STADA Annual Report 2021

STADA

Caring for People's Health

STADA – Caring for People's Health

Peter Goldschmidt
CEO

Dear Investors,
Dear Partners,

The pandemic continued in 2021 to have a strong impact on our lives and business. Covid-19 put the healthcare sector under strain. On the other hand we see that the contribution doctors, nurses, pharmacists, other healthcare professionals and our industry bring to society is strongly recognized. For STADA, this was an occasion to intensify partnerships and prove resilience; an opportunity to demonstrate the huge value to people delivered by the pharmaceutical industry.

Within STADA, our company purpose of Caring for People's Health as a Trusted Partner was, more than ever, our North Star for all our employees during these challenging times.

It is precisely this corporate purpose that is STADA's unwavering frame, even in the current crisis – the war in Ukraine. Our primary goal is to provide patients with the medicines they need, regardless of nationality or political persuasion. Here we act in accordance with the UN, WHO and all international pharmaceutical associations. STADA will always put the health of all people first.

Keep supplying medicines

Maintaining a reliable supply of healthcare products to over 120 countries is a testament to the agility and reliability of our employees, especially those working in Technical Operations, STADA operates factories, warehouses and laboratories in 20 locations. The 12 billion tablets and capsules made through STADA's highly efficient and reliable supply chain last year served as an important pillar for many healthcare systems and patients.

This key contribution to global health was achieved through close collaboration with our trusted partners. This network enables us to provide a broad array of treatments and preventive products, ranging from supplements that enable people to support their own health through to essential treatments for diseases in nearly every therapeutic area, such as cancer, heart, central nervous system, gastrointestinal and pain relief.

> **“Growth above the market is important, as it generates the cash necessary for STADA to continue investing.”**

To reflect this breadth of portfolio, STADA’s product offering is now managed and reported in three strategic segments: Consumer Healthcare (CHC), Specialty and Generics.

STADA is one of the industry’s fastest-growing consumer healthcare companies, a trend that continued in 2021, not only through acquisitions in the Consumer Healthcare segment, but also through growing organically more strongly than competitors.

STADA offers a compelling array of trusted brands such as Grippostad®, Ladival®, Nizoral®, SNUP® and Vitaprost® that consumers can purchase without a prescription. Thereby, the Group empowers people to care for their own health and relieves pressure on healthcare systems.

CHC portfolio is extented

Midway through last year, STADA acquired from Sanofi 16 well-established consumer healthcare brands across several countries. Taking over this portfolio – which included cold & flu, skincare and food supplement products such as Silomat®, Mitosyl® and Frubiase® – supported our superior growth through portfolio acceleration.

STADA’s status as a go-to-partner in consumer healthcare was further enhanced by an agreement struck to use the Group’s leading marketing and sales capabilities to distribute Sanofi’s Consumer Healthcare portfolio in 20 European markets. Such agreements show that STADA was able to further realize its vision of being a go-to-partner within the European industry.

This has propelled STADA to a leading position in several countries and further strengthened the Group’s ranking as Europe’s fourth-largest consumer healthcare player.

STADA is also Europe’s fourth-largest supplier of generic medicines, with top-five market positions in countries including Germany, Italy, Spain, Belgium, Serbia and Switzerland. As such, STADA makes a major contribution to providing access to affordable healthcare. This impact was recognized in 2021 with the Group being named “Company of the Year, EMEA” at the Global Generics & Biosimilars Awards hosted by leading industry publication Generics Bulletin. For the fourth time in a row, STADA was recognized for its performance in Europe, Middle East and Africa.

Increasingly, STADA is developing and offering differentiated specialties, medicines for often serious and rare conditions that are typically used in specialist settings. These can include novel formulations, combinations or uses that add value to known active ingredients.

Within this Specialty category, STADA has built a strong presence in Parkinson's disease treatments, having complemented the Group's apomorphine-based medicines with a novel triple-combination product. A partnership with Sweden's Calliditas Therapeutics formed during 2021 is aimed at creating the first-ever approved treatment in the European Union for the chronic autoimmune kidney disease IgA Nephropathy. STADA's growing portfolio of biosimilars is giving specialists further options to treat patients with biological treatments for conditions including cancer and autoimmune diseases.

Through the Group's progress in Consumer Healthcare, Generics and Specialty, STADA was able to report 8% sales growth in 2021, significantly above market averages. Despite tough trading conditions, tight cost discipline through a benchmark low-cost operating model helped STADA to achieve a reported 37% EBITDA increase last year. Growth above the market is important, as it generates the cash necessary for STADA to continue investing in our people, pipeline and processes.

> **"I have never been more appreciative of the dedication of our 12,500 colleagues."**

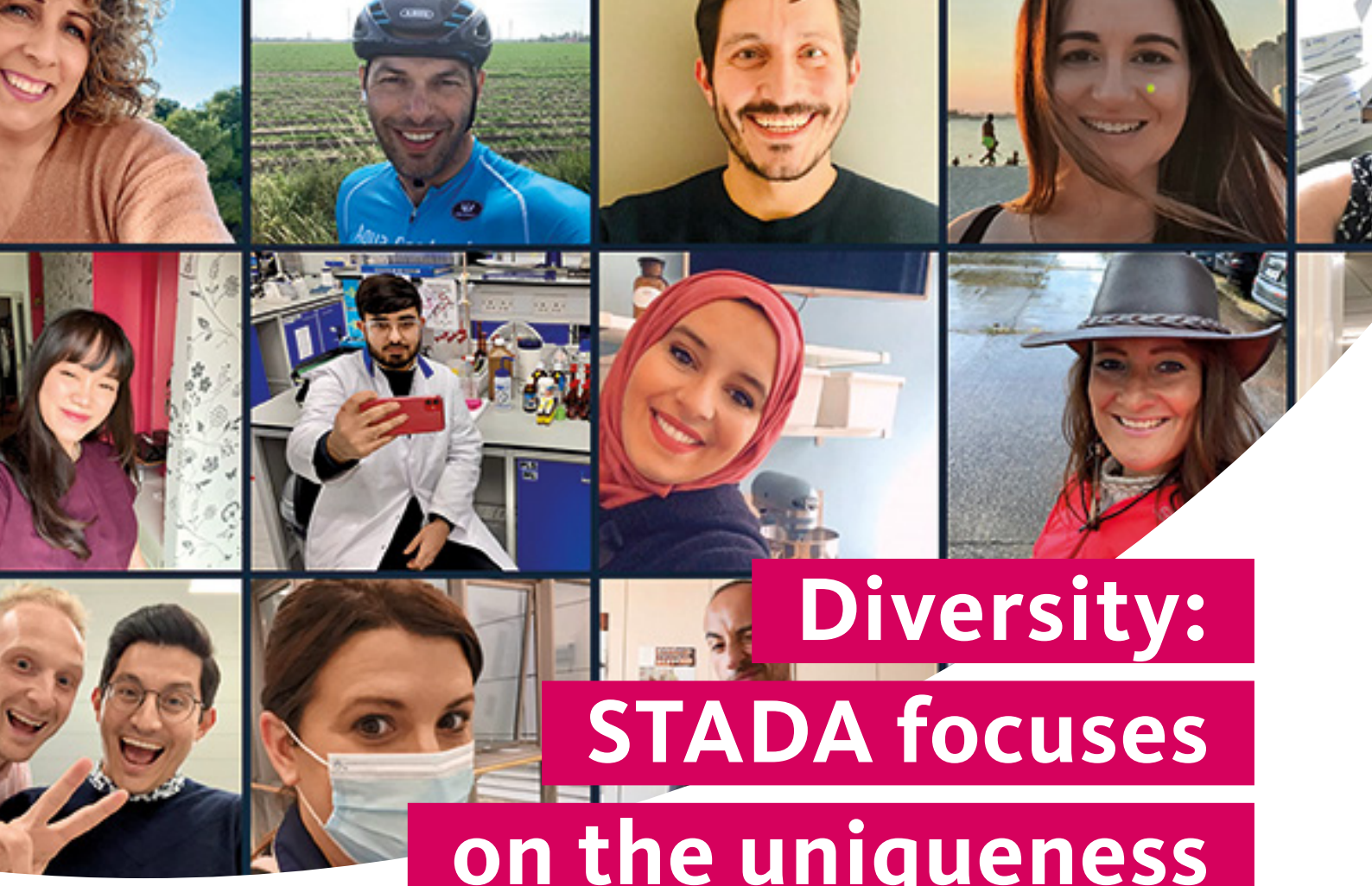
Strong One STADA culture

It was particularly gratifying for me to see, through our regular employee surveys, that our colleagues retain a high degree of confidence in STADA. Well over eight out of 10 employees agreed with the statement "I am proud to work for STADA". Up to 85% of all employees worldwide participated in these surveys, serving as evidence of strong commitment and a deeply embedded One STADA culture. This culture encourages all our 12,500 colleagues to express their unique skills, strengths, perspectives and experiences. It is also reflected in our ability to continue to attract top talents from the pharmaceutical sector and beyond.

I am extremely proud that STADA was last year identified as a "Top Employer" in Germany, an award that has since been extended to cover other European countries. We can also be pleased that our corporate focus on Integrity was confirmed by an independent audit of our compliance management system in 10 countries by consultants EY, resulting in the best result possible.

Caring for People's Health also means caring for our planet and society. That is why STADA last year became a signatory to the United Nations Global Compact and committed to supporting the UN Sustainable Development Goals through our global sustainability policy. I look forward to publishing STADA's first global Sustainability Report in the near future.

With best regards,



Diversity: STADA focuses on the uniqueness of its employees

STADA views diversity as uniqueness. After all, it is the approximately 12,500 employees worldwide who, with their different personalities, backgrounds and expertise, form an outstanding team. This always aligns its actions with the four corporate values and does its best every day to achieve a common goal: Caring for People's Health as a Trusted Partner.

In order to focus on the importance of each employee's uniqueness, a campaign called **#UniquenessStartsWithU** was launched in 2021.

The starting point for this is the firm conviction that every person is unique and STADA's recognition of differences as a strength. Whether gender, age or ethnicity, experience, sexual orientation or social background – every facet of a personality ensures that a person is unique and can contribute with their individual strengths to make STADA successful. After all, different perspectives can be enriching and lead to new ways of thinking, creative approaches and innovation.

> **A corporate culture is only as strong as the people who live it. That's why STADA's values form the foundation of everything we do – that's also "Integrity".**
>
> Christoph Dengler
> Head of Global Legal, EVP

> **Diversity accelerates our STADA growth culture because it leads to more creativity, challenges and innovation.**
>
> Simone Berger
> Chief Human Resources Officer

However, diversity at STADA is not only measured in numbers and quotas. It is also reflected in living corporate values:

Treating one another with respect and thus appreciating the uniqueness of one's colleagues corresponds to the value of "**Integrity**" and "**One STADA**". Openness to new things and the willingness to follow unknown paths with "**Agility**" and "**Entrepreneurship**" means contributing individual ideas, driving them forward and taking responsibility.

41
nationalities at headquarters

Locations in 49 countries

"Value Games" connect employees

The four corporate values form the foundation of all decisions and actions by STADA employees. To promote a lively discussion and to reinforce the significance of the values for everyday life, STADA invited its employees in 2021 to participate in "Value Games". In cross-divisional and crossnational small groups, a total of around 5,000 employees from all STADA markets discussed, among other things, case studies based on everyday working life. It was not a question of right or wrong, but rather of reflecting on how one would behave in the corresponding situation and to what extent this behaviour was in line with the STADA values. The enthusiasm for this new format was enormous and all participants ultimately learned new things about STADA as well as about themselves while making new contacts within the STADA team.

Living STADA values every day

Corporate culture's importance for employees is also regularly reflected in the surveys that STADA conducts three times a year. On average, up to 85% of all employees worldwide participate, which speaks for a huge level of commitment and is clearly above comparable values for other companies. All culture-related statements in the survey received extremely high approval ratings. Identification with the company is correspondingly strong: The statement "I am proud to work for STADA" even received the highest approval rating of 8.3/10.

12,520
personalities

52%
women in leadership positions

This is also appreciated by independent bodies: After STADA received the award "Top Employer in Germany" for the first time in 2021, the company was again certified by the Top Employers Institute and holds the titles "Top Employer Germany" and "Top Employer Europe" in 2022. This is further proof that STADA puts its employees at the centre of its activities and has an outstanding One STADA team spirit, shaped and filled with life every day by the 12,500 unique personalities of STADA's employees. They are united by a common purpose:

Caring for People's Health as a Trusted Partner.

Sustainability comes naturally for STADA

STADA's strategic priorities stem from more than 125 years of sustainable thinking, and the company's values provide the basis for continual development. Developing a framework to connect our values and company purpose with the concept of sustainability is the next logical step.

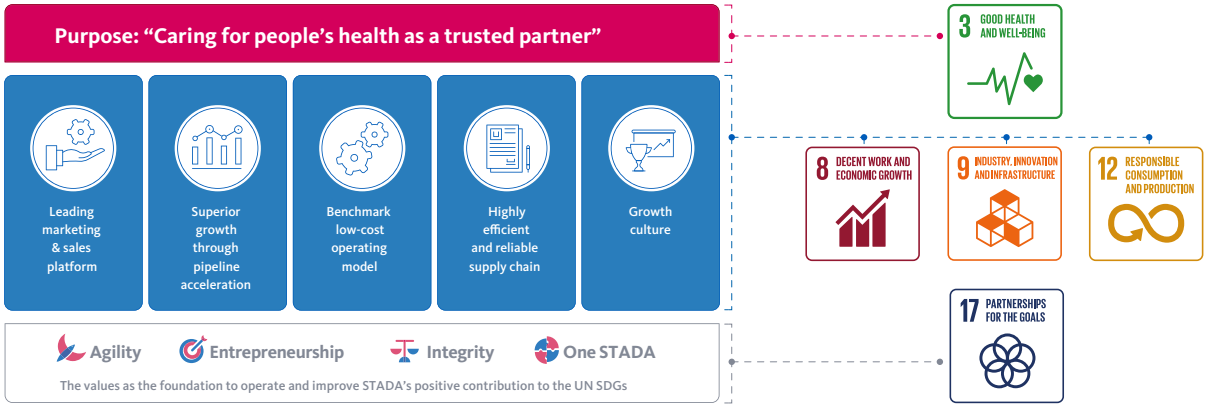
Caring for people's health as a trusted partner means more than just being a healthcare partner. It is also about caring for the environment and society. That is why STADA decided to put more focus on sustainability and share the stories that illustrate how the company already strives to respect the planet and its people, while achieving fair business performance.

STADA's purpose and vision drive the way to sustainability, focusing on the third UN Sustainable Development Goal (SDG), which emphasizes good health and well-being.

Our mission as a foundation

Caring for people's health starts with providing trusted solutions for prevention and treatment. Also, it follows with raising awareness of personal healthcare and healthy lifestyles, while strengthening public healthcare systems. That is why STADA constantly improves, innovates and builds its infrastructure (SDG 9), together with its stakeholders. A positive impact on society, planet and economy could not be achieved if any part of STADA is not doing everything it can to improve its sustainability.

STADA'S CONTRIBUTION TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



Reducing greenhouse gas emissions from 2020 to 2021 by

12.5%

"For us, caring for people's health includes both trusted solutions for prevention and treatment as well as healthy lifestyles, while strengthening public healthcare systems. That is exactly what makes us a trusted and sustainable partner."

Miguel Pagan Fernandez
Chief Technical Officer

The same is expected from STADA's stakeholders (SDG 12, SDG 17). Fair and supportive working conditions for everyone within STADA and outside help to achieve sustainable economic growth (SDG 8) for a healthier future.

Sustainability Policy launched

The new Sustainability Policy was recently launched, showing that, at STADA, personnel, investors, partners and customers, communities and the environment are being respected and valued. To achieve the purpose and vision of the company, sustainable principles and values are integral.

STADA is dedicated to the implementation of the UN 2030 Agenda for Sustainable Development, in line with the SDGs and the Ten Principles of the UN Global Compact. Additionally, STADA recently expressed its commitment to the UN and became a member of the UN Global Compact this autumn.

Improved rating at Sustainalytics

Sustainalytics, a Morningstar company, is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. During the last twelve months, STADA significantly improved its rating with this independent audit service moving from 39.3 (a high-risk score) to 26.4 (a medium risk score). This is an outstanding result, especially when viewed in conjunction with STADA moving from place 514 to place 141 among 953 companies.

And that is just the beginning!

Increasing the purchase of electricity from renewable sources to

~15%

ORGANIC PRODUCTS FROM NATURES AID

New product line, holistically designed along the sustainability principle of "from cradle to grave".

SOLAR PANELS AT PYMEPHARCO

Installation of a large photovoltaic installation with solar panels of 13,000 m² resulting in annual CO_2 savings of around 3000 tons/year.

STADA'S UNIQUENESS

Every STADA employee is unique, and recognizing those differences is a strength. To become the best team in the industry, uniqueness is key.

Consumer Healthcare – our strong brands

STADA is one of the fastest growing consumer healthcare companies. We offer healthcare products in all relevant healthcare categories. We sell our products in around 120 countries worldwide. Consumer Healthcare branded products such as Zoflora®, Grippostad®, SNUP®, Aqualor®, Vitaprost® and Nizoral® are among the best sellers in their respective product categories.

STADA expands European Consumer Healthcare portfolio

Current examples of the role as a go-to partner in the area of Consumer Healthcare are the two trend-setting agreements with **Sanofi**. In the first, STADA is using its comprehensive marketing and sales expertise, as well as its extensive presence, for the exclusive marketing and sales of Sanofi's consumer healthcare portfolio in approximately 20 countries. Furthermore, STADA will acquire the rights to 16 well-established Sanofi brands. A large part of the sales of these brands is currently generated in five European countries: Germany, France, Spain, Italy and Poland. This deal follows STADA's purchase of 15 **GSK** consumer healthcare brands in more than 40 countries and from numerous therapeutic areas in the previous year.

With the acquisition of **Takeda**'s Russian brand portfolio in the multi-digit million range in 2020, STADA expanded its status as a significant player in the Russian pharmaceutical industry and positioned itself as a market leader in consumer healthcare in Russia through the purchase of around 20 OTC and prescription Takeda products. In addition, STADA has strengthened its portfolio of vitamins, minerals and dietary supplements through the recent acquisition of the Czech company **Walmark**, which has an international presence. Beyond Europe, STADA continues to expand its consumer healthcare position in selected emerging markets. This includes launching existing brands such as Zoflora® in the Middle East and Asia, as well as executing targeted brand acquisitions and licensing deals.

The agreement with Sanofi includes around 50 well-known consumer healthcare brands, including Allegra®, Bisolvon®, Dulcolax® and Essentiale® Forte N.

CONSUMER HEALTHCARE MILESTONE DEALS

2019
biopharma
Purchase of Biopharma's pharmaceutical prescription and consumer healthcare business in Ukraine

2020
gsk
Acquisition of 15 well-established consumer healthcare brands across more than 40 countries from GSK

STADA takes over Walmark and creates a winning portfolio for Central Europe.

STADA takes clear lead in Russian consumer healthcare sector, closing a deal for the brand portfolio from Takeda.

2021
SANOFI
Significantly expanding Consumer Healthcare portfolio by acquiring 16 well-established Sanofi brands.

STADA will market and distribute Sanofi's entire consumer healthcare portfolio in 20 countries.

WALMARK®
Takeda

Roger Scarlett-Smith
Head of UK/US, EVP:

"The internationalization of Zoflora® strengthens the role of the UK as a center of excellence and export hub for consumer healthcare within the Group."

STADA Consumer Health Germany – the specialist in colds
With the established branded products **Cetebe®**, **Grippostad®**, **Lemocin®** and **Silomat®**, the company offers a comprehensive portfolio ranging from immune system support to the treatment of various cold symptoms.

Stephan Eder
Head of Russia/CIS, EVP:

"The bundling of the existing strengths with the brands acquired from Takeda has made STADA a leading partner for consumer healthcare in Russia."

Fungoderil®: Building a successful consumer healthcare brand
Thanks to the local consumer healthcare team's deep understanding of market developments and customer needs, the launch of **Fungoderil®** in Russia exceeded all expectations. Just four months after launch, Fungoderil® was the third strongest brand in terms of units sold.

Award-winning Lunestil® campaign
Lunestil® is a sleep supplement containing natural ingredients. Thanks to an extensive marketing and advertising campaign, it was already No. 1 in its category in Belgium in the first month after its launch. The campaign was awarded a silver Effie in Belgium for successful marketing ideas – Effie stands for effective marketing communication. Following the success of Lunestil® in Belgium, the product will also be launched in other European markets.

New design for cult cleaning product Zoflora®
Zoflora® appears on British shelves in new, contemporary packaging that highlights the cult cleaning product's high-quality ingredients. The design highlights the premium perfume elements used to create the fragrances, while staying true to the heritage of the 100-year-old brand. The success story now continues with the **product launch** in the **Middle East**.

Probiotic® by **Hemofarm** is the fastest growing brand in the consumer healthcare segment with growth of 80% compared to 41% in 2020, making Hemofarm the absolute leader in this segment on the Serbian market.

Ladival®
Prorepair Fotoliasa
sunscreen with triple efficacy and photolyase from Spain recognized as the most innovative sunscreen 2021 by Correo Farmacéutico.

Carsten Cron
Head of Emerging Markets, EVP:

"Consumer healthcare brands are playing an increasingly important role for STADA in Southeast Asia, the Middle East and North Africa."

Walmark acquisition pays off
The acquisition of Walmark last year has massively increased STADA's footprint in Europe, also in terms of production sites. STADA has now been able to expand the Walmark portfolio to 36 markets. Only recently, STADA Czech was named **Top OTC Company 2021** by Dr. Max, the largest pharmaceutical chain in the Czech Republic.

Specialty pharmaceuticals – adding value through innovation

Specialty pharmaceuticals - medicines that are often used to treat chronic, complex or rare conditions and have a number of unique features in terms of prescribing, administration, distribution, storage and drug monitoring - are an increasingly important part of healthcare. With such differentiation, specialty pharmaceuticals have the potential for sustainable margins over several years.

According to a recent report by market research firm IQVIA on the global use of pharmaceuticals, specialty pharmaceuticals will account for nearly three-fifths of all pharmaceutical spending in the ten largest developed countries by 2026, compared to just under half of current spending. Cancer, immunology and neurology treatments in particular are expected to drive this trend, so that specialty pharmaceuticals will account for 45% of global drug spending in the next five years.

STADA has been active in this area for many years, not least with Parkinson's disease therapies offered by the Group's Britannia subsidiary. In oncology, the introduction in 2019 of injectable bortezomib solution presented multiple myeloma patients and their caregivers across Europe with a ready-to-use option that does not need to be reconstituted.

The positive market response to the **bortezomib** launch in 14 European countries confirmed the need to incrementally optimize proven active ingredients, such as through developing new delivery forms, combinations or therapeutic indications. For this reason, these medicines are often referred to a "value-added medicines".

"In the Middle East and North Africa, STADA is now a go-to-partner for Specialty pharmaceuticals across several therapeutic categories."

Carsten Cron
Head of Emerging Markets, EVP

"Specialty medicines form an increasingly important part of STADA's portfolio with the potential for sustainable margins over extended periods."

Yann Brun
Head of Global Dev, Portfolio, Reg & BD&L, EVP

A prime example of how STADA is satisfying such unmet needs is formulating the proven triple combination of the active ingredients **levodopa**, **carbidopa** and **entacapon** in gel form, which is administered via the small intestine using modern pump technology. STADA has already launched the product in countries such as Germany, Austria, the Netherlands and Slovenia, and is committed to making this novel therapy available to more patients in Europe.

Developed for Parkinson's patients: A pump that, thanks to modern technology, can deliver a triple combination of the active ingredients levodopa, carbidopa and entacapone.

Similarly, STADA partnered with Swedish company Calliditas Therapeutics last year to develop a specialty therapy that, if authorised, would be the first treatment approved in the EU for the chronic autoimmune kidney disease IgA nephropathy. It is currently under review by the European Medicines Agency.

Competition from biologics

Spending on biopharmaceuticals is increasing at about twice as fast as the overall pharmaceutical market. But in important therapeutic categories such as oncology and immunology, competition from biosimilars is lowering costs and improving patient access to cutting-edge therapies.

Biosimilars are biological medicines that are highly similar to another already approved medicine for which marketing rights have expired.

As one of the first companies in Europe to receive approval for a biosimilar, STADA has well over a decade of experience in this area, having launched the **Silapo®** (epoetin zeta) brand in 2008. Since then, the company has received approval for and launched in Europe teriparatide (**Movymia®**) for the treatment of osteoporosis, (**Cegfila®**) and bevacizumab (**Oyavas®**) for the treatment of various cancer tumours.

Through partnerships, STADA has built up a comprehensive biosimilars pipeline comprising blockbuster molecules in several therapeutic categories. These include the autoimmune agent **adalimumab** through an alliance with Alvotech, for which the European Commission recently granted marketing authorisation, as well as a pending EU application to market the ophthalmic agent **Ranibizumab** through a partnership with Xbrane.

Expanding scope in MENA region

Established for several years in the analgesics sector, STADA's operations in the Middle East and North Africa (MENA) region have been pushing into further therapeutic categories via several partnerships in recent months.

An alliance with Spain's PharmaMar brought rights to the cancer treatment Yondelis® (**trabectedin**) in 15 MENA countries, adding to the Bortada® (**bortezomib**) multiple myeloma brand. Launches of the second-generation antihistamine Rupafin®/Pafinur (**rupatadine**) are underway via an agreement with Uriach, and STADA MENA is maintaining its Specialty momentum through recent partnerships with Crescita Therapeutics for the topical anaesthetic **Pliaglis®** (lidocaine/tetracaine) and with NTC for a range of ophthalmic products.

STADA supplies affordable generics reliably

Generics, as medicines that contain the same active ingredient(s) as the original reference medicines and are used in identical dosages to treat the same diseases, form the backbone of sustainable access to medicines around the world.

Two-thirds of all medicines prescribed in Europe are generics, but these medicines account for only 29% of total pharmaceutical expenditure. Without generic competition, patient access to these medicines would cost European countries an estimated € 100 billion more each year.

In terms of value, STADA is the fourth largest manufacturer and supplier of generics in Europe and holds a top five market position in countries such as Germany, Italy, Spain, Belgium, Serbia and Switzerland. STADA thus makes an important contribution to providing access to affordable healthcare. In recognition of this, the Group was named "Company of the Year, Europe, Middle East and Africa" by the respected trade journal Generics Bulletin for the fourth time in a row.

Portfolio expansion in Germany

STADA recently ensured more competition in the respiratory therapy category, for example, by introducing inhalers in Germany and the United Kingdom that combine the active ingredients fluticasone and salmeterol. In addition, STADA was able to further expand its German portfolio in the oncology area, among others with active ingredients such as aprepitant, cabazitaxel, fulvestrant and sorafenib.

With launches like this, STADA is in a position to offer patients and healthcare providers a broad product range for numerous diseases. For example, among the most important generic launches in Spain during 2021 was the next-generation antihistamine bilastine, which complements the company's existing allergy therapies such as loratadine, desloratadine and ebastine. The intestinal motility enhancer levosulpride and sorafenib, an oral oncology agent for treating hepatocellular carcinoma and renal cell carcinoma, were also launched.

Uwe Landvater, Senior Director Global Business Development and Licensing (r.) receives the award for "Company of the Year EMEA".

The new packaging design of STADA's over-the-counter generics in Germany was launched in 2021 (right).
Newly designed packaging also at EG STADA Italy (left).

STADA Spain expanded its "ValuePack" design, in which the pharmaceutical form and dosage of the drug are clearly displayed on the packages, to around 70 generics products.

Expansion of the generics portfolio

STADA's retail generics team in Russia continued to achieve growth in terms of value and volume and gained market share in highly competitive categories, not least with cholesterol-lowering drugs such as Edarbi® (azilsartan medoximil).

In Serbia, where STADA and the local subsidiary Hemofarm supply one in four of the country's prescription and over-the-counter drugs, the company achieved above-market growth. This was supported by the strengthening of the cardiovascular portfolio with the first-to-market launch of generic ticagrelor under the brand name Ticagrex®.

Jef Hus, Managing Director EG Belgium, leads the subsidiary to a top position in the generics market.

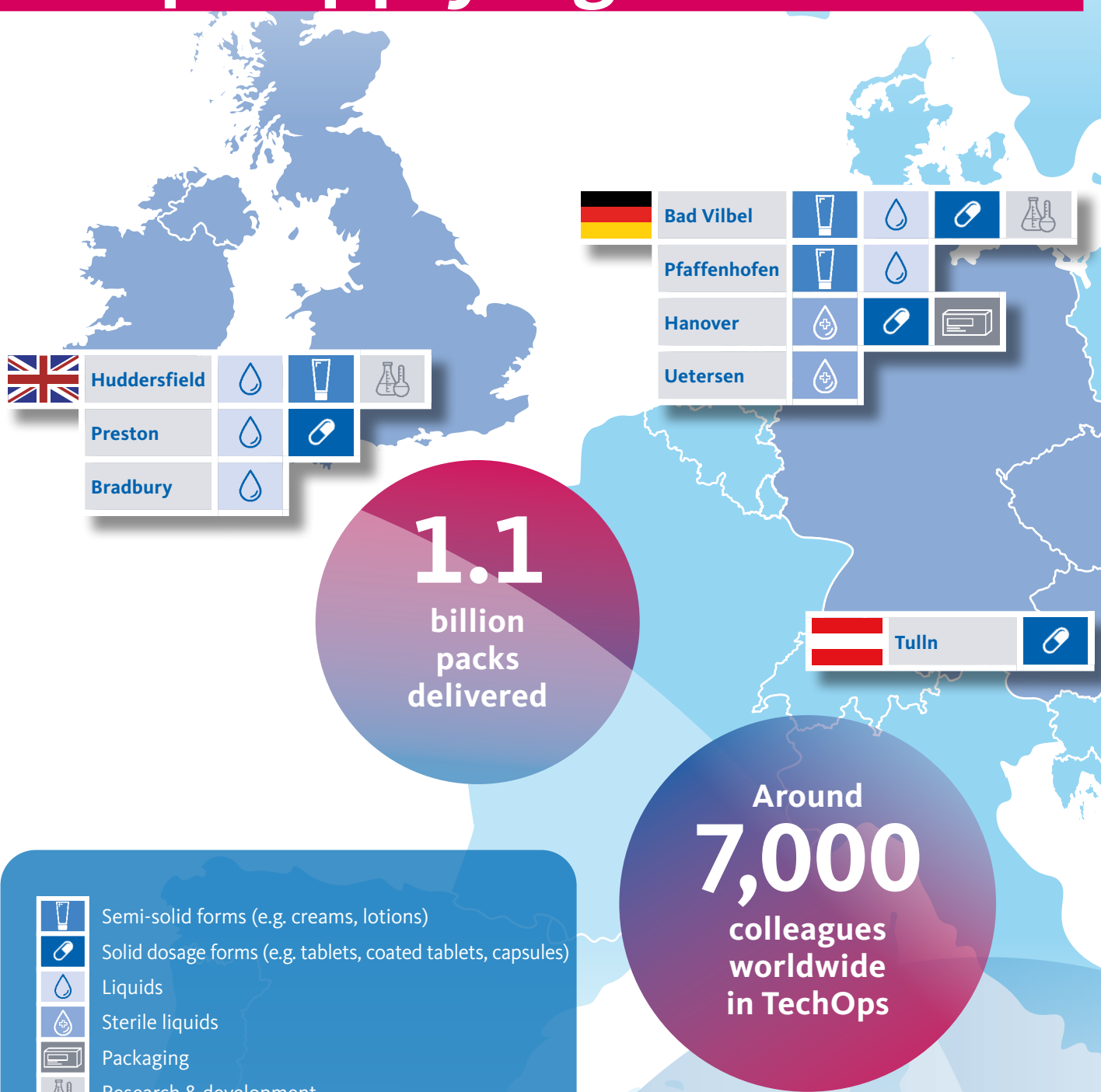
In Australia, the launch of a triple-drug combination with levodopa, carbidopa and entacapone complemented the Group's local Parkinson's portfolio.

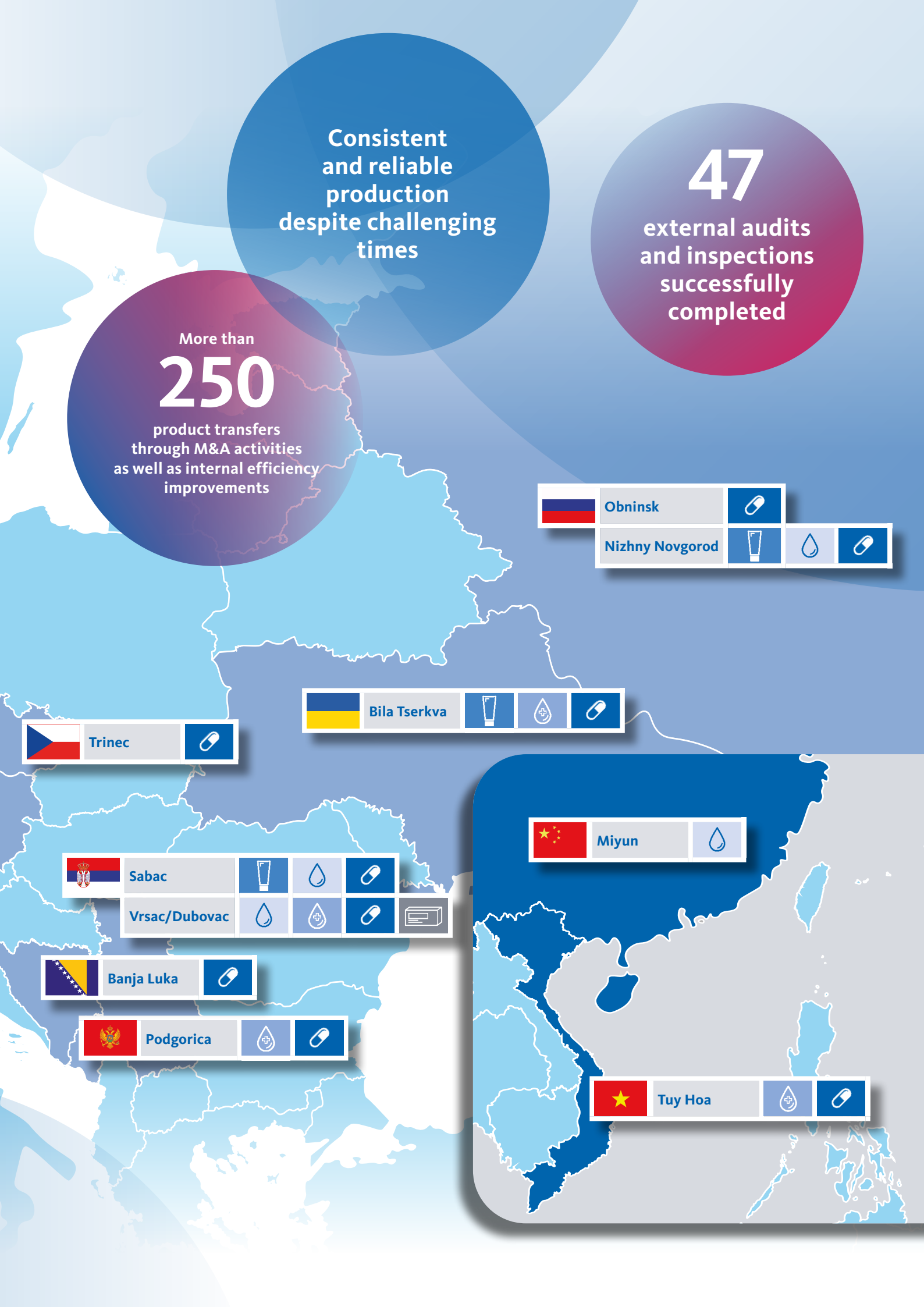
True to the corporate goal "Caring for People's Health as a Trusted Partner", STADA continued to ensure that healthcare professionals were provided with practical information and advice in 2021. For example, in Belgium, where STADA subsidiary EG is the clear generics market leader, more than 2,000 general practitioners registered for several large-scale online events, organised by the company's Generics & Medical teams. These events, presented by EG Managing Director Jef Hus, featured renowned Belgian virologists as keynote speakers to give doctors practical advice on how to deal with the pandemic and provided a platform for further events in 2022.

EG STADA Italy on course for growth

In Italy – where generic penetration remains relatively low, indicating untapped potential for savings and improved access to medicines – the Group's local subsidiary, EG STADA, is growing faster than the local competition. This is due, among other things, to the close cooperation and exchange of information between the salesforce teams for doctors and pharmacists at regional level. By introducing new, colour-coded packaging, EG STADA also aims to support accurate dispensing and patient compliance.

STADA's production locations – keep supplying medicines




Consistent and reliable production despite challenging times
47
external audits and inspections successfully completed
More than
250
product transfers through M&A activities as well as internal efficiency improvements
Obninsk
Nizhny Novgorod
Bila Tserkva
Trinec
Miyun
Sabac
Vrsac/Dubovac
Banja Luka
Podgorica
Tuy Hoa

One STADA – one voice across all channels

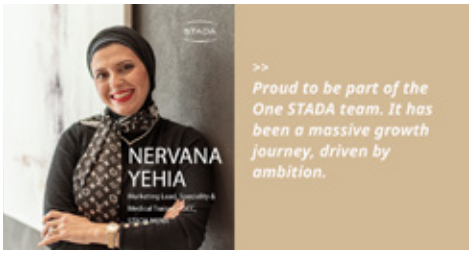
New claim for STADA

Caring for People's Health

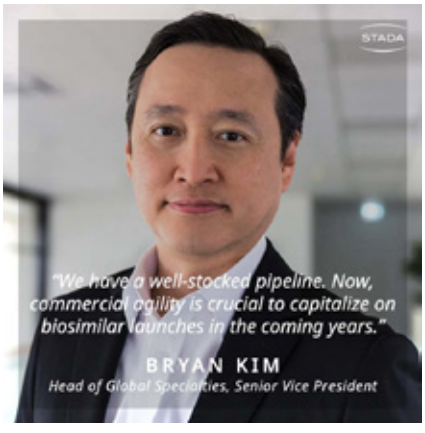
"Caring for People's Health as a Trusted Partner" has been STADA's purpose, or main mission, since the beginning of 2019. Since then, and especially during the Covid-19 pandemic, this claim has become STADA's trademark and a promise to all stakeholders. Therefore, the short version "Caring for People's Health" is used as a global claim by all STADA subsidiaries.

New digital formats

STADA is developing into a go-to partner in the areas of Generics, Consumer Healthcare and Specialty Pharmaceuticals. With an increased presence on social media, STADA is increasing the visibility of its corporate brand. This external positioning clearly pursues the goal of emotionalizing the brand.



In this way, STADA takes up the guiding principle that people want to communicate with people. The company's digital communications strategy has therefore been continuously expanded in recent months and new digital formats have been developed.



STADA Health Report 2021

30,000 respondents, 15 countries, 34 questions – the STADA Health Report 2021 is the most comprehensive health study to date.

During one of the most turbulent and challenging times in recent history, we got to the heart of what Europeans thought and asked: What was bothering them during the pandemic? Who do they trust when it comes to health issues? Has their attitude towards health and healthy living changed as a result of Covid-19?

For the first time in the history of the STADA Health Report, selected results were presented to members of the EU Parliament in Brussels as well as representatives of pharmacists', doctors' and patients' associations. This is a first step towards building networks and strengthening STADA's presence in the political sector.

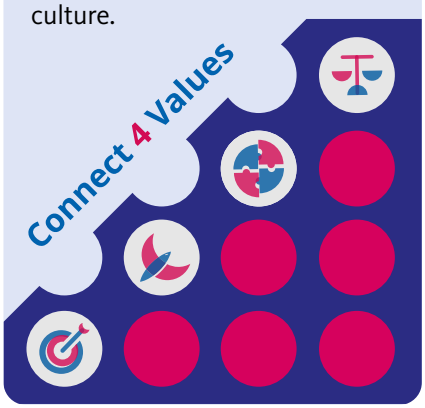
> **Only by ensuring its employees are widely informed can a company convey its messages authentically to media and anchor them with its stakeholders. That is why STADA's credo has for years been "internal first".**
>
> **Frank Staud**
> Head of Global Communications, EVP

One voice to the outside world

Regardless of whether the communication is at the Group level, one of the three product segments or a specific brand, all communication follows the principle of "One STADA". Basing each message on the Group's purpose, vision and values ensures that STADA speaks with a unified voice. For example, STADA adopted a coordinated, toolkit-based approach to communications around the consumer healthcare brands acquired from Sanofi and marketed for Sanofi in Europe. This enabled the relevant country organizations to clarify to all stakeholders how the expanded portfolio brings to life STADA's purpose of "Caring for People's Health as a Trusted Partner".

Connect4Values – living and experiencing company values

The values Integrity, Entrepreneurship, Agility and One STADA are the unifying elements of the global STADA organization. To fill them with life, STADA invited all employees worldwide to the first "Value Games" and thus promoted an exchange about the meaning and function of STADA's corporate culture.



Employee magazine "One STADA news""

Across all functions, globally and locally relevant topics for STADA's approximately 12,500 employees appear regularly four times a year in the employee newsletter "One STADA news"; in addition, 2021 again saw published editions related to special events. The Group's international subsidiaries actively contribute with content and their own local editions. Consequently, the employee newsletter is now published in twelve language versions with up to eight regional editions. In these, relevant topics from all areas of the STADA Group are communicated from a local perspective.

@OneSTADA – an intranet in five languages

The globally available intranet @OneSTADA is constantly evolving thanks to new language versions and a revised homepage. Direct integration in Microsoft Teams supports access – also via mobile devices.

Internal communication for TechOps

Communication measures and initiatives increase the visibility and transparency of the around 7,000 colleagues from the production functions across departmental and national borders.

The Growth Journey continues – 2021 in figures

+8%

Group sales 2021 (reported)
€ 3,249.5 million

+37%

EBITDA 2021 (reported)
€ 776.5 million

€ 598.2 million

Operative cash flow
77% cash conversion rate

95

Licensing deals
2021

“It counts as a major success that, despite difficult trading conditions, we were able to grow ahead of the market and are thus in a position to invest in our future.”

Wolfgang Ollig
Chief Financial Officer

>95%

Supply service level

1.1 billion

Packages supplied

-20% Safety incidents

Safety in production facilities improved

+2% total employees

12,500 employees worldwide

52%

Women in leadership positions

8 in 10 employees

Responses in global employees survey: “I am proud to work for STADA.”

STADA KEY FIGURES

Key figures for the Group, adjusted in € million	2021	2020	±
Group sales	3,249.5	3,008.2	+8%
Generics	1,326.8	1,303.7	+2%
Consumer Healthcare	1,284.0	1,119.2	+15%
Specialty	638.7	585.3	+9%
EBITDA	711.1	714.7	-1%
EBITDA margin	21.9%	23.8%	-1.9pp

Adjusted for special items[1)] and currency effects[2)]

Key figures for the Group, adjusted for special items[1)] in € million	2021	2020	±
Group sales	3,249.5	3,010.3	+8%
Generics	1,326.8	1,304.4	+2%
Consumer Healthcare	1,284.0	1,120.4	+15%
Specialty	638.7	585.5	+9%
EBITDA	717.8	688.3	+4%
EBITDA margin	22.1%	22.9%	-0.8pp

Reported key figures for the Group in € million	2021	2020	±
Group sales	3,249.5	3,010.3	+8%
Generics	1,326.8	1,304.4	+2%
Consumer Healthcare	1,284.0	1,120.4	+15%
Specialty	638.7	585.5	+9%
EBITDA	776.5	568.2	+37%
EBITDA margin	23.9%	18.9%	+5.0pp
Gross profit from sales	1,544.0	1,499.9	+3%
Gross margin	47.5%	49.8%	-2.3pp
Cash flow from operating activities	598.2	405.9	+47%
Investments	385.7	1,455.1	-73%
thereof organic	253.0	227.9	+11%
thereof acquisitions	132.7	1,227.2	-89%
Employees (average number – based on full-time emloyees)	12,497	12,301	+2%

Non-financial key figures for the Group	2021	2020	
Sustainalytics ESG Risk Rating Score[3)]	Medium Risk	High Risk	
Women in management levels	52%	52%	

1) Effects that influence the presentation of the results of operations and the resulting key figures in terms of their comparability.
2) Adjusted for distorting effects from the use of differing exchange rates in the comparative period and realized and unrealized exchange rate gains and losses.
3) Source: Sustainalytics. Score: 26.4 (December 21, 2021)/39.3 (August 1, 2020).

Commercial agility is a competitive advantage for STADA. We are already known for this in other sectors and it will also be the key to success in the area of specialty medicines.

Bryan Kim
Senior Vice President Global Specialties

By developing internal talents into empowered leaders we are building the best team in the industry.

Tatjana Jovanović
Head of HR West Balkans, Senior Director

STADA's growth culture is unleashing our internal human potential to build the bottom line by truly making the most of our efforts and insights.

Silvia Maria Margheritti
Head of Marketing, Communication, Digital & Events Italy

By bringing appealing innovation to trusted brands, we will further develop our consumer healthcare business in Germany.

Marc van Boven
Head of CHC Germany

STADA ANNUAL REPORT 2021

REPORT OF THE SUPERVISORY BOARD

Dr. Günter von Au, Chairman of the Supervisory Board of STADA Arzneimittel AG

Ladies and Gentlemen,

In the reporting year, the Supervisory Board carefully executed the duties incumbent upon it in accordance with the law and the Articles of Incorporation. It continuously monitored the management of the Company and regularly advised the Executive Board, particularly on the course of business and business policy, corporate planning including financial, investment and personnel planning, accounting and the position and strategy of the Company and the Group. The Supervisory Board was involved directly and at an early stage in all decisions of fundamental importance for the Company.

Changes in the Executive Board and Supervisory Board

Simone Berger was appointed to the STADA Executive Board with effect from April 1, 2021, making her the first woman to hold the position just as the Human Resources area has played a significant role in the successful transformation process within the STADA Group and an even greater focus is being placed on cultural change.

In financial year 2021, the Executive Board thus consisted of Peter Goldschmidt as Chief Executive Officer, Dr. Wolfgang Ollig as Chief Financial Officer, Simone Berger as Chief Human Resources Officer (since April 1, 2021) and Miguel Pagan Fernandez as Chief Technical Officer.

Supervisory Board member Jan-Nicolas Garbe resigned as a shareholder representative with effect from the end of the Extraordinary General Meeting on November 24, 2021 and left the Supervisory Board of the Company at that time. The Supervisory Board would like to thank Jan-Nicolas Garbe for his commitment on the Supervisory Board.

With effect from the end of the Extraordinary General Meeting on November 24, 2021, the Extraordinary General Meeting elected Tim Baltin as a new member of the Supervisory Board.

Proven cooperation based on a spirit of trust with the Executive Board

With the exception of specific Supervisory Board issues, the members of the Executive Board regularly participated in the meetings of the Supervisory Board in financial year 2021. It was again necessary to conduct meetings as telephone or video conferences in financial year 2021 due to the Covid-19 pandemic. However, this did not prevent either the Supervisory Board or the Executive Board from maintaining an intensive exchange, which, as in the past, also took place professionally and oriented towards the success of the Company.

2021 was a very challenging year for STADA, as it was for many other companies worldwide given the ongoing Covid-19 pandemic. As in 2020, STADA, with its roughly 12,500 employees Group-wide, continued to show a high level of resilience and performance in all business areas in the reporting year.

Central topics between the Supervisory Board and the Executive Board included the business development of the Company and the Group, the fundamental positioning of the corporate strategy, corporate planning of the Company and the Group as well as the position of the Company and the Group, but especially the net assets and financial position.

The Supervisory Board talked regularly to the Executive Board about the Group's financial and liquidity situation, considering especially the investment plans and the relevant financing in the Group, the financing structures and refinancing strategies as well as the development of the debt-to-equity ratio.

The Supervisory Board discussed cost, tax and process optimization measures with the Executive Board and also dealt with all relevant investments and acquisitions. The Executive Board also regularly informed the Supervisory Board in a timely and comprehensive manner on the risk situation, risk management, the internal control system and questions related to compliance.

In addition, the Supervisory Board and Executive Board addressed market structures, development of demand, the competitive situation, the development of prices, terms and discounts as well as the development of the market shares of the Group and relevant competitors. In addition, the Supervisory Board regularly gained an overview of the Group's product development and product portfolio.

The Supervisory Board would like to thank the members of the Executive Board, management and all of the Group's employees across the globe for their hard work and constructive collaboration in the financial year, a year that was marked by the pandemic.

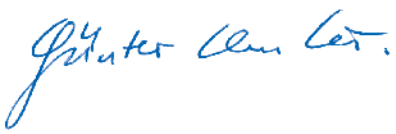
Annual and Consolidated Financial Statements, audit, Non-Financial Report

The Annual Financial Statements of STADA Arzneimittel AG and the Consolidated Financial Statements as of December 31, 2021 as well as the Combined Management Report for STADA Arzneimittel AG and the Group for financial year 2021 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and issued with an unqualified audit opinion. The Audit Committee issued the audit contract for the Supervisory Board and determined the main areas for the audit with the auditor. The auditor submitted a declaration of independence to the Supervisory Board.

On the basis of the preparation by the Audit Committee, the Supervisory Board examined the Financial Statements and the Consolidated Financial Statements prepared by the Executive Board, the Combined Management Report for STADA Arzneimittel AG and the Group on financial year 2021. It had all necessary documentation and audit reports from the auditor which were also the object of comprehensive discussions with the auditor and the Executive Board at the balance-sheet meeting. Following the final results of its own audit, the Supervisory Board did not raise any objections and approved the results of the audit of the financial statements. It approved the Annual Financial Statements and the Consolidated Financial Statements prepared by the Executive Board and audited by the auditor.

Furthermore, the Audit Committee and the Supervisory Board dealt with the Combined Separate Non-Financial Report for STADA Arzneimittel AG and the Group prepared by the Executive Board for financial year 2021. Auditing firm PricewaterhouseCoopers GmbH conducted an audit to obtain limited assurance and issued an unqualified audit opinion. The documents were carefully reviewed by the Audit Committee and Supervisory Board at its balance-sheet meetings and discussed in detail with the Executive Board and representatives of the auditor. Following their review, the Supervisory Board had no objections.

Bad Vilbel, March 21, 2022



Dr. Günter von Au
Chairman of the Supervisory Board

> **By working closely as a trusted partner, we can acquire new customers and increase our generics market share in Spain.**
>
> **Ferran Oliver**
> Head of Generics Spain, Director

> **STADA's pan-European marketing and sales expertise enables us to breathe new life into tail-end consumer healthcare brands.**
>
> **Volker Sydow**
> SVP Global CHC

> **Agility is essential in exploring the numerous growth opportunities that China offers.**
>
> **Zhou Fan**
> General Manager Greater China

> **Through entrepreneurship in launching brands such as Lunestil® we are proud that EG is now market leader for consumer healthcare as well as generics in Belgium.**
>
> **Lieve Pattyn**
> Head of Sales & Marketing Belgium, Director

COMBINED MANAGEMENT REPORT OF THE EXECUTIVE BOARD

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Business Year 2021 Overview

With 8% reported and adjusted sales growth to € 3.25 billion in financial year 2021, STADA fulfilled its vision of outperforming industry norms. In the Group's core segments, STADA grew more strongly than many of its peers, thereby capturing market share in several key markets.

This strong sales performance in financial year 2021 came in more or less equal parts from organic expansion and successful integration of acquisitions. While the ongoing pandemic affected treatment regimens and market demand, STADA showed resilience in overcoming challenges, aided by the Group's diverse portfolio across three strategic product segments: Generics, Consumer Healthcare and Specialty.

All three product segments contributed to the overall sales rise, which accelerated during the second half of last year as market demand recovered. The group's diverse product portfolio enables STADA to meet the needs of several healthcare stakeholders whilst contributing to resilience amid market turbulence.

With an expanding Specialty portfolio and pipeline that includes, among others, Parkinson's disease therapies and biosimilars, STADA ranks as the fourth-largest player by value in Europe for both Consumer Healthcare and Generics. During financial year 2021, the Group was able to strengthen this position, having outgrown both the overall market and its top-five peers in the over-the-counter segment, while closing the gap to the generics market leaders.

By growing ahead of market averages, STADA is able to generate the cash necessary to continue investing in its portfolio, pipeline and processes. For each of the three strategic segments, the Group concluded during financial year 2021 a double-digit number of business-development deals. In total, STADA signed 95 such deals last year, including 88 in-licensing agreements.

Through a series of partnerships, STADA has been steadily expanding its portfolio and pipeline of specialty pharmaceuticals that are often used to treat chronic, complex or rare conditions and have a number of unique features in terms of prescribing, administration, distribution, storage and drug monitoring. Due to their potential for differentiation through added-value features, STADA's Specialty product segment is an ideal complement to the Consumer Healthcare and Generics segments in which the Group already holds top-five market positions in Europe, as well as a growing presence in emerging markets.

Specialty sales growth of 9% to € 639 million, approximately equivalent to one fifth of Group sales, in financial year 2021 reflected in part the introduction of bevacizumab, STADA's fourth marketed biosimilar, in several countries, as well as the ongoing roll-out of a novel triple combination gel formulation of levodopa, carbidopa and entacapone for treating advanced Parkinson's disease. The Group also last year reinforced its Specialty pipeline through a partnership formed with Sweden's Calliditas Therapeutics that is aimed at developing and commercialising the first-ever approved treatment in the European Union for chronic autoimmune kidney disease IgA Nephropathy.

With sales ahead in the Consumer Healthcare segment by 15% to € 1.28 billion in financial year 2021, comprising around two-fifths of Group sales, STADA confirmed its position as a growth leader within the over-the-counter industry. Organic line extensions, international expansion and marketing initiatives were complemented by successfully integrating recent acquisitions.

Midway through last year, STADA acquired from Sanofi 16 well-established consumer healthcare brands across 13 countries. Taking over this portfolio – which included cold & flu, skincare and food supplement brands such as Silomat®, Mitosyl® and Frubiase® – fits ideally with STADA's strategy of focusing on local hero brands. STADA's vision as a go-to-partner in consumer healthcare was further enhanced by an agreement struck to use the Group's leading marketing and sales capabilities to

market Sanofi's consumer healthcare portfolio in 20 European countries. This has propelled STADA to a leading consumer healthcare position in several countries.

As Europe's fourth-largest supplier of generic medicines, STADA was in financial year 2021 able to reinforce its position with 2% Generics segment sales growth to € 1.33 billion. Within this increase, Generics sales advanced by 6% in STADA's Europe region.

Across all three strategic segments, STADA's growth was underpinned by a highly efficient and reliable supply chain that supplied approximately 1.1 billion packs of medicines across the world in 2021. The Group's ability to draw on a strong corporate growth culture and dedicated roughly 12,500-strong workforce enabled the company to keep supplying medicines when and where they were needed.

Stringent cost controls were reflected in a 37% increase in reported EBITDA. Adjusted for special items, Group EBITDA improved by 4% to € 717.8 million. Operating cashflow increased by 47% to € 598.2 million as STADA implemented diligent investment decisions and efficient cost management across the group. A successful refinancing round confirmed the confidence of financial markets in STADA's further strategic development and growth momentum.

Further external confirmation came from an improved sustainability ranking as the Group signed up to the United Nations Global Compact and unveiled a group-wide sustainability policy.

With a diverse workforce and a diversified portfolio, STADA has the basis for sustainable growth for many years to come. The 95 business-development deals that the Group concluded last year as a go-to-partner, when combined with strong organic operations, a solid financial foundation and a highly dedicated workforce, form a sound platform from which to continue STADA's growth journey and make a strong contribution to global healthcare in 2022.

Introduction

Since reporting year 2021, STADA has been reporting the three segments Generics, Consumer Healthcare and Specialty – in line with the change in the internal reporting structure. In order to reflect the growth strategy, including the increasing importance of the Specialty pharmaceuticals portfolio, the Executive Board decided to fundamentally alter the reporting structures in financial year 2021. Pursuant to the changed reporting structure, the Group is now managed according to the three segments Generics, Consumer Healthcare and Specialty. In the course of this change, the portfolio previously classified under Generics and Branded Products was compared with the current market definition, which led to a partial reclassification within the Generics and Consumer Healthcare segments and to the addition of the Specialty pharmaceuticals portfolio. In this connection, all prior-year figures from the business segment were adapted to this new segment structure.

Against the backdrop of the ongoing Covid-19 pandemic, the pharmaceutical industry continued to face major challenges in financial year 2021. As was already the case in 2020, STADA again demonstrated an unchanged level of resilience and performance in all business areas, also in financial year 2021. In view of its robust supply chain, the Group was able to maintain its extraordinarily high delivery capability during the pandemic, so that there were no noteworthy supply bottlenecks. Customers and patients were sufficiently supplied with products from STADA's highly diversified portfolio. In accordance with its purpose of "Caring for people's health as a trusted partner", the Group thus achieved its primary goal of providing patients and consumers with essential medicines and other products. To keep the infection of employees with Covid-19 to an absolute minimum, STADA continued the comprehensive measures already introduced in 2020 at its sites throughout the world in the reporting year.

Overall, development in financial year 2021 was characterized by volatility with corresponding effects on the individual quarters. The first quarter of 2021 was preceded by an exceptionally high basis for comparison, as the prior-year quarter was characterized by the onset of the Corona crisis. As a result, there were strong forward-buying effects on the part of wholesalers,

pharmacists and patients/consumers. Due to lockdowns as well as strict social distancing and hygiene regulations, demand for cough & cold medicines was very low. In addition, due to the infection situation, there were fewer patient visits to hospitals, physicians and pharmacies with lower demand for chronic disease medications as well. Despite pandemic restrictions, the second quarter of 2021 was significantly stronger also due to purchasing restraint in the area of prescription generics as well as for consumer healthcare products, especially in the self-payer markets in the previous year. The second half of 2021 was generally characterized by a further increase in demand with a correspondingly positive impact on business development, although it was not yet possible to reach the pre-crisis level of 2019 due to the pandemic restrictions still in place in some countries.

Group's Business Model

Focus of the business model on Generics, Consumer Healthcare and Specialty

STADA is an internationally-active health care Company with a focus on the three segments Generics, Consumer Healthcare and Specialty. In the reporting year, Generics had a share of approximately 41%, Consumer Healthcare approximately 40% and Specialty approximately 19% of reported Group sales.

The **Generics** segment at STADA includes so-called INN generics. These are prescription drugs sold under an international non-proprietary name. Generics are the backbone of healthcare systems worldwide, providing patients and caregivers with access to high-quality treatment options for a wide range of conditions. Compared with the often significantly more expensive original products, they represent a cost-effective alternative and thus make a significant contribution to relieving the financial burden on healthcare systems. Accordingly, this area continues to show good growth opportunities. In the reporting year, STADA launched numerous generics and was thus able to further expand its range of cost-effective generic therapy options.

In addition to the traditional generics business, the Group is increasingly expanding its consumer healthcare and specialty businesses.

At STADA, the **Consumer Healthcare** segment includes products such as OTC drugs, nutritional supplements and certain consumer healthcare products such as the disinfectant Zoflora® or the sunscreen Ladival® (without pharmaceutical status). By launching locally successful consumer healthcare products in additional markets, the Group aims to strengthen its organic growth. In addition, STADA is expanding its Consumer Healthcare portfolio through targeted acquisitions. In view of the launch of a large number of consumer healthcare products in other markets in financial year 2021 and the acquisition of established brands, the Group significantly expanded its consumer healthcare offering.

At STADA, the **Specialty** segment consists of the following three sub-segments:

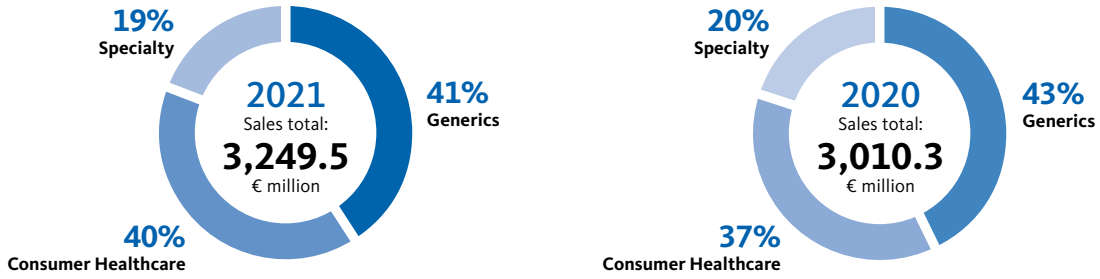
- Branded generics, i.e. prescription generics sold under a brand/fantasy name, as opposed to INN generics

- Specialty Generics in accordance with the definition from IQVIA, i.e., prescription drugs for chronic, complex or rare diseases plus six additional criteria, three of which must be met as listed below:
  - high annual costs
  - initiated and maintained by a specialist for drug therapy
  - special procedure required (refrigerated, frozen, other biohazard)
  - reimbursement assistance required
  - limited distribution
  - extensive monitoring or comprehensive patient counseling required

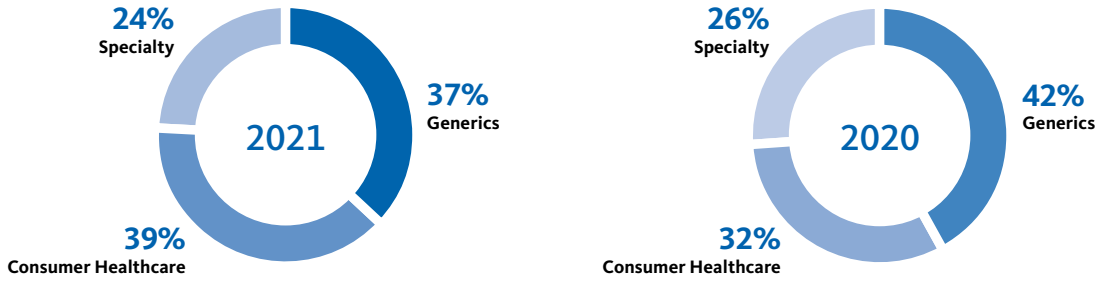
- Biosimilars

In the last two years, STADA has established a biosimilars pipeline covering a broad spectrum of therapeutic areas. In close cooperation with leading specialists, the Group is also expanding its portfolio of tailored solutions for needs not previously covered. In light of the in-licensings and cooperations carried out in the reporting year, the STADA Group was also able to further expand its portfolio in the Specialty area in 2021.

Segments Generics, Consumer Healthcare and Specialty
Share of sales (reported) in %



EBITDA shares of operative segments (reported)
in %



While the marketing of generics focuses on a competitive price and cost leadership, the marketing of consumer healthcare products focuses in particular on brand awareness and trust, in addition to product features. In this context, the Group pursues the concept of so-called “strong brands,” where brand awareness plays a significant role. In the Specialty segment, added value for patients plays a key role. Here, STADA relies on products that are hard to make and thus have a clear competitive advantage.

In light of the Covid-19 pandemic, the Group's three segments performed differently in financial year 2021. Sales of the Generics segment, adjusted for special items and currency effects, increased by 2% to € 1,326.8 million, those of the Consumer Healthcare segment rose by 15% to € 1,284.0 million and those of the Specialty segment increased by 9% to € 638.7 million. The Group is broadly diversified in the former two segments and, as a result, is extraordinarily resilient. Overall, the top 3 generic active ingredients and the top 3 consumer healthcare products accounted for less than 15% of the respective segment sales in the reporting year. STADA is continuously expanding its existing range of products in Specialty pharmaceuticals, in this segment the top 3 specialty products had a share of 35% of segment sales.

Strategic development of the business model proceeding according to plan

For the expansion of its business activities, the Group relies on both organic and inorganic growth. By strengthening the existing portfolio, the recent acquisitions supported the sustainable development that took place in the reporting year. STADA was thus able to successfully integrate the Walmark and Takeda acquisitions made in financial year 2020 as well as the acquired product portfolio of GlaxoSmithKline, with a combined value of approximately one billion euro, into its existing business activities. The results exceeded expectations. In addition, important products were launched in further new markets. These included Martians® in Vietnam, Croatia, Slovenia and Ukraine, Prostenal® in Vietnam, Croatia and Ukraine (under the local brand name Vitaprost), Sinulan® in Slovenia and Beliema® in Croatia and Portugal.

In light of the expansion of business activities in all three strategic segments – Generics, Consumer Healthcare and Specialty – in the year under review, strategic development of the business model into a leading supplier in these segments proceeded according to plan.

To make the most of its growth opportunities, the Group is focusing on the five strategic priorities of "Leading marketing and sales capabilities", "Superior growth through portfolio acceleration", "Benchmark low-cost operating model", "Highly efficient and reliable supply chain" and "Growth culture" as part of its three segments.

Operative positioning

The Group's operational positioning is based on a primary sales and earnings responsibility for the Generics, Consumer Healthcare and Specialty segments by means of regional units to be able to react to country-specific market conditions. This positioning is supported by central Group functions such as product development, procurement, purchasing, production, quality management, finance, risk management, human resources (HR), legal, compliance and corporate governance.

Management and Control

The Executive Board of STADA Arzneimittel AG runs the businesses in accordance with the legal requirements, the Articles of Incorporation and the rules of procedure for the Executive Board. It is supported in this by an extended management team – with corporate management lying with the Executive Board.

The Executive Board is appointed and dismissed by the Supervisory Board in accordance with legal regulations. The STADA Supervisory Board is composed in accordance with the German One-Third-Participation Act (Drittelbeteiligungsgesetz) and consists of nine members, including six members who are shareholder representatives and three members who are employee representatives. The Supervisory Board monitors and advises the Executive Board in the management of the business.

On March 20, 2018, a domination and profit and loss transfer agreement between STADA Arzneimittel AG and Nidda Healthcare GmbH was entered into the commercial register at the district court in Frankfurt am Main which grants Nidda Healthcare GmbH the right to issue instructions to the Executive Board of STADA Arzneimittel AG with regard to the management of the Company. STADA, however, is a legally independent entity with the previously described bodies. The STADA Executive Board is also responsible for the management and representation of the Company. Insofar as no instructions are issued, the Executive Board of STADA can and must manage the Company on its own responsibility.

Product Development

Strategic orientation of development activities

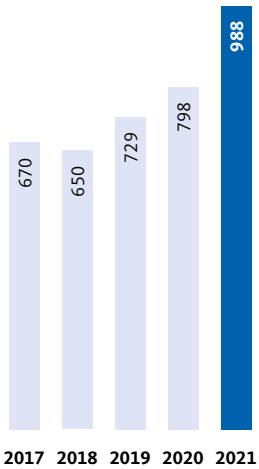
One focus of the STADA's development activities is the field of generics, where so-called specialty pharmaceuticals are also developed and have also been disclosed as a separate segment since financial year 2021. These are generics which are particularly complex due to their technology or application form and the development of which is accordingly more expensive. In the reporting year, STADA launched Cabazitaxel and Fulvestrant and was thus able to further expand its range of cost-effective generic therapy options for oncologists and their patients.

Another focus is on the consumer healthcare due to its growth potential. These include, in particular, non-prescription drugs, dietary supplements and cosmetics. Examples of consumer healthcare development and launches in financial year 2021 include SNUPPIK® and KAMISTAD®.

Strong competence in development and regulatory

In financial year 2021, the Group again demonstrated its strength in development and regulatory with the introduction of 988 individual products worldwide (previous year: 798). As of December 31, 2021, STADA had a well-stocked product pipeline with more than 1,900 approval procedures for over 160 active pharmaceutical ingredients and combinations in more than 55 countries. These include all relevant generics as well as numerous consumer healthcare products and specialties. In the reporting year, there were over 1,300 marketing authorization applications and more than 700 new marketing authorizations.

5-year development: Number of product launches



Ongoing expansion of the biosimilar portfolio

With a view to the growth opportunities in the area of biosimilars, the Group is continuously driving the expansion of its biosimilar portfolio. This includes the expansion of internal development expertise that is aimed at leveraging these growth opportunities. STADA is currently on the market with four biosimilars. These are SILAPO®, an erythropoietin biosimilar, Cegfila®, a pegfigrastim biosimilar, and Movymia®, a teriparatide biosimilar, and Oyavas®, a bevacizumab biosimilar. In addition, STADA has licensed further biosimilars that are currently in the development phase. As part of these efforts, there is a collaboration in place between STADA and Xbrane Biopharma AB, a Swedish biosimilar company, for the joint development of a ranibizumab biosimilar, for which the regulatory application was submitted in the EU in the third quarter of 2021. Submission of the regulatory application to the American Food and Drug Administration (FDA) is planned for the first half of 2022. Furthermore, in the cooperation with Xbrane, there is also an option for further biosimilars. There is also an exclusive strategic partnership with Alvotech ehf, an international biopharmaceutical company, and STADA for the marketing of seven

biosimilars in all European core markets and selected markets outside of Europe. This initially includes biosimilar candidates for the treatment of autoimmune diseases, cancer and inflammatory diseases as well as in the area of ophthalmology for patients throughout the world. As an initial milestone from this collaboration, a European approval for an adalimumab biosimilar was granted in the fourth quarter of 2021.

Numerous cooperations and in-licensings for the further expansion of the product portfolio

In addition to acquisitions, STADA relies on targeted cooperations and in-licensings to further expand the existing product portfolio.

In financial year 2021, STADA launched Lecigon®, a new triple combination product for the treatment of advanced Parkinson's disease and strengthened its fast-growing area of specialty pharmaceuticals with this new therapy option.

The Group also launched the aforementioned bevacizumab biosimilar Oyavas® in a number markets, thus further expanding its portfolio of specialty therapeutics in oncology.

Furthermore, STADA and its development partner Xbrane Biopharma submitted the aforementioned application for market approval to the European Medicines Agency (EMA) for their biosimilar candidate Ranibizumab.

Moreover, STADA and Calliditas Therapeutics AB announced that they had entered into a license agreement for the registration and marketing of a novel specialty pharmaceutical candidate for the treatment of the chronic autoimmune kidney disease immunoglobulin A nephropathy (IgAN) in the member states of the European Economic Area (EEA), Switzerland and the United Kingdom.

In addition, the Group was able to complete 88 in-licensing deals in financial year 2021 for future product launches.

Increasing expansion of the Consumer Healthcare segment and internationalization of successful brands

In the Consumer Healthcare segment, the Group's focus is on both the expansion of existing product lines as well as the internationalization of successful brands. Examples of the expansion of existing product lines in the year under review include Multilind DermaCare Protect® in Germany and Martians Summer Gummies® in the Czech Republic. As part of the internationalization of successful branded products, the Group is launching selected products in other markets that to date have been successful especially at a regional level. In 2021, these included the introduction of Martians® in Vietnam, Croatia, Slovenia and Ukraine, Prostenal® in Vietnam, Croatia and Ukraine (under the local brand name Vitaprost®), Sinulan® in Slovenia and Beliema® in Croatia and Portugal. In addition, Zoflora® was further internationalized. Numerous products from the Walmark portfolio acquired in 2020 were also launched in further markets in Europe, Asia and the MENA region during the reporting year.

Procurement and Production

Central needs planning and numerous international production sites

The Group has three supply-chain hubs managed through STADA Arzneimittel AG, in Bad Vilbel (Germany), Vršac (Serbia), and Moscow (Russia), where centralized needs planning takes place for selected products in the Group.

Overall, there were 20 production sites in the Group in the reporting year, with large sites in Serbia, Russia, Vietnam and the United Kingdom. Because a large part of the Group-wide production volume is manufactured in low-wage countries, STADA can benefit from structural cost advantages. The Group also achieves lower unit costs as a result of higher capacity utilization.

Ongoing investments

STADA continually invests in the Group's own production facilities and test laboratories. Investments in the expansion and modernization of production sites and testing labs amounted to € 65.7 million in financial year 2021 (previous year: € 42.5 million).

Sales and Marketing

International Group structure with national-level sales companies

The STADA Group has an international sales structure made up of nationally focused sales companies. In accordance with the operational positioning, the subsidiaries that are active in sales are organized centrally, but they have a strong market proximity. STADA sells its products, including the export share, in approximately 120 countries.

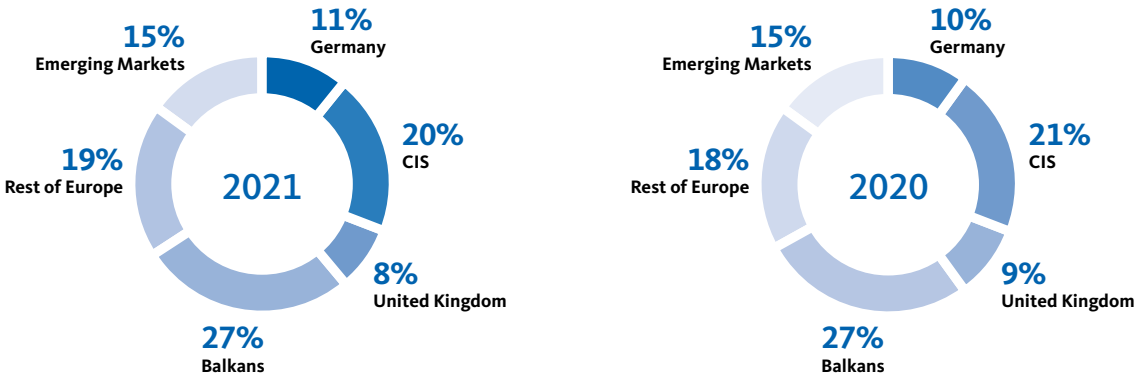
Employees

One STADA – international cooperation within one Group

At STADA, personnel policy is managed centrally by the Global Human Resources (HR) department at Group headquarters. Within this framework, the global functional areas "Talent Management", "People Analytics" and "Compensation & Benefits" define the standards, guidelines and processes implemented by the Group-wide companies and supplemented with a view to market-specific conditions. Furthermore, given the strong centrally managed international HR structure, there are also functional reporting lines from all local HR managers to the global HR management, as well as a global HR management team with local representatives from the largest market regions.

Development in the number of employees

Annual average regional distribution of Group employees
in %



The average number of employees in the STADA Group increased by 2% to 12,497 in financial year 2021 (previous year: 12,301). The increase was primarily due to a volume-driven expansion in the production area as well as the development of the cannabis and Lecigon® business. There was also a slight increase due to restructuring measures in Marketing & Sales in Russia/CIS and Eastern Europe. Notwithstanding a further internationalization of the "One STADA" team, the average number of employees in Germany increased by 6% in the reporting year. As of the balance sheet date, the number of employees increased by 2% to 12,520 (previous year: 12,310). The increase was attributable in particular to the reasons described above for the rise in the average number of employees.

The proportion of women employed in management positions at the Group in 2021 amounted to approximately 52% (previous year: approximately 52%).

Annual average development in the number of employees

Declaration in accordance with Section 289f (4) of the German Commercial Code (HGB)

At the beginning of the 2019 financial year, the Executive Board set a target for the proportion of women in the first management level at STADA Arzneimittel AG of at least 16.7% and at least 38.2% in the second management level pursuant to Section 76 (4) of the German Stock Corporation Act (AktG) with a deadline for implementation of December 31, 2023.

In December 2017, the Supervisory Board set the target for the proportion of women on the Supervisory Board at at least one woman in accordance with Section 111 (5) AktG, with a deadline for implementation of December 31, 2022. The Supervisory Board resolved to maintain the status quo of 0% for the proportion of women on the Executive Board until December 31, 2022. This notwithstanding, Simone Berger, Head of Global Human Resources, was appointed to STADA's Executive Board in the second quarter of 2021, making her the first woman to hold such a position at STADA.

Objectives and Strategies

Sustainable profitable growth and long-term value enhancement along the three strategic segments and five strategic priorities

The STADA business model essentially aims to achieve sustained profitable growth and enhance Company value over the long term (see "Fundamental Information about the Group – Internal Management System").

To achieve this, the Group is relying on the three strategic segments of Generics, Consumer Healthcare and Specialty, which are increasingly being expanded through organic growth, suitable acquisitions and global strategic partnerships in the areas of development and production.

In addition to the three strategic segments, STADA focuses on the five strategic priorities "Leading marketing and sales platform", "Superior growth through portfolio acceleration", "Benchmark low-cost operating model", "Highly efficient and reliable supply chain" as well as "Growth culture" with which the Group consistently continues to drive its growth course.

Strategic Priorities

Leading marketing & sales capabilities | **Superior growth through portfolio acceleration** | **Benchmark low-cost operating model** | **Highly efficient and reliable supply chain** | **Growth culture**

Leading marketing and sales capabilities: In Europe and selected global markets, STADA has a leading commercialization platform for the healthcare sector. This geographic presence is continuously strengthened by acquiring strong regional brands and integrating them successfully. Recent major acquisitions such as the branded product portfolios of GSK, Sanofi and Takeda, in particular, or nutritional supplements specialist Walmark show how successful the Group is when it comes to mergers and acquisitions. The active acquisition policy enables STADA to achieve geographic growth also outside of Europe and Russia. In Asia, the Group has been represented mainly in Vietnam, Thailand, the Philippines, China and the Middle East to date. Given the principle of increasing growth especially in already developed and profitable markets, STADA remains focused on these markets, but is at the same time open to new growth opportunities. China and the USA, for example, represent promising markets for the future. In the North American market, STADA strengthened its activities in the reporting year with the acquisition of the nutritional supplement specialist Friska, among other things. In both China and the USA, the greatest growth opportunities can be found in the area of acquisitions and e-commerce.

Superior growth through portfolio acceleration: In the generics business, STADA offers an extensive product range and a high degree of supply security. While consolidating its leading position in this area, the Group is also targeting new growth in the Consumer Healthcare segment. The Specialty area has also come increasingly into focus in recent years and has been reported as a separate segment from financial year 2021. In the last two years, STADA has established a robust biosimilars pipeline covering a broad spectrum of therapeutic areas. In close cooperation with leading specialists, the Group is also expanding its portfolio of tailored solutions for needs not previously covered. Lecigon®, for the treatment of advanced Parkinson's disease, is one example in this regard. STADA is also collaborating with Calliditas Therapeutics on the development of a specialty pharmaceutical for IgA nephritis.

Optimization of the benchmark low-cost operating model: The issue of cost efficiency is also key to successful long-term development. Particularly in light of its extensive product range, the Group is taking full advantage of the benefits of potentially groundbreaking digitalization and analytics technologies. Additional cost-saving opportunities arise from the strategic deployment of highly-qualified employees and the optimization of central operating processes, procurement as well as supply chain and support functions.

Highly efficient and reliable supply chain: Thanks to a strict compliance system, STADA reliably delivers high-quality products. In 2021, it was possible to secure a delivery readiness of more than 95%. To ensure the greatest possible supply security, the Group procures its active pharmaceutical ingredients from a number of suppliers, thus exhibiting a high degree of flexibility. Furthermore, in line with its integrated business planning approach, STADA has a broadly-positioned and flexible internal production.

Growth culture: STADA has set the goal of building the best team in the industry. The key to success here lies in the firmly anchored corporate values of "Integrity", "Entrepreneurship", "Agility" and "One STADA". Employees are also encouraged to contribute and drive the Group's growth. The corporate culture is also shaped by entrepreneurial thinking and a high level of commitment. To further strengthen its entrepreneurial growth strategy, the Group continued the "STADA+" initiative in financial year 2021. Here, every employee has the opportunity to be an entrepreneur and submit a business case that they have developed themselves. In the reporting year, 100 "STADA+" initiatives with incremental sales of more than € 400 million and incremental EBITDA of more than € 150 million until 2023/2024 were implemented. In order to be a reliable partner for people's health, STADA considers it important to take advantage of diversity. For this reason, the Group provides a working environment that allows employees to embrace their uniqueness. It is heterogeneous teams and complementary personalities that allow STADA to understand various markets and continuously challenge the status quo to achieve better customer-focused solutions.

Overall, the three strategic segments and the five strategic priorities are intended to ensure STADA will continue to have a competitive product portfolio in the future – a portfolio that generates sustainable growth.

Internal Management System

The operating performance indicators of the business sectors in financial year 2021 were **adjusted Group sales** and **adjusted EBITDA**, both adjusted for special items and currency effects. Management of the change of adjusted Group sales and adjusted EBITDA occurred at the segment level. In principle, the adjustments are intended to achieve a better comparison of financial years.

In order to ensure the Company's sustained success, the relative change in **Group sales adjusted for special items and currency effects** played an important role as a performance indicator in reporting year. Using the **EBITDA adjusted for special items and currency effects** indicator, STADA measures its operational performance and the results of the individual segments, adjusted for impacts from special items and currency effects that distort year-on-year comparisons. This includes earnings from associates and income from investments.

At the STADA Group, the financial performance indicators that are used for control purposes, i.e. for Group sales adjusted for special items and currency effects and EBITDA adjusted for special items and currency effects were 2021 as follows in the STADA Group:

Financial performance indicator		Determination based on the consolidated income statement and the consolidated balance sheet in accordance with IFRS
Change in Group sales adjusted for currency and portfolio effects		**Group sales**
	±	Special items[1]
	±	Currency effects[2]
	=	**Group sales adjusted for special items and currency effects**
EBITDA adjusted for special items and currency effects		**Earnings before interest and taxes (EBIT)**
	±	Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets
	=	**Earnings before interest, taxes, depreciation and amortization (EBITDA)**
	±	Special items within operating profit excluding special items that relate to impairments and write-ups of fixed assets
	±	Currency effects[3]
	=	**Earnings adjusted for special items and currency effects before interest, taxes, depreciation and amortization**

Disclosures pursuant to Section 315b HGB

Pursuant to Section 315b (1) of the German Commercial Code (HGB), STADA Arzneimittel AG is obligated to provide Group reporting on non-financial matters. In fulfillment of this obligation, STADA Arzneimittel AG prepares a combined separate non-financial report in accordance with Section 289b HGB in conjunction with Section 315b (3) HGB.

1) The deduction of such effects which have an impact on the presentation of STADA's earnings situation and the derived key figures aims at improving the comparability of key figures with previous years. To achieve this, STADA uses adjusted key figures, which, as so-called pro forma figures, are not governed by the accounting requirements in accordance with IFRS. Since other companies may not calculate the pro-forma figures presented by STADA in the same way, STADA's pro-forma figures are comparable only to a limited extent with similarly designated disclosures by other companies.

2) Adjustment for currency effects is shown exclusively as an adjustment of the previous year. The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year.

3) The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year. In addition, the realized and unrealized exchange rate effects within operating profit were adjusted in both the reporting period and the corresponding prior-year period.

ECONOMIC REPORT

Macroeconomic and Sector-Specific Environment

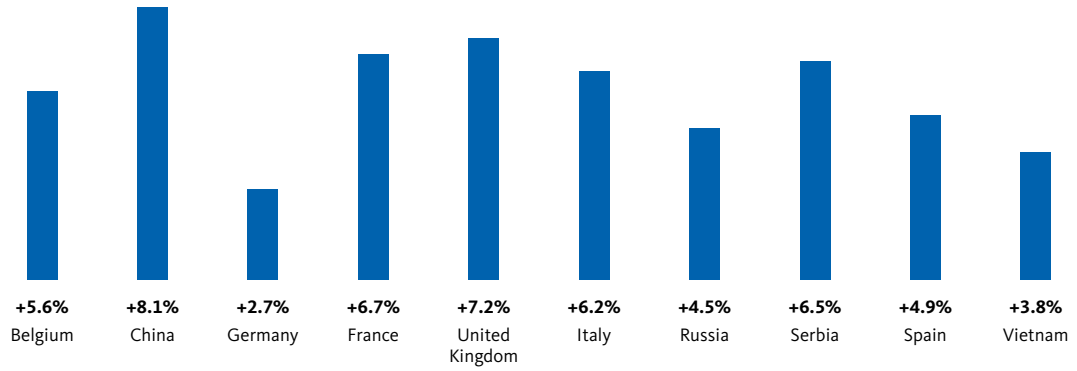
Macroeconomic development

According to the International Monetary Fund (IMF), the global economy grew significantly in 2021. While the growth rate for international gross domestic product was still negative at 3.1% in 2020, there was an increase of 5.9% in 2021.[1)] According to the IMF, the growth accelerator was access to Corona vaccines. The global economy recovered from the Corona crisis, but 2021 was characterized by significantly rising inflation rates, in particular as a result of global supply bottlenecks and higher energy costs.

STADA is active in markets whose growth rates in gross domestic product in 2021 developed in line with the global economy. Overall, the Group achieved an increase in Group sales adjusted for special items in a challenging environment (see "Economic Report – General Statements of the Executive Board on the Course of Business in 2021").

The following chart shows economic development in selected countries.

Growth rates for gross domestic product 2021[1)] in %



Sector-specific development

In financial year 2021, sales in the international generics market increased by approximately 4.0% to approximately € 245.3 billion compared to the previous year.[2)] Generics thus had a share of approximately 19.7% of the global pharmaceutical market.[2)]

Sales of the global OTC market in 2021 increased by approximately 3.9% to approximately € 74.7 billion.[2)] The share of OTC products in the international pharmaceutical market was thus approximately 6.0%.[2)]

Effects of the macroeconomic and sector-specific environment

Because STADA is active in the healthcare market and therefore operates in a sector relatively unaffected by cyclical factors, the Group's business development is generally less dependent on worldwide economic influences than it is on the regulatory

1) Source: International Monetary Fund: World Economic Outlook October 2021/January 2022.
2) IQVIA Syndicated Analytics Service; prepared for STADA February 2022.

environment in each respective health care system. In financial year 2021, there were no significant changes in the regulatory environment relating to health care in the countries in which STADA operates that would have had a substantive impact on Group performance.

Generally, there is a greater impact on STADA from economic factors in those countries that belong to so-called self-payer markets, because demand there also depends on the purchasing power of the population. This was particularly noticeable during the Covid-19 pandemic.

The Group considers the British pound, the Russian ruble, and the Serbian dinar as key national currencies with respect to the currency translation of sales and earnings in relation to the Group currency euro. In addition, the Kazakh tenge, the Swiss franc, the Ukrainian hryvnia and the Vietnamese dong are also of importance. The currency relations in other countries of relevance to STADA only have a minor impact in this regard. In the reporting year, the increase in the value of the Russian ruble in relationship to the euro had a positive impact on earnings.

Course of Business and Net Assets, Financial Position and Results of Operations

Development of 2021 Compared to Outlook

In the Report on Expected Developments from the Annual Report 2020, the Executive Board anticipated further growth in financial year 2021 that outpaced the market. Group sales and EBITDA, each adjusted for special items and currency effects, should increase slightly.

With the development achieved in 2021, Group sales were slightly above the forecast provided in the Annual Report 2020 and adjusted EBITDA was slightly below the forecast.

Development of Financial Performance Indicators

Financial performance indicators for the STADA Group

The development of financial performance indicators for the STADA Group in the reporting year was as follows:

Financial performance indicators in € million	2021	2020	±
Group sales adjusted for special items and currency effects	**3,249.5**	**3,008.2**	**+8%**
Generics	1,326.8	1,303.7	+2%
Consumer Healthcare	1,284.0	1,119.2	+15%
Specialty	638.7	585.3	+9%
EBITDA adjusted for special items and currency effects	**711.1**	**714.7**	**-1%**
Generics	311.5	343.7	-9%
Consumer Healthcare	322.0	266.8	+21%
Specialty	200.1	232.4	-14%

Detailed information on the development of financial performance indicators for STADA can be found in the following notes on earnings performance.

Results of Operations – Sales Development of the Group

Increase in reported and adjusted Group sales

Reported Group sales increased by 8% to € 3,249.5 million in financial year 2021 (previous year: € 3,010.3 million). **Group sales adjusted for special items and currency effects** also increased by 8% to € 3,249.5 million in financial year 2021 (previous year: € 3,008.2 million). This development was due in particular to sales increases in the European Generics segment, in the European and Russian Consumer Healthcare segment, in the European, Russian and German Specialty segment as well as the acquisitions made.

Applying the exchange rates for financial year 2021 compared to those for financial year 2020 for the translation of local sales contributions into the Group currency euro, STADA showed a negative **currency effect** in the amount of € 2.1 million or an adjustment of previous year's sales by -0.1 percentage points. Currency developments thus had only a marginal impact on the operating business.

In 2021, the development of national currencies of greatest relevance to STADA – the British pound, Russian ruble and Serbian dinar – relative to the Group currency euro was as follows compared to the previous year:

5-year development: Group sales (reported)
in € million

Significant currency relations in the national currency to 1 euro	Closing rate Dec. 31 in local currency			Average rate for the reporting period		
	2021	2020	±%	2021	2020	±%
Pound sterling	0.8403	0.8990	+7%	0.8600	0.8892	+3%
Russian ruble	85.3004	91.4671	+7%	87.2321	82.6454	-6%
Serbian dinar	117.5821	117.5802	0%	117.5735	117.5776	0%

In terms of percentage changes compared with the previous year, a depreciation of the respective national currency is shown in the table with a minus sign, while an appreciation is shown with a plus sign.

The British pound and the Russian ruble thus appreciated as of the reporting date December 31, 2021.

Since the currency relations in other countries of primary importance to STADA had only a limited impact on the translation of sales and earnings from the local currencies into the Group currency, euro they are not presented in this report.

Results of Operations – Earnings Development of the Group

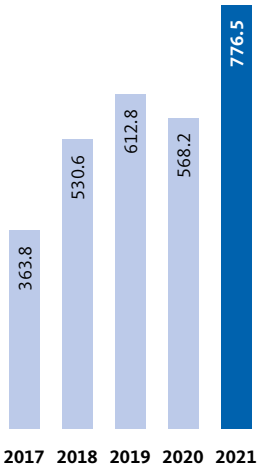
Sound development of earnings figures with significant increase in reported EBITDA

Despite a challenging environment, the STADA Group showed sound development of earnings figures in financial year 2021 with a significant increase in reported EBITDA.

Reported operating profit increased in the reporting year by 41% to € 455.0 million (previous year: € 322.8 million). **Operating profit adjusted for special items and currency effects** decreased by 1% to € 593.1 million (previous year: € 596.6 million). The sharp increase in reported operating profit was due in particular to substantial special items in the previous year. These were mainly exchange rate expenses related to a loan granted for the acquisition of the Takeda portfolio, expenses for provisions for damages and effects from the deconsolidation.

Reported EBITDA showed an increase of 37% to € 776.5 million (previous year: € 568.2 million). **EBITDA adjusted for special items and currency effects** showed a decrease of 1% to € 711.1 million (previous year: € 714.7 million). The respective developments resulted in particular from the reasons already described for reported operating profit and adjusted operating profit.

5-year development: EBITDA (reported)
in € million



Effect of special items on earnings

In **financial year 2021**, the Group recorded a burden on earnings of € 161.9 million before taxes due to **special items**. The overview below shows the reconciliation of the reported financial performance indicators and other significant earnings figures of the STADA Group to those adjusted for special items as well as currency effects:

in € million[1]	2021 reported	Impairments/ write-ups on non-current assets	Effects from purchase price allocations and product acquisitions[2]	Exchange rate expenses[3]	Provisions for damages	2021 adjusted for special items	Currency effects	2021 adjusted for special items and currency effects
Operating profit	**455.0**	**89.3**	**85.5**	**-14.4**	**-15.6**	**599.8**	**-6.7**	**593.1**
Result from investments measured at equity	0.3	—	—	—	—	0.3	—	0.3
Investment income	0.0	—	—	—	—	0.0	—	0.0
Earnings before interest and taxes (EBIT)	**455.3**	**89.3**	**85.5**	**-14.4**	**-15.6**	**600.0**	**-6.7**	**593.3**
Financial income and expenses	-122.9	—	17.1	—	—	-105.8	—	-105.8
Earnings before taxes (EBT)	**332.4**	**89.3**	**102.6**	**-14.4**	**-15.6**	**494.3**	**-6.7**	**487.6**
Earnings before interest and taxes (EBIT)	**455.3**	**89.3**	**85.5**	**-14.4**	**-15.6**	**600.0**	**-6.7**	**593.3**
Balance from depreciation/ amortization and impairments/ write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	321.3	-89.3	-114.3	—	—	117.7	—	117.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**776.5**	**0.0**	**-28.8**	**-14.4**	**-15.6**	**717.8**	**-6.7**	**711.1**

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) In the past, the additional depreciation, amortization and other valuation effects adjusted as special items due to purchase price allocations and significant product acquisitions were adjusted in relation to the base year 2013. In 2020, a change was made to the effect that all additional depreciation, amortization and valuation effects with an impact on the financial year are adjusted, which is why the corresponding comparative figures for the previous year were also adjusted. This applies to all adjusted key figures for financial years 2021 and 2020 in this Annual Report.
3) Exchange rate expenses in connection with a loan for the acquisition of the Takeda product portfolio.

In **financial year 2020**, **special items** added up to a burden on earnings of € 247.3 million before taxes. The overview below shows the reconciliation of the reported financial performance indicators and other significant earnings figures of the STADA Group to those adjusted for special items and currency effects:

in € million[1)]	2020 reported	Impairments/ write-ups on non-current assets	Effects from purchase price allocations and product acquisitions[2)]	Effects from deconsolidation[3)]	Exchange rate expenses[4)]	Provisions for damages/ other	2020 adjusted for special items	Currency effects	2020 adjusted for special items and currency effects
Operating profit	**322.8**	**33.7**	**97.0**	**13.4**	**54.1**	**49.0**	**570.0**	**26.5**	**596.5**
Result from investments measured at equity	0.1	—	—	—	—	—	0.1	—	0.1
Investment income	0.0	—	—	—	—	—	0.0	—	0.0
Earnings before interest and taxes (EBIT)	**322.9**	**33.7**	**97.0**	**13.4**	**54.1**	**49.0**	**570.1**	**26.5**	**596.6**
Financial income and expenses	-102.4	—	—	—	—	—	-102.4	—	-102.4
Earnings before taxes (EBT)	**220.5**	**33.7**	**97.0**	**13.4**	**54.1**	**49.0**	**467.7**	**26.5**	**494.2**
Earnings before interest and taxes (EBIT)	**322.9**	**33.7**	**97.0**	**13.4**	**54.1**	**49.0**	**570.1**	**26.5**	**596.6**
Balance from depreciation/ amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	245.2	-33.7	-93.3	0.0	0.0	0.0	118.2	-0.2	118.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**568.2**	**0.0**	**3.6**	**13.4**	**54.1**	**49.0**	**688.3**	**26.4**	**714.7**

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) In the past, the additional depreciation, amortization and other valuation effects adjusted as special items due to purchase price allocations and significant product acquisitions were adjusted in relation to the base year 2013. In 2020, a change was made to the effect that all additional depreciation, amortization and valuation effects with an impact on the financial year are adjusted, which is why the corresponding comparative figures for the previous year were also adjusted. This applies to all adjusted key figures for financial years 2021 and 2020 in this Annual Report.
3) Effects from the deconsolidation of the British Slam companies and the Argentinian Laboratorio Vannier due to their sale.
4) Exchange rate expenses in connection with a loan for the acquisition of the Takeda product portfolio.

The following tables show further key earnings figures of the STADA Group and the resulting margins, on both a reported and adjusted basis for 2021 and for the previous year.

Development of the STADA Group's key earnings figures (adjusted for special items[1)] and currency effects[2)])

in € million	2021	2020	±
Operating profit	593.1	596.6	-1%
Generics	278.3	312.5	-11%
Consumer Healthcare	283.8	231.3	+23%
Specialty	177.2	212.1	-16%
Operating profit margin[3)]	18.3%	19.8%	
Generics	21.0%	24.0%	
Consumer Healthcare	22.1%	20.7%	
Specialty	27.7%	36.2%	
EBITDA	711.1	714.7	-1%
Generics	311.5	343.7	-9%
Consumer Healthcare	322.0	266.8	+21%
Specialty	200.1	232.4	-14%
EBITDA margin[3)]	21.9%	23.8%	
Generics	23.5%	26.4%	
Consumer Healthcare	25.1%	23.8%	
Specialty	31.3%	39.7%	

Development of the STADA Group's earnings figures (reported)

in € million	2021	2020	±
Operating profit	455.0	322.8	+41%
Generics	263.0	295.7	-11%
Consumer Healthcare	191.2	147.9	+29%
Specialty	96.9	141.6	-32%
Operating profit margin[4)]	14.0%	10.7%	
Generics	19.8%	22.7%	
Consumer Healthcare	14.9%	13.2%	
Specialty	15.2%	24.2%	
EBITDA	776.5	568.2	+37%
Generics	311.5	339.1	-8%
Consumer Healthcare	330.8	251.2	+32%
Specialty	206.7	207.6	-0%
EBITDA margin[4)]	23.9%	18.9%	
Generics	23.5%	26.0%	
Consumer Healthcare	25.8%	22.4%	
Specialty	32.4%	35.5%	

1) The elimination of effects which have an impact on the presentation of STADA's results of operations and the derived key figures improves the comparability of key figures from previous years. To achieve this, STADA uses adjusted key figures which, as so-called pro-forma figures, are not governed by the accounting requirements in accordance with IFRS. Since other companies may not calculate the pro-forma figures presented by STADA in the same way, STADA's pro-forma figures are comparable only to a limited extent with similarly designated disclosures by other companies.

2) Adjustments for currency effects are shown exclusively as an adjustment of the corresponding prior-year period. The currency adjustment for the previous year was carried out using the exchange rates for the reporting period. In addition, the earnings figures are adjusted for realized and unrealized exchange rate effects in both the reporting period and the corresponding prior-year period.
3) Based on relevant Group sales adjusted for special items and currency effects.
4) Based on relevant reported Group sales.

Income statement and cost development

Cost of sales increased to € 1,705.4 million in the reporting period (previous year: € 1,510.5 million). This development was primarily based on increased sales, higher depreciation and amortization due to purchase price allocations as well as a changed product mix in the Generics segment and a changed product and country mix in the Specialty segment. The **cost of sales ratio** decreased to 52.5% (previous year: 50.2%)

Gross profit recorded an increase to € 1,544.0 million (previous year: € 1,499.9 million). The gross margin fell to 47.5% (previous year: 49.8%) – in particular due to higher depreciation and amortization from purchase price allocations as a result of the investments made in the course of 2020 as well as 2021, price erosion in the Generics and Specialty segments, a changed product mix in the Generics segment as well as a changed product and country mix in the Specialty segment.

Selling expenses increased to € 718.6 million (previous year: € 651.1 million), which was disproportionate to the increase in sales and was mainly based on higher marketing and selling expenses in the Specialty segment to support the acquisitions, in particular Lecigon®, as well as new product launches. The selling expense ratio was 22.1% (previous year: 21.6%).

General and administrative expenses decreased to € 222.3 million (previous year: € 231.1 million). The decrease resulted, among other things, from lower transformation and travel expenses.

Research and development expenses were € 86.5 million (previous year: € 84.9 million). The sales-related ratio of research and development expenses was 2.7% (previous year: 2.8%).

The development costs reported by STADA include development expenses that cannot be capitalized, comprising in particular costs for regulatory requirements and the optimization of existing products. This cost item does not include payments for the development of new products, because these are usually capitalized by STADA. In financial year 2021, development expenses in the amount of € 27.0 million were capitalized for new products (previous year: € 18.4 million). This corresponds to a capitalization rate of 23.8% (previous year: 17.8%). This amount does not include capitalized borrowing costs and the capitalization of software totaling € 5.6 million (previous year: € 4.7 million).

Other income showed an increase to € 74.1 million (previous year: € 28.8 million). The development was mainly attributable to net foreign exchange gains (previous year: net foreign exchange losses). In addition, other income totaling € 32.2 million was recorded in the reporting year, resulting from the remeasurement of earnout liabilities in connection with the acquisition of the Swedish company Lobsor Pharmaceuticals and the acquisition of additional shares in the Vietnamese company Pymepharco in the previous year.

Other expenses dropped to € 135.7 million (previous year: € 238.7 million). The relatively high other expenses in the prior year were due in particular to net foreign exchange expenses, significant expenses in connection with legal disputes and expenses from deconsolidations.

Financial income amounted to € 1.7 million (previous year: € 1.9 million) and resulted primarily interest income from credit balances as well as interest income from tax rebates.

Financial expenses showed an increase to € 124.6 million (previous year: € 104.3 million), in particular due to increased financial liabilities from acquisition activity carried out in 2020.

The **financial result**, which is composed primarily of financial income and financial expenses, amounted to € -122.6 million (previous year: € -102.3 million). The largest operative-related individual item in this regard was the interest expense in the amount of € 124.6 million (previous year: € 104.3 million).

In the reporting year, STADA Arzneimittel AG was financed at interest rates between 1.37% p.a. and 3.50% p.a. (previous year: 1.01% p.a. and 3.50% p.a.). In addition, the Group financed itself at interest rates of between 0.83% p.a. and 10.19% p.a. (previous year: 0.85% p.a. and 10.19% p.a.). As of December 31, 2021, the weighted average interest rate for non-current financial liabilities was approximately 4.10% p.a. (December 31, 2020: approximately 3.84% p.a.). As of the reporting date, the average weighted interest rate for current financial liabilities amounted to approximately 2.01% p.a. (December 31, 2020: 4.27% p.a.). The average weighted interest rate as of December 31, 2021 for all Group financial liabilities amounted to approximately 3.87% p.a. (December 31, 2020: approximately 3.87% p.a.).

Expenses from **income taxes** showed an increase to € 68.6 million in the reporting year (previous year: € 38.6 million). The reported tax rate was 20.6% (previous year: 17.5%). The tax rate adjusted for was 16.6% (previous year: 14.8%).

Results of Operations – Sales and Earnings Development of the Generics Segment

Reported sales for the **Generics** segment increased by 2% to € 1,326.8 million in financial year 2021 (previous year: € 1,304.4 million). **Sales adjusted for special items and currency effects** for the **Generics** segment also increased by 2% to € 1,326.8 million (previous year: € 1,303.7 million). The respective developments were based in particular on sales increases in Europe. Generics contributed 41% to Group sales (previous year: 43%).

Within the Generics segment, Europe, Germany and CIS were the most significant in terms of sales in the reporting year.

In **Europe**, sales generated with generics rose by 6% to € 940.2 million (previous year: € 884.4 million). The main growth drivers were sales increases in Italy – mainly in the area of cardiovascular medication, and France – due to market share gains in various product categories.

In **Germany**, sales of generics fell by 10% to € 253.4 million (previous year: € 281.4 million). This development was mainly based on lower market demand and increased price pressure in the Generics segment.

In **CIS**, currency-adjusted sales generated with generics increased by 1%. In light of the depreciation of the ruble, sales in euro increased to by 2% to € 42.1 million (previous year: € 43.1 million).

In the reporting year, STADA generated sales amounting to € 95.5 million with products that contain the Group's top three active pharmaceutical ingredients in terms of sales (previous year: € 92.1 million). These products thus had a 7.2% share of sales in the Generics segment (previous year: 7.1%).

Reported operating profit in the **Generics** segment registered a decrease in 2021 of 11% to € 263.0 million (previous year: € 295.7 million). **Reported EBITDA** for **Generics** was down by 8% to € 311.5 million (previous year: € 339.1 million). This development resulted from a declining gross margin, which was particularly impacted by increased price erosion driven by Covid-19/lockdown as well as rising sales deduction ratios – including one-time effects. There was also a negative product mix, particularly as a result of a temporary decline in demand for antibiotics. Other expenses were also burdened by higher impairment losses on intangible assets, with the result that reported operating profit of the Generics segment showed a slightly higher decrease that the reported EBITDA of Generics.The **reported operating profit margin** in the **Generics** segment amounted to 19.8% (previous year: 22.7%). The **reported EBITDA margin** for **Generics** was 23.5% (previous year: 26.0%).

Operating profit adjusted for special items and currency effects in **Generics** registered a decrease in the reporting period of 11% to € 278.3 million (previous year: € 312.5 million). **EBITDA adjusted for special items and currency effects** in **Generics** declined by 9% to € 311.5 million (previous year: € 343.7 million). The respective developments were attributable in particular to the reasons previously mentioned for the reported key figures and to the significantly higher special items in the previous year. The **operating profit margin** of **Generics adjusted for special items and currency effects** was 21.0% (previous year: 24.0%). The **EBITDA margin** of **Generics adjusted for special items and currency effects** amounted to 23.5% (previous year: 26.4%).

Results of Operations – Sales and Earnings Development of the Consumer Healthcare Segment

Reported sales for the **Consumer Healthcare** segment increased by 15% to € 1,284.0 million in financial year 2021 (previous year: € 1,120.4 million). **Sales** of the **Consumer Healthcare** segment **adjusted for special items and currency effects** also showed an increase of 15% to € 1,284.0 million (previous year: € 1,119.2 million). In addition to the acquisitions, growth in sales resulted mainly from increases in CIS and Europe. Consumer Healthcare accounted for 40% of Group sales (previous year: 37%).

Within the Consumer Healthcare segment, CIS, Europe, the United Kingdom and Germany had the greatest sales significance in financial year 2021.

Currency-adjusted sales generated with consumer healthcare products increased in **CIS** by 26% – mainly as a result of sales growth in the Russian market. This development was based on market share gains of various products, particularly from Cardiomagnyl, Aqualor® and Vitaprost®. In light of the depreciation of the ruble, sales in euro increased by 24% to € 447.7 million (previous year: € 362.0 million).

Sales generated with consumer healthcare products in **Europe** were up by 27% to € 420.6 million (previous year: € 330.9 million). The main contributors to this included sales growth in France, Spain and Poland, based for the most part on the acquisitions made in 2020 and 2021.

In the **United Kingdom**, currency-adjusted sales generated with consumer healthcare products declined by 6%. The sales decrease was mainly attributable to significantly reduced demand for disinfectants. In light of an appreciation of the British pound, sales in euro fell by 2% to € 187.0 million (previous year: € 191.5 million).

In **Germany**, sales of consumer healthcare products were down by 5% to € 158.4 million (previous year: € 166.9 million). This development was mainly based on lower demand for cold medication which led to a substantial reduction in sales of Grippostad®.

In 2021, STADA achieved sales of € 172.9 million from the Group's top three consumer healthcare products in terms of sales (previous year: € 147.6 million). These products thus had a 13.5% share of sales in the Consumer Healthcare segment (previous year: 13.2%).

Reported operating profit for **Consumer Healthcare** increased in the reporting year by 29% to € 191.2 million (previous year: € 147.9 million). **Reported EBITDA** for **Consumer Healthcare** increased by 32% to € 330.8 million (previous year: € 251.2 million). The positive development of the two key figures was due to a significant sales increase as well as strict cost management, especially in the area of marketing expenses. In addition, the prior-year figures were burdened by a special item related to expenses for provisions for damages. The **reported operating profit margin** of **Consumer Healthcare** was 14.9% (previous year: 13.2%). The **reported EBITDA margin** in the **Consumer Healthcare** segment amounted to 25.8% (previous year: 22.4%).

Operating profit of **Consumer Healthcare adjusted for special items and currency effects** increased by 23% to € 283.8 million in financial year 2021 (previous year: € 231.3 million). **EBITDA adjusted for special items and currency effects** for **Consumer Healthcare** increased by 21% to € 322.0 million (previous year: € 266.8 million). The respective developments were based primarily on the reasons already listed for the reported earnings figures in the Consumer Healthcare segment. The **operating profit margin** of **Consumer Healthcare adjusted for special items and currency effects** was 22.1% (previous year: 20.7%). The **EBITDA margin** of **Consumer Healthcare adjusted for special items and currency effects** was 25.1% (previous year: 23.8%).

Results of Operations – Sales and Earnings Development of the Specialty Segment

Reported sales for the **Specialty** segment increased by 9% to € 638.7 million in 2021 (previous year: € 585.5 million). **Sales adjusted for special items and currency effects** for the **Specialty** segment also increased by 9% to € 638.7 million in financial year 2021 (previous year: € 585.3 million). The respective developments were based in particular on sales increases in Europe, CIS and Germany. Specialty contributed 19% to Group sales (previous year: 20%).

Within the Specialty segment, Europe, CIS and Germany were the most significant in terms of sales in the reporting year.

In **Europe**, sales generated with specialty pharmaceuticals recorded an increase of 10% to € 257.2 million (previous year: € 234.2 million). The strongest growth was attributable to teriparatide and bevacizumab.

In **CIS**, sales with specialty pharmaceuticals increased by 29% to € 124.2 million (previous year: € 96.5 million). The main contributors were Edarbi® (active ingredient azilsartan medoxomil) and Xefo® (active ingredient lornoxicam).

In **Germany**, sales generated with specialty pharmaceuticals increased by 11% to € 81.2 million (previous year: € 73.0 million). Growth was based in particular on new product launches, including cabazitaxel and medical cannabis as well as the acquisition of Lecigon®.

With the Group's three largest specialty pharmaceutical products in terms of sales, STADA achieved sales of € 223.8 million in 2021 (previous year: € 249.2 million). These products thus had a share of 35.0% of sales in the Specialty segment (previous year: 42.6%).

The **reported operating segment result** of the **Specialty** segment decreased by 32% to € 96.9 million in 2021 (previous year: € 141.6 million). **Reported EBITDA** for the **Specialty** segment was € 206.7 million and thus approximately at the level of the previous year (previous year: € 207.6 million). The reported operating segment result of Specialty was mainly impacted by impairment losses on intangible assets in the reporting year. **Reported operating profit margin** of the **Specialty** segment amounted to 15.2% (previous year: 24.2%). The **reported EBITDA margin** for **Specialty** was 32.4% (previous year: 35.5%)

The **operating result** of the **Specialty** segment, **adjusted for special items and currency effects** in the reporting period showed a decrease of 16% to € 177.2 million (previous year: € 212.1 million). **EBITDA adjusted for special items and currency effects** for the **Specialty** segment declined by 14% to € 200.1 million (previous year: € 232.4 million). The decline resulted mainly from market-driven price erosions for Bortezomib, an unfavorable product and country mix as well as increased marketing and selling expenses to support the future growth of Lecigon® and new products. The **operating profit margin** of **Specialty adjusted for special items and currency effects** was 27.7% (previous year: 36.2%). The **EBITDA margin** of **Specialty adjusted for special items and currency effects** amounted to 31.3% (previous year: 39.7%).

Financial Position

Stable financial position

The STADA Group had a stable financial position in financial year 2021. This is demonstrated both by several items in the cash flow statement and by a variety of indicators that are presented in various parts of this chapter, including liquidity analysis.

Principles and goals of STADA financial management

As part of its financing strategy, the Group focused on securing for financial flexibility in the reporting year. In this context, STADA covered its financing needs through loans from Nidda, promissory note loans, a bond and factoring.

The Group reduced financial risks to the extent possible using natural hedging and derivative financial instruments. In principle, STADA did not issue or hold derivative financial instruments for speculative purposes in 2021. The "Opportunities and Risk Report" contains details on managing individual financial risks.

Financing structure

Financing in the nominal amount of € 3,038.6 million was composed as follows as of December 31, 2021:

Financial instruments following exercising of put-rights and additional repayment in € million	**Nominal value**	**Maturity**
Bond	267.4	April 8, 2022
Promissory note loans	7.0	April 26, 2023
	274.4	
Further bank loans	304.8	rolling
Total financial liabilities	**579.2**	
Loan from Nidda Healthcare Holding GmbH	2,459.4	
Total financing	**3,038.6**	

On December 20, 2018, STADA announced that it and certain of its significant subsidiaries – in line with the instruction received from Nidda – granted certain in rem security to secure certain capital market indebtedness and other debt financing which is borrowed and/or guaranteed by Nidda and its affiliates.[1)2)]

To refinance the Group, there was a corporate bond with a nominal value of € 267.4 million as of December 31, 2021 (December 31, 2020: € 267.4 million) and an interest rate of 1.75% p.a. In addition, as of the balance sheet date, the Group held promissory note loans with a total nominal value of € 7.0 million (December 31, 2020: € 48.5 million) and further bank loans in the amount of € 304.8 million (December 31, 2020: € 286.0 million).

In the reporting year, STADA Arzneimittel AG was financed at interest rates between 1.37% p.a. and 3.50% p.a. (previous year: 1.01% p.a. and 3.50% p.a.). In addition, the Group financed itself at interest rates of between 0.83% p.a. and 10.19% p.a. (previous year: 0.85% p.a. and 10.19% p.a.). As of December 31, 2021, the weighted average interest rate for non-current financial liabilities was approximately 4.10% p.a. (December 31, 2020: approximately 3.84% p.a.). As of the reporting date, the average weighted interest rate for current financial liabilities amounted to approximately 2.01% p.a. (December 31, 2020: 4.27% p.a.). The average weighted interest rate as of December 31, 2021 for all Group financial liabilities amounted to approximately 3.87% p.a. (December 31, 2020: approximately 3.87% p.a.).

1) See the Company's press release of December 20, 2018.
2) This collateral security was maintained as usual as part of the follow-up financing in financial years 2019 and 2020 and will also be carried out in financial year 2021.

The following table provides an overview of the structure of financial liabilities of the STADA Group as of December 31, 2021:

Current remaining terms of financial liabilities as of Dec. 31, 2021 in k €	**‹ 1 year**	**1–3 years**	**3–5 years**	**›5 years**	**Total**	**thereof as of Dec. 31, 2021 › 1 year in %**
Promissory note loans	—	6,996	—	—	6,996	100%
Bond	267,299	—	—	—	267,299	0%
Amounts due to banks	61,160	242,611	—	—	303,771	80%
Amonts due to shareholders	—	1,113,013	1,342,188	—	2,455,201	100%
Total	**328,459**	**1,362,620**	**1,342,188**	**—**	**3,033,267**	**89%**

Liquidity analysis

The Group's liquidity was guaranteed at all times in the reporting year. It was based primarily on cash inflows from operating activities as well as the borrowing of funds. Cash inflows from operating activities were affected by the profitability of business activities and the net working capital, in particular receivables. In 2021, STADA had borrowings from Nidda, promissory note loans, a bond and factoring available for financing.

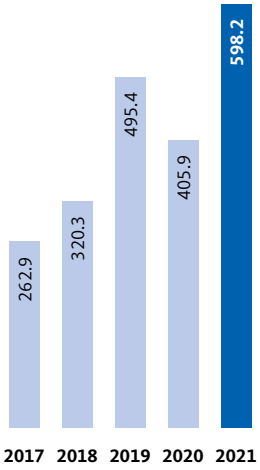
Cash flow analysis

STADA recorded an extremely pleasing development in cash flow from operating activities in financial year 2021, reaching a record level of € 598.2 million. Free cash flow also developed very positively, showing a significant increase with € 290.4 million. STADA was thus able to finance all investments in its future strategic development using cash flow from operating activities in the reporting year.

Cash flow statement (abridged) in k €	**2021**	**2020**
Cash flow from operating activities	598,245	405,890
Cash flow from investing activities	-307,820	-1,225,343
Free cash flow	**290,425**	**-819,453**
Cash flow from financing activities	-35,314	886,509
Non-cash changes to cash and cash equivalents	5,370	-7,094
Cash flow	**260,481**	**59,962**

Cash flow from operating activities consists of changes in items not covered by capital expenditure, financing, changes in exchange rates from the conversion of foreign financial statements or transactions in foreign currencies or through changes in the scope of consolidation and measurement. Cash flow from operating activities amounted to € 598.2 million in the reporting year (previous year: € 405.9 million). This development was mainly due to significantly lower cash outflows from working capital relating to inventories and trade receivables. Significantly higher cash outflows from working capital in the previous year resulted, among other things, from a build-up for the companies and product-portfolios acquired in financial year 2020 while they were part of the Group. The decrease in other non-cash income and expenses compared with the previous year resulted, on the one hand, from significantly higher additions to provisions for damages in the previous year, particularly in Germany and the CIS region and, on the other hand, from significant income from the adjustment of earnout liabilities recognized in profit or loss and income from the reversal of provisions for damages in financial year 2021 recognized in the previous year.

5-year development: Cash flow from operating activities
in € million



Cash flow from investing activities, which includes cash outflows for investments reduced by the inflows from disposals, amounted to € -307.8 million in the reporting year (previous year: € -1,225.3 million).

Cash flow from investing activities in 2021 was mainly characterized by payments for significant investments in intangible assets for the expansion of the product portfolio. These related in particular to the acquisition of a product portfolio from Sanofi. In the context of business combinations, net cash outflows resulted mainly from the acquisition of Friska LLC, based in the USA. This was offset by sales tax refunds for the purchase price payments made in the previous year in connection with the acquisition of the Takeda product portfolio.

In the financial year, STADA spent a total of € 201.2 million for **acquisitions** – as part of business combinations in accordance with IFRS 3 (including VAT) and significant investments in intangible assets for the expansion of the product portfolio (previous year: € 1,138.9 million).

Investments in other intangible assets, i.e. investments in intangible assets in the context of ongoing operating business and thus without consideration of significant investments or acquisitions for the expansion of the product portfolio, amounted to € 29.8 million in the reporting year (previous year: € 25.4 million). These comprise, in particular, individual immaterial payments for the development and acquisition of approvals or approval dossiers.

Payments for **investments in property, plant and equipment** in 2021 amounted to € 78.6 million (previous year: € 64.7 million). This also includes investments in production sites, manufacturing facilities and test laboratories, mainly in Serbia, Romania and Bosnia and Herzegovina, for which additions amounting to a total of € 65.7 million were recorded in financial year 2021 (previous year: € 42.5 million).

Payments for **investments in financial assets** in 2021 amounted to € 1.0 million (previous year: € 1.1 million).

As a result of **disposals**, STADA recorded an inflow of payments totaling € 2,8 million in cash flow from investing activities in the reporting year (previous year: € 4.8 million). Proceeds from the disposal of shares in consolidated companies as well as from the disposal of non-current assets held for sale in the previous year related to sale of the Argentinian company Laboratorio Vannier as well as the British companies Slam Trading Limited and LAS Trading Limited.

Cash flow from financing activities in financial year 2021 were € -35.3 million (previous year: € 886.5 million). This development was primarily due to significantly lower cash inflows from the borrowing of funds as well as higher interest payments. In the previous year, significant borrowings of funds resulted primarily from loans granted to STADA by Nidda Healthcare Holding GmbH. In the reporting year, this resulted in higher interest payments as compared with the previous year. This was offset by lower cash outflows from the repayment of financial liabilities compared to the previous year, which in financial year 2021 related, among other things, to the scheduled repayment of promissory note loans in the amount of € 41.5 million. At € 153.0 million, the settlement of liabilities existing for financial year 2020 under the domination and profit and loss transfer agreement with Nidda Healthcare GmbH also resulted in significantly lower outgoing payments compared with the previous year. In addition, there were payments arising from the change in minority interests in connection with the acquisition of further shares in the Vietnamese subsidiary Pymepharco.

Free cash flow, i.e. cash flow from ongoing operating activities plus cash flow from investing activities, increased to € 290.4 million in the reporting year (previous year: € -819.5 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals was € 491.6 million (previous year: € 319.7 million).

Cash flow for financial year 2021 net of all inflows and outflows from cash flow from operating activities, cash flows from investing and financing activities as well as changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation showed an increase to € 260.5 million (previous year: € 60.0 million).

Investments

Investment volume for the Group in the reporting year amounted to € 385.7 million (previous year: € 1,455.1 million). In this regard, investments in property, plant and equipment (not including rights of use in accordance with IFRS 16) totaled € 77.3 million (previous year: € 89.8 million). In relation to Group sales, the share of investments in property, plant and equipment amounted to 3.2% (previous year: 4.3% of Group sales). Investments in intangible assets were € 279.6 million (previous year: € 1,324.4 million). Of this amount, € 6.6 million was based on business combinations in accordance with IFRS 3 (previous year: € 881.7 million). In 2021, 27% of the total investment volume was used for property, plant and equipment (previous year: 9%) and 72% for intangible assets (previous year: 91%).

Acquisitions, cooperations and in-licensings for the further expansion of business activities

The Group continued to make progress in the reporting year in terms of its acquisitions policy, which is aimed at driving organic growth through external stimulus.

In the second quarter of 2021, STADA announced that it would significantly strengthen its European Consumer Healthcare portfolio through the acquisition of numerous well-established local consumer healthcare brands from **Sanofi**.[1)] The transaction covered 16 brands, predominantly in European countries including France, Germany, Italy, Poland and Spain. The acquisition, which includes the rights to the 16 brands, their rights of use and approvals, was completed on schedule in the third quarter of 2021. The acquisition further strengthens the Group's position as a top-five player in the European consumer healthcare market and supports its growth strategy. In addition, the acquisition demonstrates that STADA, as a broad-based player with a strong presence in different markets, is increasingly a strong go-to partner in Generics, Specialty Pharmaceuticals and Consumer Healthcare.

In the third quarter of 2021, STADA announced that it and Sanofi have entered into a distribution agreement under which STADA will distribute and market a Sanofi portfolio of approximately 50 established consumer healthcare brands in 20 European countries starting in November 2021.[2)] With the distribution of these brands, the Group is expanding its strong market presence in these 20 countries.

1) See press release of June 28, 2021.
2) See press release of July 27, 2021.

In addition to acquisitions, STADA relies on targeted **cooperations** and **in-licensings** to continuously expand the existing product portfolio. The Group achieved further successes in financial year 2021 with 88 in-licensing deals for future product launches.

In the first quarter of 2021, STADA announced that it had developed a new triple-combination product for the treatment of advanced Parkinson's disease in Germany and Austria.[1)] With the new therapy option, the Group is strengthening its fast-growing specialty pharmaceuticals business. In the course of the reporting year, STADA was able to launch the product in numerous other European markets.

In addition, the Group announced in the first quarter of 2021 that it would further expand its specialty therapeutics portfolio in oncology with the launch of a bevacizumab biosimilar.[2)] The cancer drug has since been available to oncologists and their patients in numerous markets.

In the second quarter of 2021, STADA and its development partner **Xbrane Biopharma** announced that their biosimilar candidate ranibizumab had met the primary endpoint in a pivotal comparative study with 583 patients.[3)] Based on the interim results after six months of the Phase III clinical trial "Xplore", the two partners were able to submit an application for marketing authorization to the European Medicines Agency (EMA) in the third quarter of 2021.

Furthermore, STADA and **Calliditas Therapeutics** announced that they had entered into a license agreement for the registration and marketing of a novel specialty pharmaceutical candidate for the treatment of the chronic autoimmune kidney disease immunoglobulin A nephropathy (IgAN) in the member states of the European Economic Area (EEA), Switzerland and the United Kingdom.[4)] Orphan disease incentives consist of 10 years of market exclusivity from the date of marketing authorization in the EU, protocol assistance as well as scientific advice, fee reductions for EMA procedural activities and eligibility for EU funding. In case of approval, the product could be available to patients in Europe in the first half of 2022 and would be the first therapy developed and approved specifically for the treatment of IgAN with the potential to be disease-modifying.

1) See press release or February 15, 2021.
2) See press release of March 30, 2021.
3) See press release of June 29, 2021.
4) See press release of July 21, 2021.

Net Assets

Development of the balance sheet

Balance sheet (abridged)	Dec. 31, 2021 in k €	Dec. 31, 2021 in %	Dec. 31, 2020 in k €	Dec. 31, 2020 in %
ASSETS				
Non-current assets	**3,468,340**	**60.2%**	**3,322,851**	**63.2%**
Intangible assets	2,865,626	49.8%	2,767,035	52.6%
Property, plant and equipment	540,239	9.4%	491,867	9.4%
Other assets	62,475	1.1%	63,949	1.2%
Current assets	**2,288,605**	**39.8%**	**1,935,346**	**36.8%**
Inventories	812,088	14.1%	830,132	15.8%
Trade accounts receivable	763,808	13.3%	694,782	13.2%
Other assets	186,227	3.2%	144,431	2.7%
Cash and cash equivalents	526,482	9.1%	266,001	5.1%
Non-current assets and disposal groups held for sale	–	0.0%	–	0.0%
Total assets	**5,756,945**	**100.0%**	**5,258,197**	**100.0%**
EQUITY AND LIABILITIES				
Equity	**1,215,544**	**21.1%**	**1,017,351**	**19.3%**
Non-current borrowed capital	**3,053,860**	**53.0%**	**2,930,891**	**55.7%**
Other non-current provisions	39,282	0.7%	41,726	0.8%
Financial liabilities	2,704,807	47.0%	2,580,996	49.1%
Other liabilities	309,772	5.4%	308,169	5.9%
Current borrowed capital	**1,487,541**	**25.8%**	**1,309,955**	**24.9%**
Other provisions	19,912	0.3%	61,951	1.2%
Financial liabilities	328,460	5.7%	148,009	2.8%
Trade accounts payable	601,118	10.4%	529,571	10.1%
Other liabilities	538,051	9.3%	570,424	10.8%
Non-current liabilities and associated liabilities of disposal groups held for sale	–	0.0%	–	0.0%
Total equity and liabilities	**5,756,945**	**100.0%**	**5,258,197**	**100.0%**

In financial year 2021, the STADA Group's net assets developed positively. This is apparent on the basis of the items reported in the balance sheet.

Net debt amounted to € 2,506.8 million as of December 31, 2021 (December 31, 2020: € 2,463.0 million). The figure includes a shareholders' loan of € 2,455.2 million.

The **equity ratio** was 21.1% as of the balance sheet date (December 31, 2020: 19.3%).

The **balance sheet** total increased to € 5,756.9 million as of December 31, 2021 (December 31, 2020: € 5,258.2 million).

Significant changes in assets are described below.

Intangible assets as of the balance sheet date were € 2,865.6 million (December 31, 2020: € 2,767.0 million). This development resulted primarily from the acquisitions made.

As of December 31, 2021, intangible assets included goodwill in the amount of € 437.5 million (December 31, 2020: € 419.9 million). The change was due among other things to the acquisition of US-based Friska LLC. The final purchase price allocation for this business combination resulted in goodwill of € 6.3 million. In addition, development costs of € 32.6 million were capitalized as internally generated intangible assets in 2021 (December 31, 2020: € 23.1 million). Amortization of capitalized development costs amounted to approximately € 15 million (December 31, 2020: approximately € 13 million). In total, STADA recognized impairments, due to write-ups, on intangible assets totaling € 89.2 million in 2021 (previous year: € 28.2 million).

Property, plant and equipment increased to € 540.2 million as of December 31, 2021 (December 31, 2020: € 491.9 million). This increase was mainly based on investments in production facilities in Romania, Russia, Bosnia, the United Kingdom and Serbia.

Inventories amounted to € 812.1 million as of December 31, 2021 (December 31, 2020: € 830.1 million). This development resulted mainly from reduction of inventories in Germany, Italy, Belgium and Spain as of the balance sheet date.

In specific situations STADA puts – following the principle of market proximity – certain range considerations deliberately aside in favor of possible operating opportunities. In individual cases this – if the utilization of opportunities cannot be realized as expected – can lead to value allowances for inventories which burden earnings. Total burdens in the amount of € 70.9 million as of December 31, 2021 were incurred due to impairments net of reversals (December 31, 2020: € 69.7 million).

Trade accounts receivable recorded an increase to € 763.8 million as of the reporting date (December 31, 2020: € 694.8 million). This development was mainly attributable to sales increases in the fourth quarter.

Insofar as there exists the opportunity to attain a better market position, the Group accepts in exceptional cases, if necessary, higher current trade accounts receivable. In terms of its receivables management, STADA pays careful attention to the liquidity of customers as a general rule. However, defaults can never be entirely ruled out (see “Opportunities and Risk Report”).

Other assets contains various items, including financial assets, investments accounted for at equity, deferred tax assets, other financial assets, other assets, return assets and income tax receivables.

Financial assets as of December 31, 2021 were € 18.1 million (December 31, 2020: € 14.1 million).

Investments measured at equity amounted to € 2.9 million as of the balance sheet date (December 31, 2020: € 2.7 million).

Deferred tax assets declined to € 36.9 million as of December 31, 2021 (December 31, 2020: € 44.2 million). This decline resulted mainly from increased netting with deferred tax assets..

Other financial assets in the amount of € 78.3 million (December 31, 2020: € 46.8 million) included, among other things, positive market values of derivative financial instruments. In addition, this item includes receivables from factoring transactions, which for German Group companies amounted to € 5.1 million (December 31, 2020: € 5.3 million) and further bank loans from Nidda Healthcare Holding GmbH and Nidda Healthcare GmbH in the amount of € 61.8 million (December 31, 2020: € 7.5 million).

Other assets decreased to € 77.9 million as of December 31, 2021 (December 31, 2020: € 91.0 million). This development resulted, in particular, from the previous year’s increased sales tax receivables in Russia due to the acquisition of the Takeda product portfolio and increased advance payments in Germany and Serbia. As of the balance sheet date, other assets included non-current assets from overfunded pension plans in the amount of € 1.5 million. In the previous year, there were no assets from overfunded pension plans.

Cash and cash equivalents, which include cash and call deposits as well as current financial investments, registered an increase as of the balance sheet date to € 526.5 million (December 31, 2020: € 266.0 million). This growth was attributable to the effects described as part of the explanations on the Consolidated Cash Flow Statement. Additional details on the development of cash and cash equivalents can be found in the Consolidated Cash Flow Statement.

As of December 31, 2021, **equity** rose to € 1,215.5 million (December 31, 2020: € 1,017.4 million).

Retained earnings including net income as of December 31, 2021 amounted to € 906.0 million (December 31, 2020: € 777.0 million) with € 246.9 million of that amount accounted for by net profit (previous year: € 167.3 million).

Other reserves as of December 31, 2021 amounted to € -444.7 million (December 31, 2020: € -522.2 million) and were impacted in particular by the currency translation of the financial statements of the companies included in the Group, which had no effect on profit or loss. This was mainly due to the appreciation of the Russian ruble and the British pound since December 31, 2020.

The Group's **current and non-current financial liabilities** of € 328.5 million and € 2,704.8 million as of December 31, 2021 (December 31, 2020: € 148.0 million and € 2,581.0 million, respectively) mainly comprised a shareholder loan in the amount of € 2,455.2 million (December 31, 2020: € 2,128.9), promissory note loans, which have a nominal value of € 7.0 million (December 31, 2020: € 48.5 million) and a bond with a nominal value in the amount of € 267.4 million (December 31, 2020: € 267.4 million).

Trade accounts receivable rose to € 601.1 million as of the reporting date (December 31, 2020: € 529.6 million). This change in trade receivables was based in particular on opposing balance sheet date effects within the individual Group companies.

Other liabilities as of December 31, 2021, include deferred tax liabilities, other financial liabilities, other liabilities, contract liabilities and income tax liabilities.

Deferred tax liabilities rose to € 170.3 million as of December 31, 2021 (December 31, 2020: € 139.5 million). The increase was mainly attributable to the increase in deferred taxes from intangible assets as compared to the previous year, mainly the result of a tax rate increase in the United Kingdom.

Other financial liabilities decreased to € 473.5 million as of the balance sheet date (December 31, 2020: € 504.5 million) and include liabilities from discount agreements of German STADA companies in the amount of € 133.5 million (December 31, 2020: € 127.0 million) and a liability from the domination and profit and loss transfer agreement with the Nidda Healthcare GmbH in the amount of € 118.8 million (December 31, 2020: € 153.0 million).

Income tax liabilities increased to € 47.9 million as of December 31, 2021 (December 31, 2020: € 55.6 million). This development resulted mainly from lower income tax liabilities in Germany.

Other liabilities fell to € 154.7 million as of the balance sheet date (December 31, 2020: € 178.3 million).

Results of Operations, Financial Position and Net Assets of STADA Arzneimittel AG

Introduction

STADA Arzneimittel AG is the parent and lead Company of the STADA Group. It directly and indirectly holds shares in the companies that belong to the STADA Group.

In the evaluation of the results of STADA Arzneimittel AG, the operating profit of the activities of the Group companies in the Generics, Consumer Healthcare and Specialty segments should be taken into account. Profit or loss is significantly affected by the services including the delivery of goods to other Group companies, which result from the function of the STADA Arzneimittel AG as a parent company or holding company of the STADA Group. The costs for these strategic services are covered by the Group companies taking advantage of them and are accounted for under sales at STADA Arzneimittel AG. STADA Arzneimittel AG's net profit is also influenced by investment income.

For STADA Arzneimittel AG, sales and net profit before profit transfer are used as key financial performance indicators for the ability to pay a dividend to Nidda Healthcare GmbH and as management metrics.

For further information on the business activities of STADA Arzneimittel AG, in particular with regard to topics of "Research and Development", "Employees", "Macroeconomic and Sector-Specific Environment", as well as "Opportunities and Risks", reference is made to the statements regarding the STADA Group included in this Combined Management Report.

The Annual Financial Statements of STADA Arzneimittel AG are prepared in accordance with the provisions of the German Commercial Code (HGB) under consideration of the supplementing requirements of the German Stock Corporation Act (AktG). The provisions for major capital corporations apply.

The full Annual Financial Statements of STADA Arzneimittel AG are available on the STADA website at www.stada.com/de or www.stada.com.

Results of Operations

Results of operations in € million	2021	2020
Revenue	664.3	683.8
Net profit before profit transfer	**118.8**	**153.0**

In financial year 2021, **STADA Arzneimittel AG's sales** fell by 2.8% to € 664.3 million (previous year: € 683.8 million).

The decrease resulted from sales to third parties and was mainly attributable to lower license income.

Internal Group sales remained stable as compared to the previous year.

Other operating income increased to € 90.8 million (previous year: € 80.2 million), due in particular to the rise in income from write-ups amounting to € 32.2 million (previous year: € 6.2 million) and the increase in income from the reversal of unused provisions to € 15.8 million (previous year: € 10.9 million). These were offset, however, by lower income from exchange rate gains of € 12.6 million (previous year: € 29.9 million).

The cost of materials increased to € 260.1 million (previous year: € 231.4 million). Personnel expenses rose to € 121.3 million (previous year: € 116.0 million). Amortization/deprecation of non-current intangible assets and property, plant and equipment rose to € 151.9 million (previous year: € 83.5 million). The increase resulted for the most part attributable to higher unscheduled amortization on approvals and brands. Depreciation of financial assets showed a decrease of € 8.1 million to € 2.1 million (previous year: € 10.2 million). Write-ups on financial assets on the other hand, rose to € 29.9 million (previous year: € 6.2 million). Other operating expenses fell to € 259.0 million (previous year: € 289.0 million) – especially as a result of declining exchange rate expenses of € 12.5 million (previous year: € 39.0 million).

In light of the economically challenging financial year 2021, income from profit transfer agreements and associates of € 62.6 million (previous year: € 74.0 million) showed a regressive development. Investment income showed an increase to € 90.5 million (previous year: € 72.6 million). Income from intercompany loans to associates was up at € 34.3 million (previous year: € 31.0 million). Other interest and similar income rose slightly to € 21.5 million (previous year: € 18.1 million). Interest and similar expenses increased to € 80.0 million (previous year: € 69.6 million).

STADA Arzneimittel AG's net profit was, due to the domination and profit and loss transfer agreement, completely transferred to Nidda Healthcare GmbH. Prior to the profit transfer, net profit amounted to € 118.8 million (previous year: € 153.0 million). In the reporting year, there was tax income of € 28.2 million (previous year: tax expense of € 8.5 million).

Financial Position

STADA Arzneimittel AG's cash flow from operating activities fell to € 965.9 million in financial year 2021 (previous year: € 1,295.8 million). This slight decrease was the result of the slight increase in loan liabilities to associates, in particular.

Cash flow from investing activities amounted to € -287.0 million (previous year: € -571.2 million) and was based primarily on lower investments in intangible current assets.

Cash flow from financing activities was € -457.6 million (previous year: € -725.3 million). The net change in financial liabilities (loans, promissory note loans and a bond) rose to € 41.5 million (previous year: € 0.0 million). Inflows resulted in particular from intercompany loans.

Cash and cash equivalents increased to € 312.0 million (previous year: € 90.7 million). The primary goal of financial management is constant securing of liquidity and the limitation of risks associated with the financing. In the reporting year, current debt financing was geared toward the capital markets and was primarily based on current and non-current funds from Nidda, a bond and factoring. The average capital-weighted interest rate on the interest-bearing financial liabilities of STADA Arzneimittel AG on December 31, 2021 was 3.35% (December 31, 2020: 3.28%).

Net Assets

Net assets in € million	2021	2020
Non-current assets	3,069.2	2,900.0
Current assets	1,167.0	1,193.4
Equity	886.8	886.8
Provisions	109.5	177.3
Liabilities	3,238.9	3,036.7

In financial year 2021, **STADA Arzneimittel AG's non-current assets** increased to € 3,069.2 million (previous year: € 2,900.0 million). This development was based primarily in the increase in intangible assets by € 80.6 million to € 940.6 million (previous year: € 859.9 million) and the increase in financial assets by € 88.8 million to € 2,075.7 million (previous year: € 1,986.9 million).

The increase in intangible assets was mainly attributable to the acquisitions for the Sanofi product portfolio.

The increase in financial assets was mainly due to higher intercompany loans to associates of € 518.5 million (previous year: € 467.9 million). These are primarily used to finance acquisitions.

In 2021, STADA Arzneimittel AG's current assets increased to € 1,167.0 million (previous year: € 1,193.4 million). The main reason for this was high bank balances of € 312.0 million (previous year: € 90.7 million), which, however, were offset by declining receivables from affiliates to € 777.2 million (previous year: € 1,029.6vmillion). Inventories increased to € 57.1 million (previous year: € 52.7 million).

STADA Arzneimittel AG's equity remained unchanged at € 886.8 million (previous year: € 886.8 million). The equity ratio of 20.9% was at about the level of the previous year (previous year: 21.6%).

STADA Arzneimittel AG's provisions declined to € 109.5 million (previous year: € 177.3 million). The development was mainly the result of lower tax provisions. In addition, there are no provisions in financial year 2021 for liabilities for damages, which accounted for a significant proportion of the provisions in the previous year.

STADA Arzneimittel AG's liabilities amounted to € 3,238.9 million (previous year: € 3,036.7 million). The development resulted for the most part from the increase in liabilities to associates to € 2,850.8 million (previous year: € 2,659.3 million). Trade accounts payable increased to € 97.0 million (previous year: € 51.7 million). Other liabilities increased to € 16.7 million (previous year: € 9.8 million).

In addition to the assets recognized in the balance sheet, STADA took advantage of off-balance sheet assets. These primarily include leased or rented items within the usual framework such as company cars and rented building space.

The **balance sheet total** of **STADA Arzneimittel AG** increased to € 4,251.9 million (previous year: € 4,102.5 million).

General Statements of the Executive Board on the Course of Business in 2021

In light of the ongoing Covid-19 pandemic, STADA faced major challenges in financial year 2021 which the Group was, however, able to successfully overcome. This development was supported by the Group's diverse portfolio in its three strategic segments Generics, Consumer Healthcare and Specialty. In the reporting year, STADA succeeded in further strengthening its position among the top 4 in the areas of self-medication and generics in Europe as well as expanding in selected emerging markets. Furthermore, the portfolio and pipeline in specialty pharmaceuticals were through a number of partnerships. STADA also pressed ahead with the implementation of its numerous activities to enhance efficiency. The Group also made further progress as part of its "STADA+" growth initiative. In addition, STADA's five strategic STADA priorities made a significant contribution to ensuring the company made progress on its growth course. The Group also strengthened its sustainability activities, for example through an improvement in its rankings or by joining the UN Global Compact. The outlook for financial year published in the Annual Report 2020 was partially achieved. While Group sales increased by 8% to € 3,249.5 million, EBITDA with a decline by 1% to € 711.1 million was slightly below the level of the previous year, in each case adjusted for special items and currency effects. With an increase of 47% to € 598.2 million, STADA also attained a record level of cash flow from operating activities.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The Russian Federation launched a military attack against Ukraine on February 24, 2022, in response to which Ukraine declared a state of emergency and requested defense assistance from other countries. On February 27, 2022, the European Union decided to suspend various Russian banks from the international financial communication system SWIFT. Sanctions were also imposed on the Russian Central Bank. Furthermore, the European Union and a number of other countries, including the United States, imposed sanctions on various Russian industrial sectors, including energy, transport, technology and the media, as well as on various individuals close to the Russian president. For its part, the Russian Federation has responded with countermeasures. This development led to a high degree of uncertainty in the markets and in particular the exchange rate of the Russian ruble against the US dollar and the euro is showing a high degree of volatility with a massive devaluation tendency. Further sanctions appear possible and probable at the time this Group Management Report was prepared. The severity of the impact on economic development cannot be foreseen at this time.

STADA has subsidiaries in both the Russian Federation and Ukraine. While the Russian subsidiaries are not directly affected by the military conflict, this led to an interruption of the operating business at the Ukrainian subsidiaries which will continue until further notice.

The impact of these events on the net assets, financial position and results of operations cannot be accurately predicted at this time and will depend to a significant extent on the duration and intensity of both the military conflict and the sanctions put in place against the Russian Federation. STADA continues to see no threat to its ability to maintain its operations as a going concern. STADA continues to believe that the Group-wide going concern is not endangered.

REPORT ON EXPECTED DEVELOPMENTS

Aligning the business model to long-term growth

Given the fact that the focus of STADA's business model will, also in the future, remain on the healthcare market with an emphasis on pharma, the Group will continue to operate in one of the world's growth industries. Notwithstanding the unchanged positioning toward areas with long-term growth opportunities, the sales and earnings development of STADA will be subject to partially opposing factors. Economic, regulatory and competitive framework conditions can vary from country to country and from year to year. More detailed information on risks can be found in the "Opportunities and Risk Report". Overall, in view of the corporate strategy geared toward further growth, the broad range of initiatives to enhance efficiency, STADA's five strategic priorities and the comprehensive opportunity management, the Executive Board also expects further growth in the future. Details on the Group's opportunities management are also available in the "Opportunities and Risk Report."

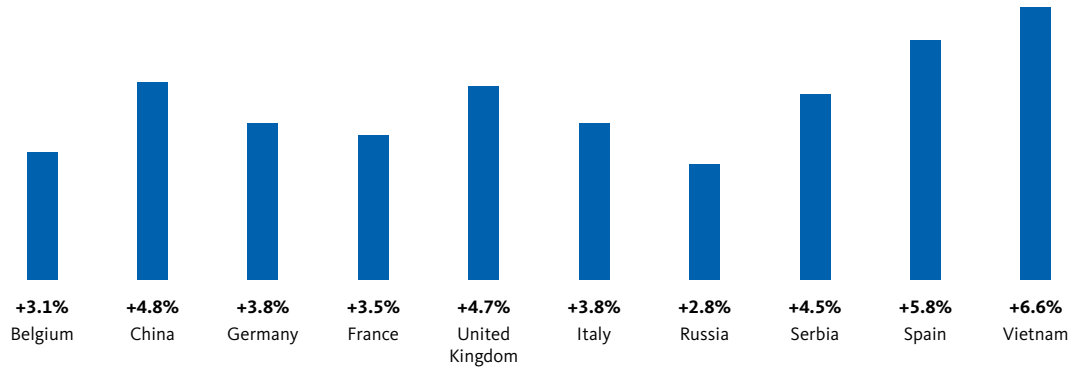
As part of its successful product development and active acquisition policy with value-generating additions, the Group will continuously expand its portfolio in the three segments Generics, Consumer Healthcare and Specialty. In Generics, STADA is focusing on expansion in markets with relatively low penetration rates. In Consumer Healthcare, expansion and increasing internationalization of successful brands are at the forefront. In Specialty, the Group concentrates on continuous expansion through specialty pharmaceuticals and biosimilars.

Macroeconomic outlook

According to the IMF forecast, the global economic recovery will continue in the current year, although with a greater disparity between the developed economies and many emerging and developing countries. Calculations from IMF experts show that the global economy is expected to grow by a total of 4.4% in the current year.[1)] Within this framework, growth of 3.9% is forecast in industrialized countries and the GDP will rise by 4.8%. Generally, the global economic recovery, however, is not assured until the pandemic has been significantly contained worldwide.

The following chart shows the economic forecast for selected countries.

Forecast growth rates for gross domestic product 2022[1)] in %



1) Source: International Monetary Fund: World Economic Outlook October 2021/January 2022.

Sector-specific outlook

For the international pharmaceutical market, international market research institute IQVIA forecasts average annual sales growth of 4% to 5% from 2022 to 2026.[1)]

For the global generics market, IQVIA experts predict average annual sales growth of 7.1% between 2022 and 2026.[1)] It should, however, be taken into account that the actual growth rates of reported sales in markets where significant discounts must be granted should be substantially below gross sales generally recorded by the market research institutions before discounts.

The average annual sales volume for the newly available active pharmaceutical ingredients (including biologics) introduced into generics competition between 2022 and 2026 in the largest European pharmaceutical markets of Germany, France, Italy, the United Kingdom and Spain will, in line with STADA's calculations on the basis of IQVIA data, be more than € 7.0 billion.[2)]

This forecast is supported by estimates from IQVIA, according to which annual generics growth in the EU (EU27) from 2022 to 2026 is expected to be 5.3%[1)] on average. For selected markets in Eastern Europe[3)], IQVIA sees average growth in generics over this period at 7.7% per year.[1)] At the same time, the annual growth rate of the Russian generics market is expected to average 7.4%.[1)]

According to experts, the predictions for the average sales-related growth rates of the international OTC market amount to 5.0% per year from 2022 to 2026.[1)] For the European OTC market (EU27), IQVIA's forecast for annual sales growth in this period is 1.8%.[1)]

Basis of the outlook

The outlook for financial year 2022 was made taking into account the events known when this Annual Report was prepared. It is also based on the details of the overall economic outlook and the sector-specific outlook. The outlook is also supported by the following assumptions:

- Mainly unchanged regulatory conditions in the markets most relevant for STADA, not including the regulatory changes and market assessments known at the time the outlook was prepared
- Optimization of procurement prices for raw materials
- The continued possibility of immediately launching new products upon patent expiration
- Largely unchanged tax situation in the countries where STADA is active with Group companies
- Applications of forward rates at the time the outlook was prepared for the conversion of currencies other than the Group currency euro

Outlook for STADA Arzneimittel AG

For financial year 2022, the Executive Board anticipates a slight decline in sales for STADA Arzneimittel AG. In terms of net profit before profit transfer, the Executive Board anticipates stable business development, although the military conflict between the Russian Federation and Ukraine may have a slight to significantly negative impact on the projected development of sales and net profit before profit transfer.

1) IQVIA Syndicated Analytics Service; prepared for STADA February 2022.
2) QVIA MIDAS MAT/12/2021: sales volumes in 2021 at ex-factory prices for active pharmaceutical ingredients (including biologics) for which an expiry of the patent or other relevant commercial property rights relevant for generic competition is expected by 2026 from today's perspective. STADA's expectation as to when an active pharmaceutical ingredient will become available for generic competition is subject to continuous legal review and may change significantly in the future compared to the current expectation on which these data are based. The actual new sales volume that is becoming available for generic competition at the relevant dates is subject to fluctuations that may depend inter alia on a change in market profit, legal framework conditions or market structures

3) Russia, Serbia, Ukraine, Kazakhstan and Bosnia and Herzegovina.

On February 2, 2018, the Extraordinary General Meeting approved the conclusion of a domination and profit and loss transfer agreement between Nidda Healthcare GmbH and STADA Arzneimittel AG, which took effect on March 20, 2018. As a result, STADA Arzneimittel AG will no longer record any net income for financial years from 2018 onwards.

Summarizing outlook

In consideration of the general and generics-specific growth drivers in the health care and pharmaceutical industry as well as growth forecasts in the area of consumer healthcare and specialty, the STADA Group's business model is geared towards markets with long-term growth potential.

There are, however, also associated operative risks and challenges that are due in particular to amended or additional government regulations (e.g. additional official requirements for clinical studies which could lead to extended development periods for biosimilars) and/or intense competition. As a result, the Group will also face non-operational influence factors in future, such as negative Group-relevant currency relations and the effects of the ongoing conflict in Ukraine and the associated sanctions against Russia. Furthermore, the negative macroeconomic consequences in connection with the United Kingdom's departure from the EU could continue to have an effect. One of the most significant challenges in financial year 2022 is the Covid-19 pandemic. This will particularly impact overall economic growth, including the development of the healthcare market, with effects on the generics, consumer healthcare and specialty business. Against this backdrop, the Executive Board assumes, from today's perspective, that the 2022 financial year will continue to be significantly affected by the pandemic. This notwithstanding, the Executive Board – in view of the corporate strategy focused on further growth, the numerous initiatives to increase efficiency, the five strategic STADA priorities and the comprehensive opportunity management – is targeting growth above the level of the market. Group sales and EBITDA, each adjusted for special items and currency effects, should increase significantly, although the military conflict between the Russian Federation and Ukraine may have a slight to significantly negative impact on the projected development of Group sales and EBITDA, each adjusted for special items and currency effects.

OPPORTUNITIES AND RISK REPORT

As an internationally active pharmaceutical Company, STADA is part of a global business community and thus subject to a range of risks. These are necessary consequences of business activity, because the Group can only take advantage of opportunities if it is also prepared to take risks.

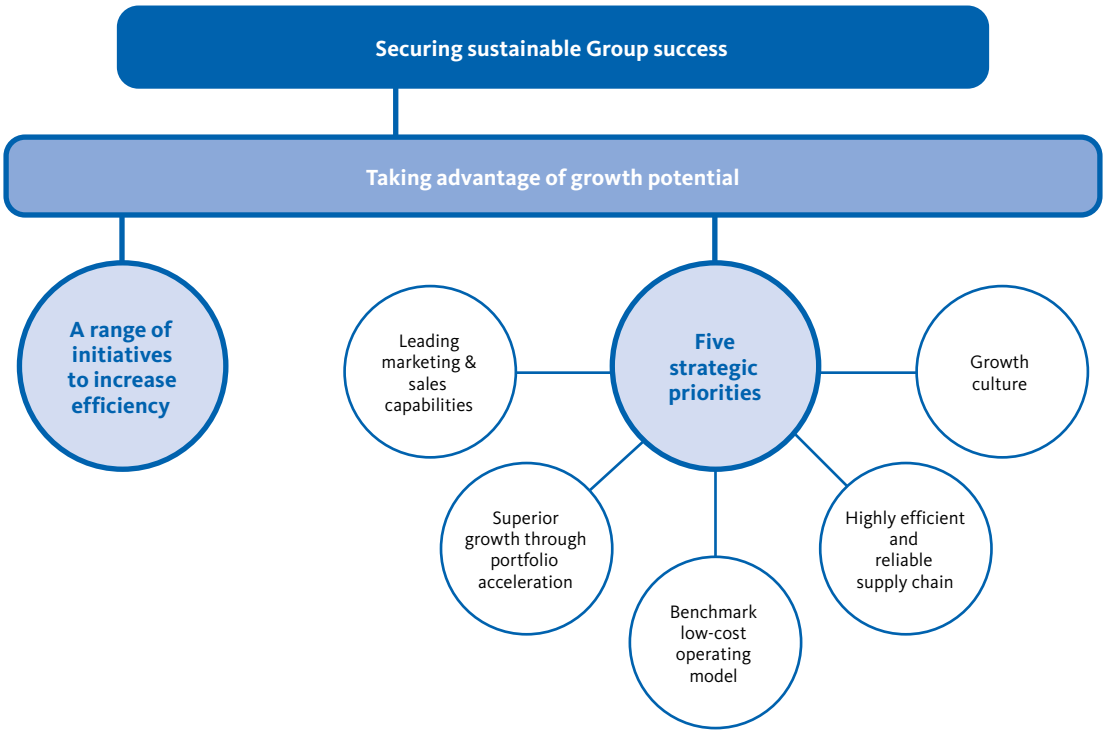
In view of the fact that the health-care and pharmaceutical areas are relatively non-cyclical, economic cycles have only a limited impact on the Group. In addition, the dependence on negative developments or events is kept as low as possible due to the international positioning and the diversified focus on generics, consumer healthcare and specialty. Overall, decades long activity in the pharmaceutical market forms a stable foundation for realistically assessing risks and for taking selected advantage of growth opportunities.

Comprehensive opportunities management to take advantage of existing growth opportunities

The Group identifies opportunities on an ongoing basis. Within the scope of these efforts, STADA continuously evaluates opportunities for growth. Management continuously monitors the markets and competitors in order to be able to recognize and analyze the changing requirements, trends and opportunities in the frequently fragmented markets and to align its actions accordingly. Moreover, there is a regular exchange of experiences within the individual departments which helps to identify and take advantage of additional opportunities and synergies.

Based on the continuous implementation of the numerous efficiency improvement initiatives and STADA's five strategic priorities, opportunity management serves to optimally exploit growth potential.

A range of initiatives to increase efficiency and five strategic priorities of the STADA Group for the optimal utilization of growth potential



Risk Management

STADA also defines risk management as an ongoing task of entrepreneurial activities. The risk strategy is applied in all business segments of the STADA Group and is closely linked with STADA's corporate strategy, forming the basis of the Executive Board's continuous risk management system. This system is then integrated into the value-based management and existing organizational structure of the Group. STADA's risk management system is based on the international risk management standard COSO II Enterprise Risk Management – Integrated Framework (2004).

At STADA, risks are defined as possible future events or developments that could lead to a negative deviation from the forecasted targets. The objective of the Group-wide risk management system is to ensure, in all areas of the company, that these risks are identified and assessed throughout the Group as early as possible so that they can be managed and positively impacted with targeted measures in the Group. At the same time, it is important to fully comply with all relevant regulatory requirements for such a system. The company-wide standard and integrated approach to risk management is intended to ensure the efficiency of the Group-wide risk management system and make it possible to aggregate similar risks and provide transparent reporting.

STADA's risk strategy is substantiated by risk policy principles. This is to ensure that all risks are fully identified, presented transparently and comparably and are assessed. It obligates those responsible for risks to proactively manage and monitor the risks. The risk policy principles are defined in the risk management guide, which also sets out binding methodical and organizational standards for the approach to risks.

The **fundamental components of the Group-wide risk management system** which calls for quarterly regular reporting are:

1. The **Risk Management & Database department**, which is vertically and horizontally integrated in the Company and is responsible for the planning and further development of the risk management system (including the Group-wide establishment of the risk management software CRISAM® from CALPANA), as well as the methods and procedures used to identify and assess risks and support the local risk managers;

2. The local **risk officers** who identify and assess risks (including measures) and document and update them in the risk management system and who are integrated in all corporate units and subsidiaries throughout the Group.

3. **Review and coordination** by the Risk Management & Database department with the locally responsible risk officers on current issues and on the identified risk situation in the individual divisions in the Group (especially with regard to risk aggregates);

4. The Company-specific **Risk Management Guide**, which defines the risk management terms, risk policy and the risk management system including the risk management process and responsibilities.

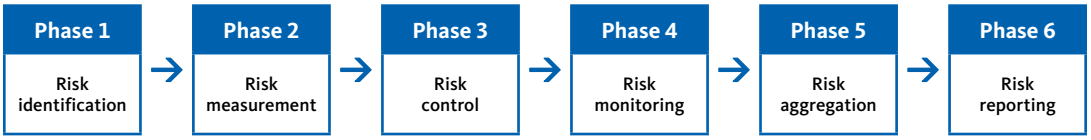
5. **Risk reporting** at Group and individual-company level.

STADA's Group-wide risk management covers STADA Arzneimittel AG and its Group companies as well as companies in which STADA holds a stake of at least 50%, even if they are not consolidated. Insofar as risks to the Group arise at subsidiaries in which STADA holds a stake of less than 50%, these risks are also recorded in the Group's risk management system.

The risk management system does not provide for a segregated identification of opportunities. The identification and evaluation of opportunities takes place in the respective business environments. A comprehensive, systematic classification regarding the probability and effects of the opportunities is not performed.

At STADA, the **risk management process** comprises the phases of risk identification, risk measurement, risk control, risk monitoring, risk aggregation and risk reporting.

Risk management process of the STADA Group



The ongoing risk management process begins with risk identification (phase 1), in which all individual risks that could have significant negative impacts on STADA's business model are systematically recorded. Identification of individual risks is carried out, on the one hand, through decentralized self-assessments and, on the other hand, through centralized inquiries.

Risk measurement is carried out following risk identification (phase 2). This occurs on the basis of probability and potential impact (gross and net measurement); the evaluation should consider potential direct damage as well as indirect results caused by individual risks if they arise. Objective assessment and measurement criteria as well as existing historical data are used in the evaluation to as great an extent as possible.

As part of risk management (phase 3), suitable measures for risk avoidance, reduction, transferring and/or compensation are identified. The measures identified can relate to the cause (preventative) as well as to the effect (reactive).

The Risk Management and Database department ensures, through the ongoing risk monitoring (phase 4), that newly arising individual risks and changes in individual risks and any corresponding need for adjustment in risk management are checked for plausibility at an early stage and can thus be included in ad hoc reports.

Before preparing the recipient-oriented risk report, the Risk Management & Database department summarizes the individual risks within a risk aggregate in the risk aggregation stage (phase 5) that have an identical or similar cause of risk in order to increase transparency.

In risk reporting (phase 6), the department creates recipient-oriented risk reports on the basis of the identified individual risks for the management and Supervisory Board. As of the beginning of the 2021 financial year, the risk report at Group level has been expanded to include a risk-bearing capacity calculation using the Monte Carlo simulation in accordance with the requirements of the revised auditing standard IDW PS 340 n.F., as amended. Significant individual risks and risk aggregates indicated are jointly discussed by the Executive Board and the Supervisory Board and if required, further measures to counter risks are addressed. In the event of newly-identified significant individual risks or risk aggregates, as well as significant changes in the assessment of already known individual risks or risk aggregates, the Executive Board and, if applicable, the Supervisory Board are also informed immediately by means of ad hoc reporting outside the quarterly risk reporting.

Internal Audit conducts regular company internal and independent system audits with a focus on effectiveness, appropriateness and economic efficiency of the STADA risk management system established by the Executive Board. As part of the monitoring of the Executive Board, the Supervisory Board also looks at the effectiveness of the risk management system. In the scope of auditing the annual financial statements, STADA's auditor also reviews and evaluates whether the early risk detection system which is integrated into the risk management system is generally suitable to recognize risks that may jeopardize the continued existence of the Company at an early stage.

The relevant period for internal regular reporting to the Executive Board is the current year plus two additional years. In addition, there is an area-related internal recording and monitoring of long-term risks beyond this relevant period. The assessment of the individual risks as well as the overall risk situation of STADA in the Combined Management Report relates to December 31, 2021. There were no relevant changes after the balance sheet date that would have necessitated an amended presentation of STADA's risk situation. There is, however, no way to fully identify and manage all risks with absolute certainty.

Internal Control and Risk Management System for the Group accounting process (report in accordance with Sections 289 [4], 315 [4] HGB)

The **Group-wide Internal Control and Risk Management System with regard to the financial reporting process (ICRMS)** is a component of STADA's Group-wide risk management system and aims to ensure the accuracy and effectiveness of accounting and financial reporting. STADA ensures the reliability of the accounting processes and the correctness of the financial reporting with a variety of measures and internal controls. These include the preparation of separate and Consolidated Financial Statements and Management Reports that comply with regulations. The ICRMS is constantly developed and is an integral component of the accounting and financial reporting processes in all relevant legal units and central functions. The system contains principles, processes and preventative and disclosing controls.

It includes, among other things:

- Uniform accounting, measurement and account assignment specifications for the entire Group that are continuously examined, updated and regularly communicated,
- Supplementary processes instructions, Group-internal reporting formats as well as IT-based coordination processes for Group-internal balances,
- Processes that ensure the completeness of financial reporting,
- Processes for functional separation, the dual-control principle within the context of the preparation of financial statements and for authorization and access regulations for relevant IT accounting systems,
- External experts, who are consulted when necessary, for example for purchase price allocation in accordance with IFRS 3 or the measurement of pension provisions.

The primary control functions for the significant accounting processes are carried out by the respective plausibility tests integrated in the programs. Outside the software-supported systems, manual plausibility tests and verification of the completeness and accuracy of data and calculations are carried out at all Group levels. The vast majority of the separate financial statements of Group companies (included in STADA's Consolidated Financial Statements) are generally subject to review by the auditor once a year.

Responsibility for the introduction and the functionality of the ICRMS rests with the Executive Board of STADA Arzneimittel AG, which assesses its appropriateness and effectiveness at least once every financial year. Its appropriateness and effectiveness are also regularly examined across the Group by Internal Auditing.

Furthermore, the Audit Committee of the STADA Supervisory Board regularly monitors the accounting process and the effectiveness of the control system, the risk management system and the internal auditing system as well as the audit on the basis of Section 107 (3) AktG. The ICRMS for the accounting process cannot, however, offer any absolute security that false statements are not made in accounting.

Evaluation of Risk Categories

With the introduction of the new CRISAM® risk management software at the end of 2020, the assessment of individual risks was extended to include a gross assessment. Thus, the valuation of individual risks is now generally carried out in the form of a gross and net valuation. The gross assessment of an individual risk shows the risk assessment prior to the consideration of implemented and effective control and monitoring instruments, while the net assessment shows the risk assessment after a successful implementation of control and monitoring instruments. In the quarterly risk reporting, individual risks are presented as net risks. If no segment is explicitly referenced, the described risks affect both the Consumer Healthcare and Generics segments.

Within the risk management process described above, at STADA individual risks are evaluated on the basis of the probability of occurrence and a potentially negative impact on the forecast financial targets in relation to adjusted EBITDA.

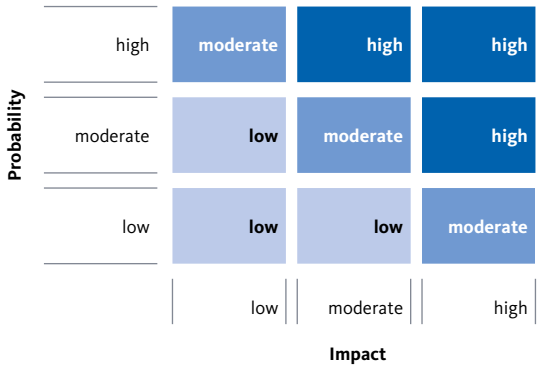
The underlying scale for the classification of the probability of occurrence and the potential impact is presented in the following diagram:

Scale for the classification of risk categories	low	moderate	high
Probability	>0% to ≤30%	>30% to ≤70%	>70% to 100%
Impact over 36 months	up to ≤ € 5 million	> € 5 million to ≤ € 10 million	> € 10 million

Note on the probability category “moderate” and “high”: In general, all individual risks with a probability of occurrence greater than 50% are checked for circumstances requiring recognition as a liability and corresponding provisions were formed.

The combination of these two factors leads to the risk matrix presented below in which the risk categories of the combined individual risks as well as aggregated risks are classified and presented according to their importance for the Group:

Risk matrix



STADA classifies the identified risks in the risk reporting in accordance with the risk categories presented below. The chart shows all relevant risk categories in accordance with the STADA evaluation scheme. Individual risks and aggregate risks that were classified as “high” as of the balance sheet date December 31, 2021 are to be considered particularly relevant.

Risk category	Risk subcategories (individual risk or aggregate risk)	Probability of occurrence	Net impact
Industry risks	Market position (competitors)	moderate	high
	Market position (price development)	high	high
Regulatory risks	Health policy (price change)	high	high
Economic risks	No relevant risks	no relevant risks	no relevant risks
Product portfolio risks	Licenses & approvals (approval)	moderate	high
	Licenses & approvals (in-licensing)	moderate	high
Legal risks	Patent (patent violations)	moderate	high
Corporate strategy risks	No relevant risks	no relevant risks	no relevant risks
Performance-related risks	Production & purchasing (supply interruption)	moderate	high
Personnel risks	No relevant risks	no relevant risks	no relevant risks
Compliance risks	No relevant risks	no relevant risks	no relevant risks
Risks in relation to information technology	No relevant risks	no relevant risks	no relevant risks
Financial risks	Taxes (audits)	moderate	high
Other risks	Pandemic	moderate	high

As a supplement to the tabular presentation and regardless of the degree of evaluation, the current main risk categories for the STADA business model, based on the general risk reporting from Risk Management as of December 31, 2021 are explained in detail below.

Business-related Risks

Risks that could have a significant influence on the net assets, financial position and results of operations of the STADA Group are described below. Risks, which are not yet known or have been assessed as insignificant, could also influence the net assets, financial position and results of operations.

Industry risks, regulatory and economic risks

a) Industry risks

According to the STADA evaluation scale, these are relevant risks.

STADA is subject to constantly changing market conditions in the individual national markets. In terms of competition, the risks exist on the basis of strong competition in particular in terms of pricing, range of products and services as well as supply and discount conditions of existing and new competitors. In terms of demand, there is also the risk of a potential increase in purchasing power of individual customer groups such as doctors, pharmacists, patients, health insurance organizations, buying groups, pharmacy chains, wholesalers or mail-order companies. Such developments could weaken STADA’s competitive position, for example through the (partial) loss of newly planned tenders or through a (partial) loss of previously won tenders,

and consequently result in a loss in sales or earnings. However, STADA principally takes advantage of opportunities arising in individual markets or individual products or product groups and is also willing to accept, if necessary, temporary losses, for example, in national markets with major potential for growth or to maintain or expand its market position. Overall, STADA tries to counteract industry risks through a diversification of brands and products.

Since the beginning of the conflict between Russia and Ukraine in 2014, business development of STADA has been impaired in both the Russian and Ukrainian markets. In financial year 2021, too, the partial reluctance to buy remained noticeable. As a result of the continued lack of momentum in the development of real income, the buying power of the Russian population remained limited in 2021, and pressure on the pricing thus remained accordingly.

In the MENA region, the ongoing politically uncertain situation in the reporting year continued to have a negative impact on export business in this region. It is currently unclear how the situation in this region will develop and, as a result, the remaining export business could continue to be negatively impacted.

In connection with the exit of the United Kingdom from the EU, there is the risk that it could cause a shifting of market share toward local competitors in the self-payer area.

If these crises continue, this could have further negative impacts on the results of operations and financial position of the STADA Group.

b) Regulatory risks

According to the STADA evaluation scale, this is a relevant risk.

The national markets in which STADA is active are characterized by a large number of regulations. The changing, lifting or passing of new regulations could have significant economic and strategic impacts on STADA and the economic success of individual products or investments. Regulations at a national or supranational level are highly significant if, for example, they affect the market structure, pricing, reimbursement or approvals of pharmaceutical products. This can mean that as a result of national regulations, the prices of pharmaceutical products are regulated directly (for example through statutory price reductions) or indirectly (for example through reference prices, mandatory discounts, terms concerning discounts, reduction or exclusion of cost reimbursement). Furthermore, direct costs for the fulfillment of requirements (e.g. during approval) or increased indirect costs (e.g. through evasive action by competitors or consumers) can be incurred. This can reduce the profitability of products affected in the markets and prevent the market launch of a product in individual cases. STADA assumes that the extent of price regulation and pricing pressure will remain, primarily in the Generics segment. STADA counters these risks, among other things, through a targeted expansion of the product portfolio in less regulated areas.

Exact forecasts concerning potential changes in national or supranational regulations as well as their effects on STADA's business activities are not possible since the introduction and scope of such regulations depend on the political process of the country in question or on court decisions, the consequences are influenced to a large degree by the reactions of the market participants affected. Changes in the regulatory environment in STADA's main markets by sales volume are continuously analyzed. Depending on the extent of state regulation, it could become necessary to adjust the business model in individual markets.

Based on the conflict between Ukraine and Russia, it is conceivable that various regulatory obstacles could be introduced that could result in imports and exports between Russia and the U.S., Europe, and other countries being significantly restricted or even banned altogether. These regulatory obstacles could range from additional document requirements for import and export to direct sanctions of certain goods. In such cases, it cannot be ruled out that delivery delays and subsequent supply bottlenecks, or even the impossibility of supplying the Russian market with individual products, may occur. Should such obstacles occur in the future, this could have substantial negative effects on the results of operations and financial position of the STADA Group.

c) Economic risks

According to the STADA evaluation scale, these are not relevant risks.

STADA's business success is, to a certain extent, dependent on economic influences, because an economic downturn often results in a reduction in purchasing power in the affected market. A reduction in purchasing power can particularly cause a reluctance to buy in the area of consumer healthcare, which is primarily a self-pay market. Furthermore, an economic downturn could intensify the already dominant cost pressure in individual national health care systems and thus significantly increase the speed and scope of regional regulatory measures to contain costs. For STADA, this could result in significant disadvantages with reimbursable pharmaceutical products or in state-required price reductions and the elimination of reimbursability for individual products. In general, STADA is continuously working to counteract potential risks through performance increases or cost reductions.

In the referendum decision held on June 23, 2016, a majority of voters in the United Kingdom voted in favor of the United Kingdom leaving the EU ("Brexit"). The trade and cooperation agreement signed between the EU and the United Kingdom on December 30, 2020, initially entered into force provisionally on January 1, 2021. With the approval from the European Parliament on April 27, 2021, the agreement subsequently took effect on May 1, 2021.

While the British economy remained robust at the beginning of 2021 in terms of the effects of Brexit, the economic consequences of Brexit are now apparent, including in the form of empty shelves or fuel shortages due to a lack of truck drivers. In this context, however, there has been no impact on STADA's business activities identified to date. There is, however, a risk that further negative consequences of the agreement could occur in the future and that these could be further exacerbated by potential negative effects due to the Covid-19 pandemic. This could lead to a noticeable economic downturn that would increase cost pressure in the health-care system and, consequently, result in price cutting measures. Furthermore, in the event of an economic downturn, there is a risk of a general reluctance to purchase on the part of consumers in the self-payer area.

Product portfolio risks

According to the STADA evaluation scale, these are relevant risks.

The continuous expansion of the product portfolio plays an essential role for the competitive position and business success at STADA. Associated with this is the risk that products to be added to the product portfolio either cannot be launched on the market, are launched belatedly or only launched at higher development and production costs than originally assumed due to unexpected events or faulty implementation. Reasons for this can include additional requirements of approval authorities, direct government price controls or additional approvals for reimbursement via the relevant national health system. The risks of development and approval processes for new products are continuously identified and evaluated.

Furthermore, in the Generics segment in particular, a significant factor in the development and approval of each product is the meticulous observance of relevant legislation such as commercial property rights. This involves the risk that an individual regulation is violated despite careful review of the legal situation and the introduction of a new product is delayed or even hindered. This also applies retrospectively for products already introduced to the market. There is also the risk that, despite intensive review, potential side effects or quality defects in products are not uncovered until after approval or that new scientific findings and evaluations lead to a market recall and corresponding legal proceedings.

Legal risks

According to the STADA evaluation scale, these are relevant risks.

STADA's business activities are subject to risks resulting from existing or potential future legal disputes. In the Generics segment, in particular, STADA's business activities are associated with an increased risk of legal disputes regarding commercial property rights (particularly patents and supplementary protection certificates), product liability, warranty obligations, breaches of duty of care as well as the allegations of violations of company or trade confidentiality. As a consequence of these legal disputes, in particular in the cases of such processes in the USA, damage claims, legal fees, a complete or temporary ban on the marketing of products or costs for recalls may be incurred, irrespective of whether a damage claim ultimately exists. In order to protect trade and business secrets, which are to be treated with confidentiality, STADA makes use of confidentiality agreements with employees, external alliance partners, service providers or other contractual partners.

Furthermore, it may be difficult for STADA to enforce its own claims under the law of a country where STADA undertakes business at affordable costs and without any materially adverse effects on business in this country. If, contrary to expectations, it turns out that this is not a case in a country, this can have significant negative impacts on the Group as a whole.

If there is a serious risk of future damage claims, STADA creates case-specific provisions for potential damage claims. However, STADA currently does not expect any negative effects on the net assets, financial position and results of operations from pending proceedings.

Operational risks

a) Corporate strategy risks

According to the STADA evaluation scale, these are not relevant risks.

STADA's corporate strategy is mainly focused on growth and internationalization in the pharmaceutical market in the Generics, Consumer Healthcare and Specialty segments. STADA's growth strategy is associated with the risk that companies, products or other assets acquired in the past or in the future may only be able to be integrated with high integration costs or that intended synergy effects cannot be achieved at the desired level. Furthermore, acquired companies or products may not achieve the expected results on the market, as markets or market segments, which STADA focuses on, may develop differently than expected. STADA reduces these risks by means of careful analyses. Nevertheless, it cannot be ruled out that each of the situations mentioned above could lead to an impairment requirement on intangible assets or that expected results in individual markets cannot be achieved.

b) Performance-related risks

According to the STADA evaluation scale, these are relevant risks.

The Group's own production facilities (including product development and logistics) are subject to the risk of defective or inefficient planning and production processes as well as of production faults or breakdowns as a result of this or external influence. As hazardous substances are regularly used within these processes, such faults can also damage employees' and third parties' health or result in environmental damage. This could have a materially adverse effect on costs, competitiveness, supply availability and the associated expectations regarding units sold, sales and earnings as well as the image with clients.

Furthermore, STADA's ability to deliver can also be negatively influenced by the supplier's inability to deliver, as the change in a supplier is generally associated with delays. STADA restricts this risk by partially using more than one resource supply (dual sourcing).

A further negative influencing factor on the ability to deliver is the increasing volume volatility in individual national markets in the Generics segment which regularly arise in the environment of tenders from state institutions or public health insurance organizations. Although STADA undertakes every effort to avoid delivery bottlenecks or an unintentional increase in inventories, this cannot be ruled out in consideration of the comprehensive portfolio.

STADA is dependent on global developments with respect to purchase prices for active ingredients or auxiliary materials required as well as on the prices negotiated with contract manufacturers in the case of products produced by these companies; these prices may fluctuate significantly, also depending on the product. To limit the risk of market-related margin losses due to reduced selling prices, STADA partly makes use of instruments towards suppliers that involve them in the market price risk such as retroactive negotiations or the agreement of special procurement prices for special sales volumes, in the context of tenders, for example. However, it cannot be ruled out that procurement cost increases and/or supply shortages in the case of individual products will have materially adverse effects on the Group's sales and/or profit margins.

c) Personnel risks

According to the STADA evaluation scale, these are not relevant risks.

STADA depends to a large extent on the commitment, motivation and abilities of its employees. The loss of specialists and managers as well as a prolonged search for reappointments in key positions could have significant adverse effects on the development of the Group. STADA's continued success also depends on its ability, in competition with other companies, to attract and keep qualified employees in the future for the long-term regardless of demographic challenges. Country, industry and business- specific fluctuation risks must be proactively identified and addressed specifically to maintain and achieve success and critical skills and competencies within the Company. STADA counters these risks through global employee development and succession processes through which the potential of employees is systematically identified and promoted. These processes support both young professionals and experienced highly qualified employees in their professional development and to help STADA to develop, promote and retain performance-critical skills in the Company.

d) Compliance risks

According to the STADA evaluation scale, these are not relevant risks.

It is STADA's expressed goal that all business activities are carried out exclusively within the framework of the respective laws and internal guidelines. STADA has therefore implemented a Group-wide compliance system, in which all employees are regularly informed about existing compliance guidelines at STADA, adapted to their individual area of responsibility. STADA believes that the compliance system is sufficient provision for the compliance with and observance of national and international regulations. Training courses and compliance guidelines cannot, however, fully guarantee that employees do not accidentally, negligently or deliberately breach laws or internal guidelines. Such breaches can disturb internal business processes and negatively influence the financial position.

e) Risks in relation to information technology

According to the STADA evaluation scale, these are not relevant risks.

STADA's strategic goals can only be achieved through optimal alignment and appropriate support using a variety of IT systems and processes. Therefore, the Group has to make continuous investments to appropriately adapt these complex and powerful systems to changing business processes.

Global IT applications form the basis for the delivery of products to the global customers of the STADA Group as agreed upon. Inefficiencies in the IT processes in the Group, the failure of business-critical IT applications as well as the failure of a data center could have a direct impact on STADA's supply availability.

In addition, all IT systems used in the STADA Group could principally be affected by misuse of digital technologies as a means to perpetrate new types of crime, so-called cyber-crime (e-crime), that alongside the manipulation or failure of the affected IT systems could also result in the transfer of confidential information to third parties or a revocation of pharmaceutical approval due to the deficient validation of relevant IT systems.

To reduce the risk of failure and to protect against cybercrime, STADA operates a quality management system for IT and redundantly designed data centers.

Financial risks

To the extent that it is possible, STADA counters financial risks with finance policy methods and specific risk management. The basic principles of financial policy and of financial risk management are determined or confirmed at least once annually by the Executive Board in the context of the budget process. Furthermore, transactions above a certain relevance threshold determined by the Executive Board require a prior decision on the part of the Executive Board and may also be subject to approval from the Supervisory Board. The Executive Board is also regularly informed of the nature, scope and amount of current risks.

a) Liquidity risks

According to the STADA evaluation scale, these are not relevant risks.

Liquidity risks may result, for example, from the loss of existing cash items, lack of availability of credit, reduced access to financing of Nidda, or fluctuation in the operational development of business. The goal of the liquidity management is to ensure solvency and financial flexibility of the STADA Group at all times by way of maintaining a sufficient supply of liquidity reserves. In 2021, STADA financed itself with current and non-current borrowings from Nidda, promissory note loans, bonds, a revolving credit facility and factoring.

b) Currency risks

According to the STADA evaluation scale, these are not relevant risks.

Due to the international alignment of business activities, STADA is subject to risks arising from exchange rate fluctuations. These particularly result from fluctuations of the US dollar, Russian ruble, British pound, Swiss franc, Serbian dinar as well as the Ukrainian hryvnia in relation to the euro. A currency risk consists of potential changes in value, especially of receivables and liabilities in a currency other than the respective functional currency or as a result of exchange rate fluctuation (transaction risk). However, STADA is only subject to this risk to a limited extent, as the company counters currency-related risks through, in addition to natural hedges, the use of derivative financial instruments. These are used to hedge currency risks from oper-

ating activities, financial transactions and investments. In the reporting year, STADA made use of foreign-exchange futures contracts and interest/currency swaps. The maturity of futures contracts is aligned with the terms of the underlying transactions. The remaining term of the contracts is currently up to one year.

Furthermore, currency risks also exist in relation to the conversion of the balance sheet items as well as the conversion of earnings and expenses of international Group companies outside of the euro zone (translation risk). In this connection, the current political conflict between Ukraine and the Russian Federation, as well as the exit of the United Kingdom from the EU could indirectly continue to have a negative influence on the earnings situation and exchange rates.

A currency sensitivity analysis on the basis of the outstanding foreign currency items as of December 31, 2021 showed that in financial year 2021, an appreciation or devaluation of the functional currency compared with the ruble by 10% with otherwise unchanged conditions would change the EBITDA by approximately € 23.6 million (previous year: € 27.2 million) (translation risk). At the same time, an appreciation or devaluation of the functional currency in relation to the British pound of 10% with otherwise unchanged conditions would lead to a change in EBITDA of approximately € 3.7 million (previous year: € 2.2 million).

c) Interest rate risks

According to the STADA evaluation scale, these are not relevant risks.

STADA is subject to interest rate risks from financial assets and financial liabilities, primarily in the euro zone and Russia. STADA calculates existing interest rate risks using sensitivity analyses, which show the effects of changes in market interest rates on interest payments, interest income and expenses as well as equity. Should the sensitivity analysis show that interest rate fluctuations could lead to significant impacts, STADA could use derivative hedging instruments to avoid the risk.

A sensitivity analysis has shown that an increase in market interest rates of 100 basis points in financial year 2021 would have led to a burden on earnings in the amount of € 11.1 million (previous year: € 9.4 million) and a decrease in market interest rates of 100 basis points would have led to a relief on earnings in the amount of € 0.5 million (previous year: € 0.4 million).

d) Default risks

According to the STADA evaluation scale, these are not relevant risks.

STADA is exposed to a default risk in its operating business or as a result of financing activities if contracting parties fail to meet their obligations. Alongside the implementation of appropriate credit management processes, such transactions are generally only concluded with counterparties of impeccable financial standing to avoid default risks in financing activities.

Default risks also exist as a result of the supply of goods and services. STADA therefore strives to maintain business relations only with partners of impeccable financial standing. In addition, STADA partly uses suitable measures such as guarantees, loan insurances, or the transfer of assets to safeguard itself against default risk. Past due receivables in the operating area are continuously monitored and potential default risks are anticipated through the creation of valuation adjustments. Furthermore, there is the risk that in a difficult economic and financial environment, national health care systems delay or fail to make payments to STADA or business partners of STADA and that, as a result, directly or indirectly increased default risks arise.

e) Tax risks

According to the STADA evaluation scale, this is a relevant risk.

STADA's business activity in the individual national markets is subject to the applicable national or supranational legal tax regulations. Changes to the tax laws and their jurisdiction as well as different interpretations as part of external audit can result in risks with impacts on tax expenses, tax revenues, tax receivables and tax liabilities. The Group tax department identifies, evaluates and monitors tax risks as early as possible and systematically and initiates measures to reduce risk, where appropriate.

Furthermore, STADA takes advantage of an international network and carries out strategic Group functions centrally through STADA Arzneimittel AG. This means an overarching tax transfer-pricing model for the billing of the corresponding Group internal services is of increasing importance. Potential risks of non-recognition of these transfer prices for tax purposes, for example from retro-active tax claims of the local tax authorities against a subsidiary of the STADA Group, are limited by way of the introduction of corresponding agreement procedures and a comprehensive definition of transfer prices in the form of a Group guideline.

f) Impairment risks

According to the STADA evaluation scale, these are not relevant risks.

The valuation rates of the assets included in the Group balance sheet are subject to changes in market and business relationships and thereby to changes in fair value. As part of an annual or case-related impairment test, significant non-cash burdens on earnings and impacts on balance sheet ratios may result. This particularly applies to goodwill, which primarily results from purchase price allocations linked to previous acquisitions, and for other intangible assets. All relevant risks are considered in the context of the preparation of the Consolidated Financial Statements.

Other risks (including climate-related risks)

According to the STADA evaluation scale, this is a relevant risk.

STADA as a Group and the STADA subsidiaries in the markets, like any company, are subject to additional general business risks such as unexpected disruptions in infrastructure, strikes, accidents, sabotage, criminal activities, terrorism, war, climate-related risks (such as heat waves, floods, tornadoes and natural disasters) and other unforeseeable materially adverse influences. STADA protects itself against such risks to the extent possible and financially reasonable through appropriate insurance policies. However, it cannot be ruled out that these insurances are insufficient.

Should STADA no longer meet the necessary criteria according to IFRS 10 ("Consolidated Financial Statements") for control, and consequently for consolidation, of subsidiaries due to particular capital constraints or other measures – such as may come as a result of political or military conflict – STADA would have to deconsolidate these companies. The resulting effects depend on the significance of the affected companies for STADA and could result in materially adverse effects for the Group.

The SARS-CoV-2 Corona virus that emerged in Wuhan, China, in December 2019 and the resulting Covid-19 pandemic continue to affect all countries worldwide. It remains to be seen whether the mutation of the coronavirus (particularly the omicron variant) will cause the pandemic to turn into an epidemic or it if it will promote the emergence of other novel mutations that will necessitate further development of vaccines. The cyclical pandemic and the associated restrictions continue to have a significant impact on the global economy and thus also on the business operations of the STADA Group. Significant sources of risk continue to be slower deliveries of active ingredients and products, fewer contacts with physicians and pharmacists and lower consumer purchasing power. This could lead to a continued product shortages and lower sales volume with corresponding impacts on STADA's market situation and sales.

Summary Evaluation of Risks

The assessment of the overall risk situation is the result of the consolidated consideration of all significant individual risks on the basis of the applied risk management system.

While the assessments of individual risks changed in the reporting year due to the development of external conditions, changes in STADA's business portfolio, the effects of the Company's own counter-measures and adjustments to risk assessments, the overall risk situation for STADA did not change significantly overall in the reporting year compared to the previous year, despite regionally varying economic development.

STADA continues to consider the Covid-19 pandemic, including the corresponding risks, to be one of the greatest challenges to its business activities. The Group increased inventories of active ingredients and finished products already in 2020 in order to ensure the ability to deliver to customers and the Group's own production. The measures taken at that time were reviewed in 2021 and optimized depending on the situation. In addition, the protective measures taken in 2020 for STADA employees were continued.

On top of the Covid-19 pandemic, there are additional risks from the worsening geopolitical situation in the CIS region.

In the event that one or more of the above-mentioned risks should materialize or newly occur in the development of business, this could have materially adverse effects on the Group's business activities. In particular, materially adverse effects on STADA's net assets, financial position and results of operations could arise as a result. From today's perspective, however, no risks are discernible which, individually or as a whole, could jeopardize the continued existence of the Group. In terms of organization, STADA has created the necessary prerequisites to be informed of possible risk situations early and to be able to take appropriate measures.

After the end of financial year 2021, the geopolitical situation in the CIS region escalated on February 24, 2022, when the Russian Federation initiated a military conflict with Ukraine. In response, the European Union, the United States and a number of other countries adopted sanctions against the Russian economic and financial system, leading to massive economic restrictions. The Russian Federation, for its part, has responded with countermeasures.

Although pharmaceutical products – as has also been the case in similar historical sanction and embargo situations – have been exempt from the sanctions imposed to date, the military conflict has significantly increased the risks to the net assets, financial position and results of operations of the Ukrainian and Russian subsidiaries and thus for STADA as a whole.

The increase in risks for Ukrainian subsidiaries relates to the short to long-term interruption of the operating business, as well as the potential destruction of STADA assets in Ukraine (including production facilities, inventories and irrecoverable receivables) caused by military operations.

The increased risks for the Russian subsidiaries are related to the exchange rate development of the Russian ruble to the EUR and USD, in particular due to the decoupling of the Russian ruble from the international financial system as well as the freezing of currency reserves of the Russian state bank, possible supply chain issues due to sanctions or demand reduction or market collapse as a consequence of the massive economic restrictions.

According to STADA's evaluation scale, the increased risks arising from the Ukraine conflict lead to relevant risks in the risk categories "Regulatory risks" (risk subcategory "Politics": impact of the military conflict with a "moderate" probability of occurrence and a "high" net impact) and "Financial risks" (risk subcategory "Currency risks": Russian ruble to EUR and USD with a "high" probability of occurrence and a "high" net impact).

Despite the increased risks, STADA continues to believe that the Group-wide going concern is not endangered due to its global positioning.

Our One STADA culture is making the company somewhere that talents want to come and stay.

Irina Skityaeva
Head of HR Russia/CIS,
Director

Through our sites in Vršac and Šabac, the Serbian Technical Operations team plays an essential role in STADA supplying medicines to European patients.

Miloš Janjuš
Leader of Production Department
SYRINGES & CARTRIDGES DEPARTMENT
Hemofarm A.D., Vršac, Serbia

By attracting and developing talents from diverse backgrounds, we are building a uniquely powerful team.

Valeria Zara
Head of Global Talent Management, Vice President

Caring for people's health means also protecting our valued colleagues especially in these challenging times.

Martin Heß
Head of Global HSE & Sustainability, Senior Director

COMBINED SEPARATE NON-FINANCIAL REPORT

COMBINED SEPARATE NON-FINANCIAL REPORT

The Non-Financial Reporting for STADA Arzneimittel AG and the Group has been prepared in the form of a Combined Separate Non-Financial Report (hereinafter "Non-Financial Report") pursuant to Sections 289b (3) and 315b (3) of the German Commercial Code (HGB) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter "EU Taxonomy Regulation") for the period from January 1 to December 31, 2021.

Topics such as product safety and quality, portfolio development, human resources (HR) as well as internal control and risk management have since then been regulated centrally at STADA through Group-wide corporate policies. Since financial year 2021, the topics of Environment Social Governance (ESG) and Corporate Social Responsibility (CSR) have also been subject to a Group-wide Sustainability Policy that can be found at https://www.stada.com/about-stada/sustainability. However, there continue to be CSR matters for which individual national companies have decentralized responsibility. Accordingly, in the following reporting, a distinction is made between the Group, its parent company and individual national companies in terms of the facts presented and their concepts. Unless otherwise stated in this connection, the respective facts and circumstances relate to the Group.

Within the scope of reporting on non-financial aspects, there are established processes at STADA to survey the respective data worldwide and collect it centrally. In addition, the Group has systems in place to record and monitor CSR-related matters. In view of the increasing importance of the topic "CSR", STADA also reports on non-financial key figures such as "Climate change: Carbon footprint", "Health and safety: Accident rate" as well as "Gender diversity", which are important performance indicators for the Group.

For more than 125 years, STADA, as an internationally-active health care Group, has assumed responsibility for its employees, society and the environment, because the Group is convinced that responsible conduct as well as socially and ecologically sustainable business activities are the basis for long-term success. In its Non-Financial Report, STADA reports on significant non-financial aspects for financial year 2021, on the aspects that are necessary for an understanding of business operations as well as the earnings and position of the Group. Furthermore, the effects of business activities on the aspects as well as their impact on business processes are taken into account. The reporting period is January 1, 2021 through December 31, 2021. The contents of the report are based exclusively on the definition of materiality and the content requirements of the HGB. To demonstrate its commitment to sustainable and responsible corporate governance as well as its support of the UN Sustainable Development Goals, STADA joined the UN Global Compact in 2021 and uses its principles as a framework for reporting in accordance with the German Commercial Code.

The key topics for the STADA reporting have been identified on the basis of the materiality analysis. In the process, those topics that are essential from a strategic and sustainable perspective and that were discussed internally in the management committees and included in external communications were taken into account.

Taking the requirements of the CSR Directive Implementation Act as a basis and against the backdrop of its business model, STADA's Non-Financial Report includes the following aspects:

- Product safety and quality (social matters)
- Contributions to society (social matters)
- Responsible corporate governance and compliance including anti-corruption and anti-bribery measures
- Employee Matters
- Health, Safety and Environmental Protection
- Respect for Human Rights
- EU Taxonomy Regulation

The Non-Financial Report has been subjected to an external business assessment in accordance with ISAE 3000 (revised) on a voluntary basis with limited assurance through the auditor. A corresponding report regarding this business assessment can be found in the chapter “Further Information”.

In the reporting period, STADA, under application of the net method, did not identify any significant reportable risks linked to its own business activity or to its business relations, products and services which very probably have or will have serious negative effects on the non-financial aspects mentioned previously. Initial application of the EU Taxonomy Regulation also showed no effects on the risk analysis. There are no essential correlations to report between the non-financial aspects and the Consolidated and Annual Financial Statements.

More than 125 years of corporate responsibility

Since the founders of the Professional Community of German Pharmacists (STADA) in 1895 set a goal to care for the well-being of its patients by preparing certain medicines in accordance with standardized guidelines, preserving health has been at the core of Group-wide business activities. To this day, STADA contributes to efficient and affordable health care and preventive health care while at the same time helping to ease the burden on health-care systems.

Increasing focus on sustainability with further progress

The seriousness of the topic of sustainability can be seen at STADA in the global Sustainability Policy signed in financial year 2021. In addition, joining the UN Global Compact underscores the Group’s commitment to sustainable and responsible corporate governance as well as its support of the UN Sustainable Development Goals.

STADA made further progress in the area of sustainability in 2021 through the significant improvement of the Sustainalytics rating. Here, the Group was classified in the “Medium Risk” category and was thus among the top 13% of pharmaceutical companies.

Business Model and Strategy

STADA is an internationally-active health-care Company that is focused on the three segments Generics, Consumer Healthcare and Specialty and that sells its products in about 120 countries. STADA Arzneimittel AG, based in Bad Vilbel, is the parent company of the Group. In financial year 2021 with its three segments Generics, Consumer Healthcare and Specialty, STADA achieved Group sales of € 3,249.5 million and EBITDA of € 711.1 million, in each case adjusted for special items and currency effects.

Sustainably profitable growth and long-term enhancement of enterprise value

With its business model, the Group is particularly focused on achieving sustainable profitable growth and the long-term enhancement of enterprise value (see “Fundamental Information about the Group – Internal Management System”).

In order to achieve this goal while at the same time increasing its competitiveness, STADA continued in 2021 the numerous measures it has taken so far to further increase efficiency and the “STADA+” growth initiative. In addition, the Group’s five strategic priorities made a significant contribution to the continuation of the growth course taken (see “Fundamental Information about the Group – Internal Management System”).

STADA's corporate strategy focuses on increased investments in its core markets, new product launches, new marketing channels and efficiency enhancements in marketing & sales as well as general and administrative expenses. The Group is also making targeted acquisitions and entering into strategic partnerships at an international level in the areas of development and production as a means to complement organic growth. Overall, these measures are geared toward ensuring that the Group continues to have a competitive product portfolio and that it can generate sustainable growth in the future.

Focus on growth markets

As a health-care Company with a focus on the pharmaceutical market, STADA is active in one of the world's growth industries. Significant growth drivers include the continuously growing and aging world population, increasingly improved access to health care, particularly in emerging markets, and the availability of new medications – including those for so far untreatable or hard to treat diseases.

In view of the fact that research is not necessary and development costs are relatively low, generics and biosimilars offer low-cost alternatives to the significantly more expensive original products. Because they make a significant contribution to counteracting cost pressure burdens in the individual health care markets, they also show further growth potential in the future.

In the Consumer Healthcare segment, STADA benefits in particular from demographic change and increasing health awareness among the respective populations. Because both of these factors lead to an increasing need to live happier, healthier and longer through individual health management, this is accompanied by a willingness to provide for one's own well-being through one's own financial resources.

Product Safety and Quality

Pharmaceuticals are products that have a direct impact on people's health. For this reason, STADA, as a pharmaceutical and health-care Company, is responsible for ensuring the Group-wide safety of its products and thus also the safety of patients.

Good Clinical Practice

To ensure product safety and quality, STADA complies with legal requirements and guidelines in its development activities or, in the case of local developments, with the respective national requirements. In addition, for the planning and conduct of clinical trials, the Group follows so-called Good Clinical Practice (GCP), an international ethical and scientific standard for the planning, conduct, documentation and reporting of clinical trials in humans. Compliance with this standard ensures that the rights, safety and well-being of trial subjects are in accordance with the Declaration of Helsinki. It also ensures the credibility of data collected during clinical trials. Contract research organizations for the execution of clinical trials in Germany and internationally are qualified by STADA and regularly audited in order to ensure GCP compliance during the conduct of a study. In addition, all clinical trials are monitored at trial sites so that any deviations from the GCP standard can be recognized at an early stage and corrected if necessary.

Good Manufacturing Practices

Within the scope of the production of pharmaceuticals, STADA follows the EU's Good Manufacturing Practices (GMP). These EU GMPs constitute the quality requirements for the manufacturing processes, environmental conditions and quality control of drugs, active pharmaceutical ingredients and cosmetics that apply within the EU.

For certain products, several STADA sites are also certified in accordance with selected non-EU quality assurance systems or relevant ISO standards.

Group-wide quality assurance is carried out centrally through STADA Arzneimittel AG, whereby individual national companies are supported by regional quality assurance officers.

Within the scope of GMP audits, compliance with GMP quality standards is regularly reviewed at both STADA's production facilities and at suppliers and contract manufacturers. Given the travel restrictions imposed in response to the Covid-19 pandemic, most of these audits were conducted online in 2021. Following the same principle, various EU and non-EU regulatory authorities also carried out inspections at the Group's manufacturing sites. In financial year 2021, STADA received a critical observation as part of an official audit of the production site in Bila Tserkva, Ukraine. The corrective action plan for the identified deficiencies was submitted on time and is currently being processed.

In 2021, STADA completed a redesign of its global quality management system, with a particular focus on the harmonization of GMP-relevant processes across the entire manufacturing network. Beyond this, STADA focused on efficiency enhancements through greater standardization of quality control processes as part of its Excellence Initiatives.

Good Pharmacovigilance Practices

As part of a Group-wide global pharmaceutical safety system – the so-called STADA Global Pharmacovigilance System – the safety of all STADA pharmaceuticals worldwide is monitored and ensured through the collection and evaluation of all reported pharmaceutical risks. Here, STADA's subsidiaries work in accordance with standard operating procedures (SOPs) issued by the Corporate Pharmacovigilance department. In accordance with Good Pharmacovigilance Practices (GVP) and as part of the Global Pharmacovigilance Quality System, adherence to legal requirements and STADA standard operating procedures is monitored globally by means of a pharmacovigilance auditing system. Pharmacovigilance audits required in accordance with GVP are conducted by auditors from the Medical Affairs/Corporate Pharmacovigilance department. Additionally, STADA's GVP conformity is regularly inspected by authorities such as the German Federal Institute for Drugs and Medical Devices (BfArM). There were no inspections in financial year 2021.

In addition to the assurance of product safety, quality and effectiveness, STADA is also equally responsible for the safe use of its products by patients. In this context, the readability and comprehensibility of a drug's package insert take on a special meaning. As part of a pharmaceutical approval procedure, readability tests for package inserts – so-called "readability user tests" – are conducted early on with representative test subjects. Through the optimization of the layout, explanations for technical terms and the use of simple sentence structures, it is possible to ensure that patients can easily read and understand the package insert. As a result, compliance (therapy adherence) for the patients is not only increased, but abuse is also avoided.

Contributions to Society

In view of the fact that the Group, with its generics and specialty pharmaceuticals portfolio, provides access to affordable medical care and thus reduces the cost pressure on the health care systems, it makes a fundamental social contribution. At the same time, with its Consumer Healthcare portfolio, STADA contributes not only to health care in general, but also to preventive health care.

Product portfolio and development

To meet its social responsibility and to secure its competitive position over the long term, the Group-wide product portfolio is continuously expanded and optimized.

STADA's business model is focused on supplying the global health-care market with a near-comprehensive portfolio comprising products with patent-free active ingredients at competitive prices. In the Generics segment, STADA pursues the goal of launching a generic product in the respective market directly following expiration of the original product's patent protection. In the Consumer Healthcare segment, which also generally includes products with active ingredients that are no longer protected, the focus is on additional benefits for patients – such as a long-lasting effect and fewer side effects. STADA is also seeking to expand in the area of specialty pharmaceuticals, focusing on medicines with added value. One example of this is the in-licensing of the orphan drug Nefecon from Calliditas for the treatment of IgA nephropathy.

STADA has implemented a Group-wide "Idea-to-Market" process for the execution of this concept. As part of this process, a detailed evaluation of all product ideas for the Generics, Consumer Healthcare and Specialty segments is carried out from a technical, regulatory and commercial standpoint and according to a global market analysis. All applicable quality requirements regarding the safety and efficacy of a product are reviewed during the development cycle and particularly in the context of the approval process.

The entire process is accompanied by the Executive Board through regular consultations in the form of reports, presentations and discussions. This ensures that the current portfolio composition follows the strategy of the Group as a whole. Continuous optimization of the product portfolio is monitored via the corresponding number of new product launches and the number of ongoing approval procedures (see "Fundamental Information about the Group – Group's Business Model").

STADA as a health partner

The Group sees itself not only as responsible for providing society with access to safe and affordable health care, but also has a broader understanding of its role as a health-care partner. For this reason, STADA applies various measures in support of government efforts to increase social health literacy and to achieve an awareness of the responsible handling of one's own health.

Within this framework, the Group has for some time been contributing to social education by publishing high-quality health information. For example, STADA offers a health blog accessible to everyone (www.yourhealth.stada) and is present in the social networks with various health topics. The #HealthStories format, which focuses on people and health, is worth highlighting here.

The STADA Group respects and values not only its employees, investors, partners and patients, but also the environment. For this reason, STADA's goal and vision define its path to sustainability, in which the Group essentially focuses on the UN's Sustainability Development Goal # 3, which advocates good health and well-being. For STADA, caring for people's health begins with providing trusted solutions for prevention and treatment through a full range of pharmaceutical products.

With its commitment to increasing physical and mental well-being, the Group is fulfilling its self-image: "STADA: Caring for people's health as a trusted partner".

During the Covid-19 pandemic, the Group was also able to live up to its purpose and meet growing demand for medicines and other health-care products.

The STADA Health Report, which has been published since 2014, represents a further offer of high-quality health information. A key element of the report, which is supported by experts from the world of medicine, science, sport and lifestyle, is an annual study. Surveys carried out among the population on their attitudes, desires, behaviors and knowledge related to the topic of

health form the basis of the respective studies. Since 2018, the survey has been conducted in various countries. For the STADA Health Report 2021, published in various languages under the title "The Year of Changes", roughly 30,000 people in 15 European countries were surveyed (see https://www.stada.com/de/medien/gesundheitsreport/stada-health-report-2021).

Responsible Corporate Governance and Compliance

As an internationally-active Group, STADA is subject to a wide range of legal framework conditions. Adherence to these conditions forms the foundation of responsible, sustainable and successful corporate governance – because unlawful behavior or even the appearance of a breach of the law can lastingly damage the reputation and market position of the Company and cause significant financial loss. For this reason, the principles of transparent, responsible and value-oriented corporate governance determine the actions of STADA's Executive Board and Supervisory Board. Furthermore, in addition to legal requirements and further regulations, the regulatory framework in which the Company operates encompasses the provisions of its Internal Control and Risk Management System, the STADA Code of Conduct and Group-wide corporate policies on specific topics derived from it.

STADA's Code of Conduct is published on the Company's website at www.stada.com/de or www.stada.com.

STADA Code of Conduct

STADA's Code of Conduct and corporate policies not only serve the Company itself, but also its employees in particular as guidance for proper behavior when confronting legal or ethical challenges in their daily work. They are also designed to help prevent unethical or illegal behavior such as acts of corruption. The Code of Conduct contains binding behavioral guidelines on topics such as anti-corruption, fair competition, social aspects regarding tolerance and respect as well as dealing with the media and taxes. In order to familiarize employees with the content of the Code of Conduct, they are instructed by a compliance officer, for example, in the context of an interactive e-learning including practical examples. Special guidelines also exist for cooperation with members of the medical care profession and serve as a behavioral measure for appropriately dealing with, for instance, gifts, invitations and similar items, thus preventing any sort of misconduct.

In the reporting year, the focus was, among other things, on obtaining certification for the Compliance Management System in accordance with IDW PS980, taking into account further ISO standards for the STADA Group. This external audit covered both the appropriateness and the effectiveness of the compliance management system in the areas of anti-corruption, anti-money laundering, anti-trust law and data protection. The audit was successfully concluded with an unqualified audit opinion. For financial year 2022, one focus will be on implementing the Group-wide findings and corrective measures from this audit.

In addition, a global policy on whistleblowing was implemented in financial year 2021 and is an important component of the Compliance System. Its aim is to further strengthen the Compliance Management System around the Group-wide "speak-up" culture, including the open addressing of misconduct.

Compliance management

In order to ensure compliance with applicable law and internal rules, STADA implemented a comprehensive Compliance Management System comprising the main areas of anti-corruption, competition law, export control, money laundering and data protection.

A key component of the Compliance Management System at STADA is the Corporate Compliance Office, which acts as an independent and objective advisor. Its function is to protect the Company from damage to its financial position and reputation, to safeguard STADA's management and employees from personal liability, prevent the occurrence of competitive disadvantages and strengthen the confidence of consumers, patients, contract partners and public authorities in STADA and its integrity. It pursues internal and external indications, clarifies issues, presents recommendations on the optimization of intra-Group processes and regularly conducts exchanges of information with other corporate departments, particularly with Internal Auditing and Risk Management. Additionally, an Ombudsman is available to employees as well as business partners and other third parties as a neutral and independent contact person for reporting suspicious cases. The Ombudsman's contact details can be accessed on the Company's website at https://www. stada.com/compliance. The Ombudsman's task is to receive confidential information and, with the consent of the information provider or anonymously, to forward it to the Compliance Office. A decision is then made on how to proceed in each individual case.

There are separate compliance departments that manage the topic locally in a decentralized manner and act as contact persons on site. They support the Corporate Compliance Office and maintain an intensive dialog with it. There are also more than two dozen Compliance Coordinators at the local subsidiaries, who take on compliance tasks in addition to their original duties, are available as contacts for local compliance tasks and thus contribute to better compliance-related coverage of the Group.

Through a regular review of the existing Compliance Management System, it is continuously optimized and the international exchange among compliance officers is intensified. In financial year 2017, an expanded reporting system from the subsidiaries to the Compliance Office was set up which is developed on an ongoing basis. As part of this system, disclosures from subsidiaries regarding individual compliance topics are collected and evaluated in order to, in turn, derive new optimization measures from them. There is also a regular exchange with Internal Audit, where risks and further optimization to current developments are discussed. The optimization potentials that are identified will also be shared with the subsidiaries.

Internal Control and Risk Management System

STADA's Internal Control and Risk Management System, which is designed to ensure the responsible handling of risks, represents the basis for responsible corporate governance. It puts the Executive Board in a position to recognize Group-wide risks and market tendencies so that it can immediately react to important changes in the risk profile. In this regard, all departments are connected to the Risk Management System, thus allowing for comprehensive risk monitoring, including the monitoring of potential risks from non-financial areas. The monitoring of non-financial risks is conducted in the same way as financial risks. Generally speaking, for each risk recorded, the indirect impact of the risk is assessed and presented in addition to the direct impact. The inclusion of indirect effects also ensures that non-financial risks are recorded so that their financially measurable impact can be determined and mapped in the Risk Management System.

The Internal Control and Risk Management System is subject to the annual audit, as well as to audits by Internal Audit at regular intervals. The Internal Audit department also supports the Executive Board as an independent body outside of daily business operations by evaluating Group-wide internal procedures and processes from an objective perspective and with the necessary distance. The goal is to optimize business processes, reduce costs, realize efficiency increases and to achieve internally determined goals by way of improved internal controls (see "Opportunities and Risk Report – Internal Control and Risk Management System for the Group accounting process [report in accordance with Sections 289 (4), 315 (4) HGB]").

Employee Matters

STADA's personnel strategy is managed centrally by the Global Human Resources department at Group headquarters. In this regard, the global functional departments "Talent Management", "HR Digitization, Processes and Analytics" as well as "Compensation & Benefits" lay out the standards, guidelines and processes that are implemented by the international subsidiaries and supplemented in accordance with the conditions specific to the market. In view of a strong centrally managed international HR structure, there are also functional reporting lines from all regional HR managers to the global HR management, as well as a global HR management team with local representatives from the largest market regions.

In view of the continuing global Covid-19 pandemic, numerous measures were implemented in 2021 with employee matters in mind. The focus of these measures remains on the safety and health of employees. The measures already initiated globally in 2020 were further adapted to the local situations in accordance with the respective legal requirements in financial year 2021.

Two virtual global HR conferences were held in the reporting year, bringing together representatives of the global HR functions and HR managers from the subsidiaries with the objective of intensifying international cooperation and developing a common understanding of HR priorities and the global initiative.

Measures initiated globally in financial year 2021 included the "Connect4Values" game, which introduced employees to the company's values in a modern and entertaining way, and the implementation of three Pulse surveys to look at employee commitment, with results that were continuously mostly above average. Global leadership development programs for identified corporate talent took place in hybrid formats (virtual and on-site) and training on "feedback" was offered to all managers. Furthermore, in the reporting year, the process of creating and implementing the SAP-based HR IT environment was continued, enabling the standardization and digitalization of Group-wide HR processes. Following their global rollout in the course of the reporting year, "Onboarding" and "Succession Management" are now being used in all countries in addition to the first three modules "Employee Central", "Recruiting" and "Performance & Goals". "Compensation & Variable Pay" and "Learning" have been prepared as further and final modules in 2021, with their introduction planned for 2022. The "Learning" module will give all employees the same access to training in the future.

Employee recruitment and retention

STADA's success is predicated on forming the best team in the industry with a growth culture that is second to none. To attract and retain the best employees, STADA offers its workforce a wide range of additional social and monetary benefits in addition to a strong corporate vision, corporate goals and corporate values. In recognition of the package offered to employees, STADA was certified as a "Top Employer 2021" in Germany. In the coming years, more STADA companies will work to also achieve this qualification.

Equal opportunities and family-friendly framework conditions are important factors in the success of every company and fundamentally contribute to competitiveness. When it comes to the compatibility of career and family, employees at STADA in Germany are not only offered flexible working hours, but also subsidies for childcare costs as well as counseling on the topic of caring for relatives.

Other financial contributions include payments or subsidies for the commute to the workplace, supplementary occupational disability insurance in the chemical industry (BUC) for every employee covered by collective agreements and those covered by similar agreements, the promotion of the ChemiePensionfonds, as well as group accident insurance, which also covers private accidents.

In order to deal responsibly with the work of each individual employee – one of the Company's key resources – STADA has, among other things, established Company health management which helps the workforce stay physically and mentally fit. Just a few examples include a fitness room at the Bad Vilbel site, an offer for virtual sports courses as well as annual health days, which were also only offered in 2021 when circumstances allowed and in compliance with Covid-19 safety measures. Also in financial year 2021, so-called "Mental Health First Aiders" were trained at STADA's English subsidiary Thornton & Ross and the fitness app "FIIT" was introduced to promote the health and well-being of employees.

In the reporting year, in line with STADA's self-image "Caring for people's health as a trusted partner" all managers were offered an opportunity to exchange information and ideas on the topic of "Resilience", which was well received.

Training and development

STADA attaches great importance to training and development. Particularly against the backdrop of covering its own need for qualified young talent and, with it, securing and strengthening the competitiveness of the Company, STADA makes use of internal promotion and targeted programs. The individual training of employees is defined and coordinated by the respective departments on a needs-oriented basis and in accordance with individual targets.

STADA has a global program for the promotion of talent aligned with the corporate culture and the goal of future growth. In three development cycles, participants are given a comprehensive understanding of STADA's purpose, values and strategy.

Two global programs are used in the Group with the aim of recruiting and promoting young talent. Over the course of the 24-month "Impact" trainee program, graduates are trained in four functional areas at STADA and prepared for a potential long-term position in the STADA Group. The "Accelerate" program, which was started in financial year 2021, is targeted toward people with initial work experience and aims to train future managers during a 24-month program.

In 2021, seven people underwent training in different areas of the Company. As part of its development program, the Company also offers students the opportunity to gain practical experience in the pharmaceutical industry with an internship or clerkship.

Employee communication

Both internally and externally, STADA's communication always draws attention to the mission "Caring for people's health as a trusted partner", the vision as well as the four corporate values Agility, Entrepreneurship, Integrity and One STADA. The latter also form the binding framework for cooperation among the roughly 12,500 employees throughout the world and are therefore of particular importance for internal contexts.

As was the case in 2020, the Corona pandemic was a topic that was constantly at the forefront of internal communication channels in financial year 2021. STADA CEO Peter Goldschmidt as well as local managing directors provided information on current developments and safety concepts in numerous employee briefings and across all national borders. Special care was taken to ensure that these were always in line with the recommendations of the responsible local authorities. The health of employees has always been the top priority.

To promote personal exchange and further entrench the corporate values, the so-called "Value Games" were a highlight in the reporting year. Here, employees worldwide had the opportunity to register for a virtual game designed and moderated as a joint project by HR and Global Communications. In short case studies, cross-functional and cross-national small groups of five to ten participants discussed what courses of action could be inferred from the values for the situation described. Not least thanks to intensive internal communication, around 5,000 STADA employees from more than 20 countries took part in the Value Games.

Promoting networking and the flow of information was also a focus of the expansion of the intranet to include local sites for Spain and the UK. This increased the number of languages available to five, following the launch in English, German, Serbian and Russian two years ago. Another milestone in providing access to internal information with as few barriers as possible was the integration of the intranet into the Microsoft Teams collaboration platform. This tool was rolled out globally at the beginning of the Corona pandemic and since then has been the main platform for virtual meetings and collaborative work on projects in the STADA Group. By embedding the intranet in the main menu of Teams, the latest internal news is only a click away, thus greatly facilitating access to relevant information and demonstrably increasing access figures.

To provide even better information to the roughly 7,000 STADA employees in production, logistics, laboratories and the supply chain area, a separate area for all technical operations topics was established within the Global Communication team in the third quarter of 2021. The team develops targeted information formats for employees without access to a computer workstation and supports management in the development of messages that convey the overall strategy of the company in an understandable and sustainable way to the workforce.

In terms of content, STADA's growth was a constant fixture in the editorial plan due to various acquisitions. We also continued to communicate in various formats and channels about the internal growth initiative "STADA+", which was launched in 2019. "STADA+" promotes the corporate value of entrepreneurship by motivating employees to develop and advance business cases. Through communication on the cases that were submitted and various experience reports, the understanding of the initiative was deepened, resulting in over 100 business cases being submitted just one year after the start.

The constant flow of information was maintained through four issues of the employee magazine "One STADA News", which is published in 13 different languages and with numerous local editions, as well as three global employee meetings. These were broadcast live on the intranet with simultaneous translations into eight different languages. At country level, there were also many local events targeted at employees. For the global leadership team, there were monthly video conferences with the CEO as well as a physical meeting in the fall of 2021, focusing not only on strategic updates but also on corporate culture and STADA's growth journey.

Employee rights and occupational safety

Taking local laws into account, STADA ensures that the rights of its employees are observed Group-wide.

The Company is committed to the principle of equal treatment and pursues violations of the German Non-Discrimination Act (AGG) with disciplinary consequences. In order to promote protection against discrimination in the workplace, employees at German locations are, for example, instructed in the applicable non-discrimination policy upon entering the Company and an internal complaints office serves as a contact point.

The Company continues to place importance on the fair involvement of employee representatives and expresses a clear commitment to the freedom of association as well as to the right of its workforce to membership in union.

With a view to the safety of employees, the prevention of accidents and emergency situations as well as the planning of emergency measures take on great importance. Within this framework, the Group ensures their safety in the workplace in compliance with current standards. You can find more detailed information on this topic in the sub-chapter "Health, Safety and Environmental Protection".

Fostering equal opportunity

In the STADA Group, diversity is regarded as a unique quality and differences are seen as a strength. In this respect, uniqueness includes personality, experience, gender, ethnicity, sexual identity and much more. The Group encourages every employee to leverage their uniqueness and sees this as a recipe for success in its growth culture.

In order to draw attention to and promote this diversity, STADA launched a communication campaign in financial year 2021 under the motto “#UniqueStartsWithU”. Within the scope of this campaign, various aspects of uniqueness were presented, including language, sexual orientation, gender, etc. These efforts will be continued in the future. In addition, as a pilot project, all managers of the British STADA subsidiary were offered training on the topic of “subconscious bias”, a program that will be rolled out worldwide as a standard in the future.

As an internationally-active Group with locations in over 50 countries worldwide, cultural diversity is an important part of the Company.

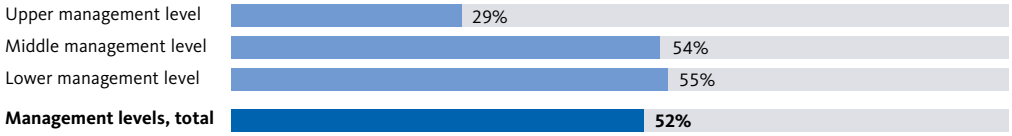
With regard to equal opportunity for women and men, STADA places importance on the balanced representation of both genders. Also, as part of succession planning for managers, the Executive Board ensures an appropriate promotion of female employees for a constant increase in the proportion of women. When it comes to filling management positions, however, the professional and personal qualifications of the candidates, and not their gender, are always at the forefront. With the appointment of Simone Berger as Chief Human Resources Officer/CHRO in the reporting year, a woman joined the Executive Board team for the first time.

The proportion of women employed in management positions at the Group in 2021 amounted to approximately 52% (previous year: approximately 52%).

Gender diversity is measured in various levels at STADA, with a division in “upper, middle and lower management levels”. The “upper management level” includes all members of the STADA Global Leadership Team. In this Group, women had a share of 29% in 2021 (previous year: 23%). For the “middle management levels”, the share of women was 54% (previous year: 49%). For the “lower management level”, the proportion of women was 55% (previous year: 57%).

Important non-financial performance indicators

Gender diversity Share of women 2021 in %



Health, Safety and Environmental Protection

Management processes

The corporate values defined by STADA serve as a guideline for corporate action and are the basis for Company Management’s commitment to health, safety and environmental protection.

On the basis of the sustainability policy adopted in the reporting year and the formal joining of the UN Global Compact, good corporate governance means not only aligning one’s decisions and actions with the regulatory framework, but also taking measures that go beyond legal requirements to promote sustainable and responsible action.

For this reason, STADA has established corresponding responsibilities and processes both at Group and location-related levels. To this end, globally valid HSE guidelines are defined at Group level, their implementation is accompanied at the location level and verified by internal or external audits.

At individual STADA production locations, local HSE guidelines and procedures are defined that ensure compliance with legal requirements and guarantee continuous improvement in accordance with the principles of Plan-Do-Check-Act. In order to have these processes monitored externally on a regular basis, there are HSE Management Systems with certification in accordance with the relevant ISO standards at approximately 80% of the larger production sites. Other sites have initiated development of ISO-compliant HSE management systems and will continue to do so.

Locations with certified ISO management systems (as of the end of 2021):

Location	ISO 45001	ISO 14001
Vršac, Serbia	X	X
Dubovac, Serbia	X	X
Šabac, Serbia	X	X
Podgorica, Montenegro	X	X
Banja Luka, Bosnia and Herzegovina	X	X
Huddersfield, UK	X	X
Nizhny Novgorod[1)], Russia	X	X
Obninsk, Russia		X
Bila Tserkva, Ukraine		X

In financial year 2021, the required monitoring and recertification audits were successfully completed at all certified sites. The Russian site in Obninsk received two occupational safety awards from the Kaluga Region government in 2021.

Health and occupational safety

Safety and health protection at work are of tremendous importance for STADA. For this reason, the respective local legal provisions represent the minimum standard for the Group. Their implementation and ongoing improvement is ensured by the local HSE management systems.

In the reporting year, the programs at all locations to further improve responsibility and awareness of occupational safety at all hierarchical levels and to enhance the occupational safety culture were continued.

This included the strengthening of “Near miss” programs (a program to detect and prevent unsafe behavior/unsafe situations) and integrated HSE/Gemba walk-throughs.

In the reporting year, as was the case already in 2020, the handling of the Covid-19 pandemic was managed by the STADA Steering Committee at all of the Group’s locations throughout the world. The protection concepts already introduced in 2020 at production and office sites were also continued in financial year 2021 and adjusted in line with the respective situation in the countries. Covid-19 vaccination awareness was actively raised through local initiatives and, where possible, operational Covid-19 vaccinations were offered. For example, first/second as well as booster vaccinations were offered at STADA’s headquarters in Bad Vilbel and Covid-19 vaccinations for family members were offered through an external service provider.

1) GOST 12.0.230.1-2015 occupational safety and health protection in connection with GOST 12.0.230-2007.

Important non-financial performance indicators

In the reporting year, as a result of the broad range of measures, it was possible to reduce the number of accidents (accidents >1 lost work day) as compared to 2020:

Health and safety: Accident rate	2021	2020
Accident rate[1)]	0.44	0.48

In 2021, intensive work was also carried out at all sites to ensure that "Safety first" aspect could be experienced. To this end, annual HSE programs are defined and processed for each site. At the global level, there was harmonization in the reporting year with regard to the implementation of risk assessments and increased communication of results from accident investigations.

STADA employees are offered a broad range of programs for general health protection. Coordination of the measures is carried out locally by the respective locations. These include, for example, health days, flu vaccinations, anti-smoking informational events.

Environmental protection

For STADA, responsible entrepreneurship means – in addition to compliance with local environmental regulations – continuously reducing environmental impact and increasing resource efficiency.

Even though the direct environmental impact of the locations is relatively low compared to other industries, there are management systems certified in accordance with ISO 14001 at approximately 80% of the larger locations. As part of the local environmental programs, measures relating to in particular to energy, water/wastewater and waste were planned and implemented accordingly.

In financial year 2021, STADA carried out a strategic project on climate change/CO_2 emissions. On this basis, the Group has targeted a 42% reduction in its own absolute greenhouse gas emissions (Scope 1 & 2) by 2030 compared to 2020. STADA thus supports the goal of limiting global warming to the ambitious target of 1.5 °C.

In 2021, in addition to the implementation of operational energy-saving measures (including the modernization of boilers in Nizhny Novgorod, conversion to LED lighting at various sites), approximately 2,600 tons of CO_2 were also saved through the photovoltaic system commissioned at the end of 2020/beginning of 2021 at the site in Tuy Hoa, Vietnam. Furthermore, STADA increased the share of renewable energy in electricity consumption through the purchase of green electricity certificates to approximately 15% in 2021, thus making a significant contribution to reducing its own CO_2 emissions.

Compared to financial year 2020, energy consumption and the resulting CO_2 emissions for STADA Arzneimittel AG were as follows in the reporting year:

Important non-financial performance indicators

Climate change: Carbon footprint	2021[2)]	2020[3)]	2020[4)]
Energy consumption – total (MWh)	331,000	311,000	277,000
Scope 1: CO_2 emissions[5)] (tons of CO_2 eq.)	38,100	38,100	31,000
Scope 2: CO_2 emissions[6)] (tons of CO_2 eq.)	76,700	114,000	112,000

1) All production locations; accident rate calculated for every 200,000 working hours for accidents >1 lost day (not including commuting accidents).
2) In contrast to the 2020 Annual Report, the data basis also includes office locations and company vehicles in addition to production sites.
3) In contrast to the 2020 Annual Report, the data basis also includes office locations and company vehicles in addition to production sites. Figures for 2020 have been retroactively adjusted accordingly.
4) Figures as reported and reviewed in 2020.
5) Scope 1: direct emissions (determined from measured values and consumption estimates)
6) Scope 2: indirect emissions (determined from measured values, consumption estimates, site- or country-specific electricity conversion factors).

Due to the purchase of renewable electricity certificates, Scope 2 emissions were strongly reduced, so that total CO_2 emissions were lowered by approximately 24.5% compared to 2020. STADA is thus currently within the agreed target corridor for the reduction of its own CO_2 emissions.

Respect for Human Rights

For STADA, good corporate governance means that the focus is not only on the achievement of goals, but also on how they are achieved. STADA's Code of Conduct, for example, reflects the Group's self-image of achieving economic success within the realms of ethical responsibility. The Code of Conduct, which is intended to provide employees in particular with guidance when it comes to correct behavior in the face of legal and ethical challenges, includes, among other things, rules of conduct for dealing with each other and with third parties or rules regarding tolerance, respect and discrimination. In addition, the Code of Conduct explicitly states that STADA markets and sells its products in accordance with all relevant rules and regulations and prohibits the use of forced or exploitative child labor in any form whatsoever.

Contracts negotiated since financial year 2016 pursuant to the Corporate Policies and which have been negotiated in connection with the production of finished goods include additional clauses on the topic of Corporate Social Responsibility within the scope of which STADA and its suppliers are increasingly obligated to comply with the ten principles of the UN Global Compact. This is associated with an obligation to, among other things, support and respect the protection of international human rights and ensure that neither party is complicit in any violations of human rights and commits to the removal of all forms of compulsory labor and to the elimination of child labor. STADA formally joined the UN Global Compact in the past financial year, thereby reaffirming its commitment to respect and protect international human rights.[1)]

STADA values increased sustainable cooperation with its suppliers in accordance with fundamental environmental and social standards. In financial year 2021, the evaluation of suppliers was conducted using questionnaires in the context of a procurement procedure.

In addition, in the reporting year it was possible to increasingly agree audit rights with suppliers with regard to compliance with clauses on the topic of corporate social responsibility, which also includes a review of compliance with international human rights.

STADA is preparing for the operational implementation of the requirements from the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), which the Group will be subject to as of January 1, 2024 due to the relevant employee threshold. With this in mind, STADA has established an internal project group that includes representatives from the areas of Legal & Compliance, Sustainability and Procurement which deals with the implementation of the process specifications and contents of the new legal requirements on an interdisciplinary basis.

EU Taxonomy Regulation

The STADA Group is aware of its corporate responsibility with regard to the EU Green Deal and the tightening of climate targets to limit emissions. In view of the requirements of the EU Taxonomy Regulation, mandatory disclosures of the EU Taxonomy Regulation are made in the following. Accordingly, STADA publishes the required disclosures on turnover, capital expenditure (capex) and operating expenditure (opex) in accordance with the Taxonomy Regulation as amended on June 18, 2020 and the Delegated Act of June 4, 2021 (hereinafter "Delegated Act") with Annex 1 (climate change mitigation) and Annex 2 (climate change adaptation), each dated June 4, 2021, with the corresponding technical verification criteria.

1) See STADA Arzneimittel AG | UN Global Compact:
https://www.unglobalcompact.org/what-is-gc/participants/147513.

STADA examined all taxonomy-eligible economic activities listed in the Delegated Act based on its activities as a pharmaceutical group. The Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the objective of climate change mitigation.

After a thorough review involving all relevant divisions and functions, STADA concluded that its core economic activities are not covered by the Delegated Act and consequently are taxonomy-non-eligible. It can therefore be concluded that the Group with its core business activities is not identified as a main source of greenhouse gas emissions.

STADA's assessment of taxonomy-eligibility is focused on economic activities defined as the provision of goods or services on a market, thus (potentially) generating revenues. In this context, STADA, as a pharmaceutical group, defines the research, manufacture and marketing of pharmaceutical products as the core of its business activities. The Group defines activities such as the acquisition/construction of new buildings (for its production sites) or the transport of its pharmaceutical products to its clients as underlying activities necessary to conduct its core business activities. They are not reported as taxonomy-eligible activities and not included in STADA's turnover KPI as they are not generating external turnover on a standalone basis.

The most important key performance indicators include the key performance indicator related to turnover (turnover KPI), the key performance indicator related to capital expenditures (capex KPI), and the key performance indicator related to operating expenses (opex KPI). For the reporting period 2021, the KPIs have to be disclosed in relation to taxonomy-eligible economic activities and taxonomy-non-eligible economic activities (Art. 10 [2] of the Art. 8 Delegated Act).

The turnover KPI was calculated as the share of net turnover generated with products and services related to taxonomy-eligible economic activities (numerator) in total net turnover (denominator). The denominator of the turnover KPI is based on consolidated net turnover in line with IAS 1.82 (a). For further details on STADA's accounting policies in relation to net turnover, please refer to the Notes to the Consolidated Financial Statements in this Annual Report (see "Notes to the Consolidated Financial Statement – General Information").

With regard to the numerator, STADA has not identified any taxonomy-eligible economic activities as STADA's economic activities as a pharmaceutical group do not fall under the Delegated Act. The share of taxonomy-eligible economic activities in STADA's total turnover is thus 0% and the share of taxonomy-non-eligible turnover is 100%. For Group turnover, please refer to the Notes to the Consolidated Financial Statements in this Annual Report (see "Notes to the Consolidated Income Statement").

The capex KPI is defined as taxonomy-eligible capex (numerator) divided by total capex (denominator).

Total capex consists of additions to tangible and intangible fixed assets during financial year 2021, before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes additions to fixed assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). Additions resulting from business combinations are also included. Goodwill is not included in capex as it is not defined as an intangible asset in accordance with IAS 38. The capital expenditures included in the denominator can be reconciled to the amounts disclosed in the notes to the consolidated financial statements (see "Notes to the Consolidated Balance Sheet"). They are the sum of additions as well as additions from business combinations in accordance with IFRS 3 relating to intangible assets (IAS 38), rights of use (IFRS 16) and property, plant and equipment (IAS 16).

Capital expenditures identified as taxonomy-eligible at STADA relate to the acquisition of production from taxonomy-eligible economic activities and individual measures through which greenhouse gas emissions are reduced. Capital expenditures were taken into account if the acquisition or measure meets the description of the underlying economic activity, regardless of whether the capital expenditure already leads to a reduction in greenhouse gas emissions.

STADA has analyzed the capital expenditures (capex) made in 2021 and allocated these to the taxonomy-eligible economic activities listed in appendix 1 and 2 of the Delegated Act. Accordingly, these amounted to approx. € 29.5 million in the reporting year and related to the economic activities "4.1 Electricity generation using solar photovoltaic technology", "6.5 Transport by motorbikes, passenger cars and light commercial vehicles (leasing of company vehicles)", "7.1. Construction of new buildings" and "7.2. Renovation of existing buildings". Thus, the taxonomy-eligible capex share in 2021 is 7.8% and the taxonomy-non-eligible share is 92.2%.

The opex KPI is defined as taxonomy-eligible operating expenses (numerator) divided by total operating expenses (denominator).

Total opex consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes:

- Research and development expenditure recognized as an expense during the reporting period in our income statement. In line with STADA's Consolidated Financial Statements (IAS 38.126), this includes all non-capitalized expenditure that is directly attributable to research or development activities.

- The volume of non-capitalized leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases. Even though low-value leases are not explicitly mentioned in Section 8 of the Delegated Act, STADA interpreted the legislation as to include these leases.

- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment were determined based on the maintenance and repair costs allocated to our internal cost centers. The related cost items can be found in various line items in STADA's income statement, including production costs (maintenance in operations), sales and distribution cost (maintenance logistics) and administration cost (such as maintenance of IT-systems). This also includes building renovation measures.

In general, this includes staff costs, costs for services, and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to PP&E including an appropriate allocation of overhead costs.

This does not include expenditures relating to the day-to-day operation of PP&E such as: raw materials, cost of employees operating the machine, electricity or fluids that are necessary to operate PP&E.

STADA has analyzed these operating expenditures (opex) and allocated them to the taxonomy-eligible economic activities listed in appendix 1 and 2 of the Delegated Act. Accordingly, these amounted to approximately € 20.8 million in the reporting year and related to the economic activities "6.5 Transport by motorbikes, passenger cars and light commercial vehicles (leasing of company vehicles)" and "7.2 Renovation of existing buildings". Thus, the taxonomy-eligible opex share in 2021 is 13.4% and the taxonomy-non-eligible share is 86.6%.

STADA Poland is responding with agility to new digital options to provide patients and caregivers with health products and services.

Paulina Romaniszyn
General Manager Poland

With European-level quality tied to local expertise, STADA is a trusted partner for healthcare providers in Vietnam.

Khoa Vo Tran Phuong
Reviewing team/Non Betalactam,
Pymepharco, Vietnam

Efficient and effective information technology systems lie at the heart of all successful organisations.

Tobias Günthör
Senior Vice President IT/CIO

With a refined generics strategy and an expanded consumer healthcare portfolio, EG Labo and STADA are well placed for future success in France.

Philippe Ranty
General Manager France

STADA CONSOLIDATED FINANCIAL STATEMENTS 2021

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement in k €	**2021**	**2020**	**Note[1)]**
Sales	3,249,451	3,010,315	11.
Cost of sales	1,705,444	1,510,458	12.
Gross profit from sales	**1,544,007**	**1,499,857**	
Selling expenses	718,590	651,150	13.
General and administrative expenses	222,329	231,069	14.
Research and development expenses	86,513	84,907	15.
Other income	74,086	28,790	16.
Other expenses	135,676	238,690	17.
Operating profit	**454,985**	**322,831**	
Results from investments measured at equity	269	93	
Investment income	—	7	
Financial income	1,748	1,901	
Financial expenses	124,627	104,340	
Financial result	**-122,610**	**-102,339**	18.
Earnings before taxes	**332,375**	**220,492**	
Income taxes	68,565	38,593	19.
Earnings after taxes	**263,810**	**181,899**	
thereof			
distributable to shareholder of STADA Arzneimittel AG (net income)	246,939	167,314	
distributable to non-controlling interest	16,871	14,585	20.
Transfer of profits to Nidda Healthcare GmbH	118,821	153,005	

1) The following Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in k €	2021	2020	Note[1)]
Earnings after taxes	**263,810**	**181,899**	
Items to be recycled in the income statement in future:			
Currency translation gains and losses	**72,901**	**-127,191**	34.
thereof			
income taxes	-215	741	19.
Gains and losses on financial assets (FVOCI)	**-16**	**-27**	46.
thereof			
income taxes	4	10	19.
Items not to be recycled in the income statement in future:			
Gains and losses on financial assets (FVOCI)	**4,435**	**5,842**	25.
Revaluation of net debt from defined benefit plans	**3,568**	**-2,912**	35.
thereof			
income taxes	-1,009	-106	19.
Other comprehensive income	**80,888**	**-124,288**	
Consolidated comprehensive income	**344,698**	**57,611**	
thereof			
distributable to shareholder of STADA Arzneimittel AG (net income)	327,612	43,210	
distributable to non-controlling interest	17,086	14,401	

1) The following Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet in k €	**Dec. 31, 2021**	**Dec. 31, 2020**	**Note[1)]**
ASSETS			
Non-current assets	**3,468,340**	**3,322,851**	
Intangible assets	2,865,626	2,767,035	23.
Property, plant and equipment	540,239	491,867	24.
Financial assets	18,104	14,113	25.
Investments measured at equity	2,939	2,710	26.
Other financial assets	287	657	29.
Other assets	4,226	2,271	30.
Deferred tax assets	36,919	44,198	
Current assets	**2,288,605**	**1,935,346**	
Inventories	812,088	830,132	31.
Trade accounts receivable	763,808	694,782	27.
Return assets	993	838	28.
Income tax receivables	33,521	8,747	
Other financial assets	78,014	46,149	29.
Other assets	73,699	88,697	30.
Cash and cash equivalents	526,482	266,001	32.
Non-current assets and disposal groups held for sale	—	—	33.
Total assets	**5,756,945**	**5,258,197**	
EQUITY AND LIABILITIES			
Equity	**1,215,544**	**1,017,351**	34.
Share capital	162,090	162,090	34.1.
Capital reserve	514,206	514,206	34.2.
Retained earnings including net income	906,037	776,985	34.3.
Other reserves	-444,669	-522,172	34.4.
Treasury shares	-1,403	-1,403	34.5.
Equity attributable to shareholder of the parent company	**1,136,261**	**929,706**	
Shares relating to non-controlling interest	79,283	87,645	34.6.
Non-current borrowings	**3,053,860**	**2,930,891**	
Other non-current provisions	39,282	41,726	35.
Financial liabilities	2,704,807	2,580,996	36.
Other financial liabilities	135,195	157,780	39.
Other liabilities	4,256	10,862	40.
Deferred tax liabilities	170,320	139,527	
Current borrowings	**1,487,541**	**1,309,955**	
Other provisions	19,912	61,951	41.
Financial liabilities	328,460	148,009	36.
Trade accounts payable	601,118	529,571	37.
Contract liabilities	1,462	591	38.
Income tax liabilities	47,865	55,645	
Other financial liabilities	338,314	346,702	39.
Other liabilities	150,410	167,486	40.
Non-current liabilities and associated liabilities of disposal groups held for sale and disposal groups	—	—	
Total equity and liabilities	**5,756,945**	**5,258,197**	

1) The following Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in k €	**2021**	**2020**	**Note[1)]**
Earnings after taxes	263,810	181,899	
Depreciation and amortization net of write-ups of non-current assets	321,273	245,239	22.
Income taxes	68,565	38,592	19.
Income tax paid	-61,664	-63,892	
Interest income and expenses	122,879	102,439	18.
Interest and dividends received	1,790	698	
Result from investments measured at equity	-268	-93	26.
Result from the disposal of non-current assets	-647	12,054	16./17.
Additions to/reversals of other non-current provisions	6,777	3,551	35.
Currency translation income and expenses	-19,867	79,039	16./17.
Other non-cash expenses and gains[2)]	195,907	317,908	
Gross cash flow	**898,555**	**917,434**	
Changes in inventories	-32,017	-279,838	31.
Changes in trade accounts receivable	-47,190	-115,095	27.
Changes in trade accounts payable	34,490	51,062	37.
Changes in other net assets, unless attributable to investing or financing activities	-255,593	-167,673	
Cash flow from operating activities	**598,245**	**405,890**	42.
Payments for investments in			
intangible assets	-236,053	-433,231	
property, plant and equipment	-78,637	-64,732	
financial assets	-1,000	-1,133	
business combinations in accordance with IFRS 3	-4,198	-703,662	
business combinations in accordance with IFRS 3 (VAT)	9,285	-27,391	
Proceeds from the disposal of			
intangible assets	562	214	
property, plant and equipment	2,221	4,823	
financial assets	—	—	
shares in consolidated companies	—	0	
non-current assets held for sale (IFRS 5)	—	-231	
Cash flow from investing activities	**-307,820**	**-1,225,343**	42.
Borrowing of funds	520,969	2,237,567	36.
Settlement of financial liabilities	-235,032	-806,753	36.
Settlement of finance lease liabilities	-25,869	-29,803	
Interest paid	-114,744	-93,942	
Dividend distribution and profit transfer	-177,175	-368,523	34.
Changes in non-controlling interests	-3,463	-52,037	34.
Cash flow from financing activities	**-35,314**	**886,509**	42.
Changes in cash and cash equivalents	**255,111**	**67,056**	42.
Changes in cash and cash equivalents due to the scope of consolidation	940	1,751	
Changes in cash and cash equivalents due to exchange rates	4,430	-8,845	
Net change in cash and cash equivalents	**260,481**	**59,962**	32.
Balance at beginning of the period	**266,001**	**206,039**	
Balance at end of the period	**526,482**	**266,001**	

1) The following Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.
2) The non-cash additions to accruals for health insurance discounts in financial year 2021 amounting to € 146.3 million (previous year: € 162.3 million) are reported within gross cash flow and are therefore not included in changes in other net assets.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity in k € 2021	Number of shares	Share capital	Capital reserve	Retained earnings including net income
Balance as of December 31, 2021	**62,342,440**	**162,090**	**514,206**	**906,037**
Profit transfer to Nidda Healthcare GmbH	—	—	—	-118,821
Dividend distribution	—	—	—	—
Change in treasury shares	—	—	—	—
Changes in retained earnings	—	—	—	—
Changes in non-controlling interests	—	—	—	-2,185
Changes in the scope of consolidation	—	—	—	-87
Other comprehensive income	—	—	—	3,206
Net income	—	—	—	246,939
Balance as of Jan. 1, 2021	**62,342,440**	**162,090**	**514,206**	**776,985**
Previous year				
Balance as of December 31, 2020	**62,342,440**	**162,090**	**514,206**	**776,985**
Profit transfer to Nidda Healthcare GmbH	—	—	—	-153,005
Dividend distribution	—	—	—	—
Change in treasury shares	—	—	—	—
Changes in retained earnings	—	—	—	—
Changes in non-controlling interests	—	—	—	-40,805
Changes in the scope of consolidation	—	—	—	-36
Other comprehensive income	—	—	—	-2,761
Net income	—	—	—	167,314
Balance as of Jan. 1, 2020	**62,342,440**	**162,090**	**514,206**	**806,278**

Currency translation reserve	FVOCI reserve	Treasury shares	Equity attributable to shareholder of the parent	Shares held by non-controlling interest	Group equity
-455,012	**10,343**	**-1,403**	**1,136,261**	**79,283**	**1,215,544**
—	—	—	-118,821	—	-118,821
—	—	—	—	-24,170	-24,170
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	-2,185	-1,278	-3,463
36	—	—	-51	—	-51
73,048	4,419	—	80,673	215	80,888
—	—	—	246,939	16,871	263,810
-528,096	**5,924**	**-1,403**	**929,706**	**87,645**	**1,017,351**

-528,096	**5,924**	**-1,403**	**929,706**	**87,645**	**1,017,351**
—	—	—	-153,005	—	-153,005
—	—	—	—	-18,973	-18,973
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	-40,805	-22,909	-63,714
—	—	—	-36	—	-36
-127,159	5,816	—	-124,104	-184	-124,288
—	—	—	167,314	14,585	181,899
-400,937	**108**	**-1,403**	**1,080,342**	**115,126**	**1,195,468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General Information

1. Corporate information

STADA Arzneimittel Aktiengesellschaft (STADA Arzneimittel AG) as the parent Company of the STADA Group (hereafter referred to as "STADA"), based in Bad Vilbel, Germany, and whose registered office is in Stadastrasse 2–18, 61118 Bad Vilbel, is an internationally-oriented Company active throughout the world in the health care and pharmaceuticals markets, especially in the Generics, Consumer Healthcare and Specialty segments.

The Consolidated Financial Statements of STADA Arzneimittel AG for financial year 2021 were approved for publication by the Executive Board on March 21, 2022.

2. Basis of preparation of the financial statements

The Consolidated Financial Statements prepared for STADA Arzneimittel AG as parent Company as of December 31, 2021, were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRS IC), as applicable in the European Union (EU), as well as in accordance with the supplementary provisions pursuant to Section 315e (1) of the German Commercial Code (HGB).

The financial year corresponds to the calendar year. The individual financial statements of the companies included in the scope of consolidation are prepared as of the same date as the Consolidated Financial Statements.

The structure of the consolidated income statement follows the cost-of-sales method, according to which expenses incurred in generating sales are divided into functional areas. In the statement of comprehensive income, use was made of the option to present this separately from the consolidated income statement. The balance sheet classification distinguishes between non-current and current assets and liabilities, some of which are presented in detail in the Notes according to their current or non-current distinction.

The Consolidated Financial Statements are prepared in euro. Unless otherwise indicated, figures in the Notes are shown in euro thousands (k €). Rounding is thus necessary, although this of course is not significant in its nature.

3. Consequences of new or amended standards and interpretations

In financial year 2021, STADA observed and, if relevant, applied the pronouncements and amendments to pronouncements published by the IASB and endorsed by the EU which were first applicable as of January 1, 2021.

The Group applied the reform of the reference interest rates – phase 2 for the first time. These provide practical relief from certain requirements of IFRS standards and relate to changes in financial contracts and leases or hedging relationships triggered by the replacement of a reference interest rate in a contract with a new alternative reference rate. This did not, however, result in any changes and is therefore immaterial for the Group.

The IASB has published the following IFRS standards that were not yet applied:

From today's perspective, no or no significant effects on the Consolidated Financial Statements are expected from the future application of the further standards (IFRS 1, IFRS 3, IFRS 9, IFRS 16, IAS 16, IAS 36, IAS 37, IAS 41) and interpretations not yet applied.

4. Changes in accounting policies

Changes in accounting and measurement methods with a significant impact on the presentation of STADA's net assets, financial position and results of operations or cash flows resulted from the change in the internal reporting structure in financial year 2021. Since financial year 2021, STADA has been reporting – in line with the change to the internal reporting structure – in the three segments Generics, Consumer Healthcare and Specialty. In order to reflect the growth strategy, including the increasing importance of the Specialty portfolio, the Executive Board decided to fundamentally alter the reporting structures in the reporting year. Pursuant to the changed reporting structure, the Group is now managed according to the three segments Generics, Consumer Healthcare and Specialty. In the course of this change, the portfolio previously classified under Generics and Branded Products was compared with the current market definition, which led to a partial reclassification within the Generics and Consumer Healthcare segments as well as to the addition of the Specialty portfolio. In this context, the carrying amount of goodwill was allocated to the three new segments on the basis of the their relative fair values, calculated on the basis of the values in use of the three segments as of November 30, 2021. The prior-year figures have been adjusted accordingly on the basis of this new segment definition.

There were no other changes beyond this.

5. Scope of consolidation

All significant subsidiaries, joint ventures and associates are included in the Consolidated Financial Statements. Subsidiaries are companies that are directly or indirectly controlled by STADA and are therefore fully consolidated. Control exists if STADA Arzneimittel AG or its subsidiaries are in control of an investee, are exposed to variable backflows and, due to control over existing rights, are able to substantially influence the investee's variable backflows. Control is usually substantiated by a share of voting rights of more than 50%.

Joint arrangements are characterized by joint control by two or more parties and should be classified as either joint operations or as joint ventures. In joint operations, the parties that exercise joint control possess the rights to assets and liabilities included in the agreement. In joint ventures, however, the parties involved possess rights to the company's net assets. Joint ventures are to be included in the Consolidated Financial Statements using the equity method.

Associates are companies over which STADA can have significant influence and which are not subsidiaries or joint ventures. They are included in the Consolidated Financial Statements using the equity method.

Subsidiaries, joint ventures and associates whose influence, both individually and as a whole, on the net assets, financial position and results of operations of the STADA Group is insignificant, are not consolidated or accounted for using the equity method. Investments in these companies are accounted at amortized cost under financial assets. Accumulated, the sales and balance sheet total of these companies make up less than 1% of total Group sales and/or the balance sheet total.

Changes in the scope of consolidation resulted regarding the number of subsidiaries, joint ventures and associates included in financial year 2021 and are as follows:

Number of companies in the scope of consolidation	Germany	International	Total
Jan. 1, 2021	**11**	**82**	**93**
Additions	—	3	3
Disposals	—	3	3
Dec. 31, 2021	**11**	**82**	**93**

As of January 1, 2021, the Bosnian company Hemofarm d.o.o. Sarajevo, which was newly-founded in the fourth quarter of 2020, was consolidated.

In financial year 2021, the stake in the Vietnamese subsidiary Pymepharco Joint Stock Company increased from 98.22% to 99.73% due to the acquisition of further shares.

The Slovakian subsidiary Valosun SK Spol. s.r.o. and the Polish subsidiary Valosun-PL Sp. z o.o. were liquidated in the first quarter of 2021.

In addition, the Polish subsidiary WALMARK Sp. z o.o. was renamed STADA PHARM Sp. z o.o. in the first quarter of 2021.

In the second quarter of 2021, the previously non-consolidated Chinese subsidiary STADA (Shanghai) Trading Co. Ltd. (formerly STADA [Shanghai] Company) was included in the scope of consolidation.

In the third quarter of 2021, the acquisition of a US-american company named Friska LLC took place, which was immediately merged with the US-american subsidiary STADA Corp. Ltd. and thus its consolidation into STADA's scope of consolidation.

Furthermore, in the fourth quarter, the Belgian subsidiary S.A. Eurogenerics N.V. was renamed EG S.A.

In the Consolidated Financial Statements of the STADA Group, 89 companies were consolidated as subsidiaries and four companies as associates as of the reporting date on December 31, 2021.

The following condensed financial information is given for these four associates:

in € million	2021	2020
Share of result from continuing operations	0.3	0.1
Share of comprehensive income	**0.3**	**0.1**
Dividend distribution of SAS SANTRALIA, formerly Pharm Ortho Pedic SAS	-0.2	-0.2
Aggregate carrying amount	**2.9**	**2.7**

There were significant non-controlling interests as of December 31, 2021 in the German BIOCEUTICALS Arzneimittel AG and the German NorbiTec GmbH.

The share in Pymepharco Joint Stock Company increased from 98.22% to 99.73% due to the acquisition of additional shares in financial year 2021. Hence, there are no material non-controlling interests in Pymepharco as of December 31, 2021, as was also the case in the previous year. A presentation of the influence of other shareholders in Pymepharco and the presentation of the summarized financial information as of December 31, 2021 is therefore omitted.

In the following, the influence of other shareholders of BIOCEUTICALS Arzneimittel AG is presented:

Name of subsidiary: **BIOCEUTICALS Arzneimittel AG** Headquarters/place of founding: **Germany** **Financial information** in k €	**2021**	**2020**
Share of voting rights held by non-controlling interest	48.66%	48.66%
Result of non-controlling interest	11,525	9,018
Accumulated non-controlling interest	**54,799**	**63,199**
Non-current assets	74,901	81,758
Current assets	84,214	76,708
Non-current liabilities	14,975	9,736
Current liabilities	12,376	8,137
Sales	71,045	69,343
Earnings after taxes		
distributable to STADA	20,597	21,135
distributable to non-controlling interest	11,525	9,018
Total earnings	**32,122**	**30,153**
Dividends to non-controlling interest	19,925	10,563
Cash flow from operating activities	-1,017	33,382
Cash flow from investing activities	—	—
Cash flow from financing activities	10,991	-28,929

In the following, the influence of other shareholders of NorBiTech GmbH is presented:

Name of subsidiary: **NorBiTech GmbH** Headquarters/place of founding: **Germany** **Financial information** in k €	**2021**	**2020**
Share of voting rights held by non-controlling interest	33.33%	33.33%
Result of non-controlling interest	5,392	4,696
Accumulated non-controlling interest	**11,190**	**10,017**
Non-current assets	7,430	7,856
Current assets	30,193	26,423
Non-current liabilities	708	957
Current liabilities	3,346	3,272
Sales	—	—
Earnings after taxes		
distributable to STADA	10,784	9,392
distributable to non-controlling interest	5,392	4,696
Total earnings	**16,176**	**14,088**
Dividends to non-controlling interest	4,219	5,810
Cash flow from operating activities	5,207	25,826
Cash flow from investing activities	-1,034	-721
Cash flow from financing activities	-12,656	-9,430

Subsidiaries, joint ventures and associates as well as all non-consolidated and other investments pursuant to the regulations of Section 313 (2) HGB are included in the Consolidated Financial Statements as investments and listed below.

Direct investments of STADA Arzneimittel AG:

Name of the company, registered office	Share in capital	Form of consolidation
AO Nizhpharm, Nizhny Novgorod, Russia	100%	subsidiary
BEPHA Beteiligungsgesellschaft für Pharmawerte mbH, Bad Vilbel, Germany	100%	subsidiary
BIOCEUTICALS Arzneimittel AG, Bad Vilbel, Germany	51.34%	subsidiary
Ciclum Farma, Unipessoal, LDA, Paço de Arcos, Portugal	100%	subsidiary
EG Labo – Laboratoires Eurogenerics SAS, Boulogne-Billancourt, France	100%	subsidiary
EG S.p.A., Milan, Italy	100%	subsidiary
Laboratorio STADA, S.L., Barcelona, Spain	100%	subsidiary
Mobilat Produktions GmbH, Pfaffenhofen, Germany	100%	subsidiary
Natures Aid Deutschland GmbH, Bad Vilbel, Germany	100%	subsidiary
SCIOTEC Diagnostics Technologies GmbH, Tulln, Austria	100%	subsidiary
Spirig HealthCare AG, Egerkingen, Switzerland	100%	subsidiary
STADA Arzneimittel Gesellschaft m.b.H., Vienna, Austria	100%	subsidiary
STADA d.o.o., Ljubljana, Slovenia	100%	subsidiary
STADA d.o.o., Zagreb, Croatia	100%	subsidiary
STADA Hungary Kft., Budapest, Hungary	100%	subsidiary
STADA LUX S.à R.L., Luxembourg, Luxembourg	100%	subsidiary/ not included
STADA PHARMA Bulgaria EOOD, Sofia, Bulgaria	100%	subsidiary
STADA PHARMA CZ s.r.o., Prague, Czech Republic	100%	subsidiary
STADA Pharma Services India Private Ltd., Mumbai, India	100%	subsidiary/ not included
STADA PHARM Sp. z o.o. (formerly WALMARK Sp. z o.o.), Warsaw, Poland	100%	subsidiary
STADA PHARMA Slovakia s.r.o., Bratislava, Slovakia	100%	subsidiary
STADA Pharmaceuticals (Asia) Ltd., Hongkong, China	100%	subsidiary
STADA Pharmaceuticals Australia Pty. Ltd., Sydney, Australia	100%	subsidiary
STADA Pharmaceuticals Bulgaria EOOD, Sofia, Bulgaria[1)]	100%	subsidiary
STADA Poland Sp. z o.o., Warsaw, Poland	100%	subsidiary
STADA Service Holding B.V., Breda, Netherlands	100%	subsidiary
STADA (Shanghai) Trading Co. Ltd., Shanghai, China	100%	subsidiary
STADA Sweden Holding AB, Stockholm, Sweden	100%	subsidiary
STADA Thailand Company, Ltd., Bangkok, Thailand	100%	subsidiary
STADA UK Holdings Ltd., Reading, United Kingdom	100%	subsidiary
Walmark a.s., Třinec, Czech Republic	100%	subsidiary
Xbrane Biopharma AB, Solna, Sweden	6.27%	investment

1) Currently in the process of liquidation.

Indirect investments of STADA Arzneimittel AG:

Name of the company, registered office	Share in capital	Form of consolidation
AELIA SAS, Saint-Brieuc, France	20%	associate
ALIUD PHARMA GmbH, Laichingen, Germany	100%	subsidiary
Biopharma-Invest LLC, Bila Tserkva, Ukraine	100%	subsidiary
Britannia Pharmaceuticals Ltd., Reading, United Kingdom	100%	subsidiary
Brituswip Ltd., Reading, United Kingdom	50%	joint venture/ not included
Centrafarm B.V., Breda, Netherlands	100%	subsidiary
Centrafarm Nederland B.V., Breda, Netherlands	100%	subsidiary
Centrafarm Services B.V., Breda, Netherlands	100%	subsidiary
Clonmel Healthcare Ltd., Clonmel, Ireland	100%	subsidiary
CNRD 2009 Ireland Ltd., Dublin, Ireland	50%	joint venture/ not included
Crosspharma Ltd., Belfast, United Kingdom	100%	subsidiary
Dak Nong Pharmaceutical JSC, Dak Nong, Vietnam	43%	investment
DH-norm s.r.o., Třinec, Czech Republic	100%	subsidiary
EG S.A. (formerly S.A. Eurogenerics N.V.), Brussels, Belgium	100%	subsidiary
Fresh Vape Electronic Cigarettes Ltd., Huddersfield, United Kingdom	100%	subsidiary/ not included
Genus Pharmaceuticals Holdings Ltd., Huddersfield, United Kingdom	100%	subsidiary
Genus Pharmaceuticals Ltd., Huddersfield, United Kingdom	100%	subsidiary
Healthypharm B.V., Breda, Netherlands	100%	subsidiary
Hemofarm A.D., Vršac, Serbia	100%	subsidiary
Hemofarm Banja Luka d.o.o., Banja Luka, Bosnia and Herzegovina	91.50%	subsidiary
Hemofarm d.o.o. Sarajevo, Sarajevo, Bosnia and Herzegovina	100%	subsidiary
Hemofarm Komerc d.o.o., Skopje, Macedonia[1)]	99.18%	subsidiary/ not included
Hemomont d.o.o., Podgorica, Montenegro	71.02%	subsidiary
Hemopharm GmbH, Bad Vilbel, Germany	100%	subsidiary
Hemovita S.à R.L., Constantine, Algeria	40%	investment
Hrimoni Pharma d.o.o., Vršac, Serbia	100%	investment
Idelyn s.r.o., Třinec, Czech Republic	100%	subsidiary
Internis Pharmaceuticals Ltd., Huddersfield, United Kingdom	100%	subsidiary
Jinan Pharmaceuticals Co., Jinan, China	35.50%	investment
LCM Ltd., Huddersfield, United Kingdom	100%	subsidiary
Lobsor Pharmaceuticals AB, Uppsala, Sweden	100%	subsidiary
Lowry Solutions Ltd., Huddersfield, United Kingdom	100%	subsidiary/ not included
Natures Aid Ltd., Huddersfield, United Kingdom	100%	subsidiary
NextGEN360 Ltd., Huddersfield, United Kingdom	100%	subsidiary
Nizhpharm-Kazakhstan TOO DO, Almaty, Kazakhstan	100%	subsidiary
NorBiTec GmbH, Uetersen, Germany	66.66%	subsidiary
OOO Aqualor, Nizhny Novgorod, Russia	100%	subsidiary
Dialogfarma LLC, Moscow, Russia	50%	associate
OOO Hemofarm, Obninsk, Russia	100%	subsidiary
Pharmaceutical Plant Biopharma LLC, Bila Tserkva, Ukraine	100%	subsidiary
PharmTechService LLC, Bila Tserkva, Ukraine	50%	associate
Phu Yen Export Import Pharmaceutical JSC, Phu Yen, Vietnam	14%	investment
Proenzi s.r.o., Třinec, Czech Republic	100%	subsidiary
Pymepharco Joint Stock Company, Tuy Hoa, Vietnam	99.73%	subsidiary

1) Currently in the process of liquidation.

Name of the company, registered office	Share in capital	Form of consolidation
Quang Tri Pharmaceutical JSC, Quang Tri, Vietnam	49%	investment
Quatropharma Holding B.V., Breda, Netherlands[1)]	100%	subsidiary
SAS SANTRALIA, Trélazé, France	26.57%	associate
SIA STADA Latvia, Riga, Latvia	100%	subsidiary
Socialites E-Commerce Ltd., Huddersfield, United Kingdom	100%	subsidiary/ not included
Socialites Retail Ltd., Huddersfield, United Kingdom	100%	subsidiary/ not included
STADA Bulgaria EOOD, Sofia, Bulgaria	100%	subsidiary
STADA CEE GmbH, Bad Vilbel, Germany	100%	subsidiary
STADA Consumer Health Deutschland GmbH, Bad Vilbel, Germany	100%	subsidiary
STADA Corp., New Jersey, USA	100%	subsidiary
STADA Estonia OÜ, Tallinn, Estonia	100%	subsidiary
STADA Genéricos, S.L., Barcelona, Spain	100%	subsidiary/ not included
STADA HEMOFARM S.R.L., Temeswar, Romania	100%	subsidiary
STADA IT Solutions d.o.o., Vršac, Serbia	100%	subsidiary
STADA, LDA, Paço de Arcos, Portugal	100%	subsidiary/ not included
STADA M&D S.R.L., Bucharest, Romania	100%	subsidiary
STADA Medical GmbH, Bad Vilbel, Germany	100%	subsidiary
STADA MENA DWC-LLC, Dubai, United Arab Emirates	100%	subsidiary
STADA Nordic ApS, Herlev, Denmark	100%	subsidiary
STADA Pharma Magyarország Kft., Budapest, Hungary[1)]	100%	subsidiary
STADA Pharmaceuticals (Beijing) Ltd., Beijing, China	83.35%	subsidiary
STADA Philippines Inc., Manila, Philippines	100%	subsidiary
STADA Vietnam Ltd., Tuy Hoa City, Vietnam	100%	subsidiary
STADAPHARM GmbH, Bad Vilbel, Germany	100%	subsidiary
STADA-Ukraine DO., Kiev, Ukraine	100%	subsidiary
Sundrops Ltd., Huddersfield, United Kingdom	100%	subsidiary
Thornton & Ross Ireland Ltd., Clonmel, Ireland	100%	subsidiary
Thornton & Ross Ltd., Huddersfield, United Kingdom	100%	subsidiary
UAB STADA Baltics, Vilnius, Lithuania	100%	subsidiary
VALOSUN a.s., Prague, Czech Republic	100%	subsidiary
Vaping Holdco Limited, Stockport, United Kingdom	100%	subsidiary/ not included
Velefarm A.D., Belgrade, Serbia[1)]	19.65%	investment
Velexfarm d.o.o., Belgrade, Serbia	100%	subsidiary
WALMARK România S.R.L., Bucharest, Romania	100%	subsidiary
Wavita EU s.r.o., Prague, Czech Republic	100%	subsidiary
Well Light Investment Company Limited, Ho Chi Minh City, Vietnam	100%	subsidiary
Zeroderma Ltd., Huddersfield, United Kingdom	100%	subsidiary

The exemption rule in Section 264 (3) HGB was applied to ALIUD PHARMA GmbH, BEPHA Beteiligungsgesellschaft für Pharmawerte mbH, Hemopharm GmbH, Mobilat Produktions GmbH, Natures Aid Germany GmbH, STADA CEE GmbH, STADA Medical GmbH, STADA Consumer Health Germany GmbH and STADAPHARM GmbH.

1) Currently in the process of liquidation.

6. Principles for the consolidation of subsidiaries, joint ventures and associates

In accordance with IFRS, business combinations are to be accounted for using the acquisition method. Assets, liabilities and contingent liabilities from business combinations are generally recognized in full – irrespective of the amount of the shareholding – as of the acquisition date at their fair values. If the historical costs of the subsidiary acquired exceed the proportionate newly-measured net assets of the acquiree, STADA recognizes the positive difference as goodwill. After critical examination of the premises underlying the purchase price allocation, a negative difference is recognized through profit or loss in the period of the acquisition. In a business combination achieved in stages, it is necessary to carry out a revaluation through profit or loss of the shares previously held at the date control was achieved. The shares of non-controlling interests are disclosed in the amount of their share in the net assets of the subsidiary.

The acquisition of additional shares from an existing controlling position in a subsidiary is recognized through other comprehensive income in accordance with IFRS 10, as it is a transaction between the equity investors.

Subsidiaries are generally included in the Consolidated Financial Statements from the acquisition date to the end of control by the parent company. Receivables, liabilities, expenses, income and earnings between the companies included in the Consolidated Financial Statements are eliminated, intercompany value adjustments and provisions are reversed. If these consolidation measures result in deviations between the IFRS carrying amounts and the tax base of assets and liabilities, deferred tax liabilities are recognized.

Shares in associates are recognized according to the equity method at acquisition cost on the date when joint control is established (joint ventures) or when significant influence was established (associates) and carried forward from this date in the amount of the proportionate share of earnings in the financial year. A positive difference determined during the purchase price allocation is recognized as goodwill in the carrying amount of the investment in the associate. A negative difference is recognized in income in the period of the acquisition in the results from associates. Profit and loss from transactions with associates is recognized in the Consolidated Financial Statements only according to the share of minority interests.

If indications arise from the application of IFRS 9 that the carrying amount determined using the equity method might be impaired, an impairment test is carried out and, if applicable, an impairment loss in the amount of the difference between the carrying amount and the recoverable amount is recognized. The recoverable amount is the higher of the fair value less cost to sell and the value in use of the shares in an associate.

7. Currency translation

The functional currency of STADA Arzneimittel AG is the euro and represents the reporting currency of the Group.

In the separate financial statements of companies included in the Consolidated Financial Statements, foreign currency transactions are translated into the functional currency at the exchange rate applicable at the time of the transactions. On every reporting date, monetary items are translated using the closing rate. Resulting currency translation differences are recognized in income as exchange gains or losses. Non-monetary items are translated using the transaction rate.

The translation of the companies with a functional currency other than the euro included in the Consolidated Financial Statements into the Group reporting currency is carried out using the closing rate method. Assets and liabilities are generally translated using the closing rate, while individual components of equity are translated using the historical rates at their respective dates of inflow from the Group's perspective. The income and expenses of the income statements are translated – and thereby also the resulting translation of the annual results to be entered in equity – using the average exchange rate of the period.

Currency translation differences arising from the use of different exchange rates are recognized directly in equity in "Currency translation reserve". These provisions are reversed and recognized in income if Group companies leave the scope of consolidation.

The exchange rate development of currencies important to STADA to the euro can be seen in the following chart:

	Closing rate Dec. 31 in local currency			Average rate for the reporting period		
Significant currency relations in the national currency to 1 euro	**2021**	**2020**	**±**	**2021**	**2020**	**±**
Pound sterling	0.8403	0.8990	+7%	0.8600	0.8892	+3%
Russian ruble	85.3004	91.4671	+7%	87.2321	82.6454	-6%
Serbian dinar	117.5821	117.5802	0%	117.5735	117.5776	0%
Swiss franc	1.0331	1.0802	+4%	1.0814	1.0703	-1%
Ukrainian hryvnia	30.9219	34.7689	+11%	32.2959	30.8127	-5%
US dollar	1.1326	1.2271	+8%	1.1835	1.1413	-4%

In terms of percentage changes compared with the previous year, a depreciation of the respective national currency is shown in the table with a minus sign, while an appreciation is shown with a plus sign.

8. Business combinations

In the third quarter of 2021, STADA acquired US-based Friska LLC. This is a company that sells branded products in the areas of vitamins, minerals and dietary supplements. A payment in the mid single-digit million euro range was made to the seller as the base purchase price. This will increase if certain purchase price conditions are met. The final purchase price allocation for this business combination resulted in goodwill of € 6.3 million, mainly from the acquired sales structures and the associated sales expertise.

in € million	
Purchase price for 100% of the shares of the company	5.5
Proportionate fair values of the assets and liabilities acquired	-0.8
Goodwill	**6.3**

The following balance sheet values were applied at the acquisition date as final figures for the assets acquired and liabilities assumed in the context of business combinations:

Fair values in € million	**August 2, 2021 (fair value)**
Intangible assets	0.3
Inventories	0.6
Trade receivables	0.2
Other assets	0.1
Assets	**1.2**
Other liabilities	2.0
Liabilities	**2.0**

9. Accounting policies

STADA's Consolidated Financial Statements are based on uniform accounting policies. The basis for these are the accounting requirements which are mandatory for all companies included in the Consolidated Financial Statements and which are described in more detail below insofar as they are significant for the Consolidated Financial Statements of STADA or for which option rights are exercised.

Sales are recorded when the power of disposition over delimitable goods is transferred to the customer so that the customer has the ability to determine the use of the delimitable goods and essentially derive economic benefit from them. This requires that a contract with enforceable rights and duties be in place and that, among other things, receipt of a consideration is highly likely. The customer's creditworthiness should be taken into consideration. The amount of sales is based on the transaction price to which STADA is presumptively entitled. The anticipated transaction price is affected by variable considerations, which should, however, be taken into consideration exclusively if it is highly likely that there will be no significant retraction of sales upon elimination of uncertainty with respect to the variable consideration. The amount of the variable consideration is determined by applying the anticipated value method.

Expenses from the creation of provisions for returns are deducted from sales on the basis of estimated amounts. The estimates are based on experience regarding amounts used in the past. The estimated expense from the creation of provisions is determined as a percentage of sales. Discounts to health insurance organizations are also recognized with a reduction on sales based on the respective contract in force.

All STADA license agreements either are bound to the sales generated by the licensee or further activities of STADA are required which enable the licensee to use his or her right. As a consequence, sales are realized over the terms of the contract period.

Income and expenses from the same transactions are generally recognized in the same period. Expenses related to deferrals for future revenue reductions are thus recorded in the period in which the sales are realized.

Cost of sales includes the costs of conversion of the products sold and the purchase price of commercial goods sold or given free of charge. The expense is recognized in the period in which the associated income is realized. In addition, cost of sales also includes costs directly attributable to the commercial goods (e.g. cost of materials and personnel expenses), overhead costs (e.g. scheduled depreciation of production equipment and regulatory drug approvals and licenses) as well as value adjustments of excess or obsolete inventories.

Development costs consist of expenses involved initially in the technical implementation of theoretical discoveries in production and production processes and ultimately their commercial implementation.

As a rule, the objective of a development process at STADA is to obtain national or multinational regulatory drug approval. Downstream from the development process is an evaluation process at the end of which a decision on the actual execution of a development is made. Within the development process itself, development costs relative to approvals for new drugs obtained by STADA result in capitalization as intangible assets if all the following preconditions are met:

- It is technically possible to complete the asset (generally, achieve regulatory approval), enabling it to become available for use or sale.
- The intention and ability, as well as the necessary resources, exist to complete the asset and to use (i.e. usually to market it oneself) or sell it in the future.
- The intangible asset provides the Group with a future economic benefit.
- It is possible to reliably calculate the development costs of the intangible asset.

STADA immediately recognizes development costs not eligible for capitalization as expense in the periods in which they are incurred. These include expenses for technical and regulatory maintenance of products marketed.

Goodwill is not amortized based on a schedule. Instead, an impairment test is performed at least once per year (impairment-only approach). For this purpose, goodwill is allocated to cash-generating units aggregated into operating segments, where a cash-generating unit corresponds to a market region within the three operating segments of the STADA Group for the purpose of an impairment test of goodwill.

STADA carries out impairment tests for capitalized goodwill at least once a year. Additional reviews also take place if indications of impairment become apparent. During the impairment test, the carrying amount of each cash-generating unit is compared with its recoverable amount. The carrying amount of a cash-generating unit comprises the carrying amounts of all assets and liabilities attributable to the valuation unit including the carrying amount of goodwill to be tested. If the recoverable amount of a cash-generating unit is lower than the carrying amount, an impairment loss results. The recoverable amount is generally defined as the higher of the fair value less costs to sell, if measurable, and the value in use of the cash-generating unit. The discounted cash flow method is used to determine the value in use, applying an individual interest rate for each cash-generating unit and a detailed planning period of three years. For the period after this three-year detailed planning horizon, a specific estimated growth rate in the amount of 50% of the expected long-term inflation rate is assumed. Significant assumptions made in order to determine the value in use include assumptions regarding sales development, regulatory conditions, investments, the discount rate, currency relations as well as the growth rate. These assumptions are made individually according to the individual situations for every cash-generating unit and are partly based on internally determined assumptions that both reflect past experience and include external market data.

Other intangible assets with determinable useful lives are recognized at cost and amortized on a straight-line basis over the period of their useful life. Amortization shall begin when the asset is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the intended manner. The useful life of regulatory drug approvals, trademarks, licenses, dossiers with data for drug approvals or in preparation of drug approvals, software, concessions, property rights and similar rights is between three and 30 years. Expenses from scheduled amortization of intangible assets are allocated to the relevant functional costs and generally reported within cost of sales. If on the reporting date, there are indications that these assets are impaired, the recoverable amount of the asset is re-evaluated and impairment losses are recognized according to the difference to the carrying amount.

If the reasons for recognizing an impairment loss cease to exist, corresponding write-ups are carried out up to a maximum of the amortized cost, insofar as the estimates for the calculation of the recoverable amount of the asset justifies this.

Intangible assets with indeterminable useful lives are not amortized. In the context of annual impairment tests and additionally in all cases where there are indications of impairment, the recoverable amounts of these assets are compared with their carrying amounts and if necessary, an impairment loss is recognized. For this purpose, the fair value of the asset less costs to sell is determined using the relief from royalty method. At STADA, this affects the umbrella brand Hemofarm capitalized in the context of the acquisition of the Hemofarm group as well as the umbrella brand Pymepharco capitalized in the context of achieving control over Pymepharco. Impairment tests are carried out for the umbrella brands with indefinite useful lives at the level of the individual company or, for the umbrella brand Hemofarm, at the level of the individual companies that generate sales under the Hemofarm umbrella brand. Intangible assets that are not yet available for use are also generally put through annual impairment tests. Furthermore, in each reporting period, an audit is carried out to check whether the reasons for recognizing an indefinite useful life continue to exist.

Internal development costs are capitalized in accordance with the criteria in IAS 38. Capitalized development costs consist mainly of costs that can be allocated to the projects, such as the costs of individuals working in development, material costs, external services and directly allocable overhead costs. Internally created intangible assets are amortized on a straight-line basis over their useful life (generally 20 years).

Property, plant and equipment is accounted at cost less depreciation and any impairment losses plus write-ups. Depreciation begins when the asset is available for use and is accordingly in the condition necessary for it to be capable of operating. Subsequent acquisition costs are capitalized.

Capitalization requires that a future economic benefit will flow to the company and that the cost of the asset can be reliably measured. Expenses for repairs and maintenance that do not represent significant replacement investments are recognized as expenses in the financial year in which they are incurred.

Items of property, plant and equipment are depreciated according to their useful life using the straight-line method. The depreciation period may be up to 50 years in the case of buildings, eight to 20 years in the case of technical facilities and four to ten years for other plant and office furniture and equipment. The component approach, according to which every significant component of property, plant and equipment with different useful lives, must be depreciated separately, is not applied at STADA due to a lack of relevance. To the extent necessary, impairment losses are recognized pursuant to IAS 36; these are reversed if the reasons for the original recognition of an impairment loss no longer exist, insofar as the estimates for the calculation of the recoverable amount of the asset justifies this.

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized as part of the cost of the intangible asset or property, plant and equipment. Other borrowing costs are not capitalized. Where acquisitions are made in a currency other than the respective functional currency, subsequent changes in exchange rates have no impact on the recording of original historical costs.

Impairments on other intangible assets and property, plant and equipment exist when the recoverable amount of an asset is lower than its carrying amount. At each reporting date, STADA assesses whether indications for impairment are apparent. If this is the case, e.g. if certain defined critical values are exceeded, the asset's recoverable amount is determined. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, where the value in use is calculated with a discounted cash flow method. Under this procedure, future cash flows of intangible assets are discounted at the weighted average cost of capital, which is determined individually with specific parameters. Expenses arising from impairments are recognized under "Other expenses".

For the purpose of impairment tests of other intangible assets and property, plant and equipment, cash-generating units within the STADA Group are defined at the level of individual assets within the reportable segments of Generics, Consumer Healthcare and Specialty.

If the reasons for an impairment no longer exist, the corresponding write-ups are carried out up to a maximum of the carrying amounts determined at amortized cost. Income from write-ups is reported under the item "Other income".

Inventories include such assets that are held for sale in the ordinary course of business (finished goods), that are in the process of production for such sale (work in progress), and that are consumed in the production process or in the rendering of services (materials and supplies). Inventories are measured at the lower of cost and net realizable value. Historical costs or costs of sales are determined based on weighted average costs. Costs of sales include both costs that are directly incurred in production and overheads that can be allocated to the production process, including reasonable depreciation on production facilities. Financing costs are not included, but are instead recognized as an expense in the period in which they occur. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets can be divided into the following categories in accordance with IFRS 9: Measurement at amortized cost ("AC"), financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI"). Financial assets are accounted for and measured in accordance with IFRS 9. This involves classifying a financial asset (debt instrument) on the basis of its contractual cash flow characteristics and business model. Under IFRS 9, a financial asset is carried at cost if the underlying business model is to hold the assets in order to collect contractual cash flows (business model condition). In addition, the cash flow condition must be satisfied. This is the case when the contractual features of the financial asset at specified times only provide for interest and principal payments on the outstanding principal amount.

Receivables eligible for factoring are included in trade accounts receivable. Based on the present business model, they are measured at fair value recorded directly in equity. Changes in the fair value of these receivables are therefore recognized directly in equity in the FVOCI reserve. In this context, financial assets measured at fair value through other comprehensive income are generally subject to the same impairment model as financial assets measured at amortized cost.

In accordance with IFRS 9, expected losses are accounted for on the basis of the expected credit loss model. STADA has applied the simplified approach for trade accounts receivable. The general approach is usually applied to other financial assets.

Trade accounts receivable are measured at amortized cost less impairments using the effective interest rate method. Impairments are made in the form of individual impairments and general individual impairments for specific defaults and expected default risks resulting from the insolvency of customers. To quantify the expected default risk, STADA determines the expected future cash flows from receivables grouped by debtor. To this end, the maturity structures of net receivables and experience relating to derecognition of receivables in the past, the creditworthiness of the customers as well as changes in payment conditions are taken into account. In addition, a trade credit insurance that covers part of the loss in case of default is to be taken into consideration for various Group companies. The required impairment determined reduces the assets' carrying amounts through recognition of an impairment account.

The loss is recognized in profit and loss under "Other expenses". Bad debts are derecognized against the impairment account. Subsequent cash receipts for receivables already derecognized are presented net of expenses.

Financial liabilities are measured on initial recognition at fair value plus transaction costs directly attributable to the acquisition. For financial liabilities that subsequently continue to be measured at fair value, any transaction costs are recognized as an expense in the period in which they occur. This relates to the accounting of derivative financial instruments with negative market values. STADA reports these financial liabilities in the "Other financial liabilities" item.

Fair value hedges serve to hedge against the risk of market value fluctuations. The results from the hedging instruments are generally recognized in income statement items in which the hedged underlying transaction is also reflected. Within the scope of fair value hedge accounting, in addition to the fair value change in the derivative, the opposing fair value change in the underlying transaction is recognized in profit or loss, insofar as it is attributable to the hedged risk.

STADA has so far not made use of the option to designate financial liabilities on initial recognition as financial liabilities to be recognized at fair value through profit or loss.

Leases in which the Group is the lessee are recognized as rights of use within non-current assets and as corresponding lease liabilities within other financial assets. Excepted from this are short-term leases with a maximum term of 12 months as well as leases for low-value assets with a value of below € 5,000. Here, STADA applies the option to recognize such leases as expenses at the time of the lease payment. Upon initial recognition, the lease liability is measured at the present value of the outstanding lease payments, discounted at the interest rate underlying the lease. If the interest rate underlying the lease cannot be determined, STADA uses a marginal debt rate. STADA also makes use of the lease provision not to separate non-lease components from lease components and recognizes corresponding leases as a single agreement.

10. Estimates, assumptions and discretion in the application of accounting principles

The presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements is determined by recognition and valuation methods. To a certain extent, STADA makes estimates and assumptions relating to the future that are based on past experience as well as other factors that are considered to be appropriate in the particular circumstances. Although the estimates and assumptions are constantly re-evaluated, estimates derived in this way may differ from actual circumstances.

STADA assumes that the Covid-19 situation prevalent at the time of the preparation of the Consolidated Financial Statements will only have a temporary impact on business development in 2022, due, for example, to postponed doctor or hospital visits in the first quarter or a lower incidence of infectious diseases due to hygiene measures. In all probability, however, it cannot be assumed that there will be any further long-lasting severe restrictions in 2022 (e.g. lockdowns lasting several weeks with school closures, etc.), meaning that the temporary impact will in all likelihood be offset again within the year. In any case, no lasting and significant adverse effect on the development of sales or earnings is expected that would have an impact on the Consolidated Financial Statements. However, effects arising from Covid-19 on the Consolidated Financial Statements could result from the following reasons: Interest rate adjustments in various countries, increasing volatility in foreign currency exchange rates, deteriorating creditworthiness, payment defaults or delayed payments, delays in orders received and executed or modified cost structures, limited utilization of assets, volatility in financial and commodity markets, limited or no access to customers' operating premises or difficulty in making forecasts and projections due to uncertainties regarding the amount and timing of cash flows. These factors may affect the fair values and carrying amounts of assets and liabilities, the amount

and timing of earnings recognition and cash flows. It is reasonably possible that adjustments to assumptions and carrying amounts may be necessary in financial year 2022. At this point in time, STADA anticipates that the assumptions made appropriately reflect the situation at the time of the preparation of the Consolidated Financial Statements.

Furthermore, climate-related risks can affect estimates and assumptions when applying accounting policies. For example, climate protection requirements can have an influence on cost structures in the area of production or the purchase of products and/or raw materials and supplies. However, STADA assumes that climate-related risks have been adequately taken into account in STADA's Consolidated Financial Statements.

The significant estimates, accounting judgments and related assumptions for the accounting issues concerned are outlined below.

As part of purchase price allocations in business combinations, goodwill is the difference between the acquired net assets evaluated according to IFRS 3 and the consideration transferred plus the fair value of the previously held shares and the amount recognized of non-controlling interests. Various valuation methods are used for this that are primarily based on estimates and assumptions. Insofar as contingent purchase price components are agreed, the expected future consideration is measured in the context of the business combination and recognized as other financial liability. At STADA, these are future milestone payments or license fees, the probability of which STADA estimates at the time of the company acquisition and discounts based on the expected payment dates in order to determine the amount of the other financial liability. In the following periods, this assessment is updated and the change is recognized at fair value through profit or loss in other expenses.

STADA carries out an impairment test for capitalized goodwill at least once a year. The discounted future cash flows of the cash-generating units, aggregated into operating segments, which are based on certain assumptions, are to be determined for this purpose. In this regard, both an allocation from "corporate assets" to the carrying amounts of the respective cash-generating units and an allocation from "corporate costs" are carried out in the calculation of the respective value in use on the basis of individual appropriate distribution keys. The discounted cash flow method is used to determine the value in use, applying an individual interest rate for each cash-generating unit and a detailed planning period of three years based on approved budgets. Due to the current market developments in connection with the Covid-19 pandemic, no earnings discount was applied to the planning because current market uncertainties are reflected. Accordingly, the interest rate calculated for the cash-generating units includes the market parameters influenced by the Covid-19 pandemic. For the period after this three-year detailed planning horizon, a specific estimated growth rate in the amount of 50% of the expected long-term inflation rate is assumed. The budget values for future financial years, which are subject to some uncertainty due to unforeseeable future legal developments and developments in the health care market, as well as the parameters determined in the context of current market information but also as a best possible estimate mean that the assessment of impairment may differ from actual circumstances, and despite good forecasts in the reporting year an impairment requirement may be necessary in subsequent years.

For items of property plant and equipment and intangible assets, the expected useful lives and associated amortization or depreciation expenses are determined on the basis of the expectations and assessments of management. If the actual useful life is less than the expected useful life, the amount of depreciation or amortization is adjusted accordingly. As part of the determination of impairment losses on fixed assets, estimates relating to the cause, timing and amount of the impairments are also made. Particularly in the context of impairment tests for as yet unused approvals, which are reported as advance payments, the growth rates applied for the present value test as well as the long-term price and cost development of active pharmaceutical ingredients are based on best possible estimates. This also applies to the impairment tests of other intangible assets with indefinite useful lives.

Development costs are capitalized based on the assessment of whether the capitalization requirements of IAS 38 are met. Planning calculations are necessary to determine the future economic benefit, which are by their nature subject to estimates and may therefore deviate from actual circumstances in the future.

STADA makes valuation allowances on receivables in order to anticipate losses expected in relation to insolvency of customers. The maturity structure of the net receivables and past experience in relation to bad debts as well as the customers' creditworthiness are used as the criteria for evaluating the appropriateness of the valuation allowances. This does not, however, exclude the possibility that the actual derecognitions will exceed the expected valuation allowances due to a significant worsening in the financial position of the customer. Accounting judgments and estimates regarding the assessment of the value of receivables relate particularly to impaired receivables from debtors in CEE countries.

STADA operates in various countries and is obliged to pay respective income tax expenses in each tax jurisdiction. In order to calculate income tax provisions and deferred taxes in the Group, the expected income tax as well as the temporary differences resulting from the different treatment of certain items according to IFRS and their accounting in accordance with tax law are each to be determined on the basis of assumptions. If the final taxation imposed deviates from the assumed values, this has a corresponding effect on actual and deferred taxes and thus on the business, financial and earnings situation of the Group in the respective period. Furthermore, increasing importance within the STADA Group is being allotted to a comprehensive tax transfer pricing model for the payment of intercompany services. Potential risks of nonrecognition of these transfer prices for tax purposes is limited by way of the introduction of corresponding agreement procedures and a comprehensive definition of transfer prices in the form of a Group guideline. If it is probable that the amounts recognized in the tax returns cannot be realized, tax liabilities are recognized that are measured at the most probable amount or the expected value.

When determining the fair values of derivatives and other financial instruments, for which no market price in an active market is available, valuation models based on input parameters observable in the market are applied. The cash flows, which are already fixed or calculated by means of the current yield curve using so-called "forward rates", are discounted to the measurement date with the discount factors determined by means of the yield curve valid on the reporting date.

The amount of pension obligations from defined benefit plans is calculated using actuarial methods. This procedure is based upon assumptions, among other things, regarding the discount rate, life expectancy and future salary and pension increases. Changes to these assumptions can significantly influence the amount of future pension costs. For German Group companies, pension obligations are calculated based on the biometric accounting principles of the Heubeck 2018G mortality tables. Outside Germany, country-specific mortality tables are used. Future pension benefits are subject to individual pension agreements. The discount rate shall be based on long-term rates of return on high quality corporate bonds with fixed interest rates at the reporting date. In countries where there is no liquid market in such corporate bonds, the discount rate is determined on the basis of market yields on government bonds.

The creation of other provisions is based on the assessment of management regarding the probability and amount of an outflow of resources. STADA creates provisions if there is a present external obligation and a probable outflow of resources, i.e. if it is more likely to occur than not. Provisions in relation to pending legal disputes are created based on how STADA estimates the prospects of success of these methods. The determination of provisions for damages is also associated with substantial estimates and can change due to new information. The same applies for the recognition of the amount of contingent liabilities.

Expenses from the creation of provisions for warranties are considered in sales and charged against income. Estimated values based on past experience are used for this purpose. This means that the actual expenses for returns may differ from the estimate and sales would accordingly turn out to be higher or lower. The same applies for the consideration of discounts (e.g. discounts to health insurance organizations) prescribed by law and due to other regulatory requirements. These are recognized with a reduction on sales based on the respective underlying contract with an estimated amount in expectation of probable sales.

Notes to the Consolidated Income Statement

11. Sales

Sales at STADA primarily resulted from the supply of products and, to a much lesser extent, from license revenues. For information on the reporting of sales, please refer to the details included in the Accounting Policies.

Sales generated in financial year 2021 amounted to € 3,249.5 million (previous year: € 3,010.3 million).

This development was primarily attributable to sales increases in the European Generics segment, in the European and Russian Consumer Healthcare segment, in the European, Russian and German Specialty segment, as well as to the acquisitions made. Exchange rate-related effects reduced sales in the previous year by € 2.1 million. For information on how sales are broken down according to segments, please refer to “Segment reporting” in Note 44.

12. Cost of sales

Cost of sales is divided into the following items:

in k €	2021	2020
Material expenses	1,298,213	1,144,637
Impairment, depreciation and amortization	191,778	170,847
Expenses from inventory write-downs	70,933	69,717
Remaining cost of sales	144,519	125,257
Total	**1,705,444**	**1,510,458**

Impairment, depreciation and amortization in the amount of € 191.8 million (previous year: € 170.8 million) mainly included amortization on intangible assets, the ownership of which represents a necessary condition for the marketing of the products manufactured – in particular drug approvals.

Expenses from inventory write-downs included inventories written down to net realizable value netted with reversals. The reversals amounted to € 11.7 million in financial year 2021 (previous year: € 7.6 million).

13. Selling expenses

In addition to the costs for sales departments and the sales force, selling expenses also comprise the costs for advertising and marketing activities including samples for doctors. They also include all costs for logistics that occur for completed final products. Discounts in the form of free retail packages, so-called discounts in kind – insofar as this is possible under the legal regulations in a national market – are not included. The resulting expenses are reported as part of cost of sales.

In the reporting year, marketing expenses in the amount of € 335.3 million (previous year: € 301.1 million) corresponded to a share of 46.7% in selling expenses (previous year: 46.2%). In addition, selling expenses included depreciation in the amount of € 17.6 million (previous year: € 19.1 million).

14. General and administrative expenses

Personnel and material costs of service and administrative units are reported under general and administrative expenses, unless they have been charged to other functional areas as internal services.

In 2021, the general and administrative expenses included depreciation in the amount of € 18.5 million (previous year: € 17.0 million).

General and administrative expenses showed a decrease of € 222.3 million (previous year: € 231.1 million). The decline resulted, among other things, from lower transformation expenses as compared to the previous year. The share of general and administrative expenses in Group sales amounted to 6.8% (previous year: 7.7%).

15. Research and development expenses

For information on the composition of research and development expenses, please refer to the details included in the Accounting Policies.

In financial year 2021, research and development expenses increased by € 1.6 million compared to the previous year.

The research and development expenses included depreciation in the amount of € 4.2 million (previous year: € 4.5 million). Development costs for new products in the amount of € 27.0 million (previous year: € 18.4 million) were capitalized in financial year 2021 (see the Notes on the item “Intangible assets”).

16. Other income

Other income is divided into the following items:

in k €	2021	2020
Income from write-ups	4,413	3,597
Income from the reversal of impairments on receivables	1,404	8,806
Income from received insurance compensations	353	154
Income from the disposal of non-current assets	1,823	1,947
Currency translation income	19,867	—
Remaining other income	50,640	17,883
Total	**74,086**	**28,790**

Income from write-ups in financial year 2021 is made up of many individual items in the Group companies and related to the Generics segment with € 0.2 million and the Specialty segment with € 4.2 million (previous year: € 0.2 million in the Generics segment, € 3.4 million in the Consumer Healthcare segment and € 0.03 million in the Specialty segment). The write-ups relate for the most part to various pharmaceutical approvals and trademarks, the scheduled amortization of which is reported within cost of sales.

Other income included net exchange rate income of € 19.9 million (previous year: net exchange rate expenses of € 79.0 million), comprising exchange rate income of € 39.7 million (previous year: € 68.1 million) and exchange rate expenses of € 19.8 million (previous year: € 147.1 million). This development was based on opposing developments in the various national currencies. In particular, there was increased income in the reporting year due to the appreciation of the Russian ruble for liabilities in the transaction currency euro (previous year: expenses due to the depreciation of the Russian ruble for liabilities in the transaction currency euro).

In financial year 2021, miscellaneous other income included income totaling € 32.2 million from the remeasurement of earnout liabilities in connection with the acquisition of the Swedish company Lobsor Pharmaceuticals and the acquisition of additional shares in the Vietnamese company Pymepharco in the previous year. Furthermore, the remaining other income includes, for the most part, compensation claims and other income not directly associated with functional costs, which comprises many immaterial individual items at the Group companies.

17. Other expenses

Other expenses are broken down as follows:

in k €	2021	2020
Impairment losses on non-current assets excluding goodwill	93,690	37,337
Other personnel expenses	23,051	30,656
Expenses from valuation allowances in accounts receivable	1,753	2,370
Losses from the disposal of non-current assets	1,176	14,001
Currency translation expenses	-0	79,039
Expenses for legal disputes	-10,323	45,835
Remaining other expenses	26,329	29,452
Total	**135,676**	**238,690**

Other expenses include impairment losses in the amount of € 93.7 million (previous year: € 37.3 million) that exclusively relate to impairment losses on non-current assets excluding goodwill in the reporting year. The impairment losses related for the most part to various pharmaceutical approvals and trademarks, the scheduled amortization of which is reported within cost of sales. The impairment losses mainly related to two approvals in the Specialty segment in the amount of € 54.2 million and were also attributable to the Consumer Healthcare segment in the amount of € 30.6 million and to the Generics segment in the amount of € 8.9 million. In the previous year, impairment losses related mainly to an approval in the Specialty segment (€ 8.9 million) due to the discontinuation of development activities, expenses from the deconsolidation of the Argentinian subsidiary Laboratorio Vannier S.A. (€ 5.1 million) and an approval in the Consumer Healthcare segment (€ 3.8 million) due to negative future business prospects.

Furthermore, other expenses included personnel expenses in the amount of € 23.1 million (previous year: € 30.7 million), which in the reporting year mainly resulted from expenses from changes in management (previous year: expenses from changes in management). Regular personnel expenses are appropriately allocated to the functional areas. The severance payments were primarily related to employees whose regular personnel expenses were reported under administrative expenses.

In other expenses, there were expenses from impairments on receivables in the amount of € 1.8 million in the reporting year (previous year: € 2.4 million).

Losses from the disposal of non-current assets amounted to € 14.0 million in the previous year and mainly comprised the effects of the deconsolidation of the Argentinian subsidiary Laboratorio Vannier S.A. and the British subsidiaries Slam Trading Limited and LAS Trading Limited.

In the previous year, there were net exchange rate expenses of € 79.0 million compared with net exchange rate income of € 19.9 million in the current reporting year, which was reported under other income.

Income from the reversal of provisions for legal disputes of € 10.3 million (previous year: expenses for legal disputes of € 45.8 million) included in other expenses in the reporting year mainly related to the partial reversal of provisions for damages recognized in the previous year in Germany and the CIS region.

18. Financial result

The **result from investments measured at equity** in financial year 2021, as was the case in the previous year, relates to the companies AELIA SAS, Dialogfarma LLC, SAS SANTRALIA and PharmTechService LLC accounted for using the equity method.

Investment income primarily relates to profit distributions from companies not included in the Consolidated Financial Statements.

Financial income and financial expenses were composed of the interest result and other financial income and other financial expenses.

The interest result developed as follows:

in k €	2021	2020
Interest income	1,748	1,901
Interest expense	124,627	104,340
Interest result	**122,879**	**102,439**
thereof from financial instruments of the valuation categories in accordance with IFRS 9:		
loans and receivables (AC)	1,631	1,895
financial assets at fair value through other comprehensive income (FVOCI)	-1,414	-1,236
financial assets and liabilities at fair value through profit and loss (FVPL)	-1,314	-3,592
financial liabilities measured at amortized costs (AC)	-121,232	-98,881

The interest result in financial year 2021 included a net interest expense from other non-current provisions, which comprises interest income on plan assets as well as interest expenses from pension obligations and other non-current provisions, in the amount of € 0.6 million (previous year: € 0.6 million).

The interest result includes further interest expenses in connection with leases in accordance with IFRS 16 in the amount of € 4.1 million (previous year: € 3.9 million).

In the reporting year, STADA Arzneimittel AG refinanced at interest rates between 1.37% p.a. and 3.50% p.a. (previous year: 1.01% p.a. and 3.50% p.a.). In addition, the Group financed itself at interest rates of between 0.83% p.a. and 10.19% p.a. (previous year: 0.85% p.a. and 10.19% p.a.). As of the reporting date December 31, 2021, the weighted average interest rate for non-current financial liabilities was approximately 4.10% p.a. (December 31, 2020: approximately 3.84% p.a.). The average weighted interest rate for current financial liabilities was approximately 2.01% p.a. as of the balance sheet date (December 31, 2020: 4.27% p.a.). For all of the Group's financial liabilities, the weighted average interest rate as of December 31, 2021 was approximately 3.87% p.a. (December 31, 2020: approximately 3.87% p.a.).

Borrowing costs capitalized as part of the cost of qualifying assets amounted to € 5.1 million in financial year 2021 (previous year: € 4.2 million). A capitalization rate of 3.27% for intangible assets (previous year: 3.17%) was taken as a basis.

In financial year 2021, as was the case in the previous year, there was no other financial income or other financial expenses.

19. Income tax expense

The item income tax expenses includes taxes on income and earnings paid or owed in the individual countries as well as deferred tax liabilities. Other taxes that cannot be meaningfully attributed to the sales, administration or research and development functions are included in other expenses.

Actual income tax expenses recognized in the income statement can be divided according to timing as follows:

in k €	2021	2020
Actual income tax expenses	**34,953**	**59,129**
Tax expense in the current period	56,005	50,730
Tax expenses (previous year: tax expenses) from previous periods	-21,052	8,399

Deferred taxes recognized in the income statement are made up of the following:

in k €	2021	2020
Deferred taxes	**33,612**	**-20,536**
from temporary differences	20,540	-21,817
from loss/interest carryforwards	13,072	1,281

The effective income tax rate amounted to 20.6% for financial year 2021. The effective income tax rate in the previous year was 17.5%. The nominal income tax rate amounted to 28.3% in financial year 2021 for STADA Arzneimittel AG in Germany. This includes corporate tax with a tax rate of 15.0% and the solidarity surcharge in the amount of 5.5% of corporate tax as well as trade tax with an assessment rate of 357%. The nominal income tax rate of STADA Arzneimittel AG is thus unchanged as compared to the previous year.

For temporary differences from Group investments amounting to € 14.3 million (previous year: € 13.1 million), no deferred tax liabilities were recognized, as in the foreseeable future it is unlikely that there will be a reversal in these temporary differences.

The following overview explains how the effective income tax expense reported in the income statement was derived from the expected income tax expense. The expected income tax expense is calculated by applying the nominal tax rate of STADA Arzneimittel AG to earnings before taxes. The tax effects of the respective tax rates to be applied locally depending on their applicable national and legal forms are reported in a separate reconciliation.

in k €	2021	2020
Earnings before taxes	**332,375**	**220,492**
Nominal income tax rate of STADA Arzneimittel AG (in %)	28.3%	28.3%
Expected income tax expense	**94,129**	**62,443**
Deviation in local tax rate	-31,634	-28,097
Tax effects from tax rate changes	14,670	—
Tax effects from loss carryforwards, tax credits, interest carryforwards and prior-year taxes	3,565	6,188
Tax effects from non-deductible expenses and tax-free earnings	1,178	32,413
Tax effects from disposals	—	-4,274
Tax effect from the fiscal unity with the shareholder	-13,925	-30,215
Other tax effects	582	134
Income tax expense shown on the income statement	**68,565**	**38,593**
Effective income tax rate (in %)	20.6%	17.5%

Without the tax effect from the fiscal unity with the shareholder in the amount of € -13.9 million (previous year: € -30.2 million), the effective tax rate would have been 24.8% (previous year: 31.2%).

As in the previous year, tax effects from loss/interest carryforwards resulted for the most part from unusable interest expenses due to the interest barrier rule that was newly-introduced in the United Kingdom. The effects from tax rate changes mainly relate to deferred tax liabilities in the UK due to the adopted tax rate increase from 19% to 25% from April 1, 2022.

The tax expense of STADA Arzneimittel AG, as in the previous year, was mainly influenced by the domination and profit and loss transfer agreement with the shareholder Nidda Healthcare GmbH. This resulted in a change in the tax status of STADA Arzneimittel AG, which has been included in the single tax entity of Nidda BondCo GmbH with its tax results since 2018 and must pay corporate tax. No tax allocation agreement was concluded with Nidda Healthcare GmbH as the direct parent company and/or Nidda BondCo GmbH as the indirect parent company.

Income taxes are therefore reported in accordance with the formal approach. Accordingly, all deferred taxes of the German controlling company STADA Arzneimittel AG are reported by the controlling company Nidda BondCo GmbH. Nidda BondCo GmbH also has to pay corporate tax, solidarity surcharge and trade tax on the taxable income of STADA Arzneimittel AG.

The actual income tax expenses and deferred taxes recognized in the balance sheet were as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Income tax receivables	33,521	8,747
Income tax liabilities	47,865	55,645

in k €	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets	36,919	44,198
Deferred tax liabilities	170,320	139,527
Deferred taxes as of December 31	-133,401	-95,328
Difference compared to previous year	-38,073	-37,275
thereof		
recognized in income	-33,612	20,536
recognized through other comprehensive income	-1,220	645
acquisitions/disposals/changes in the scope of consolidation	—	-61,636
currency translation differences	-3,242	3,179

Deferred taxes result from the following balance sheet items and loss carryforwards:

	Deferred tax assets		Deferred tax liabilities	
in k €	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Intangible assets	4,508	1,501	187,102	145,670
Property, plant and equipment	1,490	1,352	19,992	9,740
Financial assets	424	405	250	1,035
Inventories	19,994	18,366	4,661	712
Receivables	1,450	557	859	4,200
Other assets	18,682	5,553	510	261
Other non-current provisions	1,884	2,355	251	723
Other provisions	3,181	11,029	41	2,200
Liabilities	32,469	12,575	7,061	519
Loss carryforwards	3,244	16,038	—	—
Total	**87,326**	**69,731**	**220,727**	**165,060**
Offsetting	50,407	25,533	50,407	25,533
Deferred taxes as per balance sheet	**36,919**	**44,198**	**170,320**	**139,527**

Deferred tax liabilities reported by STADA resulted, among other things, from deferred taxes in the context of purchase price allocations carried out under IFRS 3. The increase in deferred tax liabilities from intangible assets compared with the previous year resulted mainly from a tax rate increase in the United Kingdom. Overall, deferred tax liabilities increased as of December 31, 2021 to € 170.3 million (December 31, 2020: € 139.5 million). The reduction in loss carryforwards resulted in particular from the utilization of tax loss carryforwards.

Tax advantages that are expected from the future utilization of tax loss carryforwards are reported under the item "Tax loss carryforwards", insofar as their utilization is probable. Tax loss carryforwards capitalized as of December 31, 2021 amounted to € 14.5 million in financial year 2021 (December 31, 2020: € 64.1 million).

The future usable tax loss carryforwards and similar items are listed in the following chart according to their expiry date:

in k €	Dec. 31, 2021	Dec. 31, 2020
Loss carryforwards expiry date within		
1 year	—	1,383
2 years	—	5,292
3 years	—	—
4 years	—	2,874
5 years	—	942
after 5 years	—	—
unlimited carryforward	14,539	53,654

Deferred tax assets of € 0.9 million have been recognized for companies that incurred a loss in the current or previous year. Management expects to generate sufficient taxable income in future periods to realize the benefits of the deferred tax assets.

No deferred taxes were recognized for the following tax loss carryforwards and similar items as it is not probable that they will be realized in the foreseeable future:

in k €	Dec. 31, 2021	Dec. 31, 2020
Expiry date for loss carryforwards and similar items within		
1 year	760	7,102
2 years	1,410	—
3 years	2,821	—
4 years	2,747	—
5 years	6,970	968
after 5 years	12,512	—
unlimited carryforward	171,096	145,797
Temporary differences	—	—

20. Income attributable to non-controlling interests

in k €	2021	2020
Earnings after taxes	**263,810**	**181,899**
thereof distributable to the shareholder of STADA Arzneimittel AG (net income)	246,939	167,314
thereof distributable to noncontrolling interests	16,871	14,585

Profit distributable to non-controlling interests pertains, as was also the case in the previous year, to the subsidiaries BIOCEUTICALS Arzneimittel AG, Hemofarm Banja Luka, Hemomont, NorBiTec GmbH, Pymepharco and STADA Pharmaceuticals (Beijing).

21. Number of employees and personnel expenses

The average number of employees at STADA by functional area is as follows:

	2021	2020
Technical Operations (Production/Quality Assurance/Logistics/Procurement/Supply Chain)	6,841	6,613
Marketing/Sales	3,981	3,938
Administration with Finance/IT	1,015	1,042
Product Development	660	708
Entire Group	**12,497**	**12,301**
Personnel expenses (in € million)	**515.5**	**478.0**

The average number of employees in the STADA Group increased in financial year 2021 by 2% to 12,497 (previous year: 12,301). The increase was mainly due to a volume-driven expansion in the production area and the development of the cannabis and Lecigon® business. There was also a slight increase due to restructuring measures in Marketing & Sales in Russia/CIS and Eastern Europe. As of the balance sheet date, the number of employees increased by 2% to 12,520 (previous year: 12,310). The increase was based in particular on the reasons for the increase in the average number of employees described above.

Personnel expenses, which are included in expenses of the individual functional areas according to their functional relevance, increased in financial year 2021 to € 515.5 million (previous year: € 478.0 million). The increase was mainly due to the previously mentioned volume-driven expansion in the production area as well as the development of the cannabis and Lecigon® business.

22. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses were incurred on intangible assets and property plant and equipment as follows:

in k €	2021	2020
Scheduled depreciation/amortization	**231,995**	**211,499**
Intangible assets	166,615	148,267
Property, plant and equipment	65,381	63,232
Impairment losses	**93,690**	**37,337**
Intangible assets	93,455	31,753
thereof		
goodwill	—	—
Property, plant and equipment	235	481
thereof		
land and buildings	18	—
plant and machinery	25	-20
other fixtures and fittings, tools and equipment	10	501
advance payments	182	—
Financial assets	—	—
thereof		
investments	—	—
Non-current assets held for sale	0	5,103

While depreciation and amortization are included in expenses of the individual functional areas according to their functional relevance, there is a presentation within other expenses for impairment losses.

Impairment of intangible assets related to various drug approvals and trademarks, the scheduled amortization of which was reported within cost of sales.

Depreciation and amortization increased by 10% compared to the previous year. More information on amortization, depreciation and impairment losses is included in the Notes on non-current assets.

The impairment losses on non-current assets held for sale in the previous year related to the Argentinian subsidiary Laboratorio Vannier S.A. which was presented as held for sale in accordance with IFRS 5 as of March 31, 2020 and which was sold in the second quarter of 2020.

Notes to the Consolidated Balance Sheet

23. Intangible assets

Intangible assets developed as follows in financial year 2021:

2021 in k €	Regulatory drug approvals, trademarks, customer relationships, software, licenses and similar rights	Rights of use	Goodwill	Advance payments made and capitalized development costs for current projects	Total
Costs as of Jan. 1, 2021	**3,486,775**	**9,112**	**491,167**	**313,086**	**4,300,140**
Currency translation	87,398	—	12,686	3,497	103,581
Changes in the scope of consolidation	—	—	—	—	—
Additions	134,884	3,019	—	135,078	272,981
Additions from business combinations in accordance with IFRS 3	286	—	6,330	—	6,616
Disposals	60,795	—	—	85,174	145,969
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—
Transfers	46,608	—	—	-46,584	25
Costs as of Dec. 31, 2021	**3,695,156**	**12,132**	**510,183**	**319,903**	**4,537,375**
Accumulated depreciation as of Jan. 1, 2021	**1,339,557**	**6,764**	**71,267**	**115,517**	**1,533,105**
Currency translation	25,365	—	1,371	1,801	28,538
Changes in the scope of consolidation	—	—	—	—	—
Scheduled depreciation/amortization	163,226	3,388	—	—	166,615
Impairment losses	72,851	—	—	20,605	93,455
Disposals	60,688	—	—	84,989	145,677
Write-ups	4,292	—	—	—	4,292
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—
Transfers	33	—	—	-27	6
Accumulated depreciation as of Dec. 31, 2021	**1,536,052**	**10,152**	**72,639**	**52,906**	**1,671,749**
Residual carrying amounts as of Dec. 31, 2021	**2,159,104**	**1,979**	**437,545**	**266,997**	**2,865,626**
Residual carrying amounts as of Dec. 31, 2020	**2,147,218**	**2,348**	**419,900**	**197,569**	**2,767,035**

Additions from business combinations in accordance with IFRS 3 resulted in the reporting year from the acquisition of the US-american company Friska.

In addition, there were increased additions from the acquisition of the Sanofi product portfolio in the reporting year. The transaction comprises 16 brands, particularly in European countries such as France, Germany, Italy, Poland and Spain. The acquisition, which includes the rights to the 16 brands, their rights of use and approvals, was completed in the third quarter of 2021.

Impairment losses of € 93.5 million mainly related to two registrations in the Specialty segment (€ 31.8 million and € 15.5 million, respectively), one of which was within advance payments made and capitalized development costs for current projects, and three registrations in the Consumer Healthcare segment (€ 8.6 million, € 7.0 million and € 5.0 million, respectively) due to negative future business prospects.

The umbrella brand Hemofarm which was capitalized in 2006 in the context of the acquisition of the Hemofarm group is included in capitalized trademarks recognized as an intangible asset with an indefinite useful life, because STADA intends to make continuing use of it. As of December 31, 2021, this umbrella brand continues to have a carrying amount of € 39.2 million.

In the context of the impairment test of December 31, 2021, an unchanged royalty rate of 2% and a discount rate of 8.4% (December 31, 2020: 9.3%) were used. There was no necessity for impairment for the reporting year.

Furthermore, in the context of the control assumed over Pymepharco in 2013, the umbrella brand Pymepharco was capitalized as an intangible asset with an indefinite useful life as a trademark, as STADA intends to continue to use the trademark. As of December 31, 2021, as in the previous year, it has a carrying amount of € 8.3 million. In the context of the impairment test of December 31, 2021, an unchanged royalty rate of 2% and a discount rate of 9.7% (December 31, 2020: 10.2%) were used. There was no necessity for impairment for the reporting year.

Borrowing costs capitalized in 2021 for intangible assets and directly attributable to the acquisition or the production of a qualifying asset amounted to € 5.1 million (previous year: € 4.2 million). In financial year 2021, the capitalization rate taken as a basis for determining borrowing costs eligible for capitalization was 3.3% (previous year: 3.2%).

Development costs of € 32.6 million were capitalized in the reporting year (previous year: € 23.1 million). Capitalized development costs consist mainly of costs that can be allocated to the projects, such as the costs of individuals working in development, material costs and external services, together with directly allocable overhead costs. Internally created intangible assets are amortized on a straight-line basis over their useful life (generally 20 years). STADA immediately recognizes development costs that do not qualify for capitalization as an expense in the period in which they are incurred (see Note 15.). In financial year 2021, these development costs amounted to € 86.5 million (previous year: € 84.9 million).

Amortization of intangible assets mainly relates to regulatory drug approvals as well as trademarks and is recognized in the income statement primarily under cost of sales. In the reporting year, this related to an amount of € 166.6 million (previous year: € 148.3 million).

In financial year 2021, impairments on intangible assets were recognized in the total amount of € 93.5 million (previous year: € 31.8 million). As in the previous year, no valuation allowances on goodwill were recorded in the reporting year.

Details on changes in the scope of consolidation can be found in the Note on the scope of consolidation (see Note 5.).

Intangible assets developed as follows in the previous year:

2020 in k €	**Regulatory drug approvals, trademarks, customer relationships, software, licenses and similar rights**	**Rights of use**	**Goodwill**	**Advance payments made and capitalized development costs for current projects**	**Total**
Costs as of Jan. 1, 2020	**2,433,789**	**7,794**	**483,627**	**260,024**	**3,185,234**
Currency translation	-182,022	—	-25,528	-6,370	-213,920
Changes in the scope of consolidation	-12,521	—	-507	0	-13,028
Additions	364,341	1,442	—	81,947	447,730
Additions from business combinations in accordance with IFRS 3	847,783	—	33,575	381	881,739
Disposals	1,052	124	—	746	1,922
Reclassifications of non-current assets and disposal groups held for sale	14,114	—	—	—	14,114
Transfers	22,343	—	—	-22,150	193
Costs as of Dec. 31, 2020	**3,486,775**	**9,112**	**491,167**	**313,086**	**4,300,140**
Accumulated depreciation as of Jan. 1, 2020	**1,227,712**	**3,388**	**74,805**	**96,897**	**1,402,802**
Currency translation	-38,016	—	-3,538	-3,203	-44,757
Changes in the scope of consolidation	-11,549	—	—	—	-11,549
Scheduled depreciation/amortization	144,766	3,501	—	—	148,267
Impairment losses	9,855	—	—	21,898	31,753
Disposals	742	125	—	5	872
Write-ups	3,597	—	—	—	3,597
Reclassifications of non-current assets and disposal groups held for sale	11,058	—	—	—	11,058
Transfers	70	—	—	-70	—
Accumulated depreciation as of Dec. 31, 2020	**1,339,557**	**6,764**	**71,267**	**115,517**	**1,533,105**
Residual carrying amounts as of Dec. 31, 2020	**2,147,218**	**2,348**	**419,900**	**197,569**	**2,767,035**
Residual carrying amounts as of Dec. 31, 2019	**1,206,077**	**4,406**	**408,822**	**163,127**	**1,782,432**

Additions from business combinations in accordance with IFRS 3 in financial year 2020 resulted from the acquisition of the Walmark group, the Takeda product portfolio and Lobsor Pharmaceuticals.

In addition, financial year 2020 saw increased additions from the acquisitions of the FERN-C portfolio in the Philippines, 15 consumer healthcare products in more than 40 countries for various therapeutic areas from GlaxoSmithKline, the product portfolio of Swiss Optipharm AG and the Ukrainian Orasept product portfolio.

For 2020, impairment losses resulted mainly from an approval in the Specialty segment (€ 8.9 million) due to the discontinuation of development activities and an approval in the Consumer Healthcare segment (€ 3.8 million) due to negative future business prospects.

The following amortization expense is expected for intangible assets in the next five years:

Expected amortization in k €	
2022	170,361
2023	174,124
2024	175,158
2025	174,928
2026	169,508

The following table shows which cash-generating units the capitalized goodwill can be attributed to:

Residual carrying amount in € million	**Dec. 31, 2021**	**Dec. 31, 2020**
Generics (Segment definition as of 2021)	93.9	—
Consumer Healthcare	164.7	—
Specialty	178.9	—
Generics (Segment definition as of 2020)	—	184.9
Branded Products	—	235.0
Total	**437.5**	**419.9**

As a result of the change in the internal reporting structure, segment reporting also changed, leading to a change in the cash-generating unit. Since financial year 2021, STADA has been reporting – in line with the change to the internal reporting structure – in the three segments Generics, Consumer Healthcare and Specialty. In order to reflect the growth strategy, including the increasing importance of the Specialty portfolio, the Executive Board decided to fundamentally alter the reporting structures in the reporting year. Pursuant to the changed reporting structure, the Group is now managed in accordance with the three segments Generics, Consumer Healthcare and Specialty. In the course of this change, the portfolio previously classified under Generics and Branded Products was compared with the current market definition, which led to a partial reclassification within the Generics and Consumer Healthcare segments as well as to the addition of the Specialty portfolio. In this context, the carrying amount of goodwill was allocated to the three new segments on the basis of the their relative fair values, calculated on the basis of the values in use of the three segments as of November 30, 2021.

Within the scope of the change to the internal reporting system and the associated aggregation of the cash-generating units, an impairment test was carried out on the basis of the cash-generating units from the previous year as of November 30, 2021 against the background of an indication of possible impairment. This did not result in a need for impairment.

In comparison with the previous year, there were changes in the carrying amounts of goodwill for the most part as a result of the acquisition of US-american company Friska in the amount of € 6.3 million. The further increase resulted from exchange rate related changes.

In the context of the regular impairment tests for capitalized goodwill as of November 30, 2021, the discounted cash flow method was used to determine anticipated cash inflows, applying the following parameters defined for the individual cash-generating units by segment:

According to segment, defined as cash-generating unit	**Growth rates of the forward projection phase 2021** in %	**Pre tax WACCs 2021** in %
Generics	1.0%	8.0%
Consumer Healthcare	1.4%	8.7%
Specialty	1.3%	8.2%

In the previous year, the applied parameters as of December 31, 2020 were as follows:

According to segment, defined as cash-generating unit	**Growth rates of the forward projection phase 2020** in %	**Pre tax WACCs 2020** in %
Generics	1.2%	10.0%
Branded Products	1.3%	10.0%

The discounted cash flow method is used to determine the value in use of the cash-generating units, applying an individual interest rate for each cash-generating unit and a detailed planning period of three years. This detailed planning period reflects the assumptions for short and medium-term market developments. For the period after this three-year detailed planning horizon, a specific estimated growth rate in the amount of 50% of the expected long-term inflation rate is assumed. In the previous year, a specific estimated growth rate in the amount of the expected long-term inflation rate is assumed for the period after this three-year detailed planning horizon. The detailed planning phase for determining the value in use is based on assumptions from past experience expanded to include current developments and verified using external market data and analyses. The most important assumptions include the development of future sales prices, amounts and costs, the influence of the regulatory market environment, investments, market share, exchange rates and growth rates. In this regard, STADA anticipates only temporary effects from the Covid-19 pandemic which will be offset within a year, which is why no discount has been planned. Accordingly, the interest rate calculated for the cash-generating units includes the market parameters affected by the Covid-19 pandemic. Significant changes to the assumptions described above would influence the determination of the value in use of the cash-generating units. The discount rates applied are determined on the basis of external factors derived from the market and adjusted for the respective predominant risks of the cash-generating units.

Changes in the calculation parameters used for the impairment tests may influence the fair values of cash-generating units. A sensitivity analysis was therefore carried out for the different cash-generating units with a 1.0 percentage points higher discount rate, a decrease in the growth rate of 0.5 percentage points and a decrease in EBIT of 10.0 percentage points. Using these assumptions, there was also no necessity for an impairment to any cash-generating unit.

24. Property, plant and equipment

Property, plant and equipment developed as follows in financial year 2021:

2021 in k €	**Land, leasehold rights and buildings including buildings on third-party land**	**Plant and tools and machinery equipment**	**Other plants and business equipment**	**Rights of use**	**Advance payments and construction in progress**	**Total**
Costs as of Jan. 1, 2021	**298,124**	**358,372**	**122,055**	**97,708**	**40,604**	**916,863**
Currency translation	5,855	10,741	2,084	1,779	1,319	21,778
Changes in the scope of consolidation	—	—	23	1	—	23
Additions	4,413	10,997	7,016	27,717	54,916	105,060
Additions from business combinations in accordance with IFRS 3	—	—	—	—	—	—
Disposals	4,205	4,134	5,341	13,019	137	26,837
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—	—
Transfers	1,431	22,375	3,472	—	-27,301	-24
Costs as of Dec. 31, 2021	**305,618**	**398,351**	**129,309**	**114,186**	**69,400**	**1,016,864**
Accumulated depreciation as of Jan. 1, 2021	**112,606**	**185,485**	**91,675**	**34,827**	**403**	**424,996**
Currency translation	821	4,097	1,329	671	0	6,918
Changes in the scope of consolidation	—	—	9	—	—	9
Scheduled depreciation/amortization	8,065	24,349	10,151	22,815	—	65,381
Impairment losses	18	25	10	—	182	235
Disposals	3,815	3,277	4,661	8,853	182	20,788
Write-ups	—	115	6	—	—	121
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—	—
Transfers	-32	61	-19	—	-15	-5
Accumulated depreciation as of Dec. 31, 2021	**117,664**	**210,625**	**98,488**	**49,459**	**388**	**476,624**
Residual carrying amounts as of Dec. 31, 2021	**187,955**	**187,725**	**30,821**	**64,726**	**69,012**	**540,239**
Residual carrying amounts as of Dec. 31, 2020	**185,518**	**172,887**	**30,380**	**62,881**	**40,201**	**491,867**

The additions from business combinations in the previous year related to the Walmark Group, which was included in the scope of consolidation.

As in the previous year, no borrowing costs were capitalized for property, plant and equipment in financial year 2021.

Property, plant and equipment developed as follows in the previous year:

2020 in k €	**Land, leasehold rights and buildings including buildings on third-party land**	**Plant and tools and machinery equipment**	**Other plants and business equipment**	**Rights of use**	**Advance payments and construction in progress**	**Total**
Costs as of Jan. 1, 2020	**284,973**	**307,105**	**119,277**	**70,445**	**71,886**	**853,686**
Currency translation	-9,873	-17,863	-4,450	-4,941	-5,099	-42,225
Changes in the scope of consolidation	-702	-1,720	-58	-3,056	-14	-5,550
Additions	1,941	11,120	7,761	39,425	46,129	106,376
Additions from business combinations in accordance with IFRS 3	12,400	6,615	813	4,002	—	23,830
Disposals	2,461	1,986	5,986	8,069	559	19,061
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—	—
Transfers	11,845	55,101	4,698	-98	-71,739	-193
Costs as of Dec. 31, 2020	**298,124**	**358,372**	**122,055**	**97,708**	**40,604**	**916,863**
Accumulated depreciation as of Jan. 1, 2020	**107,935**	**176,173**	**87,430**	**20,444**	**561**	**392,543**
Currency translation	-2,015	-9,295	-2,758	-1,349	—	-15,417
Changes in the scope of consolidation	-45	-1,304	-31	-2,128	—	-3,508
Scheduled depreciation/amortization	7,521	21,882	10,631	23,198	—	63,232
Impairment losses	—	-20	501	—	—	481
Disposals	790	1,898	4,190	5,299	158	12,335
Write-ups	—	—	—	—	—	—
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—	—
Transfers	—	-53	92	-39	—	—
Accumulated depreciation as of Dec. 31, 2020	**112,606**	**185,485**	**91,675**	**34,827**	**403**	**424,996**
Residual carrying amounts as of Dec. 31, 2020	**185,518**	**172,887**	**30,380**	**62,881**	**40,201**	**491,867**
Residual carrying amounts as of Dec. 31, 2019	**177,038**	**130,932**	**31,847**	**50,001**	**71,325**	**461,143**

25. Financial assets

Financial assets developed as follows in financial year 2021:

2021 in k €	**Shares in affiliated companies and other investments**	**Other financial assets**	**Total**
Costs as of Jan. 1, 2021	**29,552**	**—**	**29,552**
Currency translation	27	—	27
Changes in the scope of consolidation	-1,407	—	-1,407
Additions	1,000	—	1,000
Disposals	222	—	222
Change in the fair value (FVOCI)	4,435	—	4,435
Reclassifications of non-current assets and disposal groups held for sale	—	—	—
Transfers	0	—	0
Costs as of Dec. 31, 2021	**33,386**	**—**	**33,386**
Accumulated depreciation as of Jan. 1, 2021	**15,439**	**—**	**15,439**
Currency translation	0	—	0
Changes in the scope of consolidation	—	—	—
Impairment losses	—	—	—
Disposals	157	—	157
Write-ups	—	—	—
Reclassifications of non-current assets and disposal groups held for sale	—	—	—
Transfers	—	—	—
Accumulated depreciation as of Dec. 31, 2021	**15,283**	**—**	**15,283**
Residual carrying amounts as of Dec. 31, 2021	**18,103**	**—**	**18,103**
Residual carrying amounts as of Dec. 31, 2020	**14,113**	**—**	**14,113**

Financial assets are the carrying amounts of those shares in non-consolidated investments. There is currently no intention to sell these financial assets.

Additions to shares in affiliated companies and other investments relate to the increase in the stake in STADA (Shanghai) Trading Co. Ltd. before it was included in the scope of consolidation in the second quarter. The first-time consolidation of this entity is also reflected in the changes in the scope of consolidation.

Another change in the scope of consolidation is the first-time consolidation of the Bosnian company Hemofarm d.o.o. Sarajevo, which was newly-founded in the fourth quarter of 2020, as of January 1, 2021.

The change in fair value (FVOCI) results from the exercising of the option in accordance with IFRS 9 to recognize changes in the fair value of equity instruments in other comprehensive income. In the reporting year, this related to the investment in Xbrane Biopharma AB.

Financial assets developed as follows in the previous year:

2020 in k €	**Shares in affiliated companies and other investments**	**Other financial assets**	**Total**
Costs as of Jan. 1, 2020	**22,426**	**—**	**22,426**
Currency translation	465	—	465
Changes in the scope of consolidation	-621	—	-621
Additions	1,440	—	1,440
Disposals	—	—	—
Change in the fair value (FVOCI)	5,842	—	5,842
Reclassifications of non-current assets and disposal groups held for sale	—	—	—
Transfers	—	—	—
Costs as of Dec. 31, 2020	**29,552**	**—**	**29,552**
Accumulated depreciation as of Jan. 1, 2020	**16,033**	**—**	**16,033**
Currency translation	1	—	1
Changes in the scope of consolidation	-595	—	-595
Impairment losses	—	—	—
Disposals	—	—	—
Write-ups	—	—	—
Reclassifications of non-current assets and disposal groups held for sale	—	—	—
Transfers	—	—	—
Accumulated depreciation as of Dec. 31, 2020	**15,439**	**—**	**15,439**
Residual carrying amounts as of Dec. 31, 2020	**14,113**	**—**	**14,113**
Residual carrying amounts as of Dec. 31, 2019	**6,393**	**—**	**6,393**

26. Investments measured at equity

The disclosure as of the reporting date related to the accounting of shares in the associates PharmTechService LLC, as well as SAS SANTRALIA, AELIA SAS and Dialogfarma LLC using the equity method.

Investments measured at equity developed as follows in financial year 2021 compared with the previous year:

in k €	**2021**	**2020**
As of Jan. 1	**2,710**	**3,067**
Dividend distribution	-150	-175
Results from associates	269	93
Currency translation	110	-275
As of Dec. 31	**2,939**	**2,710**

The increase in investments accounted for using the equity method in the 2021 financial year resulted primarily from earnings from associates and currency translation effects.

In the previous year, the decrease in investments accounted for using the equity method resulted primarily from currency translation effects and from the dividend distribution of SAS SANTRALIA.

27. Trade accounts receivable

Trade accounts receivable are composed as follows:

in k €	Dec 31, 2021	Dec. 31, 2020
Trade accounts receivable from third parties	824,239	773,857
Trade accounts receivable from non-consolidated companies	3,480	1,799
Valuation allowances vis-à-vis third parties	-103,455	-105,374
Financial assets (FVOCI)	39,545	24,500
Total	**763,808**	**694,782**

Various collateral exists for a portion of trade accounts receivable whose value was not impaired in the form of bank or corporate guarantees, pledged inventories and letters of credit. Furthermore, there is commercial credit insurance for certain markets and customers. These are taken into account in the calculation of the default risk.

The regulations on the classification of financial assets resulted for receivables eligible for factoring due to the current business model, that these financial assets, which continue to be included in trade accounts receivable, are measured at fair value without effect on profit or loss under IFRS 9. Changes in the fair value of these receivables are recognized directly in equity in the FVOCI reserve. Financial assets measured at fair value recorded directly in equity are generally subject to the same impairment model as financial assets measured at amortized cost.

Overall, impairments on trade accounts receivable developed as follows:

in k €	2021	2020
As of Jan. 1	**105,374**	**108,849**
Added	235	1,068
Utilized	-556	-1,695
Reversed	-1,948	-2,404
Additions from business combinations in accordance with IFRS 3	—	681
Changes in the scope of consolidation	—	-94
Currency translation differences	350	-1,031
As of Dec. 31	**103,455**	**105,374**

Value adjustment matrix

The figures for financial year 2021 were as follows:

Trade accounts receivable in k €	Credit default rate	Trade accounts receivable, net	ECL IFRS 9	IVA w/o ECL IFRS 9	Trade accounts receivable, gross
Cluster 1 – low risk	0%–1.5%	723,340	3,748	99,691	823,031
Cluster 2 – medium risk	1.6%–3.0%	1,208	16	—	1,208
Cluster 3 – increased risk	3.1%–5.0%	—	—	—	—
Cluster 4 – high risk	>5.0%	—	—	—	—
Total		**724,548**	**3,764**	**99,691**	**824,239**

The previous year resulted in the following presentation:

Trade accounts receivable in k €	Credit default rate	Trade accounts receivable, net	ECL IFRS 9	IVA w/o ECL IFRS 9	Trade accounts receivable, gross
Cluster 1 – low risk	0%–1.5%	592,813	2,143	96,838	689,651
Cluster 2 – medium risk	1.6%–3.0%	79,166	1,352	5,040	84,206
Cluster 3 – increased risk	3.1%–5.0%	—	—	—	—
Cluster 4 – high risk	>5.0%	—	—	—	—
Total		**671,978**	**3,495**	**101,879**	**773,857**

For trade accounts receivable, an expected default on receivables is calculated over their terms on the basis of a portfolio-specific default rate. The default rate indicates the probability that a debtor will default within a period of one year. The default rates consider the industry risks and the economic environment of the respective country. Each cluster is allocated to a different bandwidth of expected default rates.

28. Return assets

As of December 31, 2021, return assets due after a year amounted to € 1.0 million (previous year: € 0.8 million). The return assets relate to anticipated returns in connection with contracts with customers for which reutilization is expected.

29. Other financial assets

Other financial assets were composed as follows:

	Dec. 31, 2021		Dec. 31, 2020	
in k €	Total	thereof: current	Total	thereof: current
Loan receivables	—	—	130	130
Derivative financial assets	34	34	839	839
Other financial assets	78,268	77,980	45,837	45,180
Total	**78,302**	**78,014**	**46,806**	**46,149**

The derivative financial assets included the positive market values of currency forwards (see Note 46.1.).

The remaining financial assets included receivables from the German factoring business in the amount of € 5.1 million and receivables from Nidda Healthcare Holding GmbH and Nidda Healthcare GmbH in the amount of € 61.8 million. In addition, other financial assets also comprise many immaterial individual items in the Group companies.

As of December 31, 2021, other financial assets included impairments in the amount of € 9.6 million (December 31, 2020: € 9.8 million).

30. Other assets

Other assets were composed as follows:

	Dec. 31, 2021		Dec. 31, 2020	
in k €	Total	thereof: current	Total	thereof: current
Other receivables due from the tax authorities	18,956	18,928	50,420	50,394
Prepaid expenses/deferred charges	46,923	45,429	32,329	31,399
Other assets	12,047	9,342	8,219	6,904
Total	**77,925**	**73,699**	**90,968**	**88,697**

As of the balance sheet date, other assets included non-current assets from over-funded pension plans in the amount of € 1.5 million and also consisted of many immaterial individual items in the Group companies. There were no assets from over-funded pension plans in the previous year.

As of December 31, 2021, other assets included write-downs in the amount of € 0.3 million (December 31, 2020: € 0.0 million).

31. Inventories

in k €	2021	2020
Materials and supplies	174,589	159,706
Work in progress	50,949	49,557
Finished goods and merchandise	565,614	586,525
Advance payments to suppliers	20,936	34,344
Total	**812,088**	**830,132**

In financial year 2021, impairments netted with reversals were made on the net realizable value of inventories in the amount of € 70.9 million (previous year: € 69.7 million), which were already deducted from the amounts shown above through profit and loss. In financial year 2021, reversals here amounted to € 11.7 million (previous year: € 7.6 million).

32. Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits as well as current and highly liquid financial investments with a maximum term of 90 days from the date of acquisition. In certain countries, specific transactions are subject to special monitoring in the context of the requirements of the respective national bank or foreign exchange acts in force. Restrictions on the availability of cash and cash equivalents amount to € 7.6 million (previous year: € 4.0 million) and relate to, among other things, cash and cash equivalents in China.

The increase in cash and cash equivalents from € 266.0 million as of December 31, 2020 to € 526.5 million as of December 31, 2021 resulted from the effects described as part of the explanations in the Consolidated Cash Flow Statement. Further details on the development of cash and cash equivalents can be found in the Consolidated Cash Flow Statement.

33. Non-current assets and disposal groups held for sale as well as associated liabilities

As of December 31, 2021, as was also the case in the previous year, there are no assets held for sale in the STADA Group.

34. Equity

Group equity amounted to € 1,215.5 million as of the balance sheet date (previous year: € 1,017.4 million). This corresponds to an equity ratio of 21.1% (previous year: 19.3%).

34.1. Share capital

As of December 31, 2021, share capital amounted to € 162,090,344.00 (December 31, 2020: € 162,090,344.00) and was divided into 62,342,440 registered shares (December 31, 2020: 62,342,440), each with an arithmetical share of share capital of € 2.60 per share, and is fully paid. Each share grants one vote in the Annual General Meeting.

Authorized capital as of December 31, 2021 is comprised as follows:

	Amount in €	Shares	Purpose
Authorized capital	81,045,159.00	31,171,215	Increase of share capital (until June 5, 2023)

34.2. Capital reserve

Changes in the capital reserve of the Group are shown in the consolidated statement of changes in shareholders' equity and particularly include the capital reserve of STADA Arzneimittel AG. Differences from the capital reserve determined in accordance with the provisions of German commercial law primarily result from the recognition at their market value of the shares of STADA Arzneimittel AG newly issued in 2003 as well as the associated treatment of issuing costs, which were deducted from the capital reserve.

34.3. Retained earnings including net income

Retained earnings including net income comprises net income for the financial year as well as earnings generated in previous periods, provided these were not distributed or transferred under a profit transfer agreement, including amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized through other comprehensive income are reported under this item, taking deferred taxes into account.

In the context of measuring the defined benefit obligations as of December 31, 2021, net income in the amount of € 3.6 million after deferred taxes – not considering amounts attributable to non-controlling interests – resulted from the remeasurement. It is mainly based on the increase in the discount rate for various defined benefit plans in the STADA Group underlying the measurement of December 31, 2021 in comparison with December 31, 2020. In addition, this item also includes currency translation differences related to the revaluation of net debt recognized in equity from performance-oriented pension plans as well as the deferred taxes they incur, which, in financial year 2021, amounted to income recognized in equity of € 0.4 million.

In financial year 2021, retained earnings were also significantly impacted by the further increase in shares in the Vietnamese subsidiary Pymepharco Joint Stock Company. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration must be recognized in equity in accordance with IFRS 10 and allocated to the owners of the parent company. The resulting reduction in retained earnings amounts to € 2.2 million.

34.4. Other reserves

Other reserves include results recognized directly in equity. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on income of financial statements of companies included in the Group, which are reported in the statement of changes in equity under the "currency translation reserve".

As part of the application of the IFRS 9 Standard, other reserves also include the "FVOCI reserve". Changes in the fair value of receivables measured at fair value through other comprehensive income as well as the equity instruments measured at fair value through other comprehensive income are recorded here with no effect on profit or loss.

The increase in other reserves compared to the previous year primarily resulted from the appreciation of the Russian ruble and the British pound since December 31, 2020, which led to income from the currency translation of the companies that are accounted for in the Russian ruble and British pound.

34.5. Treasury shares

As of the balance sheet date, the Company held 84,273 treasury shares (December 31, 2020: 84,273), each with an arithmetical par value of € 2.60, which is equivalent to 0.14% (December 31, 2020: 0.14%) of the share capital. In financial year 2021, no treasury shares were sold.

34.6. Shares relating to non-controlling interests

Shares held by non-controlling interests related as of December 31, 2021 to the minority interests of other shareholders in the subsidiaries BIOCEUTICALS Arzneimittel AG, Hemofarm Banja Luka, Hemomont, NorBiTec GmbH, Pymepharco, and STADA Pharmaceuticals (Beijing).

35. Other non-current provisions

Other non-current provisions made by STADA as of the reporting date in Germany and outside Germany include pension provisions and other non-current provisions in the form of anniversary provisions as well as provisions for working time accounts and early retirement as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Germany	21,909	19,326
International	17,373	22,400
Total	**39,282**	**41,726**

In Germany, STADA has plan assets in the form of reinsurance policies, which are used to serve the pension entitlements of a small number of former employees. In addition, there are plan assets for a pension obligation which was outsourced to a pension fund. All further pension entitlements are financed internally within the scope of pension provisions. In addition, there are plan assets in a few foreign subsidiaries in the form of, among other things, insurances, government bonds and securities funds.

In financial year 2021, the plan assets of two foreign subsidiaries exceeded their pension obligations, with the result that this excess asset was recognized under other assets as assets from overfunded pension plans in the amount of € 1.5 million. In the previous year, there was no excess asset at any subsidiary.

Plan assets can be broken down by investment category and quoted market price as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Plan assets with quoted market price	**65,038**	**57,695**
thereof cash and cash equivalents	1,803	1,879
thereof equity securities	10,106	9,946
thereof debt securities	46,694	32,550
thereof real estate	6,423	2,985
thereof derivatives	—	—
thereof shares in investment funds	—	10,321
thereof other	12	14
Plan assets without quoted market price	**38,658**	**39,914**
thereof Insurance policies	38,658	39,914
Total	**103,696**	**97,609**

For German Group companies, pension obligations developed as follows:

Projected benefit obligations (DBO) for pension commitments in k €	2021	2020
As of Jan. 1	**45,955**	**59,482**
Current service cost	11	11
Past service cost	—	—
Plan settlements	—	—
Interest cost	450	757
Benefits paid from plan assets from settlements	—	—
Other benefits paid from plan assets	-1,573	-1,529
Benefits paid by the employer from settlements	—	—
Other benefits paid by the employer	-733	-728
Reclassifications	—	—
Revaluations:		
gains (-)/losses (+) due to changed demographic assumptions	—	-13,082
gains (-)/losses (+) due to changed financial assumptions	-1,548	1,019
gains (-)/losses (+) due to experience-based changes	612	25
As of Dec. 31	**43,174**	**45,955**

The gain from a change in demographic assumptions in the previous year resulted from the discontinuation of an entitlement to a surviving dependents' pension for a current pension commitment.

For international Group companies, pension obligations developed as follows:

Projected benefit obligations (DBO) for pension commitments in k €	2021	2020
As of Jan. 1	**81,644**	**75,131**
Current service cost	2,937	2,611
Past service cost	-359	-42
Plan settlements	-257	-733
Interest cost	894	1,087
Benefits paid from plan assets from settlements	-3,002	-1,053
Other benefits paid from plan assets	360	1,327
Benefits paid by the employer from settlements	-323	-52
Other benefits paid by the employer	-862	-790
Employee contributions	792	630
Insurance premiums for death and disability benefits	-358	-280
Business combinations	11	23
Disposals	—	—
Reclassifications	—	—
Revaluations:		
gains (-)/losses (+) due to changed demographic assumptions	-1,758	-241
gains (-)/losses (+) due to changed financial assumptions	-1,822	6,181
gains (-)/losses (+) due to experience-based changes	1,269	53
Currency changes	3,641	-2,109
Other	-100	-99
As of Dec. 31	**82,707**	**81,644**

In financial year 2021, special incidents occurred in particular in Switzerland and Saudi Arabia. In Switzerland, GEMINI Sammelstiftung reduced the conversion factors used to convert the accumulated capital from retirement credits into lifelong pension benefits. This resulted in a gain of € 0.4 million for STADA. In Saudi Arabia, employment contracts with some expatriate employees were terminated – with this measure resulting in a gain of € 0.3 million. There were also other special incidents with an immaterial impact on the balance sheet.

The fair value of plan assets underlying the pension obligations developed as follows for German group companies:

Fair value of plan assets in k €	2021	2020
As of Jan. 1	**33,449**	**46,696**
Interest income	315	588
Employer contributions	-4	6
Employee contributions	—	—
Benefits paid from plan assets from settlements	—	—
Other benefits paid from plan assets	-1,573	-1,529
Return on plan assets (not included in interest result)	-484	-12,312
Other	—	—
As of Dec. 31	**31,703**	**33,449**

The fair value of plan assets underlying the pension obligations developed as follows for international Group companies:

Fair value of plan assets in k €	2021	2020
As of Jan. 1	**64,160**	**58,041**
Interest income	623	782
Employer contributions	4,650	2,678
Employee contributions	792	630
Benefits paid from plan assets from settlements	-3,002	-1,053
Other benefits paid from plan assets	360	1,327
Insurance premiums for death and disability benefits	-358	-280
Business combinations	—	—
Disposals	—	—
Reclassifications	—	—
Return on plan assets (not included in interest result)	1,814	3,461
Currency changes	3,101	-1,327
Other	-147	-99
As of Dec. 31	**71,993**	**64,160**

Net debt from defined benefit plans developed as follows for German Group companies:

Net debt from defined benefit plans in k €	2021	2020
As of Jan. 1	**12,506**	**12,786**
Expenses from pension plans recognized in the income statement	146	180
Revaluations:		
gains (-)/losses (+) due to changed demographic assumptions	—	-13,082
gains (-)/losses (+) due to changed financial assumptions	-1,548	1,019
gains (-)/losses (+) due to experience-based changes	612	25
Return on plan assets (not included in interest result)	484	12,312
Employer contributions	4	-6
Benefits paid by employer from settlements	—	—
Other benefits paid by the employer	-733	-728
Reclassifications	—	—
As of Dec. 31	**11,471**	**12,506**

Net debt from defined benefit plans developed as follows for international Group companies:

Net debt from defined benefit plans in k €	2021	2020
As of Jan. 1	**17,484**	**17,090**
Expenses from pension plans recognized in the income statement	2,639	2,141
Revaluations:		
gains (-)/losses (+) due to changed demographic assumptions	-1,758	-241
gains (-)/losses (+) due to changed financial assumptions	-1,822	6,181
gains (-)/losses (+) due to experience-based changes	1,269	53
Return on plan assets (not included in interest result)	-1,814	-3,461
Employer contributions	-4,650	-2,678
Benefits paid by employer from settlements	-323	-52
Other benefits paid by the employer	-862	-790
Business combinations	11	23
Disposals	—	—
Reclassifications	—	—
Currency changes	540	-782
As of Dec. 31	**10,714**	**17,484**

The amount of the pension provisions recognized as of the balance sheet date for companies with plan assets were as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Present value of the defined benefit obligations fully or partially funded by plan assets	112,999	114,690
Fair value of plan assets	103,696	97,609
Defined benefit obligations in excess of plan assets	**9,303**	**17,081**
Present value of unfunded defined benefit obligations	12,882	12,909
Net defined benefit liability	**22,185**	**29,990**
Effect of asset ceiling (according to IAS 19.64)	—	—
Net defined benefit liability recognized in the balance sheet	**22,185**	**29,990**

Expenses for defined benefit plans amounted to net expenses in the total amount of € 2.8 million in financial year 2021 (previous year: € 2.3 million) and consisted of the following components:

in k €	2021	2020
Current service cost	2,948	2,622
Past service cost	-359	-42
Plan settlements	-257	-733
Net interest expense:		
interest expense (DBO)	1,344	1,844
interest income (plan assets)	-938	-1,370
interest income from reimbursement	—	—
interest expense (+)/interest income (-) from the limit on an asset	—	—
Administration costs	47	—
Other	—	—
Total	**2,785**	**2,321**

The result from plan assets amounted to an expense of € 0.2 million in financial year 2021 (previous year: income of € 11.7 million) for German Group companies and income of € 2.4 million (previous year: income of € 4.2 million) for international Group companies.

The amount of the negative income from plan assets for German Group companies is largely determined by the fact that the plan assets of a commitment are adjusted to the value of the gross obligation on the basis of the reinsurance available for this purpose. The income on plan assets outside Germany is mainly attributable to a positive performance of plan assets in Ireland and Switzerland.

The following actuarial parameters were used as a basis for measuring the German pension obligations and pension costs:

Parameters for pension obligations for German Group companies (weighted) in %	Dec. 31, 2021	Dec. 31, 2020
Discount rate	1.3%	1.0%
Salary trend	3.0%	3.0%
Pension trend	1.4%	1.4%
Inflation	1.5%	1.5%

The following actuarial parameters were used as a basis for measuring the international pension obligations and pension costs:

Parameters for pension obligations for International Group companies (weighted) in %	Dec. 31, 2021	Dec. 31, 2020
Discount rate	1.4%	1.1%
Salary trend	2.1%	2.0%
Pension trend	1.5%	1.3%
Inflation	2.2%	1.7%

A sensitivity analysis was carried out in which only one assumption was changed in each case and all other assumptions were not changed. In the following, the change in the defined benefit obligation of the pension obligations (DBO) for German Group companies is presented according to a change in the discount rate, salary trend and pension trends:

Change in the defined benefit obligation for pension obligations (DBO) as of December 31, 2021 (k € 43,174) for changed assumptions in k €	**Dec. 31, 2021**	**Dec. 31, 2020**
Discount rate +0.5%	-2,401	-2,691
Discount rate -0.5%	2,634	2,945
Salary trend +0.5%	1	3
Salary trend -0.5%	-1	-2
Pension trend +0.5%	2,616	2,915
Pension trend -0.5%	-2,409	-2,674

The salary trend is largely insignificant, because all plan participants are close to reaching their regular pension age.

In the following, the change in the defined benefit obligation of the pension obligations (DBO) for international Group companies is presented according to a change in the discount rate, salary trend and pension trends:

Change in the defined benefit obligation for pension obligations (DBO) as of December 31, 2021 (k € 82,707) for changed assumptions in k €	**Dec. 31, 2021**	**Dec. 31, 2020**
Discount rate +0.5%	-5,760	-6,066
Discount rate -0.5%	6,553	6,913
Salary trend +0.5%	831	828
Salary trend -0.5%	-792	-793
Pension trend +0.5%	2,495	2,418
Pension trend -0.5%	-1,529	-1,457

As of December 31, 2021, the weighted duration of the pension obligations amounted to 12 years (December 31, 2020: 12 years) for German Group companies and 17 years (December 31, 2020: 18 years) for international Group companies.

In the coming financial years, the following payments from the Company and from plan assets overall are expected for defined benefit plans:

Expected pension payments in accordance with maturity dates in k €	**Germany**	**International**
Less than 1 year	2,310	3,088
Between 1 and 2 years	2,300	2,812
Between 2 and 3 years	2,276	2,727
Between 3 and 4 years	2,250	3,675
Between 4 and 5 years	2,225	3,001
Between 5 and 10 years	10,717	19,569

For the coming financial year, employer contributions consisting of direct pension payments and contributions to the plan assets, are expected in the amount of € 0.7 million for German Group companies and € 5.4 million for international Group companies.

The regulations of IAS 19 require a presentation of the benefit plans that generate obligations for the Company. For the STADA Group, pension plans in Germany, the United Kingdom and Switzerland account for the largest share of total obligations with 80%. Accordingly, the following details focus on these countries.

In Germany, the legal framework for company pension plans is provided by the Company Pensions Act (Betriebsrentengesetz – BetrAVG) in which minimum legal requirements are attached to company pension plans. Regulations and legal precedents within labor law must also be followed. The retirement benefit plans are predominantly based upon the final salary and are concluded with newly hired employees. Plan participants are primarily beneficiaries. Benefits are paid out in the form of a pension. In the calculation of the amount of the pension obligations, the Heubeck 2018G mortality tables were used as a basis for consideration of mortality and fluctuation. There is also an early retirement arrangement for selected employees.

In Germany, STADA has plan assets in the form of reinsurance policies and in the form of assets in a pension fund. As of December 31, 2021, plan assets amounted to € 31.7 million and were composed of three different plans. There were no plan assets for two additional plans.

In the context of risk assessment, the life expectancy of plan participants plays a smaller role in Germany, as the material obligation regarding its amount and including associated risks was outsourced externally. Furthermore, there is also the common risk of the interest rate development.

The pension commitment for the former Chairman of the Executive Board Hartmut Retzlaff was transferred to a pension fund in full in financial year 2014. Despite the transfer, the necessity remains, due to the secondary liability of STADA, to treat the benefit plan as a defined benefit plan in accordance with IAS 19 and measure and recognize it accordingly in the balance sheet. The existing plan assets lead to a provision of zero due to offsetting that must be carried out at the time of the plan amendment for this benefit plan. Because the pension commitment is fully funded, no further provisions are expected in the future.

In the United Kingdom, STADA provides its employees with defined benefit plans that are concluded for new hires. The employees can also no longer earn an additional increase in their entitlements. The pension plans are subject to the UK Trust Law and the UK Pension Regulator. The pension plans are monitored by trustees who determine the investment strategy. The trustees are also responsible for fulfilling the legally required pension plan funding and thereby ensuring sufficient assets to cover the technical provisions of the plan. The pension plan is subject to risks relating to the discount rate and participant life expectancy as well as inflation risk, if these values develop contrary to expectations. If the discount rate is low, the level of funding decreases, which may require the payment of additional contributions. There is a financing risk in plan assets in that plan assets could develop contrary to expectations and plan assets could therefore only compensate in part for changes in the obligations.

As of December 31, 2021, plan assets amounted to € 31.3 million. All assets have quoted market prices on an active market. In the calculation of the amount of the pension obligations, the mortality tables of the S3 Series (S3PA) were used as a basis for consideration of the mortality also including the projection table CMI 2020 as well as the long-term trend toward improved mortality of 1.25%. Fluctuation assumptions are no longer relevant for the pension plan.

In Switzerland, every employer must offer its employees a pension plan in accordance with federal pension law (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG). Employees whose salary exceeds the entry limit are obliged to be insured – this is re-determined periodically. The BVG requires a minimum plan (the “BVG minimum”) that must always be covered. STADA’s Swiss benefit plan includes benefits in case of death, disability, departure and upon reaching

retirement age. The annual pension is calculated based on a savings account and conversion rate determined according to the age of retirement. Plan participants can opt for a capital option. In the calculation of the amount of the pension obligations, the BVG 2020 GT mortality tables were used as a basis for consideration of mortality and fluctuation under consideration of future improvements in the mortality rate in accordance with the CMI model.

Various Group companies additionally grant their employees defined contribution plans. Here, Group companies pay defined contributions to independent institutions due to legal or contractual requirements or on a voluntary basis; liabilities beyond this do not exist. The contributions for defined contribution plans, which are reported as expense in the respective period in the relevant functional areas, amounted to € 35.6 million in financial year 2021 (previous year: € 32.3 million).

The other non-current provisions developed as follows:

Other non-current provisions in k €	**2021**	**2020**
As of Jan. 1	**11,736**	**11,130**
Current service cost	4,386	708
Past service cost	59	27
Plan settlements	—	—
Interest cost	144	151
Benefits paid	-2,089	-1,338
Business combinations	1,323	128
Revaluations:		
gains (-)/losses (+) due to changed demographic assumptions	-245	275
gains (-)/losses (+) due to changed financial assumptions	162	-52
gains (-)/losses (+) due to experience-based changes	79	746
Currency changes	29	-39
Reclassifications	—	—
As of Dec. 31	**15,584**	**11,736**

36. Financial liabilities

Financial liabilities are comprised as follows in accordance with their remaining terms as of the reporting date:

	Amounts due to shareholders		**Liabilities from promissory note loans**		**Amounts due to banks**		**Liabilities from bonds**		**Total**	
Dec. 31 in k €	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Remaining term up to 1 year	—	—	—	41,491	61,160	106,518	267,299	—	328,459	148,009
Remaining terms over 1 year to 3 years	1,113,013	—	6,996	6,992	242,611	178,116	—	266,946	1,362,620	452,054
Remaining terms over 3 years to 5 years	1,342,188	2,128,943	—	—	—	—	—	—	1,342,188	2,128,943
Remaining terms over 5 years	—	—	—	—	—	—	—	—	—	—
Financial liabilities	**2,455,201**	**2,128,943**	**6,996**	**48,483**	**303,771**	**284,634**	**267,299**	**266,946**	**3,033,267**	**2,729,006**

In 2018, STADA reported that it and certain of its significant subsidiaries – in line with the instruction received from Nidda – had granted certain in rem security to secure certain capital market liabilities and other debt financing which is borrowed and/or guaranteed by Nidda and its associates.[1)] The grant of such in rem security gave the right for holders of the STADA € 300,000,000 1.75% fixed rate notes due 2022 to demand repayment of their principal and accrued interest on such STADA Notes. On January 8, 2019, STADA published the relevant tender offer, whose final expiration date was June 19, 2019. On June 21, 2019, STADA announced that under the tender offer, since its announcement on January 8, 2019, bonds in a nominal amount of € 6,676,000 had been repurchased. The presentation as of December 31, 2021 is made in accordance with the maturity of the bond in 2022.

In addition, STADA received a loan with a nominal volume of € 2,459.4 million from Nidda Healthcare Holding GmbH intended, among other things, to refinance the repayment of financial liabilities and the financing of acquisition activities.

The contractually agreed undiscounted cash flows, as of the reporting date December 31, 2021, from interest payments and repayment of financial liabilities for the coming years are presented in the following table:

	2022			2023			2024			2025		
in k €	Interest rate fixed	Interest rate variable	Repay-ment	Interest rate fixed	Interest rate variable	Repay-ment	Interest rate fixed	Interest rate variable	Repay-ment	Interest rate fixed	Interest rate variable	Repay-ment
Cash flow from financial liabilities	28,215	87,812	329,351	6,427	87,652	249,818	—	79,331	1,117,209		28,969	1,342,188

The following projection of cash flow from financial liabilities was generated in the previous year:

	2021			2022			>2023		
in k €	Interest rate fixed	Interest rate variable	Repayment	Interest rate fixed	Interest rate variable	Repayment	Interest rate fixed	Interest rate variable	Repayment
Cash flow from financial liabilities	24,745	67,443	50,793	10,115	76,055	436,990	96	165,673	2,139,597

For financial liabilities existing as of the reporting date, a repayment in accordance with the maturity disclosed in the balance sheet was generally assumed. The variable interest payments from the promissory note loans were determined based on the interest rate last fixed before December 31, 2021.

1) This collateral security was maintained as usual as part of the follow-up financing in financial years 2019 and 2020 and will also be carried out for financial year 2021.

For financial liabilities, the cash-effective changes of which included in cash flow from financing activities resulted in the reporting year in the following reconciliation:

Financial liabilities in k €	2021	2020
As of Jan. 1	**2,729,006**	**1,284,870**
Inflows from business combinations in accordance with IFRS 3	—	42,195
Cash inflows from additions	520,969	2,237,567
Cash outflows from repayments	235,032	806,753
Changes in the scope of consolidation	—	-2,491
Effects from currency translation	16,896	-30,680
Reclassification from other financial liabilities	—	—
Other non-cash effective changes	1,428	4,298
As of Dec. 31	**3,033,267**	**2,729,006**

Internal measures to ensure the necessary liquidity for repayment of financial liabilities are detailed in the Notes on the capital management of liquidity risk (see Note 47.5.).

37. Trade accounts payable

Trade accounts payable are comprised as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Trade accounts payable to third parties	383,527	359,789
Trade accounts payable to parent companies and non-consolidated Group companies	7,593	7,202
Advances received on orders from third parties	979	743
Liabilities from outstanding accounts	209,019	161,837
Total	**601,118**	**529,571**

Of the total amount of trade accounts payable, € 4.5 million (previous year: € 0.0 million) is due after one year and € 0.7 million (previous year: € 0.9 million) is due after five years.

For the most part, the changes were based on trade accounts payable on offsetting reporting date effects within the individual Group companies.

38. Contract liabilities

Contractual liabilities in the reporting year amounted to € 1.5 million (previous year: € 0.6 million) and consisted exclusively of advance payments received where it is assumed that performance will be rendered in 2022. No income from contractual obligations that were rendered in previous periods were recognized.

39. Other financial liabilities

Other financial liabilities are broken down as follows:

in k €	Dec. 31, 2021		Dec. 31, 2020	
	Total	thereof: current	Total	thereof: current
Purchase price liabilities	100,495	14,106	113,349	2,514
Liabilities from leases	71,347	22,738	68,661	21,724
Liabilities to shareholders from domination and profit and loss transfer agreements	118,821	118,821	153,005	153,005
Liabilities from derivative financial instruments	1,252	1,252	865	865
Other financial liabilities	181,594	181,397	168,602	168,594
Total	**473,509**	**338,314**	**504,482**	**346,702**

As in the previous year, purchase price liabilities as of December 31, 2021 resulted primarily from liabilities from earnout agreements in connection with the acquisition of Lobsor Pharmaceuticals and the acquisition of additional shares in the Vietnamese subsidiary Pymepharco. In the reporting year, these earnout liabilities were reduced as part of remeasurements as of the balance sheet date. Also included this year are liabilities from earnout agreements in connection with the acquisition of the American company Friska. In addition, as in the previous year, there were outstanding purchase price liabilities for product acquisitions in the United Kingdom.

Lease liabilities are due as follows:

in k €	Lease instalments		Interest		Lease liabilities	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Remaining term up to 1 year	25,704	24,406	2,967	2,682	22,738	21,724
Remaining term over 1 year	56,166	54,654	7,558	7,717	48,609	46,937
Total	**81,871**	**79,060**	**10,524**	**10,399**	**71,347**	**68,661**

The increase in lease liabilities in the course of the financial year was mainly influenced by the extension of contracts in the area of building leases.

Liabilities to shareholders from the domination and profit and loss transfer agreement relate exclusively to liabilities from the profit transfer in the amount of € 118.8 million (previous year: € 153.0 million) in accordance with the current domination and profit and loss transfer agreement with Nidda Healthcare GmbH.

In addition, negative market values of derivatives measured at fair value through profit or loss were reported in liabilities from derivative financial instruments. In financial year 2021, this related to currency forwards (see Note 46.1.). Within the scope of the maturity date analysis, the following contractually agreed remaining terms result for these derivative financial liabilities:

	Derivative financial liabilities	
in k €	Dec. 31, 2021	Dec. 31, 2020
Remaining term up to 1 year	1,252	865
Remaining term over 1 year to 3 years	—	—
Remaining term over 3 years to 5 years	—	—
Remaining term over 5 years	—	—
Total	**1,252**	**865**

Other financial liabilities primarily included liabilities from discount agreements of German STADA companies in the amount of € 133.5 million (previous year: € 127.0 million). Other financial liabilities also include accrued interest as of the balance sheet date for financing in the STADA Group and, in addition, consist of many immaterial individual items in the Group companies. The remaining financial liabilities fall due in the amount of € 181.4 million (previous year: € 168.6 million) within one year, in the amount of € 0.2 million (previous year: € 0.0 million) after one year and up to five years.

The contractually agreed undiscounted cash flows, as of the reporting date December 31, 2021, from interest payments and repayment for liabilities from leases as well as from derivative financial instruments for the coming years are presented in the following table:

	2022			2023			>2024		
in k €	Interest rate fixed	Interest rate variable	Repayment	Interest rate fixed	Interest rate variable	Repayment	Interest rate fixed	Interest rate variable	Repayment
Cash flow from leases	2,967	—	22,738	2,089	—	16,029	5,468	—	32,580
Cash flow from derivatives	—	—	—	—	—	—	—	—	—

The following projection of cash flows from finance lease liabilities in accordance with IAS 17 as well as derivatives was generated in the previous year:

	2021			2022			>2023		
in k €	Interest rate fixed	Interest rate variable	Repayment	Interest rate fixed	Interest rate variable	Repayment	Interest rate fixed	Interest rate variable	Repayment
Cash flow from leases	2,682	—	21,724	1,994	—	15,475	5,723	—	31,463
Cash flow from derivatives	—	—	—	—	—	—	—	—	—

Included were all financial instruments used by STADA which existed as of the respective reporting date and for which payments had already been contractually agreed.

Further details on liabilities from derivative financial instruments can be found in the Notes on financial instruments in Note 46. and Note 47.6.

40. Other liabilities

Other liabilities were comprised as follows:

	Dec. 31, 2021		Dec. 31, 2020	
in k €	Total	thereof: current	Total	thereof: current
Tax liabilities (not including income taxes)	6,445	6,445	22,820	22,820
Personnel related liabilities	78,016	77,968	77,945	77,918
Other liabilities	70,205	65,997	77,583	66,748
Total	**154,666**	**150,410**	**178,348**	**167,486**

The decrease in other liabilities resulted primarily from the reduction in tax liabilities which resulted mainly from the decrease in tax liabilities in Germany, Serbia and the United Kingdom.

41. Other provisions

Other provisions are composed as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Provisions for damages	1,073	46,744
Provisions for returns	18,839	15,207
Total	**19,912**	**61,951**

Provisions for damages include possible utilization from pending legal disputes including the associated legal costs and developed as follows:

in k €	2021	2020
As of Jan. 1	**46,744**	**4,628**
Added	9	45,529
Utilized	33,112	17
Reversed	14,497	1,930
Changes in the scope of consolidation	—	-476
Currency translation differences	1,928	-990
As of Dec. 31	**1,073**	**46,744**

Utilization is expected within the next twelve months.

Provisions for returns developed as follows:

in k €	2021	2020
As of Jan. 1	**15,207**	**13,633**
Added	9,125	8,646
Utilized	5,286	5,991
Reversed	955	1,329
Changes in the scope of consolidation	748	290
Currency translation differences	0	-42
As of Dec. 31	**18,839**	**15,207**

Other Disclosures

42. Notes to the cash flow statement

Cash flow from operating activities consists of changes in items not covered by capital expenditure, financing, changes in exchange rates from the conversion of foreign financial statements or transactions in foreign currencies or through changes in the scope of consolidation and measurement. Cash flow from operating activities amounted to € 598.2 million in the reporting year (previous year: € 405.9 million). This development was mainly due to significantly lower cash outflows from working capital relating to inventories and trade receivables. Significantly higher cash outflows from working capital in the previous year resulted, among other things, from a build-up for the companies and product-portfolios acquired in financial year 2020 while they were part of the Group. The decrease in other non-cash income and expenses compared with the previous year resulted on the one hand from significantly higher additions to provisions for damages in the previous year, particularly in Germany and the CIS region and, on the other hand, from significant income from the adjustment of earnout liabilities recognized in profit or loss and income from the reversal of provisions for damages in financial year 2021 recognized in the previous year.

Cash flow from investing activities reflects the cash outflows for investments reduced by the inflows from disposals. This amounted to € -307.8 million in the reporting year (previous year: € -1,225.3 million).

In financial year 2021, payments for investments in intangible assets in the amount of € 236.1 million (previous year: € 433.2 million). Of this total, € 206.3 million (previous year: € 407.8 million) related to significant investments in intangible assets for the expansion of the product portfolio, which related in particular to the acquisition of a product portfolio from Sanofi. In the context of business combinations, net cash outflows resulted mainly from the acquisition of US-based Friska LLC. This was offset by sales tax refunds for the purchase price payments made in the previous year in relation to the acquisition of the Takeda product portfolio.

Proceeds from the disposal of non-current assets amounted to € 2.8 million in the financial year (previous year: € 4.8 million). Proceeds from the disposal of shares in consolidated companies as well as from the disposal of non-current assets held for sale resulted in the previous year from the sale of the Argentinian company Laboratorio Vannier as well as the British companies Slam Trading Limited and LAS Trading Limited.

Cash flow from financing activities comprise payments from changes in financial liabilities, for dividend distributions and treasury shares as well as from additions to equity. Interest paid is also included. Cash flow from financing activities amounted to € -35.3 million in financial year 2021 (previous year: € 886.5 million). This development was primarily due to significantly lower cash inflows from the raising of financial liabilities. In the previous year, significant borrowings resulted primarily from loans granted to STADA by Nidda Healthcare Holding GmbH. This resulted in higher interest payments as compared with the previous year. By contrast, compared to the previous year, there were lower cash outflows from the repayment of financial liabilities, which in financial year 2021 related, among other things, to the scheduled repayment of promissory note loans in the amount of € 41.5 million. Liabilities existing for financial year 2020 for the repayment of liabilities from the domination and profit and loss transfer agreement with Nidda Healthcare GmbH resulted in payments of € 153.0 million – much lower than in the previous year. In addition, payments resulted from the change in minority interests in connection with further share acquisitions in the Vietnamese subsidiary Pymepharco.

Free cash flow as the total of cash flow from operating activities and cash flow from investing activities amounted to € 290.4 million in financial year 2021 (previous year: € -819.5 million).

Cash pursuant to IAS 7 was made up of cash and cash equivalents.

Free cash flow, adjusted for effects from payments for significant investments and acquisitions and effects of proceeds from significant disposals is calculated as follows:

in k €	2021	2020
Cash flow from operating activities	**598,245**	**405,890**
Cash flow from investing activities	-307,820	-1,225,343
+ payments for investments in business combinations in accordance with IFRS 3 (incl. VAT)	-5,087	731,053
+ payments for significant investments in intangible assets for the short-term expansion of the product portfolio	206,278	407,830
– proceeds from disposals in significant disinvestments	—	—
– proceeds (+)/payments (-) from disposals in consolidated companies	—	0
– proceeds (+)/payments (-) from the sale of non-current assets held for sale (IFRS 5)	—	-231
Adjusted free cash flow	**491,616**	**319,661**

43. Segment Reporting

The measurement approaches for segment reporting are in accordance with the financial reporting methods used in the IFRS Consolidated Financial Statements. Services between the segments are charged based on market prices.

Segmentation within the STADA Group is based on sales differentiation. Thus, the allocation to the individual segments is determined to a large extent by the sales positioning. If this positioning changes for parts of the product portfolio, associated sales are reallocated.

As a result of the change in the internal reporting structure, segment reporting also changed, leading to a change in the cash-generating unit. Since financial year 2021, STADA has been reporting the three segments Generics, Consumer Healthcare and Specialty – in line with the change in the internal reporting structure. In order to reflect the growth strategy, including the increasing importance of the specialty pharmaceuticals portfolio, the Executive Board decided to fundamentally alter the reporting structures in financial year 2021. Pursuant to the changed reporting structure, the Group is now managed according to the three segments Generics, Consumer Healthcare and Specialty. In the course of this change, the portfolio previously classified under Generics and Branded Products was compared with the current market definition, leading to a partial reclassification within the Generics and Consumer Healthcare segments and to the addition of the Specialty pharmaceuticals portfolio.

Generics are prescription products for the healthcare market that are sold under the international non-proprietary name (INN) and do not meet the definition of specialty pharmaceuticals.

Consumer Healthcare products are non-prescription products for the healthcare market whose commercial property rights have expired and whose sales positioning meets one of the following criteria:

- Nutritional supplements including vitamins, minerals, probiotics or dietary supplements,

  or

- the product contains one or more active pharmaceutical ingredients,

  or

- the product is not classified as a pharmaceutical product (does not contain active pharmaceutical ingredients).

Specialty products are products for the healthcare market that meet one of the following criteria:

- Branded generics, i.e., prescription generics sold under a brand/fantasy name, in contrast to INN generics,

  or

- Specialty generics as defined by IQVIA, i.e., prescription medications for chronic, complex or rare diseases plus six other criteria, three of which must be met, as listed below:

  1. high annual cost,
  2. drug therapy specialist initiated and maintained,
  3. special procedure required (refrigerated, frozen, other biohazard),
  4. reimbursement assistance required,
  5. limited distribution,
  6. extensive monitoring or comprehensive patient counseling required,

  or

- Biosimilars.

All other income, expenses and assets, which cannot be directly allocated to the segments, as well as the elimination of sales between segments, are recognized under the reconciliation Group holdings/other and consolidation.

Disclosures on significant non-cash items include impairments on inventories and receivables; they do not, however, include depreciation and amortization or the netting of impairments and write-ups. In addition, further significant non-cash items, particularly non-cash effects from accruals for health insurance organization billings are included here. Reporting of the segment liabilities and non-current segment assets is waived, as this is without relevance for Group monitoring and for Group reporting.

43.1. Information by operating segment

in k €	2021	2020	2019
Generics			
External sales	**1,326,760**	**1,304,376**	**1,253,832**
FX adjustment[1)]	—	-703	n.a.
Sales adjusted for special items and currency effects (2021 vs. 2020)	1,326,760	1,303,673	n.a.
FX adjustment[2)]	n.a.	—	-5,871
Sales adjusted for special items and currency effects (2020 vs. 2019)	n.a.	1,304,376	1,247,961
Operating profit	262,955	295,726	292,907
Depreciation/amortization	39,795	37,848	39,405
Impairment losses	8,929	5,730	10,407
Reversals	-196	-195	-2,476
EBITDA	311,483	339,109	340,243
Special items within EBITDA	—	-274	268
thereof:			
effects from purchase price allocation including product acquisitions[3)]	—	-59	—
effects from deconsolidations	—	—	—
exchange rate expenses	—	-215	—
expenses for damages	—	—	—
severance payments	—	—	268
FX adjustment[4)]	—	4,840	n.a.
EBITDA adjusted for special items and currency effects (2021 vs. 2020)	311,483	343,675	n.a.
FX adjustment[5)]	n.a.	3,100	-1,402
EBITDA adjusted for special items and currency effects (2020 vs. 2019)	n.a.	341,935	339,109
Other significant non-cash expenses (+)/income (-) within the operating result	154,448	177,214	153,225

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year.
2) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020.
3) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions. Unlike in previous years, these were no longer made solely in relation to the base year 2013, which is why the corresponding prior-year comparative figures have also been adjusted. See also explanations in the section “Effect on earnings of non-recurring items” in the Economic Report.
4) The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.
5) The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.

in k €	2021	2020	2019
Consumer Healthcare			
External sales	**1,283,982**	**1,120,404**	**870,368**
FX adjustment[1)]	—	-1,173	n.a.
Sales adjusted for special items and currency effects (2021 vs. 2020)	1,283,982	1,119,231	n.a.
FX adjustment[2)]	n.a.	—	-33,454
Sales adjusted for special items and currency effects (2020 vs. 2019)	n.a.	1,120,404	836,914
Operating profit	191,189	147,888	113,343
Depreciation/amortization	109,092	97,701	62,906
Impairment losses	30,569	9,033	47,160
Reversals	-45	-3,376	-35
EBITDA	330,805	251,246	223,374
Special items within EBITDA	-8,825	9,287	183
thereof:			
effects from purchase price allocation including product acquisitions[3)]	64	—	—
effects from deconsolidations	—	-11,138	—
exchange rate expenses	—	-666	—
expenses for damages	-8,889	21,091	—
severance payments	—	—	183
FX adjustment[4)]	—	6,271	n.a.
EBITDA adjusted for special items and currency effects (2021 vs. 2020)	321,980	266,804	n.a.
FX adjustment[5)]	n.a.	—	-9,100
EBITDA adjusted for special items and currency effects (2020 vs. 2019)	n.a.	260,533	214,457
Other significant non-cash expenses (+)/income (-) within the operating result	23,371	71,988	18,534

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year.
2) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020.
3) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions. Unlike in previous years, these were no longer made solely in relation to the base year 2013, which is why the corresponding prior-year comparative figures have also been adjusted. See also explanations in the section “Effect on earnings of non-recurring items” in the Economic Report.
4) The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.
5) The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.

in k €	2021	2020	2019
Specialty			
External sales	**638,709**	**585,535**	**484,363**
FX adjustment[1]	—	-232	n.a.
Sales adjusted for special items and currency effects (2021 vs. 2020)	638,709	585,303	n.a.
FX adjustment[2]	n.a.	—	-8,211
Sales adjusted for special items and currency effects (2020 vs. 2019)	n.a.	585,535	476,152
Operating profit	96,915	141,605	179,584
Depreciation/amortization	59,752	48,501	29,505
Impairment losses	54,192	17,471	17,558
Reversals	-4,172	-26	-6,068
EBITDA	206,687	207,551	220,579
Special items within EBITDA	-6,611	24,857	2,803
thereof:			
effects from purchase price allocation including product acquisitions[3]	78	14	2,803
effects from deconsolidations	—	—	—
exchange rate expenses	—	—	—
expenses for damages	-6,689	24,843	—
severance payments	—	—	—
FX adjustment[4]	—	35	n.a.
EBITDA adjusted for special items and currency effects (2021 vs. 2020)	200,076	232,443	n.a.
FX adjustment[5]	n.a.	-2,407	-3,051
EBITDA adjusted for special items and currency effects (2020 vs. 2019)	n.a.	230,001	220,331
Other significant non-cash expenses (+)/income (-) within the operating result	24,180	57,588	21,100

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year.
2) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020.
3) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions. Unlike in previous years, these were no longer made solely in relation to the base year 2013, which is why the corresponding prior-year comparative figures have also been adjusted. See also explanations in the section “Effect on earnings of non-recurring items” in the Economic Report.
4) The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.
5) The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.

in k €	2021	2020	2019
Reconciliation Group holdings/other and consolidation			
External sales	**—**	**—**	**—**
FX adjustment[1]	—	—	n.a.
Sales adjusted for special items and currency effects (2021 vs. 2020)	—	—	n.a.
FX adjustment[2]	n.a.	—	—
Sales adjusted for special items and currency effects (2020 vs. 2019)	n.a.	—	—
Operating profit	-96,074	-262,388	-200,034
Depreciation/amortization	23,356	27,449	28,639
Impairment losses	—	5,103	—
Reversals	—	—	—
EBITDA	-72,449	-229,736	-171,401
Special items within EBITDA	-43,278	86,296	13,863
thereof:			
effects from purchase price allocation including product acquisitions[3]	-28,878	4,323	—
effects from deconsolidations	—	24,514	—
exchange rate expenses	-14,400	54,956	—
expenses for damages	—	2,445	—
severance payments	—	58	13,863
FX adjustment[4]	-6,700	15,220	n.a.
EBITDA adjusted for special items and currency effects (2021 vs. 2020)	-122,427	-128,220	n.a.
FX adjustment[5]	n.a.	24,273	4,516
EBITDA adjusted for special items and currency effects (2020 vs. 2019)	n.a.	-119,167	-153,022
Other significant non-cash expenses (+)/income (-) within the operating result	-52,116	90,681	23,694

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year.
2) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020.
3) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions. Unlike in previous years, these were no longer made solely in relation to the base year 2013, which is why the corresponding prior-year comparative figures have also been adjusted. See also explanations in the section “Effect on earnings of non-recurring items” in the Economic Report.
4) The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.
5) The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.

in k €	2021	2020	2019
Group			
External sales	**3,249,451**	**3,010,315**	**2,608,563**
FX adjustment[1)]	—	-2,108	n.a.
Sales adjusted for special items and currency effects (2021 vs. 2020)	3,249,451	3,008,207	n.a.
FX adjustment[2)]	n.a.	—	-47,536
Sales adjusted for special items and currency effects (2020 vs. 2019)	n.a.	3,010,315	2,561,027
Operating profit	454,985	322,831	385,800
Depreciation/amortization	231,995	211,499	160,455
Impairment losses	93,690	37,337	75,124
Reversals	-4,413	-3,597	-8,579
EBITDA	776,526	568,170	612,795
Special items within EBITDA	-58,714	120,166	17,117
thereof:			
effects from purchase price allocation including product acquisitions[3)]	-28,736	4,278	2,803
effects from deconsolidations	—	13,376	—
exchange rate expenses	-14,400	54,075	—
expenses for damages	-15,578	48,379	—
severance payments	—	58	14,314
FX adjustment[4)]	-6,700	26,366	n.a.
EBITDA adjusted for special items and currency effects (2021 vs. 2020)	711,112	714,702	n.a.
FX adjustment[5)]	n.a.	24,966	-9,037
EBITDA adjusted for special items and currency effects (2020 vs. 2019)	n.a.	713,302	620,875
Other significant non-cash expenses (+)/income (-) within the operating result	149,883	397,471	216,553

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year.
2) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020.
3) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions. Unlike in previous years, these were no longer made solely in relation to the base year 2013, which is why the corresponding prior-year comparative figures have also been adjusted. See also explanations in the section “Effect on earnings of non-recurring items” in the Economic Report.
4) The currency adjustment for the 2020 financial year was carried out using the exchange rates for the reporting year. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.
5) The currency adjustment for the 2019 financial year was carried out using the exchange rates for financial year 2020. In addition, the realized and unrealized foreign exchange rate effects within operating profit were adjusted both in the reporting period and in the corresponding prior-year period.

43.2. Reconciliation of segment results to net profit

in k €	2021	2020
Adjusted EBITDA for segments[1)]	833,539	831,776
Special items within EBITDA[1)]	-15,436	33,870
Reconciliation Group holdings/other and consolidation	-72,449	-229,736
Depreciation, amortization, impairment losses and reversals	321,272	245,239
Financial income	1,748	1,901
Financial expenses	124,627	104,340
Earnings before taxes, Group	**332,375**	**220,492**

43.3. Information by country

	Sales development by location of the company		Non-current assets	
in k €	2021	2020	2021	2020
Germany	647,903	680,579	1,382,681	1,286,727
Russian Federation	528,418	432,977	502,933	490,421
United Kingdom	322,835	343,815	426,481	417,888
Italy	276,086	254,593	36,280	40,638
Belgium	210,626	210,043	6,125	6,683
Other countries	1,263,584	1,088,308	1,051,364	1,016,545
Total, Group	**3,249,451**	**3,010,315**	**3,405,865**	**3,258,902**

In the presentation of sales by location of the Company, sales to third parties are shown in accordance with the invoicing company's registered office of the countries listed.

Disclosures on assets by country relate to parts of the non-current assets (intangible assets, property, plant and equipment).

43.4. Information on important customers

In accordance with IFRS 8.34, a company must provide notification when sales revenues from business activities with a single external customer or customer group amount to at least 10% of the company's total sales revenues. This applied to one customer in the reporting year. The sales revenues identified with this customer amounted to € 422.1 million (previous year: € 418.2 million). The sales revenues generated were attributable to the operating segments Generics, Specialty and to Consumer Healthcare products. The same information also applied to the previous year.

44. Contingent liabilities

Contingent liabilities describe possible obligations to third parties based on past events but which will not become manifest until the occurrence of one or more uncertain future events, which are not under STADA's control. As of the reporting date, these contingent liabilities were considered improbable and are therefore not accounted. In addition, there are also contingent liabilities for current obligations, for which however the associated outflow of resources is not considered probable or the amount of the obligation cannot be adequately estimated.

1) Relates to additional depreciation and amortization and other valuation effects due to purchase price allocations and significant product acquisitions. Unlike in previous years, these were no longer made only in relation to the basis year 2013, which is why the corresponding comparative figures for the previous year have also been adjusted. See also explanations in the Chapter "Effect of special items on earnings" in the Economic Report.

At STADA, there are contingent liabilities in connection with, among other things, patent risks for certain active pharmaceutical ingredients and the current or pending legal proceedings associated with them. The possible obligations as of December 31, 2021 amounted to approximately € 30.7 million (December 31, 2020: € 14.2 million). The increase of € 16.5 million compared with the previous year is mainly due to new patent risks for active pharmaceutical ingredients.

Provisions were not created for contingent liabilities as the probability of an outflow of assets is below 50%. Outflows potentially resulting from these risks would generally be short-term.

45. Other financial obligations

In addition to the contingent liabilities, there are also other future financial obligations which can be broken down as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Obligations from leases	5,176	5,432
Other financial obligations	120,063	94,876
Total	**125,239**	**100,308**

In the information on future obligations from leasing relationships as of December 31, 2021, however, obligations from short-term leases as well as leases for low-value assets are included because these are not accounted for in other financial liabilities.

The total of future payments under leases can be broken down according to remaining term as follows:

	Lease liabilities	
in k €	Dec. 31, 2021	Dec. 31, 2020
Remaining term up to 1 year	4,261	4,250
Remaining terms over 1 year to 5 years	915	1,164
Remaining terms over 5 years	—	18
Total	**5,176**	**5,432**

The obligations for short-term leases amounted to € 0.5 million as of December 31, 2021 (December 31, 2020: € 0.4 million).

In financial year 2021, lease payments in the amount of € 25.0 million (previous year: € 17.5 million) were recognized as an expense. Included in this figure were expenses in the amount of € 0.7 million for short-term leases (previous year: € 1.2 million) and € 1.1 million for leases for low-value assets (previous year: € 0.8 million).

Other financial obligations include long-term obligations for logistics and accounting services. Furthermore, contingent liabilities in the amount of € 52.7 million (previous year: € 36.0 million) in Spain, Belgium and the United Kingdom, as well as additional guarantees assumed by the STADA Group are included in other financial liabilities, among other things.

46. Disclosures about financial instruments

46.1. Carrying amounts, valuation rates and fair values in accordance with valuation categories

The following disclosures are made on carrying amounts, valuation rates and fair values by valuation category, whereby the following abbreviations are used for the valuation categories pursuant to IFRS 9: AC (at amortized cost) refers to loans and receivables, FVPL (fair value through profit and loss) refers to financial assets and liabilities held for sale, FVOCI (fair value through other comprehensive income) refers to assets and liabilities measured at fair value through other comprehensive income, AC (financial liabilities measured at amortized cost) refers to financial liabilities measured at amortized cost.

Carrying amounts, valuation rates and fair values in accordance with valuation categories in k €	**Category**	**Carrying amount Dec. 31, 2021**	**Amortized cost**	**Fair value not included in the income statement**	**Fair value included in the income statement**	**Valuation rate in accordance with IFRS 16**	**Fair value Dec. 31, 2021**
ASSETS							
Cash and cash equivalents	AC	526,482	526,482	—	—	—	526,482
Trade accounts receivable:							
at amortized cost	AC	724,264	724,264	—	—	—	724,264
at fair value through other comprehensive income	FVOCI	39,545	—	39,545	—	—	39,545
Other financial assets:							
at amortized cost	AC	78,268	78,268	—	—	—	78,268
Derivative financial assets:							
derivative financial assets with hedge accounting	n/a	34	—	—	34	—	34
derivative financial assets without hedge accounting (FVPL)	FVPL	—	—	—	—	—	—
EQUITY AND LIABILITIES							
Trade accounts payable	AC	601,118	601,118	—	—	—	601,118
Amounts due to banks	AC	303,771	303,771	—	—	—	304,128
Promissory note loans	AC	6,996	6,996	—	—	—	7,231
Bond	AC	267,299	267,299	—	—	—	267,693
Financial liabilities due to shareholders	AC	2,455,201	2,455,201	—	—	—	2,504,559
Other financial liabilities	AC	323,762	323,762	—	—	—	323,762
Lease liabilities	n/a	71,347	—	—	—	71,347	71,347
Derivative financial liabilities with hedge accounting	n/a	872	—	—	872	—	872
Derivative financial liabilities without hedge accounting	FVPL	380	—	—	380	—	380
Thereof aggregated by IFRS 9 valuation categories							
Financial assets at amortized cost	AC	1,329,014	1,329,014	—	—	—	1,329,014
Financial assets (FVOCI)	FVOCI	39,545	—	39,545	—	—	39,545
Financial liabilities measured at amortized cost	AC	3,958,147	3,958,147	—	—	—	4,008,491

For the previous year, the following disclosures are made on carrying amounts, valuation rates and fair values by valuation category:

Carrying amounts, valuation rates and fair values in accordance with valuation categories in k €	**Category**	**Carrying amount Dec. 31, 2020**	**Amortized cost**	**Fair value not included in the income statement**	**Fair value included in the income statement**	**Valuation rate in accordance with IFRS 16**	**Fair value Dec. 31, 2020**
ASSETS							
Cash and cash equivalents	AC	266,001	266,001	—	—	—	266,001
Trade accounts receivable:							
at amortized cost	AC	670,282	670,282	—	—	—	670,282
at fair value through other comprehensive income	FVOCI	24,500	—	24,500	—	—	24,500
Other financial assets:							
at amortized cost	AC	45,967	45,967	—	—	—	45,967
Derivative financial assets:							
derivative financial assets with hedge accounting	n/a	789	—	—	789	—	789
derivative financial assets without hedge accounting (FVPL)	FVPL	50	—	—	50	—	50
EQUITY AND LIABILITIES							
Trade accounts payable	AC	529,571	529,571	—	—	—	529,571
Amounts due to banks	AC	284,634	284,634	—	—	—	305,746
Promissory note loans	AC	48,483	48,483	—	—	—	49,360
Bond	AC	266,946	266,946	—	—	—	268,719
Financial liabilities due to shareholders	AC	2,128,943	2,128,943	—	—	—	2,207,893
Other financial liabilities	AC	434,956	434,956	—	—	—	434,956
Lease liabilities	n/a	68,661	—	—	—	68,661	68,661
Derivative financial liabilities with hedge accounting	n/a	778	—	—	778	—	778
Derivative financial liabilities without hedge accounting	FVPL	87	—	—	87	—	87
Thereof aggregated by IFRS 9 valuation categories							
Financial assets at amortized cost	AC	982,250	982,250	—	—	—	982,250
Financial assets (FVOCI)	FVOCI	24,500	—	24,500	—	—	24,500
Financial liabilities measured at amortized cost	AC	3,693,533	3,693,533	—	—	—	3,796,244

Since cash and cash equivalents as well as trade accounts receivable mainly have short residual terms, their carrying amounts as of the closing date correspond approximately to their fair value.

Deviations of the fair values from the carrying amounts occur as shown in the chart above in the case of promissory note loans, bonds, as well as liabilities to banks. The cash flows calculated by means of the current yield curve were discounted to the measurement date to determine the fair values for liabilities to credit institutes.

The fair values of remaining financial receivables as well as of held-to-maturity financial investments with remaining terms of more than a year correspond to the present values of the payments connected with the assets taking into consideration the respective current interest parameters that reflect market and partner-related changes in the conditions and expectations. Trade payables as well as remaining financial liabilities also regularly have short remaining terms so that the recognized values approximate the fair values.

The table below shows how the valuation rates of financial instruments measured at fair value were determined for the respective valuation categories of financial instruments:

	Level 1		Level 2		Level 3	
		Listed prices in active markets	Valuation methods with input parameters observable in the market		Valuation methods with input parameters not observable in the market	
Fair values by levels of hierarchy on a recurring basis in k €	**Dec. 31, 2021**	**Dec. 31, 2020**	**Dec. 31, 2021**	**Dec. 31, 2020**	**Dec. 31, 2021**	**Dec. 31, 2020**
Financial assets (FVOCI)						
Financial assets	16,062	11,711	—	—	—	—
Factorable receivables	—	—	39,545	24,500	—	—
Financial assets (FVPL)						
Currency forwards	—	—	—	50	—	—
Derivative financial assets with a hedging relationship						
Fair value hedges	—	—	34	789	—	—
Financial liabilities (FVPL)						
Currency forwards	—	—	380	87	—	—
Interest/currency swaps	—	—	—	—	—	—
Derivative financial liabilities with a hedging relationship						
Fair value hedges	—	—	872	778	—	—

Financial assets recognized at fair value through other comprehensive income (FVOCI) include receivables that can be factored. These financial assets, which are still included in trade accounts receivable, are recognized at fair value through other comprehensive income. Changes in the fair value of these receivables – which differs from the measurement at amortized cost to only a minor extent – are recognized through other comprehensive income in the FVOCI reserve. This category also includes the shares in the Swedish company Xbrane. Because the company's shares are traded on the stock exchange, they have been classified in level 1.

In the context of the preparation of the financial statements, STADA reviews the allocation to the respective hierarchy levels according to information available on the determination of the fair values. If a need for reclassification is determined, the reclassification is carried out as of the beginning of the reporting period. In the financial year, there were no reclassifications between the respective hierarchy levels.

The fair values are analyzed in the context of the preparation of the financial statements. For this purpose, market comparisons and change analyses are carried out.

Derivative financial assets (FVPL) and derivative financial liabilities (FVPL) include positive or negative market values of derivative financial instruments (currency forwards and currency swaps) not part of a hedging relationship. The fair values of currency forwards were determined in the Group's own system according to standardized procedures and using customary financial mathematical methods based on current data such as spot prices and swap rates provided by a recognized information service.

As of the balance sheet date, STADA designates currency forwards (EUR/CZK, EUR/USD and EUR/AUD) as fair value hedges that are concluded to hedge the currency risks from intercompany loans. The changes in value of the underlying transaction which result from changes to the respective currency exchange rates are offset by the changes in value spot components of the currency forwards of the currency forwards. The objective of fair value hedges is to hedge against the currency risk of these financial liabilities. Credit risks are not part of this hedging. The effectiveness of the hedging relationship is reviewed both prospectively and retrospectively on each closing date. As of the closing date, all designated hedging relationships were sufficiently effective.

In financial year 2021, as in the previous year, there were no financial assets or liabilities measured at fair value allocated to hierarchy level 3.

46.2. Net earnings from financial instruments by valuation category

Net earnings recognized through profit or loss from financial assets and liabilities can be broken down as follows:

		From subsequent measurement				Net earnings	
Net earnings by valuation category in k €	**From interest and dividends**	**at fair value**	**currency translation**	**value adjustment**	**From disposals**	**Dec. 31, 2021**	**Dec. 31, 2020**
Financial assets at amortized cost	1,631	—	-921	-349	—	361	23,249
Financial assets (FVOCI)	-1,414	—	—	—	—	-1,414	-1,229
Financial assets held for trading (FVPL)	—	-985	—	—	-151	-1,136	-2,300
Financial liabilities measured at amortized cost	-121,232	—	27,203	—	—	-94,029	-173,984
Financial liabilities held for trading (FLHfT)	—	-297	—	—	-6,296	-6,593	-891
Total	**-121,015**	**-1,282**	**26,282**	**-349**	**-6,447**	**-102,811**	**-155,155**

The disclosure of interest from financial instruments is made in financial income and financial expenses in the interest result. Dividends received are disclosed in investment income. With the exception of the valuation results from currency swaps recognized at fair value through profit or loss, which are reported under financial income or financial expenses and partially also in the currency translation result, disclosure of the remaining components of net earnings is made in other income or other expenses. Earnings from the disposal of financial instruments relate to the fulfillment of currency swaps.

Total interest income and expenses from financial instruments not measured at fair value through profit or loss

in k €	2021	2020
Interest income		
from financial assets measured at amortized cost	-9	-17
Interest expense		
from financial liabilities measured at amortized cost	948	2,266

46.3. Factoring

Factoring transactions with the transfer of essentially all opportunities and risks

There are revolving receivables selling agreements with banks and financial institutes (together “receivables buyers”) with the transfer of essentially all opportunities and risks for two agreements without a general purchase limit and for two agreements with a purchase limit of € 17.5 million. The agreements have an unlimited term with regular termination possibilities, whereby STADA is free to decide if and in what amount the revolving nominal volume is utilized. The risks that are relevant for the risk evaluation with regard to the sold receivables are the credit risk as well as the risk of delayed payment (late payment risk). In return for a fixed program fee and, for two programs, through payment of a monthly discount fee recognized in expenses at the time of derecognition, both risks are fully transferred to the buyer of the receivable.

The nominal volume of receivables sold by STADA but not yet paid under the factoring agreements amounted to € 32.3 million on the reporting date.

Factoring transactions with distribution of essential opportunities and risks for which control of the asset remains with STADA

There are factoring agreements pursuant to which STADA, on a revolving basis, sells trade accounts receivable up to a total general purchase limit of € 137.2 million to banks and financial institutes. The agreements have an unlimited term with regular termination possibilities, whereby STADA is free to decide if and in what amount the revolving nominal volume is utilized. The risks that are relevant for the risk evaluation with regard to the sold receivables are the credit risk as well as the risk of delayed payment (late payment risk). The credit risk is partially transferred to the buyer of the receivable. The late payment risk continues to be borne in its entirety by STADA. The maximum credit risk to be borne by STADA, translated into euro, amounted to € 0.9 million as of the reporting date. The other credit-risk related defaults are assumed by the buyer. The late payment risk continues to be borne in its entirety by STADA. The maximum risk of loss for STADA resulting from the credit risk and the late payment risk from the receivables sold as of the reporting date, translated into euro, amounted to € 1.0 million. The nominal volume of receivables sold by STADA but not yet paid under the factoring agreements amounted to € 79.9 million on the reporting date. The ongoing commitment of STADA as of December 31, 2021, translated into euro, amounted to € 1.0 million and the carrying amounts of the associated liability, translated into euro, amounted to € 1.0 million.

47. Risk management, derivative financial instruments and disclosures on capital management

47.1. Principles of risk management

The basic principles of finance policy and of financial risk management are determined or confirmed at least once annually by the Executive Board in the context of the budget process. Furthermore, transactions above a certain relevance threshold determined by the Executive Board require a prior decision on the part of the Executive Board and may also be subject to approval from the Supervisory Board. The Executive Board is also regularly informed of the nature, scope and amount of current risks.

47.2. Currency risks

STADA's Group and reporting currency is the euro. Due to the international alignment of business activities, STADA is subject to risks arising from exchange rate fluctuations.

On the one hand, these risks consist of potential changes in value, especially of receivables and liabilities in a currency other than the respective functional currency as a result of exchange rate fluctuation (transaction risk).

However, STADA is only subject to this risk to a limited extent, as the Company counters currency-related risks through, in addition to natural hedges, the use of derivative financial instruments. These are used to hedge currency risks from operating activities, financial transactions and investments. In the reporting year, STADA made use of foreign-exchange futures contracts and currency swaps. The maturity dates of futures contracts is adjusted to the term of the underlying transaction. The remaining term of the contracts is currently up to one year.

In the context of the Consolidated Financial Statements, on the other hand, exchange rate fluctuations lead to an accounting effect as a result of the conversion of the balance sheet items as well as the conversion of earnings and expenses of international Group companies with a different functional currency than euro (translation risk). The appreciation of the euro as compared to the other currencies is generally negative and depreciation is generally positive.

STADA determines quantitative disclosures on risks in connection with currency changes by means of aggregating all of the Group companies' foreign currency items that are not denominated in the respective Group company's functional currency. In case of hedging transactions, they are compared with the balances of assets or equity and liabilities from the aggregation. This results in the subsequent material outstanding foreign currency items as of the respective reporting dates, which in case of a change to the foreign currency item due to a 10% appreciation or a 10% devaluation of the euro in comparison with respective functional currency are as follows:

	Dec. 31, 2021		
in k €	**Russian ruble**	**Ukrainian hryvnia**	**US dollar**
Outstanding foreign currency item	-174,419	48,975	90,218
Income (+)/expense (-) from an appreciation of the euro in comparison to the respective functional currency by 10%	-23,599	4,030	-9,022
Income (+)/expense (-) from a depreciation of the euro in comparison to the respective functional currency by 10%	23,599	-4,030	9,022
Equity increase (+)/equity reduction (-) from an appreciation of the euro in comparison to the respective functional currency by 10%	-47,397	3,703	-9,023
Equity increase (+)/equity reduction (-) from a depreciation of the euro in comparison to the respective functional currency by 10%	47,397	-3,703	9,023

	Dec. 31, 2020		
in k €	**Czech koruna**	**Russian ruble**	**US dollar**
Outstanding foreign currency item	37,852	-120,818	111,482
Income (+)/expense (-) from an appreciation of the euro in comparison to the respective functional currency by 10%	-6,356	-27,216	-11,148
Income (+)/expense (-) from a depreciation of the euro in comparison to the respective functional currency by 10%	6,356	27,216	11,148
Equity increase (+)/equity reduction (-) from an appreciation of the euro in comparison to the respective functional currency by 10%	-6,633	-52,755	-11,149
Equity increase (+)/equity reduction (-) from a depreciation of the euro in comparison to the respective functional currency by 10%	6,633	52,755	11,149

In this regard, any currency risk is isolated, i.e. it is taken into account without mutual dependencies.

The outstanding foreign currency items in Czech koruna, Russian ruble and US dollar relate to a balance from international Group companies in euro and outstanding foreign currency reserves in Czech koruna, Russian ruble and US dollar. The reported outstanding foreign currency positions in the previous year in US dollar relate exclusively to foreign currency holdings in US dollar at German and international Group companies. The risk in connection with the outstanding foreign currency reserves in euro, from the Group's perspective, results from the functional currency of the respective international Group company. Overall, based on outstanding foreign currency items as of the reporting date, an appreciation or a devaluation of the respective functional currency by 10% compared to the currencies of relevance for the Group would have led to an effect on earnings in the amount of an expense of € 29.8 million (previous year: € 57.6 million) or in the amount of earnings of € 29.8 million (previous year: € 57.6 million).

47.3. Interest rate risks

STADA is subject to interest risks from the investment of financial assets as well as financial debts, primarily in the euro zone.

In 2021, an average of 0.3% (previous year: 13%) of financial liabilities denominated in euro had fixed interest rates.

In 2021, STADA did not enter into any interest rate hedging transactions.

STADA calculates existing interest rate risks using sensitivity analyses, which show the effects of changes in market interest rates on interest payments, interest income and expenses as well as equity. The following factors – if relevant – are generally included in the calculation:

- Changes in the market interest rate of original financial liabilities with variable interest rates that were not hedged against interest rate risks

in € million	**Dec. 31, 2021**	**Dec. 31, 2020**
Income (+)/expense (-) from an increase in the market interest rate level of 100 basis points	-11.1	-9.4
Income (+)/expense (-) from a decrease in the market interest rate level of 100 basis points	+0.5	+0.4

The interest rate risk is of secondary importance at STADA.

47.4. Default risks

STADA is exposed to a default risk in its operating business if contracting parties fail to meet their obligations. Alongside the implementation of appropriate credit management processes, such transactions are generally only concluded with counterparties of impeccable financial standing to avoid default risks in financing activities.

Default risks also exist as a result of the supply of goods and services. STADA therefore strives to maintain business relations only with partners of impeccable financial standing. In addition, STADA partly uses suitable measures such as guarantees, loan insurances, or the transfer of assets to safeguard itself against default risk. Past due receivables in the operating area are continuously monitored and potential default risks are anticipated through the creation of valuation adjustments. Furthermore, there is the risk that in a difficult economic and financial environment, national health care systems delay or fail to make payments to STADA or business partners of STADA and that, as a result, directly or indirectly increased default risks arise.

STADA's maximum credit default risk is calculated from the carrying amount of the financial assets recognized. In addition, STADA granted guarantees, which amounted to a total nominal volume of € 53.7 million (previous year: € 36.9 million) as of the reporting date (see Note 46.). STADA has various forms of collateral for credit securities such as mortgages, bank or corporate guarantees, assignments of receivables and pledged inventories. Furthermore, there is commercial credit insurance for certain markets and customers.

47.5. Liquidity risks

Liquidity risks may result, for example, from the loss of existing cash items, lack of availability of credit, reduced access to financing markets or fluctuation in the operational development of business. The goal of the liquidity management is to ensure solvency and financial flexibility of the STADA Group at all times by way of maintaining a sufficient supply of liquidity reserves. STADA finances itself with short-term and long-term borrowings from banks, promissory note loans, bonds and factoring as well as shareholder loans. Furthermore, STADA also has solid cash flow from operating activities.

47.6. Derivative financial instruments and hedging instruments

STADA counters currency risks with derivative financial instruments which are exclusively used to hedge currency risks resulting from operating activities and financial transactions. Derivative financial instruments are neither held nor issued for speculation purposes.

The total volume of currency rate related derivatives is comprised as follows:

	Dec. 31, 2021		Dec. 31, 2020	
in k €	Nominal value	Fair value	Nominal value	Fair value
Derivatives without hedging relationship				
Currency swaps and currency forwards	34,310	-380	16,098	-37
Derivatives with hedging relationship				
Currency swaps and currency forwards	54,310	-838	139,199	11
Total	**88,620**	**-1,218**	**155,297**	**-26**

As of the balance sheet date, STADA designates currency forwards (EUR/CZK, EUR/USD and EUR/AUD) as fair value hedges that are concluded to hedge the currency risks from intercompany loans. The changes in value of the underlying transaction which result from changes to the respective currency exchange rates, are offset by the changes in value spot components of the currency forwards of the currency forwards. The objective of fair value hedges is to hedge against the currency risk of these

financial liabilities. Credit risks are not part of this hedging. The effectiveness of the hedging relationship is reviewed both prospectively and retrospectively on each closing date. As of the closing date, all designated hedging relationships were sufficiently effective. In the reporting period, new fair value hedges with a nominal volume totaling € 247.0 million were designated for reduction of the fair value risk (previous year: € 429.0 million). At STADA, as of December 31, 2021, there were currency derivatives with a negative fair value of k € 838 (December 31, 2020: positive fair value of k € 11) which were designated as hedging instruments within the scope of fair value hedges. Gains recognized in currency translation of k € 5,467 (previous year: losses of k € 16,743) resulted in financial year 2021 from the carrying amount adjustment of the underlying transaction, from the changes in fair values of the spot components of the hedging transactions, losses of k € 5,467 (previous year: gains of k € 16,743) were recognized in the currency translation result.

Hedging of currency risk in k €	**Remaining term up to 1 year**	**Total nominal volume Dec. 31, 2021**	**Total nominal volume Dec. 31, 2020**	**Average hedging rate/ price**
Currency forwards RUB	—	—	16,098	—
Currency swaps RUB	—	—	49,822	—
Currency swaps GBP	34,310	34,310	36,116	0.8598
Currency forwards AUD	—	—	1,226	—
Currency swaps AUD	1,291	1,291	—	1.5493
Currency swaps CZK	38,777	38,777	50,192	25.5126
Currency swaps USD	14,242	14,242	1,843	1.1410

				Dec. 31, 2021
Hedging of currency risk in k €	**Carrying amount**	**Balance sheet item**	**Fair value adjustments for measurement of inefficiencies**	**Nominal volume**
Currency forwards				
Derivative assets	34	other financial assets	—	15,533
Derivative liabilities	-872	other financial liabilities	—	38,777

Previous year:

				Dec. 31, 2020
Hedging of currency risk in k €	**Carrying amount**	**Balance sheet item**	**Fair value adjustments for measurement of inefficiencies**	**Nominal volume**
Currency forwards				
Derivative assets	789	other financial assets	—	51,664
Derivative liabilities	-778	other financial liabilities	—	87,535

47.7. Disclosures on capital management

The objectives of STADA's capital management are the safeguarding of the business operation, the creation of a solid equity base for financing profitable growth as well as guaranteeing attractive dividend payments and the capital service. STADA capital management consistently aims for the Group companies to have an equity basis that corresponds with local requirements. When implementing and checking the Group's capital and liquidity, the legal requirements are taken into account.

An important key figure for capital management at STADA is the net debt to adjusted EBITDA ratio, which amounted to 3.5 in financial year 2021 (previous year: 3.6).

In this connection, the net debt and net debt to adjusted EBITDA ratio were as follows:

in k €	Dec. 31, 2021	Dec. 31, 2020
Non-current financial liabilities	2,704,807	2,580,996
Current financial liabilities	328,460	148,009
Gross debt	**3,033,267**	**2,729,006**
Cash, cash equivalents and securities classified as available for sale	526,482	266,001
Net debt	**2,506,785**	**2,463,005**
EBITDA (adjusted)	**717,803**	**688,336**
Net debt to adjusted EBITDA ratio	**3.5**	**3.6**

The financing agreements stipulate a right of return for the bonds, promissory note loans or bank loans on the part of the respective investors in the case of a change of control and a change to STADA's rating. Nidda Healthcare Holding AG (now Nidda Healthcare Holding GmbH), as part of the takeover offer, agreed to provide STADA with financing for the financing amounts for which an early repayment of the STADA financing is upcoming. The loan of the shareholder amounts to € 2,455.2 million as of December 31, 2021 (December 31, 2020: € 2,128.9 million) and is reported under non-current financial liabilities. This loan was included in the calculation of net debt.

48. Related party transactions

Nidda Healthcare GmbH holds 100% of outstanding shares in STADA Arzneimittel AG. The STADA Consolidated Financial Statements are included in the financial statements of the Nidda Group. There is a domination and profit and loss transfer agreement in place between Nidda Healthcare GmbH and STADA Arzneimittel AG.

In the scope of the ordinary course of business, STADA Arzneimittel AG and/or its consolidated companies as well as their parent companies have entered into related party transactions. In accordance with IAS 24, directly or indirectly controlled, for reasons of materiality not consolidated, subsidiaries, associates and joint ventures as well as parent companies and affiliated companies and persons in key positions and their close relatives are considered related parties. Generally, all transactions with related companies and persons are settled at conditions in line with the market.

48.1. Related party transactions

Persons in key positions are the board members of STADA Arzneimittel AG, the remuneration of whom, is presented as the summary in Note 49.

Share-based remuneration in the form of a share purchase plan

The main shareholders of Nidda German Topco GmbH's most senior parent company, Nidda Topco S.à r.l., Luxembourg, have offered a share purchase plan to selected managers of the Group, including all members of STADA's Executive Board and some members of its Supervisory Board (managers in key positions). Pursuant to the conditions of the offer, the managers in question are authorized to acquire a stake in a German limited partnership (GmbH & Co KG). The limited partnership stake in the partnership amounts to € 7.3 million and is held by managers in key positions (28%), other managers (54%) and the main shareholders of Nidda Topco S.à r.l., Luxembourg, as well as third parties (18%). Accordingly, the partnership holds 8.0% of ordinary shares issued of Nidda Topco S.à r.l., Luxembourg.

The purchase price of the limited partnership stake in the GmbH & Co KG is determined on each acquisition date on the basis of the fair value of the ordinary shares of Nidda Topco S.à r.l., Luxembourg, and the additional special features of the program. The fair value of the ordinary shares of Nidda Topco S.à r.l., Luxembourg, is determined on the basis of the discounted cash flow valuation taking into account the expected cash flow from the investment in STADA as well as for the financing instruments issued by the Nidda Group companies. The purchase price calculation is considered to be the fair value of the limited partnership stake in the GmbH & Co KG, but not as the granting of additional remuneration for the management. In the event of continued employment by the company, the management will participate in the change in the fair value of the ordinary shares of Nidda Topco S.à r.l., Luxembourg, through this investment by ultimately selling the shares together with the other shareholders of Nidda Topco S.à r.l., Luxembourg.

Neither Nidda Topco S.à r.l., Luxembourg, nor Nidda German Topco GmbH or any other Group company is obligated to pay any amount to the management under this program. In accordance with IFRS 2, the program is treated as a share-based remuneration plan that does not grant any or no significant additional remuneration to managers.

48.2. Transactions with related companies

Bain Capital Investors, LLC, Wilmington, Delaware, USA, and Cinven Partnership LLP, UK, exercise direct joint control over the subsidiary Nidda Topco S.à r.l., which in turn indirectly over the following subsidiaries – Nidda Midco S.à r.l., Nidda German Topco GmbH, Nidda German Midco GmbH, Nidda BondCo GmbH and Nidda Healthcare Holding GmbH – through the direct shareholder Nidda Healthcare GmbH which holds the outstanding shares in STADA Arzneimittel AG. The indirect subsidiary of Cinven Partnership LLP, UK, Cinven Capital Management (VI) General Partner Limited, St. Peter Port, Guernsey, is the fund manager for certain entities of the Sixth Cinven Fund in the sense of an investment management company.

Trade accounts receivable and trade accounts payable of the STADA Group essentially relate to related party transactions as follows:

in k €	2021	2020
Trade accounts receivable		
Non-consolidated subsidiaries	7	13
Non-consolidated joint ventures	183	169
Associates	2,808	1,558
Joint ventures	—	—
Other financial receivables		
Non-consolidated subsidiaries	15	9
Non-consolidated joint ventures	—	—
Associates	97	47
Joint ventures	—	—
Trade accounts payable		
Non-consolidated subsidiaries	94	199
Non-consolidated joint ventures	—	—
Associates	—	—
Joint ventures	—	—
Other financial liabilities		
Non-consolidated subsidiaries	—	—
Non-consolidated joint ventures	—	—
Associates	—	—
Joint ventures	—	—

Income and expenses of the STADA Group essentially relate to related party transactions as follows:

in k €	2021	2020
Sales		
Non-consolidated subsidiaries	—	135
Non-consolidated joint ventures	—	—
Associates	4,531	2,445
Joint ventures	—	—
Interest income		
Non-consolidated subsidiaries	—	24
Non-consolidated joint ventures	—	—
Associates	—	—
Joint ventures	—	—
Other expenses		
Non-consolidated subsidiaries	609	1,435
Non-consolidated joint ventures	—	—
Associates	—	—
Joint ventures	—	—

In addition, there are business relationships between STADA and its affiliated companies from which outstanding trade accounts payable in the amount of € 0.0 million arise as of the reporting date December 31, 2021 (December 31, 2020: € 0.4 million). The transaction volume with these companies in 2021 amounted to a total of € 1.8 million (previous year: € 3.5 million).

In addition, the following disclosures on related party transactions are made:

As of December 31, 2021, STADA Arzneimittel AG has a financial obligation to Nidda Healthcare Holding GmbH in the amount of € 2,271.8 million (December 31, 2020: € 1,945.0 million) with an interest rate of EURIBOR +3.5% p.a. (December 31, 2020: EURIBOR +3.5% p.a.). Furthermore, as of December 31, 2021 Nizhpharm has a financial obligation to Nidda Healthcare Holding GmbH in the amount of € 183.4 million with a fixed interest rate of 3.75% p.a. (December 31, 2020: € 183.9 million with a fixed interest rate of 3.75% p.a.). Further details on financial liabilities can be found in Note 36.

In addition, there were other financial receivables in the previous year from the parent companies in the amount of € 30.4 million, especially in connection with their fiscal unity. Other financial liabilities to the parent companies amounted to € 10.9 million (December 31, 2020: € 164.4 million) on the balance sheet date and were mainly composed of liabilities from interest accruals (previous year for liabilities from the profit and loss transfer agreement as well as interest accruals).

Furthermore, there are business relationships between STADA and its parent company which consist, in particular, of a consulting contract for management services as well as an agency agreement. STADA Arzneimittel AG is invoiced for services within the scope of the agency agreement. Outstanding trade accounts payable as of the balance sheet date on December 31, 2021 were € 7.1 million (December 31, 2020: € 7.1 million). The transaction volume with these companies in 2021 amounted to a total of € 9.5 million (December 31, 2020: € 9.4 million).

49. Remuneration of the Executive Board and the Supervisory Board

The core elements of the system applied for members of the Executive Board include non-performance related remuneration that takes the tasks and performance of the member of the Executive Board into consideration along with a component that depends on the achievement of annual performance goals (“Short Term Incentive”, STI). In addition to the annual performance-related remuneration, members of the Executive Board receive a long-term planned remuneration component (“Long-Term Incentive”, LTI). The individual performance-related components are limited to a maximum amount.

The remuneration system for the Supervisory Board includes an annual fixed remuneration as well as a variable component, depending on an average performance figure from the last three years. The Chairman of the Supervisory Board receives triple this amount and his deputy twice the amount. In addition, Supervisory Board members receive a fixed remuneration for committee activities.

For explanations on share-based remuneration in the form of a stock purchase plan for persons in key positions, we refer to Note 48.1.

Presented below is the total remuneration of the Executive Board and Supervisory Board of STADA Arzneimittel AG pursuant to IAS 24. Insofar as there are deviations, separate disclosures are made in accordance with Section 314 (1) No. 6 HGB in connection with Section 315e HGB.

	Short-term remuneration current		Long-term remuneration non-current		Termination benefits		Expenses for pension commitments earned in the current year		Total remuneration	
in k €	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Members of the Executive Board	3,398	3,329	769	761	—	—	—	—	4,167	4,090
Members of the Supervisory Board	828	828	—	—	—	—	—	—	828	828

Total Executive Board remuneration in accordance with Section 315e HGB at STADA Arzneimittel AG amounted to € 4.2 million (previous year: € 4.1 million).

In addition to the remuneration for their Supervisory Board activities, employee representatives on the Supervisory Board receive a salary commensurate with their position and duties.

Remuneration to former members of the Executive Board (Section 315e HGB) amounted to a total of k € 1,500 for financial year 2021.

As of December 31, 2021, as was the case in the previous year, there were no outstanding liabilities to members of the Executive Board in office in the financial year from severance payments. There were outstanding liabilities to them from bonuses of € 2.2 million (December 31, 2020: € 1.7 million). There were no outstanding liabilities to former members of the Executive Board arising from severance payments (December 31, 2020: € 0.9 million), there were outstanding liabilities from bonuses in the amount of € 0.0 million (December 31, 2020: none).

The fair value of pension commitments to former Executive Board members amounted to k € 37,407 as of December 31, 2021.

There were no loans granted to members of the Executive Board or Supervisory Board at STADA Arzneimittel AG as of the reporting date. Nor has STADA taken on any contingent liabilities for the benefit of the members of governing bodies of STADA Arzneimittel AG.

50. Fees for the auditor

For the services provided by the auditors, PricewaterhouseCoopers GmbH, the following fees were recognized as expenses in financial year 2021 and in the previous year.

in k €	2021	2020
Fees for the auditor	1,040	998
thereof for audit services	1,009	944
thereof for other confirmation services	31	—
thereof for other services	—	—
thereof for tax consultancy services	—	54

The fees for audit services relate to payment for the audit of the Consolidated Financial Statements and for the audit of the Financial Statements of STADA Arzneimittel AG and its German subsidiaries at the end of the financial year. Fees for other confirmation services related to the audit of the non-financial report of STADA Arzneimittel AG.

51. Events after the end of the financial year

The Russian Federation launched a military attack against Ukraine on February 24, 2022, in response to which Ukraine declared a state of emergency and requested defense assistance from other countries. On February 27, 2022, the European Union decided to suspend various Russian banks from the international financial communication system SWIFT. Sanctions were also imposed on the Russian Central Bank. Furthermore, the European Union and a number of other countries, including the United States, imposed sanctions on various Russian industrial sectors, including energy, transport, technology and the media, as well as on various individuals close to the Russian president. For its part, the Russian Federation has responded with counter-measures. This development led to a high degree of uncertainty in the markets and in particular the exchange rate of the Russian ruble against the US dollar and the euro is showing a high degree of volatility with a massive devaluation tendency. Further sanctions appear possible and probable at the time this Group Management Report was prepared. The severity of the impact on economic development cannot be foreseen at this time.

STADA has subsidiaries in both the Russian Federation and Ukraine. While the Russian subsidiaries are not directly affected by the military conflict, this led to an interruption of the operating business at the Ukrainian subsidiaries which will continue until further notice.

The impact of these events on the net assets, financial position and results of operations cannot be accurately predicted at this time and will depend to a significant extent on the duration and intensity of both the military conflict and the sanctions put in place against the Russian Federation. STADA continues to believe that the Group-wide going concern is not endangered.

52. Dividend

In view of the domination and profit and loss transfer agreement dated December 19, 2017, an amount of € 118,821,020.51 will be transferred to Nidda Healthcare GmbH. Due to the profit transfer, the annual result amounts to € 0.00, as in the previous year.

Bad Vilbel, March 21, 2022

Peter Goldschmidt
Chairman
of the Executive Board

Dr. Wolfgang Ollig
Chief Financial Officer

Miguel Pagan Fernandez
Chief Technical Officer

Simone Berger
Chief Human Resources Officer (CHRO)/Head of Global Human Resources

> **Open communication has been crucial in integrating the Walmark supplements facility into STADA's supply chain network.**
>
> **Martin Hefner**
> Site Head Trinec

> **Benefitting from best practices across the STADA Group and a customer-centric approach are key elements of our growth strategy in Bosnia and Herzegovina.**
>
> **Saša Urošević**
> General Manager Bosnia and Herzegovina

> **Our new factory in Vietnam is designed to comply with European manufacturing standards.**
>
> **Tran Thi Nhu Hoai**
> Head of Technical Operations Vietnam

> **Close collaboration with customers is the key to Russia being a major growth driver for the entire group.**
>
> **Aleksandra Poleshchenko**
> Senior Regional Manager, Moscow
> (Sales Department)

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles for consolidated financial statements reporting, the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Combined Management Report includes a fair review of the course of business and business performance and the net assets, financial position and results of operations of the Group, together with a description of the principal opportunities and risks associated with the Group's expected development.

Bad Vilbel, March 21, 2022

Peter Goldschmidt
Chairman
of the Executive Board

Dr. Wolfgang Ollig
Chief Financial Officer

Miguel Pagan Fernandez
Chief Technical Officer

Simone Berger
Chief Human Resources
Officer (CHRO)/Head of
Global Human Resources

INDEPENDENT AUDITOR'S REPORT

To STADA Arzneimittel AG, Bad Vilbel

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of STADA Arzneimittel AG, Bad Vilbel, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of STADA Arzneimittel AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures regarding women's quota).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of goodwill and other intangible assets

2. Revenue recognition including expected revenue reductions

Our presentation of these key audit matters have been structured in each case as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of goodwill and other intangible assets

1. The "Intangible assets" balance sheet item reported in the Company's consolidated financial statements included EUR 438 million (8% of consolidated total assets) for "Goodwill" and EUR 2,159 million (38% of consolidated total assets) for "Regulatory drug approvals, trademarks, customer relationships, software, licenses and similar rights". While goodwill and other intangible assets with indefinite useful lives must be tested for impairment ("impairment test") on an annual basis or if there are indications of impairment, such a test needs only to be carried out for intangible assets with definite useful lives if there are indications of impairment ("triggering events").

   Goodwill is tested for impairment at the level of the group of cash-generating units to which the relevant goodwill is allocated. In an impairment test, the carrying amount of the respective cash-generating unit (including the affected goodwill) is compared against the higher of the value in use and the fair value less costs of disposal. In a first step, the Company generally conducts the test based on the value in use. For the umbrella brands with indefinite useful lives, the relief from royalty method is initially applied. The Company has identified certain indicators, which are monitored and in case of negative development trigger an impairment test for assets with definite useful lives. Assets with finite useful lives are normally measured based on the present value of future cash flows generated by the affected asset from marketing the respective products. An impairment loss is recognized if the recoverable amount is less than the respective carrying amount. Present value is calculated using discounted cash flow models. The starting point is the Group's financial plan, which is projected forward using growth assumptions, taking into account the expected impacts of the ongoing coronavirus crisis on the business of the Group. The discount rate used is the weighted cost of capital for the relevant cash-generating unit or group of cash-generating units.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows, the discount rate used, the rate of growth and other assumptions, and is therefore, also against the background of the coronavirus pandemic, subject to considerable uncertainty. For this reason and due to the complexity of the valuation, this matter was of particular significance for our audit.

2. As part of our audit, we assessed the methodological procedure adopted for the purpose of the impairment tests and evaluated the calculation of the weighted cost of capital, among other things. We verified the appropriateness of the future cash inflows used in the measurement, among other things by comparing this data with the current budgets in the financial planning adopted by the executive directors, and reconciling it against general and sector-specific market expectations. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus pandemic on the Group's business and evaluated how this was taken into consideration in determining the future cash flows. In addition, we assessed the appropriate consideration of the costs of Group functions. With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the recoverable amounts calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we assessed the sensitivity analyses performed by the Company and carried out our own additional sensitivity analyses with respect to those cash-generating units with low headroom (recoverable amount compared with the carrying amount). Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future net cash flows. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill and intangible assets are contained in notes 9 "Accounting policies" and 23 "Intangible assets" to the consolidated financial statements.

2. Revenue recognition including expected revenue reductions

1. The EUR 3,250 million reported under "Sales" in the Company's consolidated financial statements relates primarily to the sale of products and provision of services. Since large-volume transactions are involved, the company has established comprehensive processes and systems for recognizing and deferring sales. Sales are recognized when the goods have been delivered or the services rendered. The transaction price represents the consideration that is expected to be received by the Company in exchange for the promised services. The transaction price takes into account variable components of consideration (e.g., discounts to health insurance organizations, other health sector institutions and customers, as well as expected returns). When recognizing sales, material assumptions have to be made with respect to discounts that must subsequently be granted and returns that must subsequently be accepted, and the corresponding revenue adjustments have to be recognized. Particularly in Germany, discount arrangements with health insurance organizations are agreed for a specific pharmaceutical ingredient by means of tenders over a specific period of time. The corresponding drug is initially sold to patients at a binding sales price, which is then subject to a discount subsequently granted to the respective health insurance organization.

   The revenue adjustments are based to a large degree on the executive directors' estimates and assumptions and are therefore subject to considerable uncertainties. Against this background and due to the underlying complexity of the measurement underlying this material item, this matter was of particular significance for our audit.

2. Our audit included assessing the appropriateness and effectiveness of the processes and controls within the Company's internal control system established to realize sales and make revenue adjustments, including the IT systems used. To this end, we also involved our specialists from Risk Assurance Services (RAS). With the knowledge that the complexity of the accounting treatment and the estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the appropriateness of the estimates made by the executive directors with respect to revenue adjustments. At the same time, we verified and assessed the methodology applied by the executive directors to make revenue adjust-

ments. We also used the detailed information obtained to assess the relevant assumptions made by the executive directors as of the balance sheet date. In addition, we verified the consistency of the methods used by the Company to recognize sales and make revenue adjustments. We also compared the revenue adjustments with contract documents.

In doing so, we were able to satisfy ourselves that the estimates applied and the assumptions made by the executive directors concerning the recognition and measurement of sales were sufficiently documented and that the estimates applied and the assumptions made by the executive directors were consistently derived.

3. The Company's disclosures relating to revenue recognition are contained in notes 9 "Accounting policies" and 11 "Sales" to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures regarding women's quota) as an unaudited part of the group management report.

The other information comprises further

- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have deter-mined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can 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 taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, super-vision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file STADA_AG_KA_KLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes com-plies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on August 5, 2021. We were engaged by the supervisory board on September 14, 2021. We have been the group auditor of STADA Arzneimittel AG, Bad Vilbel, without interruption since the financial year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Frankfurt am Main, March 21, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Dr. Bernd Roese)	(sgd. ppa. Katrin Blumert)
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING[1)]

To STADA Arzneimittel AG, Bad Vilbel

We have performed a limited assurance engagement on the combined separate non-financial report of STADA Arzneimittel AG, Bad Vilbel, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU Taxonomy" of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

1) PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined separate non-financial report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the Combined Separate Non-financial Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Combined Separate Non-financial Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy" of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, March 21, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüferin
German public auditor

ppa. Claudia Niendorf-Senger
Wirtschaftsprüferin
German public auditor

BOARDS OF THE COMPANY

The STADA Supervisory Board

(as of March 1, 2022)

Dr. Günter von Au, Munich, Germany (Chairman)
Markus Damm[1)], Wetter, Germany (Deputy Chairman)

Tim Philipp Baltin, Frankfurt am Main, Germany
Dr. Eric Cornut, Binningen, Switzerland
Benjamin Kunstler, London, United Kingdom
Dr. Klaus Scheja[1)], Ilschhausen, Germany
Bruno Schick, Frankfurt am Main, Germany
Dr. Michael Siefke, Gräfelfing, Germany
Jens Steegers[1)], Frankfurt am Main, Germany

The Supervisory Board members can be contacted via STADA Arzneimittel AG's business address.

1) Employee representative.

The STADA Executive Board

(as of March 1, 2022)

Peter Goldschmidt
Chairman of the Executive Board (since September 1, 2018)
Member of the Executive Board since 2018
Contract until August 31, 2024

Dr. Wolfgang Ollig
Chief Financial Officer (since February 1, 2020)
Member of the Executive Board since 2020
Contract until January 31, 2023

Miguel Pagan Fernandez
Chief Technical Officer (since July 1, 2018)
Member of the Executive Board since 2018
Contract until June 30, 2024

Simone Berger
Chief Human Resources Officer/CHRO (since April 1, 2021)
Member of the Executive Board since 2021
Contract until March 31, 2024

The Executive Board members can be contacted via STADA Arzneimittel AG's business address.

The STADA Advisory Board

(as of March 1, 2022)

Dr. Thomas Meyer, Seelze, Germany (Chairman)
Dr. Frank-R. Leu, Gießen, Germany (Deputy Chairman)

Rika Aschenbrenner, Mainburg, Germany
Alfred Böhm, Munich, Germany
Dr. Stefan Hartmann, Gilching, Germany
Björn Kaufmann, Burscheid, Germany
Reimar Michael von Kolczynski, Stuttgart, Germany
Klaus Lieske, Waltrop, Germany
Dr. Armin Luckau, Frankfurt am Main, Germany
Dr. Wolfgang Schlags, Mayen, Germany

The Advisory Board members can be contacted via STADA Arzneimittel AG's business address.

GLOSSARY A–Z

Approval
Permission under drug law to market a drug in a national market.

Audit
In the pharmaceutical market: Control of equipment and documentation from manufacturers or upstream suppliers.

Active ingredient
In the pharmaceutical market: the active ingredient of a dosage form (also API – Active Pharmaceutical Ingredient).

Bevacizumab
Bevacizumab is a humanized monoclonal antibody (a specific protein normally produced by the immune system to protect the body from infection and cancer). Bevacizumab is a drug used to treat adult patients with advanced colorectal cancer, metastatic breast cancer, non-small cell lung cancer in combination with chemotherapy treatment, among others.

Biosimilar
A biosimilar is a drug with an active pharmaceutical ingredient produced in a biotechnological process that has been developed in comparison with an original product already on the market. It is so similar to the original product that it has proven therapeutic equivalence and is comparable in terms of safety and quality. Therefore, a biosimilar is an equivalent successor product of an off-patent biopharmaceutical product.

Commercial property rights
Offer inventors or companies protection against competition for an invention for a limited period of time. The best-known commercial property right is the patent.

Dossier
Comprises all scientific and technical documentation for an application for marketing approval of a pharmaceutical product, describing the quality, safety and efficacy of this pharmaceutical product.

Epoetin or erythropoietin
Epoetin or erythropoietin is a biopharmaceutical active ingredient in protein form that is produced from living cell lines. The erythropoietin biosimilar developed by BIOCEUTICALS Arzneimittel AG is epoetin zeta. Erythropoietin is used, among other things, in nephrology for dialysis patients to stimulate blood formation and in cancer therapy.

EU taxonomy
In light of global warming, European states have committed themselves to greater climate protection. In this regard, both the Paris Climate Agreement of 2015 and the European Green Deal call for sustainable investments as an important starting point. A key instrument on which the European Commission is currently working on is Sustainable Finance Taxonomy. In the future, this will help classify economic activity throughout the EU according to its sustainability. As a first step, the taxonomy places a special focus on climate targets. In the long term, it should also cover social aspects and good corporate governance in addition to various environmental objectives.

GMP
Good Manufacturing Practice – international production standard in the pharmaceutical industry.

Orphan drug
The so-called "orphan drugs" are pharmaceutical products for the prevention, diagnosis and treatment of rare diseases. Rare diseases include those disorders that affect only a relatively small number of people. In Europe, a disease is classified as rare if it affects no more than one in 2,000 people. Orphan drugs are generally approved by the European regulatory authority and are subject to market exclusivity over similar drugs.

Patent
In the pharmaceutical market: commercial property right granting market exclusivity for a limited period (in the EU 20 years, for example) for active pharmaceutical ingredients.

Prescription
The legal requirement that drugs may only be dispensed to patients on the basis of a doctor's prescription, depending on their risk potential.

Ranibizumab
Ranibizumab is a monoclonal antibody fragment, used in the treatment of wet age-related macular degeneration (AMD) and for impaired visual acuity associated with a diabetic macular edema.

Teriparatide
Teriparatide is a fragment of the human parathormone for hypodermic injection which is produced biotechnologically. Teriparatide is used to treat postmenopausal women with manifest osteoporosis at high risk of fracture, men with osteoporosis associated with high risk of fracture, and glucocorticoid-induced osteoporosis in adults at increased risk of fracture.

PUBLISHING INFORMATION

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STADA Group

The Annual Reports can be found on the Company website (www.stada.com/de and www.stada.com).

Forward-looking statements

This STADA Arzneimittel AG (hereinafter "STADA") annual report contains certain statements regarding future events that are based on the current expectations, estimates and forecasts on the part of the Company management of STADA as well as other currently available information. They imply various known and unknown risks and uncertainties, which may result in actual earnings, the net assets, financial position and results of operations, growth or performance being materially different from the estimates expressed or implied in the forward-looking statements. Statements with respect to the future are characterized by the use of words such as "expect", "intend", "plan", "anticipate", "believe", "estimate" and similar terms. Where necessary, STADA will also make forward-looking statements in other reports, presentations, documents sent to stakeholders, and press releases. Moreover, from time to time our representatives may make verbal forward-looking statements. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: The influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health care system of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA does not assume any obligation to update these forward-looking statements.

Supplementary information on Sustainalytics ESG Risk Rating Score (key figures and information on pages 22 and 85 as well as in chapter "Sustainability" in the image section of this Annual Report)

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Rounding

In the general portion of this Annual Report, STADA key figures are, as a rule, rounded to millions of euros, while the Notes present these figures with greater accuracy normally in thousands of euros. Due to rounding of these figures, differences may arise in individual figures between the general portion and the Notes, as well as from the figures actually achieved in euros; by their nature, these differences cannot be considered material.

FIVE-YEAR CONSOLIDATED FINANCIAL SUMMARY

Financial key figures in € million	2021	2020	2019	2018	2017
Total Group sales	3,249.5	3,010.3	2,608.6	2,330.8	2,313.9
Generics	1,326.8	1,304.4	1,253.8	—	—
Consumer Healthcare	1,284.0	1,120.4	870.4	—	—
Specialty	638.7	585.5	484.4	—	—
Generics	—	—	—	1,382.8	1,361.7
Branded Products	—	—	—	948.0	952.2
Operating profit	455.0	322.8	385.8	378.1	192.3
EBITDA	776.5	568.2	612.8	530.6	363.8
EBIT	455.3	322.9	385.8	381.8	194.6
Earnings before taxes (EBT)	332.4	220.5	340.7	342.9	147.7
Cash flow from operating activities[1)]	598.2	405.9	495.4	320.3	262.9

Asset/capital structure in € million	2021	2020	2019	2018	2017
Total equity and liabilities	5,756.9	5,258.2	3,864.1	3,560.1	3,204.5
Non-current assets	3,468.3	3,322.9	2,288.2	2,113.8	1,880.6
Current assets	2,288.6	1,935.3	1,575.8	1,446.3	1,323.9
Equity	1,215.5	1,017.4	1,195.5	1,178.0	1,006.4
Equity-to-assets ratio in %	21.1%	19.3%	30.9%	33.1%	31.4%
Non-current borrowed capital	3,053.9	2,930.9	1,416.3	1,102.4	157.6
Current borrowed capital	1,487.5	1,310.0	1,252.3	1,279.7	2,040.5
Net debt	2,506.8	2,463.0	1,078.8	1,079.5	1,054.7

Capital expenditure/depreciation and amortization in € million	2021	2020	2019	2018	2017
Total capital expenditure	385.7	1,455.1	311.6	422.2	113.6
on intangible assets	279.6	1,324.4	195.6	368.6	57.3
on property, plant and equipment	105.1	129.3	110.4	53.3	56.0
on financial assets/associates	1.0	1.4	5.6	0.3	0.3
Total depreciation and amortization	325.7	248.8	235.6	164.7	169.2
on intangible assets	260.1	180.0	178.3	129.9	128.1
on property, plant and equipment	65.6	63.7	56.7	34.8	40.7
on financial assets	—	—	0.6	—	0.4
on non-current assets held for sale	0.0	5.1	—	—	—

Employees	2021	2020	2019	2018	2017
Average number per year	12,497	12,301	10,626	10,247	10,832
Number as of the balance sheet date	12,520	12,310	11,100	10,416	10,176

1) The prior year figures for 2019 were adjusted with regard to changed reporting of interest paid in accordance with IAS 8. Accordingly, interest paid is no longer reported under cash flow from operating activities but within cash flow from financing activities. For financial years prior to 2019, this reporting change was not accounted for retroactively.

Caring for People's Health

www.stada.com/de
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