



STADA Arzneimittel Aktiengesellschaft
Annual Financial Statements
as of December 31, 2019



Our Mission – Your Health

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Combined Management Report

The Management Report of STADA Arzneimittel AG and the Consolidated Management Report have been combined pursuant to Section 315 (5) of the German Commercial Code and published in the STADA Annual Report 2019.

The Annual Financial Statements and the Management Report combined with the Group Management Report of STADA Arzneimittel AG for financial year 2019 are submitted to the operator of the Federal Gazette and published in the Federal Gazette.

The Annual Financial Statements of STADA Arzneimittel AG as well as the Group Annual Report for financial year 2019 are also available on the Internet at:

www.stada.com/de bzw. www.stada.com

Balance Sheet

Balance Sheet as of December 31 in € Assets	Dec. 31, 2019	Dec. 31, 2018
A. Non-current assets		
I. Intangible assets		
1. Concessions acquired against payment, commercial property rights and similar rights and values as well as licenses for such rights and values	350,871,599.80	381,575,799.02
2. Goodwill	25,288,237.41	30,431,607.75
3. Advance payments	84,306,677.81	84,581,035.14
	460,466,515.02	496,588,441.91
II. Property, plant and equipment		
1. Land, leasehold rights and buildings including buildings on third-party land	31,452,786.48	33,651,198.05
2. Plant and tools and machinery equipment	11,597,518.77	8,178,769.31
3. Other fixtures and fittings, tools and equipment	9,086,635.72	9,088,472.78
4. Advance payments and construction in progress	1,166,799.32	3,402,827.79
	53,303,740.29	54,321,267.93
III. Financial assets		
1. Shares in associates	1,418,889,242.21	1,323,377,610.52
2. Loans to associates	479,649,246.78	488,499,246.78
3. Investments	3,953,745.00	0.00
	1,902,492,233.99	1,811,876,857.30
	2,416,262,489.30	2,362,786,567.14
B. Current assets		
I. Inventories		
1. Materials and supplies	18,483,966.50	10,090,063.85
2. Work in progress	8,336,175.81	8,220,009.35
3. Finished goods and merchandise	18,661,648.14	13,723,790.23
4. Advance payments	2,896,420.44	2,972,326.70
	48,378,240.89	35,006,190.13
II. Receivables and other assets		
1. Trade accounts receivable	3,276,890.12	3,855,151.00
2. Receivables from associates – thereof to shareholders: €44,065,397.08 (previous year: €0.00)	582,059,569.78	380,731,607.17
3. Other assets	8,048,748.90	11,454,199.25
	593,385,208.80	396,040,957.42
III. Cash on hand and balances with banks	91,464,405.42	161,281,055.58
	733,227,855.11	592,328,203.13
C. Prepaid expenses/deferred charges	6,771,685.25	7,734,981.65
	3,156,262,029.66	2,962,849,751.92

Balance Sheet

Balance Sheet as of December 31 in € Equity and Liabilities	Dec. 31, 2019	Dec. 31, 2018
A. Equity		
I. Share Capital	162,090,344.00	162,090,344.00
Treasury shares	-219,109.80	-219,109.80
Issued capital	161,871,234.20	161,871,234.20
II. Capital reserve	519,606,727.00	519,606,727.00
III. Retained earnings		
1. Statutory reserve	376,883.98	376,883.98
2. Other retained earnings	150,563,293.50	150,563,293.50
IV. Distributable profit	54,420,096.86	54,420,096.86
	886,838,235.54	886,838,235.54
B. Provisions		
1. Provisions for pensions and similar obligations	9,219,100.00	8,834,972.00
2. Tax provisions	28,437,445.18	38,861,434.95
3. Other provisions	78,281,393.42	59,294,592.15
	115,937,938.60	106,990,999.10
C. Liabilities		
1. Bonds, of which convertible €0.00 (previous year €0.00)	267,394,000.00	274,070,000.00
2. Liabilities to banks	48,500,000.00	177,999,999.90
3. Trade accounts payable	36,660,337.54	24,871,934.41
4. Liabilities to associates – thereof to shareholders: €353,040,327.02 (previous year: €134,189,487.01)	1,793,746,008.01	1,479,093,078.72
5. Other liabilities – thereof from taxes: €2,182,912.26 (previous year: €5,112,781.35)	7,185,509.97	12,985,504.25
	2,153,485,855.52	1,969,020,517.28
	3,156,262,029.66	2,962,849,751.92

Income Statement

Income statement for the period of Jan. 1 to Dec. 31 in €	2019	2018
1. Sales	566,726,719.57	475,009,453.77
2. Increase in inventories of finished goods and work in progress	2,089,160.74	1,851,603.08
3. Other operating income – thereof from currency translation: €13,421,711.26 (previous year: €24,407,126.19)	63,187,304.78	65,795,015.70
	632,003,185.09	542,656,072.55
4. Cost of materials		
a) Cost of materials and supplies and goods purchased	152,057,129.43	136,439,939.13
b) Expenses for services	24,022,228.55	23,126,500.75
	176,079,357.98	159,566,439.88
5. Personnel expenses		
a) Salaries	101,517,827.84	78,466,448.25
b) Social security contributions and expenses for retirement benefits and support – thereof for retirement benefits: €1,493,959.47 (previous year: €2,246,228.92)	12,843,391.07	12,924,080.86
	114,361,218.91	91,390,529.11
6. Amortization/depreciation on non-current intangible assets and property, plant and equipment	93,662,738.01	48,963,513.55
7. Other operating expenses – thereof from currency translation: €13,603,498.38 (previous year: €31,016,912.90)	192,140,211.84	221,721,451.23
8. Investment income – thereof from associates: €181,823,995.16 (previous year: €50,312,250.99)	181,823,995.16	50,312,250.99
9. Income from profit transfer agreements	96,654,382.47	83,023,236.65
10. Income from loans from financial assets – thereof from associates: €31,526,009.65 (previous year: €31,937,121.88)	31,526,009.65	31,937,121.88
11. Other interest and similar income – thereof from associates: €11,277,074.80 (previous year: €12,556,454.12)	11,447,544.90	12,576,013.18
12. Depreciation on financial assets	1,097,000.00	17,170,285.42
13. Interest and similar expenses – thereof from associates: €33,037,977.14 (previous year: €22,433,890.90) – thereof from the unwinding of the discount: €473,586.00 (previous year: €524,395.00)	42,056,870.83	35,101,112.33
14. Taxes on income and earnings	-14,851,780.85	12,283,241.25
15. Earnings after taxes	348,909,500.55	134,308,122.48
16. Other taxes	-640,730.05	118,635.47
17. Profits transferred under profit and loss transfer agreements	349,550,230.66	134,189,487.01
18. Annual Net Profit	0.00	0.00
19. Profit brought forward from previous year	54,420,096.86	54,420,096.86
20. Distributable profit	54,420,096.86	54,420,096.86

Notes to the 2019 Annual Financial Statements of STADA Arzneimittel AG

Accounting requirements applied

In accordance with Section 267 of the German Commercial Code (HGB), STADA Arzneimittel AG, Bad Vilbel, Germany (District Court Frankfurt am Main, HRB 71290) is a major incorporated body. In addition to general requirements to the books of account (Sections 238 ff. HGB in the German Accounting Directive Implementation Act, BilRUG), the supplementing requirements for incorporated bodies with regard to annual financial statements and management report (Sections 264 ff. HGB) and the supplementing regulations of the German Stock Corporation Act (Aktengesetz, AktG) apply.

The income statement was prepared in accordance with the total-cost method.

Accounting policies

Intangible assets acquired against payment are recognized at cost less scheduled, and, to the extent necessary, unscheduled amortization, generally with application of the straight-line method. Intangible assets are amortized over a useful lifetime of three to 15 years. Unscheduled depreciation is carried out when there are expected lasting impairment losses. Write-ups as a result of the requirement to reinstate original values are undertaken up to amortized cost if the reasons for a long-term impairment no longer exist. Intangible assets reported by STADA Arzneimittel AG include drug approvals, brands, licenses, marketing rights, software and goodwill. Internally created intangible assets are not capitalized.

The useful life of twelve years for goodwill takes account of the future economic benefits in the intangible assets. The useful lives of individual items of goodwill were determined on the basis of the expected economic benefits of acquired businesses and are oriented towards the useful lives of product rights purchased via acquisition and evaluated by an expert.

Property, plant and equipment is also recognized at cost less depreciation over their useful life and generally depreciated using the straight-line method. The cost of self-constructed assets includes directly attributable costs as well as appropriate proportions of overhead costs. To the extent necessary, unscheduled depreciation was carried out. Disposals are derecognized at cost of acquisition and accrued depreciation at the time of their removal.

Useful life of property, plant and equipment	Expected depreciation
Factory and office buildings	15 to 50 years
Operating facilities	10 to 15 years
Plant and office furniture and equipment	3 to 13 years

Movable assets with a value of up to €250 are fully depreciated in the year they are added. Independently usable movable assets with a limited life from €250 to €1,000 are allocated to a compound item that is reversed over five years. At the time they become fully amortized, these assets are reported as a disposal in the assets analysis. For simplification, the compound tax item method is also reported in the commercial balance sheet.

Advance payments are measured at their nominal amount.

Financial assets are recognized at cost or in the case of expected long-term impairment, if it is lower than cost, at fair value. If the reasons for impairment are completely or partially inapplicable and if a value adjustment was carried out in the previous years, a reversal of an impairment loss is carried out, up to a maximum of the amortized cost.

Inventories are measured at cost. Alongside individual costs, cost includes production overheads, material overheads and depreciation and amortization on fixed assets as well as administrative expenses on a pro rata basis. Cost does not include interest on borrowings. For the calculation of cost of acquisition or cost of sales, the first-in, first-out (fifo) procedure is used as a cost allocation procedure. The inventories are written down at the end of the reporting period provided the market value is lower. Inventory risks resulting from the storage period are taken into account.

Receivables, other assets and cash are recognized at nominal value. For receivables, identifiable risks are accounted for through appropriate individual valuation adjustments. General credit risks are sufficiently accommodated with a general bad debt provision. Low-interest or non-interest-bearing items with a remaining maturity of more than one year are discounted. Existing cash and cash equivalents in foreign currency are measured at the mean spot exchange rate.

For financial instruments that are hedged (hedged item and hedging transaction), the real-time update method was used. In the real-time update method, unrealized losses were not booked that resulted from hedged risks provided they are matched with unrealized gains in the same amount.

Prepaid expenses include the discount that resulted from the difference between the settlement amount and the lower issue price of a financial liability. The discount is depreciated over the period of the financial liability.

Subscribed capital is accounted for at its nominal value.

Pension provisions were measured using actuarial techniques in accordance with the Projected Unit Credit Method (PUC). In the case of pension obligations, use was made of the option to apply as a discount rate the average market interest rate determined and published by the German Central Bank with a 10-year term. In this regard and pursuant to Section 253 (2) Sentence 2 HGB, a fixed remaining term of 15 years is assumed. The covered funds were offset against the pension provisions. The offset-covered funds are measured at fair value.

Tax and other provisions are recognized at the settlement amount necessary based on reasonable commercial judgment, taking into account any identifiable risks and uncertain obligations. Price and cost increases expected in the future were taken into account. Provisions with a remaining term of over one year were discounted in accordance with the average market interest rate of the last seven years.

Liabilities are reported at nominal value or the higher settlement amount.

Foreign currencies are translated on the day they originate, at their bid price for receivables and their asking price for liabilities.

Receivables and liabilities in foreign currencies were measured at nominal value or the settlement amount at the mean spot exchange rate as of the reporting date. Gains are only taken into account if they relate to receivables and liabilities with a remaining term of up to one year.

Notes to the Annual Financial Statements 2019

Balance Sheet

1. Non-current assets

For the development of non-current assets in 2019 including cumulated cost and cumulated depreciation and amortization, please see the following assets analysis.

Statement of changes in non-current assets of STADA Arzneimittel AG as of Dec. 31, 2019 in €	As of Jan. 1, 2019	Historical amortized cost				As of Dec. 31, 2019
		Additions 2019	A	Disposals Reclassifications 2019	D R	
Non-current assets						
I. Intangible assets						
1. Concessions acquired against payment, commercial property rights and similar rights and values, as well as licenses for such rights and values	863,991,935.82	11,562,393.45	A	6,396.01 21,213,539.07	D R	896,761,472.33
2. Goodwill	94,848,304.33	0.00		0.00		94,848,304.33
3. Advance payments made	119,814,079.85	32,609,392.74	A	0.00 21,188,261.55	D R	131,235,211.04
	1,078,654,320.00	44,171,786.19		18,881.51		1,122,844,987.70
II. Property, plant and equipment						
1. Land, leasehold rights and buildings including buildings on third-party land	70,153,028.41	109,862.85	A	0.00		70,262,891.26
2. Plant and tools and machinery equipment	34,731,983.24	3,065,236.89	A	282,950.45 2,549,213.18	D R	40,063,482.86
3. Other fixtures and fittings, tools and equipment	48,445,001.63	1,732,018.97	A	156,064.26 503,040.58	D R	50,523,996.92
4. Advance payments and construction in progress	3,402,827.79	841,502.81	A	3,077,531.28	R	1,166,799.32
	156,732,841.07	5,748,621.52		464,292.23		162,017,170.36
III. Financial assets						
1. Shares in associates	1,416,428,097.53	91,815,782.85	A	24,457,365.66	D	1,483,786,514.21
2. Loans to associates	488,499,246.78	0.00		8,850,000.00	D	479,649,246.78
3. Investments	0.00	3,953,745.00	A	0.51	D	3,953,745.00
	1,904,927,344.31	95,769,527.85		33,307,366.17		1,967,389,505.99
	3,140,314,505.38	145,689,935.56		33,752,776.89		3,252,251,664.05

As of Jan. 1, 2019	Accumulated amortization				As of Dec. 31, 2019	Residual carrying amount Dec. 31, 2019	Residual carrying amount Dec. 31, 2018
	Additions Write-ups 2019	A W	Disposals Reclassifications 2019	D R			
482,416,136.80	69,585,868.51 6,628,222.14	A W	4,264.53 520,353.89	D R	545,889,872.53	350,871,599.80	381,575,799.02
64,416,696.58	5,143,370.34	A	0.00		69,560,066.92	25,288,237.41	30,431,607.75
35,233,044.71	12,215,842.41	A	520,353.89	R	46,928,533.23	84,306,677.81	84,581,035.14
582,065,878.09	80,316,859.12		4,264.53		662,378,472.68	460,466,515.02	496,588,441.91
36,501,830.36	2,308,274.42	A	0.00		38,810,104.78	31,452,786.48	33,651,198.05
26,553,213.93	2,189,376.91	A	276,626.75	D	28,465,964.09	11,597,518.77	8,178,769.31
39,356,528.85	2,220,005.42	A	139,173.07	D	41,437,361.20	9,086,635.72	9,088,472.78
0.00	0.00		0.00		0.00	1,166,799.32	3,402,827.79
102,411,573.14	6,717,656.75		415,799.82		108,713,430.07	53,303,740.29	54,321,267.93
93,050,487.01	1,097,000.00 14,542,000.00	A W	14,708,215.01	D	64,897,272.00	1,418,889,242.21	1,323,377,610.52
0.00	0.00		0.00		0.00	479,649,246.78	488,499,246.78
0.00	0.00		0.00		0.00	3,953,745.00	0.00
93,050,487.01	13,445,000.00		14,708,215.01		64,897,272.00	1,902,492,233.99	1,811,876,857.30
777,527,938.24	73,589,515.87		15,128,279.36		835,989,174.75	2,416,262,489.30	2,362,786,567.14

2. Trade accounts receivable

The item does not include any receivables with a remaining term of more than one year.

3. Receivables from associates and participating interests

As of the reporting date, there are loan receivables in the amount of €33,299,999.99 (previous year: €33,299,999.99) with a remaining term of more than one year. Trade accounts receivable (€371,243,316.45; previous year: €216,202,397.60), as well as additional loans to associates (€177,516,253.34; previous year: €121,912,220.66) have a remaining term of up to one year.

There are no "receivables from associates and other participating interests".

4. Other assets

The item in the amount of €8,048,748.90 (previous year: €11,454,199.25) includes tax receivables in the amount of €647,372.94 (previous year: €27,570.89). In other assets, there are no receivables with a term of more than one year (previous year: €468,282.52).

5. Accrued items

As of the reporting date, there are accrued receivables from accruals of interest-bearing transactions in the amount of €1.2 million and deferred liabilities in the amount of €4.2 million.

6. Prepaid expenses/deferred charges

Prepaid expenses/deferred charges include a discount in the amount of €514,079.38 (previous year: €760,622.64) as well as proportionate expenses for the next year in the amount of €6,257,605.87 (previous year: €6,974,359.01).

7. Deferred taxes

As a result of the domination and profit and loss transfer agreement with Nidda Healthcare GmbH, which has been in place since January 1, 2018, STADA Arzneimittel AG is part of the Nidda BondCo GmbH single tax entity. For that reason, no deferred tax assets need to be accounted for at the level of STADA Arzneimittel AG.

8. Equity

Share capital

Share capital remains unchanged over the previous year at €162,090,344.00 and is divided into 62,342,440 registered shares, each with an arithmetical share in share capital of €2.60 and was thereby unchanged from the previous year. Offsetting against treasury shares in the amount of €219,109.80 results in a recognized share capital of €161,871,234.20 as of December 31, 2019.

On the basis of the voting right notices sent in November 2018, Bain Capital Investors, LLC, Wilmington, Delaware, USA, and Cinven Capital Management (VI) General Partner Limited, Saint Peter Port (Guernsey), Channel Islands, on November 28, 2018 obtained 93.68% of the shares in STADA Arzneimittel AG which were attributable to it pursuant to Section 34 WpHG and were held by the direct shareholder Nidda Healthcare GmbH.

For the sake of completeness, the following is a list of notifications of voting rights (shares/instruments) of at least 3% for which the company has not yet received any outdated notifications from notifying parties:

The Goldman Sachs Group Inc., Wilmington, Delaware, USA, reported, in accordance with Section 25a (1) of the WpHG in the version valid until November 25, 2015, a share in voting rights totaling 4.64% since June 2, 2015 (in accordance with Section 25a WpHG 1.16%, in accordance with Section 25 WpHG 3.20%, in accordance with Sections 21, 22 WpHG 0.27%).

Société Générale Effekten GmbH, Frankfurt, Germany, reported, in accordance with Section 25a (1) of the WpHG in the version valid until November 25, 2015, a share in voting rights as a result of instruments of 4.87% since October 2, 2015.

Société Générale S.A., Paris, France, reported, in accordance with Section 25 (1) WpHG in the version valid from July 2, 2016, a share in voting rights as a result of instruments of 3.70% since December 18, 2015.

Die BlackRock, Inc., Wilmington, Delaware, USA, reported, in accordance with Sections 21, 22 WpHG in the version valid until January 2, 2018, an ascribed share of voting rights totaling 3.57% since May 25, 2017 (2.82% shares, 0.74% instruments).

The UBS Group AG, Zürich, Switzerland, reported, in accordance with Sections 21, 22 WpHG in the version valid until January 2, 2018, an ascribed share of voting rights totaling 3.26% since July 18, 2017 (2.94% shares, 0.32% instruments).

Authorized capital

By resolution of the Annual General Meeting of June 6, 2018, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital by up to €81,045,159.00 in one or more tranches by June 5, 2023 in exchange for cash and/or non-cash contributions, whereby the preemptive right of the shareholders can be excluded (Authorized Capital 2018/I).

Capital reserve

Capital reserve amounts to €519,606,727.00 (previous year: €519,606,727.00).

Retained earnings

Other retained earnings in the amount of €150,563,293.50 (previous year: €150,563,293.50) primarily include allocations from net profit.

Treasury shares

As of the reporting date, the Company held 84,273 treasury shares – unchanged from the previous year, each with an arithmetical par value of €2.60. This is equivalent to a share capital of €219,208.60 or 0.14% of share capital.

In 2019, no shares were sold and no shares were purchased.

Treasury shares may be disposed of against a contribution in kind, in particular in connection with business combinations, the acquisition of business undertakings or the acquisition of participations in business undertakings.

9. Provisions

Pension provisions were calculated in accordance with actuarial principles based on the biometric accounting principles of the 2018 G mortality tables by Dr. Klaus Heubeck as well as based on an interest rate of 2.71% p.a. and a pension trend of 1.75% p.a.

As a result of the new regulations of the law for the implementation of the mortgage credit directive, pension obligations were discounted using the average market interest rate of the past ten years, as calculated and published by the German Central Bank. Until 2015, the average market interest rate of the past seven years, as published by the German Central Bank, was applied. The difference in the financial year totaled k €1,348 in accordance with Section 253 (6) Sentence 1 HGB. This amount is restricted from distribution.

Liabilities from pension commitments are partially secured by assets (reinsurance policy). Assets removed from the claims of other creditors were offset against the underlying liabilities.

The total settlement amount of pension commitments amounts to k €13,359. The fair value of the pledged reinsurance policy amounts to k €4,140. k €407 was offset against income in the amount of k €6 in the financial result in the reporting year.

Other provisions particularly include expenses for the personnel area (k €22,733; previous year: k €11,113), for entitlements from partial retirement k €2,763 (previous year: €0), for entitlements from employee anniversaries k €2,664 (previous year: k €2,913), for outstanding accounts (k €22,273; previous year: k €14,986) as well as for outstanding accounts toward associates (k €15,877; previous year: k €20,572).

10. Bond

In 2015, a bond with a nominal value of €300 million was issued (term of seven years).

Following the acquisition of STADA Arzneimittel AG, investors made use of change of control rights in financial year 2018 and, after the acceptance of a buyback offer from STADA Arzneimittel, the outstanding bond amount declines to €274 million.

On December 20, 2018, STADA announced that STADA and certain of its significant subsidiaries – in accordance with the directive issued by Nidda – had granted certain in rem securities to secure capital market liabilities and other financial liabilities, which were raised and secured by Nidda and its affiliated companies.¹⁾ The granting of such in rem securities gives holders of the STADA €300,000,000 1.75% fixed rate notes due 2022 the right to demand repayment of their principal and accrued interest on such STADA bonds. On January 8, 2019, STADA published the relevant tender offer, whose final expiration date was June 19, 2019.²⁾ On June 21, 2019, STADA announced that under the tender offer, since its announcement on January 8, 2019, bonds in a nominal amount of € 6,676,000 had been repurchased.²⁾

As of December 31, 2019, the outstanding amount of the bond is €267 million.

11. Liabilities to banks

Remaining maturities of financial liabilities due to banks in € million	up to 1 year (previous year)	over 1 year (previous year)	thereof over 5 years (previous year)
Amounts due to banks	0.0 (129.5)	48.5 (48.5)	0.0 (0.0)

12. Trade and other payables

Remaining maturities of trade payables in € million	up to 1 year (previous year)	over 1 year (previous year)	thereof over 5 years (previous year)
Liabilities to associates	0.0 (274.1)	267.4 (0.0)	0.0 (0.0)
Liabilities from bonds	864.1 (549.5)	929.6 (929.6)	0.0 (929.6)
Trade accounts payable	36.1 (24.9)	0.6 (0.0)	0.0 (0.0)
Other payables	7.2 (13.0)	0.0 (0.0)	0.0 (0.0)

1) See the Company's press release of December 20, 2018.
2) See www.stada.com/investor-relations/bonds.

Liabilities to associates include loan liabilities in the amount of €1,228.0 million (previous year: €1,175.0 million) as well as liabilities from the domination and profit and loss transfer agreement in the amount of €349.6 million (previous year: €134.2 million). The remaining liabilities, as was the case in the previous year, resulted from trade accounts payable.

As of the balance sheet date, as was the case in the previous year, there were no liabilities to associates.

13. Income statement

Sales in 2019 of STADA Arzneimittel AG in the amount of k €566,727 were recorded in accordance with the new definition of Section 277 (1) HGB of BilRUG and include an international share of k €302,782. Of that amount, k €290,995 was attributable to Europe, k €7,356 to MENA, k €79 to South America and k €4,532 to Asia. Sales can be broken down into the following activities:

in k €	2019	2018
Sales from the delivery of goods	232,388	203,103
License revenue	71,161	53,145
Sale of approvals	589	0
Services	262,588	218,761
Total	566,727	475,009

Other operating income includes income from refunds unrelated to the accounting period amounting to k €7,734 (previous year: k €7,292), income from the reversal of write-downs on receivables amounting to k €2,754 (previous year: k €0.0), additional proceeds from the disposal of assets amounting to k €2,788 (previous year: k €0.0) and an amount of k €9,348 (previous year: k €3,051) from the reversal of provisions.

In addition, other operating income from write-ups on intangible assets and financial assets in the amount of k €21,170 (previous year: k €26,978) are recognized.

Unscheduled depreciation on intangible assets amounted to k €41,047 in financial year 2019 (previous year: k €2,651). Unscheduled amortization of financial assets amounted to k €1,097 in financial year 2019 (previous year: k €17,170).

Other operating expenses include expenses from outside of the reporting period for additional payments of k €9,341 (previous year: k €20,682).

As a result of the domination and profit and loss transfer agreement with Nidda Healthcare GmbH which has been in place since January 1, 2018, STADA Arzneimittel AG has belonged to the Nidda BondCo GmbH single tax entity so that at the level of STADA Arzneimittel AG, with the exception of corporation tax (plus solidarity surcharge) on 20/17 of the compensation payments to be made by Nidda Healthcare GmbH, no taxes on income and earnings are to be transferred.

14. Other notes and disclosures

In 2019, the average number of employees was 861, including

- 2 employees in warehousing and shipping,
- 320 employees in production and packaging,
- 539 employees in administration.

The appointment and dismissal of Executive Board members is subject to the provisions of Section 84 AktG. The members of the Executive Board are or were:

- Peter Goldschmidt, Chief Executive Officer
- Mark Keatley, Chief Financial Officer
- Miguel Pagan Fernandez, Chief Technical Officer

With effect from February 1, 2020, the Supervisory Board appointed Dr. Wolfgang Ollig as the Group's new Chief Financial Officer, succeeding Mr. Keatley. Mr. Keatley decided to step down from his Executive Board position for personal reasons.

15. Remuneration of the Executive Board

In financial year 2019, total remuneration paid to the Executive Board amounted to k €3,862 for STADA Arzneimittel AG (previous year: k €5,436).

In financial year 2019, total compensation paid to the Supervisory Board amounted to k €790 for STADA Arzneimittel AG (previous year: k €786).

Remuneration to former members of the Executive Board amounted to a total of k €1,062 in financial year 2019.¹⁾

Current pension provisions for former Executive Board members for financial year 2019 amounted to k €10,793 before the netting with the actuarial reserve.

There were no loans granted to members of the Executive Board and 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.

16. Information on the Company's Supervisory Board

Composition of the Supervisory Board and its committees

The members of the Supervisory Board during financial year 2019 were:

- Dr. Günter von Au, Member of the Board of Directors at Clariant AG (Switzerland), Munich, Germany (Chairman)
- Markus Damm, Head of IT Corporate Consulting & Applications Finance & Controlling, Wetter, Germany (Deputy Chairman; Employee Representative, from May 29, 2019)
- Dr. Eric Cornut, Independent Consultant, Binningen, Switzerland
- Jan-Nicolas Garbe, Investment Manager at Cinven GmbH, Frankfurt am Main, Germany
- Benjamin Kunstler, Managing Director at Bain Capital Europe LLP, London, United Kingdom
- Dr. Klaus Scheja, Team Leader Medical Affairs, Ebsdorfergrund, Germany (Employee Representative, from May 29, 2019)
- Bruno Schick, Managing Director at Cinven GmbH, Frankfurt am Main, Germany
- Dr. Michael Siefke, Managing Director at Bain Capital Private Equity Beteiligungsberatung GmbH, Gräfelfing, Germany
- Jens Steegers, exempted Works Council representative at STADA Arzneimittel AG, Frankfurt am Main, Germany (Employee Representative)
- Halil Duru, Internal Logistics at STADA Arzneimittel AG, Frankfurt am Main, Germany (Employee Representative, until May 29, 2019)

Markus Damm, Klaus Scheja and Jens Steegers are Supervisory Board members who were elected by the employees as their representatives.

¹⁾ This figure includes severance payments in the amount of k €613.

17. Information on the Company's Advisory Board

Composition of the Advisory Board

The members of the Advisory Board during financial year 2019 were:

- Dr. Thomas Meyer, Seelze, Germany (Chairman)
- Dr. Frank-R. Leu, Gießen, Germany (Deputy Chairman)
- Rika Aschenbrenner, Mainburg, Germany
- Dr. Maria Haas-Weber, Hanau, Germany
- Dr. Stefan Hartmann, Gilching, Germany
- Björn Kaufmann, Burscheid, Germany
- Reimar Michael von Kolczynski, Stuttgart, Germany
- Klaus Lieske, Waltrop, Germany
- Dr. Achim Luckau, Frankfurt am Main, Germany
- Dr. Wolfgang Schlags, Mayen, Germany

18. Contingent liabilities pursuant to Section 251 HGB

At the reporting date, there were contingent liabilities from guarantees pursuant to Section 251 HGB of €64,397,408.86 (previous year: €58,248,449.10). Of this, €29,954,080.30 (previous year: €4,246,474.04) relates to contingent liabilities from guarantees to associates.

Due to an ongoing evaluation of the risk situation and in view of the findings gathered until the reporting date, STADA Arzneimittel AG assumes that the liabilities underlying the contingent liabilities will be met. Utilization of contingent liabilities is considered to be unlikely.

In addition, STADA Arzneimittel AG has pledged shares in a subsidiary in the volume of the carrying amount of €70.9 million. Utilization of the securities is considered to be unlikely.

19. Transactions not included in the balance sheet and other financial obligations

Remaining other financial liabilities from lease, rental and other service agreements amount to €79,490,581.80.

in € million	up to 1 year	over 1 year	thereof over 5 years
Maturities of remaining other financial liabilities	23.1	56.4	3.2

There is an order obligation from liabilities for future expenses and investments in the amount of €21.5 million.

20. List of equity interests of STADA Arzneimittel AG in accordance with Section 285 No. 11 HGB

The following list shows the earnings of the companies independent from the share in capital.

1) Direct investments of STADA Arzneimittel AG

	Earnings 2019	Equity	Equity interest in %
Germany¹⁾			
BEPHA Beteiligungsgesellschaft für Pharmawerte mbH, Bad Vilbel/ Germany	EUR 0	kEUR 690	100%
BIOCEUTICALS Arzneimittel AG, Bad Vilbel/Germany	kEUR 16,216	kEUR 63,872	51.34%
Mobilat Produktions GmbH, Pfaffenhofen/Germany	EUR 0	kEUR 256	100%
Natures Aid Deutschland GmbH, Bad Vilbel/Germany	EUR 0	kEUR 31	100%
International²⁾			
AO Nizhpharm, Nizhny Novgorod/Russia ³⁾	kRUB 3,026,553	kRUB 20,573,461	100%
Ciclum Farma, Unipessoal, LDA, Paco de Arcos/Portugal	kEUR 330	kEUR 2,236	100%
EG Labo – Laboratoires Eurogenerics SAS, Boulogne-Billancourt/France ³⁾	kEUR -4,217	kEUR 35,692	100%
EG S.p.A., Milan/Italy	kEUR 9,173	kEUR 99,739	100%
Laboratorio STADA, S.L., Barcelona/Spain	kEUR 5,937	kEUR 45,165	100%
Laboratorio Vannier S.A., Buenos Aires/Argentina	kARS -193,339	kARS 10,386	85%
OOO Hemofarm, Obninsk/Russia ³⁾	kRUB 554	kRUB 4,830,530	9.89%
SCIOTEC Diagnostic Technologies GmbH, Tulln an der Donau/Austria ³⁾	kEUR 754	kEUR 1,289	100%
Spirig HealthCare AG, Egerkingen/Switzerland	kCHF 863	kCHF 9,927	100%
STADA Arzneimittel Gesellschaft m.b.H., Vienna/Austria ³⁾	kEUR 712	kEUR 4,334	100%
STADA d.o.o., Ljubljana/Slovenia	kEUR 51	kEUR 603	100%
STADA d.o.o., Zagreb/Croatia	kHRK 781	kHRK 6,216	100%
STADA Egypt Ltd., Cairo/Egypt ⁴⁾	-	-	83.33%
STADA LUX S.à R.L., Luxembourg/Luxembourg	kEUR 1	kEUR 6	100%
STADA PHARMA Bulgaria EOOD, Sofia/Bulgaria ³⁾	kBGN 232	kBGN 2,245	100%
STADA PHARMA CZ s.r.o., Prague/Czech Republic	kCZK -507	kCZK 205,455	100%
STADA Pharma Services India Private Limited, Mumbai/India	kINR 2,319	kINR 17,861	85%
STADA PHARMA Slovakia, s.r.o., Bratislava/Slovakia	kEUR 666	kEUR 3,909	100%
STADA Pharmaceuticals (Asia) Ltd., Hong Kong/People's Republic of China	kHKD 191,605	kHKD 348,046	100%
STADA Pharmaceuticals Australia Pty. Ltd., Sydney/Australia	kAUD -69	kAUD 3,086	100%
STADA Poland Sp. z o.o., Piaseczno/Poland	kPLN 1,508	kPLN 7,936	100%
STADA Service Holding B.V., Etten-Leur/The Netherlands	kEUR 30,945	kEUR 689,072	100%
STADA (Shanghai) Company Management Consulting Co. Ltd., Shanghai/People's Republic of China ³⁾	kCNY 9,658	kCNY 119,669	100%
STADA (Thailand) Company Ltd., Bangkok/Thailand	kTHB -5,759	kTHB 116,974	51%
STADA UK Holdings Ltd., Reading/United Kingdom	kEUR 207	kEUR 427,493	100%
XBrane Biopharma AB, Solna/Sweden	kSEK -13,236	kSEK 83,070	8.15%

1) There is a profit and loss transfer contract for German companies with a result of 0.

2) For foreign companies, equity is shown both in local currency and in accordance with local law. In accordance with local law, the financial statements of STADA Arzneimittel AG are audited as they are prepared.

3) Figures from financial year 2018.

4) Waiver of disclosures pursuant to Section 286 (3) Sentence 1 No. 1 HGB.

2) Indirect investments of STADA Arzneimittel AG

	Earnings 2019	Equity	Equity interest in %
Germany¹⁾			
ALIUD PHARMA GmbH, Laichingen/Germany	EUR 0	kEUR 52	100%
Hemopharm GmbH, Bad Vilbel/Germany	EUR 0	kEUR 2,891	100%
NorBiTec GmbH, Uetersen/Germany	kEUR 12,700	kEUR 33,637	66.66%
STADA CEE GmbH, Bad Vilbel/Germany	EUR 0	kEUR 223	100%
STADA Consumer Health Deutschland GmbH, Bad Vilbel/Germany	EUR 0	kEUR 103	100%
STADA GmbH, Bad Vilbel/Germany	EUR 0	kEUR 384	100%
STADAPHARM GmbH, Bad Vilbel/Germany	EUR 0	kEUR 383	100%
International²⁾			
AELIA SAS, Saint-Brieuc/France ³⁾	kEUR 533	kEUR 1,435	20%
Biopharma-Invest LLC, Bila Tserkva/Ukraine	kUAH 3,194	kUAH 303,169	100%
Britannia Pharmaceuticals Ltd., Reading/United Kingdom	kGBP 34,072	kGBP 58,895	100%
Brituswip Limited (J.V.), Newbury/United Kingdom	kGBP 17	kGBP 172	50%
Centrafarm B.V., Etten-Leur/The Netherlands	kEUR 13,320	kEUR 14,119	100%
Centrafarm Nederland B.V., Etten-Leur/The Netherlands	kEUR 34,803	kEUR 34,236	100%
Centrafarm Services B.V., Etten-Leur/The Netherlands	kEUR 686	kEUR 1,608	100%
Clonmel Healthcare Limited, Clonmel/Ireland	kEUR 397,907	kEUR 137,019	100%
CNRD 2009 Ireland Ltd., Dublin/Ireland	kEUR -19	kEUR -30	50%
Crosspharma Ltd., Belfast/United Kingdom	kEUR 145	kEUR 2,399	100%
Dak Nong Pharmaceutical JSC, Dak Nong/Vietnam ³⁾	kVND 688,378	kVND 6,758,265	43%
DIALOGFARMA LLC, Moscow/Russia ³⁾	kRUB -1,547	kRUB 10,117	50%
Fresh Vape Electronic Cigarettes Limited, Huddersfield/United Kingdom ⁴⁾	-	-	100%
Genus Pharmaceuticals Holdings Ltd., Huddersfield/United Kingdom	kGBP 15,806	kGBP 12,472	100%
Genus Pharmaceuticals Ltd., Huddersfield/United Kingdom	kGBP 0	kGBP 34,399	100%
Healthypharm B.V., Etten-Leur/The Netherlands	kEUR 2,337	kEUR 3,005	100%
Hemofarm A.D., Vrsac/Serbia ³⁾	kRSD 2,892,460	kRSD 31,572,232	100%
Hemofarm Banja Luka d.o.o., Banja Luka/Bosnia-Herzegovina ³⁾	kBAM 5,654	kBAM 58,907	91.5%
Hemofarm Komerc d.o.o., Skopje/Macedonia ³⁾	kMKD 660	kMKD 31,984	99.18%
Hemofarm S.a.r.l., Constantine/Algeria ⁴⁾	-	-	40%
Hemomont d.o.o., Podgorica/Montenegro ³⁾	kRSD 745	kRSD 17,335	71.02%
Internis Pharmaceuticals Limited, Huddersfield/United Kingdom	kGBP 6,217	kGBP 27,834	100%
Jinan Hemofarm Pharmaceuticals, Jinan/People's Republic of China ⁴⁾	-	-	35.5%
Laboratorio Vannier S.A., Buenos Aires/Argentina	kARS -193,339	kARS 10,386	15%
LAS Trading Limited, Chesterfield/United Kingdom ⁴⁾	-	-	100%
LCM Limited, Huddersfield/United Kingdom ³⁾	kGBP 0	kGBP 0	100%
Lowry Solutions Limited, Huddersfield/United Kingdom ⁴⁾	-	-	100%
Natures Aid Limited, Huddersfield/United Kingdom	kGBP 3,298	kGBP 4,384	100%
NextGEN 360 Limited, Huddersfield/United Kingdom ⁴⁾	-	-	100%
Nizhpharm-Kazakhstan TOO DO, Almaty/Kazakhstan	kKZT 287,794	kKZT 217,886	100%

1) There is a profit and loss transfer contract for German companies with a result of 0.
2) For foreign companies, equity is shown both in local currency and in accordance with local law.

3) Figures from financial year 2018.

4) Waiver of disclosures pursuant to Section 286 (3) Sentence 1 No. 1 HGB.

	Earnings 2019	Equity	Equity interest in %
International¹⁾			
OOO Aqualor, Moscow/Russia	kRUB -366	kRUB 179	100%
OOO Hemofarm, Obninsk/Russia ²⁾	kRUB 554	kRUB 4,830,530	90.1%
Pharmaceutical Plant Biopharma LLC, Bila Tserkva/Ukraine	kUAH 140,436	kUAH 225,727	100%
Pharm Ortho Pedic SAS, Trélazé/France ²⁾	kEUR -214	kEUR 2,462	30%
PharmTechService LLC, Bila Tserkva/Ukraine	kUAH -175	kUAH 62,639	50%
Phu Yen Export Import Pharmaceuticals JSC, Phu Yen/Vietnam ²⁾	kVND 2,657,394	kVND 104,426,667	20%
Pymepharco Joint Stock Company, Tuy Hoa/Vietnam	kVND 319,742,282	kVND 1,956,720,868	72%
Quang Tri Pharmaceutical JSC, Quang Tri Province/Vietnam ²⁾	kVND 48,224	kVND 14,014,627	49%
Quatropharma Holding B.V., Etten-Leur/The Netherlands	kEUR 0	kEUR 329	100%
S.A. Eurogenerics N.V., Brussels/Belgium	kEUR 20,521	kEUR 82,667	100%
Slam Trading Limited, Chesterfield/United Kingdom ³⁾	-	-	100%
Socialites E-Commerce Limited, Huddersfield/United Kingdom ³⁾	-	-	100%
Socialites Retail Limited, Chesterfield/United Kingdom ³⁾	-	-	100%
STADA Aesthetics AG, Egerkingen/Switzerland ³⁾	kCHF -135	kCHF 1,931	100%
STADA Corp., New Jersey/USA	kUSD 0	kUSD 66	100%
STADA Egypt Ltd., Cairo/Egypt ³⁾	-	-	16.67%
STADA Financial Investments Limited, Clonmel/Ireland ³⁾	-	-	100%
STADA Genéricos, S.L., Barcelona/Spain	kEUR 0	kEUR 2	100%
STADA Hemofarm SRL, Temeswar/Romania ²⁾	kRON 967	kRON 17,156	100%
STADA Hungary LLC, Budapest/Hungary	kHUF 36,717	kHUF 77,068	100%
STADA IT Solutions d.o.o., Vrsac/Serbia ²⁾	kRSD 22,167	kRSD 64,939	100%
STADA, LDA, Paco de Arcos/Portugal	kEUR 0	kEUR 59	100%
STADA M&D S.R.L., Bucharest/Romania ²⁾	kRON 2,358	kRON 9,194	100%
STADA MENA DWC-LLC, Dubai/United Arab Emirates	kAED -12,507	kAED 195,392	100%
STADA Nordic ApS, Herlev/Denmark ²⁾	kDKK 4,334	kDKK 95,272	100%
STADA Pharma Services India Private Limited, Mumbai/India	kINR 2,319	kINR 17,861	15%
STADA Pharmaceuticals (Beijing) Ltd., Beijing/People's Republic of China	kCNY 11,436	kCNY 87,996	83.351%
STADA Philippines Inc., Manila/The Philippines	kPHP 12,022	kPHP 120,759	100%
STADA (Thailand) Company Ltd., Bangkok/Thailand	kTHB -5,759	kTHB 116,974	49%
STADA Ukraine, Kiev/Ukraine	kUAH 5,456	kUAH 84,325	100%
Sundrops Limited, Huddersfield/United Kingdom ²⁾	kGBP 0	kGBP 3,427	100%
Thornton & Ross Ireland Limited, Clonmel/Ireland ²⁾	kEUR 0	kEUR 0	100%
Thornton & Ross Limited, Huddersfield/United Kingdom	kGBP 17,622	kGBP 85,541	100%
UAB STADA-Nizhpharm-Baltiya, Vilnius/Lithuania	kEUR 199	kEUR 1,631	100%
Velefarm A.D., Belgrade/Serbia ³⁾	-	-	19.65%
Velexfarm d.o.o., Belgrade/Serbia ²⁾	kRSD 115,574	kRSD 78,548	100%
Vetfarm A.D., Belgrade/Serbia ³⁾	-	-	15%
Well Light Investment Services JSC, Ho Chi Minh City/Vietnam	kVND 13,999,236	kVND 144,159,907	100%
Zeroderma Limited, Huddersfield/United Kingdom ²⁾	kGBP 0	kGBP 3,385	100%

1) For foreign companies, equity is shown both in local currency and in accordance with local law. In accordance with local law, the financial statements of STADA Arzneimittel AG are audited as they are prepared.

2) Figures from financial year 2018.

3) Waiver of disclosures pursuant to Section 286 (3) Sentence 1 No. 1 HGB.

21. Conversion rates

The exchange rates underlying the currency translation of currencies outside of the euro zone that are important for STADA Arzneimittel AG developed as follows:

in €	Average rate		Closing rate	
	2019	2018	Dec. 31, 2019	Dec. 31, 2018
1 Emirati dirham (AED)	0.24321	0.23047	0.24336	0.23781
1 Argentine peso (ARS)	0.01859	0.03039	0.01494	0.02317
1 Australian Dollar (AUD)	0.62087	0.63295	0.62531	0.61652
1 Bosnian mark (BAM)	0.51129	0.51129	0.51129	0.51129
1 Bulgarian lev (BGN)	0.51130	0.51130	0.51130	0.51130
1 Swiss franc (CHF)	0.89871	0.86589	0.91988	0.88739
1 Chinese yuan (CNY)	0.12930	0.12808	0.12792	0.12698
1 Czech koruna (CZK)	0.03896	0.03900	0.03927	0.03887
1 Danish crown (DKK)	0.13394	0.13417	0.13387	0.13392
1 Pound sterling (GBP)	1.13994	1.13027	1.17360	1.11791
1 Hong Kong dollar (HKD)	0.11399	0.10799	0.11477	0.11151
1 Croatian kuna (HRK)	0.13480	0.13480	0.13426	0.13491
1 Indian rupee (INR)	0.01268	0.01239	0.01247	0.01254
1 Kazakhstani tenge (KZT)	0.00233	0.00246	0.00234	0.00229
1 Philippine peso (PHP)	0.01724	0.01607	0.01761	0.01664
1 Polish zloty (PLN)	0.23269	0.23471	0.23492	0.23248
1 Romanian leu (RON)	0.21072	0.21487	0.20911	0.21443
1 Serbian dinar (RSD)	0.00848	0.00845	0.00850	0.00846
1 Russian ruble (RUB)	0.01380	0.01350	0.01443	0.01254
1 Swedish krona (SEK)	0.09446	0.09750	0.09579	0.09752
1 Thai baht (THB)	0.02876	0.02620	0.02988	0.02699
1 Ukrainian hryvnia (UAH)	0.03457	0.03114	0.03762	0.03151
1 US dollar (USD)	0.89319	0.84639	0.89373	0.87336
1 Vietnamese dong (VND)	0.00004	0.00004	0.00004	0.00004

22. External auditor fees

For the services provided by the auditors, PricewaterhouseCoopers GmbH, the following fees were recognized as expenses in financial year 2019 and in the previous year:

in k €	2019	2018
Fees for the auditor	775	1,021
• thereof for audits	693	648
• thereof for other confirmation services	17	104
• thereof for other services	82	269
• thereof tax consulting services	-	-

The fees for audits relate to payment for the audit of the Consolidated Financial Statements as well as the Financial Statements of STADA Arzneimittel AG and its German subsidiaries at the end of the financial year.

Fees recognized under other confirmation services relate to services in connection with a voluntary audit of the risk management system.

The other services primarily consist of consulting services in the course of a planned business process outsourcing project.

23. Financial instruments

Derivative financial instruments

Risks from interest rate and currency-related fluctuations in cash flow are countered with derivative financial instruments that are exclusively used to hedge interest and currency risks resulting from operating activities, financial transactions and investments. Derivative financial instruments are neither held nor issued for speculation purposes.

Derivatives are used to offset changes in fair values and/or interest payment cash flows from the underlying hedge items (receivables from associates).

STADA concludes currency forwards and currency swaps in order to limit currency risks. In 2019, exchange-rate hedging was primarily undertaken for the Russian ruble, the US dollar and the British pound sterling. As of the reporting date, the currency forwards were each assigned to a valuation unit with loans to associates. Other currency derivatives also hedge the currency risk without being designated to a valuation unit.

As a result of an individual item, the underlying transactions for currency futures with a nominal value of €4.38 million maturing on February 6, 2020 have been canceled in the short term. These currency futures all have a negative market value of k €157.4, which is recognized in loss provisions.

In order to hedge cash flows from loans to associates (currency risk), STADA concluded currency swaps.

Underlying transactions hedged by valuation units:

Hedged item	Market values	
	Hedged risk	Secured amount of the hedged item (carrying amount) in €million
Assets	Interest rate change/currency risk	0.0
	Currency risk	14.9
Liabilities	Interest rate risk	0.0
	Currency risk	0.0
		14.9

The market values of derivative financial instruments that are part of a valuation unit are as follows:

in € million	2019	2018
Currency forwards	0.0	0.0
Currency swaps with a positive market value	0.0	0.0
Currency swaps with a negative market value	-0.2	-0.1
Interest rate swaps	0.0	0.0
Interest rate/currency swaps	0.0	0.0
	-0.2	-0.1

Each underlying transaction has a designated derivative in a valuation unit (micro-hedges).

All hedges are expected to be highly effective as the important features are nearly identical (critical terms match).

Hedged risks – pending loss provisions not created, write-ups on liabilities in foreign currencies and write-downs of receivables in foreign currencies:

in € million	2019	2018
Interest rate/currency risk	0.0	0.0
Currency risk	-0.1	-0.1
Total hedged balance sheet risk	-0.1	-0.1

The effectiveness of hedges is evaluated on the reporting date in accordance with the critical terms match method.

Nominal values of the derivatives that are not in a valuation unit:

in € million	2019	2018
Currency forwards with a positive market value	4.4	11.0
Currency forwards with a negative market value	8.7	0.8
Currency swaps with a positive market value	45.6	49.1
Currency swaps with a negative market value	26.9	0.0
Interest rate swaps	0.0	0.0
Interest rate/currency swaps	0.0	0.0
	85.6	60.9

The market values of the derivative financial instruments in a valuation unit are as follows:

in € million	2019	2018
Currency forwards with a positive market value	0.1	0.4
Currency forwards with a negative market value	-0.3	0.0
Currency swaps with a positive market value	0.3	1.9
Currency swaps with a negative market value	-0.4	0.0
Interest rate swaps	0.0	0.0
Interest rate/currency swaps	0.0	0.0
	-0.3	2.3

Derivatives with positive market values are not recognized in the balance sheet because they represent pending transactions under HGB. For derivatives with negative market values, provisions for anticipated losses from pending transactions are formed in the amount of the negative market value and booked under the balance sheet item "Other provisions for less than one year".

Calculation of market values is carried out through interpolations based on exchange rates and swap rates on the balance sheet date.

In the future, the risks being hedged will likely be offset, because the hedged items and hedging transactions are subject to the same risk, which is influenced by identical factors in the same way and because the hedging transactions do not exhibit any other risks than the hedged items. Settlement shall be completed for the most part by December 31, 2020.

24. Resolution on the distribution of profits

The financial statements have been prepared under the premise that retained earnings will be carried forward to a new account.

25. Consolidated group

STADA Arzneimittel AG, Bad Vilbel, as parent company prepares the Consolidated Financial Statements pursuant to IFRS requirements (smallest scope of consolidation), which are available at the following Internet address: www.stada.com/de.

The company is also included in the Consolidated Financial Statements of Nidda German Topco GmbH, Frankfurt am Main, Germany (largest scope of consolidation). These financial statements are published in the Federal Gazette.

In 2018, a profit transfer agreement was signed with Nidda Healthcare GmbH.

26. Report on post-balance sheet date events

This report on post-reporting date events includes events that occurred between the end of financial year 2019 and the date of the signing of the financial statements for 2019 and which have a significant, or possibly significant effect on the net assets, financial position and results of operations of the STADA Arzneimittel AG.

These were as follows:

On February 24, 2020, STADA announced that the company had agreed to acquire 15 well-established consumer healthcare brands from GlaxoSmithKline across more than 40 countries, predominantly in Europe, and multiple therapeutic areas.¹⁾

On March 3, 2020, the acquisition of selected products from Takeda Pharmaceutical Company Limited was completed (see STADA Annual Report 2019 – Notes to the Consolidated Financial Statements – Note “8. Business combinations”).

The acquisition of Walmark, a leading manufacturer of consumer health products in Eastern Europe was completed on March 4, 2020 (see STADA Annual Report 2019 – Notes to the Consolidated Financial Statements – Note “8. Business combinations”).

Bad Vilbel, March 11, 2020

STADA Arzneimittel Aktiengesellschaft
The Executive Board



Peter Goldschmidt
Chairman of the Executive Board/CEO



Dr. Wolfgang Ollig
Chief Financial Officer/CFO



Miguel Pagan Fernandez
Chief Technical Officer/CTO

¹⁾ See the Company's press release of February 24, 2020.

FURTHER INFORMATION



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Responsibility Statement

To the best of our knowledge and in accordance with the applicable financial reporting principles, the Annual Financial Statements give a true and fair view of the business, financial position and results of operations and profit or loss of STADA Arzneimittel AG, and the Combined Management Report includes a fair review of the development and performance of the business and the position of STADA Arzneimittel AG, together with a description of the principal opportunities and risks associated with STADA Arzneimittel AG's expected development.

Bad Vilbel, March 11, 2020



Peter Goldschmidt
Chairman of the Executive Board/CEO



Dr. Wolfgang Ollig
Chief Financial Officer/CFO



Miguel Pagan Fernandez
Chief Technical Officer/CTO

Independent Auditor's Report

To STADA Arzneimittel AG, Bad Vilbel

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of STADA Arzneimittel AG, Bad Vilbel, which comprise the balance sheet as at December 31, 2019, and the income statement for the financial year from January 1 to December 31, 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of STADA Arzneimittel AG, which is combined with the group management report, for the financial year from January 1 to December 31, 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1 to December 31, 2019 in compliance with German Legally Required Accounting Principles,

and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Measurement of shares in affiliated companies
2. Measurement of drug approvals and brands

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

1. Measurement of shares in affiliated companies

1. In the annual financial statements of the Company shares in affiliated companies amounting to EUR 1,418.9 million (45% of total assets) are reported under the "Financial assets" balance sheet item. During the financial year, the Company added EUR 91.8 million in shares in affiliated companies. Of that amount, costs amounting to EUR 80.4 million relate to shares in Pegach AG, Egerkingen, Switzerland, which was merged with Spirig HealthCare AG, Egerkingen, Switzerland, during the financial year.

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values of the material shares in affiliated companies are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant financial asset. On the basis of the values determined and supplementary documentation, write-downs amounting in total to EUR 1.1 million and reversals of write-downs amounting to EUR 14.5 million were required for the financial year.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The measurement is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

2. As part of our audit, we evaluated the methodology employed for the purposes of the valuation, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model.

In our view, taking into consideration the information available, the measurement parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies.

3. The Company's disclosures on financial assets are contained in the sections entitled "Accounting policies" and "1. Fixed assets" in the notes to the financial statements.

2. Measurement of drug approvals and brands

1. In the Company's annual financial statements, drug approvals and brands acquired against payment and currently in use totaling EUR 344.5 million (10.9% of total assets) are reported under "Intangible assets" balance sheet item. Of this figure, EUR 94.5 million is attributable to drug approvals and EUR 250.0 million to brands.

Drug approvals and brands are measured in accordance with German commercial law at the lower of amortized cost and fair value. A write-down must be recognized in the case of likely permanent impairment. In the judgment of the executive directors, impairment is assumed likely to be permanent if it is expected to last for more than half of the remaining useful life or for more than five years. If the reasons for the impairment cease to apply, the write-down must be reversed.

To determine any possible need for write-downs or reversals of write-downs, the carrying amounts of drug approvals are tested for impairment annually, and the carrying amounts of brands are tested for impairment if there are indications that impairment is likely or that the reasons for impairment no longer apply. Fair value is generally determined on the basis of the present value of expected future cash flows from the respective drug approval or brand, which is calculated using discounted cash flow models. For this purpose, the budget projections prepared by the executive directors form the starting point for future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate applied is the risk-adjusted cost of capital for the drug approvals and brands. Write-downs totaling EUR 14.4 million were recognized on the carrying amounts of drug approvals. Write-downs totaling EUR 26.3 million and reversals of write-downs totaling EUR 6.6 million were recognized on the carrying amounts of brands.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective intangible asset, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we reviewed and assessed the methodology employed for the purposes of the valuation exercise, among other things. After comparing the future cash inflows used in the calculation with the budget projections prepared by the executive directors and taking into consideration the relevant measurement standards, we assessed the appropriateness of the calculation of fair values, in particular by means of a reconciliation with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the intangible asset values calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We also assessed whether the impairment identified is likely to be permanent.

In our view, taking into consideration the information available, the measurement inputs and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the intangible assets acquired against payment, as recognized under fixed assets.

3. The Company's disclosures on the "Intangible assets" balance sheet item are contained in the sections entitled "Accounting policies" and "1. Fixed assets" in the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) included in section "employees" of the management report
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the 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 and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit,

or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation, and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.
- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Based on the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 29, 2019. We were engaged by the supervisory board on December 16, 2019. We have been the auditor of STADA Arzneimittel AG, Bad Vilbel, without interruption since the financial year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Frankfurt am Main, March 11, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Dr. Bernd Roese)
Wirtschaftsprüfer
(German Public Auditor)

(sgd. ppa. Katrin Blumert)
Wirtschaftsprüferin
(German Public Auditor)

Publishing Information

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Forward-looking statements

These STADA Arzneimittel AG (hereinafter "STADA") Annual Financial Statements as of December 31, 2019 contain 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. STADA may, where appropriate, also make forward-looking statements in other reports, in presentations, in material delivered to shareholders, and in press releases. Furthermore, our representatives may from time to time make forward-looking statements verbally. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: the influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health-care system of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA does not assume any obligation to update these forward-looking statements.

Rounding

In the general portion of these Annual Financial Statements as of December 31, 2019, STADA key figures are, as a rule, rounded to millions of euro, while the Notes present these figures, as a rule, with greater accuracy in thousands of euro. Due to rounding of these figures, differences may arise in individual figures between the general portion and the Notes, as well as from figures actually achieved in euro; these differences cannot be considered material.



Our Mission – Your Health

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