Dermapharm Holding SE

CSR REPORT **2023**

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Dermapharm at a glance

Value creation and key figures of the Dermapharm Group **EUR million**	**2020**	**2021**	**2022**	**2023**
Revenue	793.8	942.9	1,024.8	1,135.4
Cost of materials	363.9	333.6	373.5	434.9
Personnel expenses	158.1	164.7	184.1	264.5
Operating result	136.9	298.5	243.7	182.6
Financial expenses	10.6	10.0	14.5	73.0
Earnings before taxes	125.3	293.0	216.3	105.7
Income tax expenses	39.3	84.0	83.7	45.5
Dividend	43.1	47.4	116.8	56.5
Total assets	**1,224.4**	**1,407.0**	**1,412.8**	**2,160.4**
Equity ratio	26.5%	35.5%	37.7%	25.2%
Average number of employees	2,311.0	2,373.0	2,563.0	3,497.0

Dermapharm Holding SE

Dermapharm Holding SE (together with its subsidiaries, associates and equity investments referred to as "Dermapharm" or the "Group") is an innovative and fast-growing manufacturer of branded pharmaceuticals and other healthcare products. A continuously evolving area of our business is phytotherapy, which is the use of medicinal plants to prevent and also treat illnesses and complaints.

Founded in 1991 and based in Grünwald near Munich, Dermapharm is an innovative and rapidly growing manufacturer of branded pharmaceuticals and other healthcare products.

In addition to its main location in Brehna near Leipzig, Dermapharm also operates other production, development and distribution locations in Germany, the rest of Europe and the United States.

In the "Branded pharmaceuticals" segment, Dermapharm has more than 1,300 marketing authorisations with more than 410 active pharmaceutical ingredients. Dermapharm's portfolio of pharmaceuticals is tailored to selected therapeutic areas in which the Company is a market leader, especially in Germany. The Company's integrated business model extends from in-house product development and production through quality management and logistics to the distribution of branded pharmaceuticals by a trained pharmaceutical sales force.

Dermapharm bundles food supplements, herbal pharmaceuticals, cosmetics, medical devices, herbal extracts and medicinal cannabis in its "Other healthcare products" segment. In this segment, Dermapharm can tap the expertise of the Spanish company Euromed S.A., a leading global manufacturer of herbal extracts and plant-based active ingredients for the pharmaceuticals, nutraceuticals, foodstuffs and cosmetics industries, and Arkopharma, the market leader for herbal medicines and food supplements in France.

Dermapharm also operates the "Parallel import business" segment under the axicorp brand. axicorp imports originator pharmaceuticals from other EU Member States and resells them to pharmaceuticals wholesalers and pharmacies in Germany. This enables axicorp to benefit from the different pricing structures in the individual EU member states. Based on revenue, axicorp is currently one of the top five parallel import companies in Germany.

With a consistent R&D strategy and numerous successful product and company acquisitions and by stepping up its internationalisation efforts, the Group is continuously optimising its business activities and seeks external growth opportunities in addition to organic growth.

For Dermapharm, doing business sustainably means: offering exceptional products to customers, ensuring sustainable corporate growth, working with a view to lasting profitability, providing employees with the best possible working conditions and opportunities, acting in an environmentally responsible manner, and being among the market leaders in the relevant segments. Sustainability means making the right products and offering the right services to safeguard a high standard of living and quality of life.

High standards: Dermapharm adheres to the following Good Practices for the pharmaceuticals industry.
Good Clinical Practice (GCP)
Good Distribution Practice (GDP)
Good Manufacturing Practice (GMP)
Good Pharmacovigilance Practice (GVP)

We pursue several objectives with our actions and our products: Ensure sustainable corporate growth, offer our customers excellent products, provide employees with the best possible working conditions and opportunities, treating the environment with care, being among the market leaders in the relevant segments and operate profitably in the long term. For us, sustainability means offering the right products and services and safeguarding our standard of living and quality of life.

Foreword

"From a sustainability perspective, the past year was also marked by successful post-merger integration projects and continued improvements in resource efficiency as well as greenhouse gas emissions intensity"

Dr Hans-Georg Feldmeier, *Chief Executive Officer*

Dear shareholders and stakeholders,

In 2023, the Dermapharm Group once again achieved sustainable, healthy growth and undertook further acquisitions to round off its product portfolio where appropriate – not least in the field of natural plant-based compounds. From a sustainability perspective, the past year was also marked by successful post-merger integration projects and continued improvements in resource efficiency as well as greenhouse gas emissions intensity.

Nevertheless, the pace with which we are shrinking our ecological footprint is slowing, because we have already achieved significant improvements in prior years through more substantial projects and measures, which for a variety of reasons cannot be replicated at such a scale. It also bears noting that smaller one-off measures, such as the relocation of operating facilities, can sometimes overshadow our current successes in the area of sustainability. In light of this, a good number of small measures and minor initiatives were implemented during the year under review which in their totality also make a perceptible difference and therefore a vital contribution to achieving the objectives of our sustainability strategy.

Furthermore, Dermapharm's business model is shaped by statutory conditions. In that connection, it must be noted that it is only possible to achieve sustainability targets in keeping with the inherent constraints of the business model. Galenics, or the production of pharmaceuticals and the formulation of medicines with an active ingredient, is subject to certain statutory conditions. These include, for instance, production in controlled, germ-free conditions and the sterile manufacturing of injectable pharmaceuticals. The production of biological pharmaceuticals where minor process deviations can result in major differences in effectiveness is also costly. All of these factors mean that it is only possible to a limited extent to manage the energy and other resources used.

Moreover, the production of pharmaceuticals involves ingredients for which the individual properties and manufacturing process steps require government approval. Subsequent modifications, such as lowering the temperature in the production process, are either not possible or subject to renewed approval, entailing costly new applications. In that way, European

"Dermapharm's sustainability strategy revolves around its products and how they are manufactured. Our priority is placed on achieving the utmost level of quality so that consumers can rely on Dermapharm's products without reservation."

Dr Hans-Georg Feldmeier, *Chief Executive Officer*

and German pharmaceuticals law severely curtails the ability optimise energy and resource efficiency. Furthermore, the entire manufacturing process is subject to constant monitoring for quality assurance purposes. The composition of the pharmaceuticals is controlled, in particular their identity, content and purity. It goes without saying that every production step must be documented in detail.

Dermapharm's sustainability strategy revolves around its products and how they are manufactured. Our priority is placed on achieving the utmost level of quality so that consumers can rely on Dermapharm's products without reservation. The manufacturing conditions along the entire value chain for Dermapharm's compounds are also important. Monitoring has been stepped up again in this area.

Dermapharm continues to work to develop and manufacture powerful products using environmentally friendly processes under the best-possible conditions for employees. Of course, it also leverages the available potential to optimise processes and conditions within the scope afforded by the law. To that end, we are constantly working to continuously lower the relative resource use and continually improve energy efficiency and emissions intensity.

We the management at Dermapharm are pleased to seek your critical yet balanced input as we further develop our sustainability strategy.

Regards,

Grünwald, March 2024

Dr Hans-Georg Feldmeier
Chief Executive Officer

Dr Andreas Eberhorn
Chief Marketing Officer

Christof Dreibholz
Chief Financial Officer
Chief Compliance Officer

01 How sustainability is managed

01 How sustainability is managed at Dermapharm

Business and business model

Dermapharm is a fast-growing German manufacturer of branded pharmaceuticals for selected therapeutic areas and other healthcare products. Its product range spans from prescription and over-the-counter (OTC) pharmaceuticals, medical devices, food supplements, cosmetics and herbal extracts.

Founded in 1991, Dermapharm is based in Grünwald near Munich. The Group operates five development centres and multiple production facilities in Europe. Dermapharm manufactures more than 90% of its branded pharmaceuticals at its own production facilities. The Group's most important German production facility and logistics centre is operated by its subsidiary mibe GmbH Arzneimittel (mibe) in Sandersdorf-Brehna near Leipzig.

Thanks to its expertise and experience in pharmaceuticals product development, Dermapharm is able to develop, manufacture and market a wide range of branded pharmaceuticals based on formulations of active pharmaceutical ingredients that are no longer protected by patents.

The Group's key strengths include product development, in-house production in accordance with the Good Manufacturing Practice (GMP) standard and distribution of pharmaceuticals and other healthcare products by a medical and pharmaceutical sales force. Dermapharm's "Made in Europe" quality seal and an integrated business model have helped it to achieve a strong track record for developing and marketing new pharmaceuticals and other healthcare products. More than 800 national and international marketing authorisations have already been obtained as a result of in-house research and development.

More than 70% of revenue from the German brand portfolio is generated through off-patent original and other compounds, some of which face no noteworthy competition on the market.

At the end of 2023, the brand portfolio comprised more than 400 APIs and 1,300 marketing authorisations. Together with the growing number of other healthcare products – including food supplements, medical devices and cosmetics – Dermapharm has a broad product range which gives the Company an independent profile and a relatively high degree of resilience.

By shaping its entire value chain on its own – from procurement through to production and logistics down to distribution and sales – Dermapharm is able to organise its internal processes in a highly efficient manner. As a result, production and logistics costs tend to be lower, which has a positive effect on sales margins. Structural and procedural room for manoeuvre also provides Dermapharm with the ability to leverage synergies within the Group.

The Group is increasingly focusing on business in attractive growth markets for other healthcare products as well as herbal medicines and food supplements. The latter phytopharmaceuticals feature a broad therapeutic and pharmacological range and efficacy profile and often have fewer side effects than synthetic pharmaceuticals. The effectiveness of phytopharmaceuticals hinges on the quality of the herbal raw materials used.

Multiple Dermapharm Group companies are active in this segment. Euromed S.A. is one of the leading companies in the development and production of herbal extracts. AB Cernelle develops and produces healthcare products based on cereal pollen. Candoro ethics (formerly C³ Cannabinoid Compound Company or the C³ Group) is the market leader for natural and synthetic dronabinol in Germany and Austria, with a focus on developing, manufacturing and marketing medicinal cannabis.

In the beginning of 2023, Dermapharm acquired the French company, Apharma TopCo SAS, which is the holding company of the Arkopharma Group (Arkopharma). Arkopharma is the market leader in herbal medicines and food supplements and Dermapharm is furthermore tapping into new sales channels in western and southern Europe. This segment, "Other healthcare products", also includes mibeTec's hyperthermic medical devices, the portfolio of herbal pharmaceuticals and food supplements and cosmetics from Anton Hübner, Hübner Naturarzneimittel and the contract manufacturer, Melasan, in Austria.

Another of Dermapharm's business segments is represented by the Group company axicorp GmbH (axicorp), which operates an established parallel imports business with selected compounds and ranks among the top six parallel importers in Germany by revenue. The business involves importing originator pharmaceuticals from other EU states and reselling them to pharmaceuticals wholesalers and pharmacies in Germany. axicorp benefits here from the different pricing structures in the individual EU states.

Core values that guide how we do business

Key factors behind the Company's success are thoughts and deeds that align with the notion of sustainability. Doing business sustainably means acting in a way that seeks to balance the interests of all of the parties involved in and affected by a business process. Dermapharm accepts that it has a responsibility to society and helps to ensure that future generations are also able to live in an environment that is socially, economically and environmentally functional.

Dermapharm's main contribution to sustainability is the development and production of high-quality and affordable pharmaceutical preparations for maintaining, promoting and restoring health. Where technically feasible and legally possible, it also uses renewable resources and energy-efficient and low-emission production processes.

However, the production of pharmaceuticals is subject to challenging statutory conditions. This includes the selection of the necessary raw materials and suppliers as well as the timing and technical organisation of manufacturing processes. Dermapharm optimises these to the extent possible, taking into account sustainability considerations. At the same time, for reasons relating to pharmaceuticals safety, only few modifications are permissible.

Material sustainability-related topics and reporting

The selection and importance placed on the topics addressed in this non-financial report are based on the materiality principle. To identify the topics of material importance, Dermapharm regularly analyses the experiences and findings of its employees in their everyday work, the outcomes of talks with other stakeholders (interest groups) and current market developments, particularly in the chemicals and pharmaceuticals sectors.

Topics are evaluated based on the following dimensions in order to determine their significance for the Company:

- Impact: How significantly do Dermapharm's (business) activities affect the environment (inside-out view)?
- Financial position: How significantly do environmental developments and events affect Dermapharm's business development, particularly its financial situation (outside-in view)?

The materiality of an impact is assessed based on its severity, extent, irreparability and duration. In addition, Dermapharm also considers the relevance of sustainability aspects to stakeholders.

This approach ultimately provides information about the significance and hence the materiality of the individual aspects and topics with respect to Dermapharm's method of doing business and conducting itself in a sustainable manner. The material topics identified in this fashion are covered in this report. In 2023, there were no noteworthy changes to the 2022 assessment.

The discussion of performance in terms of the achievement of sustainability goals includes all of Dermapharm's production facilities worldwide. The information and data have been organised based on the Global Reporting Initiative (GRI) disclosure scheme. The report also fully satisfies the requirements applicable to non-financial reports under § 315b and 315c in conjunction with § 289b to 289e of the German Commercial Code (Handelsgesetzbuch, "HGB") and Regulation (EU) 2020/852 of the European Parliament and of the Council. It therefore includes the information required under the German Act Implementing the CSR Directive (CSR-Richtlinie-Umsetzungsgesetz) on material environmental, employee and social matters, respect for human rights, anti-corruption and bribery matters.

Dermapharm uses key financial figures and performance indicators to monitor its operating business. There are currently no non-financial performance indicators of material significance for the Company's business operations (§ 289c (3) no. 5 HGB). As a result, there is no direct connection between the amounts reported in the consolidated financial statements in accordance with § 289c (3) no. 6 HGB and the five non-financial matters (see table below) referred to in § 289c (2) nos. 1 to 5 HGB.

Material sustainability aspects and action areas

Non-financial matters	HGB	Key areas of action	Section
Environmental matters	§ 289c (2) no. 1	• Production process • Energy consumption • (Greenhouse gas) emissions • Water use • Waste • Biodiversity • Supply chain	03 03 02
Employee-related matters	§ 289c (2) no. 2	• Training and professional development • Flexibility and communication • Competitive and fair salaries • Health and occupational safety • Diversity • Company suggestion scheme	05 05 05
Social matters	§ 289c (2) no. 3	• The establishment of effective, well tolerated and affordable medicines • Highest quality standards and user safety • Protection against falsified medicines	02 02+03
Respect for human rights	§ 289c (2) no. 4	• Respect for rights at work and human rights	04
Combating corruption and bribery	§ 289c (2) no. 5	• Code of Conduct and compliance • Data protection • IT security • Integrity • Transparency	06

In accordance with § 171 (1) sentence 4 of the German Stock Corporation Act (Aktiengesetz, "AktG"), the Group's non-financial report was assessed by the Supervisory Board to assess whether it was lawful, proper and appropriate for its intended purpose. In accordance with § 317 (2) sentence 4 HGB, it was submitted to the auditor, but was not subjected to a substantive audit. Dermapharm is committed to ensuring transparency for its stakeholders and reports on all matters in its business and business environment that are relevant to sustainability.

Responsibility for sustainability within the organisation

At Dermapharm, the Company's entire Board of Management is responsible for sustainability-related matters and for the outcomes achieved. In addition, the CEO and the CFO/Chief Compliance Officer (CCO) head an ESG Committee (Environmental, Social, Governance), the members of which also include managing directors and managers of different companies. The Committee coordinates and decides on all material sustainability-related activities and measures at the Company.

02 Segments and products

02 Segments and products

With a consistent R&D strategy and numerous product and company acquisitions and by stepping up its internationalisation efforts, Dermapharm has continually expanded its business over the past 30 years and sought external growth opportunities in addition to organic growth. Dermapharm intends to continue on this profitable growth course in the future.

Dermapharm's product range includes pharmaceuticals, food supplements and cosmetics, both in liquid and semi-solid and solid form. Their packaging is made of glass, cardboard and plastic. Certain parts of the primary and secondary packaging are recyclable.

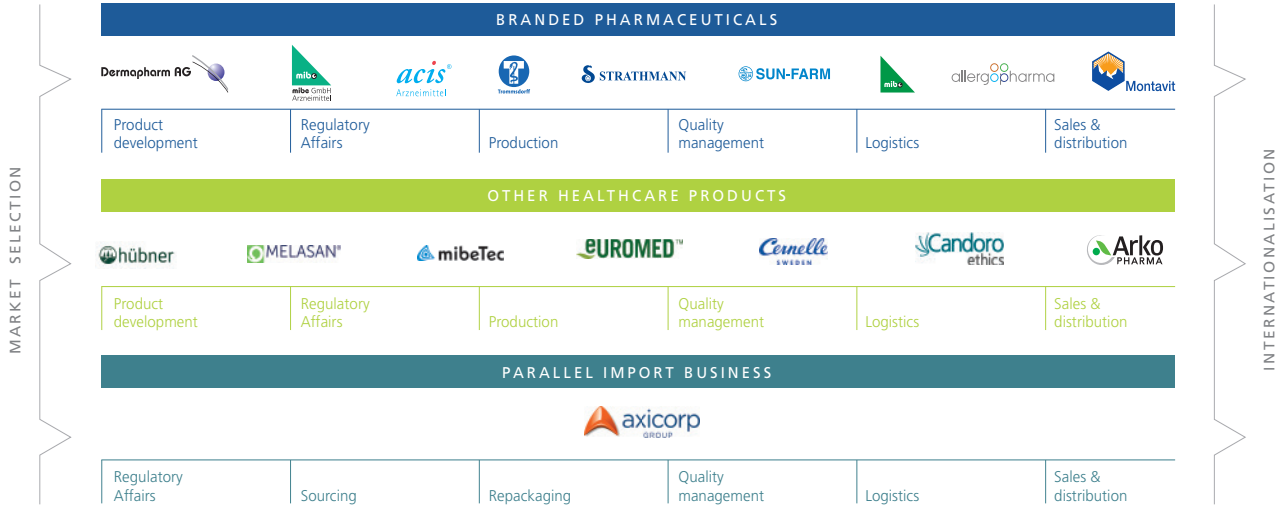
Dermapharm's operating business is divided into three segments:

(1) Branded pharmaceuticals, which accounted for roughly 47% of revenue in 2023; typical products include Dekristol® 20.000 I.U., Myditin®, Keltican®, Tromcardin® complex, Ampho-Moronal®, Prednisolut® and Allergovit®.

(2) Other healthcare products, accounting for approximately 33% of revenue; typical products include Silicea®, hübner® Gute Laune, hübner® Gut Einschlafen, hübner Tannenblut®, Forcapil®, Arkoroyal®, Arkorelax® , bite away® and Herpotherm®.

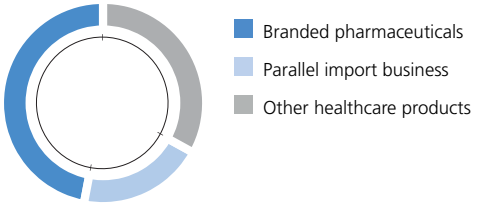
(3) Parallel imports business, accounting for approximately 20% of revenue.

Dermapharm Holding SE's integrated business model



By ensuring that entire value chain – from purchasing through production down to logistics and distribution – is covered in-house, Dermapharm streamlines internal processes and, furthermore, creates synergies for the Group.

Dermapharm at a glance

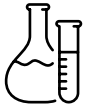


MADE IN GERMANY

90%

of branded pharmaceuticals are produced in Germany

>1,200 products



>380 active pharmaceutical ingredients

Branded pharmaceuticals

In the "Branded pharmaceuticals" segment, Dermapharm has more than 1,300 marketing authorisations with more than 400 active pharmaceutical ingredients. Dermapharm's portfolio is tailored to selected therapeutic areas in which the Company is a market leader, especially in Germany.

At the core of our business activities, we partner with and advise doctors and pharmacists in the interest of patients – while ensuring compliance at all times. The Group's product portfolio covers a broad spectrum of groups of active ingredients in varying dosage forms and strengths. This allows Dermapharm to offer bespoke therapeutic concepts for the widest variety of medical needs.

According to the market research firm INSIGHT Health, the Group is Germany's market leader for prescription dermatologics (based on the number of prescriptions written by doctors registered there) as well as for prescription vitamins (for instance with the vitamin D compound Dekristol® 20,000 IU).

Dermapharm also has branded products in other selected therapeutic areas such as vitamins/minerals/food supplements, dermatology, allergology, pain and inflammation, cardiovascular support and gynaecology and urology. According to INSIGHT Health, Dermapharm is the market leader for certain products in these areas with leading brands, such as Keltican®, Tromcardin®, Acicutan® and Ketozolin®.

Dermapharm's core business: Pharmaceuticals for therapeutic areas in niche markets

Vitamins, minerals, food supplements

Allergology

Cardiovascular support

Dermatology

Pain and inflammation

Gynaecology and urology

Selection of products for each therapeutic area

Other healthcare products

In 2023, Dermapharm strengthened its Other healthcare products segment by acquiring Arkopharma, the market leader for herbal food supplements in France. The segment also includes the Spanish subsidiary Euromed S.A. (a leading manufacturer of standardised herbal extracts and plant-based active ingredients for the pharmaceuticals, nutraceuticals, foodstuffs and cosmetics industries) and the Swedish company, AB Cernelle. At the beginning of 2022, this segment was furthermore expanded to include the Germany-based Candoro ethics (formerly C³ Group), which develops, manufactures and markets synthetic cannabinoids. This segment also includes mibeTec's hyperthermic medical devices, the portfolio of herbal pharmaceuticals and food supplements and cosmetics from Anton Hübner, Hübner Naturarzneimittel and Melasan in Austria.

Arkopharma

Arkopharma is the French market leader for natural food supplements, and it develops products with natural active ingredients which are primarily plant-based. It uses only high-quality ingredients to formulate effective natural solutions. Arkopharma develops its products in keeping with the "green galenics" principle, i.e., to the extent possible, the company foregoes chemical additives and dyes in its formulations as well as undesired artificial sweeteners (aspartame) and pork gelatines, and gives preference to 100% plant-based capsule casings made from cellulose. The largest part of its product range is allergen-free and the vast majority of products are lactose- and gluten-free. Arkopharma is also increasingly turning its focus to vegan products. The most frequent dosage forms are capsules, tablets, gummy bears and ampoules.

Arkopharma offers a broad range of products. Its "hero" products are positioned in the following OTC segments: stress/sleep, joints, urinary tract, skin and haircare. The lab's historical range comprises more than 80 individual herbs in capsules, such as artichoke, Devil's Claw, ginger, St. John's wort and valerian.

Company building of Arkopharma, France

Euromed S.A.

Euromed, of Spain, is a leading manufacturer of standardised herbal extracts and natural active ingredients for the pharmaceutical industry, particularly the nutraceutical sector and cosmetics industry. Euromed extracts its active ingredients from fruits (such as figs, pomegranates, Japanese apricots and lemons) and special berries (such as blueberries, bearberries and grapes), plants that produce oil (particularly olive trees), culinary plants and herbs (such as garlic, turmeric, lemon balm, rosemary and cinnamon bark) and other types of trees, shrubs and herbs (such as maple trees, milk thistle, valerian, barberries, pine bark and willow bark).

Euromed strives to continually expand its product portfolio to include the largest possible selection of organic products, with the aim being to cement and expand its position in the pharmaceutical market as a leading manufacturer of herbal extracts and natural active ingredients. Europe is and remains Euromed's main market, but its presence particularly in North America and Asia is also stimulating growth.

Euromed exclusively buys raw materials from controlled cultivation, although organically farmed plants are prioritised. Euromed has its own plantations, but also buys from partners around the world whose production is subject to regular monitoring. Traceability is the key to a sustainable value chain. Euromed supports and invests in organic farmers who give priority to environmentally-friendly agricultural practices. As far as the latter is concerned, crop protection, soil fertility and the preservation of biodiversity and ecosystems play a key role in the context of climate change, product quality and traceability.

Euromed Innovation Center, Mollet del Vallès, Spain

AB Cernelle

Cernitin™ pollen extracts, derived from machine-harvested pollen grains, are the active pharmaceutical ingredients (API) in medicines for the effective and safe treatment of symptoms caused by benign prostate diseases such as benign prostatic hyperplasia, chronic prostatitis and chronic pelvic pain.

AB Cernelle, the manufacturer, is domiciled outside of Ängelholm, in southern Sweden. The company has special facilities for extracting high-quality pollens and for manufacturing pure, allergen-free Cernitin™ pollen extracts. In addition to the equipment needed for the extraction process, its facilities include dry production technology and a modern pollen laboratory. Production processes are 100% fossil-free.

Cernitol®Novum, Cernitol®, Pollstimol® and Cernilton® are approved herbal pharmaceuticals with Cernitin™ pollen extract (API). These products are available in tablet and capsule form.

AB Cernelle building in Ängelholm, Sweden

Candoro ethics (formerly C³ Group)

The Germany-based Candoro ethics GmbH develops, produces and distributes natural and synthetic dronabinol for medicinal purposes, and is the ideal complement to Dermapharm's "Other healthcare products" segment. Dronabinol is an active ingredient and a cannabinoid that is primarily used for pain treatment and in palliative care and for oncology and neurology. It is used to treat a wide range of other chronic and severe diseases.

Candoro ethics is the market leader for dronabinol in Germany and Austria. Alongside cannabidiol, which is known as CBD, delta-9-tetrahydrocannabinol, or THC for short, is one of the two principal active ingredients of the cannabis plant. In Germany alone, more than 80,000 patients were treated with medicinal cannabis. However, the expected number of patients who could benefit from this treatment is many times greater.

Anton Hübner

The Black Forest-based Anton Hübner GmbH & Co. KG holds a vital position in the field of traditional and natural healthcare products. Hübner possesses comprehensive healthcare expertise and firmly rooted development and manufacturing competence. The Anton Hübner product portfolio includes OTC pharmaceuticals, medical devices and a broad range of food supplements and cosmetics in the segments beauty, vitality, bones & cartilage, immune system and gastrointestinal. Its products are sold primarily at health food stores as well as at organic and chemists' shops and in pharmacies. The tradition-steeped company's global distribution network exports products to some 40 countries.

Dermapharm bundles food supplements, herbal pharmaceuticals, cosmetics, medical devices, herbal extracts and medicinal cannabis in its "Other healthcare products" segment. In this segment, Dermapharm can tap the expertise of the Spanish company Euromed S.A., a leading global manufacturer of herbal extracts and plant-based active ingredients for the pharmaceuticals, nutraceuticals, foodstuffs and cosmetics industries, and Arkopharma, the market leader for herbal medicines and food supplements in France.

Parallel import business

Dermapharm's business model also includes the "Parallel import business" segment that operates under the "axicorp" brand. In terms of gross revenue, axicorp was one of the six largest parallel importers in Germany in 2023, covering the majority of the prescription originator pharmaceuticals available on the German parallel import market.

axicorp imports originator pharmaceuticals from other EU Member States and resells them to pharmaceuticals wholesalers and pharmacies in Germany. This enables axicorp to benefit from the different pricing structures in the individual EU Member States. The business model is supported by German legislation, which provides for the exploitation of a certain percentage of price differences for original prescription drugs within the European Union's internal market to the benefit of the statutory health insurance system in Germany. In this area, axicorp has the specialist expertise needed for procuring these pharmaceuticals from other EU Member States. The products are then manufactured in "axicorp's" own production facilities in accordance with the requirements of the German market. Product sales are driven by direct marketing activities carried out at the company's own call centre.

axicorp moved into a new production building at the beginning of 2022. The new building provides axicorp with state-of-the-art production, storage and administration facilities which met the energy standards currently in force (EnEV) in 2020, as well as featuring green roofing space over three-quarters of its roof. The usable floor area of more than 7,400 m² is spread over two floors of the operating facility and is designed to meet the latest energy standards.

It includes a photovoltaic system with nominal power of 99.108 kWp, a green roof space of 3,600 m² and a ventilation system with heat recovery. Energy demand is reduced by an air-to-water heat pump and a condensing gas boiler. Fresh water consumption will also be reduced by using rainwater from the roof to flush the toilets.

New axicorp building in Friedrichsdorf, Germany

Research & development

Research & development are an important growth driver for Dermapharm. New products "Made by Dermapharm" are the key to driving forward the Group's internationalisation and future organic growth. Dermapharm consequently targets its efforts on developing compounds in its core therapeutic areas using active pharmaceutical ingredients that are generally no longer subject to intellectual property rights.

In total, the Group operates five development centres: mibe F&E GmbH & Co. KG (mibe F&E) in Sandersdorf-Brehna focuses on pharmaceutical and analytical development and marketing authorisation for pharmaceuticals. mibe F&E is the hub for the manufacture of investigational medicinal products. Allergopharma's research and development centre in Reinbek, near Hamburg, concentrates on further developing allergen immunotherapies. The focus of its efforts is on improving the existing product range, including clinical indications and application plans. Euromed has a development and innovation centre for herbal extracts in Mollet del Vallès, Spain. Anton Hübner and Arkopharma have research and development centres in Ehrenkirchen and Carros (near Nice), France for herbal food supplements, pharmaceuticals and cosmetics.

Dermapharm's more than 30 years' experience provides it with expertise in developing off-patent pharmaceuticals as well as a powerful network of development partners. Moreover, the Group has the necessary regulatory expertise in house in order to be able to carry out the authorisation process itself in Germany as well as in the EU. These broad capabilities mean that new developments can be launched and marketed in Germany and at the subsidiaries outside Germany.

Product safety

Dermapharm places the utmost priority on product quality. Drug safety and "pharmacovigilance" (efficacy and safety) are guaranteed by the application of numerous recognised production and distribution standards. The requirements for quality assurance of the production processes and environment in manufacture of pharmaceuticals for the purpose of a process review are set out by the European Commission in the principles and guidelines of the GMP standards for medicinal products for human use. Detailed guidance on interpreting these GMP principles and guidelines is published in the EU GMP Guide. The requirements apply without exception for compounds intended for human use.

All processes involved in the manufacture of healthcare products, and of pharmaceuticals in particular, are monitored by a Company-wide quality management system and are subject to strict regulatory control. Dermapharm also engages independent auditors to perform regular additional reviews of its products. We are certified in accordance with the applicable EU quality standards. The EU GMP guidelines lay down requirements to implement an internal quality management system, validate processes, provide regular training for personnel and subject premises and equipment to qualification. All process steps must be documented, transparent and verifiable at all times. The quality of the finished goods is documented by checking the end products.

Complaints rate for Dermapharm products

	2020	2021	2022	2023
Share of product complaints in total sales	0.013%	0.008%	0.003%	0.002%

The following subsidiaries are included in the calculation of the complaints rate: ACIS, Dermapharm AG (Germany & Switzerland), Dermapharm GmbH, MIBE GmbH Arzneimittel, Strathmann, Trommsdorff, Anton Hübner GmbH, Hübner Natur Arzneimittel, mibeTec (bite away® and Herpotherm®)

Introducing the standards described in production and sales proved successful. For instance, the rate of product complaints – to date due to packaging defects only, not defects in the products themselves – has declined significantly in the past three years, from 0.003% in 2022 to just 0.002% in 2023.

High standards

Dermapharm applies the following good practices for the pharmaceuticals industry :
Good Clinical Practice (GCP)
Good Distribution Practice (GDP)
Good Manufacturing Practice (GMP)
Good Pharmacovigilance Practice (GVP)

0.002% complaint rate

previous year: 0.003%

Ongoing product maintenance

Beyond production and sales processes, Dermapharm also monitors the composition of the products. It is standard practice to determine the current risk-benefit ratio of pharmaceuticals in line with the standards laid down by the EU for good pharmacovigilance practices. There cannot be a full understanding of how safe a pharmaceutical is at the time it first receives marketing authorisation. Continued use provides new insights into the safety of pharmaceuticals, as does medical research. The German Medicinal Products Act (Arzneimittelgesetz, "AMG") and the European regulatory system for medicines therefore require that new experience in the use of a pharmaceutical and new research results be collected and evaluated continuously following its marketing authorisation. This may lead to adjustments in composition, production, product description or directions for use in order to guarantee the highest quality at all times in line with current knowledge.

In addition, Dermapharm, as marketing authorisation holder and pharmaceuticals undertaking, is required to submit periodic safety update reports (PSURs) in accordance with § 63d AMG and Directive 2010/84/EU.

Protection against falsified medicines

Falsified medicines pose a risk to users. To date, falsified medicines have been infiltrated into regular pharmaceuticals sales in Europe only in isolated cases, as the distribution system is protected through a range of measures already. To even better secure the legal supply chain, an EU-wide IT security system was launched in 2019 that enables prescription medicines to be reverified for authenticity immediately before they are dispensed to patients. The German part of this system is operated by "securPharm", an organisation established by associations bringing together firms in the pharmaceutical industry (vfa, BPI, BAH), pharmaceutical wholesalers (PHAGRO) and pharmacists (ABDA) on the legal basis of the EU Falsified Medicines Directive.

It goes without saying that Dermapharm complies with all the requirements of the security system and applies safety features to all products concerned.

03 Environment

03 Environment

From a sustainability perspective, Dermapharm's footprint is rather small. Its production activities are only slightly resource-intensive, albeit marked by a certain level of energy use. As a highly efficient manufacturer of branded pharmaceuticals, Dermapharm therefore attaches great importance to making production as sustainable and environmentally friendly as possible. However, the Group's ability to influence this is limited, as European pharmaceuticals law sets out specific parameters for the manufacture of medicines. Nevertheless, Dermapharm continually attempts to optimise the processes along its entire value chain – within the limited bounds of what is possible. This is because protecting the environment is a guiding principle of entrepreneurial activity, alongside safeguarding human dignity.

Certification in accordance with ISO 14001

Production process

As a pharmaceutical company, Dermapharm is committed to delivering the highest product quality in line with regulatory requirements and its own high standards. We ensure this level of quality through compliance with numerous audited and certified production and distribution standards such as the Good Pharmacovigilance Practices or Good Manufacturing Practices. Dermapharm's own locations cover almost the entire value chain for the manufacture of pharmaceuticals and healthcare products, with 15 in-house production facilities in eight countries: Germany, Poland, Austria, Spain, Sweden, France and the USA. Important as it is, we aim for more than just product quality. Dermapharm can also deliver its products at practically any time, a unique selling point that has guaranteed almost universal product availability in recent years. Dermapharm has therefore demonstrated excellent performance in product availability as a result of proactive procurement and inventory processes.

The Company has begun to roll out the EMAS European eco-management scheme in selected subsidiaries (Regulation (EC) No 1221/2009). This includes defining specific environmental objectives and appropriate strategies to meet the objectives. EMAS includes all of the requirements of ISO 14001, the international standard for environmental management systems. The Company has obtained multiple production certifications including ISO 14001 for Euromed's main production facility in Mollet de Vallès near Barcelona, which processes more than 5,000 tonnes of biomass into herbal extracts each year.

Energy consumption

Dermapharm needs energy primarily for production, for the operation and air-conditioning of buildings, and for its vehicle fleet. The scope for optimising production processes is limited due to regulatory requirements. Nevertheless, Dermapharm has implemented a large number of targeted measures in this area in order to improve its energy efficiency.

These measures include, for instance:

- Special insulation for storage tanks.
- Use of high-efficiency machines with speed-controlled turbo compressors when replacing chillers.
- Use of modern compressors and load-dependent control for new or renovated compressed air systems.
- Procurement exclusively of state-of-the-art, energy-efficient machinery and equipment.
- Use of waste heat from air compressors and chillers in lieu of separate heat generation.
- Reduction of ambient temperature in the buildings to the standard temperatures according to DIN and reduction of air exchange rates outside times of use.
- Optimisation of the Group's many ventilation and extraction systems (adjustment of usage times, use of heat recovery technology).
- Combination of air-to-water heat pump and gas condensing boiler.

Where possible, recirculated air and multi-stage filtration are used instead of outside air. This makes it possible to save a great deal of primary energy for heating and cooling. Real estate offers additional flexibility. Dermapharm's new buildings meet the energy efficiency criteria of the German Energy Saving Regulation (Energieeinsparverordnung, "EnEV") as a matter of course.

This is achieved by features such as effective thermal insulation, use of heat recovery systems in air conditioning, renewable thermal energy generation using an air-to-water heat pump and active night cooling. For example, ventilators are used on summer nights to draw cool outside air into the storage areas, eliminating the need for air conditioning systems that are expensive to install and power and enabling compliance with the statutory temperature limit of 25 degrees Celsius for storage of pharmaceuticals. In the interests of increasing biodiversity and improving insulation, the buildings are also fitted with green roofs. In the medium term, Dermapharm also plans to gradually implement an energy management system in line with ISO 50001 throughout the Group.

The key elements of Dermapharm's current energy management system are (1) steps to reduce energy demand while maintaining the same performance (increasing energy efficiency), (2) extensive use of renewable energy, (3) achieving constant supply security in terms of both price and quantity, and (4) avoiding dependency on a single type of energy or single supplier.

The companies of the Dermapharm Group work continuously to reduce their energy demand. This has resulted in a significant improvement in the energy efficiency of processes in recent years. Going forward, further progress on the basis of the measures described above will only be marginal, as many of Dermapharm's production processes are subject to statutory requirements and may not be modified independently by the Company.

Energy consumption at the Dermapharm production facilities

in millions of kilowatt-hours (kWh)	2018	2019	2020	2021	2022	2023
Natural gas	37.344	33.182	43.410	48.204	42.525	54.408
*like-for-like**	*37.344*	*33.181*	*37.010*	*42.268*	*38.215*	*43.084*
Electricity	20.405	20.152	27.220	26.585	25.547	43.391
*like-for-like**	*20.405*	*20.152*	*21.209*	*20.386*	*20.374*	*26.105*

* Only the sites included in the group of consolidated companies in 2020

(Greenhouse gas) emissions

Dermapharm's business operations produce greenhouse gas emissions, particularly carbon dioxide (CO2), through the use of natural gas and electricity. As a fossil fuel, gas will be superseded in the long term by other sources of energy, but it cannot be replaced in the short term. The use of electricity differs within the Group, with some subsidiaries having already fully transitioned to green electricity while other companies still use conventional electricity. However, Dermapharm is constantly working to increase the share of emission-free electricity.

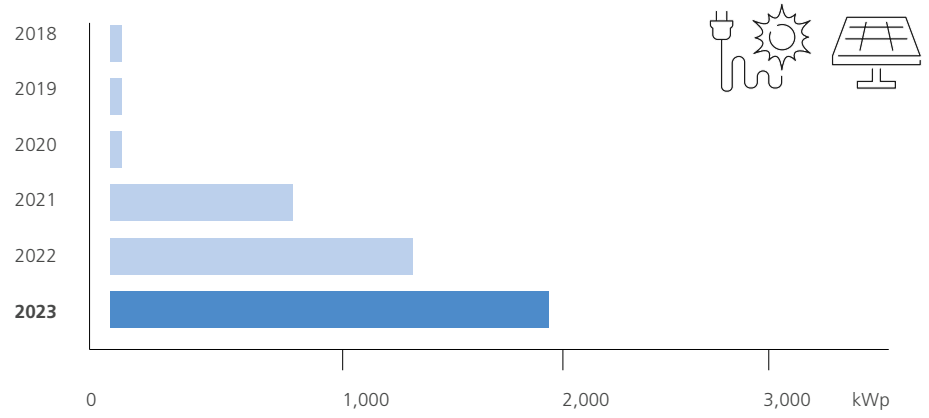
The Company also initiated a range of measures to reduce greenhouse gas emissions in the reporting year: conventional heating systems were replaced with heat pumps, new cooling systems were brought online and photovoltaic systems installed on Company premises to generate emission-free electricity. Dermapharm has been using photovoltaic systems to generate emission-free electricity since 2018, and is continually expanding its capacities. In 2023, 1,172 MWh of specific yield was added, to reach a total in excess of 1,901 kWp.

The companies of the Dermapharm Group offer highly diverse products, using different manufacturing processes under varying local conditions. It is therefore impossible to institute uniform energy and emissions management for the entire Group. Methods must be modified and tailored to suit the specific production process and the equipment used. At eligible sites, Dermapharm has switched from natural gas to biogas so that only as much greenhouse gas is released during combustion as was previously bound by plants. In addition, Dermapharm now only purchases electricity from renewable sources at numerous locations.

All Group companies are working on concepts to reduce greenhouse gas emissions not only at the production sites, but also along the entire logistics chain. The most important measure here is to shift product freight from air to sea, provided this does not compromise the quality of the materials. There are practically no emissions other than greenhouse gases – due on the one hand to the nature of the business, and on the other to the fact that waste air from (dust) polluted areas is always filtered. There were no known cases in the reporting year of incidents or damage caused by the release of hazardous substances into the air, soil or water.

The current stage of climate change is measurably reflected in Dermapharm's energy management, such as in the larger air conditioning units required for production and storage (investment) due to the increasingly warmer summer months which also require more energy to run (operating costs).

Nominal output and yield of Dermapharm's photovoltaic systems



axicorp photovoltaic system, Friedrichsdorf

Photovoltaic system at the main manufacturing facility in Brehna, mibe GmbH Arzneimittel

Water use

The volume of fresh water required for production purposes is obtained exclusively from the public supply network. The water is drawn predominantly in regions that are not suffering from a particular water shortage. The amount used depends heavily on the scope of production. In addition to being used in the production process, water is also used for cooling purposes: For example, the subsidiary Hübner Naturarzneimittel GmbH uses well water to cool plants; this reduces CO2 emissions because no primary electrical energy is required for the cooling process. The heated well water is added to waste water without any further contamination. The volume of water otherwise needed in administrative and sales buildings is negligible in comparison, and is similar to typical household usage.

The discharge of waste water from production into the public sewer system is closely monitored and is regulated in terms of composition, i.e. pollution. Dermapharm does not generally discharge biologically highly incompatible substances. Fats could cause problems in the sewer system, however they are removed from the water using a fat separator before it leaves the facilities, and disposed of appropriately.

Water is an essential part of the production process at some Group companies. These companies are constantly working to reduce water consumption through various technological investments. These include, for example, complex water treatment plants. While complying with regulations and safety requirements, the Group is working on several projects to reduce water use or reuse its waste water.

At the Sandersdorf-Brehna site, rainwater is not fed into the public sewage system, but is temporarily stored on the factory premises and then allowed to seep into the ground. This takes place in special basins, as the hydrological conditions on site are very difficult. The lessons learned from using this solution have also been transferred to the extension of the existing business park. This makes an effective contribution to groundwater recharge and increases the area's flood protection.

Water use and waste water generation at Dermapharm production facilities

in cubic metres (m3)	2018	2019	2020	2021	2022	2023
Volume of fresh water consumed	149,197	159,416	177,011	193,716	182,014	296,867
*like-for-like**	*149,197*	*159,416*	*139,914*	*163,163*	*162,931*	*189,258*
Volume of waste water discharged	111,971	111,136	133,000	163,249	141,781	155,037
*like-for-like**	*111,971*	*111,136*	*95,900*	*132,696*	*122,698*	*142,137*

* Only the sites included in the group of consolidated companies in 2018

Waste

Dermapharm is constantly seeking to reduce the amount of waste produced in its manufacturing activities and improve the options for recycling production waste. Its efforts include avoiding product complaints due to incorrect packaging, because returned medicines cannot be repackaged and must be disposed of. The steps taken in recent years have been successful, with a significant downward trend in the quantity of residual materials, which has dropped by around 40% since 2019 (not including the companies acquired during that time).

The amount of waste produced by the Dermapharm Group generally fluctuates to a certain degree, depending on changes in production quantities and one-off events. For instance, the quantity of waste produced rose in 2019 due to the clearance of archives and warehouses (paper, cardboard) due to a relocation and in 2021 due to a sharp increase in production activities by a Dermapharm subsidiary. By contrast, the decline in 2022 was caused by prior-period stockpiling being used up, with a corresponding reduction in production activities. A change in the product mix can also lead to fluctuations in the quantity of waste produced, without any change having been made to Dermapharm's waste management system.

In many areas, Dermapharm has already optimised its waste management within the scope afforded in the non-regulated areas; this means that there is little room left for significant improvement when it comes to avoiding waste. What matters now is to apply a range of smaller actions to achieve measurable effects overall. These actions include replacing plastic bubble wrap in product packaging with a wrap made of potato starch that is easily compostable. One other initiative is to re-use cardboard packaging in storage facilities and on the packaging line at the main production site in Sandersdorf-Brehna.

All materials used by Dermapharm, their handling and environmentally appropriate disposal are described in detail in risk assessments. The Group's waste management officer monitors the types and volumes of residual and waste materials closely. Hazardous materials are subject to specific requirements regarding handling and disposal, and are subject to separate organisational recording.

Waste produced at Dermapharm production facilities

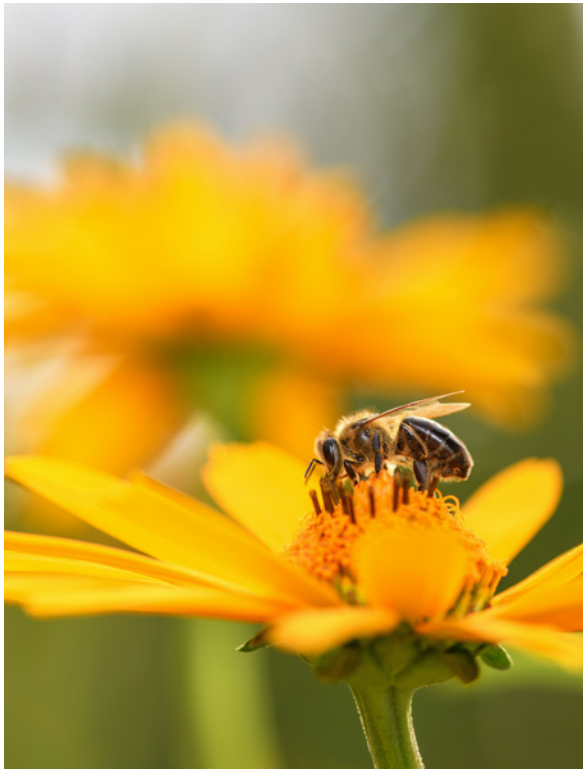
in tonnes	2018	2019	2020	2021	2022	2023
Volume of waste	6,606	8,222	5,737	6,148	5,086	8,033
of which non-hazardous waste	*6,389*	*8,074*	*5,539*	*5,957*	*4,943*	*7,829*
of which hazardous waste	*217*	*148*	*198*	*191*	*143*	*205*

Dermapharm plays a perceptible part in promoting the circular economy by keeping as much of the value chain as possible in house. Doing so means that excess resources not used for the product can be re-used elsewhere without the need for disposal. At some locations, materials left over from the production process are almost completely recyclable, so only very small quantities end up as waste. For example, more than 90% of biomass waste produced in manufacturing is reclaimed for other activities such as animal feed, composting and clothes dying. Some sites are also working hard on several circular economy initiatives involving recyclable, reusable or compostable packaging, which should be implemented over the coming years. This also includes recycling of non-production-related waste.

Biodiversity

Dermapharm operates production facilities in designated industrial zones only. The Company does not have any sites in nature conservation areas. No biologically incompatible emissions are released. As such, Dermapharm does not cause any effects that are detrimental to biodiversity.

On the contrary, it has replaced grass areas with summer flowers at various sites, planted a range of edible plants and fruit trees and established bee colonies.



At Dermapharm, environmental protection is the sum of all individual measures

At Dermapharm, environmental protection is the sum of all individual measures
A large number of projects and actions implemented in prior years have already been effective and cannot be replicated at such a scale. Now, a large number of smaller initiatives are being implemented which in their totality will achieve a perceptible effect.

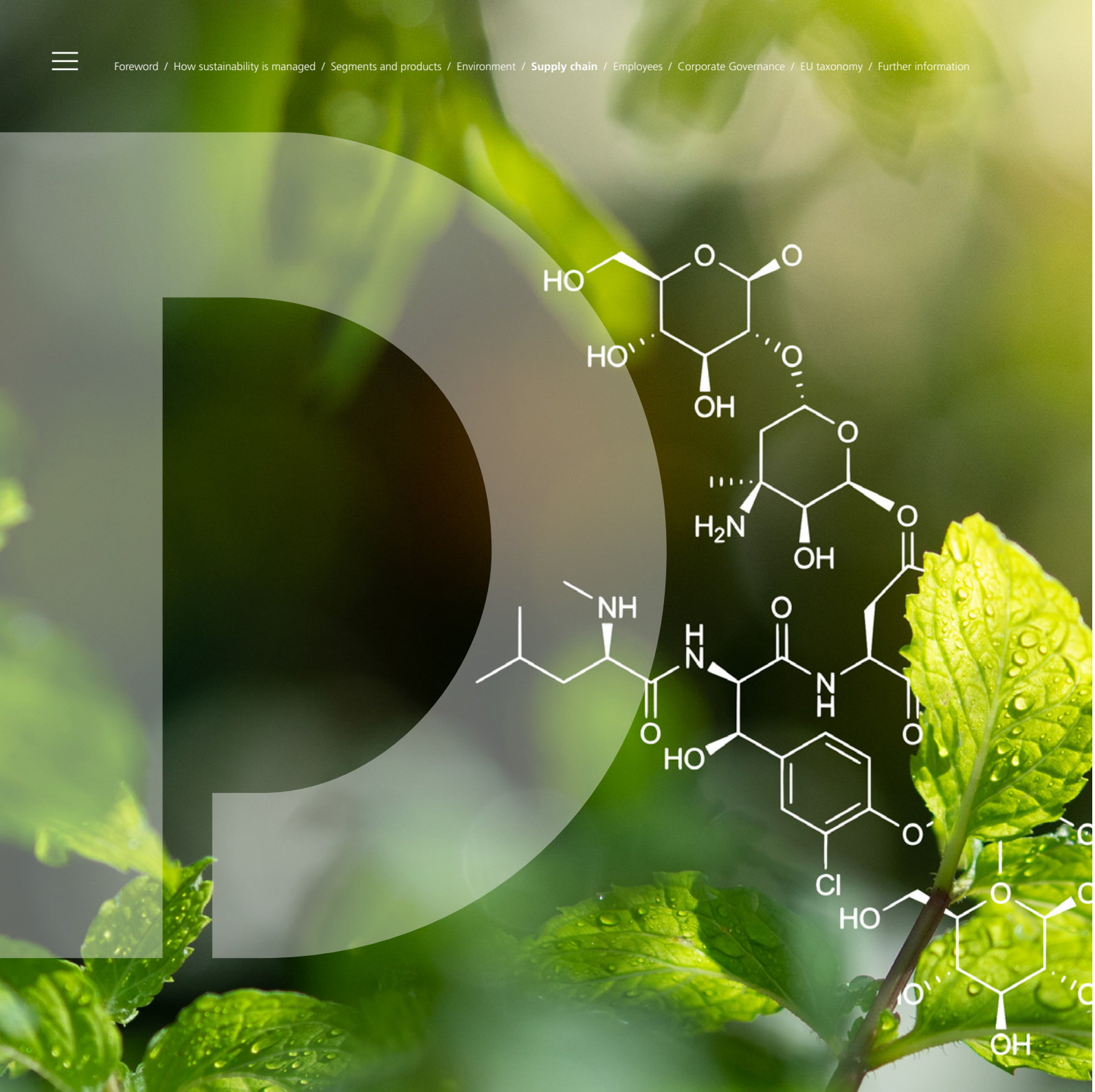
Such an approach is also being taken by the Arkopharma Group, which is ISO certified (14001 Environmental management and 50001 Energy management) and also holds ECOCERT's organic certification.

Energy use: Every three years, Arkopharma commissions an external energy audit in order to identify potential for optimisation. It then implements initiatives such as (a) heat recovery in stationary combustion sources and installation of heat pumps, (b) replacement of dilapidated compressors, (c) use of LED lights and (d) replacement of cooling units with lower power consumption and to reduce leakages.

Greenhouse gas (GHG) emissions: Scope 1 emissions are reduced through employee carpooling (commuting to the workplace) and an optimised logistics system to avoid empty runs and long journeys to and from work. The intensity of scope 2 emissions is gradually reduced by creating incentives for employees to cut back on their use of fossil fuels. Scope 3 emissions are reduced through packaging solutions that are less material-intensive. In 2023, interdisciplinary working groups were created to pinpoint further options for reducing GHG emissions.

Water: Under an optimisation plan, changes at multiple points throughout the Company are intended to reduce the fresh water used during the four-year period ending in 2024 by up to 20%. In the course of manufacturing activities, biological raw materials are extracted. Innovative processes have been designed to significantly reduce the amount of water used in production. The Company's waste water is checked daily for compliance with the statutory thresholds.

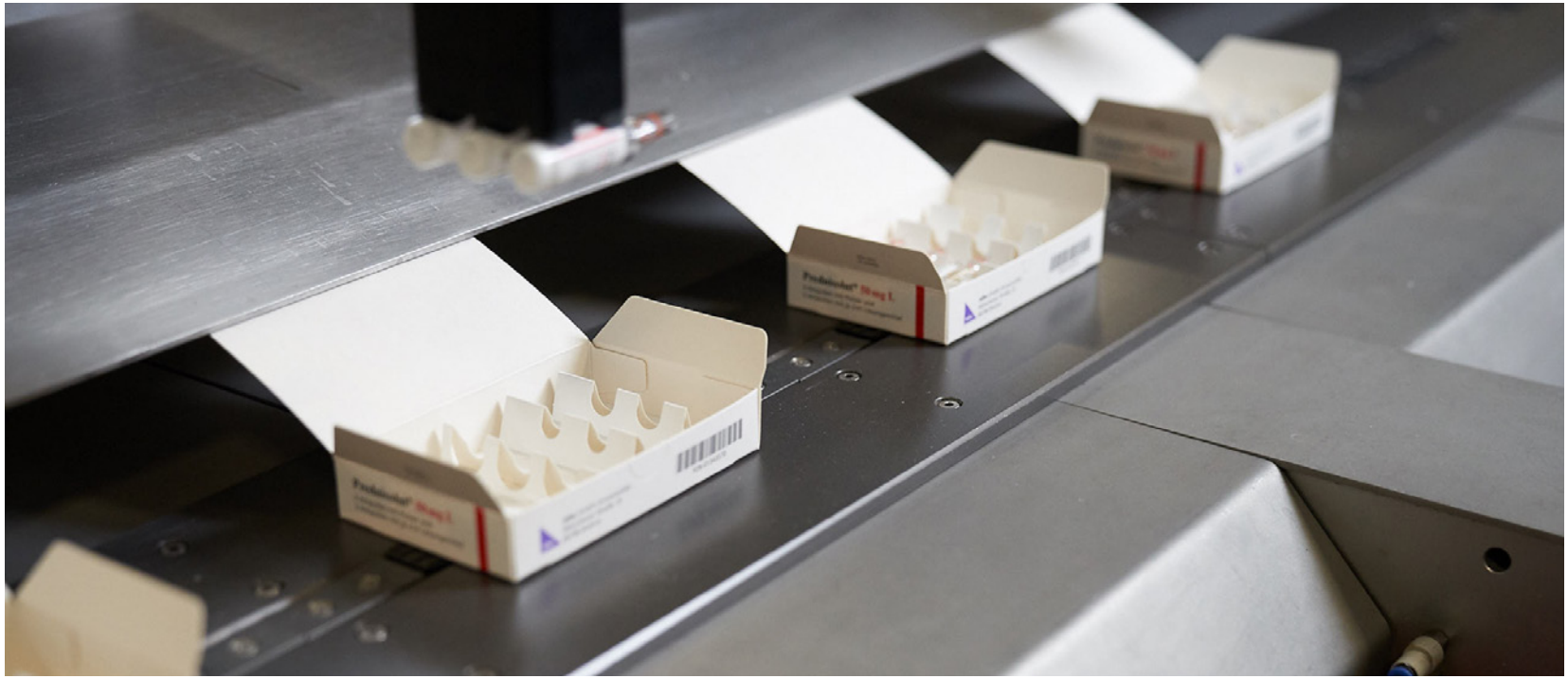
Procurement: Priority is given to the procurement of products and raw materials in Europe, to the extent possible, as well as to organic farming. In 2023, 70% of herbal raw materials were organically farmed.



04
Supply chain

04 Supply chain

Dermapharm attaches great importance to a sustainable supply chain. Although certain manufacturers and suppliers, for instance those of active ingredients, are specified in the marketing authorisation of products, Dermapharm is as vigilant as it can be about the use of renewable resources, the purchase of non-critical materials, humane working conditions in the upstream production stages and environmentally friendly logistics. The Company has control over large parts of the supply chain, and sources predominantly raw materials, with very few precursors. The compounds produced by Dermapharm are generally analysed throughout the entire life cycle, from obtaining the raw materials, through production, right down to the metabolised products leaving the human body, as part of the marketing authorisation and environmental risk analysis. Dermapharm identifies potential for improvement from these analyses.



Packaging line at the main manufacturing facility in Brehna

Monitoring

Dermapharm reviews the performance and sustainability profile of every supplier against the criteria of product quality, price, delivery reliability and compliance. In addition to product-related data, this also includes compliance with rights at work and human rights. The review is conducted by means of a survey or special audits at the respective manufacturers, and also includes comprehensive compliance questionnaires. For instance, water-intensive products are not sourced from regions suffering from water shortages, nor are products purchased from suppliers suspected of using child or forced labour.

These processes comply with the requirements of Dermapharm Group's purchasing and quality assurance departments. The procedure is governed in specific instructions such as policies and standard operating procedures (SOPs) (e.g., rules of purchase), and also meets the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, "LkSG"). Dermapharm takes great care to ensure that there are no human rights violations anywhere in the supply chain.

Where possible, it obtains the required materials from more than one source to avoid dependencies. Although there is an element of dependency on certain raw materials in product formulations because substitutions are not permitted, the Company follows a "two source policy" whenever possible to avoid dependency on a single supplier even in tight markets.

Dermapharm outsources individual production stages to third parties in exceptional cases, such as when it does not have specialist technologies in-house. The Company takes just as much care to ensure adherence to the required quality standards in the supply chain in these cases.

Materials management

Dermapharm can use renewable or recycled resources to only a very limited extent for pharmaceuticals due to the statutory requirements. Choices for packaging, for example, are limited (recycled aluminium for tubes or cardboard for boxes). Emphasis is also placed on short transport routes in material procurement, where the regulations permit. Dermapharm operates a central logistics centre for branded pharmaceuticals and other healthcare products, thereby utilising synergies in dispatching products from its various subsidiaries.

Before they receive marketing authorisation, compounds developed by Dermapharm are subject to an environmental risk assessment that examines the product's impact on the environment (origin of the materials, production, logistics and application). Dermapharm therefore assesses every preparation for its hazard potential as part of environmental risk management.

The raw materials used by subsidiaries Cernelle, Euromed, Candoro ethics and Arkopharma are sourced entirely from controlled cultivation, often based on organic criteria. Dermapharm takes care to ensure optimum quality in this regard. Almost all of the residual materials from the production process can be recycled.

05 Employees

05 Employees

The knowledge, satisfaction, commitment and motivation of Dermapharm's employees are important factors for development. The Company therefore pursues a sustainable corporate culture, creates a pleasant working environment, provides fair remuneration, and fosters the individual talents of employees through dedicated programmes and initiatives.

Training and professional development

Successful HR work results from bringing together individual disciplines. One of those is employees' training and professional development and the development of talented individuals whose potential and skills are of great value to the Company. This includes both general qualification and professional development programmes and individual talent management.

In Germany, Dermapharm provides training for its employees from all areas – even going beyond its own needs. In 2023, 83 young people (previous year: 56) received training in the professions of pharmacist, chemical laboratory technician, industrial business management assistant, machine and equipment operator, media designer, cook, IT specialist and specialist for warehouse logistics.

A total of 27 trainees transitioned to employment in financial year 2023 (previous year: 10). In order to attract skilled employees in the long term, Dermapharm also trains its own workforce. The respective programmes are aligned with the specific needs of the employees and meet Group-wide standards of quality.

A targeted yet diversified HR recruiting system also includes dual courses of study, graduate theses (bachelor's, master's, doctorate) and master craftsperson programmes. In 2023, 14 students completed their bachelor's or master's thesis while working at Dermapharm (previous year: 22). Dermapharm grants scholarships to top-performing students at Martin Luther University Halle-Wittenberg.

83 trainees at the Group

previous year: 56

14 Bachelor's or Master's graduates

previous year: 22

A comprehensive education and training programme is available for production staff. The further training opportunities offered both internally and externally include topics such as general hygiene and occupational safety, but also training on equipment and machinery. Regular specialist training courses are offered to employees who work in product development.

Dermapharm supports its employees in developing their personal strengths and tapping their full potential (employee development). A talent pool creates the organisational conditions to prepare talented employees to take on roles with even greater responsibility. A detailed personal development and education plan is devised for talented employees for this purpose that includes attending internal and external seminars and educational events. Taking part in the trainee and management programmes provides employees with additional opportunities to gain new skills.

Dermapharm e-Campus

The idea of ensuring employee development regardless of when or where it takes place is growing in significance. This is why the Company has been operating Dermapharm e-Campus, its own internal training platform, at its sites in Grünwald (headquarters) and Sandersdorf-Brehna (largest production site) since September 2020. The platform not only expands the existing training and education opportunities on offer but lays the foundation to make established training initiatives such as in-person training more efficient to implement and easier to document.

In 2023, 1,265 employees from eight Group locations participated in Dermapharm's e-Campus programme. The online courses cover regulatory topics (such as data protection, compliance, occupational health and safety, information security) and specialist subject areas (such as drug safety and product-specific training courses). The training and education available through Dermapharm eCampus are continually expanded and is gradually being rolled out to all Group locations.

Flexibility and communication

To the extent possible, Dermapharm accommodates the individual needs of its employees when organising its working models – including part-time, flex-time, and mobile working – so that they can find a better work/life balance. In addition, Dermapharm employees can also receive counselling on family matters with the company physician.

There are flexible working models tailored to blue-collar workers and salaried employees. Mothers of young children who originally signed a regular shift work contract can agree day shift models. Establishing annual and monthly working hours accounts generally enables employees to strike a balance between their personal affairs and duties at work. Dermapharm offers individualised solutions to employees caring for a relative. These include the opportunity to take special leave, establish care-giving hours or take a sabbatical.

With regard to parental leave, it goes without saying that the statutory provisions apply, although Dermapharm also aims to accommodate individual needs beyond this. Many Dermapharm employees take parental leave, and around 90% of them return to work. Women currently take more parental leave than men, with an average two-year absence from work. Men are increasingly taking parental leave, but are absent for an average of just two months. All staff with children are entitled to return to a full-time position and have preferential holiday planning.

Dermapharm strives to treat its employees in an open, honest and respectful manner. People are at the heart of our business. With this in mind, the Company promotes employee-based communication. Professional development requests are also discussed in the annual employee appraisals. Dermapharm provides timely and comprehensive information to its employees on matters and developments relevant to them, and on business performance.

Competitive and fair salaries

Dermapharm's remuneration policy is based on the relevant industry-wide collective agreements. As well as the base salary, we provide employee benefits (end of year bonus, holiday bonus, payments to employees' capital-forming savings schemes, occupational pension schemes in the form of direct insurance) and – if business is good enough – performance-based salary components for certain employees for achieving collective or individual targets.

In addition to the financial benefits and the various training and development opportunities it offers, Dermapharm sets great store in providing employees with a modern and social working environment. The largest sites feature social facilities and some have their own on-site restaurants offering subsidised prices for employees. Furthermore, hot drinks and (mineral) water are generally free of charge and available to every employee at every workplace.

Dermapharm only enters into a limited number of temporary and fixed-term employment agreements. Dermapharm is keen to retain employees long-term so as to build up expertise and increase productivity. The vast majority of employees are permanent staff. In 2023, the proportion of fixed-term employment agreements within the Group was 13.6% (previous year: 12.2%). The proportion of part-time positions was 15.2% (previous year: 14.7%).

13.6% proportion of fixed-term employment agreements

previous year: 12.2%

Occupational health and safety

The health and safety of its employees is of particular importance for Dermapharm, and it strives to reduce potential risks to health and safety as far as possible. Dermapharm's subsidiary Trommsdorff GmbH & Co. KG made the explicit addition of occupational health and safety to its Quality Management Manual in 2021. Subsidiary mibe GmbH Arzneimittel followed this example, and with assistance from within the Group and from third parties, formed a project group to develop a DIN ISO 45001-based occupational health and safety management system that was introduced in Sandersdorf-Brehna in 2022.

The Dermapharm Group already had a comprehensive health management system in place, featuring an active workplace health and safety regime; the most recent modifications have, however, resulted in further improvement in certain aspects of health management. For instance, the introduction of a centralised "first-aid log" at Sandersdorf-Brehna also resulted in a more detailed recording of even more minor injuries, which improved accident monitoring and analysis at the site. It is thus now possible to identify and address more accident locations. The objective of the health management optimisation measures is to continuously reduce accident numbers throughout the Group.

All new hires and internal transfers receive training on product and service safety. This regular training is provided to all employees every three years. In 2023, there was a total of 48 reportable workplace accidents with lost time of three or more days (previous year: 35). This corresponds to a rate of 13.6 per thousand employees (previous year: 13.7). As in 2022, there were no fatal workplace accidents at Dermapharm during the year under review.

13.6 1,000-man ratio

previous year: 13.7

Standard Operating Procedures, manufacturing instructions, training courses and operating directives are intended to ensure the highest degree of workplace safety possible. An occupational safety officer and an EHS officer (environment, health and safety) assess processes and take corrective action where necessary. They analyse work-related accidents and identify potential improvements.

At many locations, Dermapharm also offers employees both individual consultations and an extensive programme of health and sports activities. Examples include preventative courses such as yoga, autogenic training, back therapy sessions, progressive muscle relaxation and company sports competitions such as corporate runs or football and volleyball tournaments, as well as special courses for pregnant women.

Company physicians as a central point of contact

Together with the occupational health centres at the respective locations, Dermapharm carries out, closely monitors and evaluates health-related measures that are specifically tailored to the business and its employees. These centres are responsible for fulfilling the occupational health and safety tasks required by section 3 of the German Occupational Safety Act (Arbeitssicherheitsgesetz, "ASiG") and the German Social Accident Insurance (DGUV). The centres function as a first point of contact in issues relating to health and safety. They provide consultation, regular occupational health examinations and special health initiatives (such as flu vaccinations), welfare and return-to-work interviews and workplace inspections.

In addition to all examinations required by law and the employers' liability insurance association, the focus of occupational healthcare and prevention is on individual information and advice. This is always carried out in accordance with the ASiG and all valid GMP (Good Manufacturing Practice) requirements. In addition to fixed consultation hours, employees are also offered flexible appointments for examinations.

The main topics covered as part of these consultation services are prevention of chronic occupational illnesses and planning and designing safe workplaces. Dermapharm subsidiary Allergopharma has its own ergonomics laboratory where optimal workplace conditions for office workers can be tested. The Group's company physicians are also a point of contact for employees with suspected psychological or addiction problems.

Strength in diversity

Dermapharm considers diversity to be the foundation of its corporate culture, and therefore takes care to ensure that the workforce is sufficiently diverse. Employees should be able to integrate without compromising their identities, to harness their strengths and engage in personal development. Dermapharm has a policy of zero tolerance for all types of discrimination or prejudice based on an individual's age, origin, gender, sexual orientation, skin colour or religion, and this is laid down in our Code of Conduct. Cases of discrimination can also be reported anonymously. And at Dermapharm, diversity is not limited to gender or sexual orientation: most importantly, it also includes criteria such as personal beliefs and ideology, professional and life experience, skills, personal strengths and educational background.

This approach results in a multicultural and diverse working environment in which the varied educational backgrounds of the employees in the individual teams also ensures a first-rate working atmosphere and forms the basis for the Group's business success. With a balanced age structure (average age in 2023: 43.9 years; previous year: 43.5 years) no age-related waves of vacancies are expected in the coming years.

The share of female employees of the Dermapharm Group was 58% at the end of 2023, as in the prior year. In the first level of management beneath the Board of Management, that share was 48% (previous year: 41%), and in the second level it was 45% (previous year: 49%). On both levels, 47% of all management positions were occupied by women, as in the previous year. Dermapharm has therefore already exceed its internal targets for the proportion of women in the first and second levels of management (35% in each case).

By setting up accessible workplaces, Dermapharm is laying the groundwork to further increase the proportion of employees with disabilities at the Company. This figure for the Group declined slightly year on year in 2023, from 2.4% to 2.2%.

Employee turnover in the Dermapharm Group*

in %	2020	2021	2022	2023
Employee turnover	8.7%	12.8%	9.7%	9.6%

* calculated in accordance with the Schlüter formula.

Dermapharm Group employee structure at the end of 2023

	2023
Employee headcount at end of year	3,602
of which women	*58,2%*
of which men	*41,8%*
Under permanent contract	86,3%
Under fixed-term contract	13,7%
Full-time	85,6%
Part-time	14,3%

58 % proportion of women

previous year: 58 %

47 % proportion of women in management positions previous year: 47%

06 Corporate Governance

06 Corporate Governance

Trust and integrity are among the most important of the values that underpin Dermapharm's corporate culture and lay the groundwork for the Group's success. It has therefore established strict corporate governance and compliance policies aimed at ensuring that all employees conduct themselves responsibly, in accordance with the corporate values and in compliance with the law at all times.

Code of Conduct and compliance

Dermapharm has written a binding Code of Conduct and a Compliance Manual for the whole Group covering all issues relevant to Dermapharm. The Code of Conduct and Compliance Manual define fundamental standards of conduct for dealings with customers, suppliers and employees. Focal points include avoiding conflicts of interest, bribery and corruption, money laundering and terrorist financing, unfair competition, insider trading and market manipulation, and damage to company property.

All staff receive regular training on compliance issues, taking into account special areas of risk. The training is provided on site and digitally via the Dermapharm eCampus e-learning platform, and the Compliance department is also available to answer questions. Employees can access the latest valid version of the policies at any time. New joiners are provided with the relevant policies on their first day at work.

Dermapharm has a whistleblower system in place for reporting potential violations of the law and Group policy. Several reporting channels are available: an e-mail address for each subsidiary, a postbox for submitting anonymous reports by post, and a digital whistleblowing system. The system also offers users a channel which they can use to communicate in confidence with whistleblowers who wish to remain anonymous. The channels and current contacts are provided in the currently valid version of the Compliance Manual. As in 2022, Dermapharm did not become aware of any material compliance violations in the year under review.

Data protection

Dermapharm has drawn up comprehensive data protection guidelines that set out the principles, organisation, duties to data subjects and the distinction from information security. The data protection officer is responsible for monitoring compliance with the rules.

IT security

The Dermapharm Group has a centralised department to ensure the security of information technology (IT). The internal rules on securing all systems are based on the requirements of ISO 27001 (Information security management systems – Requirements) and of the German Federal Office for Information Security. Dermapharm uses a multilevel security approach that has thus far been suitable for preventing unauthorised access to the Group's networks, data leaks and damage to the IT infrastructure.

Integrity

Dermapharm does not exert any influence over political decision-making processes (lobbying) and prohibits any form of "facilitation payments". Nor does it participate in any cartel agreements. However, Dermapharm supports selected social organisations and educational institutions.

Company suggestion scheme

Any employee is entitled to make specific suggestions as to changes/improvements in processes and to express ideas. The Company's formal suggestion scheme makes it possible to submit ideas on how to improve processes online and offline. All suggestions are analysed, evaluated and rewarded. In 2023, 47 suggestions were submitted (previous year: 83).

47 employee suggestions

via the company suggestion scheme

previous year: 83

Transparency

Dermapharm pursues an open and transparent communication policy towards its capital market audience. The Company publishes comprehensive and timely corporate communications on all important events, including financial transactions, takeovers and personnel changes in key positions. It aims to take account of the interests of all stakeholder groups. Sustainability matters play an ever more important role in Dermapharm's communications. In the years to come, the reporting in this area will be intensified in breadth as well as in depth.

07
EU taxonomy

07 EU taxonomy

Fundamentals

The EU taxonomy classifies the European Union's climate and environmental objectives into criteria for sustainable economic activity. The following six environmental objectives have been defined in that vein:

/ Climate change mitigation
/ Climate change adaptation
/ Sustainable use and protection of water and marine resources
/ Transition to a circular economy
/ Pollution prevention and control
/ Protection and restoration of biodiversity and ecosystems

The economic activity of a company must therefore be examined for taxonomy eligibility and compliance with regard to turnover, capital expenditures (CapEx) and operating expenditures (OpEx). Taxonomy eligibility is given if the company's activities are included in the annexes to the Delegated Regulation and are therefore considered relevant to the environmental objectives specified by the EU. As part of the assessment of taxonomy compliance, certain technical assessment criteria are used to determine whether the economic activities classified as taxonomy-eligible have a positive impact on the achievement of the EU's environmental objectives.

Reporting in financial year 2023

For the 2023 reporting year, both the share of taxonomy-eligible and taxonomy-compliant turnover, capital expenditure and operating expenditure must be reported in relation to the environmental objectives of climate change mitigation and adaptation. However, for the four other environmental objectives – sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems – only the taxonomy-compliant nature of the activities must be reported.

Turnover

In accordance with the Regulation of 27 June 2023, a portion of turnover generated through Dermapharm's core business is classified as taxonomy-eligible on the basis of the economic activity "pharmaceuticals production". That activity is subsumed under the environmental objective "Pollution prevention and control" and requires no disclosure concerning taxonomy compliance for the 2023 reporting year. At Dermapharm, this turnover is essentially the same as for that generated under the "Branded pharmaceuticals" segment. In addition, the revenue from Candoro ethics and Euromed as well as portions of revenue from Anton Hübner and Hübner Naturarzneimittel in the "Other healthcare products" segment are classified under this economic activity. As this economic activity is reportable for the first time in the reporting year, the information from the previous year is not comparable (this also applies to the information on CapEx and OpEx).

CapEx

Capital expenditures within the meaning of the EU taxonomy generally comprise additions to property, plant and equipment (IAS 16), right-of-use assets under leases (IFRS 16) and intangible assets (IAS 38) in connection with taxonomy-eligible activities. They also include prepayments for assets and additions due to company acquisitions, but do not include additions relating to goodwill.

At Dermapharm, capital expenditures in 2023 in relation to the activity "Pharmaceuticals production" were deemed taxonomy-eligible.

OpEx

Under the EU taxonomy, relevant operating expenditures comprised uncapitalised research and development expenses, low-value leases, renovations, maintenance and repairs for buildings and machinery.

At Dermapharm, operating expenditures during the reporting year in relation to the activity "Pharmaceuticals production" were deemed taxonomy-eligible.

EU-Taxonomy reporting turnover

Financial Year		2023		Substantial contribution criteria						DNSH citeria ("Does not Siginficantly Harm")									
Economic Activities	Code	Turnover 2023	Proportion of Turnover 2023	Climate Change Adaptation	Climate Change Mitigation	Water	Pollution	CircularEconomy	Biodiversity	Climate Change Adaptation	Climate Change Mitigation	Water	Pollution	CircularEconomy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) turnover, 2022	Category enabling activity	Category transitional activity
Text		**in EUR million**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Enviromentally sustainable activities (Taxonomy-aligned)																			
Turnover of enviromentally sustainable activities (Taxonomy -aligned) (A.1)		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**	[redacted]	
Of which enabling		*0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*0.0*	*E*	[redacted]
Of which transitional		*0*	*0.0*	*0.0*	*0.0*	[redacted]				*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*0.0*	[redacted]	*T*
A.2. Taxxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	[redacted]									
Manufacture of medicinal products	PPC 1.2	636	56.0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Turnover of enviromentally sustainable activities (not Taxonomy-aligned) (A.2)		**636**	**56.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**636**	**56.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		**499**	**44.0**																
Turnover of Taxonomy non-eligible activities		**1,135**	**100.0**																

EU-Taxonomy reporting CapEx

Financial Year		2023		Substantial contribution criteria						DNSH citeria ("Does not Siginficantly Harm")									
Economic Activities	Code	CapEx 2023	Proportion of CapEx 2023	Climate Change Adaptation	Climate Change Mitigation	Water	Pollution	CircularEconomy	Biodiversity	Climate Change Adaptation	Climate Change Mitigation	Water	Pollution	CircularEconomy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) CapEx, 2022	Category enabling activity	Category transitional activity
Text		**in EUR mil-lion**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Enviromentally sustainable activities (Taxonomy-aligned)																			
CapEx of enviromentally sustainable activities (Taxonomy -aligned) (A.1)		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		
Of which enabling		*0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*0.0*	*E*	
Of which transitional		*0*	*0.0*	*0.0*	*0.0*					*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*0.0*		*T*
A.2. Taxxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of medicinal products	PPC 1.2	77	17.1	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
CapEx of enviromentally sustainable activities (not Taxonomy-aligned) (A.2)		**77**	**17.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**77**	**17.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		**372**	**82.9**																
CapEx of Taxonomy non-eligible activities		**449**	**100.0**																

EU-Taxonomy reporting OpEx

Financial Year		2023		Substantial contribution criteria						DNSH citeria ("Does not Siginficantly Harm")									
Economic Activities	Code	OpEx 2023	Proportion of OpEx 2023	Climate Change Adaptation	Climate Change Mitigation	Water	Pollution	CircularEconomy	Biodiversity	Climate Change Adaptation	Climate Change Mitigation	Water	Pollution	CircularEconomy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
Text		**in EUR million**	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Enviromentally sustainable activities (Taxonomy-aligned)																			
OpEx of enviromentally sustainable activities (Taxonomy -aligned) (A.1)		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		
Of which enabling		*0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*0.0*	*E*	
Of which transitional		*0*	*0.0*	*0.0*	*0.0*					*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*Y*	*0.0*		*T*
A.2. Taxxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of medicinal products	PPC 1.2	17	81.0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
OpEx of enviromentally sustainable activities (not Taxonomy-aligned) (A.2)		**17**	**81.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**17**	**81.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities		**4**	**19.0**																
OpEx of Taxonomy non-eligible activities		**21**	**100.0**																

08 Further information

SDG Index

Our contribution to the UN SDGs

In 2015, the 17 UN Sustainable Development Goals (SDGs) were adopted by all UN member states as part of the "2030 Agenda for Sustainable Development". These 17 global SDGs in areas such as health, education, fair work and the environment are aimed at public and private entities around the world. Dermapharm is also doing its part to achieve these goals. To help make navigating this Group non-financial report more intuitive, the SDGs addressed by our sustainability measures are highlighted in the margins. On the whole, Dermapharm makes a positive contribution to nine of the 17 SDGs. Dermapharm has also identified the following SDGs, to which it makes a particularly positive contribution by virtue of its business model and corporate policies.

Relevant SDGs in this report

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Publication details

Published by

Dermapharm Holding SE
Lil-Dagover-Ring 7, 82031 Grünwald
Germany

Tel.: +49 (89) 6 41 86 – 0
E-mail: ir@dermapharm.com
https://ir.dermapharm.de

Consultants, editors

GFD - Gesellschaft für Finanzkommunikation mbH
Fellnerstraße 7 - 9, 60322 Frankfurt
Deutschland

https://www.gfd-finanzkommunikation.de

Photography & artwork

Dermapharm Holding SE
Günther Fotodesign
Shutterstock

Investor Relations & Corporate Communications

Dermapharm Holding SE
Britta Hamberger

Tel.: +49 (89) 641 86 – 233
E-mail: ir@dermapharm.com
https://ir.dermapharm.de

Concept, design

SPARKS CONSULTING GmbH
Karl-Weinmair-Straße 8, 80807 Munich
Deutschland

https://www.sparks.de

https://ir.dermapharm.de
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Dermapharm Holding SE

Dermapharm Holding SE
Lil-Dagover-Ring 7
82031 Grünwald
Germany

Telefon: +49 (89) 6 41 86 – 0

E-Mail: ir@dermapharm.com
https://ir.dermapharm.de