

# VALUE REPORT 2017





## **Zambon** Today

Vision, Values, Growth Strategy

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**WE ARE A MODERN CHEMICAL-PHARMACEUTICAL COMPANY, FOUNDED ON THE HISTORY AND VALUES OF AN ITALIAN FAMILY-OWNED ENTERPRISE, WITH AMBITIOUS PLANS FOR GROWTH AND DEVELOPMENT**

Founded in 1906, Zambon takes care of people through Research and Development in supporting ongoing scientific progress. We focus our efforts on improving patients' lives and health, searching for new therapeutic solutions.

Integrity, honesty, modesty and people care are the fundamental ethical values we hold and rely on to carry out our ambitious growth strategy focused on the treatment of Parkinson's and Severe Respiratory Diseases, as well as Cough and Cold, Pain and Women's health, to which we have always been committed.

We have a clear strategy: our growth will be driven by further globalization, core products' maximization and increased investments in Speciality Care, focusing on Parkinson's Disease, Central Nervous System and Sever Respiratory Diseases.

The background image shows a modern architectural structure with a curved, metallic, ribbed facade. A ramp with a metal railing leads up to the building. The structure is situated on a body of water, and the scene is captured at sunset or sunrise, with a warm, orange glow on the horizon and trees in the background.

**INNOVATING CURE & CARE TO  
MAKE PATIENTS' LIVES BETTER**

# VALUE REPORT 2017

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## Message from the President



Our journey moves forward thanks to our strategy, which is taking shape, showing impressive results and revealing Zambon's ability to reinvent itself after 111 years. The way we manage our company can be summed up in three words: growth, future, dream.

### GROWTH

We are extremely proud to consider 2017 as a year of growth: the pharmaceutical market of Zambon Spa has been strengthened, achieving double-digit business results, even higher than expected by our strategic plan.

The path we chose to follow in 2016 has shown itself to be an exciting journey full of opportunities for us.

Zach, Zambon's chemical division, focused on the development of the French plant based in Avrillé, which celebrated its 10th anniversary and invested in technological innovation in order to provide high quality custom synthesis products to innovative pharmaceutical companies.

Zach increased investments in R&D, which will play a crucial role in the future of our company.

We keep pursuing this path, going hand in hand with other entities of "Zambon world", such as Zcube, the Group's Research Venture, OpenZone and Italiassistenza, which have grown significantly and shown concrete results.

### FUTURE

This strong growth achieved by the company, which reached more than 700 million euros in revenues, allow us to look to the future with confidence, to move forward and innovate, focusing on the next thirty years.

Zcube, the research venture of the Group, actively deals with innovation, scouting for modern health solutions in the field of Life Sciences. It has always been committed to establishing important international partnerships in the field of scientific research with an open approach, and to integrating digital technologies

into healthcare, accelerating the pace of progress.

In 2017, Zcube's three divisions – Open Accelerator, Zcare and OpenZone – launched several projects at the forefront of technology, which could become over time flagships of our Group:

**Open Accelerator** - the fast track acceleration programme dedicated to projects in Life Sciences - launched the first international call, which received 124 proposals from all over the world, and awarded some talented participants with whom we will continue to collaborate.

**Zcare's** mission focuses on developing integrated Hi-tech & Hi-touch care solutions to transform disease management into a caring experience, drawing inspiration from the collaborative medicine approach and putting the patient at the heart of the system.

**OpenZone**, the scientific campus dedicated to Life Sciences, is investing heavily in an

ambitious development plan, aiming to double its spaces and laboratories.

### DREAM

Since we took these new directions, we have been pleased to see our vision "Innovating cure and care to make patients' lives better" taking shape, translating it into concrete actions. We have always considered taking care of people's health as a primary responsibility. Now our dream has turned into a mission and we will fulfil it, adopting a "Beyond the Pill" approach, taking on the challenges of scientific, technological and digital progress, and providing modern solutions to improve people's lives, combining cure with care with a multidisciplinary approach.

Our values, the foundation and distinctive symbol of our company, are leading us through the path that we are following side by side with Zoé Foundation - Zambon Open Education - which is helping us, fostering a healthcare culture based on the

principles of knowledge and information, enhancing communication in healthcare environment.

All this would not have been possible without the absolute **trust** we place in our people. We face daily challenges to reinvent and constantly innovate our company, preserving its identity and that "inspirational breath" which our founder Gaetano Zambon considered as the key to every success.

After having taken these decisive steps, we can certainly affirm that we are a modern chemical pharmaceutical company based on the history and values of an Italian family-owned enterprise with ambitious plans for growth and development.

**WE ARE LOYAL TO OUR VALUES IN ORDER TO IMAGINE, PROJECT AND BUILD OUR FUTURE.**

Elena Zambon  
President of Zambon S.p.A.

## Message from the CEO



2017 was a special year for **Zambon Pharma**. I am very proud of the outstanding results we have achieved in all key focus areas we have committed to.

On the financial point of view, we reached 664 million euros in sales and 115 million euros in **EBITDA**, with an increase of **+11%** and **+30%** respectively, compared to 2016. In both cases, it was **the most remarkable success ever attained by Zambon Group**.

These results make me feel very optimistic about the future, because they represent the first important step towards the **implementation of our growth strategy**, which is a medium and long-term plan based on the maximisation of company's assets, further globalisation and progressive

increase of focus on Specialty Care. 2017 was a memorable year, not only for the excellent results we have achieved in China, but also for the rewarding work we have done in **South America, Russia, Europe, and especially in Italy**.

These strong performances prove that our company is going in the right direction and that is willing to take advantage of every great opportunity coming along the way. This is the reason why in the next five years we will continue to **focus our investments in China**. China is undoubtedly a huge potential market, where we hope to expand Zambon's global presence, thanks to the establishment of drugs already on the market and the registration of new ones.

With regard to the US, we are pursuing a medium-term goal. In fact, we have set a Phase III clinical trial in Non-Cystic Fibrosis Bronchiectasis, aiming to be **the first company to provide an effective treatment** to patients suffering from such a severe and disabling disease.

This past year was a great year not only from an economic point of view, but most importantly for the transformation we have undergone. We have taken major steps towards becoming a multinational company: **"We are becoming global"**. This entails being open to see differences as opportunities as well as to interact with people of different cultures and to work in a more international and exciting environment. **Our values are leading us** through this

memorable transition: honesty, integrity, modesty and people care are at the core of everything we do. **They are the cornerstones of our company's culture and coherence**. As I mentioned earlier, we have laid the groundwork for further corporate growth, nevertheless what will allow us to make the difference will be the successful results of our clinical trials. We are investing heavily in ambitious research projects and if we succeed in developing what I call **"Good Science"**, in five years Zambon will be a very different company.

**I feel very honoured to lead this Group**, where everyone works with passion and enthusiasm to achieve concrete and sometimes extraordinary results, such

as the significant growth registered by Fluimucil® in 2017: 24% for a 50 year old product!

I would like to thank all my colleagues from every corner of the world, because they work tirelessly and professionally every day with complete dedication, allowing us to translate our mission into concrete actions, improving the quality of life of both patients and their families. **Together, we are doing something we should be really proud of.**

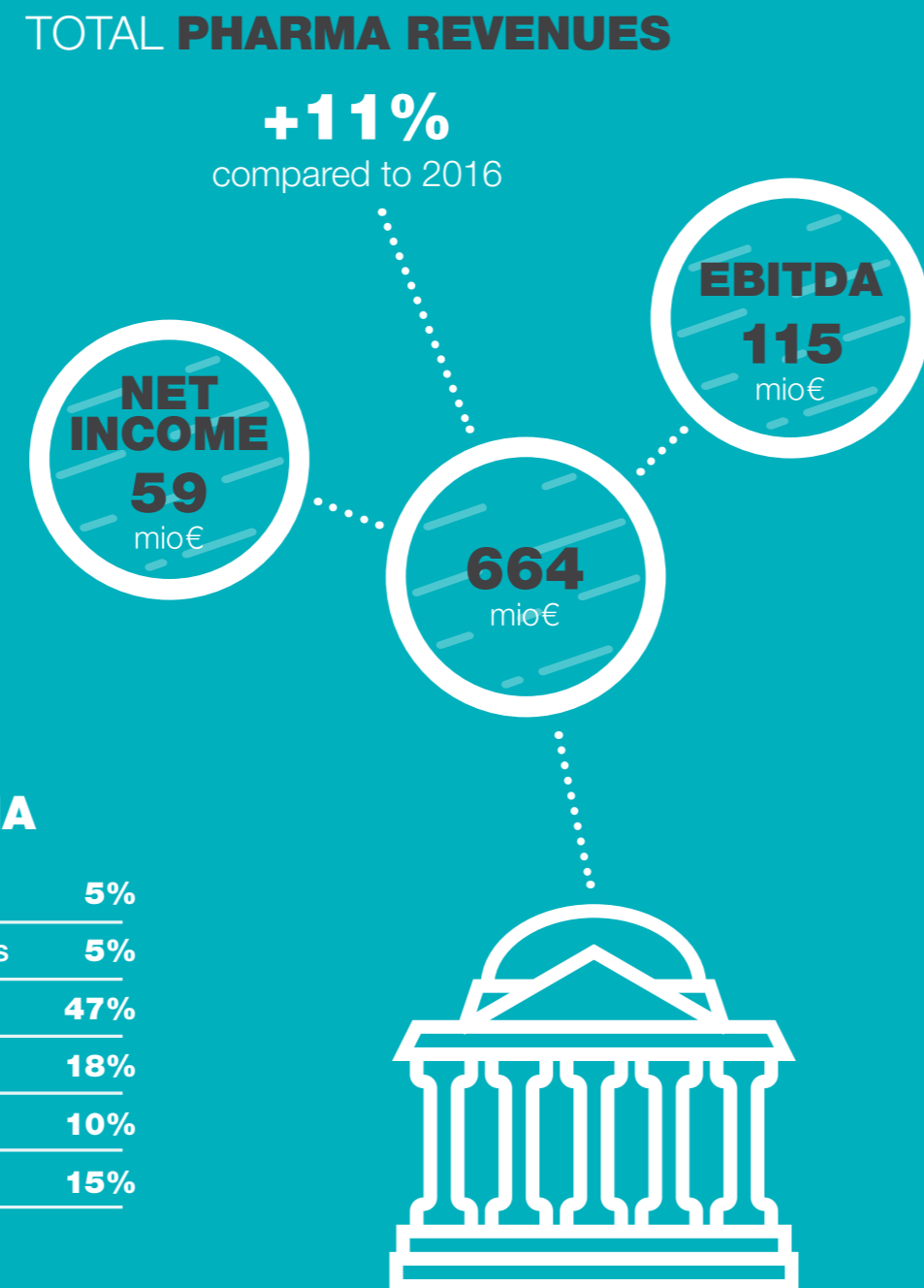
Roberto Tascione  
CEO of Zambon S.p.A.

# BUSINESS RESULTS



## BUSINESS PHARMA

Parkinson's Disease	5%
Severe Respiratory Diseases	5%
Cough and Cold	47%
Women's Health	18%
Pain	10%
Other	15%



## SALES BY GEOGRAPHICAL AREA

Offices in **21 countries** across South America, Europe and Asia.  
Present in **86 countries** around the world



## PHARMA PEOPLE

**G&A 278**  
**R&D Medical Marketing 166**  
**Production 581**  
**Sales & Marketing 1.385**



## Parkinson's Disease

**WE INVEST IN RESEARCH TO IMPROVE PATIENTS' LIVES**

### IMPACT OF PARKINSON'S DISEASE

Parkinson's Disease (PD) is the second most common neurodegenerative disease in the world,<sup>1</sup> which causes a slowly progressive deterioration of physical functioning, balance and mobility, and has a negative impact on psychological and social aspects, affecting patients' quality of life. The prevalence of PD is expected to grow due to genetic factors and rising life expectancy worldwide.



### SAFINAMIDE: OUR CONTRIBUTION

In 2015, we started to invest in research of innovative therapeutic solutions to improve the quality of life of patients suffering from Parkinson's Disease. After the launch of Xadago®, more than 40,000 patients<sup>2</sup> have been able to benefit from research results.

This innovative and unique molecule (*safinamide*) has been a decisive step forward in the treatment of PD, because it acts through both dopaminergic and non-dopaminergic pathways.

In 2017, our company and partners reached an important milestone with the launch of Xadago® in the United States.



Sources:  
1 [www.parkinson.it/morbo-di-parkinson.html](http://www.parkinson.it/morbo-di-parkinson.html)  
2 IQVIA

### XADAGO®: DOUBLE-DIGIT GLOBAL GROWTH

Now that we signed a significant agreement for the distribution of Xadago® in the US, American patients with PD can count on this new treatment option. Xadago® was launched by Zambon in Germany in 2015, and then later in Switzerland, Austria, Italy, Spain, Belgium, the Netherlands, Luxembourg, Sweden, Norway, Denmark, UK and Portugal. Clinical trials have established its efficacy in controlling cardinal motor symptoms of PD, such as rigidity, tremor and bradykinesia, and in improving on-time and non-motor symptoms, like pain and mood.

The significant growth registered by Xadago® in 2017 (+70% compared to the previous year) reveals how much clinicians believe we are making a huge difference for patients who live with the disease.

Patients with PD living in Australia, Canada, Brazil and Colombia will be able to benefit from *safinamide* by 2019. In the coming years, we will aim to reach as many patients and families as possible in every corner of the world.



Photographs taken at the event: *Living with Parkinson's Disease*, occurred on April 20, 2018 in Bresso, Milan

## Severe Respiratory Diseases

# WE OFFER INNOVATIVE SOLUTIONS FOR THE TREATMENT OF SEVERE RESPIRATORY DISEASES

## RARE LUNG DISEASES

Around 100,000 people worldwide suffer from **Cystic Fibrosis\***, one of the most common severe genetic disease. This multi-organ condition mainly affects the lungs, which are exposed to chronic infections and inflammations causing their progressive deterioration.

Chronic Obstructive Pulmonary Disease (**COPD**) is another chronic and progressive respiratory disorder, usually caused by active or passive smoking exposure.\*



## CLOSER TO PATIENTS

We are strongly committed to developing first-line treatments for Cystic Fibrosis (CF) and to treating and dealing with severe respiratory diseases. We have set **two pivotal trials for patients suffering from Bronchiectases**.

In addition to the search for new drugs, patient support plays a key role in handling rare diseases like CF. This is the reason why we are **developing new therapies and medical devices** to respond to patients' needs, working with a dynamic network and establishing partnerships with Universities and Research Centres. For instance, **I-Neb** is an innovative medical device developed by Zambon in partnership with Philips, which allows us to support patients and healthcare professionals in ensuring adequate adherence to treatment.

\*Source: ECFS Patient Registry, Report 2015; World Health Organization

## TOWARDS A NEW GOAL

In 2017, Promixin® confirmed its position as a leader in the symptomatic treatment of CF patients with *Pseudomonas aeruginosa* lung infections, and the company made a huge investment to set two Phase III clinical trials.

PROMIS 1 and PROMIS 2 will involve 830 patients by mid-2019. We hope to obtain licensed indication for the treatment of patients with Non-Cystic Fibrosis Bronchiectasis (NCFB) with *colistimethate sodium* and I-Neb in Europe and America by 2022.

A successful result would make a difference for all patients suffering from NCFB, as there are currently no approved therapies for this condition.



## Cough and Cold

**WE HAVE BEEN HELPING PEOPLE  
TO BREATHE EASIER FOR  
MORE THAN 50 YEARS**

### COMMON RESPIRATORY SYSTEM DISEASES

Respiratory diseases include a wide range of illnesses, from quite common acute seasonal conditions, such as cough, flu or acute bronchitis to progressive diseases like chronic bronchitis or COPD.



### A DIVERSIFIED PRODUCT PIPELINE

Our diversified product pipeline, aiming to ensure respiratory health, is well-established at a global level and is constantly expanding, because we have always invested in research of innovative therapeutic solutions.

Our research has been mainly focused on this therapeutic area since 1960s, and the treatments we developed are still in use today.



### CHINA AND ITALY: DRIVERS OF GROWTH IN RESPIRATORY THERAPEUTIC AREA

The Respiratory Therapeutic Area with several national and international core products represents about 40% of the company turnover. Among our core line of products is Fluimucil®, which in 2017 registered a double-digit growth (+24%) compared to 2016. This is a very significant result for a drug used to treat productive cough, which has been on the market for more than 50 years and is a cornerstone for patients from Italy, Spain, Belgium and Portugal.

In addition to the success attained by Fluimucil®, primarily led by our Chinese branch and due to the “once a day” OTC offer, one of our greatest achievements has been the growth of our second brand, Seki/Flutox® (+8%).

This result is mainly due to the Italian branch, which made the product available over the counter, registering a growth of +21% compared to the previous year.

# INNOVATION, QUALITY AND SAFETY AGAINST PAIN

## ACUTE AND CHRONIC PAIN

85% of the world's population have experienced physical pain at least once in their lifetime.\* Pain seriously affects patient's daily activities and quality of life, having a negative impact on their family, work and social relationships. The average worker takes at least 2.6 days\* off sick each year because of body pain.

## WE WANT TO PROVIDE A SOLUTION TO ALL KINDS OF PAIN

Zambon and its core product **Spidifen®** are well-established in the analgesic field. The alternative formulation of *ibuprofen* with *arginine* provides a safer but still effective therapy. This is the result of the most advanced research for treatment of any kind of inflammation and pain, regardless of their origin, nature and intensity.



\*Source: Global Pain Index 2017

## SPIDIFEN®: CONSTANT INNOVATION FOR THE BENEFIT OF PEOPLE

In 2017, Spidifen® registered a positive growth of +5% compared to 2016, with an overall 54 million euros in global revenues.

This impressive result is due to Zambon's ability to find innovative and more effective solutions to meet patient's needs, such as Spidifen® 600 mg sachets with Coke&Lemon taste, which is now available in Italy and Spain.

In addition to Spidifen® 200/400/600 mg (tablets and sachets) with mint or apricot flavours, the latest version of the drug, Spidifen® 600 mg sachets with Coke&Lemon taste, became available in Italy and Spain in 2017. This alternative taste-masking formulation was developed by Zambon's laboratories to avoid the unpleasant throat burning sensation of *ibuprofen*.



## Women's Health

# TAKING CARE OF WOMEN'S HEALTH IS ONE OF OUR MAIN PRIORITIES

### IMPACT ON WOMEN'S WELL-BEING

Lower urinary tract infections (UTIs) are bothersome diseases mainly affecting women.

In most cases they are caused by gram-negative bacteria, in particular by *Escherichia coli*, the most predominant pathogen responsible for 80% of urinary infections.\*



### ON THE FRONT LINE AGAINST URINARY TRACT INFECTIONS

We have been on the front line of women's health for more than 30 years.

Our molecule, *fosfomicin trometamol*, is highly recommended as first-line definitive treatment for acute uncomplicated cystitis as a single oral dose. The efficacy of our core product, **Monuril®** has been appraised by patients who use it and doctors who prescribe it.

It is rapidly bactericidal even at low concentrations and has kept low resistance levels despite its broad use.

Monuril® is the market leader in the main European countries and is registering double-digit growth in emerging markets.

In 2017, it registered a growth of +8% compared to the previous year.



\*Source: Foxman B et al.,  
Epidemiology of urinary  
tract infections, 2002



# LOOKING TOWARDS THE FUTURE

## INNOVATION: THE KEY TO FUTURE GROWTH

Our company believes and invests in Research and Development since 1906. Our products are the result of our commitment and our interest in new areas of development.

Our core products continue to deliver extraordinary results and thousands of patients have been able to benefit from them. We will not stop here. We keep pursuing our goals and working on the molecules of the future. We look for innovative solutions, investing in R&D, partnering with the scientific community and the patients associations worldwide. This is why we plan to invest more than 200 million euros in R&D in the next three years.

### NEURODEGENERATIVE DISEASE

The number of people diagnosed with Parkinson's Disease is increasing and is expected to approach 8.7 million by 2030, more than double of cases in 2005. It is a huge challenge, especially for developing countries, because most of them are unprepared to deal with this looming threat.<sup>1</sup> In 2017, besides the launch of **Xadago® (safinamide)** in the United States, we published on prestigious scientific journals significant data about its favourable effect on two PD's non-motor symptoms,

chronic pain and mood disorders. *Safinamide's* efficacy and safety results were presented at key international scientific congresses.

To better substance *safinamide's* unique mechanism of action, we have different studies in our pipeline: a Phase IV clinical trial on *safinamide* for chronic pain in PD's patients; a Phase IIIb clinical trial on *safinamide* for levodopa-induced dyskinesia in subjects affected by Parkinson's Disease in America; and a Phase II clinical trial on *safinamide* for Multiple system atrophy (MSA), a progressive neurodegenerative disorder.

By 2030 China is expected to account for more than 50% of all the PD patients worldwide.<sup>1</sup> To address this pandemic forecast, we keep on working to ensure *safinamide* will be available for Chinese patients, setting up all required clinical trials in accordance with local FDA (CFDA). We believe these studies will lead to the registration and launch of **Xadago®** in this key country.

### ANTI-INFECTIVES

The company has two preclinical anti-infective programmes in its pipeline: a new antibiotic and an innovative formulation of an antifungal drug. The World Health Organisation (WHO) is warning about serious lack of new antibiotics under development to face the growing threat of antimicrobial resistance. This drove us to focus our R&D

investments in new therapeutic options to treat these dangerous infections. Our synthetic antimicrobial peptide, with its strong anti-inflammatory activity, is effective against multidrug-resistant pathogens and will be able to treat severe hospital-acquired infections, including pulmonary and urinary tract infections. Fungal infections kill about 1.3 million people<sup>2</sup> globally every year. This is the reason why we decided to develop a new project: an antifungal drug powder formulated with our **E-dry technology**, which can successfully deliver drugs with improved therapeutic effect on pulmonary infections.

### RESPIRATORY DISEASES

Our main clinical trial currently in Phase III involves nebulised *colistin* inhaled by I-Neb® for the treatment of *Pseudomonas aeruginosa* infection in patients with Non-Cystic Fibrosis Bronchiectasis (NCFB). NCFB is an increasingly prevalent chronic respiratory disorder, characterised by recurrent infections that lead to progressive deterioration in lung function and have a negative impact on quality of life. Zambon has started two further Phase III registration studies to obtain licensed indication for the treatment of Non-Cystic Fibrosis Bronchiectasis in Europe and America. Air pollution contributes to the deaths of an estimated 1.6 million<sup>3</sup>

people in China every year. High rates of fine particulates predispose more than one third<sup>3</sup> of Chinese population to potentially high risks of respiratory illnesses. Therefore, Zambon has set a clinical trial of intravenous *N-acetylcysteine*. Thanks to the mechanism of action as mucolytic and antioxidant, *N-acetylcysteine* will offer a valuable therapeutic option for hospitalised patients and people with respiratory problems.

### RARE DISEASES

Zambon has always been committed and focused on the treatment of rare diseases. Besides our development programme in Multiple System Atrophy (MSA) and Cystic Fibrosis (CF), in 2017 in the United States we started a trial on *N-acetylcysteine* in patients with *Retinitis Pigmentosa*, a rare disease causing photoreceptors degeneration and subsequent loss of vision. There is currently no cure for *Retinitis Pigmentosa* or any specific treatment to prevent the progression of the disease.<sup>4</sup>

Sources:

1 Dorsey ER et al. Projected number of people with Parkinson disease in the most populous nations, 2005 through 2030. *Neurology*. 2007; 68(5):384-6.

2 Global action fund for fungal infections website: <https://www.gaffi.org>

3 <https://wapo.st/2tWcX3z>

4 [https://www.orpha.net/consor/cgi-bin/OC\\_Exp.php?Lng=IT&Expert=791](https://www.orpha.net/consor/cgi-bin/OC_Exp.php?Lng=IT&Expert=791)

## NEURODEGENERATIVE DISEASES



**MSA**

**Pain in PD**

**Dyskinesia**



## ANTI INFECTIVES



**New Antifungal**

**New Peptide**



## RESPIRATORY



**CF**

**NCFB (PROMIS)- 1**

**NCFB (PROMIS)- 2**



**Preclinical**

**Phase I**

**Phase II**

**Phase III**

**Phase IV**

## Business Development

**WE ARE MOVING FORWARD THROUGH  
A WELL-DEFINED GROWTH STRATEGY**



### BUSINESS DEVELOPMENT

Zambon is a constantly growing company. The strategy we have pursued in recent years focuses on specific therapeutic areas and aims to strengthen our global presence and our core products in emerging markets, such as China and Brazil. This strategy has already proved successful and shown impressive results.

The launch of Xadago® (now available in 14 countries) in Europe and the US for the treatment of Parkinson's Disease contributed significantly to the growth of our company and allowed us to commit to the Central Nervous System (CNS) therapeutic area, inducing us to expand our portfolio. Therefore, in the coming years we will keep focusing on Parkinson's Disease, adopting a "Beyond the Pill" approach. This is the reason why, together with Zcube, Zambon's research venture, we are exploring digital health solutions, such as medical devices, in order to provide an integrated care experience to patients, combining treatments with innovative digital technologies. In line with this approach, Zambon is developing medical devices to complement its products also in the field of rare and severe respiratory diseases.

Zambon and Philips have signed a collaboration agreement to develop new medical devices dedicated to patients with Cystic Fibrosis. Today these patients can benefit not only from an intelligent nebulizer for administration of therapy, but also from Patient Support Programmes (PSPs), aiming to ensure adequate adherence to medication.

We have set a well-defined path and we will keep pursuing it to strengthen our success and improve patient's quality of life around the world.



# Industrial Business Operations

WE ENSURE BUSINESS SUCCESS  
ANTICIPATING MARKET TRENDS

## THE INDUSTRIAL PRODUCTION

Zambon Pharma's pharmaceutical production takes place in four manufacturing plants, which provide high-value products and services and supply 86 countries throughout the world.

Our facilities – Vicenza plant in Italy, Cadempino in Switzerland, Haikou in China and São Paulo in Brazil – are based on operational excellence and flawless performance. Furthermore, in 2010 we created a Virtual Plant that brings together contracts production within a centralized organization. Twenty-seven contract manufacturers around the world ensure quality, guarantee supply, and maintain market competitiveness, always responding to market requirements in line with the time to market.

The Industrial Business Operations have the task of ensuring products' quality, reliability of supply and cost effectiveness, guaranteeing business continuity and supporting Zambon production sites' efficiency. In order to achieve these strategic goals, in 2017 we invested about 12 million euros with the purpose of increasing the number of

production units and improving technologies and activities within the existing plants. The significant increase in sales volume of the Chinese market led to the establishment of a new warehouse for automated storage and distribution of products. This supply chain asset will help to respond to the further growth expected over the next years. We will ensure business continuity, by creating back-up or alternative supply sources for the production of strategic products.

Zambon completed its "new home" in Brazil, the Barueri plant, and invested in a development programme involving Vicenza and Cadempino's facilities to improve their manufacturing processes in order to apply health and safety procedures for handling of loads and comply with track and trace requirements of European and American markets.

In 2017, Zambon production facilities reported a steady increase in sales volume, reaching a total production of 180 million packs. This impressive result is due to our ability to anticipate market trends.

Efficiency, synergy and innovation will be our keywords over the next years. The company will continue to expand its production facilities, such as Vicenza's plant (6,600 square metres with an investment of 26 million euros), in line with the Marco Polo project. The toll manufacturing - which brought the full year's count to 33 million of units produced in Cadempino and Vicenza - will be strengthened, thanks to the Business Development's activities and the Virtual Plant's outsourcing production projects. In order to achieve manufacturing excellence, we will set up several cross-border projects in addition to Wcom's projects, which apply lean manufacturing principles within production facilities.

We will complement quality with efficiency and innovation. Therefore, we will introduce Lean Lab concepts in the quality control laboratories of our facilities, as well as digitization projects, such as batch record programmes and electronic Lab notebooks.

In 2017 Zambon set a new record, passing 21 quality control inspections.



<b>Vicenza</b> <b>57 mio</b> (units produced)
<b>227 sku</b> (skus demonstrate the site's extraordinary complexity)
<b>Cadempino</b> <b>81 mio</b> (units produced) of which 32 million for third parties and generics manufacturers of carbapenems
<b>Virtual Plant</b> <b>15 mio</b> (units produced) including Xadago®
<b>121 mio worldwide sales</b> including Xadago® and Flui mucil®
<b>San Paolo</b> <b>8 mio</b> (units produced)
<b>Haikou</b> <b>18 mio</b> (units produced)

## INNOVATIVE HEALTH SOLUTIONS

Zcube, Zambon's Research Venture, is the division that actively deals with innovation locally and globally, using an 'open source' research model to develop projects in the field of Life Sciences, and establishing partnerships with some of the most important International Universities and research centres.

Since 2017, Zcube has followed its mission to develop "modern health solutions to make patients' lives better" in line with the Group's strategy, which focuses on the treatment of Parkinson's Disease and aims to establish a medium and long-term Specialty Care Business.

Zcube is made of three units: Zcare, Open Accelerator and OpenZone.



## MODERN HEALTH SOLUTIONS



**Open Accelerator**  
Life Sciences  
Zcube  
Zambon Research Venture

**OPEN ACCELERATOR:  
THE INTERNATIONAL  
ACCELERATION PROGRAMME  
DEDICATED TO PROJECTS IN  
LIFE SCIENCES**

**Zcare**

Hi-tech Hi-touch  
Health Caring Solutions

**ZCARE:  
HI-TECH & HI-TOUCH CARE  
SOLUTIONS TO TRANSFORM  
DISEASE MANAGEMENT INTO  
A CARING EXPERIENCE**



**Openzone**  
science oxygen business

**OPENZONE:  
A COMMUNITY OF  
INNOVATORS WHO PUSH LIFE  
SCIENCES FORWARD**

# WE TRANSFORM DISEASE MANAGEMENT INTO A CARING EXPERIENCE



## INNOVATION AND VALUE BASED HEALTHCARE

In 2017 Zcube acquired Zcare, a **new division** created in accordance with our mission ‘Innovating cure and care to make patients’ lives better’, which develops **integrated Hi-tech & Hi-touch care solutions** to transform chronic disease management into a caring experience with more targeted interventions.

With a distinctive focus on **chronic respiratory and neurodegenerative diseases**, Zcare aims to ensure a “continuity of care”, providing in-home care assistance to patients, which can count on the integrated support of doctors and the whole healthcare team of professionals.

Zcare complements care management with medical devices, drawing inspiration from the **collaborative medicine** approach. It takes full advantage of **innovative digital technologies** to enhance **communication and interaction among healthcare teams**. Zcare provides patients and healthcare professionals with a dynamic collaboration platform, coordinated by a coach supporting both patients and caregivers.

Each platform enables information sharing among healthcare professionals, strengthens therapeutic relationships between patients and care teams, providing targeted treatments and medical assistance. The benefits of a value-based healthcare system extend to all members of the care team.

Zcare is our **first project focusing on Value Based Integrated Healthcare**, but it has already shown excellent results, not only enhancing the cost-effectiveness of healthcare delivery, but also improving significantly care for patients.

In the coming years, we will start the first project involving patients with Parkinson’s Disease and their care teams, based on several pivotal studies carried out in Europe, and developed in partnership with healthcare institutions, University centres and international technology providers.



## WHERE IDEAS BECOME BUSINESS PROJECTS

### NEW SOURCES FOR RESEARCH

Zambon launched the third edition of Open Accelerator, the international programme in the field of Life Sciences, devised by Zcube to provide concrete support to young talented entrepreneurs for developing innovative and promising projects.

In 2017 first international edition, 17 teams passed a first step selection among 124 projects that had been submitted to the Call for Ideas from across the globe.

The 12-week acceleration programme was devised by Zcube in partnership with Deloitte's Officine Innovazione to provide researchers and scientists with the opportunity to work on their idea, and develop a sustainable and profitable

development strategy for their start-up's business model.

The call for ideas focused on four areas of interest:

- Drug delivery systems;
- Open source prototyping: medical devices, biomarkers, diagnostics;
- Wearables and digital health;
- Big data.

In 2017, the programme featured the support of over 150 mentors, advisors, national and international partners, including experts from major businesses, in addition to those representing the four partners of the accelerator: Unicredit Start Lab, Innogest, Italian Angel for Biotech (IAB) and the Gaetano Marzotto Award. It was a resounding success, not only for the high number of participants, but also for



the quality of the submitted projects, that we hope to maintain in the 2018 edition. In line with Zambon vision, the 2018 Call is focused on Central Nervous System (CNS) and respiratory therapeutic areas including the rare diseases in both areas.

Once again, The Call for Projects targets researchers, scientists and aspiring Italian and international entrepreneurs. The participants will have the opportunity not only to work on their projects, that following a selection could receive a seed investment, but most importantly to co-develop their technologies in collaboration with Zambon as strategic partner.



### THE WINNERS OF THE 2017 EDITION

**ANANAS LIVER**  
University of Padua

A drug delivery system for chronic hepatitis, which improves medications efficacy, limiting undesired side-effects in patients

**BIOREK**  
San Raffaele Hospital, Milan  
New diagnostic biomarkers and predictors of kidney cancer

**PD-INNOVATIONS**  
Bio-medical Campus of the University of Roma and the University of Oxford  
Integrated solution for Parkinson's patients covering diagnosis and monitoring of symptoms as well as management of therapy

**PDMEE**  
University of Padua  
Digital platform for real-time management of symptoms and non-motor symptoms of Parkinson's Disease, management of pharmaceutical therapy and tailoring of treatment to the individual

**GIMOpd**  
Istituto de Biomedicina de Sevilla (IBiS)  
Tailored, efficient management of Parkinson's Disease, based on patented neuroimaging integrated with biomarkers and movement analysis

## THE CAMPUS DEDICATED TO LIFE SCIENCES

### WHERE RESEARCH IS TURNED INTO BUSINESS

OpenZone is a campus dedicated to Life Sciences, created by Zambon to strengthen our way to conceive research, believing in an **Open Source** approach.

Located on the outskirts of Milan, this lively and dynamic campus has shown itself to be **successful** and has become a **point of reference within Life Sciences**.

OpenZone currently encompasses 15,500 square metres of office space, 7,500 square metres of laboratories, and 1,600 square metres of GMP laboratories, and is home to some of the most important international pharmaceutical, gene therapy and biotech companies, which are strongly committed to research and innovation.

**OpenZone will continue to expand.**

Zambon is investing **56 million euros** in an **ambitious development plan**, designed by the architect Michele De Lucchi with an innovative, sustainable and people-focused approach, which aims to **double the size** and laboratories of the campus by 2020, bringing the total space to **37,000 square metres** in order

to host **1,200 people**. This project will help Milan to be considered as a **centre of excellence in Life Sciences**, a field that plays a **key role in Italy's growth and competitiveness**.

OpenZone is a people-orientated campus, which opens its doors to a community of innovators striving to **take care of people's health with a multidisciplinary approach**, keeping up with the rapid pace of scientific, technological and digital progress.

Funded entirely by private capital, the campus aims to be recognized as a place where science meets industry, **where scientific and business expertise combine with each other**, and where research is turned into business, potentially becoming a reality for patients. It also aims to further establish itself as a place for the **exchange of knowledge and experiences**, fostering the scientific culture of the community that lives in the campus, creating opportunities for dialogue with influential scientists, entrepreneurs and national and international experts, hoping to provide the stimulus, ideas and opportunities for new collaborations.



### TAKING CARE OF PATIENTS BEYOND THE CURE

Italiassistenza, one of the 21 companies hosted by OpenZone providing private home care to patients suffering from chronic diseases, registered a **10% growth in revenue in 2017**, reaching **8.8 million euros**.

The company takes part in **Human Assist Care (HAC)**, a project carried out by Zambon to innovate Italian and European home care, which focuses on improving **human life**, taking **care** of patients with the assistance of a team of professionals.

Italiassistenza is the first nationwide home care company providing qualified services to chronic patients, as well as **PSPs (Patient Support Programmes)** developed in collaboration with pharmaceutical companies. PSPs take care of chronic patients with regular phone calls and technology-based interventions, meeting their needs and helping them to better manage their disease.

The project's main goal is to improve medication adherence, switching from cure to care. It should not be forgotten that adherence is a primary determinant of treatment



effectiveness, because poor adherence attenuates clinical benefit. Studies have shown that 50% of patients with chronic illness exhibit lower than recommended adherence to medications, which can lead to increased complications of disease and reduced quality of life. **Patient Support Programmes** increase adherence rates, often reaching 100%.

Italiassistenza has been operating in Italy since 1993 together with its national network, Privatassistenza, now numbering more than 200 Home Care Centres.

With the launch of **Human Assist Care** in August 2017, Zambon took the first step towards an internationalisation strategy, opening the first Home Care Centre in Lugano.

A first step towards a strategy that will turn Italiassistenza into an international company, together with the extremely valuable contribution of our 46 collaborators.

## WE HAVE RESHAPED THE PRESENT TO BUILD THE FUTURE

### A GROWTH OPPORTUNITY FOR CHEMICAL BUSINESS

In 2017, Zach, Zambon's chemical division committed to producing Active Pharmaceutical Ingredients (APIs) and advanced intermediates for the pharmaceutical industry, went through an **important reorganisation**, carried out after the establishment of a strategic partnership between Zambon and FIS (Fabbrica Italiana Sintetici Spa).

Today, Zach is still headquartered in Bresso and operates in the French chemical plant based in Avriillé, providing high quality custom synthesis and generic products. In 2017, Zach invested 4.5 million euros in a new crystallisation system in order to strengthen Zambon's chemical business.

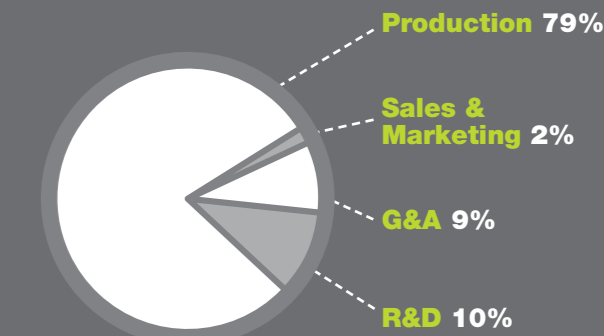
This reorganisation represents a growth opportunity for the French site and reveals our strong will to maintain the long-standing chemical tradition of Zambon Group.

Zach focuses on:  
**custom synthesis products**, working on ongoing strategies and developing new projects, taking advantage of the technologies available in our facilities, such as spray and freeze drying, nano and ultra filtration, involving the handling of hazardous chemicals;  
**generic APIs**, notably trimebutine and bosentan (Zach is improving manufacturing processes and exploring new markets and customers);  
**captive APIs**, making investments to increase productivity and reach maximum efficiency.

#### SALES REVENUES



#### ZACH PEOPLE



#### % REVENUES BY SEGMENT

**CUSTOM  
SYNTHESIS 60%**



**GENERIC 33%**



**CAPTIVE 5%**



**DOSSIER 2%**



#### % BY GEOGRAPHIC AREA

**USA &  
CANADA 20%**



**EUROPE 68%**



**ROW 12%**



## TOTAL REVENUES (mio€)

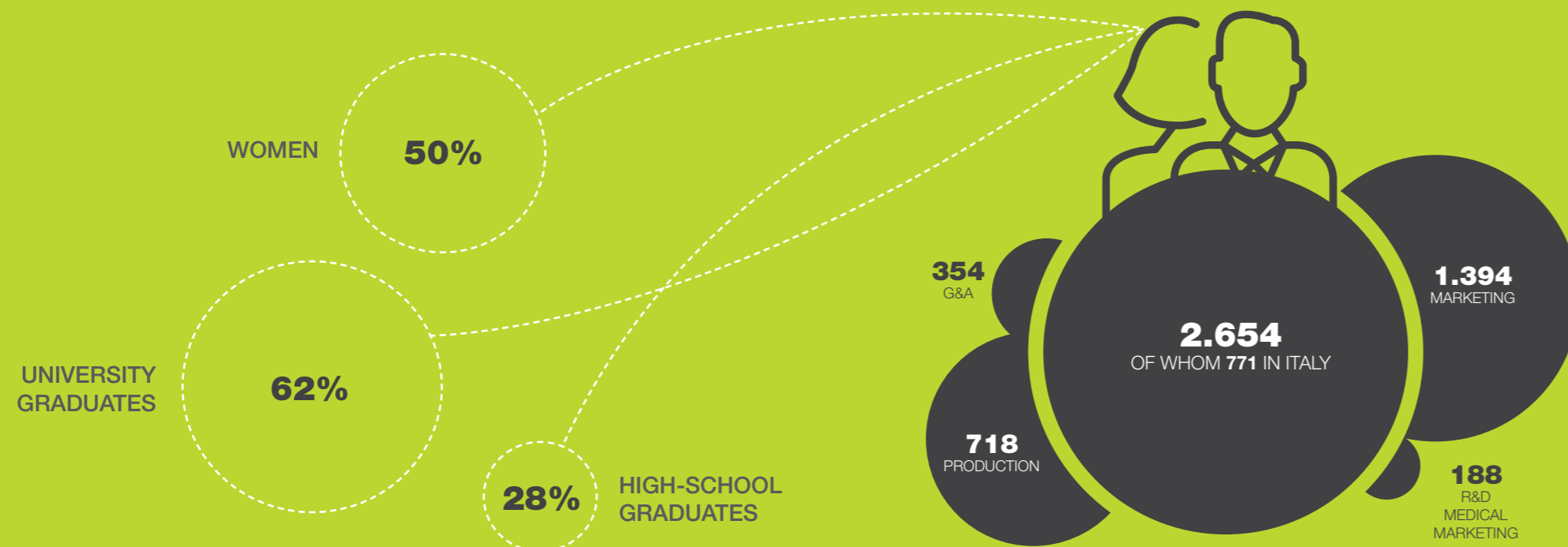
\*DISCONTINUED OPERATIONS



## GLOBAL SALES



	2017
NORTH AND SOUTH AMERICA	13%
EUROPE	44%
ITALY	22%
EASTERN EUROPE	6%
ASIA PACIFIC AND OTHERS	15%



# People & Culture



## WE FOCUS OUR EFFORTS ON SUPPORTING OUR MOST VALUABLE RESOURCE: PEOPLE



### PEOPLE ARE THE BIGGEST CONTRIBUTION TO OUR COMPANY GROWTH

Zambon has undergone an exciting transformation involving every single member of our team, because people are indeed the most important factor for the growth of our company. In accordance with our strategic plan, in 2017 we set up several projects and programmes dedicated to talent management and staff members' professional and personal growth. We worked on different fronts, from talent management to digital training, not to mention the development of common methods and tools to support HR processes.

In 2017, we strengthened our employee reward system, based on meritocracy and core behaviours. We developed a strategy allowing foreign members to align with the new organizational functions. This strategy is based on guidelines and common policies and aims to intensify the exchange of best practices between all countries concerned.

In line with our strategic plan, we launched two important projects to renew organizational processes and enhance professional competences. The first one allowed us to introduce Value Based Marketing and

Brand Planning concepts within our company, while the second one permitted us to increase Sales Force Effectiveness in order to drive Commercial Excellence.

2017 marked also the beginning of the Digital Transformation. Zambon has launched a global programme, Digital Check Up, aiming to determine the level of digital readiness and evaluate the lateral thinking skills of more than two thousand collaborators around the world.

LEADERS AT ZAMBON ARE:  
BRAVE  
POSITIVE  
SUPPORTIVE  
AND THEY DO WHAT THEY SAY!

This mapping pushed us to launch the Global ZSchool, which provides innovative programmes, management and professional training courses, helping to carry out

our company's Digital Transformation in order to improve employees' skills.

We have a clear strategy to attract talents. We designed a Graduate Programme, Zgen, which targets the cleverest graduates from the best European Universities and gives them the opportunity to undertake for 24 months an international professional development programme, which focuses on our three strategic areas. We drew up a talent management plan in order to attract the most qualified professionals, to invest in resources with great potential and to involve and motivate all our people. We want Zambon to be aligned with our ethical values and to have a well-defined leadership style, able to lead our ongoing ambitious transformation processes.



### BENVIVERE: WHAT WE BELIEVE IN



Improving quality of working life has always been one of Zambon's main priorities. This is the reason why we developed Benvivere, an international internal programme, with the purpose of taking care of our people, providing pleasant and comfortable common spaces and encouraging relationships among colleagues.

We adopted this corporate philosophy eleven years ago and it still represents our way of experiencing the company as a place for personal and professional growth.

Benvivere's logo is the emblem of our company orientation. Zambon puts people at the centre and looks after them, focusing on five main areas represented by the five petals of a flower:

- **Culture**, necessary for enhancing personal growth
- **Community**, fostering interactions and collaboration among team members
- **Well-being**, taking care of workers' health in order to improve company's solidity
- **Sport**, promoting fair competition
- **Membership**, offering special opportunities to our employees

**WE ARE READY FOR WHAT THE FUTURE HOLDS**

**A NEW WAY TO  
FOSTER HEALTHCARE  
CULTURE**

Fondazione Zoé - *Zambon Open Education* was established in 2008 with the purpose of developing knowledge, enhancing communication in healthcare environment and promoting healthy lifestyles.

Its activities, involving experts in medicine, neuroscience, philosophy, art, technology and sport fields, aim to raise awareness on the importance of self-care, because it directly benefits individuals, their families and society.

In the 9<sup>th</sup> edition of *Vivere sani, Vivere bene* (Live healthy, live well) we talked about *Mente in Salute* (Healthy Mind) to more than 6,000 people of different ages, organizing conferences, theatrical performances, concerts and workshops. We found a new way to promote healthcare through images: we held an International Photography Contest, collecting 1,800 photographs taken by 557 authors who expressed their idea of relationship between brain and mind.

A year-round programme of conferences, book launches, training courses and a project, “Tessitori di Voce”, carried out in **five cities in northern Italy**, involving **195 trained volunteers** who read selected books to patients undergoing long-term care in hospitals and rest homes.



“Only the broadening of one’s scientific knowledge and the tireless study of social and organisational issues enable us to rise above mediocrity and become truly useful and almost indispensable.”

**Gaetano Zambon 1938**



“Seeing yourself through others’ eyes”  
taken by Angelica Trinco

1<sup>st</sup> prize of the 4<sup>th</sup> edition of Zoé Foundation International Photography Contest on the theme “The mind and its brain”.

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