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Rottendorf Pharma GmbH

Ennigerloh

Annual financial statements for the financial year from January 1st, 2020 to December 31st, 2020

Management Report 2020

Rottendorf Pharma GmbH

I. Company Fundamentals

1. Business Model

Rottendorf Pharma GmbH, based in Ennigerloh, is a subsidiary of the Rottendorf Group. The ultimate parent company of the Rottendorf Group is Rottendorf GmbH based in Berlin and is the sole shareholder of Rottendorf Pharma GmbH. Rottendorf Pharma GmbH, in turn, is the sole shareholder of the subsidiaries Rottendorf Service GmbH, Ennigerloh, and Rottendorf Pharma Inc., Bozeman (USA). Within the Rottendorf Group, only Rottendorf Pharma GmbH acts as a sales and production company on the market. Rottendorf Pharma Inc. acts purely as a sales company and represents the Rottendorf Group on the US market.

The core business of the Rottendorf Group and thus also of Rottendorf Pharma GmbH includes the development, manufacture and packaging of solid dosage forms in the areas of original drugs, generics and non-prescription products (over-the-counter products). In order to avoid competitive situations with its customers, Rottendorf, as an exclusive contract manufacturer (Contract Development and Manufacturing Organization or CDMO), has no products of its own on the market.

The market relevant for Rottendorf is primarily the pharmaceutical and food supplement market. For the group of companies, it is about the share that the pharmaceutical companies award to contract manufacturers such as Rottendorf. Influencing factors for the award of contract manufacturers are in particular the individual capacity utilization of the pharmaceutical companies, the expertise in mapping

pharmaceutical development knowledge in the production process and the strategic orientation with regard to mapping the process steps through in-house capacities. Reasons for the strategic outsourcing of production by pharmaceutical companies are, for example, the focus on research, sales and marketing,

There are two main areas to be distinguished in the contract manufacturing market: On the one hand, cost-effective machine capacities with little personal responsibility are in demand from the contract manufacturer. On the other hand, full-service providers are sought that have a high level of pharmaceutical expertise, can meet constantly increasing regulatory requirements and can present efficient and robust manufacturing and supply chain processes. Rottendorf is active in this sub-market of demanding full-service providers. The full service offered by Rottendorf is increasingly in demand from original drug suppliers who strategically focus on research, sales and marketing. In addition, the generics market is still of interest to Rottendorf. Although this segment is subject to greater cost pressure overall, Rottendorf is able to submit competitive offers due to its efficient and reliable production processes and its high level of pharmaceutical expertise. The business with over-the-counter medicines (OTC preparations) as the third market segment for medicines is also of great importance. An extensive range of services, especially in the areas of development and transfer, completes the offer.

In addition to these services, Rottendorf offers packaging services. Both the in-house manufactured products and products provided by customers are packed.

In the recent past, the development business (development) has been firmly established on the market. In this line of business, Rottendorf develops drugs in solid dosage forms for active ingredients defined by customers on behalf of customers. Rottendorf is targeting customers for whom no decision about commercial business can be made in the commissioning phase. This segment includes start-up companies, customers who need services in clinical phase development and commercial trial manufacturing, and customers who are looking for a highly qualified CDMO for their developments.

2. Goals and Strategies

Rottendorf positions itself in the market with its pharmaceutical and technological competence and focuses exclusively on the area of solid dosage forms. The competitive advantage of the Rottendorf Group in this area lies in particular in the full service, which also frees the customer to request only modular services from Rottendorf. Strategic sales focus equally on big pharmaceutical companies, start-ups and mid-size customers. In order to establish a long-term customer relationship and to further establish Rottendorf as a strong brand in the market, the service concept TPO (Total Process Ownership) and the competence concept TTM (Total Technological Mastering) are used. The company's goal is to further expand its strong market position as a CDMO full-service provider in the area of solid dosage forms in the strategic target markets of the European Union and North America. Strategic partnerships with competent CDMOs are specifically established and expanded by the pharmaceutical companies. The aim of pharmaceutical companies is to reduce investments and risks in order to decomplex their own business model.

3. Research and Development

Research and development activities are carried out at Rottendorf on behalf of customers. The focus is on the development and optimization of solid dosage forms for active ingredients defined by customers. The customer is offered different solutions for their inquiries. However, no research and development activities are carried out for the Rottendorf Group.

4. Financial and non-financial key performance indicators

Business activities are generally controlled according to sales and earnings-oriented performance indicators. The sales and earnings-oriented performance indicators include sales, absolute EBITDA (earnings before interest, taxes, depreciation and amortization) and the EBITDA margin (EBITDA in relation to sales) and represent the financial performance indicators in the narrower sense.

The key figures are monitored and evaluated by the management and the extended management team in regular monthly meetings in order to ensure appropriate corporate management at all times.

II. Presentation of the course of business including the business result

1. Development of industry and overall economy

The recovery path of the global economy after the historic slump in the second quarter of 2020 has leveled off only slightly despite the lockdowns imposed worldwide. In almost all major economic areas, economic output increased in the third quarter, for example in the euro area (+12.4%), in the United States (+7.5%), Japan (+5.3%), China (+3.0 %). Global GDP increased by 7.1% over the same period. In the final quarter of 2020, however, there was a more differentiated development due to the lockdowns that were again imposed in many places. While economic output in the euro zone declined again (-0.7%), the United States (+1.0%) and China (+2.6%) continued to catch up (Federal Ministry for Economic Affairs and Energy)

Against this background, the start of 2021 will be different. While growth forecasts have recently even been raised for the United States and China in particular, economic activity, especially in Europe, continues to be restricted by measures to combat the pandemic. In addition, there are different speeds in the vaccination coverage of the respective populations, which play an increasingly important role in the short-term prospects of economic development in the current year. Against this background, slow starts to the vaccination process in many parts of the world are weighing on the growth prospects in the first quarter of 2021 on the one hand. On the other hand, faster vaccination progress offers reason to hope for normalization. The IMF forecasts global economic growth of 4.2% for the 2021 financial year. For Germany, the IMF lowered its forecast for the 2020 financial year by 0.7 percentage points to 3.5%, followed by growth of 3.1% in the following year (International Monetary Fund).

The pharmaceutical market is fundamentally decoupled from economic developments and reacts anti-cyclically. Therefore, the effects are not relevant for the Rottendorf Group. Uncertainty about the reliability of global supply chains continues to drive the outsourcing of pharmaceutical production and development to western regions.

Compared to the overall development, the export-strong pharmaceutical industry performs well. The value of the exported pharmaceutical products continued to increase in the first half of 2020 (The Association of Research-Based Pharmaceutical Manufacturers and the German Economic Institute). From March to May 2020, the pharmaceutical industry achieved a price- and calendar-adjusted increase in sales of 1.1% in the manufacture of pharmaceutical products compared to the same period of the previous year. Domestic production showed a positive trend in the first quarter of 2020. In March 2020, exports of pharmaceutical products even reached a new monthly record and rose by 27.8% to €8.2 billion compared to the same month last year (Destatis).

The global pharmaceutical CDMO market was valued at USD 160.12 Bn in 2020 and is expected to reach USD 236.61 Bn by 2026 with a CAGR of 6.5% during the forecast period (2021- 2026) (market research institute Mordor Intelligence).

The development on the pharmaceutical market and the leading markets in North America and the European Union, which are of central importance for the Rottendorf Group, had an overall positive effect on the business development of the Rottendorf Group.

2. Development of sales and orders

The year under review was characterized by significant growth in all business areas. Rottendorf Pharma GmbH was able to expand its business activities overall in the reporting year and increased sales significantly by 29.9% to €166.9 million (previous year: €128.5 million). The bulk and packaging business once again contributed to sales growth, each with double-digit growth rates. In particular, there was a continuous increase in incoming orders throughout the year for the packaging and bulk business. Sales in the packaging business increased from €27.8 million in the previous year to €41.6 million and in the bulk area from €57.3 million to €74.0 million in the 2020 financial year.

3. Business Outcome

EBITDA rose by €21.1 million to €39.9 million in the 2020 financial year. The increase is mainly due to the fact that sales have risen disproportionately to costs and the further focus on more complex and higher-margin areas. The EBITDA margin increased from 14.6% in the previous year to 23.9% in the 2020 financial year. Earnings after taxes increased from €10.4 million in the previous year to €24.9 million in the 2020 financial year.

4. Production

The quantities of tablets, film-coated tablets and coated tablets sold amounted to 5,002 batches in 2020 (previous year: 4,375). The automatically packaged quantities increased in the year under review to 152.9 million filling units (previous year: 115.2 million filling units). The significant increase is based on the year-round full use of the new packaging lines that were put into operation in the previous year and the commissioning of further production lines purchased in the course of the reporting year.

5. Procurement

The price development of raw materials went largely according to plan in the year under review. The raw materials ratio was 24.9% and was thus above the previous year's level (previous year 24.4%). The increase is mainly due to the increased share of sales in the production areas and the switch from the provision of raw materials by customers to direct sourcing.

6. Investments

In the year under review, €10.8 million (previous year: €9.8 million) was invested in fixed assets. The investments were financed exclusively from the current cash flow. The investments mainly related to the expansion and modernization of the machine park for the bulk and packaging areas, the expansion of the production environment to meet the regulatory requirements of new target markets and measures with regard to the digitization of the production process. Furthermore, investments have already been made in upcoming expansions of the production facilities for the following years.

7. Financing measures or projects

The current assets were financed through own funds and short-term lines, while the investments were also financed through own funds. The existing medium-term loans were repaid as planned in the year under review. The conditions of the line, loan and leasing agreements largely corresponded to the currently favorable interest rate level.

Due to the positive earnings situation and the once again improved inflow of liquidity, only outside financing for new buildings in the production area is planned in the following financial year according to the progress of the planning of the new buildings.

8. Non-financial performance indicators

The Rottendorf Group operates an energy management system in accordance with DIN ISO 50001 and is certified accordingly. The effectiveness of the system was confirmed in the reporting year as part of a surveillance audit. Various energy management measures and activities were carried out in 2020. By taking on an external service provider in 2019, an action plan was defined, which will be consistently coordinated and implemented in the following years in conjunction with all social partners within the Rottendorf Group. The plan is to reduce energy consumption in the medium term. Within this framework, the employees are individually trained.

9. Personnel and social area

In the year under review, the Rottendorf Academy was able to further increase the specialist and action skills of Rottendorf employees in all areas through practical and in-depth training, taking into account all necessary contact restrictions and hygiene measures. In 2020, this also included modules dealing with the development of social skills among employees, which can be used very profitably in employee management and development, among other things. Furthermore, the employees were actively trained in their professional qualifications by external service providers.

The aim of the Rottendorf Academy is the consistent and continuous increase in the competence of the employees. The number of staff in the training area has been expanded.

10. Other significant events and developments during the financial year

Due to existing contracts, Rottendorf Pharma GmbH is sustainably expanding the production possibilities. To this end, construction of a new packaging building began in February 2021 with the real estate-owning parent company.

A tax audit for the 2016 to 2018 financial years began in the 2020 financial year and was completed in May 2021 without any significant findings.

11. Comparison of the previous year's forecast with the actual business development

Operating EBITDA (earnings before interest, taxes, depreciation and amortization) and sales have developed as follows compared to the previous year and the forecast for the past financial year:

At €166.9 million, sales were above the sales forecast and above the previous year's sales of €128.5 million. Sales increased significantly in the bulk and packaging areas, among others.

The EBITDA almost doubled compared to the previous year to €39.9 million and the EBITDA margin rose to 23.9%. The previous year's forecast was thus exceeded. The reasons for the positive deviations in the EBITDA and the EBITDA margin are the repeatedly strong increase in profitable sales. Personnel and material costs show a comparatively moderate increase in the course of the second half of 2020, so that the positive business development is also due to the improvement in productivity through investments, especially in the packaging area.

12. Overall Statement on Business Development

The course of business in the year under review was extraordinarily good. Sales increased sustainably. Sales and EBITDA are well above expectations. The order intake during the financial year was above that of the previous year and above planning expectations. Overall, the management is very satisfied with the course of business, as it was possible to increase sales and profits above the industry average in a growing market environment.

III. representation of the situation

1. Assets

Property, plant and equipment rose by 35.1% from €18.4 million to €24.9 million in the year under review. The increase mainly results from investments in technical systems and machines as a result of the expansion of the machine park and the preparation of the production environment for upcoming regulatory requirements and the guarantee of customer requirements for the next few years. In the 2020 financial year, investments were offset by depreciation on property, plant and equipment totaling €3.8 million (previous year: €3.3 million).

Current assets also increased and totaled €71.4 million as of December 31, 2020 (previous year: €50.8 million). Inventories rose by 66.5% year-on-year to €40.3 million at the end of the year (previous year: €24.2 million). Trade receivables increased from €13.3 million to €18.8 million. The increase mainly results from the positive course of business with increased sales.

At the end of 2020, cash and cash equivalents totaled €8.4 million (previous year: €5.7 million). The increase was based on the positive cash flow development.

Other provisions amounted to €14.1 million (previous year: €11.9 million). The increase is mainly due to higher provisions for outstanding invoices (€8.1 million; previous year: €4.6 million). The increase is mainly due to the operational business growth in the 2020 financial year. Liabilities to banks fell by €1.0 million to €5.8 million. The decrease results from scheduled repayments. Additional credit lines granted were not used.

Trade payables increased by €3.7 million year-on-year to €12.2 million. The increase results from the planned increase in production output and the increase in raw material inventories.

Rottendorf Pharma GmbH has a healthy equity ratio of 53.4% (previous year: 40.7%). The balance sheet total of Rottendorf Pharma GmbH rose by €27.7 million and now amounts to €98.9 million as of the balance sheet date.

2. Financial condition

The liquidity situation of Rottendorf Pharma GmbH is as follows:

	12/31/2020	12/31/2019	Change
	€ thousand	€k	T€
liquid funds	8,373	5,745	2,628
bank debt due at any time	-9	-12	3
= absolute I. Liquidity	8,364	5,733	2,631
Inventories and short-term receivables	63,013	45,032	16,921
Vendor and short-term debt	-38,417	-33,176	-4,890
= absolute II. Liquidity	32,960	17,589	12,031
Medium-term claims	0	0	0
medium-term debt	-3,968	-3,968	0
= absolute III. liquidity	28,992	13,621	6,298

Cash and cash equivalents amount to €8.4 million (previous year: €5.7 million). The increase mainly results from the positive development of earnings in the financial year and the operative cash flow.

Due to the positive business development, a net cash position of €2.5 million was achieved (previous year: net liability of €1.1 million). Of the total liabilities of €24.2 million (previous year €24.0 million), €0.9 million (previous year €2.0 million) have a remaining term of more than five years and €4.0 million (previous year: € 4.0 million) have a remaining term of between one and five years. The remaining liabilities are due within one year.

Credit lines are available to a sufficient extent at several banks and are available at all times. Credit lines of €9 million were available in the year under review, which were only partially used.

3. Results of operations

Rottendorf Pharma GmbH was able to increase its total output (sales and changes in inventories) in 2020 from €131.8 million to €172.7 million.

Sales increased by €38.4 million. The increase is mainly due to increased bulk and packaging sales.

The analysis of sales by individual segments gives the following picture in a year-on-year comparison:

	2020	2019
	T€	€k
bulk goods		
inland	30,725	29,619
EU countries	11,859	8,723
rest of the world	31,388	18,962
	73,972	57,304
Packaging		
inland	18,801	11,301
EU countries	3,867	1,575
rest of the world	18,913	14,892
	41,581	27,768

	2020 T€	2019 €k
analyses		
inland	6,456	4,383
EU countries	3,811	1,787
rest of the world	7,970	5.403
	18,237	11,573
Development and Miscellaneous		
inland	7,248	7,587
EU countries	5,879	2,883
rest of the world	20.201	21,677
	33,328	32.147
sales deductions	-174	-266
revenues	166,944	128,526

The cost of materials increased by €11.0 million to €43.1 million (previous year: €32.1 million). The increase mainly results from the increased total output, the increase in inventories and the use of raw materials that were not provided.

Personnel expenses at Rottendorf Pharma GmbH increased by €7.3 million to €63.8 million compared to €56.5 million in the previous year. The increase is mainly due to the increase in personnel and wage increases. The number of people employed in the financial year rose from an annual average of 940 employees in the previous year to an annual average of 1,002 employees.

Both other operating income increased by €1.2 million in the year under review, to €1.8 million (previous year: €0.7 million) and other operating expenses by €2.7 million to €27.7 million (previous year: €25.0 million). The increase in other operating income is mainly due to the higher release of provisions compared to the previous year.

Earnings after taxes rose to €24.9 million (previous year: €10.4 million) and the annual surplus to €24.8 million (previous year: €10.4 million). The increase in earnings is mainly due to the increase in profitable sales and the focus on a portfolio with higher margins.

4. Overall statement on the situation

The course of the financial year was very satisfactory in the reporting year and the economic situation of the group is stable. Sales and EBITDA exceeded expectations. Incoming orders during the financial year were both above those of the previous year and above the sales budget. The market shares could be increased disproportionately in a growing business environment. The operational growth could be increased by further successes through the expansion of the existing business with long-standing customers and the acquisition of new customers.

IV. Expected development with references to significant opportunities and risks of future development as well as a forecast report

1. Expected development (forecast report)

The global pharmaceutical CDMO market is expected to reach USD 236.61 billion by 2026 with a CAGR of 6.5% during the forecast period (2021-2026). Due to the capital-intensive nature of the business and complex manufacturing requirements, many pharmaceutical companies have recognized the potential profitability of hiring a CMO (Contract Manufacturing Organization) for both the clinical and commercial phases of manufacturing. The biggest factor driving the growth of CMOs in the pharmaceutical industry is the growing need for state-of-the-art processes and production technologies,

For the 2021 financial year, Rottendorf Pharma GmbH expects sales growth that is above the expected industry average. In particular, the investments and expansions made in the packaging area will also enable further sales growth in the 2021 financial year. Furthermore, further investments in capacity expansions are planned for the 2021 financial year in order to be able to ensure the increasing volumes for the coming financial years with sufficient production capacities.

Due to the corona pandemic, which is also affecting Western Europe, strict hygiene concepts and comprehensive access restrictions have been installed at Rottendorf Pharma GmbH in order to avoid production restrictions due to infections.

The planning envisages an increase in the turnover of the Rottendorf Group and Rottendorf Pharma GmbH in the 2021 financial year compared to the 2020 financial year in the upper single-digit percentage range. In terms of earnings, a decline in the mid-single-digit million range compared to the previous year is expected for EBITDA. The additional production capacities in the packaging area that are currently being created will only have a positive effect on sales and earnings figures when the new building is completed in 2022. The 2021 financial year should therefore be seen as a year of transition, in which measures such as investments in a new packaging machine park and an increase in personnel for the new packaging machines will be implemented.

2. Opportunities and risks of future development

Opportunity and risk management

Opportunity and risk management is an integral part of corporate management. The opportunity and risk policy of the Rottendorf Group consists of making optimal use of existing opportunities and only taking on risks that business activities entail if the risks are offset by corresponding earnings potential.

Opportunities and risks are continuously evaluated and analyzed as part of the planning and budgeting process. In addition to internal influencing factors, external industry analyzes are also taken into account in the process, insofar as this is necessary. Opportunities and risks are qualitatively surveyed and controlled within the Rottendorf Group and not quantified. The system is continuously being further developed. Even if global hazardous situations occur, such as the SARS-CoV2 pandemic, the Rottendorf Group can decisively counter these risks through practiced crisis management and prepared concepts.

opportunities

Opportunities from the industry environment

The international trend among large pharmaceutical companies and innovative start-ups to outsource both the development and commercial production of patent-protected products and sophisticated generics to highly competent CDMOs is progressing with great intensity. The Rottendorf Group has been following this trend for several years as a full-service CDMO. The customers' appreciation of Rottendorf as a fully integrated service provider that offers the process chain from procurement, development, production, packaging, quality assurance, documentation and logistics from a single source is reflected in the long-term cooperation with long-standing customers. The Rottendorf Group, with its solution and customer-oriented sales approach, sees this as a great opportunity to be perceived as a highly qualified service provider in the entire pharmaceutical market in the future and to generate increasing sales and earnings from this. The discussion about relocating drug production from third countries back to Germany to ensure drug availability includes additional sales potential.

Performance Opportunities

The development of the separation between more sophisticated products that require greater pharmaceutical and technological expertise (e.g. original products, complex generics) and rather simple products, which has been emerging for several years, is progressing. While the competitive and price pressure continues to increase for simple products, sophisticated products continue to offer an economically interesting environment. Rottendorf sees this as an opportunity and takes this development as an opportunity to intensify cooperation with customers who place high demands on a contract manufacturer.

In order to be attractive for the target group of customers, Rottendorf continues to expand its know-how with regard to new production technologies. In addition, Rottendorf has geared its organization as a full-service provider to assuming full process responsibility for the technical processes and the supply chain processes. The resulting added value for the customer is increasingly being demanded by customers and remunerated separately.

This orientation clearly sets Rottendorf apart from pure contract manufacturers who only offer machine capacities in standard technologies. The main distinguishing features and opportunities for Rottendorf are outstanding competence in development, upscaling and transfer, a high level of pharmaceutical expertise and high efficiency in technical processes and supply chain processes. Rottendorf achieves the continuous increase in efficiency through its operational excellence program, which is well integrated into the company.

Location-related opportunities

Rottendorf also uses the focus on sophisticated products and the positioning as a full-service CDMO to counter rising costs in Germany (eg personnel and energy costs). The distinctive quality system of the Rottendorf Group enables a very stable customer relationship and convinces new customers by placing orders. With the help of its very well-trained employees at the headquarters in Ennigerloh, these processes can be guaranteed to be methodical and work-efficient.

Rottendorf is also intensifying its activities in the US market, which is very important for the pharmaceutical sector, and is thus achieving - in addition to additional business opportunities - a further diversification of its own markets. In the USA, Rottendorf also offers direct on-site customer support via Rottendorf Pharma Inc. This results in opportunities to develop additional sales opportunities and new customer business.

risks

Industry Risks

The pharmaceutical industry is subject to strong and constantly increasing regulation. Rottendorf has to meet numerous requirements from customers and the approval authorities. Failure to do so can result in higher costs and loss of customer relationships. Rottendorf counters this risk with a strong focus on the qualifications of its employees in the areas mentioned and an ongoing analysis of the changing regulations and the resulting requirements. In addition, compliance with regulations is ensured by an integrated quality assurance system. The industry risks are currently classified as not significant.

procurement risks

Long-term cooperation agreements exist with suppliers for raw materials such as packaging materials. The main procurement risks are the termination of long-term supply contracts without an adequate replacement, a restriction in the availability of raw materials and significant price increases that cannot be passed on to sales in the short term or only partially. Rottendorf counters these risks with a wide selection of suppliers, long-term supplier relationships and a high range in stocks that are not subject to any risk of expiration. In recent years, Rottendorf Pharma GmbH has relied on a high level of warehousing to avoid possible disruptions, e.g. Stop transports within the supply chain due to bans caused by pandemic infectious diseases. This concept guarantees high raw material availability of up to 12 months.

In the area of active ingredients, a large part is provided directly by the customer and remains the customer's property throughout the production process. This means that no procurement risks can arise in Rottendorf from this. Overall, there are currently no significant procurement risks to be identified.

personnel risks

The Rottendorf Group relies on sufficient staff and employees with special knowledge. If vacancies cannot be filled with sufficiently qualified employees or cannot be filled within a reasonable period of time, Rottendorf faces the risk of losses in sales and earnings. In addition, delivery obligations could sometimes not be met due to staff shortages. Employees with pharmaceutical-technical training are difficult to replace from the region of the company headquarters in Ennigerloh. In order to recruit enough employees in the region, the management focuses on the perception and positioning of the Rottendorf Group as an attractive employer through an internal training concept. Due to the regionally occurring SARS CoV2 pandemic, infectious symptoms of the disease may require affected employees to be quarantined. The structured hygiene concept at the Rottendorf Group enables the production employees to be physically separated from each other. Mobile working is made possible for administrative employees.

There are therefore currently no significant personnel risks to be identified.

sales risks

In the case of simpler products, for example, there is sometimes considerable price pressure on the German market as a result of the tenders advertised by health insurance companies worldwide. Sales prices can come under pressure as a result of cost pressure from the health insurance companies, which they pass on to Rottendorf's customers. If lower sales prices cannot or only partially be compensated for by more favorable purchasing conditions on the procurement market, Rottendorf faces the risk of falling margins and, as a result, a drop in earnings.

Rottendorf counters the sales risks through a strong diversification of its customer structure and the orientation of its business model towards several business areas in order to be able to switch to other customers or higher-margin products or services if necessary.

By focusing on the three characteristics of pharmaceutical competence, manufacturing technology and operational excellence, Rottendorf Pharma is increasing its attractiveness in the market for long-term, sustainable partnerships. Significant sales risks are currently not

discernible. Due to the decoupling of economic fluctuations or external special influences, fluctuating sales developments are not discernible.

Risks from the use of financial instruments

In the reporting year, notable sales were made on the US market via the subsidiary Rottendorf Pharma Inc., Bozeman. Risks can arise for Rottendorf from the development of the dollar exchange rate against the euro. The development of exchange rates is closely monitored and analyzed by the company. The use of currency hedging instruments was not deemed necessary in the past and, as in the previous year, was not used in the year under review. A negative development of the dollar against the euro could be reflected in foreign exchange losses. In order to reduce the exchange rate risk, foreign currency risks were dealt with by converting the largest invoice amounts from US dollars to euro amounts in close coordination with US customers. The remaining US dollar amounts are actively used as part of natural hedging towards procurement.

Significant risks from the use of financial instruments are currently not discernible.

Overall picture of the risk situation

Management assumes that, as in the previous year, the overall risks are limited and manageable. There are currently no recognizable risks that could jeopardize the continued existence of the company. Overall, the opportunity and risk situation has not changed significantly compared to the previous year. The corona pandemic seems manageable thanks to the extensive expertise of the Rottendorf employees.

Ennigerloh, May 6, 2021

Rottendorf Pharma GmbH
signed Dr. Stephen Fleck
signed Dr. Silke Huster

Balance sheet as of December 31, 2020

assets

	12/31/2020	12/31/2019
	€	€
scroll ↔		
A. Fixed assets		
I. Intangible assets		
1. Purchased licenses to industrial property rights	914,116.80	914,065.80
2. advance payments made	469,623.24	0.00
	1,383,740.04	914,065.80
II. Tangible assets		
1. Buildings on third-party land	524,502.00	595,801.36
2. technical installations and machines	11,511,263.30	6,654,448.30
3. Other facilities, fixtures and fittings	10,104,783.00	8,255,225.00
4. Payments on account and assets under construction	2,725,453.56	2,905,385.65
	24,866,001.86	18,410,860.31
III. financial assets		
1. Shares in affiliated companies	137,157.92	137,157.92
	26,386,899.82	19,462,084.03
B. Current Assets		
I. Inventories		
1. Raw, auxiliary and operating materials	24,180,691.67	13,837,894.65
2. Work in progress	1,986,344.74	1,921,720.74
3. Finished Goods and Merchandise	14,160,248.19	8,457,168.96
	40,327,284.60	24,216,784.35
II. Receivables and other assets		
1. Trade accounts receivable	18,781,814.15	13,346,764.14
2. Receivables from affiliated companies	3,078,114.00	7,090,796.77
3. other assets	825,755.73	377,452.94
(of which with a remaining term of more than one year: €150.00; previous year: €150.00)		
	22,685,683.88	20,815,013.85
III. Cash on hand, bank balances and cheques	8,373,063.95	5,744,788.80
	71,386,032.43	50,776,587.00
C. Prepaid expenses	823,229.85	782,368.63
D. Deferred tax assets	258,999.82	174,683.72
	98,855,161.92	71,195,723.38

liabilities

	12/31/2020	12/31/2019
	€	€
	12/31/2020	12/31/2019
	€	€
A. Equity		
I. Drawn capital	1,840,700.00	1,840,700.00
II. Capital Reserve	3,792,331.86	3,792,331.86
III. retained earnings	729,243.77	729,243.77
IV. Balance sheet profit	46,425,505.66	22,589,397.44
(of which profit carried forward: €22,589,397.44; previous year: €12,171,613.31)		
	52,787,781.29	28,951,673.07
B. Provisions		
1. Provisions for taxes	5,882,596.65	4,112,340.11
2. Other provisions	14,118,739.01	11,896,301.98
	20,001,335.66	16,008,642.09
C. Liabilities		
1. Liabilities to banks	5,846,582.00	6,838,578.00
(of which with a remaining term of up to one year: €991,996.00; previous year: €906,276.00)		
2. Advance payments received on orders	4,766,399.64	5,272,485.58
(of which with a remaining term of up to one year: €4,766,399.64; previous year: €5,272,485.58)		
3. Trade Accounts Payable	12,171,922.52	8,483,159.46
(of which with a remaining term of up to one year: €12,171,922.52; previous year: €8,483,159.46)		
4. Liabilities to affiliated companies	25,186.51	1,126,974.44
(of which with a remaining term of up to one year: €25,186.51; previous year: €1,126,974.44)		
5. Other Liabilities	1,406,896.34	2,240,998.81
(of which with a remaining term of up to one year: €1,406,896.34; previous year: €2,240,998.82)		
(of which from taxes: € 656,668.41; previous year: € 1,884,487.36)		
(thereof in the context of social security: € 52,194.53; previous year: € 44,677.00)		
	24,216,987.01	23,962,196.29
D. Accruals and Accruals	1,849,057.96	2,273,211.93
	98,855,161.92	71,195,723.38

Profit and Loss Account for the period from January 1st to December 31st 2020

	2020	2019
	€	€
1. Revenue	166,943,611.49	128,525,953.89
2. Increase in inventories of finished goods and work in progress	5,767,703.23	3,277,385.06
3. Other operating income	1,839,154.80	667,435.95
(thereof income from currency conversion: €21,912.58; previous year: €3,943.51)	174,550,469.52	132,470,774.90
4. Cost of Materials		
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods	39,897,867.04	29,047,218.53
b) Expenses for purchased services	3,228,757.67	3,100,579.31
	43,126,624.71	32,147,797.84
5. Personnel expenses		
a) Wages and salaries	53,991,561.53	47,929,435.01
b) Social security contributions and expenses for pensions and for assistance	9,810,226.96	8,601,978.09
	63,801,788.49	56,531,413.10
6. Depreciation of intangible assets and property, plant and equipment	3,835,782.57	3,293,488.03
7. Other Operating Expenses	27,713,440.49	25,029,393.11
(of which from currency translation: €20,449.55; previous year: €15,660.93)		
8. Losses/Gains from Profit and Loss Transfer Agreements	-232.12	-130.42

	2020	2019
	€	€
9. Other Interest and Similar Income	131,728.64	52,050.43
(of which from affiliated companies: €131,471.66; previous year: €52,044.43)		
10. Interest and Similar Expenses	266,300.20	244,452.51
(of which to affiliated companies: €67,969.78; previous year: €41,367.37)		
(thereof from compounding: € 25,822.14; previous year: € 16,875.89)		
11. Income taxes	11,077,005.51	4,841,312.60
(thereof deferred tax expenses: € -84,316.10; previous year € 15,182.32)		
12. Earnings after taxes	24,861,024.07	10,434,837.72
13. Other Taxes	17,915.85	17,053.59
14. Net Income	24,843,108.22	10,417,784.13
15. Advance Distribution	1,007,000.00	0.00
16. Earnings Carry Forward	22,589,397.44	12,171,613.31
17. Retained Earnings	46,425,505.66	22,589,397.44

Appendix for the 2020 financial year

1. General information on the annual financial statements

Rottendorf Pharma GmbH, Ennigerloh, is listed at the Münster register court under number HR B 9746 and is a large corporation as of the balance sheet date within the meaning of Section 267 (3) HGB.

The annual financial statements as of December 31, 2020 were prepared in compliance with the accounting regulations of the German Commercial Code (§§ 264 ff. HGB) in the version of the Accounting Directive Implementation Act (BilRUG) and the supplementary regulations of the GmbHG. The income statement was drawn up using the nature of expense method in accordance with Section 275 (2) HGB. The form of presentation, in particular the structure of the annual financial statements, corresponds to that of the previous year. Fiscal year is the calendar year.

2. Information on accounting and valuation methods

The **intangible assets** and the **tangible assets** were valued at acquisition or production cost less scheduled depreciation based on use. Depreciation was made using the straight-line and degressive methods. Additions are always written off on a pro rata basis. Scheduled depreciation is based on economic useful lives. The scheduled useful life of intangible assets is generally five years. The useful lives of the depreciation table for the chemical industry are used as a basis for property, plant and equipment. The useful life of buildings and outdoor facilities is between 15 and 40 years and between 5 and 15 years for other fixed assets. Internally generated intangible assets are not capitalized.

A collective item was formed for all low-value assets acquired during the financial year with a net acquisition cost of more than €250.00 and up to €1,000.00, which will be depreciated on a straight-line basis over the next five financial years.

Advance payments made and advance payments received are stated at their nominal value.

Financial **assets** are stated at acquisition cost or, in the case of permanent impairment, at fair value.

Inventories are valued at acquisition or production cost, taking into account the lower of cost or market principle. All recognizable risks in inventory assets resulting from above-average storage times, reduced usability and/or lower replacement costs are taken into account through appropriate value deductions. In all cases, the valuation was loss-free, ie if the probable sales price less the costs incurred up to the point of sale lead to a lower value, corresponding devaluations were made.

The acquisition costs for **raw materials, auxiliary materials and supplies** were determined using a moving average. Valuation deductions were made for reduced quality, uncommon or difficult-to-use material. The lowest value principle has been observed.

Work in **progress and finished goods** were valued at production cost. These include the direct material and production costs as well as appropriate parts of the associated overhead costs and the depreciation of the fixed assets, insofar as this is caused by the production. General administration and sales costs are not included. The valuation corresponds to the principles of Sections 255 (2) and 253 (4) HGB.

Receivables and other assets are reported at their nominal values.

Recognizable individual risks are generally adequately taken into account through individual value adjustments. However, these were not required in the year under review. The general risk of default on trade accounts receivable was taken into account by creating a general allowance.

Cash and **cash equivalents** are stated at their nominal value on the balance sheet date.

Payments made before the balance sheet date are recognized as **prepaid** expenses if they represent expenses for a specific period after this date.

Deferred taxes are recognized on the differences between the commercial balance sheet and the tax balance sheet, insofar as these are expected to decrease in subsequent financial years. Exercising the right to choose pursuant to Section 274 (1) sentence 2 of the German Commercial Code, **deferred tax assets** are recognized.

Company-specific tax rates were used to measure deferred taxes. The corporation tax including the solidarity surcharge is deferred at 15.825% for the entire tax group. A tax rate of 14.945% is taken into account for the trade tax due to the current assessment rate in Ennigerloh of 427% and the tax index of 3.5%.

The expense and income from the change in the recognized deferred taxes is reported separately in the income statement under the item "Taxes on income and earnings as a 'of which' note.

The **subscribed capital** is accounted for at nominal value.

The **provisions** take into account all recognizable risks and uncertain obligations and are formed in the amount of their expected settlement amount, which is required according to prudent business judgment to cover future payment obligations. Future price and cost increases are taken into account if there is sufficient objective evidence that they will occur.

Provisions with a remaining term of more than one year are discounted at the market interest rate for the remaining term published by the Deutsche Bundesbank with matching maturities.

Anniversary **provisions** are measured at fair value using a partial value method based on the 2018 G mortality tables (previous year: 2005 G mortality tables) by Prof. Dr. Klaus Heubeck, an interest rate of 1.60% pa (previous year: 1.97% pa) and a salary trend of 2.5% pa (previous year: 2.5% pa).

For future expenses from the fulfillment of legal or contractual **storage** obligations for business documents, corresponding provisions were made in the amount of the respective settlement amount, ie taking into account the cost ratios that are likely to apply at the time of fulfillment. The archiving costs were formed on the basis of a remaining retention period of ten years plus a 20% share of a remaining retention period of 11 to 30 years due to contractual obligations. Price and cost increases were also taken into account.

Liabilities have been recognized at their settlement amounts .

Receivables and liabilities in **foreign currencies** with a remaining term of no more than one year are valued at the average spot exchange rate on the balance sheet date. All other foreign currency receivables are valued at the exchange rate on invoicing or the lower average spot exchange rate on the balance sheet date. All other foreign currency liabilities are valued at the exchange rate at the time of invoicing or at the mean spot exchange rate on the balance sheet date, whichever is higher.

Payments made prior to the balance sheet date are recognized as **deferred** income if they represent income for a specific period after this date.

3. Notes to the balance sheet

Notes on assets

The breakdown and development of **fixed assets** and **financial assets** can be found in the attached statement of changes in fixed assets, which is part of these notes.

The shares in affiliated companies reported under financial assets break down as follows:

name and seat	Share of capital %	Subscribed capital/Fixed capital	Result of the last financial year		Effective date of the present information	
inland						
Rottendorf Service GmbH, Enningerloh *	100.0	EUR	25,000	EUR	0.00	12/31/2020
abroad						
Rottendorf Pharma, Inc., Bozeman, USA	100.0	USD	150,000	USD	239,384.79	12/31/2020

*) Due to the existing profit and loss transfer agreement, a net profit for the year of zero is reported.

Unscheduled depreciation due to a probable permanent reduction in value was not carried out in the case of valuations for shares in affiliated companies in accordance with Section 253 (3) sentence 5 HGB in the financial year or in the previous year.

Receivables **from affiliated companies** account for €2,806 thousand (previous year: €0.00 thousand) in receivables from the shareholder from current offsetting and €272 thousand (previous year: €7,091 thousand) in receivables from Rottendorf Pharma Inc., USA, from deliveries and services.

Other assets essentially include advance payments made (€476 thousand), tax refund claims for gas/electricity tax of €180 thousand (previous year: €191 thousand), a security deposit for the customs office of €68 thousand (previous year: €68 thousand) . T€) as well as debit accounts payable in the amount of T€ 37 (previous year: T€ 107).

As in the previous year, all receivables and other assets are due within one year.

Deferred **taxes** developed as follows in the financial year:

	01/01/2020	Addition	Disposal	12/31/2020
	€ thousand	T€	€ thousand	€ thousand
Deferred tax assets	175	84	0	259

The deferred tax assets reported in the amount of €259 thousand result primarily from temporary differences in the area of provisions for anniversaries and provisions for document archiving.

Explanations of the liabilities

The **retained earnings** of EUR 729 thousand arose as of January 1, 2010 through the posting of deferred tax assets with no effect on income at the time of the first-time application of the BilMoG (January 1, 2010) and essentially results from the tax loss carryforwards existing as of December 31, 2009 .

The **other provisions** are shown in the following table of provisions.

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	As of January 1st, 2020 € thousand	Consumption T€	Resolution T€	Allocation		As of December 31, 2020 , € thousand
				€ Discounting thousand	T€	
Provisions from the social sector						
holiday entitlements	954	137	0	0	0	817
anniversary payments	862	0	0	71	14	947
overtime	224	0	0	16	0	240
Variable references	662	662	0	664	0	664
Special payment management team	944	944	0	1.118	0	1.118
wage costs dismissal	266	219	47	0	0	0
trade association	5	5	0	45	0	45
severely handicapped tax	0	0	0	2	0	2
	3,917	1,967	47	1,917	14	3,833
Provisions from deliveries/services						
Individual Warranty Obligations	1,492	387	809	190	0	486
Miscellaneous	584	434	0	291	0	441
	2,076	821	809	481	0	927
Other provisions						
Pending invoice	4,571	4.130	152	7,790	0	8,078
document archiving	766	0	0	77	12	855
Miscellaneous	566	516	0	375	0	425
	5,903	4,646	152	8,242	12	9,358
total provisions	11,896	7,434	1,008	10,639	26	14.119

The nature and scope of the **liabilities** result from the following table of liabilities:

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	Residual term up to one year (previous year) € thousand	Residual term	Residual term of	Total amount (previous year) €k	of which secured (previous year) €k
		between one and five years (previous year) € thousand	more than five years (previous year) €k		
1. Liabilities to banks	992	3,968	887	5,847	0.00
	(906)	(3,968)	(1,965)	(6,839)	(0.00)
2. Advance payments received on orders	4,766	0.00	0.00	4,766	0.00
	(5,272)	(0.00)	(0.00)	(5,272)	(0.00)
3. Trade Accounts Payable	12.172	0.00	0.00	12.172	0.00
	(8,483)	(0.00)	(0.00)	(8,483)	(0.00)
4. Liabilities to affiliated companies	25	0.00	0.00	25	0.00
	(1,127)	(0.00)	(0.00)	(1,127)	(0.00)
5. other liabilities	1.407	0.00	0.00	1.407	0.00
	(2,241)	(0.00)	(0.00)	(2,241)	(0.00)
In total	19,362	3,968	887	24.217	0.00
	(18,029)	(3,968)	(1,964)	(23,962)	(0.00)

The item Liabilities to affiliated companies includes liabilities to the subsidiary Rottendorf Service GmbH in the amount of €25 thousand (previous year: €25 thousand), of which €23 thousand (previous year: €24 thousand) from goods and services and €2 thousand (Previous year: €1 thousand) from the profit and loss transfer agreement. There are no longer any liabilities to the sole shareholder, Rottendorf GmbH (previous year: €1,102 thousand).

Other liabilities essentially include income tax liabilities of €657 thousand (previous year: €910 thousand), accounts receivable in the amount of €370 thousand (previous year: €257 thousand) and capital gains tax to be paid and solidarity surcharge on an advance distribution in December 2020 in the amount of €266 thousand (previous year: €0 thousand).

4. Notes to the Profit and Loss Account

The sales revenues are broken down according to areas of activity and sales areas as follows:

	2020 in T€	2019 in € thousand
bulk goods		
inland	30,725	29,619
EU countries	11,859	8,723
rest of the world	31,388	18,962
	73,972	57,304
Packaging		
inland	18,801	11.301
EU countries	3,867	1,575
rest of the world	18,913	14,892
	41,581	27,768
analyses		
inland	6,456	4,383
EU countries	3,811	1,787
rest of the world	7,970	5.403
	18,237	11,573
Other		
inland	7,248	7,587
EU countries	5,879	2,883
rest of the world	20.201	21,677
	33,328	32.147
sales deductions	-174	-266
revenues	166,944	128,526

Sales revenues include income relating to other periods from the reversal of credits in the amount of €390 thousand (previous year: €122 thousand).

Other operating income essentially includes income from the reversal of other provisions in the amount of €1,008 thousand (previous year: €267 thousand), refunds of energy and electricity taxes in the amount of €353 thousand (previous year: €0 thousand), income from the reduction of individual value adjustments in the amount of €140 thousand (previous year: €7 thousand), reimbursements in the personnel area in the amount of €136 thousand (previous year: €177 thousand), profits from the disposal of fixed assets in the amount of €46 thousand (Previous year: €9k), income from grants from the Federal Ministry of Research of €29k (previous year: €25k) and income from exchange rate differences of €22k (previous year: €4k)

Other operating expenses include operating expenses of €21,484 thousand (previous year: € 18,785 thousand), administrative expenses of €4,147 thousand (previous year: €3,663 thousand), selling expenses of €1,678 thousand (previous year: €1,632 thousand) and other expenses of €404 thousand (previous year: €949,000), which mainly result from the addition to the provision for warranty obligations.

5. Other information

Contingent liabilities pursuant to Section 251 HGB result from joint and several liability in the amount of €406 thousand (previous year: €677 thousand). The contingent liabilities were entered into exclusively in favor of the parent company Rottendorf GmbH, Berlin, for which other third parties are jointly liable. The risk of a claim can be assessed as low because the debtor has a positive going concern prognosis. The **other financial obligations** break down as follows:

	In total k€	remaining terms		
		up to one year T€		more than five years T€
		one to five years T€	more than five years T€	
from leases	8,298	2.101	6.197	0
(Previous year)	(7,877)	(1,986)	(5,891)	(0)
From leasing contracts	7,587	1,433	4,634	1,520
(Previous year)	(9.165)	(1,425)	(5.211)	(2,529)
total	15,885	3,534	10,831	1,520

	In total k€	remaining terms		
		up to one year T€	one to five years T€	more than five years T€
(Previous year)	(17,042)	(3,411)	(11.102)	2,529)

The existing obligations from rental agreements amounting to €7,916 thousand (previous year: €7,916 thousand) are obligations to the parent company Rottendorf GmbH, Berlin.

The background to the leasing and rental agreements entered into is the off-balance sheet use of assets that would otherwise be classified as fixed assets. In addition, a convergence between income and expenses from the use of the assets is achieved through these transactions. They also serve to diversify financing and thus strengthen entrepreneurial independence. The equity ratio and the level of debt remain essentially unaffected by the leasing financing. The risks from these contracts are that the amounts stated will affect future liquidity, **Significant financial obligations** within the meaning of Section 285 No. 3a HGB, which do not have to be disclosed under Section 251 HGB, result from call-off contracts for the procurement of materials (mainly active ingredients and auxiliary substances) in the amount of €1,347 thousand (previous year: €926 thousand). .)

Transactions with related parties

As part of normal business activities, the company maintains business relationships with affiliated companies that are considered to be related. This applies in particular to the purchase or provision of services, the use and transfer of use of assets and financing. Since all transactions are conducted with and between companies that are directly or indirectly wholly owned and included in the consolidated financial statements of Rottendorf GmbH, Berlin, no further information is required in accordance with Section 285 No. 21 HGB.

Amounts blocked for distribution (§ 268 Para. 8 HGB)

As of the balance sheet date, the deferred tax assets of €259 thousand (previous year: €175 thousand) are subject to a distribution block. As of the balance sheet date, the freely available reserves plus a profit carried forward exceed the total amount of the amounts blocked for distribution. Therefore, there is no distribution block in relation to the annual surplus.

shareholders and corporate relationships

The annual financial statements of Rottendorf Pharma GmbH are included in the consolidated financial statements of the parent company Rottendorf GmbH based in Berlin. Rottendorf GmbH, Berlin, prepares the consolidated financial statements for the smallest and for the largest group of companies and thus exempts Rottendorf Pharma GmbH from the obligation to prepare separate consolidated financial statements, § 291 Para. 1 i. In conjunction with Section 291 (2) HGB. The consolidated financial statements are published in the electronic company register.

The **Advisory Board** is composed as follows:

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Dr. Franz-Josef Placke, pharmacist, Haan (Chairman)
 Dr. Bernward Garthoff, Manager, Hilden
 Miss Dr. Maria-Luisa Binda, consultant, Leverkusen
 Mr. Bruno Buss, senior employee at Rottendorf Pharma GmbH, Ennigerloh

The total remuneration of the Advisory Board in the 2020 financial year was €84 thousand (previous year: €84 thousand).
 The following were appointed as **managing directors** of the company in the year under review:

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Dr. Stephan Fleck, physicist, Wermelskirchen
 Miss Dr. Silke Huster, chemist, Oelde

Dr. Fleck was also appointed Managing Director of the affiliated companies Rottendorf GmbH, Rottendorf Service GmbH and Rottendorf Pharma Inc., USA.

Miss Dr. Huster was also appointed managing director of the affiliated company Rottendorf Service.

With regard to the information in accordance with Section 285 Sentence 1 No. 9 HGB regarding the managing director, use is made of the protective clause in Section 286 Paragraph 4 HGB and the information is accordingly omitted.

employees on average over the year

The average number of employees (excluding trainees) was as follows in the year under review:

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	2020	2019
Industrial workers	572	537
employee	439	403
	1,011	940

Proposal for appropriation of earnings

It is proposed to the shareholders' meeting to carry forward the annual surplus of the reporting year to new account.

**Events of particular importance after the end of the financial year
(supplementary report)**

In February 2021, the parent company Rottendorf GmbH, Berlin, started building a new packaging hall as planned. The building is expected to be completed in the second quarter of 2022.

At the end of the 2019 financial year, the pandemic infectious disease SARS-CoV 2 broke out in Southeast Asia and was spread to Europe and North America. Even in 2021, the pandemic has not yet abated and continues to impact global business developments. However, the pandemic had no negative impact on the company's business development.

There are no other events of particular importance after the end of the financial year.

Ennigerloh, May 6, 2021

Rottendorf Pharma GmbH
signed Dr. Stephen Fleck
signed Dr. Silke Huster

Development of fixed assets 2020

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	Acquisition or production costs				
	1/1/2020	Additions	departures	Rebooking	12/31/2020
	€	€	€	€	€
A. Fixed assets					
I. Intangible assets					
1. Purchased licenses to industrial property rights	3,764,121.01	260,373.00	9,646.38	82,633.90	4,097,481.53
2. advance payments made	0.00	469,623.24	0.00	0.00	469,623.24
	3,764,121.01	729,996.24	9,646.38	82,633.90	4,567,104.77
II. Tangible assets					
1. Land and buildings	1,549,936.89	675.00	0.00	0.00	1,550,611.89
2. technical installations and machines	40,834,054.12	4,457,514.77	287,391.08	2,362,399.47	47,366,577.28
3. Other facilities, fixtures and fittings	27,146,511.21	3,135,835.78	288,233.33	199,921.46	30,194,035.12
4. Payments on account and assets under construction	3,002,289.99	2,465,022.74	0.00	-2,644,954.83	2,822,357.90
	72,532,792.21	10,059,048.29	575,624.41	-82,633.90	81,933,582.19
III. financial assets					
Shares in affiliated companies	137,157.92	0.00	0.00	0.00	137,157.92
	137,157.92	0.00	0.00	0.00	137,157.92
	76,434,071.14	10,789,044.53	585,270.79	0.00	86,637,844.88

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	depreciation			
	1/1/2020	Additions	departures	12/31/2020
	€	€	€	€
A. Fixed assets				
I. Intangible assets				
1. Purchased licenses to industrial property rights	2,850,055.21	339,862.73	6,553.21	3,183,364.73
2. advance payments made	0.00	0.00	0.00	0.00
	2,850,055.21	339,862.73	6,553.21	3,183,364.73
II. Tangible assets				0.00
1. Land and buildings	954,135.53	71,974.36	0.00	1,026,109.89
2. technical installations and machines	34,179,605.82	1,958,464.24	282,756.08	35,855,313.98
3. Other facilities, fixtures and fittings	18,891,286.21	1,465,481.24	267,515.33	20,089,252.12
4. Payments on account and assets under construction	96,904.34	0.00	0.00	96,904.34
	54,121,931.90	3,495,919.84	550,271.41	57,067,580.33
III. financial assets				
Shares in affiliated companies	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00

	1/1/2020	depreciation	departures	12/31/2020
	€	Additions	€	€
	€	€	€	€
	56,971,987.11	3,835,782.57	556,824.62	60,250,945.06

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	12/31/2020	12/31/2019
	€	€
book values		
A. Fixed assets		
I. Intangible assets		
1. Purchased licenses to industrial property rights	914,116.80	914,065.80
2. advance payments made	469,623.24	0.00
	1,383,740.04	914,065.80
II. Tangible assets		
1. Land and buildings	524,502.00	595,801.36
2. technical installations and machines	11,511,263.30	6,654,448.30
3. Other facilities, fixtures and fittings	10,104,783.00	8,255,225.00
4. Payments on account and assets under construction	2,725,453.56	2,905,385.65
	24,866,001.86	18,410,860.31
III. financial assets		
Shares in affiliated companies	137,157.92	137,157.92
	137,157.92	137,157.92
	26,386,899.82	19,462,084.03

INDEPENDENT AUDITOR'S REPORT

To Rottendorf Pharma GmbH, Ennigerloh
audit opinions

We have the annual financial statements of Rottendorf Pharma GmbH, Ennigerloh, - consisting of the balance sheet as of December 31, 2020 and the income statement for the financial year from January 1 to December 31, 2020 and the notes, including the presentation of the accounting and valuation methods - checked. In addition, we have audited the management report of Rottendorf Pharma GmbH for the financial year from January 1 to December 31, 2020.

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

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the attached annual financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, provide a true and fair view of the assets and financial position of the company as of December 31, 2020 and its earnings position for the financial year from January 1 to as of December 31, 2020 and the attached management report as a whole provides an accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with § 322 Para. 3 Sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibility under those regulations and standards is further described in the "Auditor's responsibility for the audit of the financial statements and management report" section of our auditor's report. We are independent of the company 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.

Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the net assets, financial position and results of operations of the society conveys.

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 annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company'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 legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual 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 management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report to be able.

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

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual 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 annual financial statements and on the 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 financial statements and management report.

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

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We identify and assess the risks of material - intentional or unintentional - misstatements in the annual financial statements and in the 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 involves collusion, forgery, intentional omissions, misrepresentations or

We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the 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 systems of society.

We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimated values presented by the legal representatives and the related disclosures.

Conclude on the appropriateness of management's 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 Company'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 financial statements and 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 Company to cease to be able to continue as a going concern.

We evaluate the overall presentation, the structure and the content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and earnings situation of the company.

We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.

we perform audit procedures on the future-oriented information presented by the legal representatives in the 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.

Bielefeld, May 7, 2021

PricewaterhouseCoopers GmbH
auditing company
dr Thomas Ull, auditor
ppa. Matthias Nicolmann, auditor

The annual financial statements as of December 31, 2020 were approved on July 30, 2021.

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