STADA
CARING FOR PEOPLE'S HEALTH

STADA

ANNUAL REPORT 2022

top®
EMPLOYER
EUROPE
2022
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Dear Investors, Dear Partners,

STADA's 13,000 employees around the world can be extremely proud of the group's performance in 2022.

We were able to supply more than one billion units to patients, delivering on our purpose of Caring for People's Health as a Trusted Partner. Being a reliable supplier of medicines and healthcare products is reflected in our double-digit sales and profit growth.

This progress was particularly impressive given the considerable geopolitical and economic challenges we faced in 2022. The ongoing war in Ukraine continues to directly impact the lives of millions of citizens, including many of our STADA colleagues, to whom we are offering all the support we can as part of our broader humanitarian aid.

Medicine supply chains under pressure

In part due to the situation in Ukraine, international supply chains have come under enormous strain. The pharmaceuticals sector has by no means been exempt from these pressures. Accompanying inflationary pressures have driven up input costs for energy, raw materials, packaging, transport, and all other elements involved in supplying essential medicines. At the same time, the Covid-19 pandemic has left a lasting impact, particularly in many Southeast Asian countries.

In view of these circumstances, we can be extremely proud of how STADA, as part of the global pharmaceutical industry, has worked tirelessly to maintain access to medicines.

In this endeavor, STADA's company purpose of Caring for People's Health as a Trusted Partner has served as an invaluable guide for all our activities. By working closely with partners, including suppliers, distributors, doctors, nurses, and pharmacists, we have been able to maintain a reliable supply of medicines and healthcare products.

STADA's commitment to providing affordable access to high-quality medicines across a wide range of therapeutic categories is constant. This applies to all patients, regardless of their nationality or political persuasion. We place great emphasis on acting with integrity and in accordance with sanctions, regulations, and guidance from governments, the United Nations, the World Health Organization and other international organizations.

Maintaining a network that provides 1.2 billion units to patients in 120 countries worldwide is no easy task. Only through the dedication and agility of our 7,000 Technical Operations colleagues in factories, warehouses, and laboratories across 20 production sites are we able to ensure the highly efficient and reliable supply of medicines that serves as a pillar of healthcare systems worldwide.

I particularly appreciate that STADA was able to increase output in 2022 to meet rising demand and to maintain supply and service levels above 95%, despite the considerable disruptions to global supply.

Among pharma leaders on ESG

STADA's sustained progress on environmental, social, and governance (ESG) issues was documented for the first time at a group level in 2022 with the publication of the first STADA Sustainability Report. Evidence of the group's advances came toward the end of last year when an independent ESG assessment conducted by Sustainalytics ranked STADA among the top 10% of pharmaceutical companies globally. We remain dedicated to further improvement.

Our 13,000 employees make a considerable contribution to sustaining healthcare systems and personal health by enabling access to a broad array of healthcare products, from preventive health supplements to essential treatments for diseases in nearly every therapeutic area. This extensive product portfolio, covering 25,000 individual presentations or units, is managed and reported in three strategic segments: Consumer Healthcare, Generics, and Specialty Pharmaceuticals.

Strong Consumer Healthcare growth

In 2022, Consumer Healthcare became STADA's largest segment, with a 17% adjusted rise in sales through a combination of organic growth and the successful integration of recent acquisitions and distribution deals. In particular, partnering with Sanofi Consumer Healthcare has added leading brands such as Allegra, Bisolvon, Dulcolax, and Silomat to STADA's offering in a wide range of European and Eurasian countries.

Adding to established consumer healthcare brands such as Grippostad, Nizoral, and Snup, which allow patients to care for their own health, this broader portfolio has strengthened STADA's position as Europe's fourth-largest provider of over-the-counter (OTC) remedies. With adjusted sales growth of 6% in 2022, STADA's Generics segment also gained market share last year. Recent launches, including abiraterone, lenalidomide, pirfenidone and sitagliptin, reinforced the company's position as Europe's fourth-largest supplier of generics medicines. As generics account for around 70% of all medicines dispensed in Europe, STADA makes a major contribution to providing sustainable access to affordable healthcare.

Building on the strong basis provided by the group's leading presence in the Consumer Healthcare and Generics sectors, STADA has in recent years been scaling up its capabilities and operating model in Specialty Pharmaceuticals – medicines for chronic, complex, or rare conditions that are typically used in specialist settings and have certain differentiating characteristics.

Specialty sector rising in importance

The strategic imperative for STADA to strengthen its footprint in this sector is clear. A recent report from respected market researcher IQVIA Institute forecasts that, by 2027, specialty medicines will account for 43% of total expenditures on medicines globally.

Lecigon and Kinpeygo launched across Europe

In 2022, we achieved another key milestone in our Specialty strategy by receiving an EU marketing authorization for Hukyndra (adalimumab) – a high-concentration, citrate-free biosimilar alternative to Humira – and then launching it in 16 European countries. Also in the biosimilar field, toward the end of 2022 we gained EU-wide approval for Ximluci (ranibizumab), a biosimilar referencing the Lucentis blockbuster biologic for serious eye complaints that we plan to launch in 2023.

Beyond biosimilars, STADA continues to introduce the unique Lecigon pump combining three proven active ingredients for late-stage Parkinson's disease in more European countries. And in 2022, STADA took a pioneering step not only for the group, but for the entire pharmaceutical industry by introducing Kinpeygo in Germany. Kinpeygo is the first treatment approved in Europe for a rare, chronic, and debilitating kidney disease.

Double-digit sales and profit growth

In total, the strong combined performance of the Consumer Healthcare, Generics and Specialty segments resulted in STADA reporting an 11% rise in adjusted sales in 2022, significantly above the market average. Commercial agility and tight cost discipline contributed to a 17% increase in adjusted EBITDA.

While geopolitical and macroeconomic challenges persist in 2023, I am extremely confident that STADA has what it takes to maintain our success this year and beyond. Our diverse and differentiated portfolio forms a strong basis, augmented by our well-stocked pipeline.

More importantly, we have the right team in place. The dedication and diligence shown by our colleagues worldwide have been demonstrated time and again in our regular employee surveys.

To cite just one figure, more than eight out of 10 employees agreed with the statement "I am proud to work for STADA."

This gives me not just optimism, but also confidence, that we will maintain our STADA growth journey in the years ahead.

Peter Goldschmidt

"Caring for People's Health" starts with STADA's employees

STADA's key to success lies in its highly engaged team and its culture. The four company values – Agility, Entrepreneurship, Integrity and One STADA – form the basis for all decisions made and actions taken by STADA employees.

As part of STADA's fifth strategic priority – **growth culture** – the company strives for a productive team that is highly skilled and engaged. Being the best team in the industry is only possible if employees, their inclusion, and their continued development are STADA's number one consideration, in the spirit of "Caring for People's Health as a Trusted Partner."

Inward-looking purpose: Focus on employee health

"Caring for People's Health as a Trusted Partner" is also STADA's highest priority when it comes to its employees. Good health starts with the individual and must be part of a daily routine to develop healthy habits in the long term. To facilitate this process, STADA initiated several measures in 2022, which culminated in two internal health challenges.

During the **#STADAHealthChallenge,** more than 4,200 employees from 45 different countries came together in small groups and counted their steps for nine weeks. Some colleagues beat their personal best and went on to participate in triathlons and tournaments. It was not just about the physical exercise alone, but also the resilience and willpower that it required – something that employees also demonstrate in their daily work. By the end of the challenge, employees had counted **over two billion steps,** and healthy habits had been established or reinforced. Employees worldwide had the opportunity to come together over several weeks and improve their health and fitness.

During the **#30DaysCaringForYou** challenge, employees were offered different options each week for four weeks. Global and local activities centered around the four areas of focus – movement, mindfulness, nutrition, and self-reflection – and offered an appealing mix for employees' individual needs.

Learning as a key to success

STADA believes lifelong learning furthers each individual and the organization as a whole. The latest highlight from STADA's ongoing learning is the SAP SuccessFactors Learning Management System module (referred to internally as "HERO"), which was launched in 2022. When **HERO Learning** was launched, it focused on offering employees the opportunity to take control of their own personal development.

In addition to the more than 1,000 learning resources that are currently available, HERO Learning offers monthly opportunities to learn about specific focus areas.

Employee engagement is the driving force to STADA's growth

It is also STADA's utmost priority to maintain a high level of employee engagement. That is why the company conducts regular **employee surveys** that allow employees to see where they stand as a team. The results of the last survey show once again the continuously strong commitment of all teams with an impressive **overall employee satisfaction score of 8/10.** This figure not only demonstrates the passion of the employees, but it is also highly representative, as once again more than 80% of all STADA employees participated in the survey. Current results also show how much STADA's employees are **"proud to work for STADA."**

This is important because it demonstrates a significant increase in the loyalty of employees who are proud of their company and find meaning in their work. Furthermore, STADA employees have affirmed that the company operates in alignment with its four values – Integrity, Entrepreneurship, Agility and One STADA.

Certification as Top Employer Europe 2022

STADA has strengthened its **position as a preferred employer** again by receiving certification as a Top Employer Europe 2022. The company has become a real talent magnet in recent years, especially by offering highly qualified applicants the opportunity not only to think like an entrepreneur, but also to act like one. STADA's approach with regard to diversity has also contributed significantly to this certification. With its communication campaign **#UniquenessStartsWithU,** STADA has taken a clear position: The **diversity and uniqueness of its employees** form the cornerstone of the company's success. Each employee worldwide and across all roles is encouraged to proactively contribute their unique skills and perspectives and, in this way, to nurture creativity and innovation, which are key to STADA's growth culture.

> *"The diversity of our employees, and the fact that each brings their unique abilities to the table every day, is a hallmark of our growth culture. I firmly believe this is the decisive factor that distinguishes us from the competition."*
>
> **Simone Berger**
> Chief Human Resources Officer

STADA among the top ten percent of the most sustainable pharmaceutical companies

STADA continues to make great strides in implementing sustainability goals, as confirmed by an independent assessment. Based on a comprehensive framework of more than 70 management indicators, the leading environmental, social, and governance (ESG) rating organization, Sustainalytics, announced a further improvement to the company's ESG risk rating in December 2022.

The improved ranking puts STADA in the top 10 percent of more than 1,000 pharmaceutical companies assessed globally by Sustainalytics in terms of ESG risk. Furthermore, the global ranking of more than 15,000 companies assessed by the organization placed STADA in the top third.[1)]

The Group published a **global sustainability** report for the first time in 2022, which, spanning more than 140 pages, outlines the activities undertaken by STADA worldwide to make a positive impact on people and their health, the economy, and the environment.

STADA's commitment to sustainable development is based on the company's purpose of **"Caring for People's Health as a Trusted Partner."** The company continually strives to develop, as well as to make things better for the Group itself, for customers, partners, society, and not least of all, for the planet.

> *Every one of us constantly aspires to make a positive impact on the world and those around us by the way we work and live.*
>
> **Christoph Dengler**
> Head of Global Legal

Consistent with its own areas of business, company purpose, and values, STADA supports the implementation of the following SDGs:

1) STADA rating as at 04 December 2022

In its first **global sustainability** report, STADA presents numerous initiatives for supporting the United Nations sustainability goals, to which the Group has committed as a **member of the UN Global Compact** since 2021.

The company has, in its first global sustainability report, publicly committed to **reducing CO_2 emissions by 42 percent** between 2020 and 2030.

As a **'lighthouse' project,** STADA has **installed photovoltaic systems** at both of the Group's production locations in **Vietnam.**

These and other types of sustainability initiatives are being implemented worldwide by an equitable STADA team that offers everyone equal opportunities. Each and every employee is encouraged to use their own individual talents as this is one of the keys to the success of the company's growth culture.

The **global STADA "family"** comprises more than **13,000 employees** in over 50 countries. More than half (53 percent) of the management positions at STADA are held by women. Furthermore, millennials make up a little more than 51 percent of all employees.

> ***We are integrating sustainable aspects more systematically into our business processes. We must continue this journey by identifying opportunities for improvement.***
>
> **Miguel Pagan Fernandez**
> Chief Technical Officer

21%

of STADA products are included on the WHO essential medicines list.

22,000 trees

By using recycled cardboard for packages, STADA was able to preserve nearly 22,000 trees in 2021.

STADA generates €1.6 billion with local brands

STADA is the fourth-largest consumer healthcare company in Europe and markets products internationally in all relevant healthcare categories. This is now the largest sector by sales in the company.

For the first time in the company's more than 128-year history, CHC is the largest sector by sales in the company. In 2022, STADA grew by 17%, and thus expanded more rapidly than most of its competitors. The most significant drivers were the Local Hero Brands, strong regional brands and newly acquired products that successfully complement the existing product range.

STADA has acquired **brands** from **GSK, Sanofi,** and **Walmark** and, in selected markets, has taken over the distribution and marketing of the entire Sanofi CHC product range. In these markets, STADA uses its strong presence and dynamic salesforce to unleash the **full potential of these brands.** Together, these form an excellent basis for continued growth and the expansion of market share in Europe.

Broad activation of the brand portfolio

Local Hero Brands have **strong brand recognition,** great customer loyalty, and, in several cases, **market-leading positions.** In recent years, STADA has continued its success story of acquisitions: **new brands** such as Nizoral, CHC brands acquired from GSK, Sanofi, and the food supplement specialist Walmark have been integrated with great success, enabling their growth to be accelerated. Midway through 2021, STADA acquired 16 well-established consumer healthcare brands from Sanofi across several countries. The leading marketing and sales expertise of the Group also played an important role in successfully marketing Sanofi's CHC portfolio in 20 European countries and continuing to expand it during the 2022 business year.

Local market leader – 100 #1 CHC brands from STADA

STADA's CHC portfolio offers the right solutions for all patients: for issues from coughs and colds, through sleep and rest, skincare, preventive care and the immune system, to vitamins and food supplements. **100 STADA Consumer Healthcare brands** are **leaders** in their local therapeutic area.

CHC top position: According to IQVIA, STADA became the number 1 OTC supplier in Germany for the first time in the 4th quarter of 2022.

Librestil – duo capsule for more calmness and mental energy

EG Belgium launched the sister brand Librestil: A food supplement in the form of an innovative duo capsule (capsule within a capsule) containing lavender oil, extract of Ashwagandha, and vitamin B6. This unique combination promotes sustained calm and relaxation during times of stress.

STADA Czech Republic wins coveted prize

Three of STADA's top products were selected as the Most Trusted Brands in the Czech Republic: the **probiotic Biopron,** urinary tract brand **Urinal,** and prostate care product **Prostenal.**

Hoggar Melatonin – Line Extension

The new Hoggar Melatonin supplement from STADA offers a reliable and, at the same time, gentle solution to make it easier to fall asleep; it comes in the form of a capsule or spray. Hoggar has been used for **more than 40 years** to treat short-term sleep disorders and is Germany's **best-selling sleep aid.**

EG Labo strengthens CHC brands: Mitosyl Naturel wins "Le Prix Top Santé 2023" prize

STADA's French subsidiary EG Labo has won the prestigious "Le Prix Top Santé" award in the **mother/baby category** after its recent launch of Mitosyl Naturel.

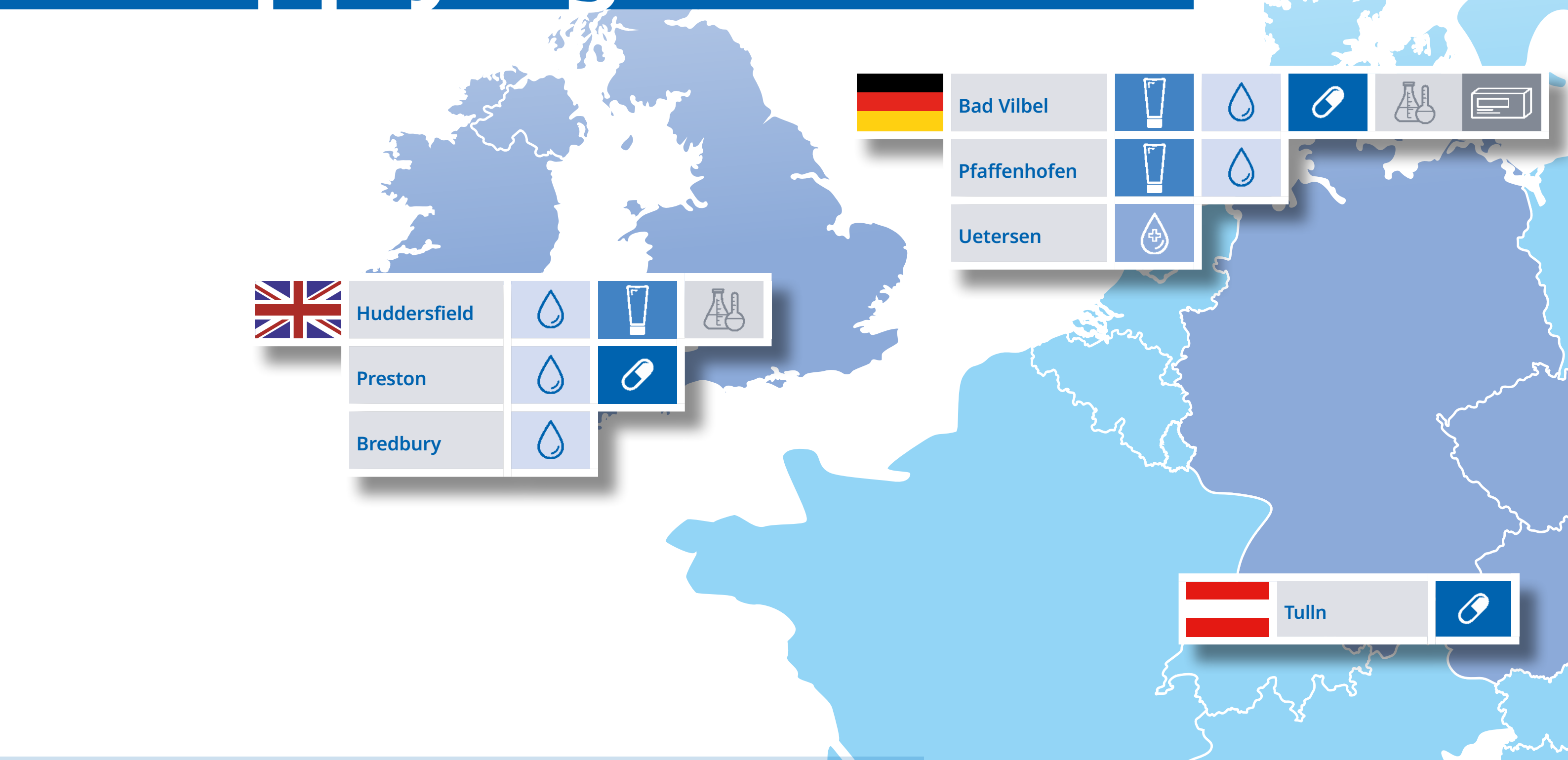
STADA Bulgaria: A CHC success story

The CHC business in Bulgaria has been built up in just four years. Over this period, **STADA** has become the largest **CHC company in Bulgaria** in terms of sales and employs over 50 people. No other company in Bulgaria has ever found such success.

"As a diverse international player with a strong presence in various international markets, STADA is increasingly the go-to partner in the consumer healthcare industry. Recent acquisitions and product launches reinforce STADA's position as a leading supplier and form an excellent basis for further growth."

Volker Sydow
Head of Global
Consumer Healthcare

STADA
Production sites – keep supplying medicines



- **Around 7,000 employees in TechOps worldwide**
- **Trusted partnerships with a total of 16,700 suppliers**
- **2022 STADA sells more than 1.2 billion packages**

Semi-solid forms (e.g. creams, lotions)

Solid dosage forms (e.g. tablets, coated tablets, capsules)

Liquids

S

terile liquids Packaging Research & development

Affordable generics have been the backbone of STADA since 1895

Affordable generics are the backbone of the European healthcare system. STADA offers generic products in all essential product categories.

By providing the same active ingredients, often at a significantly lower price than the cost of original products, suppliers can offer patients affordable access to generic products for proven treatment of a variety of medical conditions and illnesses.

As a major player in the generics sector, STADA supports patient care with affordable medicines. This is especially true in **Europe,** where the company ranks as the **fourth-largest manufacturer and supplier of generics** in terms of sales.

Seven out of ten medicines prescribed in Europe are generic, but these account for only about 30 percent of all pharmaceutical expenditure.

Without the competition afforded by generics, patient access to these medicines would additionally cost European countries an estimated 100 billion euros each year. Since the price development in the generics sector is determined by fierce competition, constantly **adding to the portfolio** is vitally important, especially after the expiration of patent rights for the original reference brand.

After STADA's European launch of the **cancer treatment** sunitinib last year, the company further expanded its oncology portfolio in February 2022. STADA announced the introduction of generic **alternatives to Revlimid (lenalidomid) capsules** in more than a dozen European countries.

As soon as the patent rights for the reference brand Zytiga expired, STADA launched **abiraterone acetate** as 500 mg film-coated tablets for the treatment of metastatic prostate cancer in 19 European Union member states, as well as in Norway and the United Kingdom. In September 2022, STADA also expanded its generics portfolio for patients with type 2 diabetes in several markets, including France, Germany, Italy, Serbia, and Spain. This included launching **sitagliptin** and **vildagliptin,** both as monotherapies and in **combination with metformin.**

In the **respiratory diseases** category, the company built on last year's market launches by introducing asthma inhalers with the active ingredients **fluticasone** and **salmeterol** in countries such as France and Ireland.

Furthermore, towards the end of 2022, STADA expanded its generic product range in several European markets with the addition of **pirfenidone,** a medicine for treating the lung disease pulmonary fibrosis. The products added to STADA's cardiovascular generics portfolio include **icatibant,** which was launched in several countries in February 2022; **dabigatran,** which was launched in Spain; as well as **Ticagrex (ticagrelor)** and **Trombocen (rivaroxaban)** in Serbia.

Health initiatives

In keeping with the purpose of "Caring for People's Health as a Trusted Partner," STADA started numerous initiatives in 2022 that highlighted the role of generics for inexpensive access to healthcare. These projects included an awareness campaign in Serbia and training courses on the topic of analgesics in Russia.

An award-winning campaign titled "Long Live Health – EG, Medicine for All" was run in Belgium, where the STADA subsidiary EG is the clear market leader in generics. At the same time, EG STADA in Italy sponsored an editorial project titled "Generics and Biosimilars: the Future of Pharmacy" and participated in a national health tour promoting healthcare in twelve regions.

The EG STADA Italia team putting their heart into it on the "Tour della Salute".

> ***As the fourth largest generics manufacturer, we strongly support patients and, of course, the healthcare systems of Europe, because generics are not just important for healthcare – they are essential for millions of people to have access to high-quality medical care.***
>
> **Stephan Eder**
> Head of European Markets

Specialty pharma-ceuticals on the rise

For STADA, the development and supply of specialty pharmaceuticals that have been inaccessible or only partially accessible to patients until now is a perfect addition to its purpose of "Caring for People's Health as a Trusted Partner." The goal is clear: to improve access to life-changing treatments for patients worldwide.

Specialty pharmaceuticals are becoming increasingly important in the pharmaceutical industry. These are medicines that are often used to treat chronic, severe, or rare diseases, and for which demand is considerable and increasing. This may include new formulations, combinations, or applications that bring additional benefits to well-known medicines. Specialty pharmaceuticals typically have complex aspects as regards manufacturing, prescription, distribution, and administration.

Developing and manufacturing such specialty pharmaceuticals, and informing both doctor and patient about their application, require special expertise. STADA already has extensive experience in patient care across the entire treatment spectrum – from vitamins and food supplements to biologic therapies against cancer.

15 years of experience with biosimilars at STADA

Biosimilars is one of the most rapidly growing businesses of Specialty Pharmaceuticals. Here, too, STADA was one of the pioneers in Europe. Biosimilars are biologically manufactured medicines that are highly similar to previously approved medicines whose exclusive rights have expired. STADA has around 15 years of experience in this industry since the approval and launch of the brand Silapo (epoetin zeta) in 2008. During this time, the Group's strategic partnerships have allowed it to establish a strong portfolio and a well-filled pipeline.

Advances in oncology and rheumatology

In 2022, STADA launched its biosimilar therapeutic Oyavas (bevacizumab) for the treatment of cancerous tumors, which was developed with its partner mAbxience. Another successful launch was the osteoporosis medicine Movymia (teriparatide), that was developed by agreement with Richter-Helm.

A further milestone was reached with the EU approval and the subsequent Europe-wide market launch of Hukyndra (adalimumab), a biosimilar alternative to Humira. Adalimumab biosimilars have been available in Europe for some time, but STADA and Alvotech have now introduced a special highly concentrated, citrate-free formulation to the market.

Well-stocked pipeline

Further developments in STADA's biosimilars pipeline followed toward the end of 2022 with the EU-wide approval of Ximluci (ranibizumab), a biosimilar of the blockbuster biologic therapy Lucentis for severe eye diseases. The market launch of this eye treatment developed together with Xbrane is planned for 2023.

“Through partnerships, STADA is establishing a sustainable specialty pipeline.”

Yann Brun
Head of Global Development, Portfolio, Regulatory and Business Development/Licensing

In addition to biosimilars, STADA has for several years offered the APO-go (apomorphine) product line for the treatment of Parkinson's Disease. The company recently launched the triple combination therapy Lecigon for the treatment of late-stage Parkinson's disease.

First orphan drug for rare diseases

Furthermore, in 2022, STADA launched Kinpeygo, the first therapy approved in Europe to treat a rare, chronic, and debilitating kidney disease – a groundbreaking step in Germany, not just for the Group, but also for the entire pharmaceutical industry. Further market launches in Europe for this orphan drug that emerged out of a partnership with Calliditas Therapeutics are planned in the future.

“We will use our various medical, technical, and commercial capabilities in the Specialty Pharmaceuticals sector to deliver both quality and value.”

Bryan Kim
Head of Specialty

Position STADA as a long-term-superior growth leader

We drive our performance by connecting people – cross-functionally and cross-nationally. In 2023 and beyond, we continue to position STADA as a growth leader.

Frank Staud
Head of Global Corporate Communications

Position STADA's growth journey externally

30,000 respondents in 15 countries

STADA HEALTH REPORT 2022

Positive **Global Media** Coverage

Handelsblatt
STADA gehört in Sachen Nachhaltigkeit zu den Top 10 Prozent der Pharmaunternehmen

Generics Bulletin – Pharma Intelligence
Stada and Alvotech launch Higher-Strength Adalimumab in Europe

Bild
Hälfte der Deutschen fürchtet Burn-out

FIERCE Pharma
With government funding boost, Stada breaks ground on $50M plant in Romania

Frankfurter Allgemeine
Stada wächst kräftig

Bloomberg Adria
STADA prijavila dvocifreni rast prodaje i zarade

EL GLOBAL
EL 72% DE LOS ESPAÑOLES VISITA "AL MENOS UNA VEZ AL MES" LAS FARMACIAS

The Sun
Sharing a bed results in a bad night's sleep for one in four Brits, poll reveals – The Sun

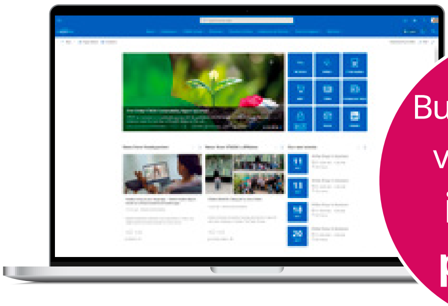
Forbes
Zawsze stawiam na ludzi

HBW Insight – Pharma Intelligence
Stada Enjoys Strong First Half With Sales Up By A Quarter

PHARMABIZ.com
Stada introduces Kinpeygo in European markets to treat primary IgA nephropathy

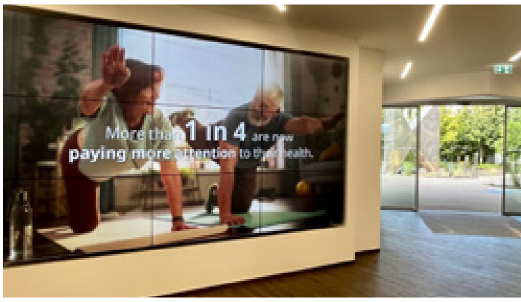
CNN Portugal
Dos gatilhos à resposta, da intensidade à frequência. Como o stress difere entre homens e mulheres

Drive STADA's culture through enhanced internal communication



ONESTADA

Building bridges via a modern **intranet platform**



Reaching employees on site with TV screens

4 employee magazines in **12** languages with **28** regional editions worldwide

ONE STADA *news*

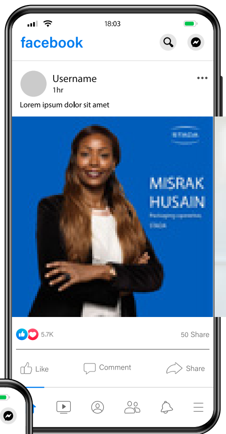
STADA TV

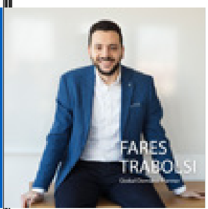
In-house video production and live streaming from STADA's own TV studio

Accelerate successful digital strategy

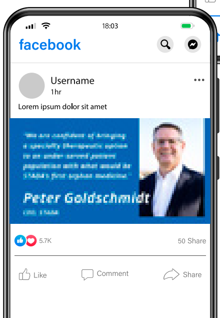
270 Social Media Channels

STADA Influencers: Our people are the STADA Voices.





Faces of STADA



155k LinkedIn followers across all company pages

320 Websites (corporate & product)

STADA has outperformed its competitors in terms of sustainable growth

Thanks to our unique growth culture and highly engaged employees, we were able to realize our vision again in 2022 to be the partner of choice in Consumer Healthcare, Generics, and Specialty Pharmaceuticals and outperform the industry in terms of growth and profitability.

Boris Döbler
Chief Financial Officer

2022

Group sales 2022 (adjusted)
€ 3,797.2 million

+11 %

EBITDA 2022 (adjusted)
€ 875.2 million

+17 %

€ 738.6 million

Operative cash flow
83 % cash conversion rate

86

Number of licensing deals 2022

Peter Goldschmidt, CEO (left)
and Boris Döbler, CFO

Packages sold

> 1.2 billion

Delivery capacity

> 95 %

One of the most sustainable pharmaceutical companies

10 %

+5 % Employees

13,183 employees worldwide (balance sheet date)

53 %

Women in leadership positions

8/10

Overall employee satisfaction score

STADA KEY FIGURES

Key figures for the Group, adjusted in € million	2022	2021	±
Group sales	3,797.2	3,409.1	+11%
Consumer Healthcare	1,620.2	1,390.0	+17%
Generics	1,436.3	1,349.5	+6%
Specialty	740.7	669.6	+11%
EBITDA	875.2	751.2	+17%
EBITDA margin	23.0%	22.0%	+1.0pp

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

Key figures for the Group, adjusted for special items[1] in € million	2022	2021	±
Group sales	3,797.2	3,249.5	+17%
Consumer Healthcare	1,620.2	1,284.0	+26%
Generics	1,436.3	1,326.8	+8%
Specialty	740.7	638.7	+16%
EBITDA	856.9	717.8	+19%
EBITDA margin	22.6%	22.1%	+0.5pp

Reported key figures for the Group in € million	2022	2021	±
Group sales	3,797.2	3,249.5	+17%
Consumer Healthcare	1,620.2	1,284.0	+26%
Generics	1,436.3	1,326.8	+8%
Specialty	740.7	638.7	+16%
EBITDA	884.7	776.5	+14%
EBITDA margin	23.3%	23.9%	-0.6pp
Gross profit from sales	1,848.9	1,544.0	+20%
Gross margin	48.7%	47.5%	+1.2pp
Cash flow from operating activities	738.6	598.2	+23%
Investments	276.6	385.7	-28%
thereof organic	254.5	253.0	+1%
thereof acquisitions	22.1	132.7	-83%
Employees (average number – based on full-time employees)	12,984	12,497	+4%

Non-financial key figures for the Group	2022	2021	
Sustainalytics ESG Risk Rating Score[3]	Medium Risk	Medium Risk	
Women in management levels	53%	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: 22.2 (December 4, 2022)/26.4 (December 21, 2021). Copyright ©2022 Sustainalytics. All rights reserved. See also imprint.
Additional information on STADA's sustainability activities can be found in the Sustainability Report 2021 at https://www.stada.com/about-stada/sustainability.

Strong financial performance of our European Markets is the key driver of STADA's sustainable growth journey.

Holger Buschmann CFO European Markets

Improving access to high-quality medicines for over 100 million people in the Eurasia region is a clear strategic priority for STADA.

Arminas Macevicius Head of Eurasia

Integrity in all aspects of our business is central to caring for people's health as a trusted partner.

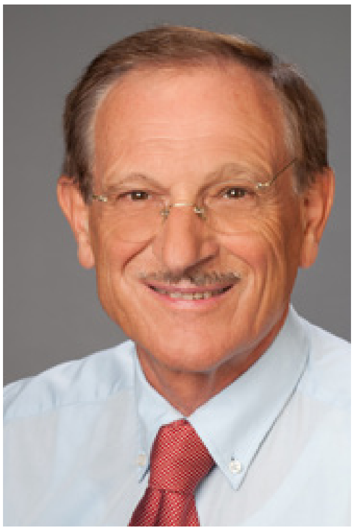
Deniz Simseker
Head of Internal Audit, Vice President

Our HR team in Germany is dedicated to being an agile partner of the business that treats all employees with respect and appreciation.

Julia Schüssler Head of HR Germany, Director

STADA ANNUAL REPORT 2022

REPORT OF THE SUPERVISORY BOARD



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

Ladies and Gentlemen,

In the year under review, the Supervisory Board performed the duties incumbent upon it under the law and the Articles of Incorporation with great care. 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

In August 2022, STADA received the sad news that Dr. Wolfgang Ollig, Chief Financial Officer of STADA Arzneimittel AG, had passed away completely unexpectedly. STADA not only lost an internationally outstanding financial expert, but a farsighted Chief Financial Officer as well.

Boris Döbler, Group Vice President Corporate Financial Planning & Analysis, assumed the role of CFO on an interim basis. Effective January 1, 2023, the Supervisory Board appointed Boris Döbler as the new Chief Financial Officer of STADA Arzneimittel AG and thus of the entire Group.

In financial year 2022, the Executive Board therefore consisted of Peter Goldschmidt as Chief Executive Officer, Dr. Wolfgang Ollig as Chief Financial Officer (until August 13, 2022), Simone Berger as Chief Human Resources Officer as well as Miguel Pagan Fernandez as Chief Technical Officer.

In December 2022, the Supervisory Board resolved the target figures for the composition of the Executive Board and the Supervisory Board in accordance with the legal requirements under Section 111 (5) of the German Stock Corporation Act (AktG). These target figures are explained by the Company in the Management Report in a declaration in accordance with Section 289f (4) of the German Commercial Code (HGB).

Proven trusting cooperation 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 2022. In financial year 2022, meetings were again held in the form of telephone and video conferences due to the ongoing Covid-19 pandemic. This did not, however, prevent either the Supervisory Board or the Executive Board from an intensive exchange of information and ideas, which, as was also the case in the past, took place professionally and with a focus on the success of the Company.

2022 was a very challenging year for STADA, as it was for many other companies throughout the world, due to macroeconomic and geopolitical uncertainties. Despite this challenging environment, STADA was able to continue along its successful growth course and deliver a strong result. In this reporting year, STADA, with its approximately 13,000 employees Group-wide, once again demonstrated an unchanged high level of resilience and efficiency in all business areas.

Key topics discussed between the Executive Board, and the Supervisory 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, especially the net assets and financial position.

Due to geopolitical uncertainties, a particular focus was on reporting on the situation together with developments in Ukraine and Russia.

The Supervisory Board talked regularly to the Executive Board about the Group's financial and liquidity situation, considering especially the investment plans in the Group and the relevant financing, the financing structures, 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 informed the Supervisory Board regularly, promptly and comprehensively about the risk situation, risk management, internal control systems and questions related to compliance.

The Supervisory Board and the Board of Management also addressed market structures, development of demand, the competitive situation, price development, terms and discounts and the development of the market share of the Group and relevant competitors. The Supervisory Board also regularly obtained an overview of the Group's product development and product portfolio.

The Supervisory Board would like to thank the members of the Executive Board as well as the management and all employees of the Group worldwide for their tremendous commitment and constructive cooperation over the course of the past financial year.

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, 2022 as well as the Combined Management Report for STADA Arzneimittel AG and the Group for financial year 2022 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and issued with an unqualified audit opinion. The Audit Committee awarded the audit contract on behalf of the Supervisory Board and determined the main areas for the audit with the auditor. The auditor issued a Statement 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 2022. The Supervisory Board had at its disposal all the necessary documents and the auditors' reports, which were also the subject of extensive discussion with the auditors and the Executive Board during the balance sheet meeting. Following the final results of its own audit, the Supervisory Board raised no objections and approved the results of the audit. It approved the Annual Financial Statements prepared by the Executive Board and audited by the auditors, as well as the Consolidated Financial Statements.

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 2022. Auditing firm Pricewaterhouse-Coopers GmbH conducted an audit to obtain limited assurance and issued an unqualified audit opinion. The documents were carefully examined by the Audit Committee and the Supervisory Board at its balance sheet meetings and discussed with the Executive Board and auditor representatives. Following their review, the Supervisory Board had no objections.

Bad Vilbel, March 2, 2023

Günter von Au

Dr. Günter von Au
Chairman of the Supervisory Board

I am proud of how our Serbian Technical Operations teams make a major contribution to supplying a broad range of quality medicines around the world.

Goran Novakovic Site Head Sabac

STADA Portugal has an experienced team in place to bring novel solutions to the market and to patients.

Ana Ferreira General Manager Portugal

Companies today need both: Entrepreneurship and Integrity. The compliance function enables both as a trusted partner.

Daniel Schafaghi Head of Global Compliance, Director (Chief Compliance Officer)

STADA is continuing to invest in its reliable medicines supply chain, not least through a € 50 million hub it is building in Turda, Romania.

Jesus Corchero Romero
Head of Global Operations, Senior Vice President

Collaborating closely with external and internal partners is essential for successful Specialty development.

Christine Berndt
Head of Global Development Specialty, Vice President

COMBINED MANAGEMENT REPORT OF THE EXECUTIVE BOARD

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Business Year 2022 Overview

With the achievement of 17% reported and 11% adjusted sales growth to approximately € 3.80 billion in 2022, STADA fulfilled its vision of outperforming industry norms. This performance maintained STADA's trajectory of growing faster than the markets in which it operates and gaining market share versus key competitors in its three strategic product segments: Consumer Healthcare, Generics and Specialty.

This strong sales performance in the reporting period came from all three segments and all major countries in which STADA operates. STADA's diverse product portfolio enables the Group to meet the needs of multiple healthcare stakeholders while contributing to resilience amid turbulent market conditions.

Despite a challenging geopolitical and economic environment, STADA was able to progress, due in large part to the Group's ability to supply reliably a broad and diversified portfolio to customers in around 125 countries worldwide. During 2022, the company was able to increase its production output to supply around 1.2 billion packages, representing approximately 25,000 individual presentations or stock-keeping units. Service levels sustained at above 95% were supported by improvements in quality and safety.

STADA continued during financial year 2022 to strengthen its supply-chain resilience, not least through an investment in a plant in Turda, Romania, which the Group is constructing with industry-leading technologies such as photovoltaic solar panels that support its sustainability strategy. Since the start of the project in 2021, STADA has invested roughly € 14 million in the expansion of this new site, with planned investments amounting to a total of € 50 million.

The company's progress on environmental, social and governance (ESG) topics was documented for the first time at a Group level during the reporting period with the publication of the first STADA Sustainability Report. Evidence of the Group's advances in this area came towards the end of 2022 when an independent ESG assessment conducted by Sustainalytics ranked STADA among the top 10% of pharmaceutical companies globally.

Ranking fourth by value in both the consumer healthcare and generics sectors in Europe, STADA makes a considerable contribution to helping patients to care for their own health and to sustaining healthcare systems through access to high-quality, affordable medicines. Through the Group's expanding Specialty offering, STADA is also able to address areas of unmet medical needs, including in rare diseases.

With a 17% increase in adjusted sales to approximately € 1.62 billion, Consumer Healthcare became clearly STADA's largest product segment, accounting for 43% of Group sales. The strong performance, well ahead of market averages, came through a combination of organic growth and the successful integration of recent acquisitions and distribution deals. Partnering with Sanofi Consumer Healthcare has added leading brands such as Allegra, Bisolvon, Dulcolax and Silomat to STADA's offering in a wide range of European and Eurasian countries.

At an organic level, the Group continued to strengthen its extensive roster of local and regional Consumer Healthcare brands through launches and line extensions. These additions helped STADA to outperform the market.

Through 6% adjusted Generics sales growth to approximately € 1.44 billion – equating to 38% of total group sales – STADA was also able to outperform several of its key competitors. Recent launches such as Abiraterone, Lenalidomide, Pirfenidone and Sitagliptin reinforced the company's position as Europe's fourth-largest supplier of generics medicines by value.

Adjusted sales by STADA's Specialty segment advanced by 11% to approximately € 741 million. Specialty accounted for 19% of total Group sales.

In financial year 2022, STADA achieved a key milestone in its specialty and biosimilars strategy by securing an EU marketing authorization for, and subsequently launching across 16 European countries, Hukyndra (adalimumab) – a high-concentration, citrate-free biosimilar alternative to Humira that is the first biosimilar STADA commercialized through a strategic partnership with Alvotech. Furthermore, the company towards the end of 2022 gained EU-wide approval for Ximluci (ranibizumab), a biosimilar referencing the Lucentis blockbuster biologic for serious eye complaints, that STADA plans to launch during 2023 in collaboration with partner Xbrane.

Beyond biosimilars, STADA continues to introduce in more European countries the Lecigon pump combining three proven active ingredients for late-stage Parkinson's disease. And STADA took a pioneering step not only for the Group, but also for the entire pharmaceutical industry, by introducing in Germany Kinpeygo, the first EU-approved treatment for the rare, chronic and debilitating kidney disease IgA nephropathy.

Through detailed planning, careful management, implemented efficiencies and commercial agility, STADA was able to improve its gross margin by 1.2 percentage points to 48.7%. Adjusted earnings before interest, tax, depreciation and amortization (EBITDA) improved by 17% to € 875.2 million, enabling STADA to improve its EBITDA margin, adjusted for special items and currency effects, by 1.0 percentage point to 23%. On a reported basis, Group EBITDA improved by 14% to € 884.7 million.

With a diverse workforce and a broad development portfolio, STADA has the basis for sustainable growth for many years to come. The 86 product in-licensing deals that the Group concluded in 2022 as a go-to-partner, when combined with strong organic operations, a solid financial foundation and highly dedicated employees, form a sound platform from which to continue STADA's growth journey and make a strong contribution to global healthcare in the current financial year 2023.

Group's Business Model

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

STADA is a leading healthcare and pharmaceuticals company focused on Consumer Healthcare, Generics and Specialty medicines with a successful track record spanning over 125 years. With approximately 25,000 individual packages and SKUs covering many therapeutic areas, the Company develops, manufactures and markets a diversified product portfolio that includes many category leaders. STADA distributes its products in approximately 125 countries and has a direct presence in all major European markets, as well as in growth markets in the MENA region, Asia and Australia.

STADA ranks as the fourth-largest player by value in Europe in the market for Generics and OTC Medicines according to IQVIA. Its market leading positions provide the Group with a competitive advantage, which is bolstered by its scale, brands, reputation and the breadth and diversification of its product portfolio, as well as local market expertise and established distribution channels built on strong relationships with wholesalers and pharmacies. STADA continually works to optimize and manage its costs, including through a cost-effective manufacturing footprint comprising 20 production facilities across Europe and Asia. Building on its tried and tested platform, the Group launched nearly 1,070 products on the market in 2022. STADA's solid pipeline of new products provides further opportunities as markets grow. STADA has a strong track record of growth, both organically and through focused acquisitions, and seeks to grow business and further improve profitability by internationalizing successful products. In financial year 2022, the Group generated sales of € 3,797.2 million and EBITDA adjusted for special items and currency effects of € 875.2 million.

STADA has categorized its products into the following three segments: Consumer Healthcare, Generics and Specialty:

Consumer Healthcare

STADA's Consumer Healthcare segment comprises non-prescription medicines with regulatory status as over the counter (OTC) medicine or medical devices, cosmeceuticals and cosmetics, vitamins, minerals & supplements and also certain consumer products such as the household disinfectant Zoflora. Consumer healthcare products are marketed, in addition to the product features, with a focus on awareness and trust in the product or company brand as well as endorsement by healthcare professionals (e.g., pharmacists or doctors). While the Group has many strong and large brands with leading positions in their respective markets, the portfolio of consumer healthcare products is diversified with the top ten consumer healthcare products accounting for roughly 31% of sales in the Consumer Healthcare segment in financial year 2022.

The top ten selling brands (and their respective therapeutic areas in the STADA Consumer Healthcare segment for 2022 were: Cardiomagnyl (cardio), Zoflora (disinfectant), Snup (cough & cold), Nizoral (derma), Aqualor (cough & cold), Grippostad (cough & cold), Paracetamol STADA (pain relief), Vitaprost (women's & men's health), Levomecol (derma) and Artra (pain relief).

In 2022, the Group generated sales of € 1,620.2 million in the Consumer Healthcare segment.

Generics

STADA's Generics segment comprises prescription drugs sold under an International Non-Proprietary Name (INN Generics). Generics offer a lower cost alternative to the substantially more expensive pharmaceutical originator products. Most of the products in the Generics segment require a prescription for purchase and are only available from pharmacies and hospitals. The market for prescription products is generally characterized by regulated pricing, with competition driven by the reliability of supply and cost competitiveness. Patent expirations of originator drugs feed the product pipeline in the Generics segment, allowing the Company to leverage its distribution channels and local market knowledge to launch new generics products. The generics portfolio is diversified, with the top ten products accounting for approximately 18% of sales in the Generics segment in the reporting year.

The top ten products (and their respective therapeutic areas) in terms of sales in STADA's Generics segment in 2022 were: Tilidine (pain relief), Amoxiclav (antibiotics), Atorvastatin (cardio), Pantoprazole (gastro), Omeprazole (gastro), Diclofenac (pain relief), Ezetimibe (cardio), Amlodipine (cardio), Bisoprolol (cardio) and Olmesartan (cardio).

In 2022, the Group generated sales of € 1,436.3 million in the Generics segment.

Specialty

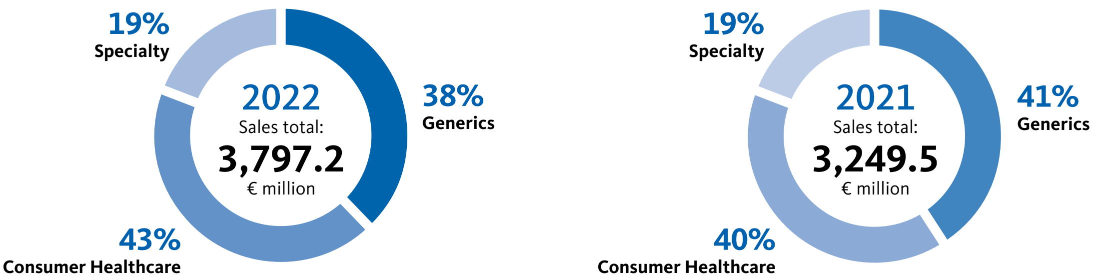
The Specialty segment comprises the following three product sub-classes:

- Branded generics, i.e. prescription generics which, as opposed to INN Generics, are sold under a brand/fantasy name
- Specialty generics in accordance with the definition from IQVIA, i.e., prescription drugs for chronic, complex or rare diseases, and for which three of the following six criteria must be met: (I) high annual costs, (II) initiated and maintained by a specialist for drug therapy, (III) special procedure required (refrigerated, frozen, other biohazard), (IV) reimbursement assistance required, (V) limited distribution, (VI) extensive monitoring or comprehensive patient counseling required.
- Biosimilars, i.e. biologic medical products that are almost an identical copy of an original product that is manufactured by a different company. Unlike generic drugs of the more common small-molecule type, biologics contain active substances from a biological source, such as insulin, growth hormones or monoclonal antibodies ("mabs") – and are often produced by cutting-edge technology. Despite that heterogeneity, biosimilars must maintain consistent quality and clinical performance throughout their lifecycle.

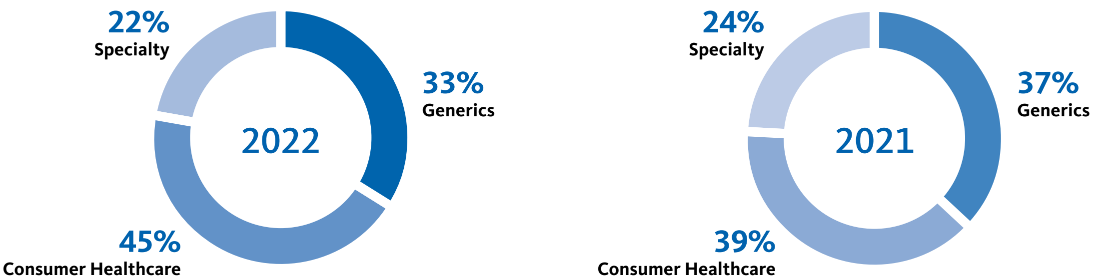
In 2022, the Specialty segment generated sales of € 740.7 million. The Group is continuously expanding its existing range of products in the Specialty segment. The top ten Specialty products accounted for approximately 60% of sales in the segment in the reporting year.

The top ten brand names in the Specialty segment 2022 (with their corresponding reference product) were Silapo (epoetin zeta biosimilar), Edarbi (azilsartan medoxomil), APO-go (apomorphin medication marketed in several countries under the brand names APO-go, MOVAPO and APOKYN), Movymia (biosimilar of FORSTEO/teriparatid), Xefocam (lornoxicam), Oyavas (biosimilar to avastin/bevacizumab), Bortezomib STADA – subcutaneous, ready-to-use injection – (Velcade), Versatis (lidocaine medical patch), Lecigon (as levodopa/carbidopa/entacapone gel as a modern pump device) and Vipidia (alogliptin).

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



EBITDA shares of operative segments (reported)
in %



Management and Control

The Executive Board of STADA Arzneimittel AG manages 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.

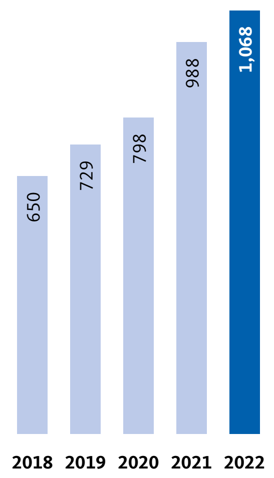
The Group's operational positioning is based on a primary sales and earnings responsibility for the Consumer Healthcare, Generics and Specialty segments by means of regional units to be able to react to country-specific market conditions. This positioning is supported by central Group functions such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

Product Development

Strategic orientation of development activities

In terms of product development, STADA has established a global network of development sites across Europe with a highly skilled workforce for example in Serbia, Germany, Czech Republic, the United Kingdom and Austria. The expertise in internal development lies in small molecule development, led by STADA's center of excellence in Vršac, Serbia. For consumer healthcare innovation with liquids/disinfectants, the UK site in Huddersfield acts as the global center of excellence. On specialty and complex technologies, the Group has established a strong network of co-development partnerships that enables it to minimize upfront investment into in-house capacities with a high financial risk profile. Independent of the operating model (internal or co-development), STADA's development activities are aligned with the Group strategy and steered by commercial agility, a focus on customer needs, quality, time-to-market and cost competitiveness with a strong return on investment.

5-year overview: Number of product launches



Strong competence in development and regulatory

In the reporting year, the Group again demonstrated its strength in development and regulatory with the introduction of 1,068 individual products worldwide (previous year: 988). As of December 31, 2022, STADA had a well-stocked product pipeline with more than 2,200 approval procedures for over 180 active pharmaceutical ingredients and combinations in more than 60 countries. These include all relevant generics as well as numerous consumer healthcare products and specialty pharmaceuticals. In financial year 2022, there were over 1,200 new marketing authorization applications and more than 900 new marketing authorizations.

In the Generics segment, for example, STADA introduced Fingolimod, Sitagliptin, Sitagliptin & Metformin as well as Vildagliptin, thereby offering healthcare professionals as well as patients additional alternatives.

Ongoing expansion of the biosimilar portfolio

With a view to the growth potential 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 has currently approvals for six biosimilars. These are Silapo, an erythropoietin biosimilar, Cegfila, a pegfilgrastim biosimilar, and Movymia, a teriparatide biosimilar, Oyavas, a bevacizumab biosimilar, Hukyndra, an adalimumab biosimilar and Ximluci, a ranibizumab biosimilar. Furthermore, the Group 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, which to date has resulted in the approval of the aforementioned ranibizumab biosimilar. In addition, in the cooperation with Xbrane, there is also an option for further biosimilars. Furthermore, there is an exclusive strategic partnership with Alvotech ehf, an international biopharmaceutical company, and STADA for the marketing of six 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, the adalimumab biosimilar mentioned above was launched on the market in 2022.

Targeted cooperations and in-licensings for the ongoing expansion of the product portfolio

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

One example for the strengthening of STADA's portfolio in the oncology area is Lenalinomide. In addition, Abiraterone in the treatment of cancer prostate and Pirfenidone to treat a certain lung disease called idiopathic pulmonary fibrosis were launched.

With the launch of Kinpeygo in 2022, STADA also succeeded for the first time in bringing a pharmaceutical with a so-called "orphan drug" designation to the market. Kinpeygo received conditional approval from the EU Commission for the treatment of primary immunoglobulin A (IgA) nephropathy (IgAN) in adults, a very rare kidney disease for which there has been no suitable therapy option to date.

In addition, the Group completed 86 in-licensing agreements for future product launches in the reporting year.

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

In the Consumer Healthcare segment, the Group's focus is on the expansion of existing product lines under strong local brands. Examples of the expansion of existing product lines in the year under review include Hoggar Melatonin Spray in Germany, Mebucaine Dolo in Switzerland and Mitosyl Naturel in France. Examples of further internationalization in the year under review include the launch of Lunestil in some Eastern European countries, Synthol Oral in France, Kamistad Baby Gel in the Czech Republic and Kazakhstan, Urilys in Belgium and Eunova D3 Spray and Junior in Germany.

Procurement and Production

Central needs planning and numerous international production sites

Needs planning in the STADA Group is centralized. In the reporting year, there were a total of 20 production sites at major locations, including Serbia, Vietnam and the United Kingdom. Because a large part of the Group-wide production volume is manufactured in low-wage countries, STADA benefits 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 modernization and expansion of production plants and production facilities as well as testing laboratories amounted to € 51.5 million in 2022 (previous year: € 65.7 million).This includes € 4.4 million for a new supply chain and packaging site in the Romanian city of Turda. Since the beginning of the project, STADA has invested approximately € 14 million in the expansion of this new Romanian location.

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 generally organized centrally, but they have a strong market proximity and entrepreneurial agility. STADA sells its products, including the export share, in approximately 125 countries.

The local presence in 33 countries allows the Company to stay close to the local needs of its customers and patients and to optimally navigate the various regulatory requirements, tender and reimbursement regimes. Building on this strong local presence and infrastructure, STADA aims to continuously foster its marketing & sales capabilities. This comprises not only typical selling and marketing activities and investments, but also capabilities around trade terms and cost optimization, strategic pricing on consumer healthcare products, advanced tender analytics for generics as well as continued improvements in the area of tools and digitalization (e.g. Customer Relationship Management tools and eCommerce).

Employees

Global Human Resources – focus on Talent Acquisition and Performance & Rewards to make STADA an employer of choice

STADA's people strategy is managed centrally by Global Human Resources. The four global HR Centers of Expertise (CoE), Talent Acquisition & Employer Branding, Talent Management, Performance & Rewards as well as HR Digitalization, Processes & Analytics define priorities, standards, guidelines and processes implemented by the Group-wide companies and supplemented with a view to market-specific conditions. In 2022 the Global Human Resources function put a strong focus on Performance & Rewards given the overall macro-economic situation and implemented policy and benefits to remain competitive, especially in high inflation markets. In addition Global Human Resources set up a dedicated Talent Acquisition & Employer Branding team to emphasize STADA's unique employee value proposition in each of its markets and to be a talent magnet in a candidate driven labor market environment. Furthermore, specific learning programs were implemented groupwide. To be closely aligned with the needs of the business as well as the markets, the global HR leadership team comprises not only of the four HR CoEs, but also of Human Resources Heads representing the largest regions and markets.

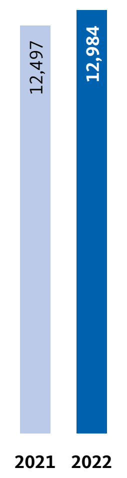
At STADA, personnel policy is managed centrally by the Global Human Resources (HR) department at Group headquarters. The functional areas define the standards, guidelines and processes implemented by the Group-wide companies and supplemented with a view to market-specific conditions. Given the strong 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

The average number of employees in the STADA Group increased by 4% to 12,984 in financial year 2022 (previous year: 12,497). The growth was primarily due to an increase in employee capacity in production, particularly in Serbia, as well as in sales & marketing, especially in Germany and the rest of Europe. In addition, there were transfers of previously external employees, mainly in Vietnam. For the Balkan states, these developments resulted in an increase of 7% in the average number of employees in the reporting year. Worldwide, the number of employees increased by 5% to 13,183 as of the balance sheet date (December 31, 2021: 12,520). The increase was mainly due to the reasons described above for the increase in the number of employees.

The proportion of women employed in management positions at the Group in 2022 amounted to approximately 53% (previous year: approximately 52%).

Annual average in the number of employees



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

In accordance with Section 76 (4) AktG and Section 111 (5) AktG, the Executive Board and the Supervisory Board have agreed the following targets for the proportion of women in the first and second management levels below the Executive Board and for the proportion of women on the Executive Board and Supervisory Board.

a) Specification by the Executive Board pursuant to Section 76 (4) AktG regarding the proportion of women in the two management levels below the Executive Board

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.

b) Specifications by the Supervisory Board in accordance with Section 111 (5) AktG and report on the achievement of targets

Target for the proportion of women on the Executive Board

In December 2017, the Supervisory Board resolved in accordance with Section 111 (5) AktG to continue to adhere to what was then status quo of 0% for the period until December 31, 2022 with regard to setting the target for the proportion of women on the Executive Board. This notwithstanding, Simone Berger, Head of Global Human Resources, was appointed to the STADA Executive Board in the second quarter of 2021 and is thus the first woman to hold such a position at STADA. The target set in 2017 was thus exceeded. In December 2022, the Supervisory Board resolved to maintain the status quo of one woman on the Executive Board for the period until December 31, 2027.

Target for the proportion of women on the Supervisory Board

In December 2017, the Supervisory Board resolved in accordance with Section 111 (5) AktG to at least maintain the status quo of one woman for the period until December 31, 2022 with regard to setting the target for the proportion of women on the Supervisory Board. Employee representative Dr. Ute Pantke stepped down from the Supervisory Board as of December 31, 2018. This seat on the Supervisory Board remained vacant until the regular election of employee representatives to the Supervisory Board in May 2019. The outcome of this election, which could not be influenced by the Supervisory Board, was that Jens Steegers, Markus Damm and Dr. Klaus Scheja joined the Supervisory Board as employee representatives.

Supervisory Board member Jan-Nicolas Garbe stepped down as shareholder representative with effect from November 24, 2021 and left the Supervisory Board of the Company at that time. When selecting candidates and proposing candidates for election to the Annual General Meeting, the Supervisory Board primarily considers the candidates' professional and personal qualifications and not their gender. The Supervisory Board considers aspects such as professional suitability, continuity in the composition of the shareholder representatives and appropriate representation of the ownership structure to be of primary importance and in the interests of the Company. As successor to the position left vacant by Jan-Nicolas Garbe, Tim Baltin was elected as a new member of the Supervisory Board by the Extraordinary General Meeting with effect from the end of the Extraordinary General Meeting on November 24, 2021. The Supervisory Board believes Tim Baltin is very well suited for the position on the Supervisory Board due to his experience, including his experience in the healthcare sector, as well as his financial expertise.

The target set in December 2017 was therefore not achieved for the reasons mentioned above. In December 2022, the Supervisory Board resolved to adhere to the previous target of one woman for the period until December 31, 2027 for the target proportion of women on the Supervisory Board.

Objectives and Strategies

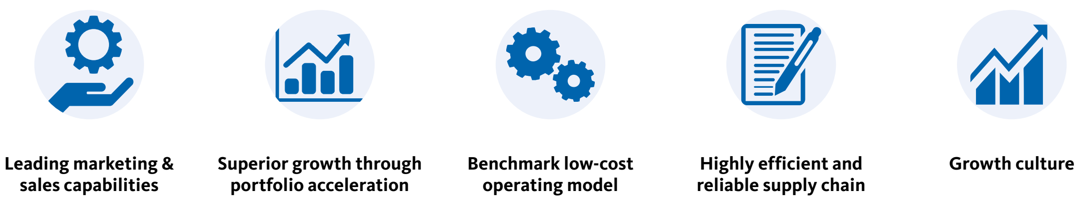
Sustainable and profitable growth and long-term value enhancement along the three strategic segments and five strategic priorities

With its business model the STADA Group particularly aims to achieve long-term and profitable growth as well as to sustainably enhance Company value (see “Fundamental Information about the Group – Internal Management System”).

To achieve this, the Group is relying on the three strategic segments of Consumer Healthcare, Generics and Specialty, which are continuously being expanded through organic growth, suitable acquisitions and international 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 is increasingly driving its growth course.

Strategic Priorities



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 s locally strong brands and integrating them successfully. Acquisitions made some time ago 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 its focus countries. Given the strategy of increasing growth mainly in already developed and profitable markets, STADA continues to focus on its current markets, but is at the same time open to new growth opportunities.

Superior growth through portfolio acceleration: In the generics business, STADA offers an extensive product range and a significant supply security. While consistently consolidating its leading position in this area, the Group is also targeting new growth in both the Consumer Healthcare and Specialty segments. In the Specialty area STADA now has a promising biosimilar pipeline for a broad spectrum of therapeutic areas. In the reporting year, the Group recorded further successes with the launch of the adalimumab biosimilar Hukyndra in cooperation with Alvotech and the EU-wide approval from the European Commission for the ranibizumab biosimilar Ximluci in cooperation with Xbrane. STADA is also expanding its portfolio of customized solutions for needs not previously addressed in close partnership with leading specialists. One example of this is the EU approval of Kinpeygo for adults with primary IgA nephropathy in cooperation with Calliditas Therapeutics in 2022 and its subsequent market launch, first in Germany and with plans calling for its launch in other European markets.

Optimization of the benchmark low-cost operating model: The issue of cost efficiency is key to successful long-term development. Particularly in light of its extensive product range, the Group is taking advantage of the benefits of its own network of production sites in low-cost locations as well as its modern systems and technologies. Additional cost-saving opportunities arise from the global bundling of procurement activities as well as the optimization of operational processes, including in the supply chain and support functions.

Highly efficient and reliable supply chain: Thanks to a strict compliance system, STADA reliably delivers high-quality products. In financial year 2022, a delivery readiness of more than 95% was secured. 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: Strong people engagement and identification with STADA's purpose – caring for people's health as a trusted partner – as well as its values – Integrity, Entrepreneurship, Agility and "one STADA" are key pillars of the Company's strategy. Over the past years, STADA has managed to attract and retain strong talents across various levels of the organization. The Company was named a top employer in Germany by the Top Employers Institute in 2021 and 2022, highlighting our exemplary work in personnel management. The Top Employers Institute recognizes companies for their strong human resources internationally. The evaluation criteria for the award includes personnel management and corporate culture, including workforce planning, talent acquisition, development programs, performance management and benefits. In STADA's latest employee feedback survey, in which 83% of our employees participated, employees rated the company 8.0 out of 10 possible points. The company believes that this strong people engagement and growth mindset of the workforce are a key success factor and strategic advantage for the Company.

Internal Management System

The operating performance indicators of the business sectors in the reporting year 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. These 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 2022. 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 in financial year 2022 were 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**

Information on the Voluntary Combined Separate Non-Financial Report

Because STADA Arzneimittel AG is no longer capital market-oriented in accordance with Section 264d of the German Commercial Code (HGB), it is not subject to a statutory obligation for non-financial reporting in accordance with Section 315b (1) HGB. This notwithstanding, STADA voluntarily prepares a Combined Separate Non-financial Report in accordance with the legal requirements pursuant to Section 315c in conjunction with Section 289c–e 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 2021 financial year was carried out using the exchange rates for the reporting year.

3) The currency adjustment for the 2021 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

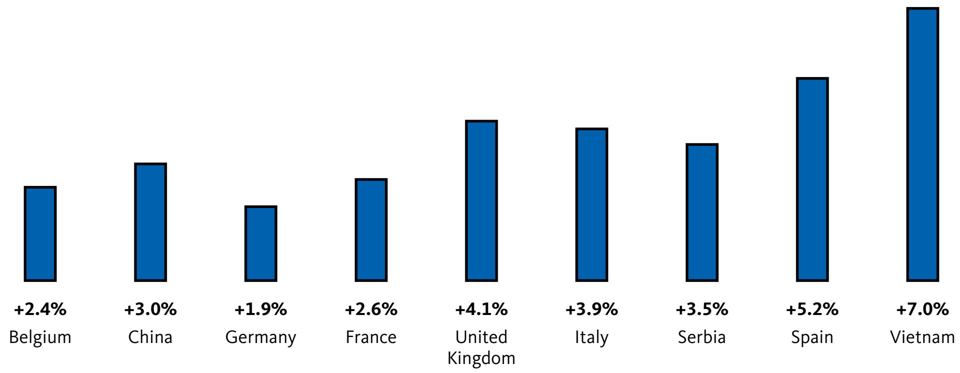
Macroeconomic development

According to the International Monetary Fund (IMF), the global economy in 2022 was severely impacted by the Russia-Ukraine war, high inflation and the consequences of the ongoing Corona pandemic. While global GDP showed growth of 6.2% in 2021, it was only up 3.4% in 2022.[1)] Global inflation increased from 4.7% in 2021 to 8.8% in 2022.

Despite challenging conditions, STADA achieved a significant increase in Group sales adjusted for special items and currency effects (see "Economic Report – General Statements of the Executive Board on the Course of Business in 2022").

The following chart shows economic development in selected countries.

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



Sector-specific development

In financial year 2022, sales in the international generics market increased by approximately 7.5% to approximately € 284.3 billion compared to the previous year.[2)] The market share of generics in the global pharmaceutical market thus amounted to approximately 19.4%.[2)]

Sales of the global OTC market in 2022 increased by approximately 10.0% to approximately € 91.3 billion.[2)] OTC products thus had a share of approximately 6.2% of the international pharmaceutical market.[2)]

1) Source: International Monetary Fund: World Economic Outlook October 2022/January 2023.

2) Based on an internal analysis by STADA using data from the following source: IQVIA GMI Analyst Services Generic Market Forecast Report for 135 countries based on input from IQVIA Market Prognosis and IQVIA Generic Market Forecasts, September 2022 edition, as well as MIDAS Market Segmentation Sales Data updated with Q3 2022 data, prepared and customised for STADA by IQVIA in February 2023. Copyright IQVIA. All rights reserved.

Effects of the macroeconomic and sector-specific environment

Given the fact that 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 environment in each respective healthcare system. In financial year 2022, 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.

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

Development of 2022 Compared to Outlook

In the Report on Expected Developments from the Annual Report 2021, the Executive Board anticipated further growth in financial year 2022 that outpaced 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 significant negative impact on the forecast development of Group sales and EBITDA, each adjusted for special items and currency effects.

With the development achieved in 2022, both adjusted Group sales and adjusted EBITDA were in line with the forecast provided in the Annual Report 2021.

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	2022	2021	±
Group sales adjusted for special items and currency effects	**3,797.2**	**3,409.1**	**+11%**
Consumer Healthcare	1,620.2	1,390.0	+17%
Generics	1,436.3	1,349.5	+6%
Specialty	740.7	669.6	+11%
EBITDA adjusted for special items and currency effects	**875.2**	**751.2**	**+17%**
Consumer Healthcare	450.1	359.2	+25%
Generics	338.2	315.7	+7%
Specialty	225.2	204.4	+10%

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

Result of Operations of the Group

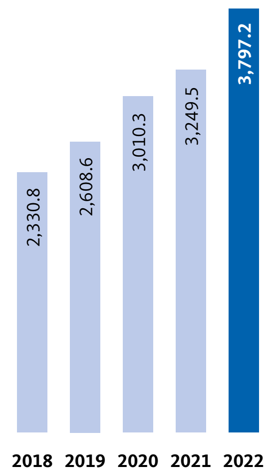
Significant increase in reported and adjusted Group sales

Reported Group sales increased by 17% to € 3,797.2 million in financial year 2022 (previous year: € 3,249.5 million). **Group sales adjusted for special items and currency effects** also increased by 11% to € 3,797.2 million (previous year: € 3,409.1 million). The positive development was due in particular to sales increases in the regions[1] Germany, Europe and Eurasia.

Applying the exchange rates for financial year 2022 compared to those for financial year 2021 for the translation of local sales contributions into the Group currency euro, STADA showed a positive **currency effect** in the amount of € 159.6 million or an adjustment of previous year's sales by 5.5 percentage points.

In 2022, 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 overview: Group sales (reported)
in € million



Significant currency relations in the national currency to 1 euro	Closing rate Dec. 31 in local currency 2022	2021	±%	Average rate for the reporting period 2022	2021	±%
Pound sterling	0.8869	0.8403	-6%	0.8526	0.8600	+1%
Russian ruble	77.1245	85.3004	+10%	73.6678	87.2321	+16%
Serbian dinar	117.3224	117.5821	0%	117.4644	117.5735	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 Russian ruble appreciated significantly compared to the euro both as of the reporting date December 31, 2022 as well as on average for the reporting period, though it proved volatile over the course of the year. Especially at the beginning of the Russian invasion of Ukraine, the ruble depreciated substantially. The average monthly exchange rate in March of the reporting year was 120.0925. Since April, the ruble mainly appreciated and from June 2022 reached values last seen in 2015. In December 2022, the ruble depreciated to an average monthly rate of 70.0851.

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.

Pleasing development of earnings figures with significant increase in EBITDA

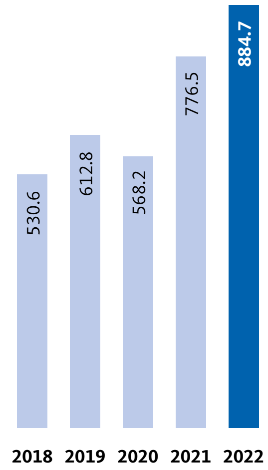
Despite a challenging environment, the STADA Group showed pleasing development of earnings figures in financial year 2022 with a significant increase in EBITDA.

1) STADA defines the regions as follows: Germany, Emerging Markets, Europe, Eurasia and the United Kingdom.
Europe includes all Continental European countries except Germany, the United Kingdom, Kazakhstan, Moldova, Russia and Belarus.
Eurasia includes Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Uzbekistan and Belarus.

Reported operating profit increased in the reporting year by 25% to € 568.5 million (previous year: € 455.0 million). **Operating profit adjusted for special items and currency effects** were up 20% to € 752.8 million (previous year: € 629.3 million). The sharp increase in reported and adjusted operating profit was due in particular to strong sales growth as well as an improved gross margin which in turn was based on cost savings, efficiency effects and price adjustments that more than offset the negative impact from an increased inflation rate..

Reported EBITDA showed an increase of 14% to € 884.7 million (previous year: € 776.5 million). **EBITDA adjusted for special items and currency effects** recorded growth of 17% to € 875.2 million (previous year: € 751.2 million). The respective developments were attributable to the reasons already described for reported operating profit and adjusted operating profit.

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



Effect of special items on earnings

In **financial year 2022**, the special items added up to a net burden of € 169.9 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]	2022 reported	Impairments/ write-ups on non-current assets	Effects from purchase price allocations and product acquisitions[2]	Exchange rate expenses[3]	Provisions for damages	2022 adjusted for special items	Currency effects	2022 adjusted for special items and currency effects
Operating profit	**568.5**	**71.6**	**109.5**	**-15.1**	**0.0**	**734.5**	**18.3**	**752.8**
Result from investments measured at equity	-0.0	–	–	–	–	-0.0	–	-0.0
Investment income	0.0	–	–	–	–	0.0	–	0.0
Earnings before interest and taxes (EBIT)	**568.5**	**71.6**	**109.5**	**-15.1**	**0.0**	**734.5**	**18.3**	**752.8**
Financial income and expenses	-144.1	–	3.9	–	–	-140.2	–	-140.2
Earnings before taxes (EBT)	**424.5**	**71.6**	**113.5**	**-15.1**	**0.0**	**594.3**	**18.3**	**612.6**
Earnings before interest and taxes (EBIT)	**568.5**	**71.6**	**109.5**	**-15.1**	**0.0**	**734.5**	**18.3**	**752.8**
Balance from depreciation/ amortization and impairments/ write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	316.2	-71.6	-122.2	–	–	122.4	–	122.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**884.7**	**0.0**	**-12.6**	**-15.1**	**0.0**	**856.9**	**18.3**	**875.2**

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions.
3) Exchange rate expenses in connection with a loan for the acquisition of the Takeda product portfolio.

In **financial year 2021**, **special items** added up to a burden on earnings of € 162.0 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]	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**	**29.5**	**629.3**
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**	**29.5**	**629.5**
Financial income and expenses	-122.9	—	17.1	—	—	-105.8	-8.0	-113.8
Earnings before taxes (EBT)	**332.4**	**89.3**	**102.6**	**-14.4**	**-15.6**	**494.3**	**21.5**	**515.8**
Earnings before interest and taxes (EBIT)	**455.3**	**89.3**	**85.5**	**-14.4**	**-15.6**	**600.0**	**29.5**	**629.5**
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	—	0.0	117.7	3.9	121.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**776.5**	**0.0**	**-28.8**	**-14.4**	**-15.6**	**717.8**	**33.4**	**751.2**

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions.
3) 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 2022 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	2022	2021	±
EBITDA	875.2	751.2	+17%
Consumer Healthcare	450.1	359.2	+25%
Generics	338.2	315.7	+7%
Specialty	225.2	204.4	+10%
EBITDA margin[3]	23.0%	22.0%	
Consumer Healthcare	27.8%	25.8%	
Generics	23.5%	23.4%	
Specialty	30.4%	30.5%	

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

in € million	2022	2021	±
EBITDA	884.7	776.5	+14%
Consumer Healthcare	450.2	330.8	+36%
Generics	338.2	311.5	+9%
Specialty	225.2	206.7	+9%
EBITDA margin[4]	23.3%	23.9%	
Consumer Healthcare	27.8%	25.8%	
Generics	23.5%	23.5%	
Specialty	30.4%	32.4%	

Cost development and income statement

As mentioned above, sales increased by 17%. By contrast, **cost of sales** in the reporting year rose by only 14% to € 1,948.3 million (previous year: € 1,705.4 million) and was thus proportionately lower than sales development. The **cost of sales ratio** improved to 51.3% (previous year: 52.5%).

Gross profit showed an increase to € 1,848.9 million (previous year: € 1,544.0 million). The gross margin improved to 48.7% (previous year: 47.5%) – in particular due to price adjustments, especially in the non-regulated OTC portfolio and efficiency improvements throughout the value chain.

Selling expenses increased to € 847.8 million (previous year: € 718.6 million) slightly outperforming sales growth compared to the previous year, when sales activities were severely limited due to the pandemic. The increase in selling expenses is attributable to targeted investments to expand the product portfolio and increase the market share of the existing portfolio. The selling expense ratio was 22.3% (previous year: 22.1%).

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.

General and administrative expenses increased to € 253.5 million (previous year: € 222.3 million). This development resulted, among other things, from inflation-related increases in material costs (such as rent and leasing expenses, insurance, energy, etc.) and personnel costs.

Research and development expenses were € 94.6 million (previous year: € 86.5 million). The sales-related ratio of research and development expenses was 2.5% (previous year: 2.7%).

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 2022, development expenses in the amount of € 33.5 million were capitalized for new products (previous year: € 27.0 million). This corresponds to a capitalization rate of 26.2% (previous year: 23.8%). This amount does not include capitalized borrowing costs and the capitalization of software totaling € 7.6 million (previous year: € 5.6 million).

Other income fell to € 63.4 million (previous year: € 74.1 million). The development was mainly attributable to net foreign exchange rate gains in the previous year, whereas in the year under review there were net exchange rate expenses which were reported under other expenses. In the reporting year, income from write-ups totaled € 12.7 million (previous year: € 4.4 million), which mainly relates to an approval in the specialty pharmaceuticals area in the amount of € 11.3 million due to improved future business prospects for this product.

Other expenses recorded an increase to € 147.8 million (previous year: € 135.7 million). This development was mainly due to higher expenses from write-downs on receivables and higher expenses for legal disputes compared with the same period of the previous year because the previous year was shaped by income from the reversal of provisions for legal disputes.

Financial income was € 4.9 million (previous year: € 1.7 million).

Financial expenses increased to € 149.0 million (previous year: € 124.6 million), mainly due to increased interest.

The **financial result**, which is composed primarily of financial income and financial expenses, amounted to € -144.1 million (previous year: € -122.6 million). The largest operative-related individual item in this regard was the interest expense in the amount of € 149.0 million (previous year: € 124.6 million).

Expenses from **income taxes** amounted to € 69.3 million in the reporting year (previous year: € 68.6 million). The reported tax rate was 16.3% (previous year: 20.6%). The tax rate adjusted for special items was 14.4% (previous year: 16.6%).

Results of Operations of the Segments

Substantial growth in the Consumer Healthcare segment

Reported sales for the **Consumer Healthcare** segment recorded growth of 26% to € 1,620.2 million in 2022 (previous year: € 1,284.0 million). **Sales** of the **Consumer Healthcare** segment **adjusted for special items and currency effects** also increased by 17% to € 1,620.2 million (previous year: € 1,390.0 million). The sales increase was based mainly growth in the regions[1] Europe and Germany. Consumer Healthcare accounted for 43% of Group sales (previous year: 40%).

Within the Consumer Healthcare segment, the regions[1] Europe, Eurasia, Germany and the United Kingdom had the greatest sales significance in financial year 2022.

1) See footnote on page 44 for a definition of the STADA regions.

Sales generated with consumer healthcare products in **Europe** recorded an increase of 34%. Sales growth in most European countries contributed to this development, based among other things on a stronger cold season as well as sales of the Sanofi products acquired in 2021 and on the basis of the Sanofi distribution agreement.

Currency-adjusted sales of Consumer Healthcare products in **Eurasia** showed a slight decline of 1% despite the market share gains of a number of products. In light of the appreciation of the most important currency in this region, sales in euro increased by 23%.

In **Germany**, sales generated in Consumer Healthcare were up 48%. This development was mainly attributable to sales with cough & cold products.

In the **United Kingdom**, currency-adjusted sales generated in Consumer Healthcare increased by 2%. The increase in sales was mainly attributable to sales growth with Zoflora products and the cold product Covonia. In view of the appreciation of the British pound, sales in euro rose by 3%.

In 2022, STADA achieved sales of € 207.0 million from the Group's top three consumer healthcare products in terms of sales (previous year: € 173.4 million). These products thus had a 13% share of sales in the Consumer Healthcare segment (previous year: 14%).

Reported EBITDA for **Consumer Healthcare** recorded growth of 36% to € 450.2 million (previous year: € 330.8 million). The positive development resulted from price increases, a higher share of profitable cough & cold products as well as an optimized cost of sales ratio. The **reported EBITDA margin** in the **Consumer Healthcare** segment amounted to 27.8% (previous year: 25.8%).

EBITDA adjusted for special items and currency effects for **Consumer Healthcare** increased by 25% to € 450.1 million (previous year: € 359.2 million). These developments were based primarily on the reasons already listed for the reported EBITDA in the Consumer Healthcare segment. The **EBITDA margin** of **Consumer Healthcare adjusted for special items and currency effects** was 27.8% (previous year: 25.8%).

Pleasing development in the Generics segment

Reported sales for the **Generics** segment increased by 8% to € 1,436.3 million in financial year 2022 (previous year: € 1,326.8 million). **Sales adjusted for special items and currency effects** for the **Generics** segment also increased by 6% to € 1,436.3 million (previous year: € 1,349.5 million). The respective developments were based in particular on sales growth in the regions[1)] Europe and Germany, which were also the most important markets in terms of sales. Generics contributed 38% to Group sales (previous year: 41%).

In **Europe**, sales generated with generics rose by 8%. The main growth drivers were sales increases in Italy, Belgium and Spain – due to market share gains in various product categories.

In **Germany**, sales of generics recorded an increase of 7%. This development was mainly based on strong demand for antibiotics as compared to the low level of demand in the previous year.

In 2022, STADA generated sales amounting to € 117.7 million with products that contain the Group's top three active pharmaceutical ingredients in terms of sales (previous year: € 99.0 million). These products thus contributed 8% of sales in the Generics segment (previous year: 7%).

1) See footnote on page 44 for a definition of the STADA regions.

Reported EBITDA for **Generics** was up by 9% to € 338.2 million (previous year: € 311.5 million). This development is based primarily on the strong sales growth. The **reported EBITDA margin** for **Generics** was 23.5% (previous year: 23.5%).

EBITDA adjusted for special items and currency effects for **Generics** increased by 7% to € 338.2 million (previous year: € 315.7 million). This development was attributable in particular to the reasons previously mentioned for the reported EBITDA in Generics. The **EBITDA margin** of **Generics adjusted for special items and currency effects** amounted to 23.5% (previous year: 23.4%).

Strong growth in the Specialty segment

Reported sales for the **Specialty** segment recorded a plus of 16% to € 740.7 million in the reporting year (previous year: € 638.7 million). **Sales adjusted for special items and currency effects** for the **Specialty** segment also increased by 11% to € 740.7 million (previous year: € 669.6 million). The respective developments were based in particular on sales increases in the regions[1)] Europe, Eurasia, and Germany, which were also the most important markets in terms of sales. Specialty contributed 19% to Group sales (previous year: 19%).

In **Europe**, sales generated with specialty pharmaceuticals increased by 11%. The most significant growth was attributable to sales increases with Oyavas and Movymia.

In **Eurasia**, sales with specialty pharmaceuticals increased by 31%. In light of the appreciation of the most important currency in this region, sales in euro increased by 61%.

In **Germany**, currency-adjusted sales of specialty pharmaceuticals increased by 3%. The increase was mainly attributable to sales growth with Oyavos and Lecigon.

With the Group’s three largest specialty pharmaceutical products in terms of sales, STADA generated sales of € 244.6 million in 2022 (previous year: € 218.8 million). These products thus had a 33% share of sales in the Specialty segment (previous year: 34.0%).

Reported EBITDA for the **Specialty** segment increased by € 18.5 million to € 225.2 million (previous year: € 206.7 million). This development resulted primarily from the previously-mentioned sales growth. The **reported EBITDA margin** for **Specialty** was 30.4% (previous year: 32.4%)

EBITDA adjusted for special items and currency effects for the **Specialty** segment rose by 10% to € 225.2 million (previous year: € 204.4 million). This development was based primarily on the reasons already mentioned for reported EBITDA in the Specialty segment. The **EBITDA margin** of **Specialty adjusted for special items and currency effects** amounted to 30.4% (previous year: 30.5%).

Financial Position of the Group

Stable financial position

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

1) See footnote on page 44 for a definition of the STADA regions.

Principles and goals of STADA financial management

Within its financing strategy, the Group focused on securing for financial flexibility in 2022. In this context, STADA covered its financing needs through loans from Nidda, promissory note loans, a bond until April 8, 2022, additional bank loans and factoring. With the repayment of the bond, the capital market orientation also no longer applied.

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 financial year 2022. The "Opportunities and Risk Report" contains more detailed information on managing individual financial risks.

Financing structure

Financing in the nominal amount of € 2,626.8 million was composed as follows as of December 31, 2022:

Financial instruments following exercising of put-rights and additional repayment in € million	**Nominal value**	**Maturity**
Promissory note loans	7.0	April 26, 2023
	7.0	
Further bank loans	317.6	rolling
Total financial liabilities	**324.6**	
Loan from Nidda Healthcare Holding GmbH	2,302.2	
Total financing	**2,626.8**	

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]

For refinancing purposes, as of the balance sheet date, the Group held promissory note loans with a total nominal value of € 7.0 million (December 31, 2021: € 7.0 million) and further bank loans in the amount of € 317.2 million (December 31, 2021: € 304.8 million). A corporate bond with a nominal value of € 267.4 million and an interest rate of 1.75% p.a. was repaid on time on April 8, 2022.

In the reporting year, STADA Arzneimittel AG was financed at interest rates between 1.37% p.a. and 5.30% p.a. (previous year: 1.37% p.a. and 3.50% p.a.). In addition, the Group financed itself at interest rates of between 0.97% p.a. and 19.03% p.a. (previous year: 0.83% p.a. and 10.19% p.a.). As of December 31, 2022, the weighted average interest rate for non-current financial liabilities was approximately 7.42% p.a. (December 31, 2021: approximately 4.10% p.a.). As of the reporting date, the average weighted interest rate for current financial liabilities amounted to approximately 5.05% p.a. (December 31, 2021: 2.01% p.a.). The average weighted interest rate as of December 31, 2022 for all Group financial liabilities amounted to approximately 7.37% p.a. (December 31, 2021: 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 subsequent financial years.

The following table provides an overview of the structure of financial liabilities of the STADA Group as of December 31, 2022:

Current remaining terms of financial liabilities as of Dec. 31, 2022 in k €	**< 1 year**	**1–3 years**	**3–5 years**	**> 5 years**	**Total**	**thereof as of Dec. 31, 2022 > 1 year in %**
Promissory note loans	6,999	—	—	—	6,999	0%
Bond	—	—	—	—	—	0%
Amounts due to banks	46,180	134,944	136,075	—	317,199	85%
Amounts due to shareholders	—	1,011,787	1,289,973	—	2,301,760	100%
Accrued interest	7,367	—	—	—	7,367	0%
Total	**60,546**	**1,146,731**	**1,426,048**	**—**	**2,633,326**	**98%**

Liquidity analysis

The Group's liquidity was guaranteed at all times in 2022. 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. For financing in the reporting year, STADA had access to loans from Nidda, promissory note loans, factoring and a corporate bond until April 8, 2022.

Cash flow analysis

STADA recorded an extremely pleasing development in cash flow from operating activities in financial year 2022, reaching a very high level of € 738.6 million. Free cash flow also developed very positively, showing a significant increase with € 495.8 million. STADA was thus able to finance all investments in its future strategic development using cash flow from operating activities.

Cash flow statement (abridged) in k €	**2022**	**2021**
Operating cash flow	738,586	598,245
Investing cash flow	-242,762	-307,820
Free cash flow	**495,823**	**290,425**
Financing cash flow	-773,598	-35,314
Non-cash changes to cash and cash equivalents	9,925	5,370
Cash flow	**-267,849**	**260,481**

Cash flow from operating activities consists of changes in items not covered by capital expenditures, 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 € 738.6 million in the financial year (previous year: € 598.2 million). This development was mainly based on an increase in EBITDA adjusted for significant non-cash effects and thus an increase in gross cash flow combined with an active operational liquidity management, despite increased working capital. There were also significantly lower cash outflows in connection with health insurance discount agreements compared with the corresponding period of the previous year.

Cash flow from investing activities, which includes cash outflows for investments reduced by the inflows from disposals, amounted to € -242.8 million in the reporting year (previous year: € -307.8 million).

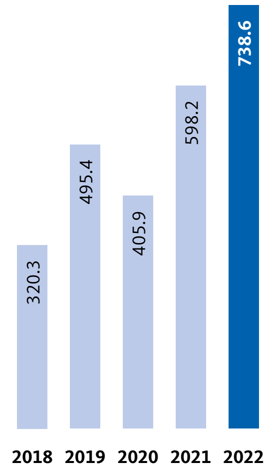
Cash flow from investing activities in 2022 was mainly characterized by investments in intangible assets. These related in particular to biosimilars as well as product acquisitions in Germany.

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 – STADA spent € 141.4 million in financial year 2022 (previous year: € 201.2 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 € 31.0 million in the reporting year (previous year: € 29.8 million). These comprise, in particular, individually immaterial payments for the development and acquisition of approvals or approval dossiers.

Payments for **investments in property, plant and equipment** in 2022 amounted to € 73.8 million (previous year: € 78.6 million). This also includes investments in production sites, manufacturing facilities and test laboratories, for which additions amounting to a total of € 51.5 million were recorded in financial year 2022 (previous year: € 65.7 million).

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



Payments for **investments in financial assets** in 2022 amounted to € 0.0 million (previous year: € 1.0 million).

As a result of **disposals**, STADA recorded an inflow of payments totaling € 3.6 million in cash flow from investing activities in the reporting year (previous year: € 2.8 million).

Cash flow from financing activities in financial year 2022 was € -773.6 million (previous year: € -35.3 million). This development was primarily due to significantly higher cash outflows from the repayment of financial liabilities in financial year 2022. The negative balance from borrowings and repayments resulted in particular from the scheduled repayment of the STADA bond in the amount of € 267.4 million. In addition, there were high repayments of shareholder loans in financial year 2022. In the previous year, net borrowings mainly resulted from an increase in shareholder loans. In addition, interest payments were higher than in the previous year. At € 118.8 million, the settlement of existing liabilities for the financial year 2021 under the domination and profit and loss transfer agreement with Nidda Healthcare GmbH resulted in significantly lower payments than in the previous year. Changes in minority interests resulted from the final payments under earnout agreements in connection with the acquisition of additional shares in the Vietnamese company Pymepharco in financial year 2020.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, increased to € 495.8 million in the reporting year (previous year: € 290.4 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals was € 637.3 million (previous year: € 491.6 million).

Cash flow for financial year 2022 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 was € -267.8 million (previous year: € 260.5 million).

Investments

Investment volume for the Group in the reporting year amounted to € 276.6 million (previous year: € 385.7 million). In this regard, investments in property, plant and equipment totaled € 101.1 million (previous year: € 105.1 million). In relation to Group sales, the share of investments in property, plant and equipment was 2.7% (previous year: 3.2%) of Group sales. Investments in intangible assets were € 175.5 million (previous year: € 279.6 million). In the reporting year, there were no business combinations in accordance with IFRS 3 (previous year: € 6.6 million). In 2022, 37% of the total investment volume was used for property, plant and equipment (previous year: 27%) and 63% for intangible assets (previous year: 72%).

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

STADA generally pursues an active acquisition policy in order to drive organic growth through external growth stimulus. This notwithstanding, the Group made only two smaller acquisitions in financial year 2022 because the focus was on further strengthening the balance sheet and the acquisitions made in 2020 and 2021.

In addition to acquisitions, STADA relies on targeted **cooperations** and **in-licensings** to further expand the existing product portfolio. With 86 successful in-licensing deals for future product launches, the Group was able to further consolidate this goal in the reporting year.

In the second quarter of 2022, STADA announced that the company and Alvotech would expand therapy options for patients in Europe through the launch of a highly concentrated, citrate-free adalimumab biosimilar.[1] STADA is thus offering patients and their doctors in selected European countries a highly concentrated, citrate-free adalimumab formulation developed by Alvotech.

Also in the second quarter of 2022, Xbrane, in consultation with STADA, took the decision to withdraw the Biologics License Application (BLA) in order to generate additional data. Resubmission is planned for the current first quarter of 2023. In the third quarter of 2022, STADA and Xbrane announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) had issued a positive opinion for Ximluci, a ranibizumab biosimilar.[2] In the fourth quarter of 2022, STADA announced that the European Commission had granted EU-wide approval for the ranibizumab biosimilar.[3]

Further, STADA disclosed in the third quarter of 2022 that the company has succeeded in making a significant step forward in the expansion of its special therapy portfolio.[4] The EU Commission granted conditional approval for Kinpeygo for the treatment of primary immunoglobulin A (IgA) nephropathy (IgAN) in adults. STADA subsequently launched Kinpeygo in Germany with the planned introduction in other European markets.[5]

1) See press release of June 9, 2022.
2) See press release of September 16, 2022.
3) See press release of November 11, 2022.
4) See press release or July 18, 2022.
5) See press release of September 20, 2022.

Net Assets of the Group

Development of the balance sheet

Balance sheet (abridged)	Dec. 31, 2022 in k €	Dec. 31, 2022 in %	Dec. 31, 2021 in k €	Dec. 31, 2021 in %
ASSETS				
Non-current assets	**3,478,238**	**60.4%**	**3,468,340**	**60.2%**
Intangible assets	2,851,567	49.5%	2,865,626	49.8%
Property, plant and equipment	550,264	9.6%	540,239	9.4%
Other assets	76,407	1.3%	62,474	1.1%
Current assets	**2,277,086**	**39.6%**	**2,288,605**	**39.8%**
Inventories	965,361	16.8%	812,088	14.1%
Trade accounts receivable	878,810	15.3%	763,808	13.3%
Other assets	174,282	3.0%	186,226	3.2%
Cash and cash equivalents	258,633	4.5%	526,482	9.1%
Non-current assets and disposal groups held for sale	–	0.0%	–	0.0%
Total assets	**5,755,324**	**100.0%**	**5,756,945**	**100.0%**
EQUITY AND LIABILITIES				
Equity	**1,465,239**	**25.5%**	**1,215,544**	**21.1%**
Non-current borrowed capital	**2,911,305**	**50.6%**	**3,053,860**	**53.0%**
Other non-current provisions	33,349	0.6%	39,282	0.7%
Financial liabilities	2,572,779	44.7%	2,704,807	47.0%
Other liabilities	305,177	5.3%	309,772	5.4%
Current borrowed capital	**1,378,780**	**24.0%**	**1,487,541**	**25.8%**
Other provisions	23,605	0.4%	19,912	0.3%
Financial liabilities	60,546	1.1%	343,178	6.0%
Trade accounts payable	689,348	12.0%	601,118	10.4%
Other liabilities	605,281	10.5%	523,333	9.1%
Non-current liabilities and associated liabilities of disposal groups held for sale	–	0.0%	–	0.0%
Total equity and liabilities	**5,755,324**	**100.0%**	**5,756,945**	**100.0%**

In financial year 2022, the STADA Group's net assets developed positively. This is apparent on the basis of the items reported in the balance sheet.

Net debt (including accrued interest) amounted to € 2,374.7 million as of December 31, 2022 (December 31, 2021: € 2,521.5 million). The figure includes a shareholders' loan of € 2,301.8 million.

The **equity ratio** was 25.5% as of the balance sheet date (December 31, 2021: 21.1%).

The **balance sheet** total fell to € 5,755.3 million as of December 31, 2022 (December 31, 2021: € 5,756.9 million).

Significant changes in assets are described below.

Intangible assets as of the balance sheet date were € 2,851.6 million (December 31, 2021: € 2,865.6 million). This development resulted primarily from the acquisitions made and the offsetting scheduled depreciation, amortization and impairment losses.

As of December 31, 2022, intangible assets included goodwill in the amount of € 440.5 million (December 31, 2021: € 437.5 million). The change was due to currency translation effects. In addition, development costs of € 41.1 million were capitalized as internally generated intangible assets in 2022 (December 31, 2021: € 32.6 million). Amortization of capitalized development costs amounted to approximately € 16.0 million (December 31, 2021: approximately € 15.0 million). In total, STADA recognized impairments, due to write-ups, on intangible assets totaling € 53.8 million in 2022 (previous year: € 89.2 million).

Property, plant and equipment increased to € 550.3 million as of December 31, 2022 (December 31, 2021: € 540.2 million). This increase was mainly based on the investments in production facilities.

Inventories amounted to € 965.4 million as of the balance sheet date (December 31, 2021: € 812.1 million). This development resulted mainly from the build-up of inventories as of the reporting date, especially in Serbia and Germany, in order to ensure a high rate of supply.

In specific situations STADA, following the principle of market proximity, puts 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 € 83.4 million in financial year 2022 were incurred due to impairments net of reversals (previous year: € 70.9 million).

Trade accounts receivable recorded an increase to € 878.8 million as of the reporting date (December 31, 2021: € 763.8 million). This development was in line with the percentage rate of sales growth.

Insofar as the opportunity to attain a better market position exists, 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, 2022 were € 13.2 million (December 31, 2021: € 18.1 million).

Investments measured at equity amounted to € 2.6 million as of the balance sheet date (December 31, 2021: € 2.9 million).

Deferred tax assets increased to € 53.2 million as of December 31, 2022 (December 31, 2021: € 36.9 million). This increase resulted mainly from an increase in temporary differences in inventories from the elimination of interim results.

Other financial assets in the amount of € 70.1 million (December 31, 2021: € 78.3 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 € 6.1 million (December 31, 2021: € 5.1 million) and further bank loans from Nidda Healthcare Holding GmbH and Nidda Healthcare GmbH in the amount of € 44.8 million (December 31, 2021: € 61.8 million).

Other assets recorded an increase to € 89.2 million as of December 31, 2022 (December 31, 2021: € 77.9 million). This development resulted, in particular, from increased income tax receivables. As of the balance sheet date, other assets included non-current assets from overfunded pension plans in the amount of € 3.2 million (previous year: € 1.5 million).

Cash and cash equivalents, which include cash and call deposits as well as current financial investments, decreased as of the balance sheet date to € 258.6 million (December 31, 2021: € 526.5 million). This development 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, 2022, **equity** rose to € 1,465.2 million (December 31, 2021: € 1,215.5 million).

Retained earnings including net income as of the balance sheet date amounted to € 1,135.8 million (December 31, 2021: € 906.0 million). Of that amount, € 334.5 million was accounted for by net profit (previous year: € 246.9 million).

Other reserves as of December 31, 2022 amounted to € -418.4 million (December 31, 2021: € -444.7 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.

The Group's **current and non-current financial liabilities** (including accrued interest) of € 60.5 million and € 2,572.8 million as of the balance sheet date (December 31, 2021: € 343.2 million and € 2,704.8 million, respectively) mainly comprised a shareholder loan in the amount of € 2,301.8 million (December 31, 2021: € 2,455.2 million) and promissory note loans with a nominal value of € 7.0 million (December 31, 2021: € 7.0 million). In April, a bond with a nominal value of € 267.3 million (December 31, 2021: € 267.4 million) was repaid.

Trade accounts receivable rose to € 689.3 million as of December 31, 2022 (December 31, 2021: € 601.1 million). This change in trade receivables was based in particular on reporting date effects within the Group companies.

Other liabilities as of the balance sheet date included deferred tax liabilities, other financial liabilities, other liabilities, contract liabilities and income tax liabilities.

Deferred tax liabilities rose to € 175.9 million as of December 31, 2022 (December 31, 2021: € 170.3 million). The increase was mainly attributable to the increase in temporary differences in payables as compared to the previous year.

Other financial liabilities increased to € 480.6 million as of the balance sheet date (December 31, 2021: € 458.8 million) and include liabilities from discount agreements of German STADA companies in the amount of € 177.9 million (December 31, 2021: € 133.5 million) and a liability from the domination and profit and loss transfer agreement with Nidda Healthcare GmbH in the amount of € 108.8 million (December 31, 2021: € 118.8 million).

Income tax liabilities were up at € 51.9 million as of December 31, 2022 (December 31, 2021: € 47.9 million). This development resulted, among other things, from increased income tax liabilities in Germany.

Other liabilities increased to € 197.5 million as of the balance sheet date (December 31, 2021: € 154.7 million), due in particular to higher sales tax liabilities in France.

Results of Operations, Financial Position and Net Assets of STADA Arzneimittel AG (individual company)

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 Consumer Healthcare, Generics 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 before profit transfer 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.

Results of Operations of STADA Arzneimittel AG (individual company)

Results of operations in k €	**2022**	**2021**
Revenue	899,922	664,298
Net profit before profit transfer	**108,772**	**118,821**

In financial year 2022, **STADA Arzneimittel AG's sales** rose by 35.5% to € 899.9 million (previous year: € 664.3 million).

The increase resulted from internal Group sales which were higher by € 239.1 million and which were mainly attributable to higher delivery of goods.

Sales to third parties were lower by € 3.5 million, mainly due to reduced license income.

Other operating income decreased to € 72.7 million (previous year: € 90.8 million), due in particular to the drop in income from write-ups amounting to € 14.9 million (previous year: € 32.2 million) as well as income from the reversal of unused provisions to € 6.1 million (previous year: € 15.8 million). These were offset, however, by higher income from exchange rate gains of € 25.1 million (previous year: € 12.6 million).

The cost of materials increased to € 354.9 million (previous year: € 260.1 million). Personnel expenses rose to € 124.3 million (previous year: € 121.3 million). Amortization/deprecation of non-current intangible assets and property, plant and equipment declined to € 117.6 million (previous year: € 151.9 million). This development was for the most part attributable to lower unscheduled amortization on approvals and brands. In financial year 2022 there were neither write-downs (previous year: € 2.1 million) nor additions (previous year: € 29.9 million) in financial assets. Other operating expenses increased to € 305.4 million (previous year: € 259.0 million) – in particular due to increased marketing allowances in the Group area of € 38.5 million (previous year: € 18.2 million) and exchange rate expenses of € 32.8 million (previous year: € 12.5 million).

In light of the economically challenging financial year 2022, income from profit transfer agreements and associates of € 22.2 million (previous year: € 62.6 million) showed a regressive development. In addition, expenses of € 8.8 million arose from profit and loss transfer agreements in financial year 2022 (previous year: € 0.0). Income from investments decreased to € 60.3 million (previous year: € 90.5 million), negatively impacted in particular by an impairment loss on financial assets in a German subsidiary. Income from intercompany loans to affiliates decreased to € 31.2 million (previous year: € 34.3 million). Other interest and similar income showed a slight increase to € 23.2 million (previous year: € 21.5 million). Interest and similar expenses increased to € 87.4 million (previous year: € 80.0 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 € 108.8 million (previous year: € 118.8 million). In the reporting year, there was tax expense of € 0.3 million (previous year: tax income of € 28.2 million).

Financial Position of STADA Arzneimittel AG (individual company)

STADA Arzneimittel AG's cash flow from operating activities fell to € -115.2 million in financial year 2022 (previous year: € 965.9 million). This decrease was the result of increased receivables and lower payables in the Group area.

Cash flow from investing activities amounted to € 294.1 million (previous year: € -287.0 million) and was based primarily on settlement of borrowings included in financial assets as well as lower investments in intangible current assets.

Cash flow from financing activities was € -403.4 million (previous year: € -457.6 million). The lower level of intercompany loans (€ 280.1 million) was offset by the repayment of a bond (€ -267.4 million). Payments for the repayment of loans decreased to € 0.1 million (previous year: € 41.5 million).

Cash and cash equivalents decreased to € 87.5 million (previous year: € 312.0 million). The primary goal of financial management is constant securing of liquidity and the limitation of risks associated with the financing.

Net Assets of STADA Arzneimittel AG (individual company)

Net assets in € million	2022	2021
Non-current assets	2,672.4	3,069.2
Current assets	1,096.0	1,167.0
Deferred expenses	16.9	15.6
Equity	886.8	886.8
Provisions	123.2	109.5
Liabilities	2,760.9	3,238.9
Deferred income	14.4	16.7

In financial year 2022, **STADA Arzneimittel AG's non-current assets** decreased to € 2,672.4 million (previous year: € 3,069.2 million). This development was based on a decrease in financial assets by € 422.5 million and the increase in intangible assets by € 23.3 million to € 963.9 million (previous year: € 940.6 million).

The decrease in financial assets resulted primarily from the repayment of two loans to associates.

Current assets of STADA Arzneimittel AG remained nearly constant in 2022 at € 1,096.0 million (previous year: € 1,167.0 million). The reduced bank balances of € 87.5 million (previous year: € 312.0 million) were offset by increased receivables from associates in the amount of € 870.2 million (previous year: € 777.2 million). Inventories increased to € 114.0 million (previous year: € 57.1 million).

STADA Arzneimittel AG's equity remained unchanged at € 886.8 million (previous year: € 886.8 million). The equity ratio increased to 23.4% (previous year: 20.9%).

STADA Arzneimittel AG's provisions rose to € 123.2 million (previous year: € 109.5 million). The development was mainly the result of higher marketing allowances of € 13.0 million.

STADA Arzneimittel AG's liabilities amounted to € 2,760.9 million (previous year: € 3,238.9 million). This reduction was mainly the result of the scheduled repayment of the bond and lower liabilities to associates. Trade accounts payable increased to € 117.1 million (previous year: € 97.0 million). Other liabilities were close to the level of the prior year at € 17.9 million (previous year: € 16.7 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** fell to € 3,785.3 million (previous year: € 4,251.9 million).

Outlook for STADA Arzneimittel AG (individual company)

In contrast to the forecast sales decline, there was a significant sales increase in financial year 2022. Net profit before profit transfer was virtually unchanged, as predicted.

For financial year 2023, the Executive Board anticipates a moderate increase in sales and net profit before profit transfer.

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.

General Statements of the Executive Board on the Group's Course of Business in 2022

Double-digit sales growth

Overall, despite the difficult macro and geopolitical conditions, financial year 2022 was a very successful one for the Group: Despite the challenges that were encountered throughout international supply chains, the Group successfully managed to continue on the growth path it had embarked upon in recent years. With sales growth of 11% adjusted for special items and currency effects, the forecast for financial year 2022 published in the 2021 Annual Report was exceeded. Positive development thus extended across all three strategic segments – Consumer Healthcare, Generics as well as Specialty – along with a majority of the countries in which STADA operates.

Earnings and cash flow at record levels

With regard to earnings, too, despite inflationary pressure in international procurement markets, the forecast was exceeded with the increase in EBITDA adjusted for special items and currency effects by 17% to € 875.2 million. With an increase of 23% to € 738.6 million, STADA also achieved a record level of cash flow from operating activities.

	2022	Change from 2021	Forecast for 2022
Group sales (adjusted for special items and currency effects)	€ 3,797.2 million	+11%	significant increase achieved
EBITDA (adjusted for special items and currency effects)	€ 875.2 million	+17%	significant increase achieved

Continued progress in sustainability and employee engagement

The strong results in sales, earnings and cash flow are, in the view of the Executive Board, mainly due to the unique growth culture and the high level of commitment demonstrated by the employees, who share the company's purpose – "Caring for People's Health as a Trusted Partner" – and embrace the corporate values – Integrity, Agility, Entrepreneurship and One STADA.

In line with the corporate purpose, the Group also intensified its efforts in the area of Environment, Social and Governance (ESG) in the past financial year and summarized them in a Sustainability Report published Group-wide for the first time. The Group's ESG activities were again evaluated by the independent rating organization Sustainalytics in financial year 2022. On the basis of more than 70 management indicators, STADA was ranked among the top 10 percent of more than 1,000 pharmaceutical companies evaluated worldwide by Sustainalytics with regard to the ESG risk and the management of this risk.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The Supervisory Board of STADA Arzneimittel AG has appointed Boris Döbler as member of the Executive Board and Chief Financial Officer (CFO) of STADA Arzneimittel AG and thus also for the entire Group with effect from January 1, 2023. Boris Döbler had served as STADA's interim CFO since August 2022.

REPORT ON EXPECTED DEVELOPMENTS

Aligning the business model to long-term growth

STADA's business model will remain, also in the future, focused on the healthcare market with an emphasis on pharma. The Group will continue to operate in an international growth sector. 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. Details 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. More detailed information on the Group's opportunities management are also available in the "Opportunities and Risk Report."

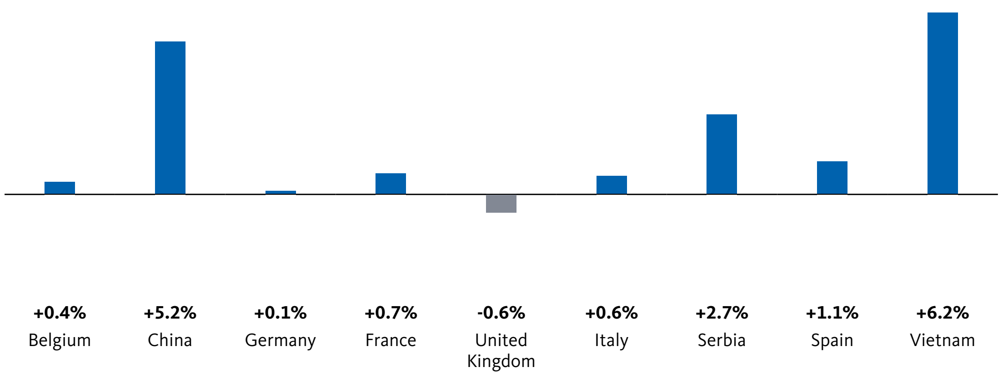
As part of its successful product development and active acquisition policy with value-generating additions, the Group will continuously expand its portfolio in the three segments Consumer Healthcare, Generics and Specialty. In Consumer Healthcare, STADA continues to rely on the expansion of successful products through the extension of strong local brands. In Generics, the focus is on expansion in markets with relatively low penetration rates. In Specialty, the Group concentrates on increasing expansion through specialty pharmaceuticals and biosimilars.

Macroeconomic outlook

In the current year 2023, the IMF forecasts growth of 2.9% in the global economy. This would mean – apart from the global financial crisis and the severe phase of the Covid-19 pandemic – the lowest growth since 2001. Because of various factors, this forecast is subject to unusually high risks. According to IMF experts, the inflation rate will be 6.6% in 2023.[1)]

The following chart shows the economic forecast for selected countries.

Forecast growth rates for gross domestic product 2023[1)] in %



1) Source: International Monetary Fund: World Economic Outlook October 2022/January 2023.

Sector-specific outlook

For the global pharmaceutical market, IQVIA, a global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry, estimates average annual sales growth of 5% to 6% from 2023 to 2027.[1)]

For the international generics market, IQVIA anticipates average annual sales growth of 8.2% between 2023 and 2027.[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 values for the newly available active pharmaceutical ingredients (including biologics) introduced into generics competition between 2023 and 2027 in the largest European pharmaceutical markets of Germany, France, Italy, the United Kingdom and Spain will, according to STADA's calculations based on IQVIA data, be more than € 7.6 billion.[2)]

This forecast is supported by estimates from IQVIA, according to which annual generics growth in the EU (EU27) from 2023 to 2027 is expected to be 5.8%[1)] on average. For selected markets in Eastern Europe[3)], IQVIA estimates average generics growth per year in this period at 3.7%[1)].

According to IQVIA, the predictions for the average sales-related growth rates of the international OTC market amount to 5.2% per year from 2023 to 2027.[1)] For the European OTC market (EU27), expectations for annual sales growth in this period according to estimates from IQVIA are 1.7%.[1)]

Basis of the outlook

The outlook for financial year 2023 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
- No noteworthy, unforeseen disruptions in global supply chains compared to the current situation, in particular with regard to the availability of active ingredients from China and India
- Continued slight downward trend in the inflation rate in the procurement markets for goods and services relevant for STADA
- No significant changes in the Russia-Ukraine war as well as continuation of the currently prevailing sanctions and counter-sanctions
- Largely unchanged tax situation in the countries where STADA is active with Group companies
- Application of forward rates at the time the outlook was prepared for the conversion of currencies other than the Group currency euro

1) Based on an internal analysis by STADA using data from the following source: IQVIA GMI Analyst Services Generic Market Forecast Report for 135 countries based on input from IQVIA Market Prognosis and IQVIA Generic Market Forecasts, September 2022 edition, as well as MIDAS Market Segmentation Sales Data updated with Q3 2022 data, prepared and customised for STADA by IQVIA in February 2023. Copyright IQVIA. All rights reserved.

2) IQVIA MIDAS MAT/12/2022: sales values in 2022 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 2027 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, Kazakhstan, Bosnia and Herzegovina.

Summarizing outlook for the Group

Given the successful continuation of the growth strategy implemented in recent years, an expected positive development of the sales markets for Consumer Healthcare, Generics and Specialty pharmaceuticals relevant for STADA and taking into account the above-mentioned assumptions, the Executive Board assumes that the Group will also achieve sales growth, adjusted for special items and currency effects, in the high single-digit percentage range in financial year 2023, which will be above the relevant market growth[1)] on an adjusted basis. For EBITDA, also adjusted for special items and currency effects, the Executive Board expects an increase in the mid single-digit percentage range that, however, will be slightly below the rate of sales growth due to inflationary effects.

1) IQVIA World Pharmaceutical Market Forecast May 2022.

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 takes risks.

In view of the fact that the healthcare 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 Consumer Healthcare, Generics and Specialty. Overall, the more than 125-year history 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 growth opportunities

Opportunity management is an ongoing task in the Group. With this in mind, STADA evaluates growth opportunities on an ongoing basis. Management continuously monitors the markets and competitors in order 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 makes it possible 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.

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) and has been adapted to STADA's requirements.

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 into 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 (as well as corresponding 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** is designed to identify, assess and manage at an early stage any risks that could have a significant impact on the achievement of the company's strategic, operational, financial or compliance-related goals. It comprises the phases of risk identification, risk measurement, risk control, risk monitoring, risk aggregation and risk reporting.

Risk management process of the STADA Group

Phase 1	→	Phase 2	→	Phase 3	→	Phase 4	→	Phase 5	→	Phase 6
Risk identification		Risk measurement		Risk control		Risk monitoring		Risk aggregation		Risk reporting

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 (preventive) 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, 2022. 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 (voluntary 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 preventive 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 generally carried out in the form of a gross and net assessment. 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 the three segments Consumer Healthcare, Generics and Specialty.

Within the risk management process described above, individual risks at STADA are assessed 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 are 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

Probability			
high	**moderate**	**high**	**high**
moderate	**low**	**moderate**	**high**
low	**low**	**low**	**moderate**
	low	moderate	high
		Impact	

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, 2022 are to be considered particularly relevant.

Risk category	Risk subcategories (individual risk or aggregate risk)	Probability of occurrence	Net impact
Industry risks	Market position (price development)	moderate	high
	Market position (competitors)	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
Legal risks	Patent (patent violations)	moderate	high
	Other disputes (competition)	moderate	high
Corporate strategy risks	No relevant risks	No relevant risks	no relevant risks
Performance-related risks	Production & purchasing (supply interruption)	moderate	high
	Production & purchasing (inflation)	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
	Interest rate change	moderate	high
Other risks	Pandemic	moderate	high

As a supplement to the tabular presentation and regardless of the degree of assessment, the current main risk categories for the STADA business model, based on the general risk reporting from Risk Management as of December 31, 2022 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 that 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 assessment 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 outbreak of the war in Ukraine in February 2022, business development of STADA has been impaired by various factors in both the Russian and Ukrainian markets. Although pharmaceutical products – as in historically comparable sanction and embargo situations – have been exempt from the sanctions imposed to date, these sanctions may result in supply chain difficulties and a decline in demand as a result of the massive economic restrictions. This would then have an impact on the net assets, financial position and results of operations of the Ukrainian and Russian subsidiaries and thus also for the STADA Group as a whole.

Furthermore, due to the unchanged lack of momentum in the development of real incomes, the purchasing power of the Russian population in 2022 would remain equally limited and the pressure on pricing would therefore be correspondingly high. The reluctance to spend, which in some cases already prevails, continued to be noticeable in 2022.

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

b) Regulatory risks

According to the STADA assessment 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 Russia-Ukraine war, in addition to the existing regulatory obstacles further regulatory obstacles may also be introduced. This could mean that imports and exports between Russia and the U.S., Europe and other countries could be significantly restricted or even banned altogether. These regulatory issues 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. This also applies to measures that may be adopted in the Russian market against Western companies based there in response to the Russia-Ukraine war.

c) Economic risks

According to the STADA assessment 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 healthcare 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.

Further economic risks exist in connection with the UK's exit from the EU ("Brexit") and the trade and cooperation agreement that subsequently took effect.

While the UK economy remained robust at the beginning of 2021 despite the impact of the Brexit, the economic consequences of the Brexit were evident in the UK in 2022. These have, however, not had any significant impact on STADA's business activities to date. Nevertheless, there is a risk that further negative consequences of the agreement will occur, which could then affect STADA. This could still lead to a noticeable economic downturn, which could increase cost pressure in the healthcare system and subsequently result in price reduction measures. Furthermore, in the event of an economic downturn, there is the risk of a general reluctance to buy on the part of consumers in the self-payer area.

Product portfolio risks

According to the STADA assessment 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 from 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 assessed.

Furthermore, in the Generics and Specialty segments 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 assessment scale, these are relevant risks.

STADA's business activities are subject to risks resulting from existing or potential future legal disputes. In addition to the risk of legal disputes within the scope of competition law, STADA's business activities, especially in the Generics and Specialty segments, 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 assessment scale, these are not relevant risks.

STADA's corporate strategy is mainly focused on growth and internationalization in the pharmaceutical market in the Consumer Healthcare, Generics 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 assessment 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 as a result of external influence. Because 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 impacted 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 amount volatility in individual national markets in the Generics and Specialty segments 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, as a result of the current economic and geopolitical situation, 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 assessment 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 assessment 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 assessment 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 that are constantly developing, so-called cyber and computer 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 assessment 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. In addition, potentially limited access to Russian credit institutions was triggered by the Russia-Ukraine war in 2022. 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 2022, STADA financed itself with current and non-current borrowings from Nidda, a promissory note loan, a bond until April 8, 2022, a revolving credit facility and factoring.

b) Currency risks

According to the STADA assessment 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 operating 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 Russia-Ukraine war and the exit of the United Kingdom from the EU could indirectly have a negative influence on the earnings situation and exchange rates.

The Russia-Ukraine war in particular may have an impact on the exchange rate development of the Russian ruble against the euro and the U.S. dollar due to Russia's disengagement from the international financial system and the freezing of the currency reserves of the Russian state bank.

A currency sensitivity analysis on the basis of the outstanding foreign currency items as of December 31, 2022 showed that in financial year 2022, an appreciation or devaluation of the functional currency compared with the ruble by 10% with otherwise unchanged conditions would change the EBITDA by approximately € 13.3 million (previous year: € 23.6 million). 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 € 4.4 million (previous year: € 3.7 million).

c) Interest rate risks

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

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.

As a result of the Russia-Ukraine war, inflation rates increased worldwide in 2022, partly due to rising energy prices. To combat inflation, various central banks raised their interest rates on several occasions, thus increasing the global market interest rate level. Any further interest rate hikes put in place by central banks to combat inflation may increase the pressure on the market interest rate level, and further market interest rate level increases could occur.

A sensitivity analysis has shown that an increase in market interest rates of 100 basis points in financial year 2022 would have led to a burden on earnings in the amount of € 19.3 million (previous year: € 11.1 million) and a decrease in market interest rates of 100 basis points would have led to a relief on earnings in the amount of € 23.7 million (previous year: € 0.5 million).

d) Default risks

According to the STADA assessment 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 healthcare 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 assessment scale, these are relevant risks.

STADA's business activities 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 audits 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 assessment 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 applies in particular to goodwill, which primarily results from purchase price allocations linked to previous acquisitions, and to other intangible assets. Assets may also be impacted as a result of the Russia-Ukraine war. With regard to the Ukrainian subsidiaries, interruptions in the operating business as well as the possible destruction of STADA assets (including production facilities, inventories and uncollectible receivables) may occur as a result of military operations. 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 assessment 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 in accordance with 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 have a global impact. It remains to be seen whether the measures have to be taken again due to new mutations of the Corona virus and further development of vaccines becomes necessary. The cyclical nature of the pandemic and the associated restrictions still have an 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 buying power or a change to consumer purchasing behaviour. This could still 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.

In addition to the Russia-Ukraine war and the resulting economic restrictions on STADA's business activities in Russia and Ukraine as well as the ongoing Covid-19 pandemic, further risks are seen in the worldwide development of the general economic situation.

Should one or more of these above-mentioned risks or new risks arising in the course of business occur, this could have a material adverse effect on the Group's business activities. In particular, this could in each case be associated with material adverse effects on STADA's net assets, financial position and results of operations. This notwithstanding, from today's perspective, no risks are identifiable which, either individually or in their entirety, could jeopardize the Group's continued existence as a going concern. In terms of organization, STADA has taken all precautions necessary to remain informed of potential risk situations at an early stage and to be able to take appropriate measures..

Notwithstanding the existing risks, STADA continues to see the Group-wide going concern as not jeopardized given its global positioning.

Partnerships for several Specialty brands are complementing our Consumer Healthcare and Generics offering in the Gulf region.

Waqqas Naeem General Manager Gulf

Digital tools are helping us to ensure we can support our STADA colleagues with a broad range of services.

Thomas Mattes
Head of Global HR Digitalization & People Analytics, Vice President

Emerging markets offer strong growth potential that can contribute meaningfully to STADA's financial performance.

Nadine Halabi CFO Emerging Markets

STADA has grown rapidly to become the leading provider of Consumer Healthcare products in Bulgaria.

Stefan Dinev General Manager Bulgaria

STADA continues to work as a trusted partner by collaborating on opportunities in the Specialty sector. We are committed to improve the care of underserved patients living with rare diseases.

Charlotte Piens
Head of Global BD&L Specialty, Senior Director

COMBINED SEPARATE NON-FINANCIAL REPORT

COMBINED SEPARATE NON-FINANCIAL REPORT

About the Non-Financial Reporting

STADA, as an internationally active healthcare Group, is convinced that responsible action as well as socially and ecologically sustainable business activities are the basis for long-term success and has therefore been assuming responsibility for its employees, society and the environment for over 125 years. To demonstrate its commitment to sustainable and responsible corporate governance as well as its support of the UN Sustainable Development Goals, STADA is a member of the UN Global Compact and uses its principles for reporting in accordance with the German Commercial Code. In addition, STADA uses the Global Reporting Initiative (GRI) as a framework on the basis of which the materiality analysis was also carried out.

STADA respects and values not only its employees, investors, partners and patients, but also the environment. For this reason, STADA's corporate mission and vision determine the path to sustainability, in which the Group essentially focuses on five United Nations Sustainable Development Goals:

Good Health and Well-Being

Decent Work and Economic Growth

Industry, Innovation and Infrastructure

Responsible Consumption and Production

Partnerships for the Goals

Because the topic of sustainability is a top priority at STADA, the Group published the first Group-wide Sustainability Report in 2022, which is available at Sustainability | STADA.

In this Non-Financial Report, STADA provides information on key topics of the Group. The reporting period extends from January 1, 2022 to December 31, 2022.

Items are considered material if they are necessary for an understanding of the Group's business performance, results of operations and financial position, and for an understanding of the impact of operations on non-financial aspects.

The identification of the material topics of the Non-Financial Report was carried out by a STADA expert committee using the results of the materiality analysis from the Sustainability Report 2021, which was carried out in accordance with the standards of the GRI 2020.

The content of the Non-Financial Report includes the aspects listed in Section 289c (2) HGB relating to employee, environmental and social matters, respect for human rights and anti-corruption and anti-bribery measures. The aspects include various topics for which STADA provides information on concepts, processes, measures and key figures. In addition, information on the EU Taxonomy is presented under the aspect "other matters".

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, 2022.

Non-financial aspects in accordance with section 289c (2) HGB	Significant topics
Employee matters	3.1. Employee recruitment and retention
	3.2. Compatibility of family and career
	3.3. Compensation and benefits
	3.4. Education and training
	3.5. Employee communication
	3.6. Employee rights
	3.7. Occupational safety and health protection
	3.8. Promotion of equal opportunities
Environmental matters	5.1. Environment and resource management
	5.2. Energy consumption
	5.3. CO_2 emissions
Social matters	2.1. Good Clinical Practices
	2.2. Good Manufacturing Practices
	2.3. Good Pharmacovigilance Practices
	6. Value chain
Respect for human rights	4.4. Respect for human rights
Anti-corruption and anti-bribery measures	4.1. STADA Code of Conduct
	4.2. Compliance Management
	4.3. Ethical marketing
	4.5. Access to intellectual property
	4.6. Data protection
	4.7. Non-financial risk management
Other matters	7. EU Taxonomy

The Non-Financial Report has been subjected to a voluntary external limited assurance audit in accordance with ISAE 3000 (Revised) by the auditor. A corresponding report regarding this business assessment can be found in the chapter "Further Information".

1. Description of the Business Model

STADA is an internationally-active healthcare Company that is focused on the three segments Consumer Healthcare, Generics and Specialty and that sells its products in about 125 countries. STADA Arzneimittel AG, based in Bad Vilbel, is the parent company of the Group. In financial year 2022 with its three segments Consumer Healthcare, Generics and Specialty, STADA achieved Group sales of € 3,797.2 million and EBITDA of € 875.2 million, in each case adjusted for special items and currency effects.

1.1. Sustainable and profitable growth as well as long-term value enhancement on the basis of the three strategic segments and five strategic priorities

With its business model, the Group is particularly focused on achieving long-term and profitable growth as well as the sustainable enhancement of enterprise value (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.

1.2. Focus on growth markets

As a healthcare 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 more expensive original products. Because they make a significant contribution to counteracting cost pressure burdens in the individual healthcare 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.

1.3. STADA as a health partner

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. With its products, STADA contributes to efficient and affordable preventive healthcare and healthcare provision while at the same time seeking to reduce the burden on healthcare systems.

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 healthcare partner. For this reason, STADA supports government efforts aimed at increasing social health literacy and achieving an awareness of the responsible handling of an individual's own health through the application of various measures such as the health tour "Tour de la Salute 2022" in Italy or the STADA Health Report.

In this context, the Group has been offering high-quality health information already since 2014 with the publication of the "STADA Health Report". A key element of this report is an annual study. Surveys carried out among the population on their attitudes, desires, concerns, 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 2022, around 30,000 people in 15 European countries were surveyed (see https://www.stada.com/de/stada-health-report-2022).

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 enhancing physical and mental well-being, the Group meets its mission of "Caring for People's Health as a Trusted Partner".

As a consequence of the Russia-Ukraine war, one of the greatest challenges STADA faced in the reporting year was securing the supply of pharmaceuticals, particularly in the affected regions. The international sanctions specifically exclude humanitarian and pharmaceutical purposes. Access to medical care is thus safeguarded, especially in conflict areas.

STADA's goal is to maintain the sale of pharmaceuticals in accordance with the international sanctions regulations so that the company can fulfill its responsibility with regard to supplying people on the ground with pharmaceuticals and medical supplies.

In general, despite the Covid-19 pandemic, raw material procurement characterized by macroeconomic and geopolitical uncertainties, as well as bottlenecks and transport uncertainties, the Group was able to live up to its purpose of caring for people's health as a trusted partner during the reporting year. The Group was able to deliver more than 95% of its products in financial year 2022 and was able to reduce recalls by 30% compared to the previous year.

1.4. Product portfolio and development

To meet its social responsibility and secure its long-term competitive position, the Group-wide product portfolio is being continuously expanded, for example with the launch of Lenalidomide, Sunitinib and Kinpeygo in 2022.

STADA's business model is focused on supplying the global healthcare market with a near-comprehensive portfolio comprising products with patent-free active ingredients at competitive prices. 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. 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 addition, STADA's ongoing expansion in the area of specialty pharmaceuticals is broadening its range of medicine with added value for patients.

A Group-wide "Idea-to-Market" process for the execution of this concept has been implemented to support the expansion of the product portfolio. As part of this process, a detailed evaluation of all product ideas for the Consumer Healthcare, Generics 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 portfolio management 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").

2. Product Safety and Quality

Pharmaceuticals are products that have a direct impact on people's health. For this reason, STADA, as a pharmaceutical and healthcare Company, is responsible for ensuring the Group-wide safety of its products and thus also the safety of patients. In order to ensure that patients are provided with the best possible care, STADA's products are subject to strict requirements across the entire value chain – from clinical studies and production to pharmaceutical risk assessment. Internationally valid frameworks such as "Good Clinical Practice", "Good Manufacturing Practice" and "Good Pharmacovigilance Practice" are therefore particularly important for STADA.

2.1. 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 execution 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.

With regard to testing policy, STADA is committed to conducting no animal testing, except where such testing is required by law. In 2021 and 2022, STADA – with one exception for a product in China in 2022 – did not conduct any animal testing studies or initiate such studies through third parties.

2.2. Good Manufacturing Practices

STADA follows Good Manufacturing Practices (GMP) guidelines at all of the company's production sites. GMP constitutes the quality requirements for all manufacturing, testing and approval processes for 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 for medical products.

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

Within the scope of GMP audit programs, compliance with GMP quality standards is regularly reviewed at both STADA's production facilities and at suppliers and contract manufacturers. Following the lifting of a majority of the travel restrictions imposed in response to the Covid-19 pandemic, most of these audits were conducted on site in the reporting year.

Following the same principle, various EU and non-EU regulatory authorities carried out inspections at the Group's production sites. In 2022, there were 40 inspections conducted by regulatory authorities and 22 other external audits. No critical or repetitive significant deviations were found. ISO 9001 certifications are not the main criteria for pharmaceutical production sites, because EU GMP guidelines apply in this sector. The sites in Tulln and Bredbury, UK, do not produce pharmaceuticals and have ISO 9001 Certifications.

Production site	ISO Certification/ EU GMP Guideline
Bad Vilbel, Germany	EU GMP
Pfaffenhofen, Germany	EU GMP
Bredbury, United Kingdom	ISO 9001
Preston, United Kingdom	EU GMP (Pre Brexit)
Huddersfield, United Kingdom	EU GMP (Pre Brexit)
Bila Tserkva, Ukraine	Local GMP
Třinec, Czech Republic	EU GMP
Tulln, Austria	ISO 9001
Vršac, Serbia	EU GMP
Šabac, Serbia	EU GMP
Banja Luka, Bosnia and Herzegovina	EU GMP
Podgorica, Montenegro	EU GMP
Nizhny Novgorod, Russia	EU GMP
Obninsk, Russia	EU GMP
Tuy Hoa, Vietnam	EU GMP
Miyun, China	Local GMP

2.3. Good Pharmacovigilance Practices

As part of a Group-wide global pharmaceutical safety system – the 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 by authorities in financial year 2022.

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, both compliance (therapy adherence) for the patients is increased and abuse is also avoided.

3. Employees

With their skills, knowledge and commitment, STADA's employees form the foundation of the company's success. As an internationally-active company with 13,183 employees as of the balance sheet date (based on full-time employees as of December 31, 2022) from 87 countries, STADA seeks to provide its employees with a supportive working environment.

Worldwide management

STADA's personnel strategy is managed centrally by the Global Human Resources department at Group headquarters in Bad Vilbel.

In the course of a reorganization in November 2022, the former "Talent Management" division was split up. From that point on, the focus of the two new areas "Talent Acquisition" and "Talent Development" was on the respective challenges with their own teams and management. In addition, the "Compensation & Benefits" department was renamed "Performance & Rewards" to reflect the broader scope. The "HR Digitalization, Processes & Analytics" department remained unchanged. Further, these departments specify standards, guidelines and processes that are implemented by the international subsidiaries and supplemented in accordance with market-specific conditions. A global payroll policy, to name just one example, was adopted in 2022. 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.

3.1. Employee recruitment and retention

With an attractive working environment, STADA aims to attract and retain the best employees. To this end, STADA offers its workforce a wide range of social and monetary benefits in addition to a strong corporate vision, corporate goals and corporate values. In recognition of its efforts, STADA in 2022 was again recognized by the Top Employers Institute as a top employer in Germany, Serbia, Bosnia and Herzegovina, Montenegro and also, for the first time, in Bulgaria. For the award, STADA successfully completed a multi-stage certification program in which the categories were audited and evaluated by independent experts. The re-qualified countries of Germany, Serbia, Bosnia and Herzegovina and Montenegro once again improved on their results from the previous year.

When it comes to recruiting personnel, STADA relies on value-based recruiting and uses various recruitment instruments including job advertisements, career fairs or direct approaches through professional and social networks such as LinkedIn & Xing.

3.2. Compatibility of family and career

STADA believes that a family-friendly personnel policy is extremely important. In particular, STADA contributes to the compatibility of family and career through flexible working time models and subsidies for childcare costs. Not only that, STADA offers counseling and coaching for many situations in life, for example on the topic of caring for relatives, budgeting and health through the application of an Employee Assistance Program from PME Familienservice.

As of the balance sheet date December 31, 2022, approximately 3% of employees throughout the Group were employed on a part-time basis (thereof 92% female and 8% male employees).

In accordance with national regulations, STADA employees have the opportunity to take parental leave. In the 2022 financial year, 82 women and 24 men took advantage of this opportunity. In the same year, the re-entry rate[1)] was 95%.

Re-entry rate[1)] in Germany after parental leave Employees by headcount	**Women** absolute	in %	**Men** absolute	in %	**Total** absolute	in %
Employees on parental leave in 2022	82	77	24	23	**106**	**100**
thereof still on parental leave/resting contract as of Dec. 31, 2022	44	94	3	6	47	44
thereof returned from parental leave in 2022	35	63	21	38	56	53
thereof left from parental leave[2)] in 2022	3	100	0	0	3	3

3.3. Compensation and benefits

STADA offers its employees both performance-oriented as well as demand and market-oriented compensation. STADA's German employees are covered by the Federal Employers' Association for the Chemical Industry (BAVC) collective agreement and its benefits.

Social security for employees is an important part of the corporate culture. For this reason, STADA offers a wide range of voluntary additional benefits. In Germany, these 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.

New forms of work

Since 2021, STADA has been pressing ahead with the permanent implementation of new forms of work. It has been possible to work in a mobile office up to two days a week, to the extent that this is operationally feasible.

3.4. Training and development

Vocational training and development at all hierarchical levels helps to secure and strengthen the company's competitiveness. STADA therefore attaches great importance to training and development.

The ultimate objective is to meet the company's own needs for qualified junior staff and to fill as many management and professional positions as possible from our own ranks in the future. To this end, STADA uses internal promotion and targeted development 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. This includes not only offers to improve professional competence, but also leadership, methodological and social competence as well as foreign language support. Within this framework, development discussions between employees and their supervisors form the basis for individual development.

In order to provide all employees with equal access to training, the "Learning" module was introduced in the year under review as part of the continued implementation of the SAP-based human resources IT landscape. This means that employees now have the opportunity to take part in voluntary computer-based training measures in addition to the required compliance and job-specific training measures.

1) The re-entry rate is the ratio between the total number of employees who returned to work after parental leave and the total number of employees whose return to work after parental leave was agreed.

2) These include employee resignations and employer terminations, severance agreements and resignations after the expiration of the contract.

Global talent management

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, participants 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. STADA also offers students the opportunity to gain practical experience in the pharmaceutical industry with an internship or clerkship.

3.5. 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 13,183 employees throughout the world and are therefore of particular importance for internal contexts.

Intensive, informative communication was an ongoing topic in the internal channels given the war in Ukraine, global supply difficulties and rising inflation. In numerous employee briefings and across all national borders, STADA CEO Peter Goldschmidt as well as the local Managing Directors provided information on current developments. Internal communication, especially in the first half of 2022, was thus used, among other measures, to provide Ukrainian employees with urgently-needed assistance, to promote an exchange among employees and to strengthen the One STADA spirit in order to also continue to maintain communication as well as cooperation throughout the STADA Group.

To promote personal exchange and further entrench the corporate values, the two internal Health Challenges were a highlight in the reporting year. Here, employees worldwide had the opportunity to work together over several weeks to promote their health. The so-called "30DaysChallenge" and the "Step Challenge" were designed and implemented as a shared project by Human Resources and Global Communications. During the 30DaysChallenge, employees were presented with a different offer each week. From exercise, mindfulness and nutrition to self-reflection, global and local activities provided an excellent mix for the individual needs of employees. In the Step Challenge, more than 4,200 employees from 45 countries joined together in small groups to collect steps. Colleagues completed a combined total of over two billion steps.

Promoting networking and the flow of information was also at the heart of the expansion of the intranet to include French, Dutch, Romanian and Czech local pages. This brought the number of available languages to nine. Another milestone was the introduction of a personalized news feed. Employees can now subscribe to topics based on their individual needs and receive news that is tailored to their interests.

To provide even better information to the roughly 7,000 STADA employees in production, logistics, laboratories and the supply chain area, a "TechOps brochure" was published for the first time in the third quarter of 2022. The printed magazine was produced as a pilot project for the sites in the UK. Other countries in which STADA operates production sites will implement this project in the current year. The brochure is composed of global and local content for the respective country where it is produced. Messages are presented in a clearly structured manner so that the company's overall strategy can be firmly established in the workforce in a comprehensible and sustainable manner.

We also continued to communicate in various formats and channels about the internal growth initiative "STADA+", which was launched in 2020. "STADA+" promotes the corporate value of entrepreneurship by motivating employees to develop and advance business cases. Communication on submitted cases and various testimonials deepened the understanding of the initiative. Each area also organized its own "STADA+" day in 2022, which led to a total of 127 business cases have been submitted since the introduction of "STADA+".

The constant flow of information was maintained through four issues of the employee magazine "One STADA News", which is published in twelve 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 a current total of nine 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 two in-person meetings in the spring and fall of 2022, focusing not only on strategic updates but also on corporate culture.

Employee retention

STADA fosters an open feedback culture and encourages two-way feedback – from superiors to employees and vice versa. To this end, regular feedback interviews and employee surveys are conducted to assess their work, their supervisor and the working atmosphere, among other things.

STADA promotes a "speak-up culture". Within the scope of the employee surveys, employees supplemented their answers with around 30,000 personal comments, thus sharing their vision of STADA's successful future.

3.6. Employee rights

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 as part of an introductory event when they join the company. They also receive a form by which they confirm that they have been informed about the AGG. The signed form is added to the respective personnel file.

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.

3.7. Occupational safety and health protection

Occupational safety and health protection are integrative parts of operational management at STADA. STADA's global Health-Safety-Environment Management System (HSE Management System) lays out the framework for safe and healthy working conditions for employees as well as contractors and is operationally implemented through the location-specific management systems.

In 2022, a certified occupational health and safety management system was introduced at the two sites in Tuy Hoa, Vietnam, bringing the total number of sites certified in accordance with ISO 45001 to eight as of December 31, 2022. Other production sites are currently in the process of preparing for the relevant certification.

Location	ISO 45001
Vršac/Dubovac, Serbia	X
Šabac, Serbia	X
Podgorica, Montenegro	X
Banja Luka, Bosnia and Herzegovina	X
Huddersfield, UK	X
Nizhny Novgorod[1], Russia	X
Tuy Hoa 1, Vietnam	X
Tuy Hoa 2, Vietnam	X

Key aspects of continuously improving occupational health and safety include the setting and reporting of global and local targets and key performance indicators. This approach is fully integrated with operational management reporting. Accidents or near-misses are analyzed on a cross-functional foundation at the site on the basis of global specifications in order to identify the underlying causes. Lessons learned are communicated through the global HSE network to prevent accidents or near-misses from occuring again.

In the reporting year, as a result of the broad range of measures, it was possible to again reduce the number of accidents (accidents >1 lost work day) as compared to 2021:

Health and safety: Accident rate	2022	2021
Accident rate[2]	0.35	0.44

With a comprehensive range of services in the area of health and sport, STADA promotes the improvement of employees health as well as the expansion of their own health awareness.

Occupational health protection is provided by external company physicians or occupational physicians and includes mandatory preventive medical checkups as well as additional voluntary health checkups and consultations.

Not only that, STADA employees are also provided with numerous site-related offers for general health protection. In financial year 2022, these included, for example:

- Local actions on the “World Day of Safety and Health at Work” and the global “Health Challenges”
- In Germany, the successful launch of co-funding for a country-wide range of fitness studios and the implementation of two health weeks
- In the UK, an offer from virtual fitness provider “FIIT” as well as training of employees as “mental first aiders”

3.8. Promotion of equal opportunities

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

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

2) All production locations; accident rate calculated for every 200,000 working hours for accidents >1 lost day (not including commuting accidents).

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”, which was continued in 2022. Within the scope of this campaign, various aspects of uniqueness were presented, including language, sexual orientation, gender, etc.

With regard to equal opportunities for women and men, STADA believes that a balanced representation of both genders when filling positions is extremely important. Also, as part of succession planning for managers, the Executive Board focuses on an appropriate advancement of women in order to steadily increase 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.

The proportion of women employed in management positions at the Group in 2022 amounted to approximately 53% (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 31% as of December 31, 2022 (December 31, 2021: 29%). For the “middle management level”, the share of women was 52% (December 31, 2021: 54%). For the “lower management level”, the proportion of women was 56% (December 31, 2021: 55%).

Women in management positions
Share of women as of December 31, 2022 (December 31, 2021)

In addition to gender diversity, age-related indicators were also developed in order to maintain a balanced and diverse workforce.

	2022		2021	
Gender Diversity as of December 31 based on full-time employees	**absolute**	**in %**	**absolute**	**in %**
Male	7,364	56	6,960	56
Female	5,817	44	5,560	44
Diverse	2	0	–	–
Total	**13,183**	**100**	**12,520**	**100**

Workforce by age as of December 31 based on full-time employees	2022	
	Employees	**Share** in %
18–24 years	494	4
25–34 years	3,673	28
35–44 years	4,473	34
45–54 years	3,189	24
≥ 55 years	1,355	10
Total	**13,183**	**100**

Workforce by years of service as of December 31 based on full-time employees	2022	
	Employees	**Share** in %
<5 years	6,530	50
5–14 years	4,352	33
15–29 years	2,133	16
>30 years	168	1
Total	**13,183**	**100**

4. 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.

4.1. 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. Furthermore, in the reporting year, electronic confirmation was introduced for all employees worldwide to confirm that they had read the Code of Conduct and acted in accordance with its principles. Since 2022, all employees worldwide have also been required to submit an additional electronic confirmation regarding potentially existing conflicts of interest. In the future, both declarations must be submitted annually by all employees worldwide.

4.2. 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, prevention of 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, including its integrity. It pursues internal and external indications of violations of law, clarifies issues, presents recommendations on the optimization of intra-Group processes and regularly conducts exchanges of information with other corporate departments, particularly with Internal Audit 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 decentralized compliance departments at the locations 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. Since 2017, the subsidiaries have been providing extended reporting to the Compliance Office which aims to identify and clarify potential compliance risks and counter them with targeted measures, as this contributes to the continuous development and optimization of the Compliance Management System.

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.

In 2020 and 2021, STADA focused on, among other things, obtaining certification for the Compliance Management System taking into account ISO standards 19600 and 37301 in accordance with the auditing standard IDW PS980 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, export controls and data protection. The effectiveness audit of the Compliance Management System was successfully completed for the period from July 1, 2020 to December 31, 2020 with the so-called "unqualified audit opinion".

The successful audit of the Compliance Management System formed the basis for the ongoing development of STADA's compliance activities in the reporting year and adapting them to changing regulatory requirements and a dynamic market environment. One example of these efforts is the fact that STADA in 2022 introduced a practice-oriented, mandatory online data protection training course that sensitizes employees to data protection requirements. Beyond that, a comprehensive digital training management system for employees ("Hero") was introduced, which helps STADA to ensure the implementation of mandatory compliance training by employees.

4.3. Ethical marketing

The global guideline on Marketing & Sales was updated in 2022. This serves as the framework in the area of marketing of pharmaceuticals within the STADA Group. The updated guideline now reflects all requirements from the Code of Conduct of Medicines for Europe, an association of European pharmaceutical companies in the area of biosimilars and generics, of which the STADA Group is a member. The most significant changes to this directive include the cross-border publication of payments to healthcare professionals and the dispensing of sample pharmaceuticals.

4.4. 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 behavior, includes, among other things, rules of conduct for dealing with each other and with third parties as well as rules regarding tolerance, respect and discrimination. The Code of Conduct also explicitly emphasizes that STADA markets and sells its products in accordance with all relevant legal rules and regulations. In particular, STADA rejects forced labor, exploitation or child labor of any kind.

Contracts negotiated since financial year 2016 pursuant to the Corporate Policies and which have been negotiated in connection with the production of finished goods sometimes include 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 financial year 2021, thus reaffirming its commitment to respecting and protecting international human rights.[1)]

STADA believes that increased sustainable cooperation with its suppliers in accordance with basic environmental and social standards is extremely important. 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 these regulations.

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 Responsible Procurement, Sustainability as well as Legal & Compliance, which deals with the implementation of the process specifications and contents of the new legal requirements on an interdisciplinary basis. STADA has also decided to implement a system solution from EcoVadis in connection with the Supply Chain Due Diligence Act. EcoVadis evaluates suppliers in the areas of Environment, Labor & Human Rights, Ethics and Sustainable Procurement. Implementation began in 2022 and initial suppliers were evaluated accordingly. In 2023, further operational implementation will take place in order to implement the obligations under the Supply Chain Due Diligence Act.

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

4.5. Access to intellectual property

STADA's approach as a generics manufacturer is to provide an accelerated, cost-efficient and reliable supply of generics. This means that, in addition to products from the original manufacturers, additional alternative pharmaceuticals are available to those who need them. This is important not only from a cost perspective and because it relieves the burden on healthcare systems, it is also important in the event of supply bottlenecks. This makes it possible for STADA to fulfill its purpose of caring for people's health as a trusted partner.

Through its membership in Medicines for Europe, STADA also supports the implementation of the flexibilities of the TRIPS Agreement with a view to accelerating access to intellectual property.

As a generics manufacturer, the filing and enforcement of patents is not part of STADA's core business. If patents are sometimes filed, it is only in selected countries or regions. If patents are granted, they are enforced only in special cases and only in highly developed countries.

4.6. Data protection

STADA respects the personal rights of its stakeholders, processes personal data exclusively for specific business purposes and protects it from unauthorized access. The company takes necessary measures to treat personal data with confidentiality and to collect, process and use it exclusively in accordance with the applicable data protection regulations.

4.7. Non-financial risk management

Identification and evaluation of potential non-financial risks are documented within STADA's risk management system if they reach the value thresholds defined here. Further information on recorded risks as well as a detailed presentation of the risk management system can be found in the chapter "Opportunities and Risk Report". ESG risks in the respective management systems (e.g. occupational health and safety, environmental management, compliance) are also identified and assessed in a structured manner by the responsible departments and suitable measures are defined to manage them. The monitoring of the implementation of measures is the responsibility of the individual departments.

5. Environmental and Climate Protection

As a manufacturer of pharmaceutical products, STADA is aware of the impact that it has on the environment as a result of its consumption of natural resources and the generation of greenhouse gases, wastewater and waste. The Group therefore seeks to reduce and minimize this negative impact by complying with environmental regulations and continuously improving its processes.

5.1. Environment and resource management

The locations have implemented local processes to ensure compliance with environmental laws and to continuously improve their environmental performance based on Group-wide requirements. In the year under review, the respective environmental management systems at the two production sites in Tuy Hoa, Vietnam were certified in accordance with ISO 14001 for the first time. This means that as of December 31, 2022, there was a certified environmental management system in place at ten sites. Further certifications for other sites are currently being prepared.

Location	ISO 14001
Vršac/Dubovac, Serbia	X
Šabac, Serbia	X
Podgorica, Montenegro	X
Banja Luka, Bosnia and Herzegovina	X
Huddersfield, United Kingdom	X
Nizhny Novgorod, Russia	X
Obninsk, Russia	X
Bila Tserkva, Ukraine	X
Tuy Hoa 1, Vietnam	X
Tuy Hoa 2, Vietnam	X

Waste management

The permanent reduction and legally-compliant disposal of waste and the resulting protection of natural resources is part of the site processes and is proactively followed within the framework of the global specifications and the certified environmental management systems in accordance with ISO 14001.

Resource and waste management is also part of STADA's Operational Excellence processes. Within the scope of these processes, projects are carried out at site level to improve production yields and reduce material losses. In addition to avoiding costs, this increases resource efficiency and reduces waste.

In addition to minimizing operational waste, STADA seeks to improve the ratio of recycling and landfilling of waste. This is an ongoing task, because not all countries where STADA operates have a well-established waste recycling industry. If possible, STADA also initiates pilot projects to gradually reduce landfilling in these countries.

Given the operational measures that have been implemented, it was possible to avoid an increase in total waste volume despite the increase in production volume, which means that the total annual waste volume in 2022 was at the same level as in 2021.

Water and wastewater management

Water is mainly used in production processes for cleaning equipment and containers, controlling room humidity in production areas by means of air-conditioning systems, and for sanitary purposes. Global water demand in 2022 was approximately 1 million m^3, which was at the same level as the previous year. Because water scarcity and drought are a challenge as climate change progresses, STADA determined its impact on water-poor areas in 2022 using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas, with the result that 5% (roughly 55,000 m^3 in 2022) of total water consumption comes from sites in water-poor areas. STADA will assess changes in water consumption and local impacts annually to quantify potential changes on an annual basis.

Wastewater at all sites is monitored, controlled and discharged into municipal wastewater systems as an indirect discharge in accordance with local regulatory limits. At a number of sites, wastewater streams are subjected to pretreatment before being discharged. The plants are operated in compliance with local regulations and applicable discharge limits.

5.2. Energy consumption

A secure and stable energy supply is vital for STADA's production sites and the efficient use of energy is one of the cornerstones of the Group-wide CO_2 strategy.

In 2022, STADA's total energy consumption amounted to 342 GWh. This represents an increase of 3% compared to 2021. The main reasons for this development are the increase in production and an intensified return from the Corona-related home office.

In the course of the energy crisis in Europe, security of supply was regularly evaluated on the basis of the situation in the relevant country and communicated accordingly with suppliers. Legal requirements for energy savings (including the reduction of office room temperatures in Germany) as well as more extensive operational and contractual measures were implemented at the sites. Overall, there were no restrictions in energy supply at any of the STADA locations in 2022, with the exception of our location in Ukraine.

Operational measures for energy reduction and efficiency were continued and intensified in the current financial year.

Energy consumption in GWh	**2022**	**2021**
Primary energy	183	176
Secondary energy – electricity, other purchased energies	159	155
Total	**342**	**331**

5.3. CO_2 emissions

STADA Arzneimittel AG took the decision in 2021 to support the 1.5 degree increase in global warming target based on the Paris Climate Agreement (COP21). With this in mind, STADA set itself the goal of reducing its own CO_2 emissions (Scope 1 and 2) by 42% by 2030, taking the figures from 2020 as a basis.

In order to achieve this absolute reduction target, the STADA program is based on the three pillars:

- Energy efficiency and reduction
- On-site renewable energy generation
- Use of electricity from renewable sources

STADA reduced its CO_2 emissions (Scope 1 and Scope 2) by approximately 4% from 2020 to 2022, from approximately 115 kt CO_2 to approximately 110 kt CO_2, and therefore remains on track to meet its overall reduction target.

In addition to implementing operational energy-saving measures, the photovoltaic system at the site in Tuy Hoa, Vietnam, saved around 2,500 tons of CO_2 in 2022. Beyond that, as of October 1, 2022, the electricity supply contract for the site in Huddersfield was transitioned to renewable energy and the other sites in the United Kingdom will be successively included in this contract in 2023. As a further component, STADA has also increased the share of renewable energy in electricity consumption to a total of approximately 25% in 2022 through the purchase of Energy Attribute Certificates (EACs).

Climate change: CO_2 emissions	**2022**	**2021**
Scope 1: CO_2 emissions[1)] (tons of CO_2 eq.)	42,400	38,100
Scope 2: CO_2 emissions[2)] (tons of CO_2 eq.)	67,500	76,700

6. Value Chain

Since STADA's success is determined by both security of supply and quality of supply and is characterized by cost-cutting efforts on the part of healthcare payers as well as price pressure in the sales markets, efficient and flexible supplier management is essential.

In order to minimize supply bottlenecks and ensure security of supply, the Group strives to diversify its range of suppliers – both geographically and at product level. Demand planning is carried out centrally in the STADA Group. In the reporting year, there were a total of 20 production sites at major locations, including Serbia, Vietnam and the United Kingdom. Investments in the modernization and expansion of production plants and production facilities as well as testing laboratories amounted to € 51.5 million in 2022 (previous year: € 65.7 million). This includes € 4.4 million for a new supply chain and packaging site in the Romanian city of Turda. Since the beginning of the project, STADA has invested approximately € 14 million in the expansion of this new Romanian location.

STADA's responsibility as a pharmaceutical manufacturer is based on close cooperation with its suppliers. To foster this cooperation, STADA established the External Supply Chain Organization (ESO) in 2021. The ESO focuses on managing STADA's long-term and business relationships that are based on a spirit of trust in order to promote the company's values. A supplier code is also currently being drawn up to strengthen the relationship with responsible partners.

1) Scope 1: direct emissions (determined from measured values und consumption estimates).
2) Scope 2: indirect emissions (determined from measured values, consumption estimates, site or country-specific electricity conversion factors).

STADA regularly conducts Good Manufacturing Practice (GMP) audits of suppliers within the scope of its quality management system so that it can ensure its products comply with standards, safety requirements as well as regulations. These audits are required at least every three years for batch releases, finished products, contract testing laboratories, intermediates and active ingredients. If necessary, audits are also carried out for new suppliers, quality problems, packaging materials and GMP service providers. In financial year 2022, 148 audit requests were conducted.

STADA's Technical Operations (TechOps) is responsible for production and is headquartered in Germany. It operates a total of 20 production sites in eleven countries in the European and Asia-Pacific regions with a total of 7,000 TechOps employees who produced 672 million packages in the year under review.

STADA is currently working with the external sustainability assessment platform EcoVadis to implement the EcoVadis solution as the basis for assessing and evaluating the ESG performance of its suppliers and Contract Manufacturer Organizations (CMO). The ESG assessment is based on a self-assessment by the party being evaluated and the review of related documents and information. This allows STADA to pursue the goal of improving the social and ecological aspects of its value chain.

In order to ensure and improve the availability of pharmaceuticals, STADA continued its supply chain transformation in 2022.

Forecast Accuracy, Pack Fill Rate and On Time in Full in %	2022	2021[1)]
Forecast Accuracy (FCA)	65	66
Pack Fill Rate (PFR)	93	95
On Time in Full (OTIF)	80	88

1) Values were not reported or audited in 2021.

7. EU Taxonomy

Background information

With the European Green Deal adopted in 2019, the EU Commission is striving to achieve the goal of reducing net greenhouse gas emissions in the EU to zero by 2050. As part of these efforts, Regulation (EU) 2019/2088 on sustainability-related disclosure requirements (hereinafter "EU Taxonomy") was adopted and the environmental objectives of (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems were published. In 2021, the EU Commission issued Delegated Acts for the environmental goals of climate change mitigation and adaptation. These include a classification system and criteria for sustainable economic activities, focusing on those economic activities and sectors that have the greatest potential to make a significant contribution to achieving such environmental objectives.

Under the EU taxonomy reporting requirements, large publicly-traded companies that employ more than 500 people on average during the financial year must report key figures – sales, capital expenditures (CapEx) and operating expenses (OpEx) – on taxonomy-eligible and taxonomy-aligned economic activities.

STADA's ambitions

For the 2022 reporting year, STADA is not subject to EU Taxonomy reporting requirements because STADA is not capital market oriented. Nevertheless, for the 2022 reporting year, financial key figures in accordance with the EU Taxonomy will be reported voluntarily to ensure comprehensive reporting in the non-financial report as well as consistency and transparency and to confirm STADA's commitment to its sustainability strategy.

The pharmaceutical sector, and thus STADA's core economic activities from which sales are generated, is currently not yet listed in the EU Taxonomy Regulation. For this reason, STADA has only limited scope for taxonomy-eligible and taxonomy-aligned economic activities. As soon as STADA's core economic activities (provision of (pharmaceutical) goods or services), are addressed by the EU Taxonomy, STADA will report the sales-related key figures and corresponding CapEx and OpEx disclosures.

STADA is currently expanding its EU Taxonomy-related reporting process and developing an all-encompassing framework for action in order to further acquaint the Group with the EU Taxonomy reporting requirements. For the 2022 reporting year, OpEx and CapEx activities, including those that are not directly related to STADA's core activities but nevertheless fall under the criteria of the EU Taxonomy, have been identified and published.

Procedure for recording the 2022 KPIs

Procedure for determining the taxonomy-eligible activities

In a structured procedure, the economic activities listed in the Delegated Act of June 4, 2021 with Annex 1 (climate change mitigation) and Annex 2 (climate change adaptation) were examined to determine the extent to which these economic activities correspond to STADA's economic activities. This means that STADA has identified the economic activities that generate sales or for which CapEx or OpEx are undertaken that fall under the EU taxonomy.

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

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.

As a second step, economic activities were examined with regard to their taxonomy-eligibility that are not STADA's core economic activities and which fall into the CapEx and OpEx categories. On the basis of the potentially relevant activities identified centrally, information and data on CapEx and OpEx were gathered from the relevant subsidiaries and consolidated at Group level.

STADA's activities were allocated to the following economic activities in the EU Taxonomy:

- 5.3. Construction, extension and operation of wastewater collection and treatment
- 5.4. Renewal of waste water collection and treatment
- 6.4. Operation of personal mobility devices, cycle logistics
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy efficiency equipment
- 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.7. Acquisition and ownership of buildings

Procedure for determining taxonomy-eligible activities

For the taxonomy-eligible expenditures identified in this way, an investigation was carried out with regard to EU taxonomy compliance. Taxonomy-eligible economic activities are taxonomy-aligned if they make a significant contribution to one of the two previously published environmental objectives, do not have a significant negative impact on any of the other five EU environmental objectives (Do No Significant Harm – DNSH), and if they meet the minimum level of protection set out in Article 18 of the EU Taxonomy Regulation. The required criteria were examined in detail for each taxonomy-eligible activity individually.

STADA's economic activities, which fall under "6.4. Operation of personal mobility devices, cycle logistics" and "7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings", meet the criteria of making a significant contribution to the environmental goal of climate change mitigation.

All other economic activities of STADA that were identified as taxonomy-eligible do not satisfy the criteria “Substantial contribution to climate change mitigation”. For “5.3. Construction, extension and operation of waste water collection and treatment” and “7.2. Renovation of existing buildings” no technical information is available; for “6.5. Transport by motorbikes, passenger cars and light commercial vehicles” and “7.7. Acquisition and ownership of buildings” the data link between the financial and technical information is not yet in place; for “7.3. Installation, maintenance and repair of energy-efficient equipment” and “7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings”. The corresponding supporting evidence is not available, because the analyses were carried out ex-post.

In addition, in order to report that these economic activities are taxonomy-aligned, it is necessary to ensure that the “Do No Significant Harm” criteria and minimum protection requirements are met for each activity. STADA does not currently meet these criteria. For this reason, none of STADA’s taxonomy-eligible economic activities are taxonomy-aligned.

Calculation of the key figures

The sales key figure is calculated as the ratio of net sales from taxonomy-eligible or taxonomy-aligned economic activities in a reporting year to total net sales in that reporting year. Total net sales for the reporting year 2022 form the denominator of the sales indicator and can be derived from the consolidated income statement.

The EU Taxonomy divides CapEx and OpEx ratios into three categories (a–c). Category a) includes capital expenditures or operating expenses for assets or processes that are related to taxonomy-aligned economic activities. Category b) includes capital expenditures or operating expenses that are part of a CapEx plan to expand or enable taxonomy-aligned economic activities. Category (c) includes non-sales related purchases of production from taxonomy-eligible economic activities and individual measures that allow the target activities to achieve reductions in greenhouse gases or become low-carbon. STADA does not conduct any sales-generating activities that correspond to one of the descriptions of taxonomy-eligible economic activities in the Climate Act. Furthermore, the capital expenditures and operating expenses incurred were examined to determine whether they can be allocated to one of the activities or to an acquired product or to an individual measure. For this reason, the CapEx and OpEx ratios refer to individual measures in category c).

The CapEx key figure is calculated as the ratio of additions from taxonomy-eligible or taxonomy-compliant economic activities in a reporting year (consolidated data obtained through STADA’s subsidiaries) to total investments in that reporting year. Total capital expenditures for the reporting year 2022 form the denominator of the CapEx indicator and can be derived from the Consolidated Balance Sheet (see page 115 ff.).

The OpEx key figure is calculated as the ratio of operating expenses from taxonomy-eligible or taxonomy-aligned economic activities in a reporting year (consolidated data obtained from STADA’s subsidiaries) to total operating expenses in that reporting year. Total operating expenses in reporting year 2022 form the denominator of the OpEx figure and comprise the total of the research and development costs, expenses for building modernization measures, short-term leasing, maintenance and repair, as included in the income statement.

To avoid double counting, during the analysis of STADA’s economic activities, each relevant financial transaction was assigned to a single economic activity. CapEx and OpEx are linked to activities that (potentially) make a significant contribution to climate change mitigation; there were no specific expenditures aimed at climate change adaptation in the reporting year.

Results

Sales

STADA has not identified any taxonomy-eligible sales as there are no relevant economic activities included in the Delegated Act under climate change mitigation or climate change adaptation.

Capital expenditures

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 can be reduced. Capital expenditures were considered taxonomy-eligible 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.

Operating expenses

In addition to CapEx, STADA has considered OpEx in greater detail and allocated these to taxonomy-eligible or taxonomy non-eligible economic activities.

As explained in the chapter “Procedure for determining taxonomy-eligible activities”, no taxonomy-aligned activities were identified under CapEx or OpEx in 2022.

The results are summarized in the tables below. Because STADA has not identified any activities related to energy generation from nuclear energy or fossil gaseous fuels, the tables related to these activities have not been presented.

Proportion of **sales** from products or services associated with taxonomy-aligned economic activities – **disclosure covering year 2022** in k €

Economic activities	Code(s)	Absolute sales	Proportion of sales	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
		in k €	in %	in %	in %	in %	in %	in %	in %
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. TAXONOMY-ELIGIBLE ACTVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
N/A		0	0.0	0	0				
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0**	**0**	**0**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
N/A		0	0.0						
Sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**0**	**0.0**						
Total (A.1 + A.2)		**0**	**0.0**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Sales of Taxonomy-non-eligible activities (B)		**3,797,207**	**100.0**						
Total (A+B)		**3,797,207**	**100.0**						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of sales 2022**	**Taxonomy-aligned proportion of sales 2021**	**Category (Enabling activity)**	**Category (Transitional activity)**
yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	in %	in %	E	T
(11)	**(12)**	**(13)**	**(14)**	**(15)**	**(16)**	**(17)**	**(18)**	**(19)**	**(20)**	**(21)**
no	no	no	no	no	no	no	0	0		
no	**no**	**no**	**no**	**no**	**no**	**no**	**0**	**0**		
							0	**0**		

Proportion of **CapEx** from products or services associated with taxonomy-aligned economic activities – **disclosure covering year 2022** in k €

Economic activities	Code(s)	Absolute sales in k €	Proportion of sales in %	Substantial contribution criteria: Climate change mitigation in %	Climate change adaptation in %	Water and marine resources in %	Circular economy in %	Pollution in %	Biodiversity and ecosystems in %
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. TAXONOMY-ELIGIBLE ACTVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
N/A		0	0	0	0				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0**	**0**	**0**	**0**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	9,500	3.43						
Renovation of existing buildings	7.2	1,358	0.49						
Installation, maintenance and repair of energy efficiency equipment	7.3	940	0.34						
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	30	0.01						
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	39	0.01						
Acquisition and ownership of buildings	7.7	1,365	0.49						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**13,232**	**4.77**						
Total (A.1. + A.2.)		**13,232**	**4.77**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		**263,336**	**95.23**						
Total (A+B)		**276,568**	**100.0**						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx 2022	Taxonomy-aligned proportion of CapEx 2021	Category (Enabling activity)	Category (Transitional activity)
yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	in %	in %	E	T
(11)	**(12)**	**(13)**	**(14)**	**(15)**	**(16)**	**(17)**	**(18)**	**(19)**	**(20)**	**(21)**
no	no	no	no	no	no	no	0	0		
no	**no**	**no**	**no**	**no**	**no**	**no**	**0**	**0**		
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Proportion of **OpEx** from products or services associated with taxonomy-aligned economic activities – **disclosure covering year 2022** in k €

				Substantial contribution criteria					
Economic activities	**Code(s)**	**Absolute sales** in k €	**Proportion of sales** in %	**Climate change mitigation** in %	**Climate change adaptation** in %	**Water and marine resources** in %	**Circular economy** in %	**Pollution** in %	**Biodiversity and ecosystems** in %
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**
A. TAXONOMY-ELIGIBLE ACTVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
N/A		0	0	0	0				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0**	**0**	**0**	**0**				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Construction, extension and operation of waste water collection and treatment	5.3	338	0.22						
Renewal of waste water collection and treatment	5.4	3	0.00						
Operation of personal mobility devices, cycle logistics	6.4	4	0.00						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2,197	1.41						
Renovation of existing buildings	7.2	6,140	3.93						
Installation, maintenance and repair of energy efficiency equipment	7.3	596	0.38						
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	10	0.01						
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	1	0.00						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**9,289**	**5.94**						
Total (A.1. + A.2.)		**9,289**	**5.94**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		**147,065**	**94.06**						
Total (A+B)		**156,354**	**100.00**						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx 2022	Taxonomy-aligned proportion of OpEx 2021	Category (Enabling activity)	Category (Transitional activity)
yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	in %	in %	E	T
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
no	no	no	no	no	no	no	0	0		
no	**no**	**no**	**no**	**no**	**no**	**no**	**0**	**0**		
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By integrating the Walmark supplements business successfully, STADA has accelerated it's growth in the Czech Republic and throughout Europe.

Martin Slegl
General Manager Czech Republic

Through brands such as Lactoflora, Trofolastin and Venoruton, STADA is offering Spanish patients compelling options to care for their own health.

Moises Roura
Head of CHC Spain, Director

Our team is proud to drive the expansion of STADA's strong portfolio of biosimilars.

Erin Federman
Head of Global Commercial Specialty, Vice President

Through its subsidiary, Hemofarm, STADA as the leading supplier of medicines in Serbia and the Balkans region is continuously nurturing sustainability, responsibility and care for future generations.

Ronald Seeliger President & CEO Hemofarm

STADA CONSOLIDATED FINANCIAL STATEMENTS 2022

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement in k €	**2022**	**2021**	**Note[1)]**
Sales	3,797,207	3,249,451	11.
Cost of sales	1,948,292	1,705,444	12.
Gross profit from sales	**1,848,915**	**1,544,007**	
Selling expenses	847,846	718,590	13.
General and administrative expenses	253,508	222,329	14.
Research and development expenses	94,614	86,513	15.
Other income	63,350	74,086	16.
Other expenses	147,772	135,676	17.
Operating profit	**568,525**	**454,985**	
Results from investments measured at equity	-8	269	
Investment income	—	—	
Financial income	4,911	1,748	
Financial expenses	148,970	124,627	
Financial result	**-144,067**	**-122,610**	18.
Earnings before taxes	**424,458**	**332,375**	
Income taxes	69,333	68,565	19.
Earnings after taxes	**355,125**	**263,810**	
thereof			
distributable to shareholder of STADA Arzneimittel AG (net income)	334,514	246,939	
distributable to non-controlling interest	20,611	16,871	20.
Transfer of profits to Nidda Healthcare GmbH	108,772	118,821	

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 €	2022	2021	Note[1)]
Earnings after taxes	**355,125**	**263,810**	
Items to be recycled in the income statement in future:			
Currency translation gains and losses	**30,090**	**72,901**	34.
thereof			
income taxes	-53	-215	19.
Gains and losses on financial assets (FVOCI)	**34**	**-16**	46.
thereof			
income taxes	-11	4	19.
Items not to be recycled in the income statement in future:			
Gains and losses on financial assets (FVOCI)	**-3,356**	**4,435**	25.
Revaluation of net debt from defined benefit plans	**3,554**	**3,568**	35.
thereof			
income taxes	445	-1,009	19.
Other comprehensive income	**30,322**	**80,888**	
Consolidated comprehensive income	**385,447**	**344,698**	
thereof			
distributable to shareholder of STADA Arzneimittel AG (net income)	364,869	327,612	
distributable to non-controlling interest	20,578	17,086	

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, 2022**	**Dec. 31, 2021**	**Note[1]**
ASSETS			
Non-current assets	**3,478,238**	**3,468,340**	
Intangible assets	2,851,567	2,865,626	23.
Property, plant and equipment	550,264	540,239	24.
Financial assets	13,240	18,104	25.
Investments measured at equity	2,573	2,939	26.
Other financial assets	429	287	29.
Other assets	6,948	4,226	30.
Deferred tax assets	53,218	36,919	
Current assets	**2,277,086**	**2,288,605**	
Inventories	965,361	812,088	31.
Trade accounts receivable	878,810	763,808	27.
Return assets	978	993	28.
Income tax receivables	21,359	33,521	
Other financial assets	69,687	78,014	29.
Other assets	82,258	73,699	30.
Cash and cash equivalents	258,633	526,482	32.
Non-current assets and disposal groups held for sale	—	—	33.
Total assets	**5,755,324**	**5,756,945**	
EQUITY AND LIABILITIES			
Equity	**1,465,239**	**1,215,544**	34.
Share capital	162,090	162,090	34.1.
Capital reserve	514,206	514,206	34.2.
Retained earnings including net income	1,135,831	906,037	34.3.
Other reserves	-418,366	-444,669	34.4.
Treasury shares	-1,403	-1,403	34.5.
Equity attributable to shareholder of the parent company	**1,392,358**	**1,136,261**	
Shares relating to non-controlling interest	72,881	79,283	34.6.
Non-current borrowings	**2,911,305**	**3,053,860**	
Other non-current provisions	33,349	39,282	35.
Financial liabilities	2,572,779	2,704,807	36.
Other financial liabilities	125,626	135,195	39.
Other liabilities	3,670	4,256	40.
Deferred tax liabilities	175,881	170,320	
Current borrowings	**1,378,780**	**1,487,541**	
Other provisions	23,605	19,912	41.
Financial liabilities	60,546	343,178[2]	36.
Trade accounts payable	689,348	601,118	37.
Contract liabilities	4,534	1,462	38.
Income tax liabilities	51,938	47,865	
Other financial liabilities	354,962	323,595	39.
Other liabilities	193,847	150,410	40.
Non-current liabilities and associated liabilities of disposal groups held for sale and disposal groups	—	—	
Total equity and liabilities	**5,755,324**	**5,756,945**	

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

2) As of December 31, 2021, the presentation of accrued interest on financial liabilities in the amount of € 14.7 million was changed retroactively in order to improve the transparency of the net assets and financial position. These are no longer included in other financial liabilities, but in the balance sheet item financial liabilities.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in k €	**2022**	**2021**	**Note[1)]**
Earnings after taxes	355,125	263,810	
Depreciation and amortization net of write-ups of non-current assets	316,232	321,273	22.
Income taxes	69,333	68,565	19.
Income tax paid (netted)	-63,802	-61,664	
Interest income and expenses	144,058	122,879	18.
Interest and dividends received	4,374	1,790	
Result from investments measured at equity	8	-268	26.
Result from the disposal of non-current assets	-481	-647	16./17.
Additions to/reversals of other non-current provisions	3,495	6,777	35.
Currency translation income and expenses	3,715	-19,867	16./17.
Other non-cash expenses and gains[2)]	288,758	195,907	
Gross cash flow	**1,120,815**	**898,555**	
Changes in inventories	-246,445	-32,017	31.
Changes in trade accounts receivable	-106,320	-47,190	27.
Changes in trade accounts payable	104,085	34,490	37.
Changes in other net assets, unless attributable to investing or financing activities	-133,549	-255,593	
Operating cash flow	**738,586**	**598,245**	42.
Payments for investments in			
intangible assets	-171,580	-236,053	
property, plant and equipment	-73,829	-78,637	
financial assets	-70	-1,000	
business combinations in accordance with IFRS 3	-2,057	-4,198	
business combinations in accordance with IFRS 3 (VAT)	1,223	9,285	
Proceeds from the disposal of			
intangible assets	1,055	562	
property, plant and equipment	2,496	2,221	
financial assets	—	—	
shares in consolidated companies	—	—	
non-current assets held for sale (IFRS 5)	—	—	
Investing cash flow	**-242,762**	**-307,820**	42.
Borrowing of funds	467,461	520,969	36.
Settlement of financial liabilities	-894,512	-235,032	36.
Settlement of finance lease liabilities	-31,349	-25,869	
Interest paid	-154,707	-114,744	
Dividend distribution and profit transfer	-145,801	-177,175	34.
Changes in non-controlling interests	-14,690	-3,463	34.
Financing cash flow	**-773,598**	**-35,314**	42.
Changes in cash and cash equivalents	**-277,774**	**255,111**	42.
Changes in cash and cash equivalents due to the scope of consolidation	—	940	
Changes in cash and cash equivalents due to exchange rates	9,925	4,430	
Net change in cash and cash equivalents	**-267,849**	**260,481**	32.
Balance at beginning of the period	**526,482**	**266,001**	
Balance at end of the period	**258,633**	**526,482**	

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 € **2022**	**Number of shares**	**Share capital**	**Capital reserve**	**Retained earnings including net income**
Balance as of Dec. 31, 2022	**62,342,440**	**162,090**	**514,206**	**1,135,831**
Profit transfer to Nidda Healthcare GmbH	–	–	–	-108,772
Dividend distribution	–	–	–	–
Change in treasury shares	–	–	–	–
Changes in retained earnings	–	–	–	–
Changes in non-controlling interests	–	–	–	–
Changes in the scope of consolidation	–	–	–	–
Other comprehensive income	–	–	–	4,052
Net income	–	–	–	334,514
Balance as of Jan. 1, 2022	**62,342,440**	**162,090**	**514,206**	**906,037**
Previous year				
Balance as of Dec. 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**

Currency translation reserve	FVOCI reserve	Treasury shares	Equity attributable to shareholder of the parent	Shares held by non-controlling interest	Group equity
-425,387	**7,021**	**-1,403**	**1,392,358**	**72,881**	**1,465,239**
—	—	—	-108,772	—	-108,772
—	—	—	—	-26,980	-26,980
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
29,625	-3,322	—	30,355	-33	30,322
—	—	—	334,514	20,611	355,125
-455,012	**10,343**	**-1,403**	**1,136,261**	**79,283**	**1,215,544**
-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**

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 healthcare and pharmaceuticals markets, especially in the Generics, Consumer Healthcare and Specialty segments.

The Consolidated Financial Statements of STADA Arzneimittel AG for financial year 2022 were approved for publication by the Executive Board on March 2, 2023.

2. Basis of preparation of the financial statements

The Consolidated Financial Statements prepared for STADA Arzneimittel AG as parent Company as of December 31, 2022, 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).

Given that STADA Arzneimittel AG is no longer capital market oriented with the repayment of its bond on April 8, 2022, STADA also no longer falls within the scope of IFRS 8.2, meaning it is no longer required to prepare and publish segment reporting in accordance with IFRS 8. As a result, the publication of segment reporting in accordance with IFRS 8 in the Consolidated Financial Statements will no longer be required in the future.

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 2022, 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, 2022. Initial application of the new standards had no or no material effects.

In the consolidated balance sheet, a change in presentation has been made whereby accrued interest on financial liabilities is no longer included in the item "Other financial liabilities" but instead is now reported under "Financial liabilities". This change is intended to improve transparency regarding the Group's net assets and financial position. The comparative figures for the previous year have been adjusted accordingly. As a result of the change in presentation, the item "Financial liabilities" included accrued interest amounting to € 7.4 million as of December 31, 2022. This was offset by a corresponding reduction in other financial liabilities. For the previous year, this resulted in an increase in financial liabilities of € 14.7 million; in the offsetting effect, other financial liabilities decreased by this amount as of December 31, 2021. As of January 01, 2021, accrued interest amounted to € 13.8 million.

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 9, IFRS 16, IAS 1, IAS 8, IAS 12) and interpretations not yet applied.

4. Changes in the methods for estimating the impairment test for goodwill and certain intangible assets and property, plant and equipment relating to Russia

The Russia-Ukraine war and the sanctions imposed against Russia, Russian entities and Russian individuals have introduced significant uncertainty about the country's and affected individuals' ability/willingness to honor their foreign currency debt obligations. This default risk in combination with abnormally high foreign currency volatility on the capital market together with sanctions against Russia have resulted in Russia being excluded from the global credit rating system. STADA management no longer considers the estimation approach which utilizes a country risk premium to be applicable for Russia nor a viable indicator of STADA's risk for its investment in Russia into a local pharmaceutical company not affected by sanctions. The estimation method utilized to prepare its impairment testing for the year ended December 31, 2021, in accordance with IAS 36.A4–A6, included using a single set of estimated cash flows discounted with a weighted average cost of capital (WACC) based on a country risk premium applying the relevant country credit ratings, which in management's view would lead to an inappropriate representation and measurement of STADA assets.

At the beginning of the firts half of 2022, management has changed its estimation methodology with respect to Russia, and applied the expected cash flow approach: rather than discounting a single cash flow projection with a risk-adjusted WACC, management has taken the uncertainty and risks induced by the Russia/Ukraine crisis into account in the cash flow projection of the underlying Russian business operations in the form of several scenarios with varying probabilities of occurrence. In developing the future cash flow scenarios for the Russian business, management considered the following variables: the development of the foreign exchange rate of the Russian ruble versus the euro and its translational and transactional effects, the Russian inflation rate and its effect on COGS and OpEx, the ability of STADA to compensate for the inflationary tendencies by adjusting pricing activities, the change in market demand and STADA's market share as well as its marketing and sales activities as a result. Based on the varying set of values in these variables, four scenarios have been developed and assigned with a probability of occurrence which was determined based on expert interviews and analysis of financial market indicators:

- Scenario A (base case) with a probability of 55%:
  moderate ruble devaluation & inflation with single-digit market contraction
- Scenario B (downside case) with a probability of 25%:
  significant ruble devaluation & inflation and double-digit market contraction
- Scenario C (national bankruptcy case) with a probability of 15%:
  very significant ruble devaluation & inflation and high double-digit demand contraction
- Scenario D (expropriation case) with a probability of 5%:
  worst case with a full discontinuation of the business and cash flows in Russia

Based on the four different cash-flow scenarios and their probability of occurrence, management has calculated a probability-weighted cash flow which has then replaced the originally budgeted cash flows of the Russian business. In turn, the Russian country-risk-premium has been eliminated from the discount-rate considerations since the country risks have been reflected in the cash flows of the underlying operational business activities. The expected cash flow approach has been applied consistently for all relevant areas, performing goodwill impairment, testing intangible and tangible assets associated with the Russian business of STADA. The estimation approach for the remaining businesses of STADA remain unchanged, which also includes the Ukraine as a credit rating is still available and as such a country risk premium can be determined.

Estimates, assumptions and discretion in the application of expected cash flow approach:

The presentation of the net assets, financial position and results of operations in the interim 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 appropriate in the particular circumstances. The significant estimates, judgments and related assumptions utilized in the application of the expected cash flow approach requires management to make explicit assumptions about the development of several parameters which have an impact on the future cash flows of the underlying (Russian) business in each scenario and requires management to estimate a probability distribution for each scenario. Although management has thoroughly evaluated the estimates and assumptions, actual results could differ from those estimates.

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 2022 and are as follows:

Number of companies in the scope of consolidation	Germany	International	Total
Jan. 1, 2022	**11**	**82**	**93**
Additions	—	3	3
Disposals	—	2	2
Dec. 31, 2022	**11**	**83**	**94**

There were no significant changes to STADA's scope of consolidation in the reporting year.

In the Consolidated Financial Statements of the STADA Group, 90 companies were consolidated as subsidiaries and four companies as associates as of the reporting date on December 31, 2022.

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

in € million	2022	2021
Share of result from continuing operations	-0.0	0.3
Share of comprehensive income	**-0.0**	**0.3**
Dividend distribution of SAS SANTRALIA	-0.2	-0.2
Aggregate carrying amount	**2.6**	**2.9**

There were significant non-controlling interests as of December 31, 2022 in the German BIOCEUTICALS Arzneimittel AG and the German NorBiTec GmbH.

The share in Pymepharco Joint Stock Company remained stable as compared to the previous year at 99.73%. Hence, there are no material non-controlling interests in Pymepharco as of December 31, 2022, 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, 2022 is therefore omitted.

In the following, the influence of other shareholders of BIOCEUTICALS Arzneimittel AG as of December 31, 2022 is presented:

Name of subsidiary: **BIOCEUTICALS Arzneimittel AG** Headquarters/place of founding: **Germany** **Financial information** in k €	**2022**	**2021**
Share of voting rights held by non-controlling interest	48.66%	48.66%
Result of non-controlling interest	14,066	11,525
Accumulated non-controlling interest	**46,727**	**54,799**
Non-current assets	68,044	74,901
Current assets	93,001	84,214
Non-current liabilities	15,430	14,975
Current liabilities	20,757	12,376
Sales	91,234	84,117
Earnings after taxes		
distributable to STADA	24,526	20,597
distributable to non-controlling interest	14,066	11,525
Total earnings	**38,592**	**32,122**
Dividends to non-controlling interest	22,139	19,925
Cash flow from operating activities	-3,642	-1,017
Cash flow from investing activities	–	–
Cash flow from financing activities	-4,905	10,991

In the following, the influence of other shareholders of NorBiTech GmbH as of December 31, 2022 is presented:

Name of subsidiary: **NorBiTec GmbH** Headquarters/place of founding: **Germany** **Financial information** in k €	**2022**	**2021**
Share of voting rights held by non-controlling interest	33.33%	33.33%
Result of non-controlling interest	5,671	5,392
Accumulated non-controlling interest	**12,020**	**11,190**
Non-current assets	6,919	7,430
Current assets	34,074	30,193
Non-current liabilities	471	708
Current liabilities	4,463	3,346
Sales	35,855	40,080
Earnings after taxes		
distributable to STADA	11,342	10,784
distributable to non-controlling interest	5,671	5,392
Total earnings	**17,013**	**16,176**
Dividends to non-controlling interest	4,841	4,219
Cash flow from operating activities	9,939	5,207
Cash flow from investing activities	-1,216	-1,034
Cash flow from financing activities	-14,524	-12,656

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 ARMENIA LLC, Yerevan, Armenia	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 Kazakhstan LLP, Almaty, Kazakhstan (formerly: Nizhpharm-Kazakhstan TOO DO)	100%	subsidiary
STADA Kyrgyzstan LLC, Bishkek, Kyrgyzstan	100%	subsidiary/ not included
STADA Lux S.à R.L., Luxembourg, Luxembourg	100%	subsidiary/ not included
STADA M&D S.R.L., Bucharest, Romania	100%	subsidiary
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., 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 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 SUBSIDIARY FE LLC, Tashkent, Uzbekistan	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	5.71%	investment

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%	associate/ not included
DH-norm s.r.o., Třinec, Czech Republic	100%	subsidiary
EG S.A., 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 d.o.o. Banja Luka, 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%	associate/ not included
Hrimoni Pharma d.o.o., Vršac, Serbia[1)]	100%	subsidiary/ not included
Idelyn s.r.o., Třinec, Czech Republic	100%	subsidiary
Internis Pharmaceuticals Ltd., Huddersfield, United Kingdom	100%	subsidiary
Jinan Pharmaceuticals Co., Jinan, China	35.50%	associate/ not included
LCM Ltd., Huddersfield, United Kingdom	100%	subsidiary
Lobsor Pharmaceuticals AB, Uppsala, Sweden	100%	subsidiary
Lowry Solutions Ltd., Huddersfield, United Kingdom	100%	subsidiary/ not included
MAXIPARAPHARMACIE.COM, Toulouse, France	2.11%	investment
Natures Aid Ltd., Huddersfield, United Kingdom	100%	subsidiary
NEMUS LEX d.o.o., Zagreb, Croatia	100%	subsidiary
NextGEN360 Ltd., Huddersfield, United Kingdom	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

1) Currently in the process of liquidation.

Name of the company, registered office	Share in capital	Form of consolidation
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
Quang Tri Pharmaceutical JSC, Quang Tri, Vietnam	49%	associate/ not included
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 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

1) Currently in the process of liquidation.

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.

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	2022	2021	±	2022	2021	±
Pound sterling	0.8869	0.8403	-6%	0.8526	0.8600	+1%
Russian ruble	77.1245	85.3004	+10%	73.6678	87.2321	+16%
Serbian dinar	117.3224	117.5821	0%	117.4644	117.5735	0%
Swiss franc	0.9847	1.0331	+5%	1.0052	1.0814	+7%
Ukrainian hryvnia	39.0370	30.9219	-26%	33.9744	32.2959	-5%
US dollar	1.0666	1.1326	+6%	1.0539	1.1835	+11%

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 Russian ruble appreciated significantly both as of December 31, 2022, as well as on average for the reporting period. In particular, the ruble depreciated sharply at the beginning of the Russian invasion of Ukraine. The average monthly exchange rate in March of the current financial year was 120.0925. Since April, the ruble mainly appreciated and from June 2022 reached values last seen in 2015. In December 2022, the ruble depreciated to a monthly rate of 70.0851.

8. Business combinations

There were no material business combinations in accordance with IFRS 3 in the financial year just ended.

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.

Sales are always recognized only in the amount in which STADA expects the consideration to be settled. This means that expenses for the creation of deferrals for future sales deductions are taken into account in the period in which the sales are recognized.

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. In addition, an analysis of the expected cash flow scenario for Russia in the three-year planning period was performed. These assumptions are made individually for each cash generating unit in accordance with the respective circumstances and are based in part on internally determined assumptions that both reflect past experience and include external market data. The discount rates used are determined on the basis of external factors derived from the market and, despite the above-mentioned change in assumptions for the discount rates in Russia, are adjusted to reflect prevailing risks in the respective cash generating units. In addition, an increased country risk premium is applied for Ukraine as a result of the Russian invasion.

Because sufficient coverage of the carrying amounts was determined in the context of the value in use method, STADA decided not to determine the recoverable amount on the basis of fair value less costs to sell. Due to the determination method, it can be assumed that the differences between the values are insignificant.

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, dossiers with data for drug approvals or in preparation of drug approvals, software, concessions, property rights and similar rights is generally between 20 and 30 years. Softward is generally amortized between three and five years. The decision on the useful life is made individually for each asset based on the respective assessment of the product life cycle and/or the usefulness of the respective asset, which can differ significantly depending on the market and/or the type of asset. 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 exclusively at the level of sales to third parties generated using the respective 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. Development costs are capitalized at the time when it is highly probable that they will be utilized. Internally created intangible assets are amortized on a straight-line basis over their useful life (generally 20 years). The useful life is determined individually for each asset. Past experience generally indicates a useful life of 20 years for the respective assets.

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.

Financial assets are initially recognized at fair value plus transaction costs if they are financial assets that are not measured at fair value through profit or loss.

Assets held to collect contractual cash flows, where these cash flows exclusively represent interest and principal payments, are measured at amortized cost (“AC”). Interest income from these financial assets is recognized in financial income using the effective interest method. Gains or losses on derecognition are recognized directly in the income statement and – together with foreign currency gains and losses – reported under other income or expenses.

Assets held to collect contractual cash flows and to sell the financial assets, and where the cash flows exclusively represent interest and principal payments, are measured at fair value through other comprehensive income (“FVOCI”). Changes in the carrying amount are recognized in other comprehensive income, with the exception of impairment income or expense, interest income and foreign currency gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income or expense. Interest income from these financial assets is recognized in financial income using the effective interest method. Foreign currency gains and losses are recognized in other income or expenses in the same way as impairment losses.

Assets that do not meet the criteria of the “AC” or “FVOCI” category are classified as “at fair value through profit or loss” (“FVPL”). Gains or losses on a debt instrument subsequently measured at FVPL are recognized in profit or loss net in other income or expense in the period in which they occur.

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 is assuming that the Covid-19 pandemic has been largely overcome and will not have any far-reaching impact on STADA's business activities in the course of 2023. It cannot be ruled out, however, that regional infection surges will occur repeatedly in the future, which could possibly lead to regional restrictions, with these regional restrictions having a negative impact on the affected regions.

The ongoing Russia-Ukraine war and the sanctions imposed on Russia, Russian companies and individuals as well as the countermeasures initiated by Russia were still ongoing at the time of preparation of the Consolidated Financial Statements. It is not possible to predict when the conflict will be resolved. Depending on the duration and extent of the conflict, business operations may be significantly negatively impacted, because on the one hand, the Ukrainian subsidiaries could be directly impacted by the conflict and, on the other hand, the conflict has a material impact on various macroeconomic developments that could negatively impact the STADA Group's business activities. Here, for example, rising interest rates, negative exchange rate developments, adverse price developments in the international energy markets as well as rising or sustainably high inflation should be mentioned. 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. For the period subsequent to the end of this three-year detailed planning horizon, a specific forecast growth rate of 50% of the expected long-term inflation rate is assumed. The key assumptions that are used to determine the value in use include assumptions regarding the development of sales, the regulatory framework, investments, the discount rate, currency relations and the growth rate. In addition, an analysis of the expected cash flow scenario for Russia over the three-year planning period was also carried out. These assumptions are made individually for each cash-generating unit in accordance with the respective circumstances and are based in part on internally determined assumptions that reflect both past experience and external market data. The discount rates that are used are determined on the basis of external factors derived from the market and, despite the aforementioned change in assumptions for the discount rates in Russia, are adjusted to reflect the prevailing risks in the respective cash generating units. An increased country risk premium is also applied for Ukraine as a result of the Russian invasion.

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 2022 amounted to € 3,797.2 million (previous year: € 3,249.5 million) with € 3,717.1 million (previous year: € 3,172.1 million) attributable to product deliveries and € 80.1 million (previous year: € 77.4 million) to license income.

This development was primarily attributable to sales increases in the Consumer Healthcare segment in the regions[1] Europe and Germany, in the Generics segment in the regions[1] Europe and Germany as well as in the Specialty segment in the regions[1] Europe, Eurasia and Germany, as well as to the acquisitions made. For a breakdown of sales by product area, please refer to Note 43 "Further information on business activities by product area".

12. Cost of sales

Cost of sales is divided into the following items:

in k €	2022	2021
Material expenses	1,494,423	1,298,213
Impairment, depreciation and amortization	202,016	191,778
Expenses from inventory write-downs	83,392	70,933
Remaining cost of sales	168,461	144,519
Total	**1,948,292**	**1,705,444**

Impairment, depreciation and amortization in the amount of € 202.0 million (previous year: € 191.8 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 € 11.1 million in financial year 2022 (previous year: € 11.7 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 are incurred 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 € 400.4 million (previous year: € 335.3 million) corresponded to a share of 47.2% in selling expenses (previous year: 46.7%). In addition, selling expenses included depreciation in the amount of € 19.2 million (previous year: € 17.6 million).

1) STADA defines the regions as follows: Germany, Emerging Markets, Europe, Eurasia and the United Kingdom.
Europe includes all Continental European countries except Germany, the United Kingdom, Kazakhstan, Moldova, Russia and Belarus.
Eurasia includes Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Uzbekistan and Belarus.

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 2022, the general and administrative expenses included depreciation in the amount of € 19.3 million (previous year: € 18.5 million).

General and administrative expenses showed an increase of € 253.5 million (previous year: € 222.3 million). The decline resulted, among other things, from higher rent and leasing expenses. The share of general and administrative expenses in Group sales amounted to 6.7% (previous year: 6.8%).

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 2022, research and development expenses increased by € 8.1 million compared to the previous year.

The research and development expenses included depreciation in the amount of € 4.2 million (previous year: € 4.2 million). Development costs for new products in the amount of € 33.5 million (previous year: € 27.0 million) were capitalized in financial year 2022 (see the Notes on the item “Intangible assets”).

16. Other income

Other income is divided into the following items:

in k €	2022	2021
Income from write-ups	12,738	4,413
Income from the reversal of impairments on receivables	3,740	1,404
Income from the disposal of non-current assets	921	1,823
Currency translation income	-1	19,867
Remaining other income	45,952	46,580
Total	**63,350**	**74,086**

Income from write-ups in financial year 2022 is made up of many individual items in the Group companies and related mainly to an approval in the specialty pharmaceuticals area in the amount of € 11.3 million which is attributable to improved future prospects for this product (previous year: € 0.2 million in the Generics segment and € 4.2 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.

In the previous year, other income included net currency translation income of € 19.9 million, comprising currency translation income of € 39.7 million and currency translation expenses of € 19.8 million. This development was based on opposing developments in the various national currencies. In particular, there was increased income in the previous year due to the appreciation of the Russian ruble for liabilities in the transaction currency euro. In the reporting year, there were net currency translation expenses which were reported within other expenses.

In financial year 2022, miscellaneous other income included income totaling € 16.8 million from the revaluation of earnout liabilities in connection with the acquisition of the Swedish company Lobsor Pharmaceuticals (previous year: € 32.2 million from the revaluation of earnout liabilities in connection with the acquisition of the Swedish company Lobsor Pharmaceuticals as well as the acquisition of additional shares in the Vietnamese company Pymepharco). 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 €	2022	2021
Impairment losses on non-current assets excluding goodwill	84,328	93,690
Other personnel expenses	14,599	23,051
Expenses from valuation allowances in accounts receivable	14,958	1,753
Losses from the disposal of non-current assets	440	1,176
Currency translation expenses	3,714	-0
Expenses for legal disputes	5,897	-10,323
Remaining other expenses	23,836	26,329
Total	**147,772**	**135,676**

Other expenses include impairment losses in the amount of € 84.3 million (previous year: € 93.7 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. Impairment losses in intangible assets of € 66.5 million mainly related to nine approvals for Consumer Healthcare products (€ 16.2 million), eight approvals in the Specialty area (€ 15.6 million) and two approvals in the Generics area (€ 7.8 million), due to a mix of increased interest rates and more uncertain future prospects for the Russian market, which are reflected in scenario analyses. There were also impairment losses on intangible assets in Ukraine due to the increased country risk premium, which resulted in a significant increase in the WACC determined for the country. As a result, an impairment loss was recognized for three approvals for Consumer Healthcare products (€ 5.9 million). This development also led to impairment losses relating to property, plant and equipment in Ukraine. As a result, all property, plant and equipment of the Ukraine CGU, including machinery and equipment, were written down (€ 13.4 million). In addition, impairment losses were recognized on intangible assets due to negative future business prospects and increased interest rates, in particular for five approvals for Consumer Healthcare products (€ 8.5 million) and three approvals in the Specialty area (€ 4.4 million). The interest rates applied in the impairment test that resulted in an impairment loss or reversal of an impairment loss ranged from 6.7% to 26.8%. Scheduled amortization of intangible assets and depreciation of property, plant and equipment are generally recognized in cost of sales.

Furthermore, other expenses included personnel expenses in the amount of € 14.6 million (previous year: € 23.1 million), which in the reporting year mainly resulted from expenses from the closing of the Mobilat Produktions GmbH plant (previous year: expenses from changes in management). Regular personnel expenses are appropriately allocated to the functional areas.

In other expenses, there were expenses from impairments on receivables in the amount of € 15.0 million in the reporting year (previous year: € 1.8 million).

In the reporting year, there were net exchange rate expenses of € 3.3 million, comprising exchange rate income of € 113.1 million and exchange rate expenses of € 116.4 million. This development was based on offsetting developments in the respective national currencies and was mainly influenced by the development of the Russian ruble.

Expenses for legal disputes of € 5.9 million (previous year: income from the reversal of provisions for legal disputes of € 10.3 million) included in other expenses related to various individual situations in the Group companies in the reporting year. In the previous year, income resulted mainly from the partial reversal of provisions for damages in Germany and the region[1] Eurasia due to lower actual utilization.

18. Financial result

The **result from investments measured at equity** in financial year 2022, 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.

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 €	2022	2021
Interest income	4,625	1,748
Interest expense	148,970	124,627
Interest result	**144,345**	**122,879**
thereof from financial instruments of the valuation categories in accordance with IFRS 9:		
loans and receivables (AC)	4,625	1,631
financial assets at fair value through other comprehensive income (FVOCI)	-2,210	-1,414
financial assets and liabilities at fair value through profit and loss (FVPL)	-2,486	-1,314
financial liabilities measured at amortized costs (AC)	-143,740	-121,232

The interest result in financial year 2022 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 € 0.5 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 € 4.3 million (previous year: € 4.1 million).

In the reporting year, STADA Arzneimittel AG refinanced at interest rates between 1.37% p.a. and 5.30% p.a. (previous year: 1.37% p.a. and 3.50% p.a.). In addition, the Group financed itself at interest rates of between 0.97% p.a. and 19.03% p.a. (previous year: 0.83% p.a. and 10.19% p.a.). As of December 31, 2022, the weighted average interest rate for non-current financial liabilities was approximately 7.42% p.a. (December 31, 2021: approximately 4.10% p.a.). The average weighted interest rate for current financial liabilities was approximately 5.05% p.a. as of the balance sheet date (December 31, 2021: 2.01% p.a.). For all of the Group's financial liabilities, the weighted average interest rate as of December 31, 2022 was approximately 7.37% p.a. (December 31, 2021: approximately 3.87% p.a.).

1) See footnote on page 140 for a definition of the STADA regions.

Borrowing costs capitalized as part of the cost of qualifying assets amounted to € 6.9 million in financial year 2022 (previous year: € 5.1 million). A capitalization rate of 3.56% for intangible assets (previous year: 3.27%) was taken as a basis.

Other financial income amounted to € 0.3 million in financial year 2022; there were no other financial expenses. There was no other financial income or expense in the previous year.

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 €	2022	2021
Actual income tax expense	**80,386**	**34,953**
Tax expense in the current period	71,539	56,005
Tax expense (previous year: tax income) from previous periods	8,847	-21,052

Deferred taxes recognized in the income statement are made up of the following:

in k €	2022	2021
Deferred taxes	**-11,053**	**33,612**
from temporary differences	-13,909	20,540
from loss/interest carryforwards	2,856	13,072

For temporary differences from Group investments amounting to € 22.6 million (previous year: € 14.3 million), no deferred tax liabilities were recognized, as in the foreseeable future it is unlikely that there will be a reversal of these temporary differences.

The nominal income tax rate for STADA Arzneimittel AG in Germany in financial year 2022 amounted to 28.3%. This figure includes corporate income tax at a rate of 15.0% and the solidarity surcharge of 5.5% on corporate income tax as well as trade income tax at an assessment rate of 357%. STADA Arzneimittel AG's nominal income tax rate is thus unchanged compared to the previous year.

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 €	2022	2021
Earnings before taxes	**424,458**	**332,375**
Nominal income tax rate of STADA Arzneimittel AG (in %)	28.3%	28.3%
Expected income tax expense	**120,207**	**94,129**
Deviation in local tax rate	-29,576	-31,634
Tax effects from tax rate changes	-723	14,670
Tax effects from loss carryforwards, tax credits, interest carryforwards and prior-year taxes	7,864	3,565
Tax effects from non-deductible expenses and tax-free earnings	22,051	1,178
Tax effect from the fiscal unity with the shareholder	-50,071	-13,925
Other tax effects	-418	582
Income tax expense shown on the income statement	**69,333**	**68,565**
Effective income tax rate (in %)	16.3%	20.6%

The effective income tax rate for financial year 2022 was 16.3%. In the previous year, the effective income tax rate was 20.6%.

Without the tax effect from the fiscal unity with the shareholder in the amount of € -50.1 million (previous year: € -13.9 million), the effective tax rate would have been 28.1% (previous year: 24.8%).

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, Sweden, the Netherlands and the Czech Republic. The effects from tax rate changes in the previous year mainly relate to deferred tax liabilities in the United Kingdom due to the adopted tax rate increase from 19% to 25% from April 1, 2023.

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, 2022	Dec. 31, 2021
Income tax receivables	21,359	33,521
Income tax liabilities	51,938	47,865

in k €	Dec. 31, 2022	Dec. 31, 2021
Deferred tax assets	53,218	36,919
Deferred tax liabilities	175,881	170,320
Deferred taxes as of December 31	-122,663	-133,401
Difference compared to previous year	10,738	-38,073
thereof		
recognized in income	11,053	-33,612
recognized through other comprehensive income	381	-1,220
acquisitions/disposals/changes in the scope of consolidation	-305	—
currency translation differences	-390	-3,242

Deferred taxes result from the following balance sheet items and loss carryforwards:

	Deferred tax assets		Deferred tax liabilities	
in k €	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Intangible assets	3,230	4,508	171,578	187,102
Property, plant and equipment	2,156	1,490	20,342	19,992
Financial assets	469	424	22	250
Inventories	31,693	19,994	6,394	4,661
Receivables	4,187	1,450	2,416	859
Other assets	20,237	18,682	470	510
Other non-current provisions	962	1,884	507	251
Other provisions	3,793	3,181	—	41
Liabilities	26,859	32,469	14,866	7,061
Loss carryforwards	346	3,244	—	—
Total	**93,932**	**87,326**	**216,595**	**220,727**
Offsetting	40,715	50,407	40,715	50,407
Deferred taxes as per balance sheet	**53,218**	**36,919**	**175,881**	**170,320**

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 decrease in deferred tax liabilities from intangible assets compared with the previous year resulted mainly from regular amortization and impairment losses on intangible assets that were subject to purchase price allocation in accordance with IFRS 3. Overall, deferred tax liabilities increased as of December 31, 2022 to € 175.9 million (December 31, 2021: € 170.3 million), which resulted mainly from lower offsetting and increased temporary differences from liabilities. The increase in deferred tax assets was mainly due to increased temporary differences on inventories resulting from the increased effect of the elimination of intercompany profits. 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, 2022 amounted to € 1.4 million in financial year 2022 (December 31, 2021: € 14.5 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, 2022	Dec. 31, 2021
Loss carryforwards expiry date within		
1 year	–	–
2 years	–	–
3 years	–	–
4 years	–	–
5 years	–	–
After 5 years	–	–
Unlimited carryforward	1,390	14,539

Deferred tax assets of € 0.3 million (previous year: € 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, 2022	Dec. 31, 2021
Expiry date for loss carryforwards and similar items within		
1 year	1,647	760
2 years	1,520	1,410
3 years	3,883	2,821
4 years	3,577	2,747
5 years	3,878	6,970
After 5 years	26,339	12,512
Unlimited carryforward	226,412	171,096
Temporary differences	–	–

20. Income attributable to non-controlling interests

in k €	2022	2021
Earnings after taxes	**355,125**	**263,810**
thereof distributable to the shareholder of STADA Arzneimittel AG (net income)	334,514	246,939
thereof distributable to non-controlling interests	20,611	16,871

Profit distributable to non-controlling interests pertains, as was also the case in the previous year, to the subsidiaries BIO-CEUTICALS 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:

	2022	2021
Technical Operations (Production/Quality Assurance/Logistics/Procurement/Supply Chain)	7,245	6,841
Marketing/Sales	4,095	3,981
Administration with Finance/IT	968	1,015
Product Development	676	660
Entire Group	**12,984**	**12,497**
Personnel expenses (in € million)	**570.6**	**515.5**

The average number of employees in the STADA Group increased in financial year 2022 by 4% to 12,984 (previous year: 12,497). The increase was mainly attributable to an increase in employee capacity in production, particularly in Serbia, and in sales and marketing, particularly in Germany and the rest of Europe. There were also internalizations of previously external employees, mainly in Vietnam. As of the balance sheet date, the number of employees increased by 5% to 13,183 (December 31, 2021: 12,520). 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 2022 to € 570.6 million (previous year: € 515.5 million). Among other things, the increase was due to the increased number of employees.

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 €	2022	2021
Scheduled depreciation/amortization	**244,642**	**231,995**
Intangible assets	174,313	166,615
Property, plant and equipment	70,330	65,381
Impairment losses	**84,328**	**93,690**
Intangible assets	66,485	93,455
Property, plant and equipment	17,843	235
thereof		
land and buildings	6,008	18
plant and machinery	6,310	25
other fixtures and fittings, tools and equipment	2,183	10
rights of use	2,789	–
advance payments	553	182

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.

Scheduled depreciation and amortization increased by 5% compared to the previous year. More information on amortization, depreciation and impairment losses is included in the Notes on non-current assets.

Notes to the Consolidated Balance Sheet

23. Intangible assets

Intangible assets developed as follows in financial year 2022:

2022 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, 2022	**3,695,156**	**12,132**	**510,183**	**319,903**	**4,537,375**
Currency translation	42,074	–	4,112	-152	46,034
Changes in the scope of consolidation	–	–	–	–	–
Additions	52,575	17,216	–	105,660	175,451
Additions from business combinations in accordance with IFRS 3	–	–	–	–	–
Disposals	4,484	280	–	2,267	7,032
Reclassifications of non-current assets and disposal groups held for sale	–	–	–	–	–
Transfers	84,430	–	–	-84,424	6
Costs as of Dec. 31, 2022	**3,869,751**	**29,067**	**514,296**	**338,720**	**4,751,834**
Accumulated depreciation as of Jan. 1, 2022	**1,536,052**	**10,152**	**72,639**	**52,906**	**1,671,749**
Currency translation	4,271	–	1,171	1,180	6,622
Changes in the scope of consolidation	–	–	–	–	–
Scheduled depreciation/amortization	170,735	3,578	–	–	174,313
Impairment losses	64,960	–	–	1,525	66,485
Disposals	4,051	280	–	1,922	6,252
Write-ups	12,706	–	–	–	12,706
Reclassifications of non-current assets and disposal groups held for sale	–	–	–	–	–
Transfers	15,920	–	–	-15,863	57
Accumulated depreciation as of Dec. 31, 2022	**1,775,180**	**13,450**	**73,809**	**37,827**	**1,900,267**
Residual carrying amounts as of Dec. 31, 2022	**2,094,571**	**15,617**	**440,486**	**300,893**	**2,851,567**
Residual carrying amounts as of Dec. 31, 2021	**2,159,104**	**1,979**	**437,545**	**266,997**	**2,865,626**

Additions within advance payments made and capitalized development costs for current costs mainly resulted from a number of different development projects.

Impairment losses of € 66.5 million mainly related to nine approvals for Consumer Healthcare products (€ 16.2 million), eight approvals in the Specialty area (€ 15.6 million) and two approvals in Generics (€ 7.8 million), due to a mix of increased interest rates and more uncertain future prospects for the Russian market, which are reflected in scenario analyses. In addition, there were impairments on intangible assets in Ukraine due to the increased country risk premium, which resulted in a significant increase in the WACC set for the country. As a result, an impairment loss was recognized for three approvals for Consumer Healthcare products (€ 5.9 million). There were also impairment losses on intangible assets due to negative future business prospects and increased interest rates, in particular for five approvals for Consumer Healthcare products (€ 8.5 million) and three approvals in the specialty pharmaceuticals area (€ 4.4 million). On the other hand, there was a write-up of € 11.3 million on one approval in the Specialty area due to improved future business prospects for this product. The interest rates applied in the impairment test that resulted in an impairment loss or reversal of an impairment loss ranged from 6.7% to 26.8%. In total, the recoverable amount for these assets amounted to € 157.0 million. The basis for the impairment was the calculated value in use, which is almost equal to the fair value.

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, 2022, this umbrella brand continues to have a carrying amount of € 39.3 million (December 31, 2021: € 39.2 million).

In the context of the impairment test of December 31, 2022, an unchanged royalty rate of 2% as well as a discount rate of 11.8% were used (December 31, 2021: 8.4%). There was no necessity for impairment for the reporting year. Even a 1% increase in the interest rate, a 10% reduction in sales revenue or a 0.5 percentage point reduction in growth rates would not result in any need for impairment.

Furthermore, in the context of the control achieved over Pymepharco in 2013, the umbrella brand Pymepharco was capitalized as an intangible asset with an indefinite useful life as a trademark, because STADA intends to continue to use the trademark. As of December 31, 2022, it has a carrying amount of € 9.3 million (December 31, 2021: € 9.1 million). In the context of the impairment test of December 31, 2022, an unchanged royalty rate of 2% as well as a discount rate of 12.0% were used (December 31, 2021: 9.7%). There was no necessity for impairment for the reporting year. Even a 1% increase in the interest rate, a 10% reduction in sales revenue or a 0.5 percentage point reduction in growth rates would not result in any need for impairment.

Borrowing costs capitalized in 2022 for intangible assets and directly attributable to the acquisition or the production amounted to € 6.9 million (previous year: € 5.1 million). In financial year 2022, the capitalization rate taken as a basis for determining borrowing costs eligible for capitalization was 3.6% (previous year: 3.3%).

Development costs of € 41.1 million were capitalized in the reporting year (previous year: € 32.6 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 expense in the period in which they are incurred (see Note 15.). In financial year 2022, these development costs amounted to € 94.6 million (previous year: € 86.5 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 € 174.3 million (previous year: € 166.6 million).

In financial year 2022, impairments on intangible assets were recognized in the total amount of € 66.5 million (previous year: € 93.5 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:

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	-0	—	—	—	-0
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 in the previous year resulted from the acquisition of the US company Friska.

In addition, there were additions in the previous year from the acquisition of the Sanofi product portfolio. The transaction comprised 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 as well as 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 interest rates applied in the impairment test that led to impairment ranged from 5.5% to 9.2%. The basis for the impairment was the calculated value in use, which is almost equal to the fair value.

The following amortization expense is expected for intangible assets in the next five years:

Expected amortization in k €	
2023	179,788
2024	181,045
2025	180,598
2026	176,911
2027	172,636

The following table shows which groups of cash-generating units the capitalized goodwill can be attributed to:

Residual carrying amount in € million	**Dec. 31, 2022**	**Dec. 31, 2021**
Consumer Healthcare	165.9	164.7
Generics	94.5	93.9
Specialty	180.1	178.9
Total	**440.5**	**437.5**

Compared with the previous year, there were only exchange rate-related changes in the carrying amounts of goodwill.

In the second quarter of 2022, the WACC deteriorated as a result of a massive increase in the risk-free basic interest rate and borrowing costs. The WACC after taxes of the STADA Group increased significantly from 6.67%, as applied in the context of the regular impairment test for 2021, to 8.28% as of June 30, 2022. Despite the unchanged positive business outlook for the Group, this interest rate development led to an impairment test of assets as of June 30, 2022.

In the context of this impairment test carried out on the capitalized goodwill as of June 30, 2022, the expected cash outflow was determined on the basis of the discounted cash flow method using the following defined parameters:

According to segment, defined group of cash-generating units	**Growth rates of the forward projection phase 2022** in %	**Pre tax WACCs 2022** in %
Consumer Healthcare	1.4%	9.4%
Generics	1.1%	9.6%
Specialty	1.3%	9.1%

The discounted cash flow method is used to determine the value in use of the group of cash-generating units, based on an individual interest rate for the group of cash-generating units 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 of 50% of the expected long-term inflation rate is assumed. The detail planning phase for determining the value in use are based on assumptions from past experience expanded to include current developments and reviewed using external market data and analyses. The most important assumptions include the development of future selling prices, amounts and costs, the influence of the regulatory market environment, investments, market share, exchange rates and growth rates. The Covid-19 pandemic is expected to have only a temporary impact that will be offset within a year, so no discount has been planned. Accordingly, the interest rate determined on the group of cash-generating units includes the market parameters influenced by the Covid-19 pandemic. In addition, the analysis of the expected cash flow scenario for Russia in the three-year planning period was conducted. Significant changes in the assumptions mentioned above would affect the calculation of the values in use of the cash-generating units. The discount rates used are determined on the basis of external factors derived from the market and adjusted for the risks prevailing in the respective group of cash-generating units despite the above-mentioned change in the assumptions for the discount rates in Russia. An increased country risk premium is also applied to Ukraine as a result of Russia's invasion of that country.

No impairment loss was recognized.

Changes in the calculation parameters used for the impairment tests may impact the fair values of cash-generating units. For this reason, a sensitivity analysis was performed with a 1.0 percentage point increase in the discount rate, a 0.5 percentage point decrease in the growth rate and a change in probability in the analysis of the Russia scenario (changing the base case from 55% to 45%, the downside case from 25% to 28%, the sovereign default case from 15% to 18% and the expropriation case from 5% to 9%). On the basis of all these assumptions, no impairment losses would have been recognized.

In the context of the regular impairment tests for capitalized goodwill as of November 30, 2022, the discounted cash flow method was used to determine anticipated cash inflows, applying the following parameters defined for the individual group of cash-generating units by segment:

According to segment, defined group of cash-generating units	Growth rates of the forward projection phase 2022 in %	Pre tax WACCs 2022 in %
Consumer Healthcare	1.4%	9.4%
Generics	1.1%	9.6%
Specialty	1.3%	9.1%

In the previous year, the applied parameters as of November 30, 2021 were as follows:

According to segment, defined group of cash-generating units	Growth rates of the forward projection phase 2021 in %	Pre tax WACCs 2021 in %
Consumer Healthcare	1.4%	8.7%
Generics	1.0%	8.0%
Specialty	1.3%	8.2%

The value in use of the group of cash-generating units was determined as described above, in line with the procedure as of June 30, 2022.

24. Property, plant and equipment

Property, plant and equipment developed as follows in financial year 2022:

2022 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, 2022	**305,618**	**398,351**	**129,309**	**114,186**	**69,400**	**1,016,864**
Currency translation	478	1,342	-1,365	1,201	479	2,135
Changes in the scope of consolidation	—	—	—	—	—	—
Additions	4,103	10,283	8,248	23,564	54,919	101,117
Additions from business combinations in accordance with IFRS 3	—	—	—	—	—	—
Disposals	1,145	3,265	12,806	11,310	1,538	30,063
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—	—
Transfers	6,431	21,081	15,130	44	-42,692	-6
Costs as of Dec. 31, 2022	**315,485**	**427,791**	**138,516**	**127,684**	**80,570**	**1,090,046**
Accumulated depreciation as of Jan. 1, 2022	**117,664**	**210,625**	**98,488**	**49,459**	**388**	**476,624**
Currency translation	-156	876	228	516	-107	1,357
Changes in the scope of consolidation	—	—	—	—	—	—
Scheduled depreciation/amortization	8,266	25,759	11,118	25,186	—	70,330
Impairment losses	6,008	6,310	2,183	2,789	553	17,843
Disposals	1,137	2,796	12,105	9,820	426	26,284
Write-ups	—	31	—	—	—	31
Reclassifications of non-current assets and disposal groups held for sale	—	—	—	—	—	—
Transfers	-48	18	-30	3	—	-57
Accumulated depreciation as of Dec. 31, 2022	**130,596**	**240,762**	**99,881**	**68,133**	**409**	**539,781**
Residual carrying amounts as of Dec. 31, 2022	**184,889**	**187,029**	**38,635**	**59,552**	**80,161**	**550,265**
Residual carrying amounts as of Dec. 31, 2021	**187,955**	**187,725**	**30,821**	**64,726**	**69,012**	**540,239**

As in the previous year, no borrowing costs were capitalized for property, plant and equipment in financial year 2022.

STADA continuously invests in the Group's own production facilities and testing laboratories. In the reporting year, investments amounting to € 51.5 million (previous year: € 65.7 million) were made for the expansion and modernization of production sites, manufacturing facilities as well as testing laboratories (maintenance CapEx). This includes € 4.4 million for a new supply chain and packaging site in the Romanian city of Turda. Since the start of the project, STADA has invested approximately € 14 million in the expansion of this new Romanian site.

The relevant CGU for Russia was tested for impairment of intangible assets using the assumptions for the expected cash flow scenario described in Chapter 10. There was no need for impairment in the reporting period.

Due to the negative future prospects resulting from the Russian invasion of Ukraine and the related increase in the market risk premium, which led to a significant increase in the WACC, impairment losses were recognized in relation to property, plant and equipment in Ukraine. As a result, all property, plant and equipment of the Ukraine CGU, including machinery and equipment, were subject to impairment (€ 13.4 million).

Property, plant and equipment developed as follows in the previous year:

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**

25. Financial assets

Financial assets developed as follows in financial year 2022:

2022 in k €	Shares in affiliated companies and other investments	Other financial assets	Total
Costs as of Jan. 1, 2022	**33,386**	**—**	**33,386**
Currency translation	-1,050	—	-1,050
Changes in the scope of consolidation	-500	—	-500
Additions	70	—	70
Disposals	473	—	473
Change in the fair value (FVOCI)	-3,356	—	-3,356
Costs as of Dec. 31, 2022	**28,076**	**—**	**28,076**
Accumulated depreciation as of Jan. 1, 2022	**15,283**	**—**	**15,283**
Currency translation	27	—	27
Disposals	473	—	473
Accumulated depreciation as of Dec. 31, 2022	**14,836**	**—**	**14,836**
Residual carrying amounts as of Dec. 31, 2022	**13,240**	**—**	**13,240**
Residual carrying amounts as of Dec. 31, 2021	**18,103**	**—**	**18,103**

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 two investments in France and Kyrgyzstan.

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:

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**

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.

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 2022 compared with the previous year:

in k €	2022	2021
As of Jan. 1	**2,939**	**2,710**
Dividend distribution	-150	-150
Results from associates	-8	269
Currency translation	-208	110
As of Dec. 31	**2,573**	**2,939**

The decrease in investments accounted for using the equity method in financial year 2022 resulted primarily from dividend distributions and from currency translation effects.

27. Trade accounts receivable

Trade accounts receivable are composed as follows:

in k €	Dec. 31, 2022	Dec. 31, 2021
Trade accounts receivable from third parties	961,376	824,239
Trade accounts receivable from non-consolidated companies	2,049	3,480
Valuation allowances vis-à-vis third parties	-110,496	-103,455
Financial assets (FVOCI)	25,881	39,545
Total	**878,810**	**763,808**

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 €	2022	2021
As of Jan. 1	**103,455**	**105,374**
Added	14,911	235
Utilized	-3,590	-556
Reversed	-3,815	-1,948
Additions from business combinations in accordance with IFRS 3	–	–
Changes in the scope of consolidation	–	–
Currency translation differences	-465	350
As of Dec. 31	**110,496**	**103,455**

Value adjustment matrix

The figures for financial year 2022 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%	317,925	2,331	8,485	326,410
Cluster 2 – medium risk	1.6%–3.0%	538,339	3,052	96,628	634,966
Cluster 3 – increased risk	3.1%–5.0%	–	–	–	–
Cluster 4 – high risk	>5.0%	–	–	–	–
Total		**856,264**	**5,383**	**105,113**	**961,376**

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%	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**

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, 2022, return assets due after one year amounted to € 1.0 million (previous year: € 1.0 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, 2022		Dec. 31, 2021	
in k €	Total	thereof: current	Total	thereof: current
Derivative financial assets	899	899	34	34
Other financial assets	69,217	68,788	78,268	77,980
Total	**70,116**	**69,687**	**78,302**	**78,014**

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 € 6.1 million (previous year: € 5.1 million) and receivables from Nidda Healthcare Holding GmbH and Nidda Healthcare GmbH in the amount of € 44.8 million (previous year: € 61.8 million). In addition, other financial assets also comprise many immaterial individual items in the Group companies.

As of December 31, 2022, other financial assets included impairments in the amount of € 9.6 million (December 31, 2021: € 9.6 million).

30. Other assets

Other assets were composed as follows:

	Dec. 31, 2022		Dec. 31, 2021	
in k €	Total	thereof: current	Total	thereof: current
Other receivables due from the tax authorities	28,482	28,455	18,956	18,928
Prepaid expenses/deferred charges	50,334	48,148	46,923	45,429
Other assets	10,389	5,654	12,047	9,342
Total	**89,205**	**82,258**	**77,925**	**73,699**

As of the balance sheet date, other assets included non-current assets from over-funded pension plans in the amount of € 3.2 million (December 31, 2021: € 1.5 million) and also consisted of many immaterial individual items in the Group companies.

As of December 31, 2022, other assets included write-downs in the amount of € 0.2 million (December 31, 2021: € 0.3 million).

31. Inventories

in k €	2022	2021
Materials and supplies	235,554	174,589
Work in progress	77,668	50,949
Finished goods and merchandise	622,155	565,614
Advance payments to suppliers	29,984	20,936
Total	**965,361**	**812,088**

In financial year 2022, impairments netted with reversals were made on the net realizable value of inventories in the amount of € 83.4 million (previous year: € 70.9 million), which were already deducted from the amounts shown above through profit and loss. In financial year 2022, reversals here amounted to € 11.1 million (previous year: € 11.7 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 € 4.7 million (previous year: € 7.6 million).

The increase in cash and cash equivalents from € 526.5 million as of December 31, 2021 to € 258.6 million as of December 31, 2022 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, 2022, 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 € 1,465.2 million as of the balance sheet date (December 31, 2021: € 1,215.5 million). This corresponds to an equity ratio of 25.5% (December 31, 2021: 21.1%).

34.1. Share capital

As of December 31, 2022, share capital amounted to € 162,090,344.00 (December 31, 2021: € 162,090,344.00) and was divided into 62,342,440 registered shares (December 31, 2021: 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, 2022 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, 2022, net income in the amount of € 3.6 million after deferred taxes – not considering amounts attributable to non-controlling interests – resulted from the remeasurement (previous year: income of € 3.6 million). 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, 2022 in comparison with December 31, 2021. 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 2022, amounted to income recognized in equity of € 0.5 million (previous year: expenses of € 0.4 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 the 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 IFRS 9, 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, 2021, 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, 2021: 84,273), each with an arithmetical par value of € 2.60, which is equivalent to 0.14% (December 31, 2021: 0.14%) of the share capital. In financial year 2022, no treasury shares were sold.

34.6. Shares relating to non-controlling interests

Shares held by non-controlling interests related as of December 31, 2022 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, 2022	Dec. 31, 2021
Germany	16,861	21,909
International	16,488	17,373
Total	**33,349**	**39,282**

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 2022, the plan assets of three subsidiaries exceeded their pension obligations, with the result that these excess assets, after application of the asset ceiling rules, were recognized under other assets as assets from overfunded pension plans in the amount of € 3.2 million (previous year: € 1.5 million).

Plan assets can be broken down by investment category and quoted market price as follows:

in k €	Dec. 31, 2022	Dec. 31, 2021
Plan assets with quoted market price	**54,832**	**65,038**
thereof cash and cash equivalents	1,795	1,803
thereof equity securities	6,413	10,106
thereof debt securities	33,157	46,694
thereof real estate	8,020	6,423
thereof derivatives	—	—
thereof shares in investment funds	5,447	—
thereof other	—	12
Plan assets without quoted market price	**32,834**	**38,658**
thereof insurance policies	32,834	38,658
Total	**87,666**	**103,696**

For German Group companies, pension obligations developed as follows:

Projected benefit obligations (DBO) for pension commitments in k €	2022	2021
As of Jan. 1	**43,174**	**45,955**
Current service cost	10	11
Past service cost	—	—
Plan settlements	—	—
Interest cost	546	450
Benefits paid from plan assets from settlements	—	—
Other benefits paid from plan assets	-1,573	-1,573
Benefits paid by the employer from settlements	—	—
Other benefits paid by the employer	-750	-733
Reclassifications	—	—
Remeasurements:		
gains (-)/losses (+) due to changed demographic assumptions	—	—
gains (-)/losses (+) due to changed financial assumptions	-9,574	-1,548
gains (-)/losses (+) due to experience-based changes	325	612
As of Dec. 31	**32,158**	**43,174**

For international Group companies, pension obligations developed as follows:

Projected benefit obligations (DBO) for pension commitments in k €	2022	2021
As of Jan. 1	**82,707**	**81,644**
Current service cost	3,008	2,937
Past service cost	112	-359
Plan settlements	-182	-257
Interest cost	1,120	894
Benefits paid from plan assets from settlements	-357	-3,002
Other benefits paid from plan assets	26	360
Benefits paid by the employer from settlements	-259	-323
Other benefits paid by the employer	-774	-862
Employee contributions	835	792
Insurance premiums for death and disability benefits	-375	-358
Business combinations	—	11
Disposals	—	—
Reclassifications	5,194	—
Remeasurements:		
gains (-)/losses (+) due to changed demographic assumptions	398	-1,758
gains (-)/losses (+) due to changed financial assumptions	-23,481	-1,822
gains (-)/losses (+) due to experience-based changes	2,851	1,269
Currency changes	470	3,641
Other	-100	-100
As of Dec. 31	**71,193**	**82,707**

In financial year 2022, there were only special events 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 €	2022	2021
As of Jan. 1	**31,703**	**33,449**
Interest income	391	315
Employer contributions	—	-4
Employee contributions	—	—
Benefits paid from plan assets from settlements	—	—
Other benefits paid from plan assets	-1,573	-1,573
Return on plan assets (not included in interest result)	-5,413	-484
Other	—	—
As of Dec. 31	**25,108**	**31,703**

The fair value of plan assets underlying the pension obligations developed as follows for international Group companies:

Fair value of plan assets in k €	2022	2021
As of Jan. 1	**71,993**	**64,160**
Interest income	862	623
Employer contributions	4,609	4,650
Employee contributions	835	792
Benefits paid from plan assets from settlements	-357	-3,002
Other benefits paid from plan assets	26	360
Insurance premiums for death and disability benefits	-375	-358
Business combinations	—	—
Disposals	—	—
Reclassifications	4,471	—
Return on plan assets (not included in interest result)	-19,654	1,814
Currency changes	264	3,101
Other	-116	-147
As of Dec. 31	**62,558**	**71,993**

Net debt from defined benefit plans developed as follows for German Group companies:

Net debt from defined benefit plans in k €	2022	2021
As of Jan. 1	**11,471**	**12,506**
Expenses from pension plans recognized in the income statement	165	146
Remeasurements:		
gains (-)/losses (+) due to changed demographic assumptions	—	—
gains (-)/losses (+) due to changed financial assumptions	-9,574	-1,548
gains (-)/losses (+) due to experience-based changes	325	612
Return on plan assets (not included in interest result)	5,413	484
Employer contributions	—	4
Benefits paid by employer from settlements	—	—
Other benefits paid by the employer	-750	-733
Reclassifications	—	—
As of Dec. 31	**7,050**	**11,471**

Net debt from defined benefit plans developed as follows for international Group companies:

Net debt from defined benefit plans in k €	2022	2021
As of Jan. 1	**10,714**	**17,484**
Expenses from pension plans recognized in the income statement	3,212	2,639
Remeasurements:		
gains (-)/losses (+) due to changed demographic assumptions	398	-1,758
gains (-)/losses (+) due to changed financial assumptions	-23,481	-1,822
gains (-)/losses (+) due to experience-based changes	2,851	1,269
Return on plan assets (not included in interest result)	19,654	-1,814
gains (-)/losses (+) due to changes in asset ceiling	582	—
Employer contributions	-4,609	-4,650
Benefits paid by employer from settlements	-259	-323
Other benefits paid by the employer	-774	-862
Business combinations	—	11
Disposals	—	—
Reclassifications	723	—
Currency changes	219	540
As of Dec. 31	**9,230**	**10,714**

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, 2022	Dec. 31, 2021
Present value of the defined benefit obligations fully or partially funded by plan assets	91,476	112,999
Fair value of plan assets	87,666	103,696
Defined benefit obligations in excess of plan assets	**3,810**	**9,303**
Present value of unfunded defined benefit obligations	11,875	12,882
Net defined benefit liability	**15,685**	**22,185**
Effect of asset ceiling (in accordance with IAS 19.64)	595	—
Net defined benefit liability recognized in the balance sheet	**16,280**	**22,185**

The asset ceiling developed as follows:

Change in asset ceiling in k €	2022	2021
As of Jan. 1	**—**	**—**
Interest income	—	—
Remeasurements:		
Changes in asset ceiling (not included in interest result)	582	—
Currency changes	13	—
As of Dec. 31	**595**	**—**

Expenses for defined benefit plans amounted to net expenses in the total amount of € 3.4 million in financial year 2022 (previous year: € 2.8 million) and consisted of the following components:

in k €	2022	2021
Current service cost	3,018	2,948
Past service cost	112	-359
Plan settlements	-182	-257
Net interest expense:		
interest expense (DBO)	1,666	1,344
interest income (plan assets)	-1,253	-938
interest income from reimbursement	—	—
interest expense (+)/interest income (-) from the limit on an asset	—	—
Administration costs	16	47
Other	—	—
Total	**3,377**	**2,785**

The result from plan assets amounted to an expense of € 5.0 million in financial year 2022 (previous year: expense of € 0.2 million) for German Group companies and an expense of € 18.8 million (previous year: income of € 2.4 million) for international Group companies.

The amount of 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 full value of the gross obligation on the basis of the reinsurance available for this purpose. The negative income from plan assets outside Germany is mainly attributable to the development of plan assets in the United Kingdom. Due to the focus of the allocation on the pension obligations, plan assets in the United Kingdom decreased by an amount comparable to the reduction in the pension obligation due to the fluctuation in the discount rate.

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, 2022	Dec. 31, 2021
Discount rate	4.0%	1.3%
Salary trend	3.3%	3.0%
Pension trend	1.6%	1.4%
Inflation	2.0%	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, 2022	Dec. 31, 2021
Discount rate	3.8%	1.4%
Salary trend	2.5%	2.1%
Pension trend	1.0%	1.5%
Inflation	2.1%	2.2%

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 Dec. 31, 2022 (k € 32,158) for changed assumptions in k €	**Dec. 31, 2022**	**Dec. 31, 2021**
Discount rate +0.5%	-1,480	-2,401
Discount rate -0.5%	1,598	2,634
Salary trend +0.5%	—	1
Salary trend -0.5%	—	-1
Pension trend +0.5%	1,634	2,616
Pension trend -0.5%	-1,520	-2,409

The salary trend is insignificant, because all plan participants have already reached 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 Dec. 31, 2022 (k € 71,193) for changed assumptions in k €	**Dec. 31, 2022**	**Dec. 31, 2021**
Discount rate +0.5%	-3,005	-5,760
Discount rate -0.5%	3,314	6,553
Salary trend +0.5%	738	831
Salary trend -0.5%	-698	-792
Pension trend +0.5%	1,542	2,495
Pension trend -0.5%	-600	-1,529

As of December 31, 2022, the weighted duration of the pension obligations amounted to 10 years (December 31, 2021: 12 years) for German Group companies and 13 years (December 31, 2021: 17 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	2,331	3,926
Between 1 and 2 years	2,309	3,160
Between 2 and 3 years	2,286	4,072
Between 3 and 4 years	2,262	3,711
Between 4 and 5 years	2,240	4,349
Between 5 and 10 years	10,794	24,861

For the coming financial year, employer contributions consisting of direct pension payments and contributions to the plan assets, are expected in the amount of € 0.8 million for German Group companies and € 5.3 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 approximately 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 applied 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, 2022, plan assets amounted to € 25.1 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, 2022, plan assets amounted to € 15.7 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 2021 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 € 37.1 million in financial year 2022 (previous year: € 35.6 million).

The other non-current provisions developed as follows:

Other non-current provisions in k €	**2022**	**2021**
As of Jan. 1	**15,584**	**11,736**
Current service cost	2,379	4,386
Past service cost	—	59
Plan settlements	—	—
Interest cost	121	144
Benefits paid	-2,982	-2,089
Business combinations	—	1,323
Remeasurements:		
gains (-)/losses (+) due to changed demographic assumptions	2	-245
gains (-)/losses (+) due to changed financial assumptions	-2,473	162
gains (-)/losses (+) due to experience-based changes	639	79
Currency changes	15	29
Reclassifications	540	—
As of Dec. 31	**13,825**	**15,584**

36. Financial liabilities

Financial liabilities are comprised as follows in accordance with their remaining terms as of the reporting date:

Current remaining terms of financial liabilities as of Dec. 31, 2022 in k €	**< 1 year**	**1–3 years**	**3–5 years**	**> 5 years**	**Total**	**thereof as of Dec. 31, 2022 > 1 year** in %
Promissory note loans	6,999	—	—	—	6,999	0%
Bond	—	—	—	—	—	0%
Amounts due to banks	46,180	134,944	136,075	—	317,199	85%
Amounts due to shareholders	—	1,011,787	1,289,973	—	2,301,760	100%
Accrued interest	7,367	—	—	—	7,367	0%
Total	**60,546**	**1,146,731**	**1,426,048**	**—**	**2,633,326**	**98%**

Financial liabilities are comprised as follows in accordance with their remaining terms:

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%
Amounts due to shareholders	–	1,113,013	1,342,188	–	2,455,201	100%
Accrued interest	14,718	–	–	–	14,718	0%
Total	**343,177**	**1,362,620**	**1,342,188**	**–**	**3,047,985**	**89%**

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)]

In addition, STADA received a loan with a nominal volume of € 2,302.2 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, 2022, from interest payments and repayment of financial liabilities for the coming years are presented in the following table:

			2023			**2024**			**2025**			**>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	43,244	146,028	53,304	42,692	73,582	1,012,209	34,920	97,826	135,171	35,472	68,263	1,426,696

The following projection of cash flow from financial liabilities was generated in the previous year:

			2022			**2023**			**2024**			**>2024**
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

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, 2022.

1) This collateral security was maintained as usual as part of the follow-up financing in subsequent years.

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 €	2022	2021
As of Jan. 1	**3,047,985**	**2,742,810**
Inflows from business combinations in accordance with IFRS 3	—	—
Cash inflows from additions	467,461	520,969
Cash outflows from repayments	-894,512	-235,032
Changes in the scope of consolidation	—	—
Effects from currency translation	17,835	16,896
Reclassification from other financial liabilities	—	—
Other non-cash effective changes	1,907	1,428
Interest payments	-149,317	-110,843
Interest expenses	141,966	111,757
As of Dec. 31	**2,633,325**	**3,047,985**

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, 2022	Dec. 31, 2021
Trade accounts payable to third parties	439,147	383,527
Trade accounts payable to parent companies and non-consolidated Group companies	5,413	7,593
Advances received on orders from third parties	707	979
Liabilities from outstanding accounts	244,080	209,019
Total	**689,348**	**601,118**

Of the total amount of trade accounts payable, € 3.4 million (previous year: € 4.5 million) is due after one year and € 0.6 million (previous year: € 0.7 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

Contract liabilities in the reporting year amounted to € 4.5 million (previous year: € 1.5 million) and consisted exclusively of advance payments received where it is assumed that performance will be rendered in 2023. 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, 2022 Total	Dec. 31, 2022 thereof: current	Dec. 31, 2021 Total	Dec. 31, 2021 thereof: current
Purchase price liabilities	73,487	5,662	100,495	14,106
Liabilities from leases	80,895	23,095	71,347	22,738
Liabilities to shareholders from domination and profit and loss transfer agreements	108,772	108,772	118,821	118,821
Liabilities from derivative financial instruments	1,856	1,856	1,252	1,252
Other financial liabilities	215,577	215,577	166,876	166,679
Total	**480,587**	**354,962**	**458,791**	**323,595**

As in the previous year, purchase price liabilities as of December 31, 2022 resulted mainly from liabilities from earnout agreements in connection with the acquisition of Lobsor Pharmaceuticals. In the previous year, there were also liabilities from earnout agreements from the acquisition of additional shares in the Vietnamese subsidiary Pymepharco. The final payment of € 14.7 million was made in the financial year, which means that there were no outstanding liabilities as of December 31, 2022.

The earnout liability from the acquisition of Lobsor Pharmaceuticals decreased by € 15.2 million to € 72.3 million in the reporting year. The reduction was due for the most part to reduced sales expectations, in particular as a result of delayed market launches. The contingent consideration was remeasured using the income capitalization approach, for which the expected country sales at the defined license rates were used and discounted using a discount factor of 12% (previous year: 11%).

Lease liabilities are due as follows:

in k €	Lease instalments		Interest		Lease liabilities	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Remaining term up to 1 year	27,510	25,704	4,415	2,967	23,095	22,738
Remaining term over 1 year	66,567	56,166	8,766	7,558	57,800	48,609
Total	**94,077**	**81,871**	**13,181**	**10,524**	**80,895**	**71,347**

The increase in lease liabilities during the financial year was mainly due to the extension of contracts for building rental and IT hosting services.

Liabilities to shareholders from the domination and profit and loss transfer agreement relate to liabilities from the profit transfer in the amount of € 108.8 million (previous year: € 118.8 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 2022, 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, 2022	Dec. 31, 2021
Remaining term up to 1 year	1,856	1,252
Remaining term over 1 year to 3 years	–	–
Remaining term over 3 years to 5 years	–	–
Remaining term over 5 years	–	–
Total	**1,856**	**1,252**

Other financial liabilities primarily included liabilities from discount agreements of German STADA companies in the amount of € 177.9 million (previous year: € 133.5 million). The remaining financial liabilities fall due in the amount of € 215.6 million (previous year: € 166.7 million) within one year, in the amount of € 0.0 million (previous year: € 0.2 million) after one year and up to five years.

The contractually agreed undiscounted cash flows, as of the reporting date December 31, 2022, 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:

	2023			2024			>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	4,415	–	23,095	3,098	–	18,202	5,669	–	39,598
Cash flow from derivatives	–	–	–	–	–	–	–	–	–

The following projection of cash flows from lease liabilities as well as from derivatives resulted in the previous year:

	2022			2023			>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	2,967	–	22,738	2,089	–	16,029	5,468	–	32,580
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:

in k €	Dec. 31, 2022 Total	Dec. 31, 2022 thereof: current	Dec. 31, 2021 Total	Dec. 31, 2021 thereof: current
Tax liabilities (except income taxes)	26,052	26,052	6,445	6,445
Personnel related liabilities	86,886	86,824	78,016	77,968
Other liabilities	84,580	80,971	70,205	65,997
Total	**197,518**	**193,847**	**154,666**	**150,410**

The increase in other liabilities resulted, among other things from the higher sales tax liabilities in France.

The non-renewal of the lease agreement (term until the end of 2026) for the production plant of Mobilat Produktions GmbH resulted in a decision on the part of management to transfer a large part of production to an external contract manufacturer and to transfer a smaller part of production internally within the Group. The affected employees and the company's Works Council were informed of the decision in November 2022. Discussions with the Works Council on the amount of severance payments and the number of employees who will be impacted by the plant closure were initiated immediately thereafter. The estimated personnel restructuring costs are estimated at a total of € 4.3 million. Other costs directly attributable to the restructuring, arising primarily from the dismantling and scrapping of production machinery, are expected to amount to € 0.5 million. These costs were fully recognized under other liabilities in the current reporting period. The provision is expected to be fully utilized by the end of financial year 2024.

41. Other provisions

Other provisions are composed as follows:

in k €	Dec. 31, 2022	Dec. 31, 2021
Provisions for damages	1,229	1,073
Provisions for returns	22,376	18,839
Total	**23,605**	**19,912**

Provisions for damages include possible utilization from pending legal disputes including the associated legal costs and developed as follows:

in k €	2022	2021
As of Jan. 1	**1,073**	**46,744**
Added	165	9
Utilized	–	33,112
Reversed	10	14,497
Changes in the scope of consolidation	–	–
Currency translation differences	2	1,928
As of Dec. 31	**1,229**	**1,073**

Utilization is expected within the next twelve months.

Provisions for returns developed as follows:

in k €	2022	2021
As of Jan. 1	**18,839**	**15,207**
Added	16,577	9,125
Utilized	11,500	5,286
Reversed	2,481	955
Changes in the scope of consolidation	–	748
Currency translation differences	941	0
As of Dec. 31	**22,377**	**18,839**

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 € 738.6 million in the reporting year (previous year: € 598.2 million). This development was based primarily on an increase in EBITDA adjusted for significant non-cash effects and thus in gross cash flow, in combination with active operational liquidity management, despite increased working capital. There were also significantly lower cash outflows in connection with health insurance discount agreements compared with the corresponding period of the previous year.

Cash flow from investing activities reflects the cash outflows for investments reduced by the inflows from disposals. This amounted to € -242.8 million in the reporting year (previous year: € -307.8 million).

In financial year 2022, payments for investments in intangible assets in the amount of € 171.6 million (previous year: € 236.1 million). Of this total, € 140.6 million (previous year: € 206.3 million) related to significant investments in intangible assets for the expansion of the product portfolio, especially as relates to biosimilars as well as product acquisitions in Germany. In the context of business combinations, there were cash outflows in connection with earnout agreements as part of the acquisition of Swedish company Lobsor Pharmaceuticals in financial year 2020. This was offset by further sales tax refunds for the purchase price payments made in financial year 2020 in relation to the acquisition of the Takeda product portfolio.

For acquisitions in the context of business combinations in accordance with IFRS 3 (including VAT) and of significant investments in intangible assets for the expansion of the product portfolio, STADA thus spent a total of € 141.4 million in financial year 2022 (previous year: € 201.2 million).

Proceeds from the disposal of non-current assets amounted to € 3.6 million in the financial year (previous year: € 2.8 million).

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 € -773.6 million in financial year 2022 (previous year: € -35.3 million). This development was primarily due to significantly higher cash outflows from the payment of financial liabilities in financial year 2022. The negative balance from borrowings and repayments resulted primarily from the scheduled repayment of the STADA bond in the amount of € 267.4 million. There were also high repayments of shareholder loans in financial year 2022. In the previous year, net borrowings mainly resulted from an increase in shareholder loans. In addition, interest payments were higher than in the previous year at € 154.7 million (previous year: € 114.7 million). The settlement of liabilities for financial year 2021 under the domination and profit and loss transfer agreement with Nidda Healthcare GmbH resulted in significantly lower payments of € 118.8 million compared to the previous year. Changes in minority interests resulted from final payments from earnout agreements in connection with the acquisition of additional shares in the Vietnamese subsidiary Pymepharco carried out in financial year 2020.

Free cash flow as the total of cash flow from operating activities and cash flow from investing activities amounted to € 495.8 million in financial year 2022 (previous year: € 290.4 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 €	2022	2021
Operating cash flow	**738,586**	**598,245**
Investing cash flow	-242,762	-307,820
+ payments for investments in business combinations in accordance with IFRS 3 (incl. VAT)	834	-5,087
+ payments for significant investments in intangible assets for the short-term expansion of the product portfolio	140,592	206,278
– proceeds from disposals in significant disinvestments	–	–
– proceeds (+)/payments (-) from disposals in consolidated companies	–	–
– proceeds (+)/payments (-) from the sale of non-current assets held for sale (IFRS 5)	–	–
Adjusted free cash flow	**637,250**	**491,616**

43. Further information on business activities by product area

Given the fact that STADA is no longer capital market-oriented in accordance with IFRS as of the balance sheet date on December 31, 2022, there is no obligation to prepare segment reporting in accordance with IFRS for the financial year.

However, in order to provide the users of the balance sheet with further insight into the operating business activities, additional information by product area is provided instead of segment reporting, which does not represent information in accordance with IFRS 8. The product areas shown represent business segments.

The allocation of product areas in the STADA Group is based on sales differentiation. Thus, the allocation to the individual product areas is determined to a large extent by the sales positioning. If this positioning changes for parts of the product portfolio, associated sales are reallocated.

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).

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.

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 product areas, as well as the elimination of sales between product areas, are recognized under the reconciliation Group holding/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.

43.1. Information by product area

in k €	2022	2021
Consumer Healthcare		
External sales	**1,620,220**	**1,283,982**
FX adjustment[1]	—	105,990
Sales adjusted for special items and currency effects	1,620,220	1,389,972
Operating profit	289,999	191,189
Depreciation/amortization	120,294	109,092
Impairment losses	41,251	30,569
Reversals	1,388	45
EBITDA	450,156	330,805
Special items within EBITDA	-18	-8,825
thereof:		
effects from purchase price allocation including product acquisitions[2]	-18	64
effects from deconsolidations	—	—
exchange rate expenses	—	—
expenses for damages	—	-8,889
severance payments	—	—
FX adjustment[3]	—	37,194
EBITDA adjusted for special items and currency effects	450,138	359,174
Other significant non-cash expenses (+)/income (-) within the operating result	43,225	23,371
Generics		
External sales	**1,436,266**	**1,326,760**
FX adjustment[1]	—	22,747
Sales adjusted for special items and currency effects	1,436,266	1,349,507
Operating profit	284,964	262,955
Depreciation/amortization	38,318	39,795
Impairment losses	14,921	8,929
Reversals	21	196
EBITDA	338,182	311,483
Special items within EBITDA	—	—
thereof:		
effects from purchase price allocation including product acquisitions[2]	—	—
effects from deconsolidations	—	—
exchange rate expenses	—	—
expenses for damages	—	—
severance payments	—	—
FX adjustment[3]	—	4,264
EBITDA adjusted for special items and currency effects	338,182	315,747
Other significant non-cash expenses (+)/income (-) within the operating result	193,512	154,448

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2021 financial year was carried out using the exchange rates for the reporting year.
2) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions.
3) The currency adjustment for the 2021 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.

in k €	2022	2021
Specialty		
External sales	**740,720**	**638,709**
FX adjustment[1]	—	30,917
Sales adjusted for special items and currency effects	740,720	669,626
Operating profit	146,583	96,915
Depreciation/amortization	61,059	59,752
Impairment losses	28,852	54,192
Reversals	11,330	4,172
EBITDA	225,164	206,687
Special items within EBITDA	—	-6,611
thereof:		
effects from purchase price allocation including product acquisitions[2]	—	78
effects from deconsolidations	—	—
exchange rate expenses	—	—
expenses for damages	—	-6,689
severance payments	—	—
FX adjustment[3]	—	4,335
EBITDA adjusted for special items and currency effects	225,164	204,411
Other significant non-cash expenses (+)/income (-) within the operating result	41,067	24,180
Reconciliation Group holdings/other and consolidation		
External sales	**0**	**—**
FX adjustment[1]	—	—
Sales adjusted for special items and currency effects	0	—
Operating profit	-153,021	-96,074
Depreciation/amortization	24,971	23,356
Impairment losses	-696	—
Reversals	-0	—
EBITDA	-128,753	-72,449
Special items within EBITDA	-27,785	-43,278
thereof:	—	—
effects from purchase price allocation including product acquisitions[2]	-12,637	-28,878
effects from deconsolidations	—	—
exchange rate expenses	-15,148	-14,400
expenses for damages	—	—
severance payments	—	—
FX adjustment[3]	18,262	-12,366
EBITDA adjusted for special items and currency effects	-138,276	-128,093
Other significant non-cash expenses (+)/income (-) within the operating result	-9,522	-52,116

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2021 financial year was carried out using the exchange rates for the reporting year.
2) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions.
3) The currency adjustment for the 2021 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.

in k €	2022	2021
Group		
External sales	**3,797,207**	**3,249,451**
FX adjustment[1)]		159,654
Sales adjusted for special items and currency effects	3,797,207	3,409,105
Operating profit	568,525	454,985
Depreciation/amortization	244,642	231,995
Impairment losses	84,328	93,690
Reversals	12,738	4,413
EBITDA	884,749	776,526
Special items within EBITDA	-27,803	-58,714
thereof:		
effects from purchase price allocation including product acquisitions[2)]	-12,655	-28,736
effects from deconsolidations	—	—
exchange rate expenses	-15,148	-14,400
expenses for damages	—	-15,578
severance payments	—	—
FX adjustment[3)]	18,262	33,427
EBITDA adjusted for special items and currency effects	875,208	751,239
Other significant non-cash expenses (+)/income (-) within the operating result	268,282	149,883

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the 2021 financial year was carried out using the exchange rates for the reporting year.
2) Relates to additional depreciation, amortization and other valuation effects due to purchase price allocations and significant product acquisitions.
3) The currency adjustment for the 2021 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.

43.2. Reconciliation of results for each product area to net profit

in k €	2022	2021
Adjusted EBITDA for product division[1)]	1,013,484	833,539
Special items within EBITDA[1)]	-18	-15,436
Reconciliation Group holdings/other and consolidation	-128,753	-72,449
Depreciation, amortization, impairment losses and reversals	316,232	321,272
Financial income	4,911	1,748
Financial expenses	148,970	124,627
Earnings before taxes, Group	**424,458**	**332,375**

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.

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, 2022 amounted to approximately € 24.0 million (December 31, 2021: € 30.7 million). The decline of € 6.7 million compared with the previous year is mainly due to the elimination of 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, 2022	Dec. 31, 2021
Obligations from leases	35,554	5,176
Other financial obligations	112,880	120,063
Total	**148,433**	**125,239**

In the information on future obligations from leasing relationships as of December 31, 2022, 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. They also include those obligations from leases that do not qualify for capitalization as a right of use in accordance with IFRS 16 – these comprise, for example, contracts for cloud solutions, which also contributed significantly to the increase in obligations compared with the previous year.

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.

The total of future payments under leases can be broken down according to remaining term as follows:

	Lease liabilities	
in k €	Dec. 31, 2022	Dec. 31, 2021
Remaining term up to 1 year	16,440	4,261
Remaining terms over 1 year to 5 years	19,113	915
Remaining terms over 5 years	—	—
Total	**35,554**	**5,176**

The obligations for short-term leases amounted to € 0.5 million as of December 31, 2022 (December 31, 2021: € 0.5 million).

In financial year 2022, lease payments in the amount of € 35.2 million (previous year: € 25.0 million) were recognized as an expense. Included in this figure were expenses in the amount of € 1.1 million for short-term leases (previous year: € 0.7 million) and € 1.4 million for leases for low-value assets (previous year: € 1.1 million).

Other financial obligations include long-term obligations for logistics and accounting services. Furthermore, contingent liabilities in the amount of € 54.8 million (previous year: € 52.7 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, 2022**	**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, 2022**
ASSETS							
Cash and cash equivalents	AC	258,633	258,633	–	–	–	258,633
Financial assets							
at fair value through other comprehensive income	FVOCI	11,597	–	11,597	–	–	11,597
Trade accounts receivable:							
at amortized cost	AC	852,929	852,929	–	–	–	852,929
at fair value through other comprehensive income	FVOCI	25,881	–	25,881	–	–	25,881
Other financial assets:							
at amortized cost	AC	69,217	69,217	–	–	–	69,217
Derivative financial assets:							
derivative financial assets with hedge accounting	n/a	–	–	–	–	–	–
derivative financial assets without hedge accounting (FVPL)	FVPL	899	–	–	899	–	899
EQUITY AND LIABILITIES							
Trade accounts payable	AC	689,348	689,348	–	–	–	689,348
Amounts due to banks	AC	317,199	317,199	–	–	–	343,641
Promissory note loans	AC	6,999	6,999	–	–	–	7,041
Bond	AC	–	–	–	–	–	–
Financial liabilities due to shareholders	AC	2,301,760	2,301,760	–	–	–	2,369,551
Unpaid interest	AC	7,367	7,367	–	–	–	7,367
Other financial liabilities	AC	409,764	409,764	–	–	–	409,764
Lease liabilities	n/a	80,895	–	–	–	80,895	80,895
Derivative financial liabilities with hedge accounting	n/a	1,856	–	–	1,856	–	1,856
Derivative financial liabilities without hedge accounting	FVPL	–	–	–	–	–	–
Thereof aggregated by IFRS 9 valuation categories							
Financial assets at amortized cost	AC	1,180,779	1,180,779	–	–	–	1,180,779
Financial assets (FVOCI)	FVOCI	37,478	–	37,478	–	–	37,478
Financial liabilities measured at amortized cost	AC	3,732,437	3,732,437	–	–	–	3,826,712

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, 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
Financial assets							
at fair value through other comprehensive income	FVOCI	16,062	–	16,062	–	–	16,062
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
Unpaid interest	AC	14,718	14,718	–	–	–	14,718
Other financial liabilities	AC	386,192	386,192	–	–	–	386,192
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	55,607	–	55,607	–	–	55,607
Financial liabilities measured at amortized cost	AC	4,035,295	4,035,295	–	–	–	4,085,639

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:

Fair values by levels of hierarchy on a recurring basis in k €	**Level 1** Listed prices in active markets		**Level 2** Valuation methods with input parameters observable in the market		**Level 3** Valuation methods with input parameters not observable in the market	
	Dec. 31, 2022	**Dec. 31, 2021**	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2022**	**Dec. 31, 2021**
Financial assets (FVOCI)						
Financial assets	11,597	16,062	–	–	–	–
Factorable receivables	–	–	25,881	39,545	–	–
Financial assets (FVPL)						
Currency forwards	–	–	899	–	–	–
Derivative financial assets with a hedging relationship						
Fair value hedges	–	–	–	34	–	–
Financial liabilities (FVPL)						
Currency forwards	–	–	–	380	–	–
Interest/currency swaps	–	–	–	–	–	–
Derivative financial liabilities with a hedging relationship						
Fair value hedges	–	–	1,856	872	–	–

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 2022, 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, 2022**	**Dec. 31, 2021**
Financial assets at amortized cost	4,911	—	-10,055	-11,218	—	-16,362	361
Financial assets (FVOCI)	-2,210	—	—	—	—	-2,210	-1,414
Financial assets held for trading (FVPL)	—	899	—	—	139	1,038	-1,136
Financial liabilities measured at amortized cost	-143,740	—	4,959	—	—	-138,781	-94,029
Financial liabilities held for trading (FLHfT)	—	-915	—	—	-1,228	-2,143	-6,593
Total	**-141,039**	**-16**	**-5,096**	**-11,218**	**-1,089**	**-158,458**	**-102,811**

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 €	2022	2021
Interest income		
from financial assets measured at amortized cost	4,625	1,631
Interest expense		
from financial liabilities measured at amortized cost	143,740	121,232

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 € 42.7 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 € 135.8 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 € 1.5 million. The nominal volume of receivables sold by STADA but not yet paid under the factoring agreements amounted to € 81.6 million on the reporting date. The ongoing commitment of STADA as of December 31, 2022, translated into euro, amounted to € 1.4 million and the carrying amounts of the associated liability, translated into euro, amounted to € 1.5 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, 2022
in k €	Russian ruble	Romanian leu	US dollar
Outstanding foreign currency item	-40,320	-30,520	86,814
Income (+)/expense (-) from an appreciation of the euro in comparison to the respective functional currency by 10%	-13,324	-5,287	-8,681
Income (+)/expense (-) from a depreciation of the euro in comparison to the respective functional currency by 10%	13,324	5,287	8,681
Equity increase (+)/equity reduction (-) from an appreciation of the euro in comparison to the respective functional currency by 10%	-33,598	-5,455	-8,890
Equity increase (+)/equity reduction (-) from a depreciation of the euro in comparison to the respective functional currency by 10%	33,598	5,455	8,890

	Dec. 31, 2021		
in k €	Czech koruna	Russian ruble	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

In this regard, any currency risk is isolated, i.e. it is taken into account without mutual dependencies.

The reported outstanding foreign currency items in Russian ruble, Romanian leu, U.S. dollar and, in the previous year, Ukrainian hryvnia represent the balance of foreign currency holdings at international Group companies in euro (except U.S. dollar) and outstanding foreign currency holdings in Russian ruble, Romanian leu, U.S. dollar and Ukrainian hryvnia. From the Group's perspective, the currency risk for outstanding foreign currency balances in euro arises 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 € 46.5 million (previous year: € 29.8 million) or in the amount of earnings of € 46.5 million (previous year: € 29.8 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.

On December 31, 2022, an average of 4.6% (previous year: 0.3%) of financial liabilities denominated in euro had fixed interest rates.

In 2022 as in the previous year, 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, 2022	Dec. 31, 2021
Income (+)/expense (-) from an increase in the market interest rate level of 100 basis points	-19.3	-11.1
Income (+)/expense (-) from a decrease in the market interest rate level of 100 basis points	+23.7	+0.5

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 healthcare 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 € 60.0 million (previous year: € 53.7 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, 2022		Dec. 31, 2021	
in k €	Nominal value	Fair value	Nominal value	Fair value
Derivatives without hedging relationship				
Currency swaps and currency forwards	33,929	899	34,310	-380
Derivatives with hedging relationship				
Currency swaps and currency forwards	38,029	-1,856	54,310	-838
Total	**71,958**	**-957**	**88,620**	**-1,218**

As of the balance sheet date, STADA designates currency forwards (EUR/CZK) 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 € 77.1 million were designated for reduction of the fair value risk (previous year: € 247.0 million). At STADA, as of December 31, 2022, there were currency derivatives with a negative fair value of k € 1,856 (December 31, 2021: k € 838) which were designated as hedging instruments within the scope of fair value hedges. Gains recognized in currency translation of k € 2,157 (previous year: k € 5,467) resulted in financial year 2022 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 € 2,157 (previous year: k € 5,467) were recognized in the currency translation result.

Hedging of currency risk in k €	**Remaining term up to 1 year**	**Total nominal volume Dec. 31, 2022**	**Total nominal volume Dec. 31, 2021**	**Average hedging rate/ price**
Currency swaps GBP	–	–	34,310	
Currency swaps AUD	–	–	1,291	
Currency swaps CZK	38,029	38,029	38,777	25.3373
Currency swaps USD	–	–	14,242	

Hedging of currency risk in k €	**Dec. 31, 2022**			
	Carrying amount	**Balance sheet item**	**Fair value adjustments for measurement of inefficiencies**	**Nominal volume**
Currency forwards				
Derivative assets	–	other financial assets	–	–
Derivative liabilities	-1,856	other financial liabilities	–	38,029

Previous year:

Hedging of currency risk in k €	**Dec. 31, 2021**			
	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

47.7. Disclosures on capital management

The objectives of capital management are the safeguarding of operational business activities, the creation of a solid equity base for financing profitable growth, to ensure debt servicing, increase enterprise value and to ensure an appropriate transfer of profits under the profit and loss transfer agreement. In addition to optimizing working capital and generating sufficient cash flows, the objective of capital management is to ensure that Group companies have an equity base in line with local requirements so that they can continue as a going concern.

An important key figure for capital management at STADA is the net debt to adjusted EBITDA ratio, which amounted to 2.8 in financial year 2022 (previous year: 3.5).

In this connection, the net debt and net debt to adjusted EBITDA ratio were as follows:

in k €	Dec. 31, 2022	Dec. 31, 2021
Non-current financial liabilities	2,572,779	2,704,807
Current financial liabilities	60,546	343,178
Gross debt	**2,633,326**	**3,047,985**
Cash and cash equivalents	258,633	526,482
Net debt	**2,374,692**	**2,521,503**
EBITDA (adjusted)	**856,947**	**717,803**
Net debt to adjusted EBITDA ratio	**2.8**	**3.5**

The current shareholder loan was also included in the calculation of net debt. This amounts to € 2,301.8 million as of December 31, 2022 (December 31, 2021: € 2,455.2 million) and is reported under non-current financial liabilities. This loan was included in the calculation of net debt.

The financing structure, liquidity and financial risk positions are managed centrally within the Group. In addition, the combined expertise is used to advise and support Group companies wherever possible in Germany and internationally in all relevant financial matters, including fundamental considerations and structuring of acquisition and investment projects.

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. Transactions with related persons

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 (previous year: € 7.3 million) and is held by managers in key positions (22%; previous year: 28%), other managers (46%; previous year: 54%) and the main shareholders of Nidda Topco S.à r.l., Luxembourg, as well as third parties (32%; previous year: 18%). Accordingly, the partnership holds 8% (previous year: 8%) 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 €	2022	2021
Trade accounts receivable		
Non-consolidated subsidiaries	7	7
Non-consolidated joint ventures	2	183
Non-consolidated associates	1,847	2,770
Associates	30	38
Joint ventures	–	–
Other financial receivables		
Non-consolidated subsidiaries	17	15
Non-consolidated joint ventures	–	–
Associates	68	97
Joint ventures	–	–
Trade accounts payable		
Non-consolidated subsidiaries	155	94
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 €	2022	2021
Sales		
Non-consolidated subsidiaries	–	–
Non-consolidated joint ventures	–	–
Non-consolidated associates	2,665	4,531
Associates	–	–
Joint ventures	–	–
Interest income		
Non-consolidated subsidiaries	–	–
Non-consolidated joint ventures	–	–
Associates	–	–
Joint ventures	–	–
Other expenses		
Non-consolidated subsidiaries	1,211	609
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 € 1.6 million arise as of the reporting date December 31, 2022 (December 31, 2021: € 0.0 million). The transaction volume with these companies in 2022 amounted to a total of € 5.3 million (previous year: € 1.8 million) and related to several small transactions from the purchase of goods and services, all of which were settled at market conditions..

In addition, the following disclosures on related party transactions are made:

As of December 31, 2022, STADA Arzneimittel AG has a financial obligation to Nidda Healthcare Holding GmbH in the amount of € 1,863.3 million (December 31, 2021: € 2,271.8 million) with an interest rate of EURIBOR +3.5% p.a. (December 31, 2021: EURIBOR +3.5% p.a.). In addition, as of December 31, 2022 STADA UK Holding shows a financial liability in the amount of € 356.3 million (December 31, 2021: € 0.0 million) with a variable interest rate of SONIA +9.75% p.a. to Nidda Healthcare Holding GmbH. Furthermore, as of December 31, 2022 Nizhpharm has a financial obligation to Nidda Healthcare Holding GmbH in the amount of € 82.2 million with a fixed interest rate of 3.75% p.a. (December 31, 2021: € 183.4 million with a fixed interest rate of 3.75% p.a.). Financial liabilities also include accrued interest from the above-mentioned loans from Nidda Healthcare Holding GmbH in the amount of € 6.6 million. Further details on financial liabilities can be found in Note 36.

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, 2022 were € 5.3 million (December 31, 2021: € 7.1 million). The transaction volume with these companies in 2022 amounted to a total of € 10.4 million (December 31, 2021: € 9.5 million).

49. Remuneration of the Executive Board, key management 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 LTI is a performance-based cash plan, which means it is cash-settled – the payout at the end of the vesting period is limited to a maximum amount ("cap"). The individual performance-related components are also 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		Expenses for pension commitments earned in the current year		Total remuneration	
in k €	2022	2021	2022	2021	2022	2021	2022	2021
Members of the Executive Board and key management	4,255	3,398	818	769	–	–	5,073	4,167
Members of the Supervisory Board	828	828	–	–	–	–	828	828

Total Executive Board and key management remuneration in accordance with Section 315e HGB at STADA Arzneimittel AG amounted to € 5.1 million (previous year: € 4.2 million).

Remuneration to former members of the Executive Board and their surviving dependents (Section 315e HGB) amounted to a total of € 0.5 million for financial year 2022.

As of December 31, 2022, as was the case in the previous year, there were no outstanding liabilities to members of the Executive Board and key management in office in the financial year from severance payments. There were outstanding liabilities to them from bonuses of € 2.6 million (December 31, 2021: € 2.2 million). As in the previous year, there were no outstanding liabilities to former members of the Executive Board arising from severance payments or bonuses.

The fair value of pension commitments to former Executive Board members amounted to k € 27,843 as of December 31, 2022.

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.

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 2022 and in the previous year.

in k €	2022	2021
Fees for the auditor	680	1,040
thereof for audit services	623	1,009
thereof for other confirmation services	57	31
thereof for other services	–	–
thereof for tax consultancy services	–	–

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 Supervisory Board of STADA Arzneimittel AG has appointed Boris Döbler as member of the Executive Board and Chief Financial Officer (CFO) for STADA Arzneimittel AG and thus also for the entire Group with effect from January 1, 2023. Boris Döbler had served as STADA's interim CFO since August 2022.

52. Dividend

In view of the domination and profit and loss transfer agreement dated December 19, 2017, the annual result in the annual financial statements of STADA Arzneimittel AG under commercial law, an amount of € 108,772,034.27 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 2, 2023

Peter Goldschmidt
Chairman
of the Executive Board

Boris Döbler
Chief Financial Officer

Miguel Pagan Fernandez
Chief Technical Officer

Simone Berger
Chief Human Resources
Officer/Head of
Global Human Resources

STADA's Clonmel Healthcare affiliate is increasingly recognised in Ireland as a leader in Consumer Healthcare and Specialty, as well as Generics.

Jim Hanlon General Manager Ireland

STADA is committed to developing and supplying innovative and added-value solutions to patients and consumers around the world.

Gerald Pedrassi
Head of Global Pharmaceutical Development, Vice President

Through organic expansion as well as deals and acquisitions, STADA Croatia has established several growth pillars.

Karla Raffaelli
General Manager Croatia

Ensuring robust and efficient processes are implemented helps us to be agile and reach service levels.

Gerard Willemsen
Head of Global Supply Planning, Senior Director

Our aim in Austria is to outperform the local markets for generics, consumer healthcare and specialties.

Martin Spatz
General Manager Austria,
Head of Specialty Germany

FURTHER INFORMATION

CARING FOR PEOPLE'S HEALTH

Being a **reliable partner for people's health** is the purpose that STADA is committed to. This purpose does not only apply to patients and partners.

Ukraine

The **safety of employees and the people of Ukraine** is the company's highest priority.

- Since the beginning of the war, STADA has donated hundreds of thousands of packages of medicines worth well over € 10 million.
- The medicines produced at the STADA Ukraine site were handed over for the needs of municipal non-commercial enterprises in the Kiev region.
- Unicef received a donation in the amount of € 200,000 to support the care of Ukrainian refugees.
- STADA paid the salaries of around 500 Ukrainian employees in advance for a total of six months.
- STADA supported employees who had fled in their search for permanent or temporary accommodation.
- STADA offered jobs in other subsidiaries as well as at the company headquarters to all colleagues who were forced to flee.
- STADA employees organize aid transports, provide accommodation and work in crisis teams to offer Ukrainian colleagues and refugees a safe haven.

STADA acquired a plant in Bila Tserkva, Ukraine, in 2019 for more than € 60 million and has since invested several million euro in addition to modernize it in accordance with the internationally valid standard for the manufacturing practice for pharmaceuticals GMP – Good Manufacturing Practice. For reasons related to safety and the protection of employees, the plant was temporarily closed after the outbreak of the war. Production has since restarted and work is underway on site to produce urgently needed medicines and return a bit of normality to the remaining employees.

It is a matter of course that STADA will continue to support Ukraine as a reliable partner, to provide training for healthcare professionals and, at the same time, to make an important contribution to the country's economy as a significant employer and taxpayer.

Russia

STADA's objective is to maintain the supply of medicines to the population – regardless of their nationality. This is in line with the company's corporate mission and thus STADA is acting in accordance with international organizations such as the WHO and the United Nations. In particular, Article 25 of the UN Declaration of Human Rights states that "everyone has the right to a standard of living adequate for the health and well-being of themselves and their families", which includes medical care. For this reason, drugs, medical aids, nutritional supplements and other medical products serve basic human needs and are therefore explicitly excluded from the sanctions imposed on Russia by the European Union, the USA and several other countries. STADA will, of course, continue to comply with all applicable sanctions and international regulations.

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 2, 2023

Peter Goldschmidt
Chairman
of the Executive Board

Boris Döbler
Chief Financial Officer

Miguel Pagan Fernandez
Chief Technical Officer

Simone Berger
Chief Human Resources
Officer/Head of
Global Human Resources

INDEPENDENT AUDITOR'S REPORT

To STADA Arzneimittel AG, Bad Vilbel

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, 2022, 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, 2022, 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, 2022. 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 on the quota for women on executive boards).

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, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, 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 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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.

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 on the quota for women on executive boards) as an unaudited part of the group management report.

The other information comprises further

- the separate non-financial report pursuant to §§ 289b to 289e HGB and §§ 315b to 315c 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 determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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 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, supervision 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.

Frankfurt am Main, March 2, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Guido Tamm)	(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 2022 (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 §§ (Articles) 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 "7. 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 "7. 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, 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 "7. 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 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 and taxonomy-aligned 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 2022 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 "7. 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 2, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke	Claudia Niendorf-Senger
Wirtschaftsprüfer	Wirtschaftsprüferin
German public auditor	German public auditor

BOARDS OF THE COMPANY

The STADA Supervisory Board

(as of March 1, 2023)

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, 2023)

Peter Goldschmidt
Chairman of the Executive Board (since September 1, 2018)
Member of the Executive Board since 2018
Contract until August 31, 2024

Boris Döbler
Chief Financial Officer (since January 1, 2023)
Member of the Executive Board since 2023
Contract until December 31, 2025

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, 2023)

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

Adalimumab
Adalimumab is a recombinant monoclonal antibody produced in ovarian cells of the Chinese hamster. Adalimumab is designed to recognize and bind to a specific substance in the body called tumor necrosis factor (TNF). This substance is involved in the development of inflammation and is found in substantial quantities in patients with the diseases for which adalimumab is used to treat. By binding to TNF, adalimumab inhibits its activity and thereby reducing inflammation and other symptoms of the diseases. It is used to treat conditions such as: plaque psoriasis, psoriatic arthritis, rheumatoid arthritis, axial spondyloarthritis, Crohn's disease, ulcerative colitis, polyarticular juvenile idiopathic arthritis, hidradenitis suppurativa (acne inversa) or non-infectious uveitis.

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.

Pegfilgrastim
Pegfilgrastim is a recombinant, PEGylated human granulocyte colony-stimulating factor (G-CSF) used to stimulate leukocyte production and is administered to cancer patients to alleviate neutropenia (decreased number of neutrophils, a type of white blood cell).

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 Arzneimittel AG, Bad Vilbel, Germany

This Annual Report is published in German (original version) and English (non-binding translation) and is solely subject to German law.

Publication
The complete Annual Report as well as current information on the STADA Group can be found on the Internet at www.stada.com/de and www.stada.com.

Design and Realization of the Reporting Section
wagneralliance Kommunikation GmbH, Offenbach am Main, Germany, in connection with ns.publish

Design and Realization of the Image Section
Greil Network e.U., Absam, Austria

Translation
MBET, Wiesbaden, Germany

Photography
Günther Egger, Innsbruck, Austria
Lydia Gorges, Berlin, Germany
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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 healthcare 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 in 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 € million, while the Notes present these figures with greater accuracy normally in k €. 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	2022	2021	2020	2019	2018
Total Group sales	3,797.2	3,249.5	3,010.3	2,608.6	2,330.8
Consumer Healthcare	1,620.2	1,284.0	1,120.4	870.4	—
Generics	1,436.3	1,326.8	1,304.4	1,253.8	—
Specialty	740.7	638.7	585.5	484.4	—
Generics	—	—	—	—	1,382.8
Branded Products	—	—	—	—	948.0
Operating profit	568.5	455.0	322.8	385.8	378.1
EBITDA	884.7	776.5	568.2	612.8	530.6
EBIT	568.5	455.3	322.9	385.8	381.8
Earnings before taxes (EBT)	424.5	332.4	220.5	340.7	342.9
Operating cash flow[1)]	738.6	598.2	405.9	495.4	320.3

Asset/capital structure in € million	2022	2021	2020	2019	2018
Total equity and liabilities	5,755.3	5,756.9	5,258.2	3,864.1	3,560.1
Non-current assets	3,478.2	3,468.3	3,322.9	2,288.2	2,113.8
Current assets	2,277.1	2,288.6	1,935.3	1,575.8	1,446.3
Equity	1,465.2	1,215.5	1,017.4	1,195.5	1,178.0
Equity-to-assets ratio in %	25.5%	21.1%	19.3%	30.9%	33.1%
Non-current borrowed capital	2,911.3	3,053.9	2,930.9	1,416.3	1,102.4
Current borrowed capital	1,378.8	1,487.5	1,310.0	1,252.3	1,279.7
Net debt[2)]	2,374.7	2,521.5	2,463.0	1,078.8	1,079.5

Capital expenditure/depreciation and amortization in € million	2022	2021	2020	2019	2018
Total capital expenditure	276.6	385.7	1,455.1	311.6	422.2
on intangible assets	175.5	279.6	1,324.4	195.6	368.6
on property, plant and equipment	101.1	105.1	129.3	110.4	53.3
on financial assets/associates	0.1	1.0	1.4	5.6	0.3
Total depreciation and amortization	329.0	325.7	248.8	235.6	164.7
on intangible assets	240.8	260.1	180.0	178.3	129.9
on property, plant and equipment	88.2	65.6	63.7	56.7	34.8
on financial assets	—	—	—	0.6	—
on non-current assets held for sale	0.0	0.0	5.1	—	—

Employees	2022	2021	2020	2019	2018
Average number per year	12,984	12,497	12,301	10,626	10,247
Number as of the balance sheet date	13,183	12,520	12,310	11,100	10,416

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.

2) Since financial year 2021, accrued interest relating to financial liabilities has been reported under the balance sheet item "Financial liabilities" and is therefore also included (as an increase) in the calculation of net debt.

STADA

Caring for People's Health

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