



# Annual Report 2022

Executive Summary



Excellence  
beyond  
Manufacturing



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»At Aenova, we are committed to our customers and to patients around the world every day. As a contract developer and manufacturer behind the major international pharmaceutical and health-care brands, we always produce for the health and well-being of patients and people worldwide. Our mission is to fulfill this task with the highest quality and delivery reliability at competitive prices, in line with our motto ‘Excellence beyond Manufacturing’.«

# Preface



## Dear Readers,

I am delighted to share the Aenova 2022 Annual Report with you.

After a year of unprecedented challenges during the Covid-19 pandemic and nationwide lockdowns, it could have seemed that 2022 was to become a year of gradual return to normal. We all know now that with the invasion of Russia in the Ukraine, the ensuing energy crisis, supply chain disruptions and the return of cost inflation on levels not experienced in several decades, 2022 turned out to bring its own challenges about. Such macroeconomic factors put businesses to the test, and it brings to the forefront how resilient our business model was and is. For our over 400 customers, over 3,000 products and over 25,000 SKUs, we continued to deliver under strenuous supply chain conditions, found alternative routes of supply or increased safety stock levels to continue delivery and get products to patients and health care providers. As inflation continued to soar, we asked all of our customers for price increases to collaboratively share the cost burden, never with the objective to enrich ourselves, but purely with a view to safeguard the business for the long term. In order to avoid future surprises of price increases, we proposed new pricing mechanisms to all of our customers, which put pricing on a fair, transparent and equitable basis. But more importantly stayed the course of our strategy. We continued to expand our capacities to allow for future growth and continue to grow our technology offering to increase our competitiveness in the market. We inaugurated a full new aseptic manufacturing facility for high-speed PFS and vial filling including large molecule fill and finish. Our new high-speed, large volume solid plant expansion in Tittmoning went online, and we continued to build our expansions in Kirchberg for softgel capsule packaging.

We made good progress in Carugate building a high-speed liquids and semi-solid manufacturing or in Regensburg establishing a future high-potent manufacturing to come online in 2024 and 2025 respectively. This strategy of capacity expansion and capability extension through the introduction of new technologies and superior development service offering continues to serve us very well. Financially, perimeter adjusted for the closure in 2023 of the site in Wolfratshausen<sup>1</sup>, for the first time ever, we grew the business double-digit on the top-line, while adjusted Ebitda only declined by 2% vs previous year. Order book continued to expand to all-time highs, such that growth accelerated in Q3 and Q4 of 2022 and is expected to deliver a very strong 2023. With this background, and healthy financials we will continue to be able to live up to our first core value, “Customers and patients first”.

My admiration and gratitude goes to over 4,100 colleagues at Aenova, who have worked under economic uncertainty or social constraints under lockdown for two years now, and have never deviated from our mission.

Finally, a massive thank you to our customers, who continue to entrust us with their existing and new products, as well as suppliers, service providers and all other stakeholders who continue to make the Aenova Group fantastic place to work.

Jan Kengelbach  
CEO Aenova Group

<sup>1</sup> Numbers are shown including Wolfratshausen to compare to 2021



## Dear Readers,

The Aenova Group achieved its strategic goals in what was a difficult year for the economy as a whole. The challenges in energy supply and supply chains were enormous in 2022 and yet the Aenova Group was able to remain able to deliver and meet customer demand. For a few years now, we have put in place a growth strategy to deal with increased customer demand from existing and new customers, and it is rewarding to see that despite all macroeconomic headwinds, the business has started to deliver double digit growth rates. More importantly, it continues to show its resilience in the face of these challenges. While adjusted Ebitda has not grown over the last two years, it has almost stayed at pre-pandemic levels, which is a remarkable achievement in this context<sup>1</sup>.

The outlook for the Aenova Group is very promising and an incredibly strong order book bodes very well for the near-term future. The above-mentioned growth strategy of expanding manufacturing capacities, R&D services and new capabilities paired with solid financials, make Aenova a very attractive service provider and competitive player in the CDMO market.

At the same time, Aenova has made impressive strides as an employer of choice. New HR processes have been put in place and internal communication improved, strengthening Aenova as a group and making it an attractive employer. Many initiatives in 2022 targeted the core Aenova values “Everyone matters” and “Stronger as a group”. This is recognized by our colleagues, but also potential new recruits as well as the general press.

As in previous years, I would like to express my sincere thanks to the over 4,100 employees, who all – each in his or her own place – make a contribution to serving our customers. And ultimately to help patients around the world.

Dr. Ewald Walgenbach  
Chairman of the Supervisory Board

<sup>1</sup> Perimeter adjusted for the closure of the site in Wolfratshausen



# The Year in Brief

## Excellence beyond Manufacturing

2022 was the first post-Covid pandemic year and also the year the war in Ukraine broke out.

The Aenova Group was able to keep our supply chains robust to serve rebounding customer demand. Our employees worked tirelessly to ensure deliveries to our customers under much more difficult circumstances.

While the robustness of the operations and the ability of our colleagues were challenged by external factors, we were for the most part able to live up to our corporate motto “Excellence beyond Manufacturing”. In this very special macro-economic environment, we continued to execute our strategy consisting of a comprehensive performance improvement approach along the dimensions of operational excellence, commercial excellence and organizational excellence to achieve highest customer satisfaction and best possible outcome for patients.

Our strategy rests on our first and key focused value: “Customers and patients first”.

### Operational Excellence

While on-time delivery rates inevitably had to decline as a result of complex supply chains, we were able to maintain our very good quality rate.

### Commercial Excellence

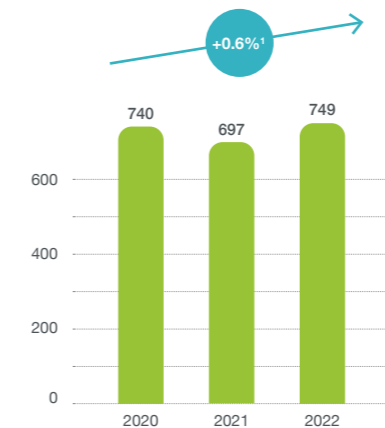
We enhanced our sales team with the addition of Neil Jones, our new Chief Commercial Officer, who has refreshed our Commercial Strategy for the Group. This includes the introduction of a dedicated team, focused on relationship management and communication with our customers. This team will act as the customer’s advocate within the sites and be the link between Business Development and Operations, allowing Business Development to focus on new business opportunities. In addition, we have listened to the feedback from our customers, with the creation of an index-based pricing mechanism to put pricing adjustments on a transparent and fair basis.

The year 2022 was characterized by strong performance from our sales division, which recorded a 7.5% increase in revenue. This success is reflected in a year-on-year increase from EUR 697 m to EUR 749 m. Our stronger focus on development services resulted in a 20% increase in the number of new molecules being worked on by our development teams. Finally, our order book for the coming years is stronger than ever, as reflected in a 22% growth over the previous year.

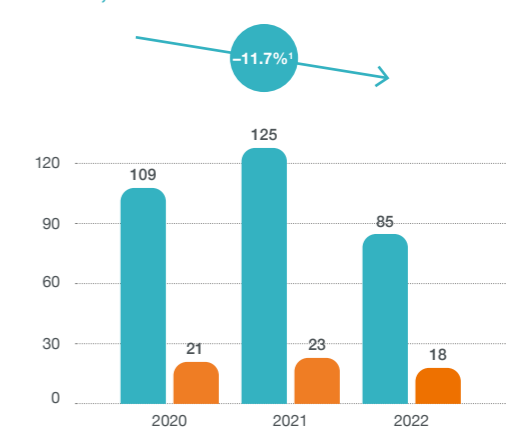
### Organizational Excellence

We further empowered our organization to become an employer of choice with our new HR cluster structure, the introduction of people development and performance management processes for all colleagues at Aenova as well as a large number of initiatives to increase loyalty, retention and motivation.

Sales development  
in € m



Peak sales & win rate  
in € m, %



## In 2022, we achieved the following key milestones

- Despite an increased revenue by +7.5% from EUR 697 m to EUR 749 m, our EBITDA declined from EUR 107 m to EUR 97 m by 9%. Future perimeter adjusted for the closure of our site in Wolfratshausen, the business grew by 10% from EUR 651 m to EUR 714 m, while EBITDA declined by 2% from EUR 104 m to EUR 102 m.
- We made very meaningful progress in capabilities with our “differentiation through innovative technology” strategy on our way to position Aenova as a global leading small molecules and innovator CDMO champion including fill and finish of large molecules with steadily growing success. Details are shown on the Business Unit pages.
- Within Aenova’s major strategic and investment plan 2020–2025, the next expansion steps in development, capacity expansion and capability extension and sustainability were implemented or completed in a large number of sites:
  - Expansion of **production capacity for solid dosage forms at the Tittmoning** site to up to 10 billion tablets per year. The new production building with an investment sum of EUR 35 m covering more than 3,100 square meters was commissioned in the fall of 2021 and was already operating at a high capacity in 2022.
  - Massive expansion of **capacities for solids production in the area of high potent, cytotoxic products** (up to OEB 5) at the Regensburg site with an overall invest of EUR 25 m. The foundation stone for the new building was laid in the first quarter of 2022, and GMP-compliant production is planned for 2024.
  - Massive further activities were initiated around the substantial **expansion of sterile production** at the Latina site until 2025: qualification of second F&F sterile line, packaging line for prefilled syringes (PFS), capacity expansion for intramammary syringes for Animal Health, expansion penicillin solids and preparing Annex 1 readiness.
  - Modernisation and **capacity expansion** at the Carugate site until 2024 with a **new high-speed liquids and tube lines** with a capacity of more than 10 million units per year, as well as a new high-speed tube line, a new turbo emulsifier and a new warehouse with an investment of EUR 10 m.
  - Continuous **expansion of the sustainability strategy** with new photovoltaic plants at several sites.

<sup>1</sup> The number of the arrow represents CAGR 2020-2022.

€97m

Adj. EBITDA

€749m






Net Sales 2022

+22%

Order book

# Company



Capacity	
	<b>22 bn</b> tablets/capsules
	<b>1.4 bn</b> blisters
	<b>11 bn</b> softgel capsules
	<b>220 m</b> semi-solids/liquids
	<b>220 m</b> sterile liquids (vials, ampoules, syringes)

## Aenova at a glance

The Aenova Group is a leading global contract manufacturer and development services provider for the pharmaceutical and healthcare industry. Our services include end-to-end manufacturing and development of all dosage forms and potency levels (ranging from nutraceuticals to high-potency) out of 15 sites in Europe and the US.

With our comprehensive know-how, many years of experience, well-trained staff of c. 4,100 employees, innovative technologies and highest quality standards we are a reliable, long-term partner to pharmaceutical and consumer health care customers around the world, both in the human and veterinary healthcare market.

Aenova is the #1 CDMO in Europe for solid dosage forms, #2 globally for softgel capsules, #1 in Europe in semi-solid dosage forms and among the top 3 globally

in veterinary products in addition to a leading position in sterile manufacturing.

Aenova services over 400 customers including 7 of the top 10 human health pharmaceutical companies and 7 of the top 10 animal health companies. Aenova enjoys a strong and loyal customer base, with the average customer relationship tenure among the top 20 customers of c. 25 years.

Aenova was created 2008, as a merger of pharmaceutical companies Dragenopharm and Swiss Caps, forming the nucleus of the Group. In 2012, the Temmler Group was acquired, and at the beginning of 2014 Haupt Pharma Group was added. Since 2012, Aenova has been owned by the private equity company BC Partners.



**Global reach**  
15 manufacturing sites worldwide, delivering into 80+ countries



**Manufacturing Footprint**  
14 EU sites, 1 US site, 11 sites Pharma FDA approved, 2 sites Food FDA



**Product Types**  
Rx (originator and generics products), OTC, Food supplements, Medical devices, Cosmetics, Animal health



**Net Sales 2022**  
€ 749 m



**Employees**  
~ 4,100



GEA  
Aeromatic

SERVOLIFT

# Portfolio & Structure

## Full-service CDMO for all customer needs

As a “one-stop shop” Aenova offers end to end full CDMO services of all dosage forms and manufacturing technologies from development, clinical trial supply to commercial, small and large volume manufacturing until packaging services. The offering includes small and large molecules.

With its Business Unit (BU) structure, Aenova supports its customers with the added value of all of our 15 manufacturing sites with value-adding synergy effects.

With a strong Development and Manufacturing Science & Technology team Aenova provides cross-divisional support in the areas of drug product development, analytical development, clinical trial supply management, regulatory support and technical transfer.



### BU Solids

All key solid dosage forms and technologies incl. anti-infectives, hormones & high potent APIs. Packaging



### BU Semi-solids & Liquids

Sterile & non-sterile technologies incl. oral and topical liquids, creams, ointments, vials, ampoules, lyophilized vials, sterile powder for injections, prefilled-syringes



### BU Softgel Capsules

Pharmaceutical (incl. high potent APIs) and OTC products, VegaGels® and neutraceuticals

## Net sales split per Business Unit



■ Solids 54%  
■ Semi-solids & Liquids 31%  
■ Softgel Capsules 15%

## Reasons why customers are choosing Aenova



## Specialized Centers of Excellence for best service experience

Aenova is a one-stop shop for the whole life cycle of the product from development, scalable to commercial production. Our 15 sites are specialized by dosage form and technology offering to best meet customer needs in terms of innovative technologies, accelerated time to market and most cost efficient manufacturing.



**15** high quality manufacturing sites, delivering into **80+** countries



**7** development centers with **170+** scientists and analysts

## Differentiated technologies for innovative products

We are expanding into new technologies and innovative solutions to enable novel drug therapy. In this way, we are meeting the increased demand for special products. In 2022 these innovative technologies have come to life with client projects.



Dry powder inhalation



Capsule microdosing



Encapsulated mini tablet systems



Multiple unit pellet system



Hot melt extrusion



Lyophilization / Co-precipitation



Micronization / Particle design



Soft gelatin capsules

# Business Unit Solids

## Premier provider of all conventional and specialty dosage forms from development to commercial production

Aenova's largest Business Unit is the BU Solids with EUR 423 m annual sales, around 1,900 FTE, 7 manufacturing sites, 4 development centers of excellence, a capacity of over 22 bn tablets and hard capsules, – covering all key solid dosage forms and technologies including anti-infectives, hormones and high potent APIs.

Aenova is the ideal partner for development and production of virtually all types of solid dosage forms and APIs up to OEB 5.

Full-service manufacturing and supply-chain services are integrated with development, technical transfer and analytical services.

Within the BU Solids Aenova offers to its customers a wide range of innovative technology platforms in which we have made great progress in 2022, e.g.

- Dry Powder Inhaler (DPI) and low-dosed capsule filling
- Encapsulated mini tablets systems (EMTS)
- Multiple unit pellet systems (MUPS)
- Hot melt extrusion (HMT)
- Lyophilization / Co-precipitation
- Micronization / Particle design

These technologies help to overcome the challenges of bioavailability and solubility of certain active ingredients. This is not only important for new chemical entities (NCE), but also makes drugs more patient-friendly. Aenova is thus positioning itself as the partner of choice for its customers in development and commercial production.

## Key Events 2022

Revenue increased by 3,4% from EUR 409 m to EUR 423 m, while EBITDA stayed flat at EUR 63 m.

In the Solids business unit, we have reached key milestones in 2022, which are aimed at capacity expansions as well as manufacturing capabilities. Above all, we continued to successfully expand our innovative technologies approach enabling innovative medicines and technologies.

Our key strategic projects continued to progress according to plan. Above all, we have started operations with the EUR 35 m, 3.5 bn tablet capacity expansion in our high volume plant in Tittmoning and continued to ramping up volumes.

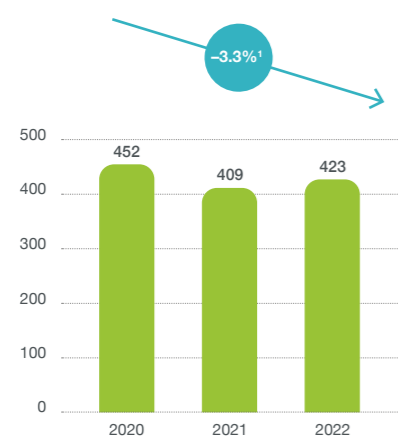
At our Regensburg site we laid the foundation stone of the overall EUR 25 m expansion into a new cytotoxic building, which will be opened in 2023. We also commissioned a new capsule filling line there, which enables a maximum output of 200,000 capsules per hour.

We finalized our dry powder inhaler platform in Münster and expanded our micro-encapsulation technology platform.

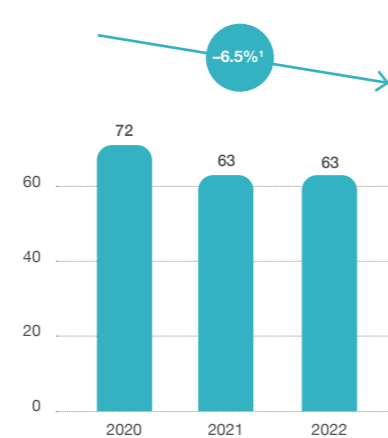
Within our "Fit4Future"-project in Bad Aibling we installed a new blister line and increased efficiency. We set the kick-off for effervescent tablet manufacturing platform.

In Sisseln our new development pilot plant went live and we strengthened the role of the site as Aenova's innovation center (e.g. for hot melt extrusion, particulate systems). Furthermore, we launched high speed packaging and automation at Sisseln.

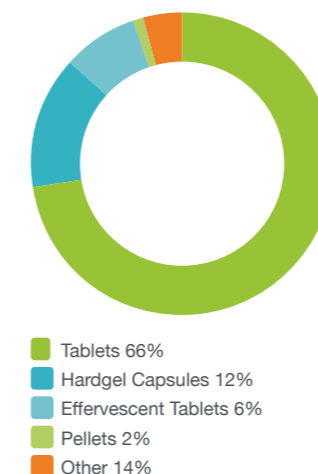
Sales development in € m



Adj. EBITDA in € m



Net split per product type



<sup>1</sup> The number of the arrow represents CAGR 2020-2022.



# Business Unit Semi-solids & Liquids



## #1 in Europe for semi-solids with market leading capabilities in sterile and non-sterile liquids

The Business Unit Semi-solids & Liquids with EUR 243 m annual sales and round 1,600 FTE comprises 5 manufacturing sites and 2 development centers. The portfolio encompasses sterile dosage forms (liquid vials, ampoules, pre-filled syringes, lyophilized vials and aseptic filling of powders, including fill & finish of biologics and of oncology products) as well as non-sterile liquids (oral, nasal, topical) and semi-solids (cream and ointments in tubes, jars and sachets, suppositories).

### Semi-solids & non-sterile liquids

Aenova has extensive expertise and state-of-the-art development laboratories and production facilities to develop and commercially manufacture semi-solid products and non-sterile liquids.

From topical formulation, oral liquid, vaginal or rectal dosage forms, Aenova can offer a broad range of solutions that will meet the needs of our customer's pharmaceutical product, medical device or cosmetic product.

### Sterile technologies

Aenova is striving to be a premier solution partner for sterile dosage forms expanding into biologics fill & finish and vaccines with 4 FDA approved facilities offering high quality injectables for human health and animal health products.

Our sterile services include specialized capabilities for:

- Beta-lactam antibiotics (penicillins, cephalosporins)
- Intra-mammary syringes for animal health products
- Cytotoxics
- Fill & finish of biologics into vials and pre-filled syringes

## Key Events 2022

For the BU Semi-solids & Liquids, 2022 was not without challenges, especially at the Wolfratshausen and Gronau sites, while Latina, Feldkirchen and Carugate continued to deliver on their strategic plan.

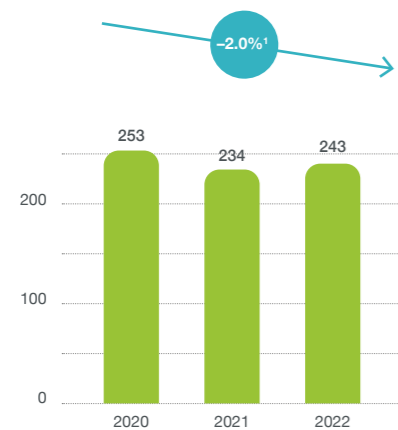
Unfortunately, prevailing quality issues at our site in Wolfratshausen and the subsequent remediation led to a quasi four-month standstill of aseptic production. Thanks to a massive effort of the site team, advisors and corporate colleagues, quality remediation work was completed in record time and GMP compliance ascertained. Nonetheless, in light of the low profitability of the site, and the impending investments under annex 1 regulations, the difficult decision was made to close the site by the end of 2023. In Gronau, the same decision was made for the aseptic manufacturing, as again, investments in annex 1 did not prove to have a reasonable payback.

Revenue increased by 3.8% from EUR 234 m to EUR 243 m, EBITDA declined by 47.4% from EUR 19 m to EUR 10 m.

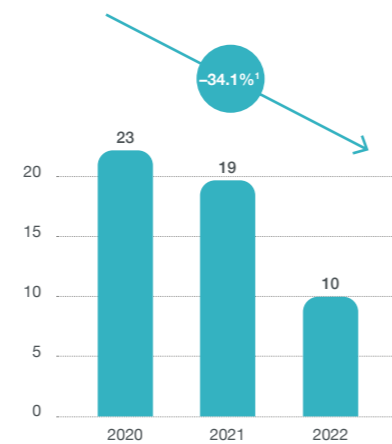
At our Latina site we significantly expanded our key capacities in sterile fill and finish (F&F) capacity with the finalizing of the new Fill&Finish area and its successful inspection by the Italian authorities. Furthermore we kicked off the project to extend capacities for intramammary syringes at the Latina site (capacity will to come live in 2023).

At our Carugate site we completed the installation of a new high speed non-sterile liquid line for oral/topical liquids. Also we started capacity increase for compounding with a new 5,000l turbo emulsifier as well as the building of a new warehouse.

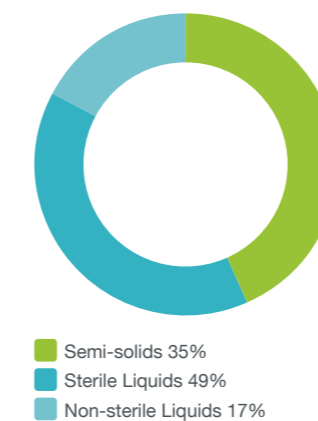
Sales development  
in € m



Adj. EBITDA  
in € m



Net split per product type



<sup>1</sup> The number of the arrow represents CAGR 2020-2022.

# Business Unit Softgel Capsules

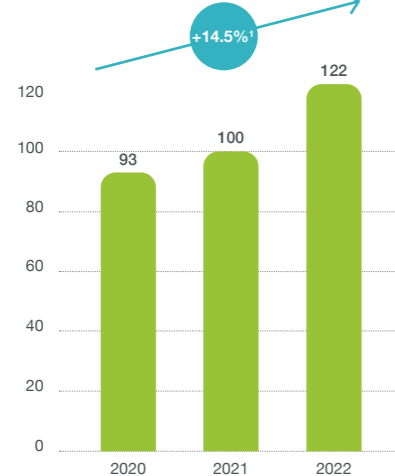
## #2 globally for soft gels with a focus on “high-end” pharma and “one-stop shop” softgel capsules

The Business Unit Softgel Capsules with EUR 122 m annual sales, over 500 FTE, 2 soft capsule sites and around 11 bn installed capacity drives a dual strategy with a Romanian site for nutraceuticals & OTC and a Swiss site for pharmaceutical products. According to our “one-stop shop” strategy the BU Softgel Capsules offers all technologies around softgel capsules incl. VegaGels®, blister and bottle packaging, serialization, laser & ink printing, film coating and analytic services.

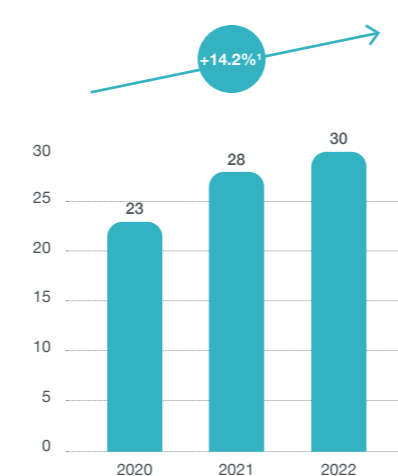
With development and manufacturing capacities including high potent active pharmaceutical drugs at our Center of Excellence in Kirchberg/Switzerland and OTC and consumer healthcare products at our manufacturing site in Cornu/Romania, Aenova offers a complete service for softgel capsules in any formulation and any capsule design, color and size, also in vegetarian and vegan form.

Another part of our Business Unit Softgel Capsules is our Greensboro/USA site. As a strategic distribution hub for our European customers, we are serving the US and Canadian market and customers out of this site with bulk and bottle and blister packed products. There we have over 15 years of expertise in packaging fulfilling the US-FDA requirements not only for soft gel products.

Sales development  
in € m



Adj. EBITDA  
in € m



## Key Events 2022

For the BU Softgel Capsules, 2022 was another strong year. Revenue increased by 22.0% from EUR 100 m to EUR 122 m, while EBITDA expanded from EUR 28 m to EUR 30 m or 7.1%.

At our site in Kirchberg, the preparatory work for the installation of a state-of-the-art blister line equipped with special features was completed. In addition, we have installed photovoltaic systems and charging stations for electric cars.

At our site in Cornu, we were able to complete the evaluation of a gummy production line, which will be online in 2024. With the production offer in the area of gummies,

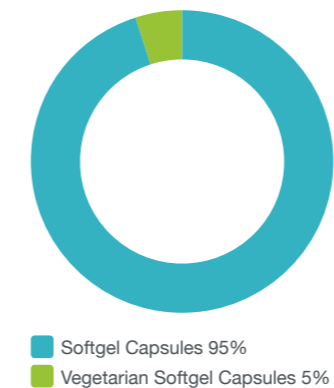
we will then achieve a new unique selling proposition on the market.

At our site in Greensboro, the completely renovated production area for the filling of Rx products into bottles was put into operation.

We were also able to implement our strategy of strengthening innovative technologies and the development area in the Softgel Capsules BU in partnership with Microcaps, an award-winning start-up with a patented high-precision microencapsulation platform.



Net split per product type



<sup>1</sup> The number of the arrow represents CAGR 2020-2022.



# Development Services

Full service for development and technology transfers across the entire product life cycle

Our range of development services stands out in three main respects:

- 1 Co-location of development and commercial supply
- 2 Fully integrated GMP development units
- 3 Tailor-made flexible solutions

We offer our service from

**7** Development Centers of Excellence  
covering all dosage forms

## Key Figures 2022

- > 210 Technology Transfers
- ~ 100 Development Projects
- > 160 Product Lifecycle Management Projects
- > 170 Development & Tech Transfer FTEs

We know that quality, speed to market and on-time delivery are key to success of our clients. Our systematic processes for development and technology transfer projects ensure that we reliably deliver impeccable quality, on time.

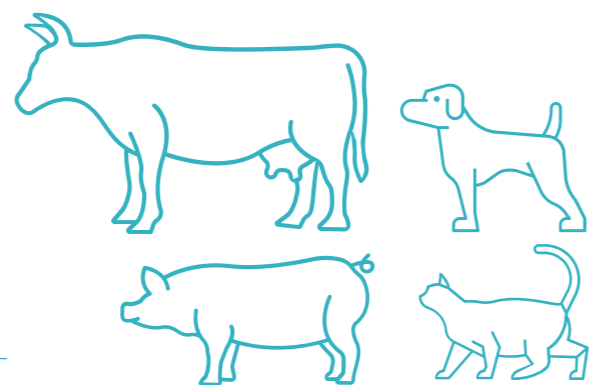
The integration and close alignment of Development & TechTransfer Services with our commercial network allows us to provide a “one-stop shop” experience and a seamless transition of projects from development to commercial scale. With this we offer highest standards in project timelines, risk control and resource efficiency.

As a service provider for innovative medicines, we are constantly expanding into new technologies and innovative formulation platforms. In this way, we are meeting the increased demand in the fields of high-potent APIs, dry powder inhalation / low-dosed capsule filling, controlled release, bioavailability enhancement.

**15** sites with Technology Services on site  
for seamless tech transfer and product life-cycle management

# Animal Health

## Farm and companion animals



### One of the leading Animal Health CDMOs

Aenova is one of the world's leading CDMOs for animal health. With 9 manufacturing sites approved for veterinary products, we offer end to end services from development to packaging for wide variety of pharmaceuticals for companion and farm animals.

In the farm animal sector, our capabilities for antibiotics in pre-filled syringes in addition to a wide variety of dosage forms are unparalleled.

In the area of companion animals, we have unique capabilities for anti-parasitic products and offer dosage forms for the treatment of different acute and chronic diseases: pain, dermatology, infections and others.

Main therapeutic areas we offer:

- Anti-infectives
- Parasiticides
- Hormones
- Food supplements
- Conventional APIs
- Biologics

Our sites of course work in compliance with cGMPs, they are EU certified and approved by the US FDA.

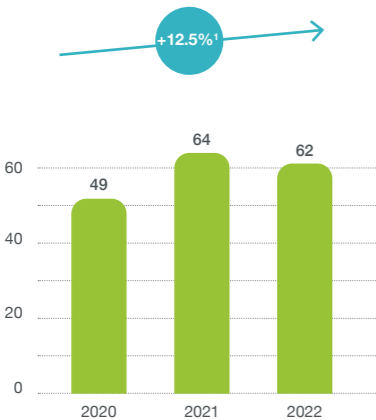
Our animal health business stays nearly as strong as previous year.

Revenue declined by 3.1 % from EUR 64 m to EUR 62 m.

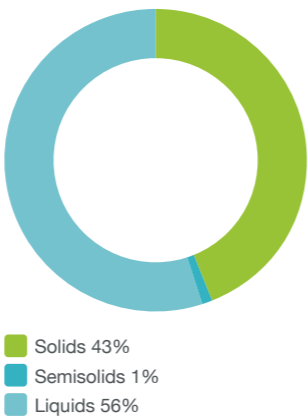
### Key Figures 2022

- CDMO partner of almost all top 20 animal health companies worldwide
- Global market coverage of all main countries (US, EMEA, LATAM, Asia, RoW)
- Manufacturing capabilities for almost all dosage forms for animal health
- 9 manufacturing sites for animal health

### Sales development in € m



### Animal Health sales per dosage form in %



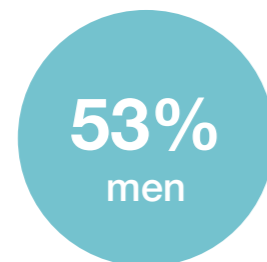
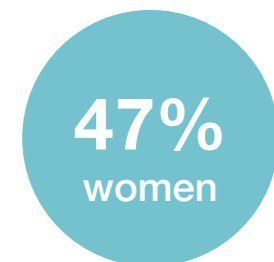
1 The number of the arrow represents CAGR 2020-2022.



# Human Resources

## Our employees are our greatest asset

Aenova employs around 4,100 people from 60 nations who give their best every day to ensure the safe supply of important and sometimes life-saving medicines to patients worldwide.



## Excellent know-how, experience and utmost commitment

Our employees are distinguished by many years of experience in their work environment and are highly trained experts in their field. The successful mix of different age groups and professional backgrounds brings together great experience, creative spirit and agility.

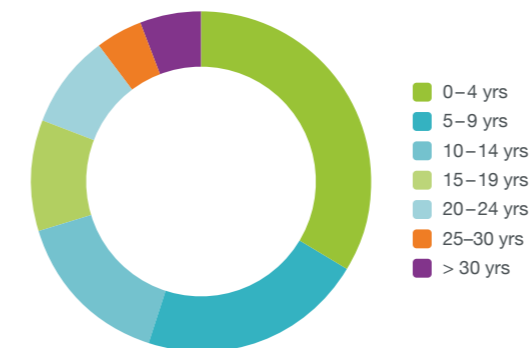
More than 170 employees in our Aenova network are scientists or analysts with excellent scientific training and experience. In addition, Aenova is a training company and thus actively engages in the vocational training of the next generation of professionals. In this area, we regularly receive annual awards from local chambers of commerce for outstanding training results.



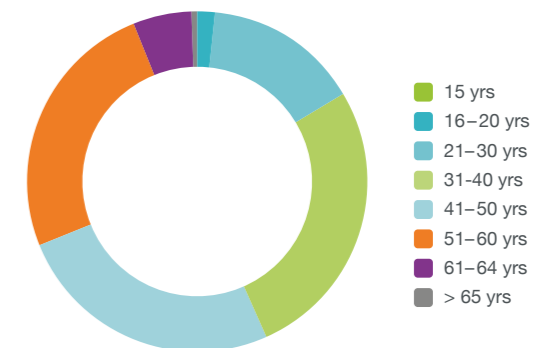
## Aenova participates Diversity Charter

The diversity of society is increasingly shaping the world of work. Companies can only be successful today if they recognize, promote and know how to take advantage of this diversity. After all, the different skills and talents of all employees opens up opportunities for innovative and creative solutions. Aenova is participant of the "Diversity Charter", a voluntary commitment to diversity.

Years of Service by Age group



Age structure



## Our main achievements

In 2022, we have further developed the Aenova corporate culture, e.g. by deeper embedding the corporate values and the set-up of new HR processes. This includes huge improvements regarding internal communication, e.g. with the new internal Aenova staff newspaper "Beyond Manufacturing" and the conception of a new Aenova Corporate Intranet.

## This also includes

- Building internal recruiting capacity for active sourcing and developing an external talent pipeline
- Introduction of skills/competencies assessments in recruitment processes
- Structured approach to reducing absenteeism
- Conception of a corporate health care system and the development of a new employer brand
- Introduction of a feedback/target process, including training of managers
- Initial pilot testing of a future talent/succession management process
- Co-design of the introduction of group-wide salary bands



# Corporate Social Responsibility

## Responsible and sustainable

At Aenova, Corporate Social Responsibility (CSR) is an integral component on our journey to achieve our claim “Excellence beyond Manufacturing”. We are operating on a global scale, and as a global corporate citizen in the healthcare manufacturing industry, we are aware that our operations impact ecosystems, communities and workplaces, marketplaces, and supply chains alike. We therefore strive to operate in a sustainable, compliant, and socially responsible manner. At Aenova, we strive to be a better corporate citizen, a better employer and a better company every day.



Joint Aenova donation of

# 100.000 €

for Ukraine

Two weeks after the start of the terrible war in Ukraine, Aenova has launched an in-house donation portal. Aenova employees quickly donated EUR 50,000, which Aenova doubled to EUR 100,000 in line with Aenova’s “Stronger as a group” value. The joint donation went to the official donation portal “Deutschland hilft”, which supports the most important aid organizations working in Ukraine.

## Aenova is Participant of UN Global Compact

Aenova supports the principles and goals of United Nations Global Compact, to which more than 19.000 companies worldwide already belong.

The CSR policy of Aenova is based on our support for the 10 UN Guiding Principles for Human Rights, Labour Standards, Environment and Anti-Corruption and the 17 Sustainable Development Goals (SDGs).



## Silver medal in EcoVadis sustainability rating

Aenova achieved silver status the 2022 EcoVadis sustainability rating. This documents the Aenova Group’s continuous improvement of its sustainability in the categories “environment”, “labor and human rights”, “ethics” and “sustainable procurement”. With a percentile of 84, Aenova is among the top 25 percent of companies assessed by EcoVadis.

## Our commitment consists of:

### Health and safety

- We are continually investing in relevant certificates.
- We permanently drive initiatives, amongst them behavior-based safety, holistic risk management, root cause analysis and hazards identification.
- We monitor the full compliance status of our sites by means of internal corporate HSES audits.
- We regularly trained key documents relevant for e.g. workplace risk assessment, occupational health, explosion protection.
- As a positive proof of our actions, we went from LTIR (Lost Time Injury Rate) of 2 in 2020, 1,3 in 2021 to 1,2 in 2022.

### Workplace

- We do not tolerate any form of discrimination based on gender, race, origin or any other personal characteristics.
- We guarantee equal opportunities to all applicants and employees for their career path within Aenova.
- Diversity is our daily normal: employees from 60 nations are working at Aenova.

### Environment

- We continuously reduce our industrial emissions, whether it be in the form of solids, liquids or gases.
- In 2022, we fine-tuned greenhouse gas emissions scope 1, 2 and even 3.
- Many Aenova sites are certified in ISO 14001 (environment) and ISO 50001 (energy).
- We use hydropower energy and renewable energy generation with solar panels on sites on our path to “carbon neutrality”.
- 1 Aenova site is already fully carbon free.
- 4 Aenova sites have state-of-the-art cogeneration plants with further plants being considered for investment.

- 4 Aenova sites are equipped with solar panels, expansion at further locations is upcoming.
- 2 Aenova sites put e-car charging stations in place so far.
- 5 Aenova sites provide biological or physiochemical wastewater treatment.
- Periodic on-site energy audits regularly identify further potential for optimization.

### Sustainability

- We are member of MSC (Marine Stewardship Council).
- We are continuously tracking environmental data via Ecodesk for key clients.
- PSCI (Pharmaceutical Supply Chain Initiative) readiness is shown by client audits.
- PIE (pharmaceuticals in the environment) assessment by some key clients led to very positive result and acceptance.
- We regularly report and monitor ESG-relevant KPIs internally.
- We work with holistic and systematic quality management systems.

### Community Engagement

- As a global company with a large number of local production sites, we want to make our commitment felt locally. Most of our sites make a significant contribution to local social engagement, e.g. for the Caritas social warehouse or local “Tafeln”, cooperation with workshops for the disabled, scientific institutions and sports clubs. As Aenova Group, we support this diversity of social commitment.

# Our Management



## CEO Aenova Group

### Jan Kengelbach

**Experience and Education** Previously CFO at Aenova. Partner with BC Partners in London, the private equity-led majority shareholder of the Aenova Group. Director at AlixPartners. Managing Director and CFO of the Byrd Hoffman Water Mill Foundation. Strategy consultant with McKinsey & Co. Engineering Science master's degree, Mechanical Engineering master's degree, MBA, Certified Restructuring and Insolvency Advisor (CIRA).



## CFO Aenova Group

### Ralf Schuler

**Experience and Education** CFO of SURTECO SE's paper business unit. Various management positions within Elster Group, most recently as Executive Vice President Finance & Administration in charge of the international gas measurement and control business. Managing Director of Elster GmbH. B.A. (Hons), Master's degree.



## SVP BU Softgel Capsules, Managing Director Site Cornu

### Michael Ammann

**Experience and Education** Various managerial positions at Swiss Caps since 1997, one of the core cells of the Aenova Group. During his various activities in the food and pharmaceutical sector, he has gained the necessary knowledge for solid dosage forms and packaging and can also refer to extensive international experience. He has headed the Cornu site in Romania since 2009. Dipl.-Ing. with further qualifications in the fields of industrial engineering and SME management.



## SVP Corporate HR

### Tim Bauer

**Experience and Education** Various international managerial HR positions in production companies. MD HR with Schwarz Produktion. Vice President Human Resources with Vetter Pharma. Director Management and Organizational Development at Sky Deutschland. Leading project manager at Kienbaum Management Consultants. Master's Degree in Industrial and Organizational Psychology.



## SVP BU Solids, General Manager

### Christine Beck

**Experience and Education** Responsible positions in the pharmaceutical and health-care industries as well as in the food and chemical industry. Head of Global Supply Chain in the food industry. Management of a large chemical production plant. Master's degree in mechanical engineering, certified SAP consultant.



## SVP BU Semi-solids & Liquids, General Manager

### Florent Bordet

**Experience and Education** Responsible positions in R&D, Manufacturing, Technical Operations, Site Management and Business Transformation at Catalent. Vice President Operations at Famar. Pharmacist, Master's Degree in Industrial Pharmacy.



## SVP Global Quality

### Dr. Macniell Esua

**Experience and Education** Various management positions in multinational companies in the pharmaceutical industry, including quality assurance, quality control, manufacturing, pharmaceutical development and global compliance management. Chief Compliance Officer of the Corden Pharma Group. Doctorate in pharmacy, Auditor, qualified as a QP under Art. 22 d. 75/319 EEC.



## Chief Commercial Officer

### Neil Jones

**Experience and Education** CEO and CBO at VMIC, Director Business Development Europe at Catalent Pharma, different roles at Patheon. Bachelor of Science in Chemistry, Post Graduate Certificate in Management.

# Key Financials



**Dear Readers,**

The financial year 2022 has brought a pleasing recovery of customer demand reflecting positively in our order book which grew to a record high in the second half of the year.

On the other hand, industry-wide macro challenges occurred as a result of Covid-19 disruptions and the war in Ukraine. Highly agile supply chain management, operational excellence initiatives as well as new capacity in previously constrained areas helped us navigate these for the most part. In spite of these measures as well as substantial inventory cushions we put in place to secure on-time supply of products to customers and patients, however, desired lead times could not always be maintained. This limited a further increase of output. Overall, Aenova Group realized a sales growth of 7.5% to EUR 749.2 m.

At the same time, unprecedented cost inflation in respect of energy and all major categories of materials which kicked in after the beginning of the Ukraine war put significant pressure on our margins. Even tight cost management otherwise, combined with price increases which we were able to pass on to our customers mainly in the second half of the year did not compensate the negative EBITDA impact in full.

Whereas the divestment of a minority stake in a logistics company as well as the sale of a property had contributed positively to EBITDA in 2021, no major effects of this nature were recorded in 2022. In addition, extraordinary costs were incurred to remedy operational issues which occurred in one of our plants in 2022. In total, reported EBITDA declined from EUR 110.0 m in FY 2021 to EUR 86.6 m in 2022.

On a like-for-like perimeter, adjusted EBITDA amounted to EUR 97.0 m, EUR 9.6 m below prior year's reference value. Perimeter adjusted, i.e. excluding the Wolfratshausen plant which is going to be closed based on a decision taken in March 2023, adjusted EBITDA reduced less significantly from EUR 104.0 m to EUR 101.8 m (–2.2%).

Amortization of intangibles and right-of-use assets amounted to EUR 82.0 m in 2022, compared to EUR 58.6 m in the prior year. The increase is related to a EUR 27.2 m impairment loss on the goodwill of our SEL business unit which resulted mainly from a significant increase in the average cost of capital to determine the fair value of this cash generating unit (CGU).

Our 2022 financial result was EUR –50.1 m, compared to EUR –26.2 m in the prior year. This was driven by a one-time effect in 2021 related to a book value adjustment (EUR +20.5 m) as a result of the mid-year modification of our financing, as well as an expense related to the valuation of the derivatives embedded in our loan agreement as of 31st December 2022 (EUR –5.8 m) compared to a corresponding gain (EUR +5.9 m) in 2021.

2022 Consolidated Net Income amounted to EUR –45.6 m (2021: EUR 15.6 m).

The group achieved a cash flow from operating activities of EUR 50.7 m in 2022. The reduction versus prior year (EUR 82.0 m) resulted mainly from an increase of Working Capital. As a result of strong revenues towards the end of the year trade receivables increased significantly (EUR –12.3 m). The increase of inventory (EUR –29.2 m) was only partially compensated by an increase of trade payables (EUR +23.5 m). Income taxes paid (EUR –15.0 m) were affected by unplanned income taxes paid to the Romanian authorities (EUR –9.0 m) based on a claim which resulted in double taxation. An appeal procedure is under way and it is assumed that a refund will be made once this is concluded.

Investing cash flow of EUR –36.2 m (2021: EUR –38.8 m) was focussed on our growth platforms, e.g. further build-out of our high volume PFS/vial offering in Latina, the HPAPI expansion in Regensburg, implementation of packaging capacity in Kirchberg or the expansion of liquids capacity in Carugate.

Considering cash flow from financing activities of EUR –47.6 m (2021: EUR –40.2 m), total cash flow amounted to EUR –33.1 m (2021: EUR 3.0 m). Liquidity remained at a solid level of EUR 70.5 m as of the balance sheet data, including an undrawn revolving credit facility of EUR 50 m.

Notwithstanding the short-term EBITDA and cash impacts, the business has proven its resilience in a very challenging economic environment. Our people have worked relentlessly towards finding solutions to satisfy our customers and robust processes have been implemented to come out of a difficult year stronger. Considering the full year impact of the late 2022 price adjustments, new index-based pricing mechanisms being introduced in 2023 and the very solid order book, our outlook for 2023 is very positive. The group's liquidity situation is expected to remain stable. Additional capacity coming online in 2023 will further support our mid- and long-term growth.

Ralf Schuler  
CFO Aenova Group

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