate for the year 2023 is substantially in line with that of the previous year (12.3% in 2023, 12.7% in 2022). The Group has added far more employees than in 2022 due to the creation of new jobs as a result of the move to the new headquarters and the planned start of production activities.

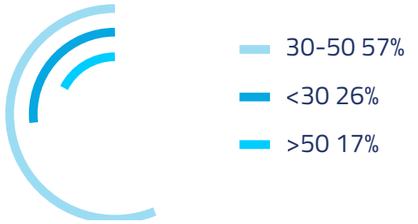
Turnover rate by gender

		2023			2022			2021			
	M.U.	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	MAN	WOMAN	NA	TOTAL
Turnover by gender	%	20.0%	6.6%	12.3%	2.8%	21.4%	12.7%	0.0%	11.3%	0.0%	15.2%

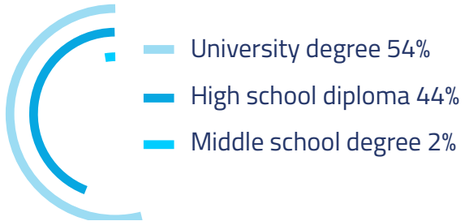
Turnover rate by age

		2023				2022				2021			
	M.U.	< 30	30 - 50	> 50	TOTAL	< 30	30 - 50	> 50	TOTAL	< 30	30 - 50	> 50	TOTAL
Turnover by age group	%	28.6%	11.6%	4.3%	12.3%	0.0%	14.0%	20.0%	12.7%	14.3%	17.6%	0.0%	15.2%

Hired employees by age group



Employees by level of education



Hired employees by age group

	2023				2022				2021			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Hired employees	8	17	5	30	6	8	0	14	4	13	1	18

Terminated employees by age group

	2023				2022				2021			
	< 30	30 - 50	> 50	TOTAL	< 30	30 - 50	> 50	TOTAL	< 30	30 - 50	> 50	TOTAL
Terminated employees	4	8	1	13	0	7	2	9	1	9	0	10

In the reporting year, the total number of employees doubled compared to the previous year. This increase was due to the consolidation of Akern (+6) and the move to the new headquarters especially related to production.
The search for highly specialised and experienced profiles showed a greater increase in the headcount in the 30-50 age group.

Hired employees by gender

	2023			2022			2021		
	MAN	WOMAN	TOT.	MAN	WOMAN	TOT.	MAN	WOMAN	TOT.
Hired employees	17	13	30	9	5	14	1	17	18

Terminated employees by gender

	2023			2022			2021		
	MAN	WOMAN	TOT.	MAN	WOMAN	TOT.	MAN	WOMAN	TOT.
Hired employees	9	4	13	3	6	9	2	8	10

During 2023, the number of employees who took parental leave[7] was 5% across the Group. All employees who took such a leave returned to work once the period was over.
The number of employees who were entitled to take parental leave in the reporting year was five, all of whom were women.
Below is the summary table:

7 - Parental leave is defined as a period of optional abstention from work granted to parents to care for their child during its early years of life (Source: Inps website).

Workforce (employees and collaborators)

		2023		
	M.U.	MAN	WOMAN	TOTAL
Total number of employees who were entitled to parental leave	no.	0	5	5
Total number of employees who took parental leave		0	4	4
Total number of employees who returned to work during the reporting period after taking parental leave		0	4	4
Total number of employees who returned to work after taking parental leave and who are still employed by PharmaNutra in the 12 months following their return		0	4	4
Rate of return to work		na	100	100
Retention rate of employees who took parental leave		na	100%	100%

During 2023, a school-work project was carried out with a high school from the Pisa area and an internship lasting approximately one month was activated.
The aim of the internship is to introduce the students to the world of work by involving them in small business projects relevant to their course of study.

3.2.2 We promote diversity and equal opportunities

In the framework of the employment relationship, PharmaNutra Group offers equal opportunities to everyone, avoiding forms of discrimination due to difference in gender, age, health status, nationality, political or religious opinions.
The Group deems inclusion to be an asset and promotes diversity as an opportunity to improve the working climate and allow every talent to express itself.
The company is committed to protecting the plurality of gender, origin and age, developing actions and strategies for inclusion and protection of diversity with the aim of guaranteeing employees equality in the workplace and equal opportunities for professional growth.
The Group makes its values explicit towards employees through a series of formal policies and documents, but also through constant dialogue with its stakeholders. In particular, it sets out the ethical and behavioural principles relating to the issues considered to be priorities through the Code of Ethics.

PharmaNutra Group is committed to the constant pursuit of excellence and has deemed it appropriate to establish in this document the ethical principles and rules of conduct aimed at pursuing the full respect of the founding values of business ethics, within a corporate culture that considers the respect of the laws in force and of the principle of legality as essential elements.

Below are the figures on the ratio of women's average salary to men's average salary:

8 - In the calculation of the Total Compensation Ratio, all variable elements and reimbursements were taken into account to determine the total annual remuneration of the highest paid person, excluding dividends (as the highest paid person is also a member of the Group) and severance indemnity pay. The median of the total annual salaries of all employees in the organisation excluding the highest paid person was used as the denominator.

Average salary for men and women

	2023	2022	2021
Executives	120%	79%	82%
Managers	88%	103%	82%
White collars	79%	83%	80%
Blue collars	85%	88%	51%

Average remuneration for men and women

	2023	2022	2021
Executives	130%	69%	86%
Managers	89%	103%	82%
White collars	74%	81%	73%
Blue collars	84%	48%	39%

Changes in the ratio of salaries and remunerations are attributable to the dynamics resulting from employee turnover, their classification within the category and seniority within the company as well as the change in the consolidation area.

The Total Compensation Ratio[8] of PharmaNutra Group is 62 for the reporting year.

Below is a comparison of the KPI at hand between 2023 and 2022 and the ratio of the percentage increase in the annual total remuneration of the person receiving the highest remuneration to the median percentage increase in the annual total remuneration of all employees (excluding the aforementioned person):

	2023	2022
Total Compensation Ratio	62	50*
Ratio of the remuneration increases*	5.72%	n.a.

*for the year 2022, a KPI recalculation was made by taking into account the median annual total remuneration of employees (instead of the RAL or gross annual remuneration).

The increase is justified by the fact that medium-to-long-term variable remuneration accrued due to the expiry of the Board of Directors' term of office was paid out in 2023.

3.2.3 We train and involve our people

One of the Group's primary objectives, as a determining factor for the efficient and lasting development of its activities, remains the growth, in terms of training and professional enrichment of its human resources. The level of skills and knowledge acquired, the daily search for excellence in one's work are a heritage that we intend to preserve and increase. Training and education activities are planned, scheduled and implemented by the Group. From the very first days in the company, the newly hired employee is put through the so-called "on-boarding" process, in which the human resources department broadly explains the company dynamics, communicates the company culture, and clarifies in general terms the role he or she will be filling, the objectives and responsibilities.

The new employee is assigned a company "mentor" who defines and supervises the training programme of the new hire.

The Group constantly invests in the training of its personnel, both through standard and transversal courses (on topics such as safety at work), and through specific training dedicated to the various corporate functions.
Below are the training hours provided in the years 2021-2023:

Training hours by training areas

	2023	2022	2021
Commercial		407	
Marketing	72		
Administrative	107	34	
IT/Technology	493	448	481
Managerial		74	41
Quality/Product	542	46	95
Safety/Technical	302	32	148
Total	1,516	1,040	765

For the year 2023, training hours per capita were calculated by gender and qualification:

Training hours per capita by gender

	MAN	WOMAN	TOTAL
Administrative	0.93	1.06	1.00
IT/Technology	2.20	6.46	4.65
Quality/Product	6.22	4.30	5.11
Safety/Technical	4.40	1.70	2.85
Marketing	1.07	0.39	0.68
Grand Total	14.82	13.91	14.30

Training hours per capita by qualification

	MANAGERS	WHITE COLLAR	BLUE COLLAR	TOTAL
Administrative	0.77	1.21	0.67	1.00
IT/Technology	5.11	5.54		4.65
Quality/Product	0.92	7.97		5.11
Safety/Technical	1.54	2.49	8.33	2.85
Marketing	1.54	0.49		0.68
Grand Total	9.88	17.70	9.00	14.30

For the reporting year, there was a substantial increase in training hours in the "quality/product" and "safety/technology" training areas. A specific master's degree in product quality was financed and compulsory safety training was increased in view of the move into the new premises and the planned start of production-related activities.
A first-level public speaking course was held for employees of the subsidiary Akern S.r.l.
Internal courses are partly carried out by specialised external consultants, and concern refresher courses on software that the staff constantly use in the course of their work (see the hours related to IT/Technology).
The incentive system currently concerns a limited number of employees for whom a contractually defined reward system is in place. For executives and a large portion of managers, bonuses are provided, usually annually or quarterly, based on company performance targets set by the management. For all employees, a bonus is awarded at the end of the year on the basis of a discretionary assessment by the department head and the management.
As explained in the Sustainability Plan, the Group schedules in the medium to long term to extend to all employees an incentive system based on qualitative-quantitative elements and to build a customised career path.
Assistance programmes to facilitate business continuity and the management of the end of employment due to retirement or termination are not provided.
As mentioned in the section on stakeholders' involvement, also during the year 2023, PharmaNutra Group employees were given a questionnaire, to be filled in anonymously, through which they were asked to judge with a score from 1 (completely disagree) to 5 (completely agree) on PharmaNutra Group's commitment to sustainability. Open questions were also asked through which the ESG team could gather insights to create the future strategic sustainability plan.
Below are the main results of the questionnaire.
Such questions were grouped into categories covering the main employee-related issues.

Ranking of the results provided by the personnel questionnaires

1. Technological Innovation
2. Involvement and appreciation of the work done
3. Remuneration and career development
4. Integrity and equal opportunities and respect for rights
5. Horizontal and vertical communication
6. Flexibility and work-life balance
7. Training

As you can see from the average of the scores obtained, the staff gave an overall positive opinion about all the topics analysed in the questionnaire[9].
There were no significant changes compared to the results of the questionnaire for the year 2022.

As far as training-related activities are concerned, the Group, thanks to its new headquarters, has provided itself with ample space to host structured training sessions.
The Group is committed to implementing innovative incentive policies and tools, not of a strictly monetary nature, aimed at increasing personal and, where permitted by law, family well-being and improving the so-called work-life balance in line with UN Sustainable Development Goal number 3 (health and well-being).

To this end, the Group's employees are granted the following benefits:

- Part-time for a percentage of staff
- Flexible working hours for all staff
- Company canteen
- Relaxation-well-being areas
- Smart or remote working

Also with a view to improving work-life balance, a corporate welfare plan was confirmed in 2023, with the aim of ensuring that employees could benefit from a series of services aimed at supporting personal and family life.
The plan is valid until 31/3/2024 and each employee can join it by choosing the benefits that best meet his or her personal and family needs. The employee receiving the plan can make his or her choices and allocate his or her budget via a dedicated web portal whose access is personal and confidential.
PharmaNutra Group has allocated an expenditure budget to the various categories of workers targeted by the plan, the disbursement of which is conditional on the achievement of certain economic targets.
The benefit range in the welfare plan includes:

- Reimbursement of education expenses for family members
- Refunds of summer camps, colonies, summer schools
- Reimbursement of school books
- Reimbursement of expenses for extracurricular language and computer courses
- Reimbursement of expenses for baby sitting / baby parking
- Reimbursement of expenses for care of the elderly
- Reimbursement of expenses for public transport season tickets
- Vouchers
- Recreation services
- Services for medical purposes
- Supplementary pension provision

9 - In general, the questions focused on topics concerning the Group's Leadership, innovation, the Group's commitment to the community, and personnel-specific topics.

Well-being policies
The opening of the new headquarters marks a milestone in PharmaNutra Group's well-being policies. The new building has been designed with the employee at the centre, providing a cosy and healthy working environment with comfortable relaxation areas and an in-house company canteen, replacing the meal vouchers previously given to staff, for which the company bears the full cost without making any deductions to the employee. The new headquarters is located in an urban context near a natural park, a short walk from the city centre of Pisa and not far from airports and stations for easier travelling.

3.2.4 We protect health and safety at work

The Group deeply cares about the health and safety at work of its employees, ensuring safe working places on a daily basis.
For the continuous improvement of the company's management system and guaranteeing that the basic requirements of SA8000 standard become more widely accepted, the Group has set up a working group called SPT (Social Performance Team) consisting of employee representatives, a member of the management team and the management system manager. The SPT has the task of carrying out risk assessment activities, identifying points for improvement and reporting any action the Group wishes to take to management.
The adoption of SA8000 principles encourages accountability to the various stakeholders, both internal and external, with a view to transparency on issues such as staff working conditions, safety and remuneration.
To avoid and mitigate significant negative impacts on health and safety at work directly related to its operations, products and services, the Group adopts all measures required by occupational safety regulations for the premises where the worker operates and those that may be suggested at the periodic meeting.
At the time of recruitment, the worker is subjected to a fitness-for-duty examination by the corporate competent doctor, who will determine the frequency of subsequent examinations. At the same time, a general and specific training course must be attended, the duration of which depends on the risk associated with the job.
The Group considers corporate safety training to be fundamental as it believes that the dissemination of a safety culture based on the awareness of possible risks and individual responsibility are central factors in providing a safe working environment by minimising the occurrence of accidents.
The Group's Italian companies have drawn up a Safety Organisation chart and have set up a workplace safety system in accordance with Italian Legislative Decree 81/2008, requiring scrupulous compliance with it in order to meet the requirements of the regulations in force.
For the Group's companies with more than 15 employees, an annual periodic meeting is held pursuant to Art. 35 of Italian Legislative Decree 81/08 as amended, with the participation of the Employer's Delegate, the competent doctor, the RSPP (Prevention and Protection Service Manager) and the RLS (Workers' Safety Representative).
For all the companies above, the RSPP (Prevention and Protection Service Manager) and the competent doctor inspect the workplaces on a regular basis in order to point out to the Employer any health and/or safety risks at work. Workers have the right to notify their RLS (Workers' Safety Representative) if they become aware of risks that have not been sufficiently assessed or have arisen, and the RLS will report to the Employer and/or the RSPP.

For the reporting year, the following potential risks were identified:

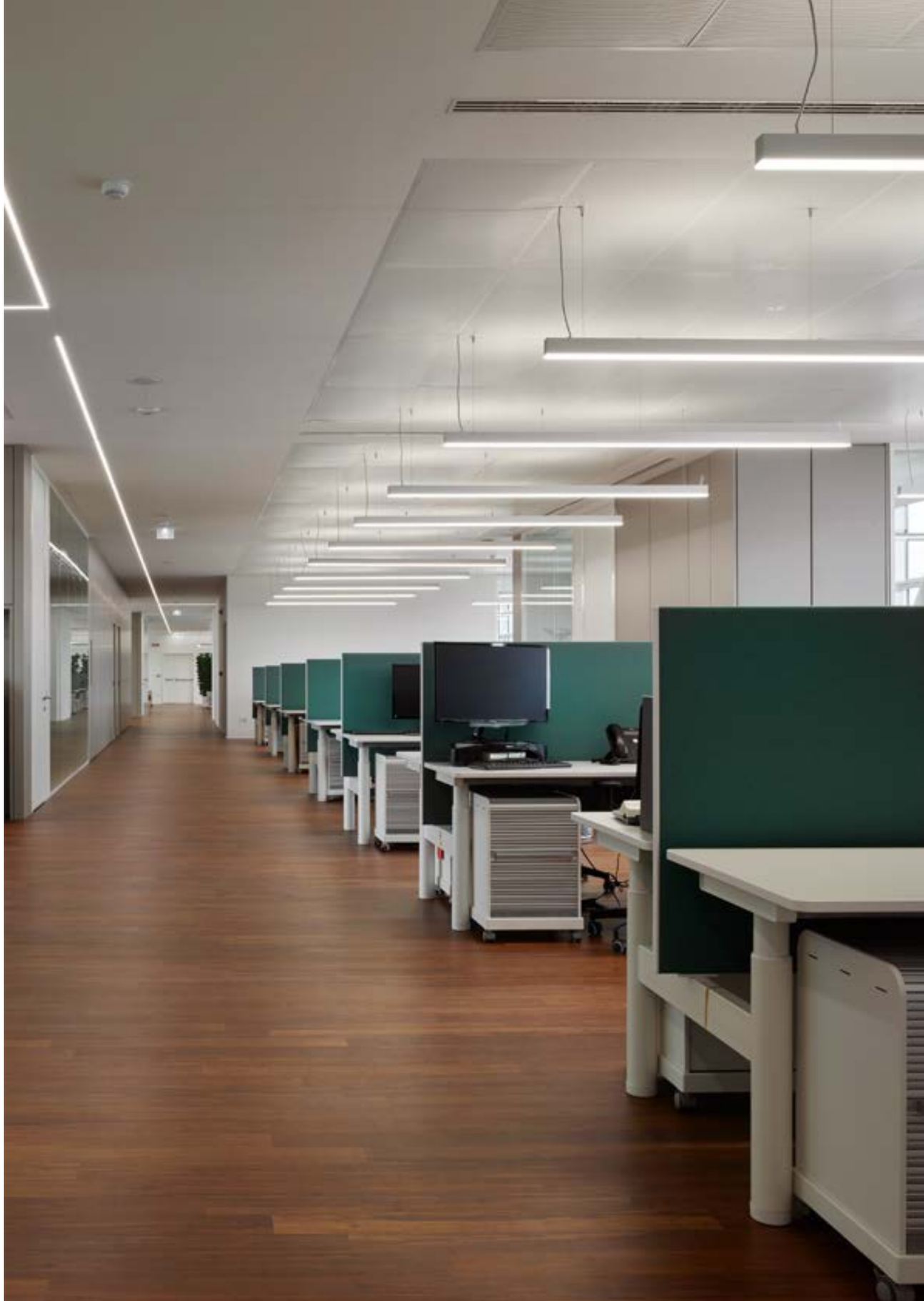
- Safety risks due to structures, machines, installations, dangerous substances and preparations, fires and explosions;
- Health risks due to chemical, physical and biological agents;
- Cross-risks, due to work organisation, ergonomic factors, psychological factors and difficult working conditions.
- Risks associated with VDT operators, related to posture and visual fatigue.

For each risk identified, it was quantified as a product of likelihood of occurrence and severity of damage, resulting in a risk matrix in which for each likelihood value and damage severity corresponds a risk level ranging from insignificant to high.
The work carried out by the Group's personnel can be traced back to a single Homogeneous Group of Workers (GOW), which includes office workers and researchers.
As a result of the audits carried out, the risks identified were all classified as insignificant or low. No major or significant risks to the health and safety of employees emerged.
A review of the effectiveness and adequacy of the Risk Assessment Document (DVR) is carried out annually with the involvement of the employer and all those involved in the management of company safety.
In 2023, the work of PharmaNutra Group employees took place predominantly at the old premises.
As of October 2023, PharmaNutra Group moved PharmaNutra, Alesco and Junia Pharma S.r.l. headquarters to the new location.
With the construction of the new headquarters, PharmaNutra Group has incorporated all the highest industry standards and used the newest technologies to make the emergency equipment even more effective/automated. Particular attention was paid to laboratory and production areas where statistically there are greater accident risks. It is precisely in these areas where potential accident hazards can be triggered (rooms where toxic substances can be released) that ventilation systems (extraction hoods) are in place to ensure clean and healthy air in the environment.
The work activities and risks previously assessed were partly confirmed and partly included in an analysis project that was completed in early 2024 with the issuing of the new DVRs.
The work of PharmaNutra, Junia Pharma and Alesco employees involves workers' exposure to minor risks, which are described and assessed in the DVR. In particular, personnel using VDT (administration, sales, marketing) are subject to risks related to posture and visual fatigue, while exposure to dust risk and biomechanical overload is monitored for warehouse personnel, due to the manual handling of loads.
The assessment of fire risks showed a medium level (previously low), while the assessment of risks related to places, work equipment and tasks confirmed an overall good situation as it is reflected in the specific assessments.
An improvement and maintenance plan, with an implementation schedule, has been defined to ensure constant compliance with current legislation and to guarantee the best working conditions for all workers in terms of health, safety and well-being at work.
Akern's activity, which is purely commercial in nature, involves workers' exposure to minor risks, which are described and assessed in the DVR. In particular, they are subject to VDT operators' risks (administration, sales, technical staff) related to posture and

visual fatigue, while exposure to dust risk and biomechanical overload is monitored for warehouse personnel, due to the manual handling of loads. In accordance with the risks identified, specific health surveillance was implemented. As a precautionary measure, in view of the sporadic use of chemicals, the health protocol also provides for the monitoring of parameters significant for chemical risk, in order to be able to observe any abnormal deviations over time.

During the reporting period, there was only one non-serious commuting accident involving an employee.

With a view to protecting the health of their employees, employees of PharmaNutra, Junia Pharma and Alesco have the option of joining the Faschim health care fund, which can also be extended to family members. Employees also have the option of joining the Fonchim supplementary pension fund.
Akern S.r.l.'s employees are enrolled in the Mètasalute fund when they are hired. Joining the fund does not entail any cost for the employee, it is the company that pays 100% of the fee. It can also be extended to their family members if employees take on the additional sums.
Employees also have the option of joining the Fondo Cometa supplementary pension fund.



04

Product quality and safety

4.1 Approach and policies

Our aim is to manufacture and provide consumers with safe, effective and high-quality products. Thanks to our products' features, we are the leader in the Italian market for iron-based food supplements with a value market share of 53.6%.

4.1.1 Quality and transparency of our products

The Group ensures compliance with product quality and safety in all activities, covering research and development, industrialisation, procurement of raw materials and packaging materials, production, distribution and after-sales surveillance. This is ensured through the adoption of a Corporate Quality Policy, which demonstrates the Group's commitment to complying with applicable regulatory requirements and meeting customers' needs, resulting in the adoption of a Quality Management System allowing its maintenance.
PharmaNutra Group has structured its own quality management system, consisting of a Manual, a Procedure and Instructions, aimed at coordinating the corporate processes so that they meet the mandatory requirements, reference standards and customer requirements necessary to guarantee product quality and safety.
It has procedures that define the activities required to monitor its processes, handle any complaints received and the preventive and corrective actions taken. The Group adopts a quality policy, issued by the management, known to all employees and available to consumers via the company website, which defines the organisation's general commitment to its products' quality and safety.
The Parent Company has an in-house Quality Department which is responsible for maintaining the pre-established safety requirements for the quality of its products.
Such a department focuses the research, development, production and marketing of its products on the organisational efficiency, the respect for ethical values (guaranteeing to its consumers a set of actions that allow careful control of production processes), on the compliance with and the application of the regulations in force in the food supplements and medical devices sector as well as in the pharmaceutical sector.
The Group focuses on process and product compliance, which entails a careful and meticulous management of the various processes aimed at minimising any problems that may arise.
In order to protect its consumers/customers and to ensure that certain quality standards are maintained, the following procedures have been drawn up to which the Group must adhere so as to prevent PharmaNutra and its subsidiaries from possible quality threats for the products.

PROCEDURE NO.	REVISION	TITLE	YEAR OF APPROVAL	PURPOSE OF THE PROCEDURE
PR-13	2	Outsourced production of food supplements, drugs and cosmetics	2023	The purpose of this procedure is to describe the operating methods followed by PharmaNutra S.p.A. and Junia Pharma S.r.l. for production planning and management, for the final release of batches and the control of samples until delivery to the customer.
PR-19	2	Risk management for medical devices	2022	The purpose of this procedure is to define how the manufacturer develops, implements and maintains a risk management process to establish risk acceptability criteria, to identify hazardous situations, as well as to assess, estimate and monitor the risks associated with the use of a medical device throughout its life cycle. Risk management activities (both in terms of Plan adequacy and review of the risk analysis and assessment) are reassessed annually in the Management Review.
PR-20	2	Withdrawal and recall of non-compliant products	2023	The purpose of this procedure is to define the procedures for the activation and management of product recall processes, ensuring their rapid traceability and identifying the various responsibilities for the company representatives involved. In order to manage withdrawal and recall actions, the procedure establishes the "Decision-making team" including all the key representatives of the companies, with the commitment to co-operate and co-ordinate actions with all the parties involved as quickly as possible and being capable of activating all the procedures necessary to carry out a withdrawal/recall of a non-compliant product. In addition, the procedure clearly defines the information flows to be maintained with official control bodies, the media, suppliers and customers in the event of the need for product withdrawal and recall procedures (Reg. 178/2002).
PR-21	2	Post-Marketing Surveillance and PMF	2022	The purpose of this procedure is to regulate the post-marketing surveillance system, in a manner proportionate to the risk class and type of devices produced, defining all the activities carried out, also in collaboration with the economic operators involved in the marketing chain, to proactively collect and analyse experience gained on the devices placed on the market, in order to: ▪ update the relevant technical documentation ▪ identify any need for immediate corrective or preventive action ▪ cooperate with the competent national authorities in charge of supervision and market surveillance activities.
PR-22	2	Management of NC and Complaints	2023	The purpose of this procedure is to establish the operational methods for recording, investigating and archiving Non-Conformities and the activities carried out for their prevention and correction. It also defines the steps that must be observed for the proper management of Non-Conformities, so as to assess the impact on product and system quality, to identify the causes and implement the appropriate corrective and preventive actions in order to avoid their recurrence and/or reduce their occurrence.
PR-25	2	Outsourced Medical Device manufacturing	2022	The purpose of this procedure is to describe how PharmaNutra manages the production of medical devices.

10 - Source: IQVIA data

With the commissioning of the production plant in early 2024, the following procedures were drawn up and approved:

PROCEDURE NO.	REVISION	TITLE	YEAR OF APPROVAL	PURPOSE OF THE PROCEDURE
PR-16	3	Internal Audits	2024	The purpose of this procedure is to define how to plan and carry out internal audits at PharmaNutra Group, assisting in the continuous application and improvement of the Quality Management System in place.
PR-30	0	Receipt, acceptance, shipment and storage of raw materials, finished products and packaging materials.	2024	The purpose of this procedure is to describe how PharmaNutra Group manages the warehouse. In particular, management concerns: ▪ the receipt and storage of raw and packaging materials ▪ the storage and shipment of finished products
PR-34	0	Training/coaching of production personnel	2024	The purpose of this procedure is to define, implement and maintain a training programme for plant staff, so as to ensure that the personnel recruited are able to perform the tasks to which they are assigned in accordance with ▪ Good Manufacturing practice ▪ ISO standards to which the company is certified ▪ Behaviour and personal hygiene rules and in compliance with environmental, occupational health and safety regulations. In particular, the procedure defines how training/coaching interventions are scheduled, identifies the types of training and how the document is recorded and archived.
PR-36	0	Sampling Raw Materials	2024	The purpose of this procedure is to define the RM (raw materials) sampling activities that take place during acceptance.
PR-38	0	Sampling Finished products	2024	Sampling is the first step in any analytical process that will lead to results whose quality is closely related to that of the sample taken. For this reason, sampling is an extremely complex and delicate phase that affects the results of all subsequent operations and consequently also the total uncertainty of the analytical results to a non-negligible extent.
PR-41	0	Operational procedures for access to production departments and research laboratories	2024	The purpose of this procedure is to define the rules of dressing and the flows of people and materials within the production departments and ancillary areas (changing rooms, mechanical workshop, warehouses) in order to exclude or minimise the risk of transmitting physical, chemical or microbiological contamination from outside to the departments.
PR-42	0	Plant sanitisation and hygiene	2024	The purpose of this procedure is to establish procedures for cleaning and sanitising machines, installations and environments: this procedure describes how cleaning and sanitising activities are to be implemented in order to ensure their proper performance. The procedure is addressed to all operators involved in the various activities described, including operators of external companies carrying out cleaning and sanitising activities within the plant.
PR-47	0	Master Batch Record management	2024	The purpose of this procedure is to define how the production report is created, how many documents it includes, and how and by whom it is filed. Defining how product control documentation must be managed at all processing stages.
PR-49	0	Internal production process	2024	The purpose of this procedure is to describe how Alesco manages internal production.

Akern Quality Control: every single device produced by Akern® for bio-impedance analysis is checked twice, at production output and at certification. All documentation relating to these controls is archived and retained for a minimum of five years for evaluation in the certification processes.
The quality checks cover all aspects, from regulatory to functional, and are part of an integrated system created with the aim of eliminating risks associated with use, so as to always increase the reliability of devices dedicated to body composition analysis.
For supplies, the company always uses qualified and certified suppliers, preferring Italian materials and suppliers whenever possible.
The quality system requires traceability of the device and its critical components. The entire production and sales chain is tracked through serial or batch numbers that allow for the identification and possible recovery of components with safety, integrity and quality problems. Furthermore, the devices must be tested for electromagnetic compatibility and electrical safety. Stress tests are also carried out on the latest devices to verify their reliability in the design phase.

PharmaNutra Group has implemented the monitoring of the effectiveness of the management model and the compliance of what is foreseen in its management system with the actual operational activities carried out by its workforce. On the basis of what is defined in the aforementioned procedure, it evaluates the company's processes at predetermined intervals, defining any changes necessary for continuous improvement.
To date, the Group declares that it has found no non-compliance with regulations and/or self-regulatory codes, and that it has found no cases of defective batches or products that need to be withdrawn from the market.

0 Cases of product non-conformity

0 Cases of defective batches withdrawn from the market

In line with the requirements of SA8000 standard, PharmaNutra Group establishes how non-compliances and reports concerning corporate social responsibility are managed.
For the medicinal products for which Junia Pharma S.r.l. is AIC holder, it applies a pharmacovigilance process management in compliance with the mandatory European and Italian regulations. The management of pharmacovigilance processes is primarily aimed at protecting public health. Pharmacovigilance activities are aimed at identifying, assessing, understanding and preventing adverse effects or any other problems related to the use of medicines, to ensure a favourable benefit/risk ratio for the population. Also for its marketed medical devices, PharmaNutra Group applies a system of vigilance and post-market surveillance aimed at regulating the post-market system, in collaboration with the economic operators involved in the marketing chain, to proactively collect and analyse the experience gained on medical devices placed on the market, in order to identify any need for immediate corrective or preventive action and to cooperate with the competent national authorities in charge of market surveillance and supervisory activities.

4.1.2 Innovation and product development

PharmaNutra Group has always based its technical and scientific activities and business strategy on Research and Development (R&D) as a fundamental pillar for growth.
The year 2023 was characterised by the construction and start-up of the new laboratories at the new company headquarters. Today, the new research premises host three laboratories with very high potential: pharmaceutical techniques, cell biology and quality control with state-of-the-art technology and machinery. This, together with the team of researchers and technicians who work on a daily basis, will make it possible to reduce the time needed to research new products, improve current ones, and study all their features and functions. During the year, the process of strengthening the structure continued with the addition of a new employee as laboratory technician and a new figure as formulator for the internal development of innovative formulations.

The R&D work inevitably starts from a continuous study and a detailed knowledge of both the biology, human physiology and biochemistry aspects of nutrition, as well as medicine and pharmacology. It is fully driven by the objective to meet the needs of the market as well as the ones of consumers and key players in the health sector, in order to be able to provide them with new products with which to address unresolved issues.

The Group's R&D objectives are to find new formulations, implement or discover new applications for existing products, generate new scientific evidence, so as to constantly guarantee the effectiveness and innovation of its products.

Basic research, through pre-clinical experiments (in-vitro, ex-vivo and in-vivo) has borne fruit with important international publications that are paramount tools available to the business and represent solid pillars, thus ensuring a significant competitive advantage. The construction of the new laboratories makes it possible to carry out the part of experimental research in the field of cell biology, which represents a fundamental step in the activity of screening and studying the effectiveness of all the formulation prototypes developed and to be tested before moving on to industrialisation.

The activity of PharmaNutra Group's Research and Development department also includes the execution of clinical studies on its products, both in the development and post-marketing phases. The practical implementation of these studies is carried out through formal collaborative relationships with clinics, hospitals, Italian and foreign research centres, depending on the skills and know-how required, or through formal agreements with Contract Research Organisations (CRO).

Research is mainly carried out on the group's flagship products, Sideral®, Cetilar® and proprietary raw materials of Alesco (Ultramins®). Numerous studies (both clinical and pre-clinical), conducted in Italy or abroad, plus other clinical studies followed by foreign partners on products in distribution, are underway also on the other products. Some of these studies are very innovative and are expected to allow to open new markets that will be useful to strengthen current evidence and market positioning.

The year 2023 saw the publication in international indexed journals of 8 studies on the Group's products. Among these, particularly noteworthy is the publication of a study on the first sucrosomial vitamin (vitamin D3, UltraD3®), which confirmed how the technology developed by PharmaNutra and proven effective in the supplementation of minerals (such as iron, magnesium, etc.), is also capable of providing added value in the supplementation of vitamins. As a matter of fact, in addition to vitamin D3, R&D has developed another sucrosomial vitamin, the B12 (UltraB12), which has shown very promising results in the first experimental models studied and whose research is currently underway. Furthermore, from a clinical research perspective, in 2023 the Group's R&D completed two studies on the oral version of Cetilar® (Cetilar® ORO), in particular on the benefit in reducing pain in subjects with back pain, thus providing very solid and important tools for the commercial development of the product. To date, PharmaNutra Group boasts a total of 166 publications on all its products, including full papers and preliminary data or posters at accredited scientific congresses and conferences. At the same time, numerous papers continue to be published in which Sucrosomial® Iron is cited and identified as one of the most innovative oral iron-based products.

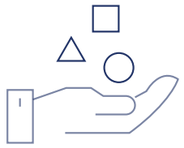
The Group is constantly disseminating its results, which it considers useful to publish and make available to the scientific community. Therefore, the Group's R&D staff participates in national and international congresses as speakers, or in hospital meetings and focus groups with doctors, where they show the evidence and results obtained on their products.

The total costs incurred to carry out Research and Development activities amounts to Euro 1,715 thousand of which Euro 1,195 thousand charged to the income statement, to which should be added personnel costs for Research and Development. The costs incurred relate to clinical studies, basic research, prototype formulation costs and laboratory materials. The most relevant collaborations are with universities (Pisa, Padua, Scuola Superiore Sant'Anna), research centres (New York Blood Centre and CNR) and various Contract Research Organisations.

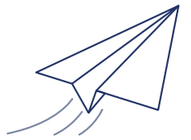
The reasons underlying the capitalisation of development costs in 2023 equal to Euro 521 thousand and are based on the future estimated usefulness of development activities.

The main costs incurred relate to collaborations with highly specialised and qualified suppliers, research centres specialising in research and analysis activities.

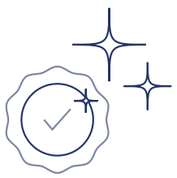
As at 31/12/2023, the Group owned 22 patents, 49 trademarks, had 21 proprietary raw materials and 166 scientific publications.



21
proprietary raw materials



22
patents of pure innovation



49
registered trademarks

166
studies and researches

The benefit represented by the specific tax credit referred to in Article 3 of Italian Decree-Law no. 145/2013 is fully enjoyable within the terms and in the manners set out in Italian Ministerial Decree 27/05/2015 as amended, with respect to the research and development activities carried out by PharmaNutra, Alesco and Akern, which qualify as eligible for the calculation of the facility in question. The tax credit relating to research and development activities for the year 2023 amounts to Euro 243 thousand.
As further confirmation of the results obtained by the Group with its research activities, during the year, an agreement was signed in October with the Tuscan Regional Directorate of the Italian Revenue Agency to access the facilitated taxation regime provided by the former Patent Box for the 2019-2023 five-year period, referring to the direct exploitation of technical, know-how and patents that had not been included in the previous agreement.

ONGOING R&D PROJECTS

	2023	2022	2021
ALESCO			
Preclinical studies	36	20	8
PHARMANUTRA			
Clinical studies	20	15	7
New products	21	21	16
JUNIAPHARMA			
Clinical studies	0	0	0
New products	3	2	1

The Group constantly invests in new R&D projects in order to achieve ever-increasing technical and scientific know-how.
It is a unique value and an indispensable strategic asset, but also the foundations on which to continue building a future in which scientific progress serves collective well-being, understood as prevention and care for health.

05

Local communities

5.1 Approach and policies

The Group aims to share its expertise with communities to help increase health literacy. By raising awareness of nutritional deficiencies in which it has unique expertise, PharmaNutra Group makes an effective contribution by improving health and well-being worldwide. Addressing health literacy is the key to combating global inequalities and providing quality treatment for all. Recognising that the level of knowledge of disease and health are issues that greatly differ between countries and communities, the Group works hard to reach out to disproportionately affected patient groups. This way it pioneered the development of iron-based food supplements and established itself as a leader in the treatment of iron deficiency.
Also during 2023, PharmaNutra Group continued to invest in the territory, ensuring the development of local communities by supporting humanitarian social activities.

VALUE DISTRIBUTED TO THE COMMUNITY (€/1,000)	2023	2022	2021
Gifts	195	126	12
Universities and research centres	34	44	136
Sponsorships	857	987	831
Membership fees	56	51	37

5.2 Local communities and the territory

PharmaNutra Group to support social and inclusion initiatives:

“I Bambini delle fate” (Fairy Children) Project

Since 2005, PharmaNutra has been working alongside the association “I Bambini delle Fate” (https://ibambinidellefate.it), a social enterprise financed by more than 2,400 Italian companies that provides financial support to social inclusion projects and paths run by local partners, benefiting families with autism and other disabilities. Such an association works at the forefront, with facts, to tell “with a smiling face” about the potential of children and young people with autism and the great strength of their families. This activity could not fail to find full support from PharmaNutra Group, which has always closely followed activities with a strong ethical value operating in difficult contexts.

“Alice Benvenuti ETS” Foundation

PharmaNutra Group supports “Alice Benvenuti” Foundation whose activities are aimed at the aid, care and assistance of families with cancer children being treated at the Mayer Children's Hospital in Florence and support for the younger generation.

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PharmaNutra Group to support the Ukrainian people

Since 2022, following the beginning of the conflict between Russia and Ukraine, PharmaNutra Group decided to allocate part of the margin made through sales to the Russian distributor to initiatives in support of the Ukrainian population with donations to Comitato Provinciale della Croce (Provincial Committee of the Cross) of Pisa, taking care of Ukrainian families sheltered in the city and its surroundings. This commitment was also maintained in 2023 with donations to the Rosa Pristina Foundation and the Red Cross itself totalling Euro 150,000.
The Rosa Pristina Foundation is a philanthropic organisation based in Pisa that pursues social, humanitarian and research goals, working in the fields of care, health and education in various parts of the world, including Ukraine. The funds raised have already contributed to the purchase and shipment of 30 used, overhauled and re-equipped Ambulances, 2 pieces of diagnostic equipment for operating rooms, 4 electric generators, as well as medicines, life-saving devices and dressing materials. Rosa Pristina also helped to transport hundreds of medical equipment donated by Italian authorities to Ukraine and to build 30 small flats in the Lviv region to house refugee families from the Donbass.

“Il Talento dell'opera Onlus” foundation

In 2023, PharmaNutra joined the foundation “Il Talento dell'opera” as a supporter, pledging to provide for a three-year period the annual amount of Euro 12,000 to finance a scholarship for a student of Scuola Superiore Sant'Anna, a high school in Pisa.

15.1 RUN

Through the 15.1 Run, PharmaNutra supports the association Per Donare la Vita ONLUS, which has always been committed to promoting the culture of organ and tissue donation and supporting the families of transplant patients. Such an association works in the area with passion and enthusiasm, in difficult contexts to say the least, to which PharmaNutra donates the entire proceeds of subscriptions every year, a small gesture to support those who every day dedicate their free time and resources to others.
For five years now, PharmaNutra, together with the ASD Leaning Tower Runners, has been organising the 15.1 Run, a recreational footrace that takes place in Pisa as part of the events preceding the 151 Miglia-Trofeo Cetilar® sailing regatta, to bring the message of solidarity and altruism inherent to organ and tissue donation for therapeutic transplantation to the streets of Pisa.
Pisan June

PharmaNutra sponsored the events of Pisan June (Luminara, palio of St. Ranieri) and the participation in the regatta of the maritime republics with the aim of contributing to further improve these events through the financial support given.

PharmaNutra Group to support cultural initiatives:
The Group is attentive and sensitive to the needs of the community, that is why events and meetings were organised during the reporting year to develop and promote the culture and interest of adults and children in literature.

Campionati giornalismo La Nazione - CRONISTI IN CLASSE (Journalism Championships - REPORTERS IN CLASS)

For the third consecutive year, the collaboration between PharmaNutra and La Nazione for the initiative "Cronisti in classe - Campionato di Giornalismo 2023" (Reporters in class - Journalism Championships) is confirmed. The project involves students from secondary schools and primary schools (classes 3, 4 and 5 of the Italian education framework) in a training course, with the aim of introducing the new generations to reading newspapers, stimulating the children's interest in current affairs, and letting them experience the different stages of creating an article.

Scrittori in borgo (Writers in the village)

Even in 2023, PharmaNutra Group supported the initiative of a Pisan bookstore with the 2023 literary review of "Scrittori in Borgo" (Writers in the village). The protagonists of this initiative are many national and local authors, being open to the audience with presentations and dialogues.

5.2.1 Sponsorships

PharmaNutra Group to support sports
The link between PharmaNutra Group and the sports world is inseparable. These two worlds are driven by the same principles: determination, passion, growth, but also teamwork, inclusion and, above all, goals. Through its constant support for sports events and activities, PharmaNutra Group aims to promote sociality, the territory and care for the environment, as well as a healthy and active lifestyle.

Support for Obiettivo3

PharmaNutra Group is alongside Obiettivo3 project (http://www.obiettivo3.com), which is the result of champion Alex Zanardi's will to recruit, start up and concretely and financially support disabled people who wish to take up a sporting practice.
Since 2019, PharmaNutra, through Cetilar®, one of its flagship products, has been supporting Obiettivo3 athletes through the purchase of new handbikes and funding for the participation in sporting events.
After its kick-off in 2019, in which the project was described in detail, in 2020 Cetilar® followed in the footsteps of cyclist Enrico Fabianelli.
For the 2021 season, PharmaNutra's support has taken the form of a new project: a cycle of webinars, open to all and free of charge named **Sport and Performance**. It consists of four appointments that, on a monthly basis, have addressed topics related to the well-being of sportsmen and women, thanks to the conduct of Francesco Chiappero, athletic trainer of Obiettivo3 and founder of ReAction, together with numerous professional guests.
In 2022 and 2023, PharmaNutra together with Dallara company collaborated to provide Tiziano Monti with the best possible handbike. The 34-year-old para-cyclist from Tarquinia, who is steadily improving his performance in the H5 category, has a high-performance handbike at his disposal, being the fruit of Alex Zanardi's thought and great deal of experience, which earned him a call-up to the national team for the Handbike World Cup which took place in Ostend in May 2023.

Support for Paralympic golfer Tommaso Perrino

The partnership between the golfer Tommaso Perrino-from Livorno- and the Cetilar® brand, which began in 2019, continued also in 2023. The athlete is involved in EDGA (European Disabled Golf Association) international circuit, an association that works to promote golf among people with disabilities, and in other events scheduled throughout Italy.

Parma Lands

In 2023, the Parma Lands project developed between PharmaNutra and Parma Calcio continued solely with a charitable purpose.
For all home matches in the 2023/2024 season, the men's main team took to the pitch during the warm-up with a special pre-match line. On the jerseys and sweatshirts worn by the players, in addition to Cetilar®'s logo, a flag was placed with the name of a municipality in the Parma area, a different one for each match. The jerseys of the pre-match line worn by the players can be purchased at Tardini's store, with the possibility of customising them with the flag of your municipality.
The money raised by the initiative last season helped support a project to introduce autistic children and young people from the municipalities of Calestano, Fornovo di Taro, Medesano, and Varano de' Melegari to sports activities, with practice and training facilities in Collecchio.

Cetilar Academy Project

Cetilar Academy is a project through which PharmaNutra supports the growth in athletic, professional and human terms of future sports talents involved in amateur clubs of excellence, including the motorsport rising stars of Kart Republic team, the young soccer players of Parma club U.S. Arsenal and the youngsters of the American football team Parma Panthers.

5.2.2 Universities and research centres

PharmaNutra Group is partner of the Master in Marketing Management at the University of Pisa.
The partnership with the Master in Marketing Management at the University of Pisa has confirmed the strong link between PharmaNutra Group and the University of Pisa and has welcomed the students into our environment, giving them an important opportunity to work on research and, more generally, the partnership between the Master and the Group is an opportunity to enhance skills and abilities on both sides, University and local businesses.

In 2023 as well as in the previous two years, the Group participated, with other companies from different sectors, in a PROJECT WORK within the Marketing and Web Technologies course of the Department of Management Engineering of the University of Pisa.
The project consisted in developing a marketing plan dedicated to the launch of a new PharmaNutra-branded product.
The Group's participation in such projects aims not only to test the students on the topics acquired during the course of study, but also to enable them to apply them concretely to the corporate world, leading them to understand and master the strategic decision-making processes underlying entrepreneurial activities.
The winning group was awarded the “Best Marketing Project” prize.
Scientific collaborations with universities and academic institutions of excellence have always been a key part of the company's growth. On the one hand, they have enabled PharmaNutra to become increasingly aware of the quality and importance of its research and to acquire expertise through the comparison and exchange of knowledge with experts in the field. On the other hand, actively collaborating with research centres outside the company is an important recognition of the scientific value expressed by the Group.
During 2023, the Group supported research projects with La Sapienza University of Rome, the University of Brescia, the Paediatric and Adolescent Andrology Foundation and the University of Pisa.

Among the research institutes and universities with which we collaborate:

Università di Pisa
Università degli Studi di Brescia
Università degli Studi di Padova
New York Blood Center
artialis – Passion for joint health
Radcliffe Department of Medicine
TLS – Toscana Life Sciences
Fred Hutch Cancer Center
Galileo Research

06

Suppliers and network commercial

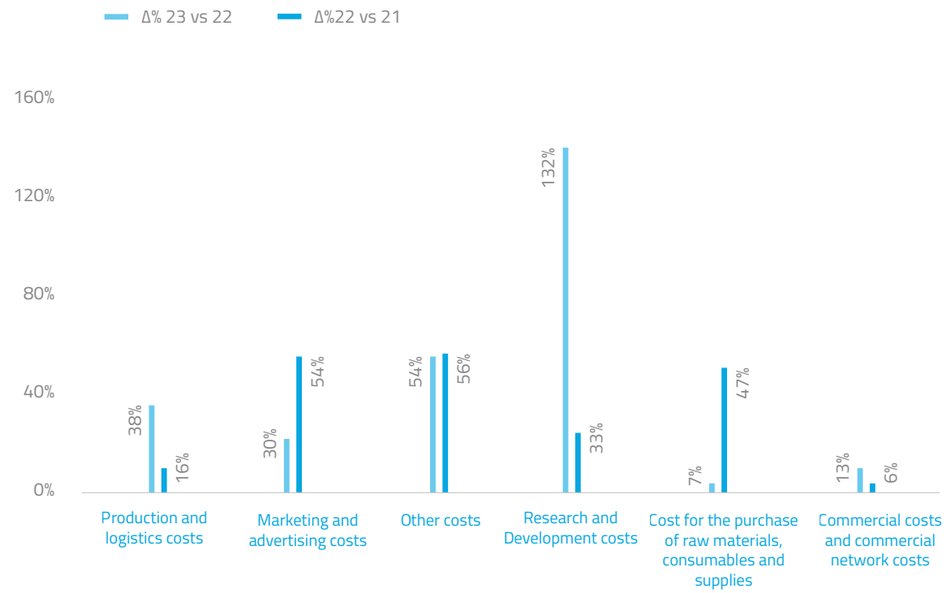
6.1 Approach and policies

The supply chain represents the ecosystem of companies and entities within which PharmaNutra Group deals with suppliers for the purchase of goods or services. The Group's adoption of corporate social responsibility principles enables the company to make decisions that are economically, socially and environmentally sound and generate a positive impact on the community.
PharmaNutra Group constantly strives to ensure that suppliers and partners adhere to standards of conduct consistent with the Group's ones. These include compliance with laws, regulations, international human rights agreements and decent working conditions according to accepted international labour standards.
The Group's suppliers can be classified into production and logistics suppliers and service providers. The former include the production plants and our supplier in charge of the storage and distribution of finished products and samples.
Service providers mainly include Pharmaceutical Sales Representatives, marketing and advertising providers, as well as general service providers:

COSTS* €/1,000	2023	2022	2021	2020
Production and logistics costs	20,081	14,507	12,513	8,823
Commercial costs and commercial network costs	11,359	10,089	9,557	8,335
Marketing and advertising costs	15,670	12,051	7,819	6,226
Other costs	7,995	5,684	3,705	5,031
Cost for the purchase of raw materials, consumables and supplies	5,148	4,793	3,264	2,477
Research and Development costs *	1,171	505	379	637
TOTAL	**61,424**	**47,629**	**37,237**	**31,529**

Note: data expressed in thousands of Euro
*Research and Development costs represent the costs incurred for collaborations with external bodies, while the cost of employees performing research and development is included in personnel costs.

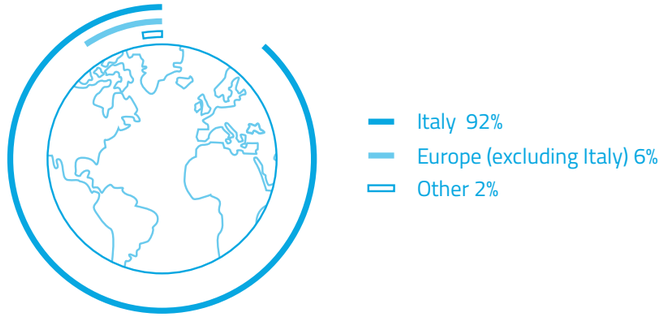
The increase in sales for 2023 compared to the previous financial year was accompanied by a physiological increase in operating costs due to the higher revenue volumes realised in raw material purchase cost, production and logistics costs, sales network costs and travel costs. The year 2023 was also characterised by the start-up process of the subsidiaries PharmaNutra España, PharmaNutra USA and the new Cetilar® Nutrition line, which led, as expected, to an increase in Marketing and Advertising Costs and Other Costs, in particular recruiting, administrative and sales consultancy costs.
The increase in Research and Development costs resulted from the higher number of projects realised during the year.



Below is a breakdown of the Group's production costs by geographic area, specifying that for the breakdown by geographic area of raw material suppliers, since they are mainly distributors, the criterion of the origin for the product purchased is applied and not that of the location of the supplier.

COUNTRIES €/1,000	2023	2022	2021
Italy	19,770	13,739	12,466
Europe (excluding Italy)	1,377	1,426	970
America	279	271	0
Asia	4	5	3
Other*	50	99	97
TOTAL	21,480	15,540	13,536

The increase in production costs stems from the gradual increase in sales volumes on the domestic and foreign markets, and the higher number of products in the portfolio, leading to an increase in production volumes.



As mentioned in the section on stakeholders, during 2023 a questionnaire was sent to the Group's main strategic suppliers to measure their degree of satisfaction on issues such as propensity to innovation, ethical behaviour, flexibility and effectiveness in managing business relations with them. The results obtained are to be considered satisfactory overall and no particular critical areas emerged.

6.2 The supply chain

6.2.1 Supply management and production plants

The Group's suppliers are selected on the basis of specific features that reflect the Group's quality standards. In particular, for raw materials (RM), a sample is requested and analysed at the third party laboratory.
Among the documentation required for the certification of a new supplier is required proof of compliance with mandatory requirements and the presence of voluntary certifications attesting to the quality of business processes. The final judgement on the quality of the supplier is only made after an audit has been carried out by PharmaNutra Group's appointed personnel.

Following a positive assessment, the supplier is listed among qualified suppliers and monitored annually according to 4 evaluation parameters:

- Production volume, to be considered as the volume of product handled
- Percentage of non-compliant batches
- Timely delivery
- Proactivity in the management of corrective actions

In addition, during the supplier's qualification phase, evidence is acquired concerning the safety and health of workers with reference to the voluntary SA8000 standard.

The audited suppliers are evaluated on a yearly basis to ensure that the Group's quality requirements are maintained, enabling the Group to monitor the high and required quality standard. Any observations, points for improvement and non-conformities are monitored over time and re-assessed in the next scheduled audit.
During 2023, 5 audits were carried out at the plants and they were all successful.

100 %
of our supplier contracts include a
human rights clause

At present, production is entirely carried out in Italy by a limited number of pharmaceutical plants concentrated in the north, which take care of the entire production process. The plants all meet environmental sustainability requirements.

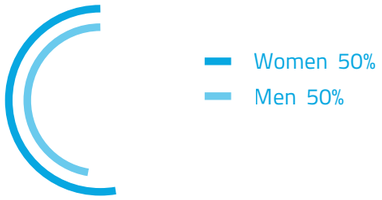
Following the construction of the new headquarters, completed at the end of 2023, the gradual insourcing of proprietary raw material production will be possible from 2024.

The production cycle of PharmaNutra Group's products includes several process controls along the production lines to prevent any defects and deviations being potentially harmful to consumer health. In addition, for each product the plants produce a certificate of analysis confirming the wholesomeness of the product and compliance with production conformity. At the production stage, before the packaging components are printed, a check is carried out to verify that the indications and information present on the same comply with the mandatory regulations aimed at preventing any non-compliant use by the end consumer. Following food alerts resulting from ethylene oxide contamination, PharmaNutra Group has voluntarily started monitoring the raw materials used in its products with targeted analyses and fully checking finished products with systematic and continuous analyses. Finally, in compliance with the provisions of (EU) Regulation 2022/63, PharmaNutra Group has removed the ingredient titanium dioxide from all its products, the use of which in food supplements has been preventively banned.
PharmaNutra Group has adopted, in advance of regulatory requirements, environmental labelling on the cases and components of its products indicating material, collection, reuse recovery and recycling. Environmental labelling informs the end consumer about the proper separate disposal of packaging to mitigate the current impossibility of using biodegradable packaging to maintain the quality of the finished product.

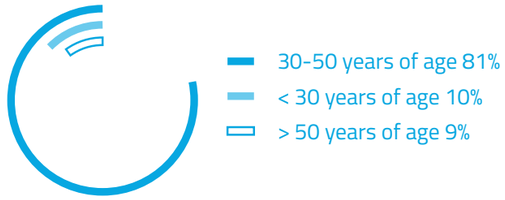
6.2.2 Other suppliers

The category of other suppliers includes the class of Pharmaceutical Sales Representatives (ISC), which represent a strategic stakeholder-supplier together with the production plants as they constitute the direct distribution channel for PharmaNutra and Junia Pharma on the Italian market.
The work carried out by the ISC for the Group also has an important function in providing scientific information to the medical profession, which is why the Group carefully selects candidate profiles and provides periodic refresher courses for the agents themselves.
As described above, the sales network is organised into three dedicated sales lines, Primary, Supportive and Junia Pharma, each headed by a manager reporting directly to the Commercial Management.
As at 31 December 2023, there are 154 ISC with exclusive mandate, who are the real driving force of the company.

ISC BREAKDOWN BY GENDER



ISC BREAKDOWN BY AGE



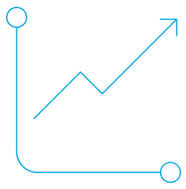
The breakdown of ISC by gender is equal, while the age of Pharmaceutical Sales Representatives is 81% between 30 and 50 years of age. This is attributable to the type of work, which involves constant movement between hospital facilities and pharmacies. In addition, given the peculiarities of the products marketed, the Group is looking for people who are preferably university graduates with a few years of experience.

Flexibility and responsiveness

Such features have enabled the integration of remote information and sales tools, thus structuring a new sales system capable of meeting changing market needs.

Continuing Education

Professional growth is guaranteed by a system of constant professional update and monitoring of performance and scientific knowledge.



Competitive time to market

Guaranteed only by rigorous scientific research, high quality standards and proprietary technologies.

The process of selecting Pharmaceutical Sales Representatives involves the Sales Department in defining the job description and the area that the Pharmaceutical Sales Representative will cover.
Recruitment channels are the same as those used for personnel recruitment (LinkedIn, recruitment sites).

The training of new ISC consists of several stages starting with the delivery of the scientific and commercial material for training, and is developed through periodic in-person and/or remote sessions with final evaluation tests.
On average, each new Pharmaceutical Sales Representative receives about 100 hours of training before starting work in the field.
Approximately 14,504 hours of training were provided in 2023 compared to approximately 14,592 hours in 2022.

07

Environment

7.1 Approach and policies

The fight against climate change is one of the major global challenges of recent years. Every company, whether large or small, can engage and contribute to the best of their abilities to this global challenge.
Commitment to social and territorial responsibility has long been an integral part of the principles and conduct of companies of the Group oriented towards maintaining high levels of safety, environmental protection and energy efficiency, as well as training, awareness and involvement of personnel on social responsibility issues. It is acknowledged that in this financial year, as in the past, there was no damage caused to the environment for which the Group's companies have been finally declared liable.
Although the Group has not yet implemented a specific environmental policy, it is committed to reducing the impact of its activities by outlining a management approach that takes into account environmentally relevant aspects.
This approach was used in the design and construction of the new headquarters. The Group envisaged an environmentally friendly structure: the materials used and the plants reflect the highest sustainability standards.
In addition, from April 2024 onwards, the Group can dispose of electricity generated by the installed photovoltaic system that will produce up to a maximum of 80 kWh of energy.

7.2. The actions taken for reducing environmental impacts

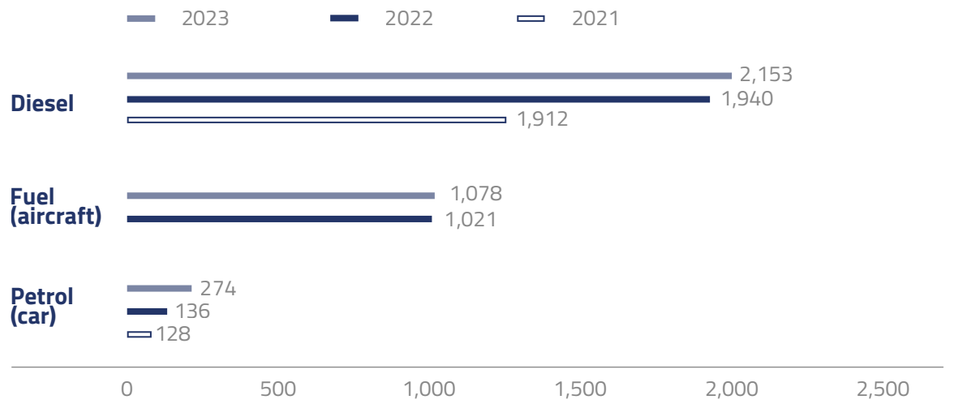
7.2.1 Energy

For PharmaNutra Group, as it does not currently have any production plants or logistics warehouses, energy use comes exclusively from the headquarters offices and fleet emissions.
Below are the main figures on the organisation's internal energy consumption:

(ENERGY) CONSUMPTION WITHIN THE ORGANISATION	M.U.	2023	2022	2021
Methane (room heating)	GJ	58	60	200
Petrol (car)		274	136	128
Fuel (aircraft)		1,078	1,021	-
Diesel		2,153	1,940	1,912
Electricity		2,243	455	338
TOTAL direct energy consumption		5,806	3,612	2,578

Note: DEFRA conversion factors

The increase in petrol and diesel consumption can be attributed to the increase in the company car fleet and more journeys.



The reduction in methane consumption resulted from the improved weather conditions compared to the previous year and the adaptation of office temperatures to the regulations issued by the authorities to reduce energy consumption.
The increase in electricity consumption is attributable to the construction work on the new headquarters, which took place for most of 2023.
In 2023, the Group was not able to make use of renewable sources of energy since the move to the new headquarters only took place in October. Starting from the second quarter of 2024, once the necessary authorisations have been obtained, it will be possible to use the installed photovoltaic system.
With the commissioning of the new headquarters, it is also possible to use the following systems to reduce emissions:

At the moment, the Group has no renewable sources from which to draw energy, but as of the third quarter of 2023, with the access to the new headquarters, the Group's companies will begin to exploit these resources through the installation of photovoltaic systems. The new headquarters will also feature:

- **Energy efficiency systems such as high-efficiency air-conditioning and heat recovery systems**
- **Air renewal system with heat recovery**
- **Free-cooling system**
- **Roof rainwater recovery system for irrigation use**

In 2024, it is expected to conclude new supply contracts using energy from renewable sources with the inclusion of green certificates.
The Group's CO2 emissions reflect direct (Scope 1) and indirect (Scope 2) energy consumption, resulting from the conversion of consumption data using conversion factors.

DIRECT CO2 EMISSIONS (SCOPE 1)	M.U.	2023	2022	2021
Methane (room heating)	CO2e kg	2,954	3,065	10,177
Petrol (car)		16,889	8,541	8,158
Fuel (aircraft)		66,377	64,363	-
Diesel		142,970	123,180	119,630
TOTAL		229,189	199,150	137,965

Note: DEFRA conversion factors

INDIRECT CO2 EMISSIONS (SCOPE 2)	M.U.	2023	2022	2021
Market-based electricity	CO2e kg	270,515	57,666	42,922
Location-based electricity		186,460	31,033	23,098

Note: Terna and AIB conversion factors

Starting from 2022, with a view to improving the ESG reporting process of the value chain and for better impact mitigation, the Group started interfacing with one of the main production plants.
The information provided refers to consumption for the production made on behalf of PharmaNutra on the basis of the incidence of the quantities manufactured over the total production of the food supplements line, in view of the fact that the production steps are common to all products manufactured by the plant.
The information was reversed over the entire production of the Group's products (excluding Akern's products) to obtain an estimate of total emissions. The table below shows the emissions attributable to the Group's total production (approximately 575,026 kg for 2023 and 442,008 kg for 2022, respectively).

INDIRECT EMISSIONS UPSTREAM IN THE VALUE CHAIN - PRODUCTION (UNIT VALUE)	M.U.	2023	2022
Water	cubic m	1,192.1	868.1
Energy	GJ	233.0	133.6
Gas		47,92.0	2,094.4

INDIRECT EMISSIONS UPSTREAM IN THE VALUE CHAIN - PRODUCTION (TOTAL ESTIMATED VALUE)	M.U.	2023	2022
Consumption generated by production plant:			
Energy_Market Based (A)	CO2e kg	28,072.55	16,096.29
Energy_Location Based(B)		19,368.01	8,662.11
Gas (C)		243,622.86	105,430.66
TOTAL - MARKET BASED (A+C)		**271,695.42**	**121,526.95**
TOTAL - LOCATION BASED (B+C)		**262,990.87**	**114,092.77**

In 2023, with a view to enriching its environmental reporting, the Group estimated one of the 15 Scope 3 categories: employee commuting, i.e. the emissions resulting from staff travel from home to work.
A questionnaire was spread among all members of the organisation (excluding employees with company cars), asking for an estimate of the kilometres travelled on the home-to-work journey and the type of vehicle used.
The employees who provided answers to the questionnaire represent 71% of the total number of employees (excluding employees with company cars). The figure for the Total Emission Estimate was obtained by multiplying the emissions per capita of one employee by the total number of employees of the Group.

SCOPE 3: EMPLOYEES' COMMUTING	KGCO2
Estimated total emission	**86,782**

Note: source of the conversion factor used to transform km into KGCO2: ISPRAAMBIENTE.IT

The same criterion was applied for the estimation of emissions from business trips made by the sales network (in this case, the number of responses accounted for 55% of the overall total).
The estimated overall total of CO2 emissions related to commercial network travel is:

SCOPE 3: ISC BUSINESS TRIPS	KGCO2
Estimated total emission	**684,328**

Note: source of the conversion factor used to transform km into KGCO2: ISPRAAMBIENTE.IT

In the reporting years, the Group has not received any sanctions and has not been the subject of litigation concerning environmental issues

7.2.2 Waste management

As the Group has no production site and uses subcontractors for production, in 2023 and in previous years, it did not generate waste directly from production.
Waste from the production plants, to which PharmaNutra Group entrusts the manufacturing of its products, follows specific certified and standardised procedures, which include the identification of methods, timing and responsibilities in waste management.
Each plant follows internal "Supplier Qualification" SOPs for the selection of disposers and transporters. The companies entrusted with waste transport, disposal and recovery have the legal authorisations without which they would not be assigned such a task as they are denied access to the production sites.
Production plants then classify waste into municipal and special waste, coded according to the current European Waste List (EWC). Code assignment is a prerequisite and condition for the classification as hazardous and non-hazardous.
Inside the company (plant), in the production unit, QC laboratory, offices, etc., different types of containers are placed, identified with appropriate signs bearing the name, the EWC code and any signs indicating the hazard risk.

All waste operations are tracked on loading and unloading registers, one for each production site by the persons in charge (such as Quality Assurance or transporters). Records are made within 10 working days of waste production and disposal, and records are kept for at least 5 years at Quality Assurance.
As of 2022, with a view to improving the ESG reporting process of the value chain and for better impact mitigation, the Group started interfacing with its strategic suppliers, requesting from them some data on the waste generated in the production process.
From this activity, the Group was able to obtain data from a production plant on the waste generated and the consumption resulting from the production process.
The information provided refers to waste generated for the production made on behalf of PharmaNutra on the basis of one kilogram of generic product made by the plant, in view of the fact that the production steps are common to all products manufactured by the plant.
The information was reversed over the entire production of the Group's products (excluding Akern's products) to obtain an estimate of total waste. The table below shows the tonnes of waste attributable to the Group's total production (approximately 575,026 kg for 2023 and 442,008 kg for 2022, respectively).

PRODUCTION PLANT-GENERATED WASTE IN PRODUCTION PROCESS STEPS	M.U.	2023	2022
Hazardous waste	t	0.28	0.16
Non-hazardous waste	t	348.25	220.10

In line with the previous year, the Group continued its policy of reducing the disposal (destruction) of obsolete packaging materials in the year under report.
According to this policy, if a change in product packaging graphics is decided, the packaging to be replaced will be used before the change is made so as to minimise the quantities to be disposed of.
Waste directly generated by the organisation's activities to date derives exclusively from internal quality control activities on finished products (for the companies PharmaNutra and Junia Pharma) and on samples of raw materials and semi-finished products (for the company Alesco) as well as from disposal of non-functioning and damaged products (for the company Akern).

TYPE OF WASTE	M.U.	2023	2022	2021
Hazardous	t	0.5	0.6	31.2
Non-hazardous	t	17.2	954.0	8,990.2
TOTAL		**17.7**	**954.5**	**9,021.5**

It should be noted that for the years 2022 and 2021, the high volumes of waste generated result mainly from the start of work for the construction of the new headquarters.

They are non-hazardous in nature and mainly come from the disposal of archive counter-samples sent by the subcontractor plant.
Alesco's R&D laboratory, on the other hand, generates potentially infectious wastes, acid and basic solutions, solvents, saline solutions, PPE, gloves, glassware, tips and pipettes, due to research and development activities related to new raw materials and semi-finished products by Alesco.
Waste disposal is externally managed by a company registered with the Tuscan Regional Register of Environmental Managers.
Therefore, PharmaNutra Group keeps and files the forms issued by the company for each disposal carried out.
Prior to collection and disposal by the external company, waste is classified according to the EWC code and hazardous nature. Inside the laboratory, waste is collected separately in dedicated paved areas, deposited in specific containers for temporary storage, before transport and recovery/disposal by the external company.
Only when a specific amount has been reached does the external company proceed with collection and disposal, so the data reported only refer to the amount of waste that has reached a quantity that can be disposed of.
Subsequently, the waste is stored and shipped by the external company in a separate manner according to its type and destination.
According to the forms issued by the disposal company, the main waste generated by the organisation are:

LABORATORY WASTE

The production of laboratory waste in 2023 amounted to **1,247 kilograms** (+12% compared to 2022), of which approximately 64% fell into the category of "non-hazardous" waste, which is totally destined for disposal processes, and mostly concerns expired food supplements from Junia Pharma and PharmaNutra, and waste material from Alesco's Laboratory.
As far as hazardous waste is concerned, again it is entirely disposed of and comprises 15% solids, about 16% acid solutions, 4% liquids and the remainder laboratory material such as glassware, tips or pipettes.
In September 2023, work ended for building the **new headquarters** and this activity led to the production of waste that the construction company entrusted to companies specialised in disposal or recovery.

The following is a summary of the waste produced and disposed of in connection with the construction of the new headquarters and the waste produced by the subsidiary Akern S.r.l.:

COMPOSITION OF WASTE (M.U. t)		2023			2022			2021		
EWC CODE	DESCRIPTION	GRAND TOTAL	REC.	DISPOS.	GRAND TOTAL	REC.	DISPOS.	GRAND TOTAL	REC.	DISPOS.
150106	Mixed material packaging	15.5	15.4	0.1	11.6	11.6		6.8	6.8	
160214	Discarded equipment other than those mentioned under EWC item 160209 to 160213	0.3		0.3						
161002	Miscellaneous aqueous liquid wastes under item 161001									
160216	Discarded equipment other than those mentioned under EWC item 160215	0.1		0.1						
160213	Discarded equipment other than those mentioned under EWC item 160209 to 160212 - HP5	0.0		0.0						
170904	Mixed construction and demolition waste other than those under items 17 09 01, 17 09 02 and 17				719.8	719.8		8,694.3	8,694.3	
170904	Demolition and construction waste							229.8	229.8	
170802	Chalk-based construction metals other than those under item 170801							0.2	0.2	
170802	Plasterboard	0.3		0.3				7.4	7.4	
170604	Insulating materials, various				0.1	0.1				
170407	Mixed metals							2.3	2.3	
170405	Iron and steel	0.1		0.1				10.1	10.1	
170203	Plastic				0.1	0.1				
170202	Glass*							2.9	2.9	
170201	Wood				12.6	12.6		1.4	1.4	
170101	Cement				206.7	206.7		28.8	28.8	
161002	Miscellaneous aqueous liquid wastes under item 161001				2.1		2.1	2.0		2.0
160214	Discarded equipment other than those mentioned under EWC item 160209 to 160213							3.6	3.6	
TOTAL NON-HAZARDOUS		16.4	15.4	1.0	953.0	950.9	2.1	8,989.5	8,987.5	2.0
200121	Fluorescent tubes and other mercury-containing waste							0.1	0.1	
160601	Non-powdery solid HP5 HP8 HP10 HP14	0.03		0.03						
160605	Non-powdery solid	0.03		0.03						
170603	Other insulation materials containing or consisting of hazardous substances							2.6	2.6	
170605	Construction material containing asbestos							28.5	28.5	
170301	Bituminous mixtures containing coal tar				0.4	0.4				
TOTAL HAZARDOUS		0.1		0.1	0.4	0.4		31.2	31.2	
TOTAL		**16.4**	**15.4**	**1.0**	**953.4**	**951.3**	**2.1**	**9,020.7**	**9,018.7**	**2.0**

The table shows the main waste produced (non-laboratory related). About 97% is non-hazardous waste consisting of plastic material relating to the packaging of furniture and furnishings and the disposal of damaged products of the subsidiary Akern.

Almost all of the waste generated was recovered, representing a concrete commitment by PharmaNutra Group in terms of sustainability.

Methodological note

This document represents the third Sustainability Report for PharmaNutra Group, consisting of the companies PharmaNutra S.p.A., Junia Pharma S.r.l., Alesco S.r.l., Akern S.r.l., PharmaNutra España S.L.U. and PharmaNutra USA Corp. It demonstrates the Company's commitment and focus on integrating sustainability issues into its business.

We point out that in this Sustainability Report, in contrast to the Annual Financial Report, the foreign companies PharmaNutra USA Corp. and PharmaNutra España S.L.U. have been excluded from the reporting scope except for the calculation of the Economic Value Generated and Distributed.

The reason for the exclusion of the two companies from the reporting scope of this document is that during 2023 their operation was extremely limited, therefore the impact of these companies on the Group and the stakeholders identified, in economic, environmental and social terms, is not material. The two companies will be consolidated starting from the 2024 Sustainability Report.

The reference time frame is the financial year 2023, i.e. the calendar year from 1 January 2023 to 31 December 2023. In order to facilitate the comparability of quantitative data for the different areas under analysis, numerical values for the years 2022 and 2021 have also been reported.

The Sustainability Report, which was approved on 13 May 2024 by the Board of Directors of the Parent Company, is prepared in accordance with GRI Standards on an *"In accordance"* basis. GRI standards were updated in accordance with the Global Reporting Initiative (GRI) in 2021 and are the most widely recognised international non-financial reporting standard to date.

This document is drawn up on a voluntary basis as the company is exempted from the mandatory reporting of the Non-Financial Declaration according to Italian Legislative Decree 254/2016 being currently in force.

The Sustainability Report is subject to *limited assurance* by KPMG S.p.A., which issued a specific report and conducted the audits according to the procedures indicated in the section of the document entitled "Independent Auditors' Report".

This document deals with and explores material topics for PharmaNutra Group, i.e. issues that represent the organisation's impacts on economy, the environment and people, including human rights. Impacts are defined as the effects the organisation has or could have on the economy, the environment and people, including their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development. Section "1.2.2 Materiality analysis" sets out how the Group has interacted with its stakeholders to define its material topics and their impacts, consistent with the GRI 2021 update.

In the correlation table "GRI Content Index" included at the end of the document, for each material topic the page reference of the Report where the relevant content can be found is made explicit.

PharmaNutra Group makes this Sustainability Report available to the stakeholders through its publication on the website www.pharmanutra.it.

To request further information about this Document or to share comments and observations, please write to the e-mail address **esg@pharmanutra.it**.

GRI - Content Index

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HEALTH AND SAFETY IN THE WORKPLACE		
3 - 3	Management of material topics	32 - 33; 76 to 78
403 - 1	Workers representation in formal joint management–worker health and safety committees	76
403 - 2	Hazard identification, risk assessment, and incident investigation	76 - 77
403 - 3	Occupational health services	76 - 77
403 - 4	Worker participation, consultation, and communication on occupational health and safety	76 - 77
403 - 5	Worker training on occupational health and safety	73
403 - 6	Promotion of worker health	76 - 77
403 - 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	76 - 77
DIVERSITY AND EQUAL OPPORTUNITIES		
3 - 3	Management of material topics	32 - 33; 68 - 69
405 - 1	Diversity of governance bodies and employees	52; 68 to 71
405 - 2	Ratio of basic salary and remuneration of women to men	72
SUSTAINABLE VALUE CREATION		
3 - 3	Management of material topics	32 - 33; 27 to 29
201 - 1	Direct economic value generated and distributed	28 - 29
201 - 4	Financial assistance received from government	28
203 - 1	Infrastructure investments and services supported	20
413 - 1	Operations with local community engagement, impact assessments, and development programs	92 - 95
WASTE MANAGEMENT AND RECYCLING		
3 - 3	Management of material topics	32 - 33; 111 to 115
306 - 1	Waste generation and significant waste-related impacts	111 - 115
306 - 2	Management of significant waste-related impacts	111 - 113
306 - 3	Waste generated	114 - 115
ENERGY EFFICIENCY		
3 - 3	Management of material topics	32 - 33; 108 - 111
302 - 1	Energy consumption within the organization	108 - 109
305 - 1	Direct (Scope 1) GHG emissions	110 - 111
305 - 2	Energy indirect (Scope 2) GHG emissions	110 - 111

Declaration of use: PharmaNutra Group presented a report in accordance with GRI standards for the period 01/01/2023 - 31/12/2023.
Relevant GRI industry standards: N/A

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the sustainability report

To the board of directors of
Pharmanutra S.p.A.

We have been engaged to perform a limited assurance engagement on the 2023 Sustainability report (the "sustainability report") of the Pharmanutra Group (the "group").

Responsibilities of the directors of Pharmanutra S.p.A. (the "parent") for the sustainability report

The parent's directors are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Methodological note" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1 analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;

2 comparing the financial disclosures presented in section "1.1.7 A business that creates value: the Group's impacts" of the sustainability report with those included in the group's consolidated financial statements;

3 understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.
Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level:
  a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
  b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited Pharmanutra S.p.A., which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 Sustainability report of the Pharmanutra Group has not been prepared, in all material respects, in

Independent Auditors' Report

accordance with the requirements of the GRI Standards, as described in the "Methodological note" section of the sustainability report.

Florence, 12 June 2024

KPMG S.p.A.

(signed on the original)

Giuseppe Pancrazi
Director of Audit

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