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| Vetter Pharma-Fertigung GmbH & Co. KG Ravensburg | Accounting/ Financial Reports | Consolidated financial statements for the financial year from January 1st, 2020 to December 31st, 2020 | 03/15/2022 |

Vetter Pharma-Fertigung GmbH & Co. KG**Ravensburg****Consolidated financial statements for the financial year from January 1st, 2020 to December 31st, 2020****Certificate**

In the documents intended for disclosure - consolidated balance sheet and annex to the consolidated balance sheet as well as the notes to the consolidated financial statements and the group management report - the simplifications pursuant to Section 13 (3) sentence 2 i. In conjunction with Section 5 (5) sentence 3 PublG. In addition, the consolidated balance sheet was reduced to the statutory classification scheme and the notes to the consolidated financial statements and the group management report were adjusted accordingly. We have issued the following audit opinion on the complete consolidated financial statements and group management report:

“Independent Auditor's Report

To Vetter Pharma-Fertigung GmbH & Co. KG

audit opinions

We have the consolidated financial statements of Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of December 31, 2020, the consolidated income statement for the financial year from January 1 to as of December 31, 2020 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Vetter Pharma-Fertigung GmbH & Co. KG for the financial year from January 1 to December 31, 2020.

According to our assessment based on the knowledge gained during the audit

- the attached consolidated financial statements correspond in all material respects to the company IS d. Section 11 PublG, which falls under Section 13 (3) sentence 2 PublG, applicable German commercial law provisions and, in compliance with German generally accepted accounting principles, provides a true and fair view of the Group's net assets and financial position as of December 31, 2020 and its results of operations for the financial year from January 1 to December 31, 2020 and
- the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the group management report.

Basis for the test results

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the “Auditor's responsibility for the audit of the consolidated financial statements and group management report” section of our auditor's report. We are independent of the group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe

Responsibility of the legal representatives for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which for companies i. s.d. § 11 PublG, which fall under § 13 Para. 3 Sentence 2 PublG, the applicable German commercial law provisions in all material respects, and that the consolidated financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, finance - and results of operations of the group. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of consolidated financial statements,

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the executive directors are responsible for preparing the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the group management report be able.

Auditor's responsibility for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, with the consolidated financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and

risks of future development, as well as to issue an auditor's report which contains our audit opinions on the consolidated financial statements and on the group management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with § 317 HGB, taking into account the German principles of proper annual auditing established by the Institute of Public Accountants (IDW), will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and group management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misstatements in the consolidated financial statements and in the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these to deliver systems;
- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the reasonableness of the estimated values and related disclosures presented by the legal representatives;
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Group's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the consolidated financial statements and group management report in the auditor's report, or if this information is inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with German legally required accounting principles, give a true and fair view of the assets, financial and results of operations of the Group;
- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions;
- Evaluate the consistency of the group management report with the consolidated financial statements, its legal compliance and the view of the group's position that it gives;
- we perform audit procedures on the future-oriented information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a significant unavoidable risk

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.”

Ravensburg, March 31, 2021

Ernst & Young GmbH
auditing company

Bürkle, auditor

Rauser, auditor

Consolidated balance sheet as of December 31, 2020

assets

| | € | € | € | 12/31/2019 k€ |
|--|----------------|----------------|----------------|------------------|
| A. Fixed assets | | | | |
| I. Intangible assets | | | | |
| 1. EDP software purchased for a fee | 13,277,493.80 | | | 6,858 |
| 2. Payments on account and software in development | 7,956,056.24 | | | 8,448 |
| | | 21,233,550.04 | | 15,306 |
| II. Tangible assets | | | | |
| 1. Land and buildings, including buildings on third-party land | 205,955,358.75 | | | 163,228 |
| 2. Technical installations and machines | 234,515,612.78 | | | 158,546 |
| 3. Other equipment, fixtures and fittings | 52,389,021.30 | | | 41,271 |
| 4. Payments on account and assets under construction | 230,850,280.77 | | | 285,387 |
| | | 723,710,273.60 | | 648,432 |
| III. financial assets | | | | |
| Shares in affiliated companies | | 367,212.67 | | 67 |
| | | | 745,311,036.31 | 663,805 |
| B. Current Assets | | | | |
| I. Inventories | | | | |
| 1. Raw, auxiliary and operating materials | 65,907,567.19 | | | 55,140 |

| | € | € | € | 12/31/2019 k€ |
|---|----------------|----------------|----------------|------------------|
| 2. Work in progress | 28,708,416.34 | | | 25,309 |
| 3. Finished Goods and Merchandise | 36,980,882.28 | | | 24,411 |
| 4. Advance payments made | 901,912.59 | | | 0 |
| 5. Advance payments received | -7,766,740.00 | | | -7,183 |
| | | 124,732,038.40 | | 97,677 |
| II. Receivables and other assets | | | | |
| 1. Trade accounts receivable | 42,680,504.80 | | | 57,449 |
| 2. Claims against companies in the Vetter Group | 10,581.90 | | | 11 |
| 3. Other Assets | 21,510,345.31 | | | 23,847 |
| | | 64,201,432.01 | | 81,307 |
| III. Cash on hand, bank balances | | 10,020,519.75 | | 1,549 |
| | | | 198,953,990.16 | 180,533 |
| C. Prepaid expenses | | | 3,540,978.17 | 2,351 |
| | | | 947,806,004.64 | 846,689 |
| liabilities | | | | |
| | | € | € | 12/31/2019 k€ |
| A. Equity | | | 382,425,994.07 | 338,813 |
| B. Balancing items for capitalized treasury shares | | | 41,000.00 | 41 |
| C. Provisions | | | | |
| 1. Provisions for taxes | 5,296,591.60 | | | 3,504 |
| 2. Other provisions | 46,018,404.77 | | | 40,245 |
| | | | 51,314,996.37 | 43,749 |
| D. Liabilities | | | | |
| 1. Liabilities to banks | 361,642,944.65 | | | 289,499 |
| 2. Advance payments received | 52,207,554.00 | | | 45,882 |
| 3. Trade Accounts Payable | 39,752,706.67 | | | 26,465 |
| 4. Liabilities to shareholders | 48,214,069.29 | | | 87,078 |
| 5. Liabilities to Vetter Group companies | 69,844.13 | | | 125 |
| 6. Other Liabilities | 11,046,738.14 | | | 15,038 |
| of which from taxes € 9,434,430.97 (previous year € 13,368 thousand) | | | | |
| of which in the context of social security € 40,163.02 (previous year € 183k) | | | | |
| | | | 512,933,856.88 | 464,087 |
| E. Deferred Tax Liabilities | | | 1,090,157.32 | 0 |
| | | | 947,806,004.64 | 846,689 |
| | | | | € |
| revenues | | | | 747,742,913.34 |
| Wages and salaries, social security contributions and expenses for pensions and benefits | | | | 336,848,927.14 |
| The group employed an average of 5,016 people in 2020. | | | | |
| The valuation and depreciation methods are explained in the notes to the consolidated financial statements. | | | | |

Notes to the consolidated financial statements for 2020

I. General information on the consolidated financial statements

Vetter Pharma-Fertigung GmbH & Co. KG, based in Ravensburg, is entered in the commercial register of the District Court of Ulm under HRA No. 550954.

These consolidated financial statements were prepared in accordance with the provisions of the law on accounting for certain companies and groups (publicity law) in conjunction with the relevant provisions of the commercial code.

In order to improve the presentation of the asset, financial and earnings situation, fixed assets with individual acquisition costs of more than € 250.00 to € 800.00 in the year of acquisition were fully written off in the current financial year. In previous years, assets with acquisition costs of more than EUR 250.00 to EUR 1,000.00 were recorded in a collective item that was depreciated on a straight-line basis over 5 years. In the consolidated balance sheet, this resulted in other equipment, factory and office equipment being €2,843 thousand lower. In this context, depreciation on intangible assets and property, plant and equipment increased by €2,843 thousand in the consolidated income statement.

scope of consolidation

In addition to Vetter Pharma-Fertigung GmbH & Co. KG, the following companies are included in the consolidated financial statements:

| | Amount of shares in capital % |
|---|----------------------------------|
| Vetter Pharma International GmbH, Ravensburg | 100.00 |
| Vetter Development Services USA, Inc., Skokie, Illinois (USA) | 100.00 ¹⁾ |
| Vetter Pharma International USA Inc., Des Plaines, Illinois (USA) | 100.00 ¹⁾ |
| Arzneimittel GmbH Apotheker Vetter & Co. KG, Ravensburg | 100.00 |
| Vetter Pharma International Japan KK, Tokyo (Japan) | 100.00 ¹⁾ |
| Vetter Commercial Manufacturing USA, LLC, Des Plaines, Illinois (USA) | 100.00 ¹⁾ |
| Vetter Development Services Austria GmbH, Rankweil (Austria) | 100.00 ^{1) 2)} |

¹⁾ Indirect participation held by Vetter Pharma International GmbH, Ravensburg.

²⁾ First-time consolidation in the 2020 financial year.

Vetter Pharma-Fertigung Verwaltungs-GmbH, Bregenz/Austria, Vetter Consulting GmbH, Graz/Austria and Vetter Pharma Pharmaceutical Trading (Shanghai) Co. Ltd. , Shanghai (China) were not included in the consolidated financial statements due to their small volume of business in accordance with Section 296 (2) HGB. They are of secondary importance for the obligation to convey a true and fair view of the Group's net assets, financial position and results of operations. The sole shareholder of Vetter Pharma-Fertigung Verwaltungs-GmbH and Vetter-Consulting GmbH is Vetter Pharma-Fertigung GmbH & Co. KG.

Vetter Pharma Pharmaceutical Trading (Shanghai) Co.Ltd. is held 100% indirectly by Vetter Pharma International GmbH.

Consolidation Principles

Capital was consolidated using the revaluation method at the time of initial inclusion in the consolidated financial statements.

The negative difference from the first-time consolidation of the pharmaceutical company with limited liability Apotheker Vetter & Co. Ravensburg in the 2013 financial year was transferred to the reserves without affecting income, since it arose from the fact that the shares in this company acquired by way of a contribution in kind were included in the annual financial statements of Vetter Pharma- Manufacturing GmbH & Co. KG were valued at a value below the fair value.

Receivables and liabilities, sales, expenses and income within the scope of consolidation were eliminated. Intermediate results did not arise.

currency conversion

The asset and liability items on balance sheets denominated in foreign currencies have been translated into euros at the average spot exchange rate on the balance sheet date, with the exception of equity, which has been translated into euros at the historical rate. The items in the income statement have been converted into euros at the average exchange rate for the year. Any resulting translation difference was reported in the item "Equity difference from currency translation".

The currency differences resulting from debt consolidation are also recorded in the item "Equity difference from currency translation" without affecting profit.

II. Information on accounting and valuation methods

The following accounting and valuation methods were decisive for the preparation of the consolidated financial statements.

Purchased intangible fixed assets are valued at acquisition cost less scheduled straight-line amortization pro rata temporis (with a customary useful life of up to five years).

Property, plant and equipment is stated at acquisition or production cost and, if depreciable, reduced by a scheduled, pro rata linear amount based on the expected useful life.

Assets with individual acquisition costs of more than EUR 250.00 to EUR 1,000.00 are recorded in a collective item that is depreciated on a straight-line basis over 5 years. Their departure is assumed in the fifth year after acquisition. Assets with individual acquisition costs of up to € 250.00 are not capitalized.

From the 2020 financial year, assets with individual acquisition costs of more than EUR 250.00 to EUR 800.00 will be fully depreciated in the year of acquisition.

Financial assets are stated at acquisition cost or at the lower applicable value.

Raw materials and supplies are valued at average acquisition costs or the last lower purchase price less a deduction for discounts. All inventory risks for raw, auxiliary and operating materials resulting from the storage period or reduced usability are taken into account through appropriate value deductions.

The unfinished and finished goods are valued according to the degree of completion with the production costs according to § 255 HGB. The approach includes the direct costs, reasonable parts of the material and production overheads as well as the depreciation of the fixed assets, insofar as this is caused by the production. Borrowing costs are not included. The degree of usability is taken into account by appropriate deductions.

Merchandise is stated at the lower of cost or market price.

Receivables and other assets are generally valued at their nominal value. All risky items are taken into account through the formation of appropriate individual value adjustments. The general default and credit risk is adequately taken into account by means of a flat-rate value adjustment of 1% on the net receivables. Receivables in foreign currencies are valued at the average spot exchange rate on the balance sheet date. With a remaining term of more than one year, the realization and acquisition cost principle is observed.

Bank balances in foreign currencies are converted at the average spot exchange rate on the balance sheet date.

Tax provisions and other provisions take into account all identifiable risks and contingent liabilities and are recognized at the settlement amount. Other provisions with a remaining term of more than one year have been discounted using the interest rate appropriate to the term in accordance with the Regulation on the Discounting of Provisions.

Liabilities are recognized at the settlement amount. Liabilities in foreign currencies are converted at the average spot exchange rate on the balance sheet date. With a remaining term of more than one year, the realization and acquisition cost principle is observed.

III. Balance sheet information

1. Assets

Capital assets

The development of the individual items of fixed assets is shown in the separate overview "Development of Group Fixed Assets".

Stocks

The prepayments received deducted from the inventories essentially relate to the provision of safety stocks.

Receivables and other assets

As in the previous year, all receivables have a residual term of less than one year.

Receivables from companies in the Vetter Group are mainly from non-consolidated affiliated companies and relate to ongoing delivery, service and clearing transactions.

On July 1, 2018, the Group introduced a working time account model. As of the balance sheet date, the obligations from the working time accounts were offset against the plan assets i. s.d. Section 246 (2) sentence 2 HGB, which is accounted for at fair value, which is mainly derived from deposit account statements. The cover assets consist of value protection funds and serve exclusively to meet the debts from the time value account obligations and are not accessible to all other creditors.

The information on offsetting in accordance with Section 246 (2) sentence 2 HGB for the working time accounts is shown in the following overview:

| | 12/31/2020 |
|--|------------|
| | KEUR |
| Settlement amount of the offset debts | 8,832 |
| Acquisition costs of the netted assets | 8,813 |
| Fair value of the netted assets | 8,832 |
| Offset expenses from the discounting of the offset debts | 0 |
| Net income from the netted assets | 0 |

On January 1, 2020, the Group introduced a company pension scheme. As of the balance sheet date, the obligations from this model were covered by plan assets i. s.d. Section 246 (2) sentence 2 HGB, which is accounted for at fair value, which is mainly derived from deposit account statements. The plan assets consist of value protection funds and serve exclusively to meet the debts from the obligations from the company pension scheme and are not accessible to all other creditors.

The information on offsetting in accordance with Section 246 (2) sentence 2 HGB for company pension schemes is shown in the following overview:

| | 12/31/2020 |
|--|------------|
| | kEUR |
| Settlement amount of the offset debts | 6.201 |
| Acquisition costs of the netted assets | 6.151 |
| Fair value of the netted assets | 6.201 |
| Offset expenses from the discounting of the offset debts | 0 |
| Net income from the netted assets | 0 |

2. Liabilities

Equity capital

The Group's reserves developed as follows:

| | kEUR |
|---|---------|
| 1/1/2020 | 289,189 |
| First consolidation of Vetter Development Services Austria GmbH | -2 |
| Allocations from the consolidated net income | 44,797 |
| 12/31/2020 | 333,984 |

Other provisions

The other provisions mainly include obligations from the personnel area, provisions for guarantee obligations, for energy costs and for possible legal disputes.

liabilities

| | In total | Amounts with a remaining term | | |
|---------------------------------------|-----------|-------------------------------|------------------|----------------------|
| | | up to 1 year | from 1 - 5 years | of more than 5 years |
| | kEUR | kEUR | kEUR | kEUR |
| Liabilities to credit institutions | 361,643 | 9,143 | 139,571 | 212,929 |
| (Previous year) | (289,499) | (124,054) | (59,474) | (105,971) |
| Payments received | 52,207 | 16,153 | 34,385 | 1,669 |
| (Previous year) | (45,882) | (12,857) | (30,622) | (2,403) |
| liabilities from goods and services | 39,753 | 39,753 | | |
| (Previous year) | (26,465) | (26,465) | (0) | (0) |
| Liabilities to shareholders | 48,214 | 48,214 | | |
| (Previous year) | (87,078) | (87,078) | (0) | (0) |
| Liabilities to Vetter Group companies | 70 | 70 | | |
| (Previous year) | (125) | (125) | (0) | (0) |
| Other liabilities | 11,047 | 11,047 | | |
| (Previous year) | (15,038) | (15,038) | (0) | (0) |
| | 512,934 | 124,380 | 173,956 | 214,598 |

The prepayments received reported under liabilities mainly relate to earmarked grants for fixed assets.

Liabilities to companies in the Vetter Group are mainly due to non-consolidated affiliated companies and relate to ongoing delivery, service and clearing transactions.

Deferred taxes

The deferred taxes result from the annual financial statements of the parent company and the annual financial statements of a subsidiary. The applied tax rate is 13.18% and 29.13%

Deferred tax assets amount to €52k for inventories, €8k for other assets and €20k for bank balances. Deferred tax liabilities amount to €749k for property, plant and equipment, €30k for other assets, €345k for other provisions and €46k for trade payables.

The remaining tax burden of €1,090k after offsetting against the deferred tax assets was recognized as a deferred tax liability.

IV. Other information

1. Other financial obligations

The total amount of other financial obligations is €208,838 thousand. These are essentially purchase contracts for capital goods, obligations from rental and leasing contracts and from a supply contract for biogas and logistics services.

2. Off-balance-sheet transactions

To improve liquidity, the Group sells trade accounts receivable as part of an ABS program. As of December 31, 2020, the sold receivables amounted to EUR 54,220k, which were deducted from trade receivables.

3. Derivative financial instruments / valuation units

As of the balance sheet date, contracts for derivative financial instruments existed to the following extent:

| Type of Financial Instrument | nominal amount | market value | book value |
|-------------------------------|----------------|--------------|------------|
| | kEUR | kEUR | kEUR |
| Forward Exchange Transactions | 57,337 | -2,627 | 0 |
| interest rate swaps | 20,000 | -656 | 0 |
| interest rate caps | 40,000 | +8 | 0 |
| commodity swaps | 7,379 | +185 | 0 |

Derivative financial instruments are only used to hedge currency, interest rate and price change risks from the operating business and, if necessary, from financing transactions. Fluctuations in the cash and earnings flows of the Vetter Group caused by changes in exchange rates, interest rates and raw material prices are to be reduced.

The market value of the derivative financial instruments is determined using recognized calculation methods, taking into account the market data available on the balance sheet date.

In order to minimize interest rate risks, the Group has hedged variable-interest liabilities with a nominal volume of €40,000 thousand and a residual term until 2025 using interest rate swaps with matching maturities and interest rate caps of the same amount ("portfolio hedge"). The underlying and hedging transactions were combined in valuation units so that negative market values are not recognized as a liability within the scope of the freezing method. The prospective effectiveness of the valuation units is measured using the critical terms match method, while the retrospective effectiveness is determined using the hypothetical derivatives method. In 2020 variable interest promissory note loans were repaid. This led to that an interest rate cap of €20,000k no longer has an underlying transaction. The positive market value was not reclassified due to the lower of cost or market principle.

To cover currency risks from operating cash flows in foreign currencies (mainly USD), the Group concluded forward exchange transactions with a nominal volume of €57,337k and terms of up to three years ("macro hedge") as of the balance sheet date. Underlying and hedging transactions were fully combined in valuation units, the effectiveness of which is measured prospectively using the critical terms match method and retrospectively using the cumulative dollar offset method. The anticipated underlying transactions have a very high probability of occurrence, since they are exclusively clearly identifiable cost items - reduced by planned inflows in the US business -

Zur Reduzierung der Preisänderungsrisiken aus dem Bezug von Strom und Erdgas zu den jeweils am Tag gültigen Börsenpreisen hat der Konzern Rohwarenswnaps im Gesamtwert von T€ 7.379 (T€ 5.095 Strom / T€ 2.284 Erdgas) und Laufzeit bis zu drei Jahren abgeschlossen. Die Grund- und Sicherungsgeschäfte wurden dabei in Bewertungseinheiten zusammengefasst, sodass im Rahmen der Einfrierungsmethode keine Passivierung negativer Marktwerte erfolgt. Die prospektive Effektivitätsmessung der Bewertungseinheiten erfolgt mittels der Critical-Term-Match-Methode, die retrospektive Effektivität wird mit der hypothetischen Derivate-Methode ermittelt.

4. Geschäfte mit nahestehenden Personen und Unternehmen

An nahestehende Unternehmen hat der Konzern im Jahr 2020 insgesamt T€ 3.920 für die Inanspruchnahme von Dienstleistungen, T€ 2.812 für Zinsen sowie T€ 2.399 für Miete entrichtet.

An nahestehende Personen wurden für Dienstleistungen T€ 54 bezahlt.

Von nahestehenden Unternehmen wurden T€ 472 für Dienstleistungen vereinnahmt.

5. Nachtragsbericht

Vorgänge von besonderer Bedeutung nach dem Schluss des Geschäftsjahres sind nicht eingetreten.

6. Offenlegung

Die Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg, legt ihren Jahresabschluss unter Inanspruchnahme von § 5 Abs. 6 PubLG i. V. m. § 264 Abs. 3 HGB nicht offen.

7. Gesamthonorar des Abschlussprüfers

Das Honorar für die Prüfung des Konzernabschlusses der Vetter Pharma-Fertigung GmbH & Co. KG sowie der Einzelabschlüsse des Mutterunternehmens und der Vetter Pharma International GmbH beträgt insgesamt T€ 115. Davon entfallen T€ 110 auf Abschlussprüfungsleistungen und T€ 5 auf sonstige Leistungen.

Ravensburg, 31. März 2021

gez. Thomas Otto, Geschäftsführer

gez. Peter Sölkner, Geschäftsführer

Entwicklung des Konzernanlagevermögens 2020

| | 1.1.2020 € | Anschaffungs- und Herstellungskosten | | Umbuchungen € |
|--|------------------|--------------------------------------|----------------|------------------|
| | | Währungsdifferenzen € | Zugänge € | |
| I. Immaterielle Vermögensgegenstände | | | | |
| 1. Entgeltlich erworbene EDV-Software | 40.106.240,50 | -5.465,42 | 634.149,04 | 9.796.399,09 |
| 2. Geleistete Anzahlungen und Software in Entwicklung | 8.447.503,14 | 0,00 | 8.636.370,16 | -9.127.817,06 |
| | 48.553.743,64 | -5.465,42 | 9.270.519,20 | 668.582,03 |
| II. Sachanlagen | | | | |
| 1. Grundstücke und Bauten einschließlich der Bauten auf fremden Grundstücken | 216.126.762,25 | -939.203,71 | 36.373.880,89 | 16.498.164,78 |
| 2. Technische Anlagen und Maschinen | 546.440.400,57 | -620.788,38 | 12.587.088,83 | 104.282.079,64 |
| 3. Andere Anlagen, Betriebs- und Geschäftsausstattung | 148.347.562,10 | -467.342,18 | 7.839.023,89 | 23.723.542,18 |
| 4. Geleistete Anzahlungen und Anlagen im Bau | 285.387.448,56 | -274.747,90 | 145.488.850,42 | -145.172.368,63 |
| | 1.196.302.173,48 | -2.302.082,17 | 202.288.844,03 | -668.582,03 |
| III. Finanzanlagen | | | | |
| Anteile an verbundenen Unternehmen | 67.212,67 | 0,00 | 300.000,00 | 0,00 |
| | 1.244.923.129,79 | -2.307.547,59 | 211.859.363,23 | 0,00 |
| | | Anschaffungs- und Herstellungskosten | | |
| | | Abgänge | | 31.12.2020 |
| | | € | | € |
| I. Immaterielle Vermögensgegenstände | | | | |
| 1. Entgeltlich erworbene EDV-Software | | 261.965,95 | | 50.269.357,26 |
| 2. Geleistete Anzahlungen und Software in Entwicklung | | 0,00 | | 7.956.056,24 |
| | | 261.965,95 | | 58.225.413,50 |
| II. Sachanlagen | | | | |
| 1. Grundstücke und Bauten einschließlich der Bauten auf fremden Grundstücken | | 3.218.152,79 | | 264.841.451,42 |
| 2. Technische Anlagen und Maschinen | | 3.175.784,48 | | 659.512.996,18 |
| 3. Andere Anlagen, Betriebs- und Geschäftsausstattung | | 4.958.149,81 | | 174.484.636,18 |
| 4. Geleistete Anzahlungen und Anlagen im Bau | | 54.578.901,68 | | 230.850.280,77 |
| | | 65.930.988,76 | | 1.329.689.364,55 |

| | | Anschaffungs- und Herstellungskosten | | | |
|--|----------------|--------------------------------------|----------------|------------------|----------------|
| | | Abgänge | | 31.12.2020 | |
| | | € | | € | |
| III. Finanzanlagen | | | | | |
| Anteile an verbundenen Unternehmen | | 0,00 | | 367.212,67 | |
| | | 66.192.954,71 | | 1.388.281.990,72 | |
| | | Kumulierte Abschreibungen | | | |
| | 1.1.2020 | Währungsdifferenzen | Zugänge | Abgänge | 31.12.2020 |
| | € | € | € | € | € |
| I. Immaterielle Vermögensgegenstände | | | | | |
| 1. Entgeltlich erworbene EDV-Software | 33.248.660,13 | -4.198,11 | 3.874.018,32 | 126.616,88 | 36.991.863,46 |
| 2. Geleistete Anzahlungen und Software in Entwicklung | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| | 33.248.660,13 | -4.198,11 | 3.874.018,32 | 126.616,88 | 36.991.863,46 |
| II. Sachanlagen | | | | | |
| 1. Grundstücke und Bauten einschließlich der Bauten auf fremden Grundstücken | 52.898.602,80 | -81.661,81 | 7.604.417,25 | 1.535.265,57 | 58.886.092,67 |
| 2. Technische Anlagen und Maschinen | 387.893.939,22 | -498.514,09 | 40.607.431,51 | 3.005.473,24 | 424.997.383,40 |
| 3. Andere Anlagen, Betriebs- und Geschäftsausstattung | 107.076.948,58 | -408.386,36 | 20.273.851,61 | 4.846.798,95 | 122,095,614.88 |
| 4. Payments on account and assets under construction | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 547,869,490.60 | -988,562.26 | 68,485,700.37 | 9,987,537.76 | 605,979,090.95 |
| III. financial assets | | | | | |
| Shares in affiliated companies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 581,118,150.73 | -992,760.37 | 72,359,718.69 | 9,514,154.64 | 642,970,954.41 |
| | | book values | | | |
| | | 12/31/2020 | | 12/31/2019 | |
| | | € | | € | |
| I. Intangible assets | | | | | |
| 1. EDP software purchased for a fee | | | 13,277,493.80 | | 6,857,580.37 |
| 2. Payments on account and software in development | | | 7,956,056.24 | | 8,447,503.14 |
| | | | 21,233,550.04 | | 15,305,083.51 |
| II. Tangible assets | | | | | |
| 1. Land and buildings, including buildings on third-party land | | | 205,955,358.75 | | 163,228,159.45 |
| 2. Technical installations and machines | | | 234,515,612.78 | | 158,546,461.35 |
| 3. Other equipment, fixtures and fittings | | | 52,389,021.30 | | 41,270,613.52 |
| 4. Payments on account and assets under construction | | | 230,850,280.77 | | 285,387,448.56 |
| | | | 723,710,273.60 | | 648,432,682.88 |
| III. financial assets | | | | | |
| Shares in affiliated companies | | | 367,212.67 | | 67,212.67 |
| | | | 745,311,036.31 | | 663,804,979.06 |

Group management report for 2020

business activity

Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg and its subsidiaries (Vetter Group) are specialists in the development and aseptic filling of medicines in syringes, cartridges and vials. Vetter has many years of experience in handling biotechnological active ingredients and complex substances including monoclonal antibodies, peptides, interferons and vaccines. Vetter supports pharmaceutical and biotech companies from preclinical development to supplying the world market. The Vetter Development Service handles clinical manufacturing and supports the development of new drugs from early stages through transfer to commercial manufacturing.

The Vetter Group is based in Ravensburg and includes the production sites in Upper Swabia, as well as sales and development service sites in the USA, Austria, Singapore, Japan and South Korea.

General economic conditions

The ongoing coronavirus pandemic also kept the pharmaceutical industry busy in 2020. Nevertheless, with 53 new drug launches in the USA, not only more new drugs were approved than in the previous year, but also the second highest number since 1996. Everything therefore indicates that the Food and Drug Administration (FDA) is continuing its innovation-friendly course with flexible and quick decisions - not least underlined by the emergency approvals for several COVID-19 drugs less than a year after the outbreak of the pandemic. The market entry of new active ingredients in the USA continues to be a meaningful indicator of the innovative strength of the global pharmaceutical industry. With 18 products, cancer drugs represented the largest group among the new US approvals. Almost half (49%) of the new US approvals in 2020 will be administered parenterally, which means that the share has remained stable over 40% in the last 7 years. More than half of the products for the treatment of particularly serious or rare diseases that have been awarded the so-called "break-through therapy" status or "orphan drug" status by the FDA are injectables - this is also an increase compared to 2019.

In Germany, 32 medicinal products with new active ingredients were approved last year. Although the proportion of orphan drugs is continuously increasing (in 2020: 13 new registrations), these drugs only account for 4.9% of the drug expenditure of the health insurance companies per year.

The regional ratio of biosimilar approvals has reversed in 2020 compared to the previous year - with only three new biosimilars in the US versus nine in Europe. While this product group has been playing an increasingly important role in Europe for several years, the market for biological imitation products seems to be gaining in importance in the USA, despite the fewer approvals in 2020.

Furthermore, the financing situation of research-based biotech companies represents a key innovation driver in the pharmaceutical environment. In contrast to many other economic sectors, the biopharmaceutical sector was able to benefit from the coronavirus pandemic, as great hopes are placed on it to overcome the crisis. These tailwinds have pushed the number of IPOs, raised capital and venture capital funding in general to new record highs in 2020. Biotech companies such as BioNTech, Moderna and CureVac, which had not yet launched their own products before the pandemic, were also able to benefit from this. After a quiet first half of the year, M& A-activities increased again somewhat in the third quarter of 2020 and at the end of the year a “megamerger” was even announced with the takeover of Alexion by AstraZeneca. Biotech companies thus continue to have a pleasing financing situation.

Business development and situation 2020

The financial performance indicators that are important for Vetter Pharma-Fertigung GmbH & Co. KG are sales, EBITDA and the financial debt ratio (NetDebt / EBITDA). The non-financial or qualitative performance indicators are primarily the achievement of a high customer service level (greater than 90%) and maintaining our quality position as the basis of our reputation in the competitive environment. The latter can essentially be determined by the number of passed official audits.

sales development

Against the background of the positive market environment, we were able to close the past financial year 2020 with a 12% increase in sales of EUR 748 million. The Commercial Manufacturing business area made a disproportionately large contribution with growth of 15%, while sales in the Development Service grew by around 2%. The increase in the number of customer projects in Development Service compared to the previous year forms a solid basis for the company's growth, as these projects form the basis for future sales in Commercial Manufacturing.

human resource development

Against the background of the high requirements in relation to technical processes, but also due to the continuously increasing regulatory influences, the Vettters business model is very personnel-intensive. In addition, the company's growth requires continuously expanded human resources in all areas. In the past fiscal year, the company employed an average of 5,016 people. Some of the new employees were hired for extended shift models and additional production lines and are currently still in training and in the regulatory qualifications required to enable VETTER's planned growth in 2021.

Regulatory Environment

The market segment of aseptic filling of medicines, in which Vetter is active, was subject to increasing regulatory requirements in 2020 as in previous years. Despite this trend, we were once again able to successfully complete all official inspections, thereby underpinning our quality leadership.

earnings situation

Against the background of the positive sales development and an increase in overall performance, it was possible to largely compensate for slightly disproportionately rising cost items and to increase EBITDA and earnings before interest and taxes. Both sales and earnings are above the forecast expectations due to the positive development of commercial manufacturing with higher purchase quantities from customers and we therefore continue to assess the overall development as very satisfactory.

financial position

The balance sheet total was increased by approx. 12% in the 2020 financial year and now amounts to EUR 948 million. This increase is due to the expansion of our capacities and the long-term investment strategy set up for this purpose as well as the increase in inventories in view of the company's growth. In addition, as part of continuous working capital management, we were able to optimize the DSO and thus reduce customer receivables.

Liquidity / cash flow

In the past year 2020, cash and cash equivalents grew by EUR 8 million compared to 2019. At the same time, against the background of a reduced operating cash flow and a significantly increased negative cash flow from investing activities, we generated a negative free cash flow. The cash flow from financing activities increased in particular due to payments from taking out loans.

financing structure

At the end of the 2020 financial year, equity amounted to EUR 382 million and is therefore at a constant level in relation to the balance sheet total compared to the previous year. Against the background of ongoing investment activities and taking into account opposing positive effects from higher trade payables, liabilities to banks grew by EUR 72 million to a total of EUR 362 million, as did the debt ratio.

The financing strategy of the Vetter Group aims to ensure long-term, solid corporate financing using various financing instruments. Borrowed capital is only raised through the parent company. In addition to long-term loans from subsidized loans and promissory note loans, the company also has a syndicated credit line from 2017 with a remaining term until the end of March 2024, which was not utilized as of the balance sheet date, to implement further investments.

Use of Financial Derivatives

In the reporting year, Vetter used derivative financial instruments exclusively to hedge currency/commodity and/interest positions in order to minimize currency/price risks and financing costs caused by exchange rate/commodity price or interest rate fluctuations. The instruments we use here are marketable commodity derivatives as well as forward exchange transactions and interest rate swaps or interest rate caps. Such derivatives are used as part of our continuously monitored risk strategy, which also includes medium- and long-term hedging measures.

Research and Development

The main research and development activities take place in the area of order-related development services in customer-specific process development as part of the customer projects of the Vetter Development Service. In addition, we are constantly developing our packaging systems and internal processes. In addition, we are breaking new ground in the area of innovation management in order to identify future fields in the area of user-oriented drug injection.

Opportunities and Risk Report

As an internationally oriented company active in the pharmaceutical industry, Vetter is constantly exposed to a large number of internal and external developments that can have both a positive and negative impact on the achievement of our corporate goals. Opportunity and risk management is therefore an integral part of our corporate management and is based on the risk policy defined by management. The overriding principle here is to seize opportunities, but only take on the risks associated with business activity if added value is created for the company and the corporate goals are not jeopardized.

We identify opportunities as part of our annual strategic planning cycle, which identifies market developments and the resulting trends for our business activities in the first half of each financial year. From this we derive essential company decisions (e.g. with regard to investment policy) and translate them into strategic long-term planning.

For the early detection and proactive management of major risks, the Vetter Group has established a group-wide risk management system based on internationally recognized standards and principles, such as the ISO 31000 risk management standard. As part of the periodic risk assessment carried out in 2020, no risks that could endanger the company as a going concern were identified.

The global coronavirus pandemic had an impact on Vetter's overall risk situation last year and beyond. However, significant negative effects could be avoided thanks to defined measures within the framework of the established risk management. The risk management measures include, among other things, securing the supply chains (e.g. as part of second-source strategies, building up safety stocks, etc.), applying effective hygiene and distance rules, setting up our own test laboratory, comprehensive sensitization of the workforce and taking action Protective measures (e.g. expansion of home office shares). In combination with efficient external and internal communication, the measures taken led to the almost seamless continuation of our business processes and thus to maintaining the market supply for our customers. In general, we continue to see the coronavirus pandemic as a challenge in terms of ensuring our performance commitments to our customers. Against the background of the preventive and response measures taken, we currently assume that we will be able to continue to meet our obligations in the future. In general, we continue to see the

coronavirus pandemic as a challenge in terms of ensuring our performance commitments to our customers. Against the background of the preventive and response measures taken, we currently assume that we will be able to continue to meet our obligations in the future. In general, we continue to see the coronavirus pandemic as a challenge in terms of ensuring our performance commitments to our customers. Against the background of the preventive and response measures taken, we currently assume that we will be able to continue to meet our obligations in the future.

In addition, receiving an official "Warning Letter" (FDA) is the greatest risk for the Vetter Group, which could result in considerable reputational damage with consequences that are difficult to assess. We counter this risk with continuous further development of our pharmaceutical quality and risk management, so that we classify the probability of occurrence as very low, which was again confirmed by numerous successful customer and authority audits.

Overall, the assessment of the current risk situation shows that there are no risks beyond the general market and industry-typical influences that could endanger the continued existence of the Group and that future risks that could endanger the existence of the Group are not currently discernible. The key criteria for the implementation of our further growth strategy are the maintenance of the market position and the underlying reputation, the ability to innovate and the attractiveness of an employer. The recruitment of suitable personnel continues to be one of the main challenges in the coming years.

Outlook for further development in 2021

The importance of the pharmaceutical and biotech sector for global health care and the stabilization of the world economy has increased in public awareness in 2020 due to the pandemic. The increased importance of an efficient and functioning healthcare system is likely to lead to increased investments in the medium and long term to expand capacities and improve supply chains. This trend will therefore have a lasting positive impact on the entire pharmaceutical industry. The political focus on overcoming the crisis has pushed the existing trade conflicts into the background, but brings with it critical aspects for international pharmaceutical companies. Emergency laws such as the US Defense Production Act (DPA), national foreclosure tendencies and export restrictions could have massive effects on the globally networked supply chains. Slowly starting vaccination campaigns and more infectious virus mutants have clouded the prospects for a speedy recovery in the global economy. The year 2021 will also be strongly influenced by the pandemic and further effects, e.g. with regard to renationalization tendencies for critical sectors and production sites, cannot yet be assessed. Slowly starting vaccination campaigns and more infectious virus mutants have clouded the prospects for a speedy recovery in the global economy. The year 2021 will also be strongly influenced by the pandemic and further effects, e.g. with regard to renationalization tendencies for critical sectors and production sites, cannot yet be assessed. Slowly starting vaccination campaigns and more infectious virus mutants have clouded the prospects for a speedy recovery in the global economy. The year 2021 will also be strongly influenced by the pandemic and further effects, e.g. with regard to renationalization tendencies for critical sectors and production sites, cannot yet be assessed.

With average annual growth of 7.4% up to 2026, EvaluatePharma forecasts growth in the global pharmaceutical market slightly above the previous year's figures (6.9%), which will continue to be characterized in the future by a solid innovation balance on the one hand and price pressure on legacy products on the other will be embossed. Due to the ongoing travel restrictions, the FDA will be unable to conduct on-site inspections of international production sites for longer than expected, which has already led to delays in new approvals in 2020. Recent FDA efforts to increase the use of virtual inspections and intergovernmental Mutual Recognition Agreements (MRAs) indicate an attempt to limit the negative impact of the pandemic on access to drug innovation. Positive experiences with process optimizations in drug development, which were used for the first time during the pandemic, could also accelerate clinical trials and approval processes in the future.

The continuing good financing situation, profit growth and sustainable innovation support by the progress-friendly approval authorities create favorable framework conditions for the development of new drugs. The market development in the pharmaceutical industry is supported by the demographic development, the uninterrupted trend towards special drugs (many of them injectables), as well as towards personalized and digitized drug applications. Last but not least, more than half of the currently developed COVID-19 drugs are injected. Even if the pharmaceutical industry is currently enjoying broad support as a key factor in fighting the pandemic, the medium-term success of the vaccination efforts and the handling of the financial and logistical challenges will have a decisive influence on the relationship of the sector to politics and society. This development could determine the extent to which the pressure on drug prices, which has now receded into the background, will be increased again in order to reduce the budget deficits caused by the economic crisis.

Vetter's market situation depends to a large extent on the activities and performance of pharmaceutical and biotechnology companies. The following trends are emerging for 2021:

In the area of drug innovations, development will continue to focus on biotechnologically manufactured drugs, so that their share of sales will continue to rise. Cancer therapies will generate the largest sales, followed by therapies for the treatment of diabetes, immunosuppressants and vaccines. The contribution of COVID-19 vaccines and therapeutics to sales growth will largely depend on how comprehensive and long-term vaccination protection lasts and to what extent revaccinations will be necessary.

Rare diseases continue to be an important research focus for pharmaceutical and biotech companies. The sales expectations in this area are based on an annual growth rate of approx. 10.8% up to 2026 and are thus well above the forecast growth of the pharmaceutical market as a whole.

2021 will show whether continuously high cash inflows into the biotech sector result in increasingly higher purchase premiums for M&A transactions. Large pharmaceutical companies that have not yet had a breakthrough with their own anti-COVID-19 drug candidates could use promising development projects from small biotech companies as buying opportunities. In addition, biotech companies developing new platform technologies such as mRNA and VLP vaccines, multifunctional antibodies and antibody conjugates, personalized medicine, immuno-oncologicals, cell and gene therapies or digital business models could attract great interest as takeover candidates.

The aseptic contract manufacturing market is in the strongest position in its history in 2021. A significant proportion of the manufacturing capacity for COVID-19 vaccines, which are mainly injected, is located at CMOs (contract manufacturing organizations), which mostly benefit indirectly from the massive financial government support for the development and production of vaccines and therapeutics. In particular, the realization that the mass production of medicines is highly complex means that increasing support for the sector can be expected. The record financing of biotech companies as well as the low interest rates and the resulting funds available for investments should continue to support contract manufacturers. Innovation-driven aseptic CDMOs (contract development and manufacturing organizations) continue to have better development opportunities than contract manufacturers focused on classic dosage forms. The contribution of the CDMOs to the short-term massive expansion of manufacturing capacities with a stable supply situation at the same time could, along with other starting points (e.g. manufacture of ready-to-use dosages, establishment of alternative production facilities to ensure market supply, etc.) have a positive long-term effect on the outsourcing behavior of the large pharmaceutical companies. Nonetheless, small and medium-sized non-manufacturing biotech and pharmaceutical companies are the major customers of CDMOs. The industry will remain under competitive pressure due to the trend towards small-volume special products, the increasing cost burden on healthcare systems and the high requirements of the regulatory authorities.

Against this background, we will continue our investment program in 2021 and continue to drive forward the digitization of our corporate processes. Excluding any pandemic effects, we expect growth with revenue and EBITDA increasing in the single-digit percentage range and leverage to remain below 3.0x. In the non-financial area, we expect to achieve a consistently high customer service level and successfully pass customer and authority audits. Even taking into account the influence of the ongoing coronavirus pandemic, we assume that our performance indicators will not be, or only slightly, below the previous year's values.

Ravensburg, March 31, 2021

signed Thomas Otto, Managing Director

signed Peter Sölkner, Managing Director

