

October 09, 2020

COVID-19 and Aenova Business Update October 2020

Dear Customer,

Now that COVID 19 pandemic continues to dominate our daily lives, I would like to give you a short update.

I can emphasize that even during the peak of the pandemic, the Aenova Group was able to meet customer requirements to the fullest extent possible. Even more importantly, we have been able to grow the company's revenue by 6% YTD, above and beyond our own expectations. At the same time, we have managed to implement our new Aenova Manufacturing System during these challenging times, which redefines our approach to Lean Manufacturing and Operational Excellence with the ultimate objective of serving our customers with ever higher timely deliveries and the highest quality. And despite COVID-19, we were able to improve our operational KPIs in many of our factories.

Our countermeasures against COVID-19 were introduced early, were strict and successful. And of course, many of them are still valid, while our Global Task Force reviews and amends them regularly as we see fit.

Let me summarize the current status in four points:

First, CDMOs depend on a large and complex global supply chain and given that raw materials are often by definition in the dossiers single-sourced, the supply of certain APIs or their transport routes may be negatively affected. The pandemic has highlighted where supply chains are at greater risk of being disrupted. Our strategic procurement team has done a fantastic job in proactively addressing these, but the identification and approval of alternative resources is absolutely fundamental for our business.

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Secondly, our operations and service levels depend on the 4,300 people who contribute to making products for our customers. Safety and hygiene measures have always been part of our daily operations, but through COVID-19 we were able to make them even better in this respect, we are proud that our absenteeism rate during the pandemic has been lower than ever before.

Thirdly, we have also learned that the COVID-19 pandemic accelerates digitization and virtual work. This even goes so far that customer meetings and negotiations of new contracts, onboarding of new colleagues, customer and regulatory audits and even due diligences can be performed digitally now plus administrative staff can work from home. All this leads to a real leap in efficiency and productivity.

Fourthly, I would like to emphasize: the Aenova Group is in a very strong financial position. The oversubscribed successful refinancing was completed in March 2020 and secures liquidity until 2025. It leaves the Aenova Group with large cash reserves to invest in expansion in its own manufacturing footprint as well as to potentially acquire new sites.

Our strategy points in the right direction and we can position the company as a true manufacturing service provider for the pharmaceutical and healthcare industry, committed to excellence in quality, delivery reliability and a customer service mentality.

We continue to be extremely grateful for the existing and new business with which you are entrusting us.

Jan Kengelbach

CEO Aenova Group