

**STADA**  
Arzneimittel  
Aktiengesellschaft

**ANNUAL  
FINANCIAL  
STATEMENTS**  
AS OF DECEMBER 31, 2020



**STADA**

Caring for  
People's Health  
as a Trusted Partner

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## **ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020**

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# COMBINED MANAGEMENT REPORT

The Management Report of STADA Arzneimittel AG and the Group Management Report have been combined in accordance with Section 315 (5) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB and published in STADA's Annual Report 2020.

The Annual Financial Statements and the Combined Management Report of STADA AG and the Group for financial year 2020 will be submitted to the operator of the Federal Gazette and published in the Federal Gazette.

The Annual Financial Statements of STADA Arzneimittel AG and the Group's Annual Report for financial year 2020 are also available on the internet at:

[www.stada.com/de](http://www.stada.com/de) or [www.stada.com](http://www.stada.com)

# BALANCE SHEET

## Assets

| Balance Sheet as of December, 31<br>in €   | Dec. 31, 2020           | Dec. 31, 2019           |
|--|-------------------------|-------------------------|
| <b>ASSETS</b>  |                         |                         |
| <b>A. Non-current assets</b>   |                         |                         |
| <b>I. Intangible assets</b>  |                         |                         |
| 1. Concessions acquired against payment, commercial property rights and similar rights and values as well as licenses for such rights and values | 713,000,011.32          | 350,871,599.80          |
| 2. Goodwill  | 20,144,867.12           | 25,288,237.41           |
| 3. Advance payments  | 126,780,844.89          | 84,306,677.81           |
|  | <b>859,925,723.33</b>   | <b>460,466,515.02</b>   |
| <b>II. Property, plant and equipment</b>   |                         |                         |
| 1. Land, leasehold rights and buildings including buildings on third-party land  | 29,197,810.54           | 31,452,786.48           |
| 2. Plant, tools and machinery  | 12,633,897.31           | 11,597,518.77           |
| 3. Other fixtures and fittings, tools and equipment  | 9,153,365.56            | 9,086,635.72            |
| 4. Advance payments and construction in progress   | 2,127,720.06            | 1,166,799.32            |
|  | <b>53,112,793.47</b>    | <b>53,303,740.29</b>    |
| <b>III. Financial assets</b>   |                         |                         |
| 1. Shares in associates  | 1,513,914,036.25        | 1,418,889,242.21        |
| 2. Loans to associates   | 467,928,919.78          | 479,649,246.78          |
| 3. Investments   | 5,086,813.81            | 3,953,745.00            |
|  | <b>1,986,929,769.84</b> | <b>1,902,492,233.99</b> |
|  | <b>2,899,968,286.64</b> | <b>2,416,262,489.30</b> |
| <b>B. Current assets</b>   |                         |                         |
| <b>I. Inventories</b>  |                         |                         |
| 1. Materials and supplies  | 18,562,687.20           | 18,483,966.50           |
| 2. Work in progress  | 6,626,741.01            | 8,336,175.81            |
| 3. Finished goods and merchandise  | 23,385,015.86           | 18,661,648.14           |
| 4. Advance payments  | 4,076,510.30            | 2,896,420.44            |
|  | <b>52,650,954.37</b>    | <b>48,378,240.89</b>    |
| <b>II. Receivables and other assets</b>  |                         |                         |
| 1. Trade accounts receivable   | 5,473,939.56            | 3,276,890.12            |
| 2. Receivables from associates<br>– thereof to shareholders: €16.00 (previous year: €44,065,397.08)  | 1,029,591,106.19        | 582,059,569.78          |
| 3. Other assets  | 14,992,703.77           | 8,048,748.90            |
|  | <b>1,050,057,749.52</b> | <b>593,385,208.80</b>   |
| <b>III. Cash on hand and balances with banks</b>   |                         |                         |
|  | <b>90,704,346.65</b>    | <b>91,464,405.42</b>    |
|  | <b>1,193,413,050.54</b> | <b>733,227,855.11</b>   |
| <b>C. Prepaid expenses/deferred charges</b>  |                         |                         |
|  | <b>9,123,267.72</b>     | <b>6,771,685.25</b>     |
|  | <b>4,102,504,604.90</b> | <b>3,156,262,029.66</b> |

# BALANCE SHEET

## Equity and Liabilities

| Balance Sheet as of December, 31<br>in €  | Dec. 31, 2020           | Dec. 31, 2019           |
|---|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>   |                         |                         |
| <b>A. Equity</b>  |                         |                         |
| <b>I. Share Capital</b>   | <b>162,090,344.00</b>   | <b>162,090,344.00</b>   |
| Treasury shares   | -219,109.80             | -219,109.80             |
| <b>Issued capital</b>   | <b>161,871,234.20</b>   | <b>161,871,234.20</b>   |
| <b>II. Capital reserve</b>  | <b>519,606,727.00</b>   | <b>519,606,727.00</b>   |
| <b>III. Retained earnings</b>   |                         |                         |
| 1. Statutory reserve  | 376,883.98              | 376,883.98              |
| 2. Other retained earnings  | 150,563,293.50          | 150,563,293.50          |
| <b>IV. Distributable profit</b>   | <b>54,420,096.86</b>    | <b>54,420,096.86</b>    |
|   | <b>886,838,235.54</b>   | <b>886,838,235.54</b>   |
| <b>B. Provisions</b>  |                         |                         |
| 1. Provisions for pensions and similar obligations  | 9,283,440.00            | 9,219,100.00            |
| 2. Tax provisions   | 36,537,445.22           | 28,437,445.18           |
| 3. Other provisions   | 131,467,573.51          | 78,281,393.42           |
|   | <b>177,288,458.73</b>   | <b>115,937,938.60</b>   |
| <b>C. Liabilities</b>   |                         |                         |
| 1. Bonds, thereof convertible €0.00 (previous year €0.00)   | 267,394,000.00          | 267,394,000.00          |
| 2. Liabilities to banks   | 48,501,296.18           | 48,500,000.00           |
| 3. Trade accounts payable   | 51,700,163.08           | 36,660,337.54           |
| 4. Liabilities to associates<br>– thereof to shareholders: €153,005,178.92 (previous year: €353,040,327.02)   | 2,659,319,177.17        | 1,793,746,008.01        |
| 5. Other liabilities<br>– thereof from taxes: €1,935,726.28 (previous year: €2,182,912.26)<br>– thereof from social security: €218.95 (previous year: €0) | 9,779,392.68            | 7,185,509.97            |
|   | <b>3,036,694,029.11</b> | <b>2,153,485,855.52</b> |
| <b>D. Prepaid expenses</b>  | <b>1,683,881.52</b>     | <b>0.00</b>             |
|   | <b>4,102,504,604.90</b> | <b>3,156,262,029.66</b> |

# INCOME STATEMENT

| Income statement for the period of January 1 to December 31<br>in €  | 2020                  | 2019                  |
|--|-----------------------|-----------------------|
| 1. Sales   | 683,772,623.19        | 566,726,719.57        |
| 2. Increase in inventories of finished goods and work in progress  | 1,698,069.55          | 2,089,160.74          |
| 3. Other operating income<br>– thereof from currency translation: €29,937,878.43 (previous year: €13,421,711.26)   | 80,227,835.27         | 63,187,304.78         |
|  | <b>765,698,528.01</b> | <b>632,003,185.09</b> |
| 4. Cost of materials   |                       |                       |
| a) Cost of materials and supplies and goods purchased  | 205,700,096.10        | 152,057,129.43        |
| b) Expenses for services   | 25,660,361.74         | 24,022,228.55         |
|  | <b>231,360,457.84</b> | <b>176,079,357.98</b> |
| 5. Personnel expenses  |                       |                       |
| a) Salaries  | 102,339,542.99        | 101,517,827.84        |
| b) Social security contributions and expenses for retirement benefits and support<br>– thereof for retirement benefits: €1,661,289.78 (previous year: €1,493,959.47)                                     | 13,703,637.70         | 12,843,391.07         |
|  | <b>116,043,180.69</b> | <b>114,361,218.91</b> |
| 6. Amortization/depreciation on non-current intangible assets and property, plant and equipment  | 83,529,608.30         | 93,662,738.01         |
| 7. Other operating expenses<br>– thereof from currency translation: €39,017,010.48 (previous year: €13,603,498.38)   | 288,962,373.39        | 192,140,211.84        |
| 8. Investment income<br>– thereof from associates: €72,639,094.25 (previous year: €181,823,995.16)   | 72,639,094.25         | 181,823,995.16        |
| 9. Income from profit transfer agreements  | 73,958,659.89         | 96,654,382.47         |
| 10. Income from loans from financial assets<br>– thereof from associates: €30,984,573.96 (previous year: €31,526,009.65)   | 30,984,573.96         | 31,526,009.65         |
| 11. Other interest and similar income<br>– thereof from associates: €17,977,457.80 (previous year: €11,277,074.80)   | 18,050,392.57         | 11,447,544.90         |
| 12. Depreciation on financial assets   | 10,190,065.73         | 1,097,000.00          |
| 13. Interest and similar expenses<br>– thereof from associates: €55,577,332.34 (previous year: €33,037,977.14)<br>– thereof from the unwinding of the discount: €402,435.00 (previous year: €473,586.00) | 69,648,583.68         | 42,056,870.83         |
| 14. Taxes on income and earnings   | 8,494,987.94          | -14,851,780.85        |
| <b>15. Earnings after taxes</b>  | <b>153,101,991.11</b> | <b>348,909,500.55</b> |
| 16. Other taxes  | 96,812.19             | -640,730.05           |
| 17. Profits transferred under profit and loss transfer agreements  | 153,005,178.92        | 349,550,230.66        |
| <b>18. Annual Net Profit</b>   | <b>0.00</b>           | <b>0.00</b>           |
| 19. Profit brought forward from previous year  | 54,420,096.86         | 54,420,096.86         |
| <b>20. Distributable profit</b>  | <b>54,420,096.86</b>  | <b>54,420,096.86</b>  |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF STADA ARZNEIMITTEL AG 2020

## 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. of the German Commercial Code 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. of the German Commercial Code) and the supplementing regulations of the German Stock Corporation Act (Aktiengesetz, AktG) apply.

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

## Accounting policies

Purchased intangible assets are measured at cost less accumulated amortization and, where necessary, impairment losses. The straight-line method of depreciation is generally applied. A useful life of three to 15 years is applied to intangible non-current assets. Impairment losses are recognized if the impairment is expected to be permanent. Impairment losses are reversed up to the amortized cost if the reasons for permanent impairment no longer exist. At STADA Arzneimittel AG, intangible non-current assets include regulatory drug approvals, trademarks, licenses, distribution rights, software as well as goodwill. Internally generated intangible assets are not capitalized.

The useful life of twelve years for goodwill takes into account the future economic benefit of the intangible assets. The useful lives of individual items of goodwill are 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 are also recognized at cost less depreciation over their useful lives 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.

| <b>Useful life of property, plant and equipment</b> | <b>Expected depreciation</b> |
|---|------------------------------|
| 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 depreciated, 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 an 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 historical cost.

Inventories are measured at cost. In addition to individual costs, these include 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 currencies 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 are not booked that resulted from hedged risks provided they are matched with unrealized gains in the same amount.

Prepaid expenses include the discount resulting from the difference between the settlement amount and the lower issue amount of a financial liability. The discount is amortized on a scheduled basis over the term of the financial liability.

Subscribed capital is recognized at nominal value.

Pension provisions were calculated actuarially using the projected unit credit method (PUC). For pension obligations, the option was exercised to use the average market interest rate for a ten-year term as determined and published by the German Central Bank as the discount rate. In accordance with Section 253 (2) Sentence 2 of the HGB, a residual term of 15 years is assumed as a general rule. 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 2020

## Balance Sheet

### 1. Non-current assets

For the development of non-current assets in 2020, including accumulated acquisition or production costs and accumulated depreciation, please refer to the statement of changes in non-current assets presented below.

| Statement of changes in non-current assets<br>of STADA Arzneimittel AG<br>as of Dec. 31, 2020<br>in €   | As of<br>Jan. 1, 2020   | Historical amortized cost |  | As of<br>Dec. 31, 2020  |
|---|-------------------------|---------------------------|--|-------------------------|
|   |                         | Additions<br>2020         | Disposals<br>Reclassifications<br>2020 |                         |
| <b>Non-current assets</b>   |                         |                           |  |                         |
| <b>I. Intangible assets</b>   |                         |                           |  |                         |
| 1. Concessions acquired against payment, commercial property rights and similar rights and values, as well as licenses for such rights and values | 896,761,472.33          | 459,005,506.55            | 40,185,392.40 D<br>6,954,761.88 R      | 1,322,536,348.36        |
| 2. Goodwill   | 94,848,304.33           | 0.00                      | 0.00                                   | 94,848,304.33           |
| 3. Advance payments made  | 131,235,211.04          | 57,214,751.03             | 6,757,054.36 R                         | 181,692,907.71          |
|   | <b>1,122,844,987.70</b> | <b>516,220,257.58</b>     | <b>47,140,154.28</b>                   | <b>1,599,077,560.40</b> |
| <b>II. Property, plant and equipment</b>  |                         |                           |  |                         |
| 1. Land, leasehold rights and buildings including buildings on third-party land   | 70,262,891.26           | 42,931.25                 | 0.00                                   | 70,305,822.51           |
| 2. Plant, tools and machinery   | 40,063,482.86           | 2,694,817.29              | 236,090.88 D<br>574,523.15 R           | 43,096,732.42           |
| 3. Other fixtures and fittings, tools and equipment   | 50,523,996.92           | 1,951,940.12              | 47,407.32 D<br>394,568.65 R            | 52,823,098.37           |
| 4. Advance payments and construction in progress  | 1,166,799.32            | 2,127,720.06              | 1,166,799.32 R                         | 2,127,720.06            |
|   | <b>162,017,170.36</b>   | <b>6,817,408.72</b>       | <b>2,419,389.32</b>                    | <b>168,353,373.36</b>   |
| <b>III. Financial assets</b>  |                         |                           |  |                         |
| 1. Shares in associates   | 1,483,786,514.21        | 98,976,026.79             | 14,916,750.39 D                        | 1,567,845,790.61        |
| 2. Loans to associates  | 479,649,246.78          | 0.00                      | 11,720,327.00 D                        | 467,928,919.78          |
| 3. Investments  | 3,953,745.00            | 1,133,068.81              | 0.00                                   | 5,086,813.81            |
|   | <b>1,967,389,505.99</b> | <b>100,109,095.60</b>     | <b>14,916,750.39</b>                   | <b>2,040,861,524.20</b> |
|   | <b>3,252,251,664.05</b> | <b>623,146,761.90</b>     | <b>76,196,620.99</b>                   | <b>3,808,292,457.96</b> |

|  | As of<br>Jan. 1, 2020 | Accumulated amortization       |        |  | As of<br>Dec. 31, 2020 | Residual carrying<br>amount<br>Dec. 31, 2020 | Residual carrying<br>amount<br>Dec. 31, 2019 |
|--|-----------------------|--------------------------------|--------|--|------------------------|--|--|
|  |                       | Additions<br>Write-ups<br>2020 | A<br>W | Disposals<br>Reclassifications<br>2020 |                        |  |  |
|  | 545,889,872.53        | 63,646,464.51                  | A      | 0.00                                   | 609,536,337.04         | 713,000,011.32                               | 350,871,599.80                               |
|  | 69,560,066.92         | 5,143,370.29                   | A      | 0.00                                   | 74,703,437.21          | 20,144,867.12                                | 25,288,237.41                                |
|  | 46,928,533.23         | 7,983,529.59                   | A      | 0.00                                   | 54,912,062.82          | 126,780,844.89                               | 84,306,677.81                                |
|  | <b>662,378,472.68</b> | <b>76,773,364.39</b>           |        | <b>0.00</b>                            | <b>739,151,837.07</b>  | <b>859,925,723.33</b>                        | <b>460,466,515.02</b>                        |
|  | 38,810,104.78         | 2,297,907.19                   | A      | 0.00                                   | 41,108,011.97          | 29,197,810.54                                | 31,452,786.48                                |
|  | 28,465,964.09         | 2,179,214.25                   | A      | 182,343.23                             | 30,462,658.71          | 12,633,897.31                                | 11,597,518.77                                |
|  | 41,437,361.20         | 2,279,122.47                   | A      | 46,750.86                              | 43,669,732.81          | 9,153,365.56                                 | 9,086,635.72                                 |
|  | 0.00                  | 0.00                           |        | 0.00                                   | 0.00                   | 2,127,720.06                                 | 1,166,799.32                                 |
|  | <b>108,713,430.07</b> | <b>6,756,243.91</b>            |        | <b>229,094.09</b>                      | <b>115,240,579.89</b>  | <b>53,112,793.47</b>                         | <b>53,303,740.29</b>                         |
|  | 64,897,272.00         | 10,190,065.73<br>6,238,833.98  | A<br>W | 14,916,749.39                          | 53,931,754.36          | 1,513,914,036.25                             | 1,418,889,242.21                             |
|  | 0.00                  | 0.00                           |        | 0.00                                   | 0.00                   | 467,928,919.78                               | 479,649,246.78                               |
|  | 0.00                  | 0.00                           |        | 0.00                                   | 0.00                   | 5,086,813.81                                 | 3,953,745.00                                 |
|  | <b>64,897,272.00</b>  | <b>3,951,231.75</b>            |        | <b>14,916,749.39</b>                   | <b>53,931,754.36</b>   | <b>1,986,929,769.84</b>                      | <b>1,902,492,233.99</b>                      |
|  | <b>835,989,174.75</b> | <b>87,480,840.05</b>           |        | <b>15,145,843.48</b>                   | <b>908,324,171.32</b>  | <b>2,899,968,286.64</b>                      | <b>2,416,262,489.30</b>                      |

## 2. Intangible assets

Intangible assets increased by €362.1 million to €713.0 million as of the reporting date (previous year: €350.9 million). This development resulted mainly from the acquisitions of the Takeda product portfolio and the GSK product portfolio.

STADA acquired pharmaceutical products and associated processes from the Takeda Group as of March 3, 2020. The purchase price of €137.6 million for the acquisition resulted in an addition to intangible assets acquired for consideration in the form of patents and approval rights. The acquisition includes prescription products as well as OTC products and was fully settled in cash. In the course of this acquisition, a transfer of acquired patents and rights in the amount of €40.2 million was made on March 3, 2020 due to a subsequent adjustment of the product allocation between STADA AG and the subsidiary AO Nizhpharm involved in the acquisition. The disposal in intangible assets is mainly attributable to this specific transaction.

Further, the addition to intangible assets is marked by the acquisition of a branded product portfolio from GlaxoSmithKline in the amount of €314.5 million, which was completed on May 29, 2020. This acquisition includes 15 consumer healthcare products in more than 40 countries, mainly in Europe and including France, Germany, Italy, Poland, Russia, Spain and Switzerland, for various therapeutic areas from GlaxoSmithKline. With the acquisition, the Group further expands its global branded product business.

## 3. Financial assets

Additions to financial assets of €91.1 million are mainly attributable to the acquisition of the Walmark-a.s. Group, a leading manufacturer of consumer healthcare products in Eastern Europe.

## 4. Trade accounts receivable

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

## 5. Receivables from associates

As of the balance sheet date, there are loan receivables amounting to €65,299,999.99 (previous year: €33,299,999.99) with a remaining term of more than one year. Trade accounts receivable (€565,060,334.25; previous year: €371,243,316.45) and other loans to associates (€399,230,771.95; previous year: €177,516,253.34) have a remaining term of up to one year.

There are no receivables from companies in which a participating interest is held.

## 6. Other assets

The item in the amount of €14,992,703.77 (previous year: €8,048,748.90) includes tax refund claims of €7,482,099.40 (previous year: €647,372.94). As in the previous year, other assets do not include any receivables with a remaining term of more than one year.

## 7. Accrued items

As of the balance sheet date, accrued receivables amounting to k €2,414 and accrued liabilities amounting to k €4,207 resulted from the accrual of interest transactions.

## 8. Prepaid expenses/deferred charges

Prepaid expenses include a discount of €287,115.50 (previous year: €514,079.38) and pro-rated expenses for the future year in the amount of €8,836,152.22 (previous year: €6,257,605.87).

## 9. Deferred taxes

Due to the domination and profit and loss transfer agreement with Nidda Healthcare GmbH in place since January 1, 2018, STADA AG is part of the income tax group of Nidda BondCo GmbH. Therefore, no deferred taxes are recognized at the level of STADA Arzneimittel AG.

## 10. Equity

### Share capital

Share capital remains unchanged from 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 per share. Netted against treasury shares in the amount of €219,109.80, the share capital reported in the balance sheet as of December 31, 2020 amounts to €161,871,234.20.

In the 2020 financial year, no notifications of voting rights (shares/instruments) of at least 3% were submitted to the Company. Nidda Healthcare GmbH has held 100% of the outstanding shares of STADA Arzneimittel AG since the squeeze-out under stock corporation law took effect with entry in the commercial register on November 6, 2020

### Authorized capital

By resolution of the Annual General Meeting on June 6, 2018, the Executive Board is authorized, with the approval of the Supervisory Board, to increase share capital by up to €81,045,159.00 against cash and/or non-cash contributions on one or more occasions until June 5, 2023, whereby shareholders' subscription rights may be excluded (Authorized Capital 2018/I).

### Capital reserve

The capital reserve is unchanged from the previous year at €519,606,727.00.

### Retained earnings

Other retained earnings amounting to €150,563,293.50 (previous year: €150,563,293.50) mainly include transfers from net profit.

### Treasury shares

As of the balance sheet date, the Company holds 84,273 treasury shares, unchanged from the previous year, with an arithmetical share in the share capital of €2.60 per share. This corresponds to a share capital of €219,109.80 or 0.14% of the share capital.

In 2020, no shares were sold and no shares were purchased.

The purposes for which the treasury shares are to be used result from the underlying authorization resolution of the Annual General Meeting (most recently in 2013, agenda item 8).

## 11. Provisions

Pension provisions have been calculated according to actuarial principles based on the biometric tables 2018 G by Dr. Klaus Heubeck and applying an interest rate of 2.31% p.a. and a pension trend of 1.50% p.a..

As a result of the new regulation introduced by the Act Implementing the Residential Real Estate Credit Directive and Amending Commercial Law Provisions, the pension obligations were discounted in accordance with the average market interest rate of the past ten years as determined and published by the German Central Bank. Until 2015, the average market interest rate of the past seven financial years published by the German Central Bank was applied. The difference in the financial year totaled k €1,268 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 the pension commitments is €13,347. The fair value of the pledged reinsurance amounts to k €4,064. In the year under review, expenses of k €352 were offset against income of k €2 in the financial result.

Other accruals consist in particular of expenses for personnel (k €22,440; previous year: k €22,733), for partial retirement entitlements (k €3,272; previous year: k €2,763), for employee anniversary entitlements (k €3,012; previous year: k €2.664), for outstanding cost invoices (k €21,209; previous year: k €22,273), for claims for damages (amounting to k €23,997; previous year: €0) and for outstanding cost invoices to affiliated companies (k €45,950; previous year: k €15,877).

## 12. Bond

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

Following the takeover of STADA Arzneimittel AG, investors made use of the change-of-control right in financial year 2018 and, following the acceptance of a tender offer by STADA Arzneimittel AG, the outstanding bond amount was reduced to € 274 million.

On December 20, 2018, STADA announced that the Company 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.<sup>1)</sup> The granting of such in rem securities gives holders of the STADA €300,000,000 1.75% fixed rate notes due in 2022 the right to demand repayment of their principal and accrued interest on such STADA bonds. On January 8, 2019, STADA published a corresponding tender offer, the final expiration date of which was June 19, 2019.<sup>2)</sup> On June 21, 2019, STADA announced that bonds in the nominal amount of €6,676,000 had been repurchased under the tender offer since its announcement on January 8, 2019.<sup>2)</sup>

As of December 31, 2020 the outstanding bond amount is therefore still €267 million.

1) See the Company's press release of December 20, 2018.

1) See [www.stada.com/de/investor-relations/stada-euro-bond-2015](http://www.stada.com/de/investor-relations/stada-euro-bond-2015).

### 13. Liabilities to banks

| Remaining maturities of financial liabilities due to banks<br>in € million | up to 1 year<br>(previous year) | over 1 year<br>(previous year) | thereof<br>over 5 years<br>(previous year) |
|--|---------------------------------|--------------------------------|--|
| Amounts<br>due to banks  | 41.5<br>(0.0)                   | 7.0<br>(48.5)                  | 0.0<br>(0.0)                               |

### 14. Liabilities from bonds, trade accounts payable and other liabilities

| Remaining maturities of trade payables<br>in € million | up to 1 year<br>(previous year) | over 1 year<br>(previous year) | thereof<br>over 5 years<br>(previous year) |
|--|---------------------------------|--------------------------------|--|
| Liabilities<br>from bonds                              | 0.0<br>(0.0)                    | 267.4<br>(267.4)               | 0.0<br>(0.0)                               |
| Liabilities<br>to associates                           | 714.3<br>(864.1)                | 1,945.0<br>(929.6)             | 0.0<br>(0.0)                               |
| Trade accounts<br>payable                              | 51.7<br>(36.1)                  | 0.0<br>(0.6)                   | 0.0<br>(0.0)                               |
| Other<br>liabilities                                   | 9.8<br>(7.2)                    | 0.0<br>(0.0)                   | 0.0<br>(0.0)                               |

Liabilities to associates include loan liabilities of €2,249.3 million (previous year: €1,228.0 million) and liabilities under the profit and loss transfer agreement of €153.0 million (previous year: €349.6 million). As in the previous year, the remaining liabilities result from trade accounts payable.

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

### 15. Income statement

The 2020 sales of STADA Arzneimittel AG in the amount of k €683,773 thousand were recognized in accordance with the new definition of Section 277 (1) of the German Commercial Code (HGB) in the version of the BilRUG and include a foreign share of k €409,068 (previous year: k €302,782). Of this amount, k €381,236 (previous year: k €290,995) relates to Europe, k €12,078 (previous year: k €7,356) to MENA, k €80 (previous year: k €79) to South America, k €561 (previous year: €0) to North America and k €15,113 (previous year: k €4,352) to Asia. Sales are broken down into the following areas of activity:

| in k €                           | 2020           | 2019           |
|----------------------------------|----------------|----------------|
| Sales from the delivery of goods | 338,603        | 232,388        |
| License revenue                  | 66,500         | 71,161         |
| Sale of approvals                | 1,186          | 589            |
| Services                         | 277,484        | 262,588        |
| <b>Total</b>                     | <b>683,773</b> | <b>566,727</b> |

Other operating income includes exchange rate gains of k €29,938, income from the reversal of provisions of k €11,564 (previous year: k €9,348), additional income from asset disposals of k €1,411 (previous year: k €2,788), and income from the reversal of valuation allowances on receivables of k €261 (previous year: k €2,754). In addition, other operating income from the write-up of financial assets amounting to k €6,239 (previous year: k €21,170) is recognized.

Other operating income includes income relating to other periods from mainly intercompany reimbursements amounting to k €25,828 (previous year: k €7,734).

Unscheduled amortization on intangible assets amounted to k €11,995 for the 2020 financial year (previous year: k €41,047). Unscheduled amortization on financial assets amounted to k €10,190 for financial year 2020 (previous year: k €1,097).

Other operating expenses include communication and consulting costs of k €51,998 (previous year: k €31,468), expenses for third-party services of k €68,773 (previous year: k €55,927), expenses for exchange rate losses of k €39,017 (previous year: k €13,604), expenses for provisions for damages of k €23,997 (previous year: k €0), expenses for marketing compensation of k €14,549 (previous year: k €0) and expenses for marketing and sales promotion activities of k €19,776 (previous year: k €3,580).

Other operating expenses also include expenses of k €26,770 (previous year: k €9,341) relating to other periods from intra-group charges.

Due to the domination and profit and loss transfer agreement with Nidda Healthcare GmbH in place since January 1, 2018, STADA Arzneimittel AG is part of the income tax group of Nidda BondCo GmbH, so that no taxes on income are to be paid at the level of STADA Arzneimittel AG.

## 16. Other notes and disclosures

In 2020, the average number of employees was 920, including

- 1 employee in warehouse and shipping
- 366 employees in production and packaging
- 553 employees in administration

The appointment and dismissal of the Executive Board is governed by the statutory provisions of Section 84 of the German Stock Corporation Act (AktG). The members of the Executive Board are or were:

- Peter Goldschmidt, Chief Executive Officer
- Mark Keatley, Chief Financial Officer (until January 31, 2020)
- Dr. Wolfgang Ollig, Chief Financial Officer (from February 1, 2020)
- Miguel Pagan Fernandez, Chief Technical Officer

Effective February 1, 2020, the Supervisory Board had appointed Dr. Wolfgang Ollig as the Group's new Chief Financial Officer to succeed Mr. Keatley. Mr. Keatley decided to step down from the Executive Board for personal reasons.

## 17. Remuneration of the Executive Board and the Supervisory Board

In financial year 2020, total remuneration of the Executive Board at STADA Arzneimittel AG amounted to k €4,090 (previous year: k €3,862).

In financial year 2020, the total remuneration of the Supervisory Board at STADA Arzneimittel AG amounted to k €828 (previous year: k €790).

Remuneration to former members of the Executive Board amounted to a total of k €954 in financial year 2020.



Current pension provisions for former Executive Board members for financial year 2020 amounted to k €10,809 before the netting with the actuarial reserve.

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.

## 18. Information on the Supervisory Board of the Company

### Composition of the Supervisory Board and its committees

The members of the Supervisory Board during the 2020 financial year 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 (Vice Chairman; employee representative)
- 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 of STADA Arzneimittel AG, Ebsdorfergrund, Germany (employee representative)
- 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)

Markus Damm, Dr. Klaus Scheja and Jens Steegers are the representatives elected to the Supervisory Board by the employees.

## 19. Information on the Advisory Board of the Company

### Composition of the Advisory Board

The members of the Advisory Board during the 2020 financial year were:

- Dr. Thomas Meyer, Seelze, Germany (Chairman)
- Dr. Frank-R. Leu, Gießen, Germany (Deputy Chairman)
- Rika Aschenbrenner, Mainburg, Germany
- Alfred Böhm, Munich, Germany, since May 14, 2020
- Dr. Maria Haas-Weber, Hanau, Germany, until May 14, 2020
- 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

## 20. Contingent liabilities in accordance with Section 251 of the German Commercial Code

At the balance sheet date, contingent liabilities from guarantees in accordance with Section 251 of the German Commercial Code (HGB) amounted to €61,917,555.39 (previous year: €64,397,408.86). Of this amount, €25,000,000.00 (previous year: €29,954,080.30) 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.

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

Remaining other financial obligations from leasing, rental and other service agreements amount to €110,510,102.42.

| in € million  | up to 1 year | over 1 year | thereof<br>over 5 years |
|---|--------------|-------------|-------------------------|
| Maturities of remaining other financial liabilities | 17.7         | 92.9        | 10.1                    |

There is a purchase commitment from obligations for future expenses and investments amounting to €55.8 million.

## 22. List of equity interests of STADA Arzneimittel AG in accordance with Section 285 (11) of the German Commercial Code (HGB)

The following table shows the results of the companies regardless of the amount of the share in their capital.

### 1) Direct investments of STADA Arzneimittel AG:

|  | Earnings 2020 | Equity          | Equity interest |
|--|---------------|-----------------|-----------------|
| <b>Germany<sup>1)</sup></b>  |               |                 |                 |
| BEPHA Beteiligungsgesellschaft für Pharmawerte mbH, Bad Vilbel/Germany                                     | EUR 0         | kEUR 689        | 100%            |
| BIOCEUTICALS Arzneimittel AG, Bad Vilbel/Germany   | kEUR 40,899   | kEUR 83,061     | 51.34%          |
| Mobilat Produktions GmbH, Pfaffenhofen/Germany   | EUR 0         | kEUR 256        | 100%            |
| Natures Aid Deutschland GmbH, Bad Vilbel/Germany   | EUR 0         | kEUR 31         | 100%            |
| <b>International<sup>2)</sup></b>  |               |                 |                 |
| AO Nizhpharm, Nizhny Novgorod/Russia   | kRUB 631,649  | kRUB 21,205,110 | 100%            |
| Cicum Farma, Unipessoal, LDA, Paco de Arcos/Portugal   | kEUR 494      | kEUR 2,730      | 100%            |
| EG Labo – Laboratoires Eurogenerics SAS, Boulogne-Billancourt/France <sup>3)</sup>                         | kEUR -1,018   | kEUR 34,674     | 100%            |
| EG S.p.A., Milan/Italy   | kEUR 1,628    | kEUR 101,367    | 100%            |
| Laboratorio STADA, S.L., Barcelona/Spain   | kEUR 1,776    | kEUR 46,942     | 100%            |
| OOO Hemofarm, Obninsk/Russia <sup>3)</sup>   | kRUB -37,019  | kRUB 4,793,511  | 9.89%           |
| SCIOTEC Diagnostic Technologies GmbH, Tulln an der Donau/Austria <sup>3)</sup>                             | kEUR 137      | kEUR 925        | 100%            |
| Spirig HealthCare AG, Egerkingen/Switzerland   | kCHF 4,711    | kCHF 14,638     | 100%            |
| STADA Arzneimittel Gesellschaft m.b.H., Vienna/Austria <sup>3)</sup>                                       | kEUR 734      | kEUR 5,069      | 100%            |
| STADA Bulgaria EOOD, Sofia/Bulgaria  | kBGN 0        | kBGN 5          | 100%            |
| STADA d.o.o., Ljubljana/Slovenia   | kEUR 66       | kEUR 891        | 100%            |
| STADA d.o.o., Zagreb/Croatia   | kHRK 913      | kHRK 7,129      | 100%            |
| STADA Egypt Ltd., Cairo/Egypt <sup>4)</sup>  | -             | -               | 83.33%          |
| STADA LUX S.à R.L., Luxembourg/Luxembourg  | kEUR 1        | kEUR 5          | 100%            |
| STADA PHARMA Bulgaria EOOD, Sofia/Bulgaria <sup>3)</sup>   | kBGN 900      | kBGN 3,065      | 100%            |
| STADA PHARMA CZ s.r.o., Prague/Czech Republic  | kCZK 12,882   | kCZK 218,338    | 100%            |
| STADA Pharma Services India Private Limited, Mumbai/India  | kINR 4,069    | kINR 21,929     | 85%             |
| STADA PHARMA Slovakia, s.r.o., Bratislava/Slovakia   | kEUR 0        | kEUR 4,508      | 100%            |
| STADA Pharmaceuticals (Asia) Ltd., Hong Kong/People's Republic of China                                    | kHKD -862     | kHKD 150,742    | 100%            |
| STADA Pharmaceuticals Australia Pty. Ltd., Sydney/Australia  | kAUD 296      | kAUD 3,382      | 100%            |
| STADA Poland Sp. z o.o., Piaseczno/Poland  | kPLN 1,508    | kPLN 7,936      | 100%            |
| STADA Service Holding B.V., Etten-Leur/Netherlands   | kEUR 29,919   | kEUR 695,992    | 100%            |
| STADA (Shanghai) Company Management Consulting Co. Ltd., Shanghai/People's Republic of China <sup>3)</sup> | kCNY 186      | kCNY 1,464      | 100%            |
| STADA Sweden Holding AB, Uppsala/Sweden  | kEUR 2,770    | kEUR 162,956    | 100%            |
| STADA (Thailand) Company Ltd., Bangkok/Thailand  | kTHB 81,436   | kTHB 35,539     | 51%             |
| STADA UK Holdings Ltd., Reading/United Kingdom   | kEUR 96,784   | kEUR 390,690    | 100%            |
| WALMARK a.s., Třinec/Czech Republic  | kCZK 59,268   | kCZK 267,212    | 100%            |
| XBrane Biopharma AB, Solna/Sweden <sup>3)</sup>  | kSEK 166      | kSEK 184        | 7.08%           |

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 2019.

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

## 2) Indirect investments of STADA Arzneimittel AG:

|   | Earnings 2020  | Equity          | Equity interest |
|---|----------------|-----------------|-----------------|
| <b>Germany<sup>1)</sup></b>   |                |                 |                 |
| 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 14,062    | kEUR 30,268     | 66.66%          |
| STADA CEE GmbH, Bad Vilbel/Germany  | EUR 0          | kEUR 223        | 100%            |
| STADA Consumer Health Deutschland GmbH, Bad Vilbel/Germany                          | EUR 0          | kEUR 384        | 100%            |
| STADAPHARM GmbH, Bad Vilbel/Germany   | EUR 0          | kEUR 383        | 100%            |
| STADA Medical GmbH, Bad Vilbel/Germany  | EUR 0          | kEUR 103        | 100%            |
| <b>International<sup>2)</sup></b>   |                |                 |                 |
| AELIA SAS, Saint-Brieuc/France <sup>3)</sup>  | kEUR 899       | kEUR 1,865      | 20%             |
| Biopharma-Invest LLC, Bila Tserkva/Ukraine  | kUAH 8,749     | kUAH 310,986    | 100%            |
| Britannia Pharmaceuticals Ltd., Reading/United Kingdom                              | kGBP 27,385    | kGBP 82,600     | 100%            |
| Brituswip Limited (J.V.), Newbury/United Kingdom                                    | kGBP 13        | kGBP 179        | 50%             |
| Centrafarm B.V., Etten-Leur/Netherlands   | kEUR 14,915    | kEUR 16,034     | 100%            |
| Centrafarm Nederland B.V., Etten-Leur/Netherlands                                   | kEUR 11,039    | kEUR 38,975     | 100%            |
| Centrafarm Services B.V., Etten-Leur/Netherlands                                    | kEUR 1,637     | kEUR -29        | 100%            |
| Clonmel Healthcare Limited, Clonmel/Ireland   | kEUR 144,236   | kEUR 7,207      | 100%            |
| CNRD 2009 Ireland Ltd., Dublin/Ireland  | kEUR -21       | kEUR-9          | 50%             |
| Crosspharma Ltd., Belfast/United Kingdom  | kEUR 142       | kEUR 2,540      | 100%            |
| Dak Nong Pharmaceutical JSC, Dak Nong/Vietnam                                       | kVND 1,016,731 | kVND 30,958,373 | 43%             |
| DH-norm s.r.o., Třinec/Czech Republic   | kCZK -171      | kCZK 88         | 100%            |
| DIALOGFARMA LLC, Moscow/Russia  | kRUB -1,008    | kRUB 9,110      | 50%             |
| Fresh Vape Electronic Cigarettes Limited, Huddersfield/United Kingdom <sup>4)</sup> | -              | -               | 100%            |
| Genus Pharmaceuticals Holdings Ltd., Huddersfield/United Kingdom                    | kGBP 1,209     | kGBP 12,157     | 100%            |
| Genus Pharmaceuticals Ltd., Huddersfield/United Kingdom                             | kGBP 7,309     | kGBP 61,108     | 100%            |
| Healthypharm B.V., Etten-Leur/Netherlands   | kEUR 2,323     | kEUR 3,327      | 100%            |
| Hemofarm A.D., Vršac/Serbia   | kRSD 3,978,783 | kRSD 34,906,484 | 100%            |
| Hemofarm Banja Luka d.o.o., Banja Luka/Bosnia and Herzegovina                       | BAM 4,552      | BAM 62,160      | 91.5%           |
| Hemofarm Komerac d.o.o., Skopje/Macedonia   | kMKD 16,883    | kMKD 32,258     | 99.18%          |
| Hemofarm S.à R.L., Constantine/Algeria <sup>4)</sup>                                | -              | -               | 40%             |
| Hemofarm d.o.o., Sarajevo/Bosnia and Herzegovina                                    | kBAM 4,552     | kBAM 62,160     | 100%            |
| Hemomont d.o.o., Podgorica/Montenegro <sup>4)</sup>                                 | kRSD 652       | kRSD 17,753     | 71.02%          |
| Idelyn s.r.o., Třinec/Czech Republic  | kCZK 3         | kCZK 159        | 100%            |
| Internis Pharmaceuticals Limited, Huddersfield/United Kingdom                       | kGBP 7,264     | kGBP 32,490     | 100%            |
| Jinan Hemofarm Pharmaceuticals, Jinan/People's Republic of China <sup>4)</sup>      | -              | -               | 35.5%           |
| LCM Limited, Huddersfield/United Kingdom  | kGBP 0         | kGBP 0          | 100%            |
| Lobsor Pharmaceuticals AB, Uppsala/Sweden   | kSEK -31,335   | kSEK 27,373     | 100%            |
| Lowry Solutions Limited, Huddersfield/United Kingdom <sup>4)</sup>                  | -              | -               | 100%            |
| Natures Aid Limited, Huddersfield/United Kingdom                                    | kGBP 3,840     | kGBP 4,766      | 100%            |
| NextGEN360 Limited, Huddersfield/United Kingdom                                     | kGBP -12,704   | kGBP -4,019     | 100%            |
| Nizhpharm-Kazakhstan TOO DO, Almaty/Kazakhstan                                      | kKZT 254,779   | kKZT 472,664    | 100%            |
| OOO Aqualor, Moscow/Russia  | kRUB 84        | kRUB 188        | 100%            |
| OOO Hemofarm, Obninsk/Russia <sup>3)</sup>  | kRUB -37,019   | kRUB 4,793,511  | 90.1%           |

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 2019.

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

|  | Earnings 2020   | Equity             | Equity interest |
|--|-----------------|--------------------|-----------------|
| <b>International<sup>1)</sup></b>  |                 |                    |                 |
| Pharmaceutical Plant Biopharma LLC, Bila Tserkva/Ukraine                 | kUAH 4,474      | kUAH 218,600       | 100%            |
| PharmTechService LLC, Bila Tserkva/Ukraine                               | kUAH 43         | kUAH 62,680        | 50%             |
| Phu Yen Export Import Pharmaceuticals JSC, Phu Yen/Vietnam <sup>2)</sup> | kvND 406,636    | kvND 145,476,412   | 20%             |
| Proenzi s.r.o., Tallinn/Estonia  | kCZK 82         | kCZK 547           | 100%            |
| Pymepharco Joint Stock Company, Tuy Hoa/Vietnam                          | kvND 98,866,134 | kvND 2,562,858,379 | 98.22%          |
| Quang Tri Pharmaceutical JSC, Quang Tri Province/Vietnam <sup>2)</sup>   | kvND 64,907     | kvND 14,079,534    | 49%             |
| Quatropharma Holding B.V., Etten-Leur/Netherlands                        | keUR 0          | keUR 329           | 100%            |
| S.A. Eurogenerics N.V., Brussels/Belgium                                 | keUR 28,271     | keUR 88,369        | 100%            |
| SAS SANTRALIA, Trélazé/France  | keUR 150        | keUR 2,312         | 25%             |
| SIA STADA Latvia, Riga/Latvia  | keUR -35        | keUR -187          | 100%            |
| Socialites E-Commerce Limited, Huddersfield/United Kingdom <sup>3)</sup> | -               | -                  | 100%            |
| Socialites Retail Limited, Chesterfield/United Kingdom <sup>3)</sup>     | -               | -                  | 100%            |
| STADA Corp., New Jersey/USA  | kUSD 1,313      | kUSD 1,247         | 100%            |
| STADA Egypt Ltd., Cairo/Egypt <sup>3)</sup>                              | -               | -                  | 16.67%          |
| STADA Estonia, Tallinn/Estonia   | keUR -26        | keUR -142          | 100%            |
| STADA Genéricos, S.L., Barcelona/Spain                                   | keUR -1         | keUR 1             | 100%            |
| STADA Hemofarm SRL, Temeswar/Romania                                     | kRON 669        | kRON 18,006        | 100%            |
| STADA Hungary LLC, Budapest/Hungary                                      | kHUF 2,661      | kHUF 1,110         | 100%            |
| STADA IT Solutions d.o.o., Vršac/Serbia <sup>3)</sup>                    | kRSD 16,822     | kRSD 59,163        | 100%            |
| STADA, LDA, Paço de Arcos/Portugal                                       | keUR 0          | keUR 59            | 100%            |
| STADA M&D S.R.L., Bucharest/Romania <sup>2)</sup>                        | kRON 969        | kRON -8,225        | 100%            |
| STADA MENA DWC-LLC, Dubai/United Arab Emirates                           | kaED 10,990     | kaED 209,681       | 100%            |
| STADA Nordic ApS, Herlev/Denmark <sup>2)</sup>                           | kDKK 5,983      | kDKK 63,931        | 100%            |
| STADA Pharma Magyarország Kft., Budapest/Hungary                         | kHUF 33         | kHUF 73            | 100%            |
| STADA Pharma Services India Private Limited, Mumbai/India                | kINR 4,069      | kINR 21,929        | 15%             |
| STADA Pharmaceuticals (Beijing) Ltd., Beijing/People's Republic of China | kCNY -862       | kCNY 150,742       | 83.351%         |
| STADA Philippines Inc., Manila/Philippines                               | kPHP 235,526    | kPHP 1,081,704     | 100%            |
| STADA (Thailand) Company Ltd., Bangkok/Thailand                          | kTHB 35,539     | kTHB 81,436        | 49%             |
| STADA Ukraine, Kiev/Ukraine  | kUAH 303,397    | kUAH 219,591       | 100%            |
| STADA Vietnam Ltd., Tuy Hoa/Vietnam                                      | VND -9,040      | VND -4,040         | 100%            |
| Sundrops Limited, Huddersfield/United Kingdom <sup>2)</sup>              | kGBP 0          | kGBP 3,427         | 100%            |
| Thornton & Ross Ireland Limited, Clonmel/Ireland <sup>2)</sup>           | keUR 0          | keUR 100           | 100%            |
| Thornton & Ross Limited, Huddersfield/United Kingdom                     | kGBP 6,982      | kGBP 27,900        | 100%            |
| UAB STADA-Baltija, Vilnius/Lithuania                                     | keUR 5,301      | keUR 6,616         | 100%            |
| Valosun a.s., Prague/Czech Republic                                      | kCZK 11,368     | kCZK 39,204        | 100%            |
| Valosun SK spol. s.r.o., Senec/Slovakia                                  | keUR -3         | keUR 0             | 100%            |
| Valosun-PL Sp. z o.o., Cieszyn/Poland                                    | kPLN 0          | kPLN 71            | 100%            |
| Vaping Holdco Limited, Stockport/United Kingdom <sup>3)</sup>            | -               | -                  | 100%            |
| Velefarm A.D., Belgrade/Serbia <sup>3)</sup>                             | -               | -                  | 19.65%          |
| Velexfarm d.o.o., Belgrade/Serbia <sup>2)</sup>                          | kRSD 68,417     | kRSD 11,238        | 100%            |
| Vetfarm A.D., Belgrade/Serbia <sup>3)</sup>                              | -               | -                  | 15%             |
| WALMARK Bulgaria EOOD  | kBGN 203        | kBGN 2,099         | 100%            |
| WALMARK România S.R.L., Bucharest/Romania                                | kRON 802        | kRON 34,813        | 100%            |
| WALMARK Sp. z o.o., Sosnowiec/Poland                                     | kPLN 2,512      | kPLN 10,768        | 100%            |
| Wavita EU s.r.o., Prague/Czech Republic                                  | kCZK 0          | kCZK 1,403         | 100%            |
| Well Light Investment Company Limited, Ho Chi-Minh City/Vietnam          | kvND 19,140,197 | kvND 149,171,517   | 100%            |
| Zeroderma Limited, Huddersfield/United Kingdom <sup>2)</sup>             | 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 2019.

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

### 23. Exchange rates

Exchange rates on which currency translation is based, which represent a significant currency outside the euro area for STADA Arzneimittel AG, developed as follows:

| in €                      | Average rate |         | Closing rate  |               |
|---------------------------|--------------|---------|---------------|---------------|
|                           | 2020         | 2019    | Dec. 31, 2020 | Dec. 31, 2019 |
| 1 Emirati dirham (AED)    | 0.23859      | 0.24321 | 0.22190       | 0.24336       |
| 1 Argentine peso (ARS)    | 0.01238      | 0.01859 | 0.00969       | 0.01494       |
| 1 Australian Dollar (AUD) | 0.60409      | 0.62087 | 0.62909       | 0.62531       |
| 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)       | 0.93431      | 0.89871 | 0.92575       | 0.91988       |
| 1 Chinese yuan (CNY)      | 0.12705      | 0.12930 | 0.12465       | 0.12792       |
| 1 Czech koruna (CZK)      | 0.03780      | 0.03896 | 0.03811       | 0.03927       |
| 1 Danish crown (DKK)      | 0.13415      | 0.13394 | 0.13439       | 0.13387       |
| 1 British pound (GBP)     | 1.12459      | 1.13994 | 1.11231       | 1.17360       |
| 1 Hong Kong dollar (HKD)  | 0.11297      | 0.11399 | 0.10511       | 0.11477       |
| 1 Croatian kuna (HRK)     | 0.13265      | 0.13480 | 0.13242       | 0.13426       |
| 1 Hungarian forint (HUF)  | 0.00285      | 0.00307 | 0.00275       | 0.00302       |
| 1 Indian rupee (INR)      | 0.01182      | 0.01268 | 0.01115       | 0.01247       |
| 1 Kazakhstani tenge (KZT) | 0.00212      | 0.00233 | 0.00193       | 0.00234       |
| 1 Philippine peso (PHP)   | 0.01767      | 0.01724 | 0.01691       | 0.01761       |
| 1 Polish zloty (PLN)      | 0.22506      | 0.23269 | 0.21931       | 0.23492       |
| 1 Romanian leu (RON)      | 0.20670      | 0.21072 | 0.20541       | 0.20911       |
| 1 Serbian dinar (RSD)     | 0.00851      | 0.00848 | 0.00850       | 0.00850       |
| 1 Russian ruble (RUB)     | 0.01210      | 0.01380 | 0.01093       | 0.01443       |
| 1 Swedish krona (SEK)     | 0.09535      | 0.09446 | 0.09966       | 0.09579       |
| 1 Thai baht (THB)         | 0.02802      | 0.02876 | 0.02723       | 0.02988       |
| 1 Ukrainian hryvnia (UAH) | 0.03245      | 0.03457 | 0.02876       | 0.03762       |
| 1 US dollar (USD)         | 0.87621      | 0.89319 | 0.81493       | 0.89373       |
| 1 Vietnamese dong (VND)   | 0.00004      | 0.00004 | 0.00004       | 0.00004       |

### 24. External auditor's fees

For the services provided by the auditors, PricewaterhouseCoopers GmbH, the following fees were recognized as expenses in financial year 2020 and in the previous year.

| in k €                                    | 2020 | 2019 |
|---|------|------|
| Fees for the auditor                      | 998  | 775  |
| • thereof for audits                      | 944  | 693  |
| • thereof for other confirmation services | 0    | 17   |
| • thereof for other services              | 0    | 65   |
| • thereof for tax consulting services     | 54   | -    |

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.

## 25. Financial instruments

### Derivative financial instruments

Risks from interest rate and currency-related cash flow fluctuations are offset, among other things, by the use of derivative financial instruments which are used exclusively to hedge interest rate and currency risks resulting from operating activities, financial transactions and investments. Derivative financial instruments are neither held nor issued for speculation purposes.

The use of derivatives is intended to offset changes in the fair values and/or interest payment flows from the underlying transactions assigned to them (receivables from associates).

STADA enters into forward exchange contracts or swaps to limit currency risk. Exchange rate hedging in 2020 related in particular to the Russian ruble, the Czech koruna and the British pound. As of the reporting date, the forward exchange transactions were each in a valuation unit with loans to associates. The other currency derivatives also hedge the currency risk without being designated to a valuation unit.

STADA has concluded currency swaps to hedge payment flows from loans to associates (currency risk).

Underlying transactions hedged by valuation units:

| Hedged item | Hedged risk                        | Market values  |
|-------------|------------------------------------|--|
|             |                                    | Secured amount of the hedged item (carrying amount) in € million |
| Assets      | Interest rate change/currency risk | 0.0  |
|             | Currency risk                      | 98.8   |
| Liabilities | Interest rate risk                 | 0.0  |
|             | Currency risk                      | 0.0  |
|             |                                    | <b>98.8</b>  |

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

| in € million                                | 2020       | 2019        |
|---|------------|-------------|
| Currency swaps with a positive market value | 0.7        | 0.0         |
| Currency swaps with a negative market value | -0.2       | -0.2        |
|   | <b>0.5</b> | <b>-0.2</b> |

In each case, an underlying transaction is designated to a derivative in a valuation unit (microhedge).

A significant degree of effectiveness is assumed for all valuation units, because the main characteristics are almost identical (critical terms match).

The risks hedged by valuation units – unrecognized provisions for onerous contracts, write-ups on liabilities in foreign currencies and write-downs on receivables in foreign currencies – are as follows:

| in € million                           | 2020        | 2019        |
|--|-------------|-------------|
| Currency risk                          | -0.7        | -0.1        |
| <b>Total hedged balance sheet risk</b> | <b>-0.7</b> | <b>-0.1</b> |

The assessment of the effectiveness of the valuation units at the reporting date is based on the critical terms match method.

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

| in € million                                     | 2020        | 2019        |
|--|-------------|-------------|
| Forward exchange contracts positive market value | 6.9         | 4.4         |
| Forward exchange contracts negative market value | 10.3        | 8.7         |
| Currency swap positive market value              | 6.0         | 45.6        |
| Currency swap negative market value              | 36.2        | 26.9        |
|  | <b>59.4</b> | <b>85.6</b> |

Market of derivative financial instruments that are not in a valuation unit are as follows:

| in € million                                     | 2020        | 2019        |
|--|-------------|-------------|
| Forward exchange contracts positive market value | 0.1         | 0.1         |
| Forward exchange contracts negative market value | -0.1        | -0.3        |
| Currency swap positive market value              | 0.1         | 0.3         |
| Currency swap negative market value              | -0.6        | -0.4        |
|  | <b>-0.5</b> | <b>-0.3</b> |

Derivatives with a positive fair value are not recognized in the balance sheet as they represent pending transactions in accordance with HGB. For derivatives with a negative fair value, provisions for onerous contracts are recognized in the amount of the negative fair value and presented under the balance sheet item “Other provisions less than 1 year”.

Fair values are calculated by interpolation on the basis of the exchange rates and swap rates on the reporting date.

The hedged risks will offset each other in the future because the hedged items and hedging instruments are exposed to the same risk, which is influenced by identical factors in the same way and because the hedging instruments do not exhibit any risks that differ from those of the hedged items. Settlement should, for the most part, be completed by December 31, 2021.

## 26. Resolution on the distribution of profits

The Executive Board and the Supervisory Board will propose to the General Meeting of STADA Arzneimittel AG to carry forward the distributable earnings of financial year 2020 to new account.



## 27. Scope of consolidation

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](http://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.

## 28. Report on post-balance sheet date events

There were no events that occurred between the end of financial year 2020 and the date of signing of the Combined Management Report and the Annual Financial Statements for 2020 that have a significant, or possibly significant effect on the net assets, financial position and results of operations of the STADA Group.

Bad Vilbel, March 10, 2021

STADA Arzneimittel Aktiengesellschaft  
The Executive Board



Peter Goldschmidt  
Chairman of the Executive Board



Dr. Wolfgang Ollig  
Chief Financial Officer



Miguel Pagan Fernandez  
Chief Technical Officer

# FURTHER INFORMATION

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# RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles for consolidated financial statements reporting, the Annual 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 STADA Arzneimittel AG, together with a description of the principal opportunities and risks associated with the Group's expected development.

Bad Vilbel, March 10, 2021



Peter Goldschmidt  
Chairman of the Executive Board



Dr. Wolfgang Ollig  
Chief Financial Officer



Miguel Pagan Fernandez  
Chief Technical Officer

# 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, 2020, and the statement of profit and loss for the financial year from January 1 to December 31, 2020, 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, 2020. 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, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 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, 2020. 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. Additions and measurement of drug approvals and brands**

Our presentation of these key audit matters has been structured in each case as follows:

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

Hereinafter we present the key audit matters:

#### **1. Measurement of shares in affiliated companies**

1. In the annual financial statements of the Company shares in affiliated companies amounting to EUR 1,514 million (37% of total assets) are reported under the "Financial assets" balance sheet item. During the financial year, the Company added EUR 99.0 million in shares in affiliated companies. Of that amount, EUR 91.1 million was attributable to shares in Walmark a.s., Trinec, Czech Republic, as well as EUR 6.0 million in STADA Sweden Holding AB, Stockholm, Sweden, in the context of a capital increase.

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, as well as the expected effects of the ongoing corona crisis on the business activities of the affiliated companies. 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 10.2 million and reversals of write-downs amounting to EUR 6.2 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 valuation is therefore, also against the background of the effects of the corona crisis, subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's net assets and results of operations, this matter was of particular significance during 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. We also evaluated the assessment of the executive directors

regarding the effects of the corona crisis on the business activities of the affiliated companies and examined how they were taken into account in determining the future 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. Additions and 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 708.5 million (17% of total assets) are reported under "Intangible assets" balance sheet item. Of this figure, EUR 127.8 million is attributable to drug approvals and EUR 580.7 million to brands.

Intangible assets include a product portfolio comprising 15 brands recognized following the acquisition of GlaxoSmithKline as a material addition (EUR 314.5 million) during the reporting period, which is reported at amortized cost of EUR 302.4 million.

A further addition following the acquisition of the pharmaceutical products of the Takeda Group was recognized in the total amount of EUR 137.6 million upon initial recognition, and following a partial disposal in favor of a Group company (EUR 40.2 million) and amortization was recognized at a carrying amount totaling EUR 90.1 million as of the balance sheet date.

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 and brands are tested for impairment annually. 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, taking into account the expected effects of the ongoing corona crisis on the Company's business. The discount rate applied is the risk-adjusted cost of capital for the drug approvals and brands. Write-downs totaling EUR 8.5 million were recognized on the carrying amounts of drug approvals. Write-downs totaling EUR 3.5 million were recognized on the carrying amounts of brands.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective intangible assets, the discount rate used, the rate of growth and other assumptions, and is therefore, also against the background of the effects of the corona crisis, 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 of the material additions, we initially inspected and assessed the respective contractual agreements. On this context, we reconciled the purchase prices paid as consideration for the acquired assets with the supporting documentation provided to us, among other procedures. For the purposes of assessing the accounting treatment, we examined whether the assets were recognized as cost.

As part of our audit of the measurement of the assets, 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 this context, we also evaluated the assessment of the executive directors regarding the effects of the corona crisis on the Company's business activities and examined how they were taken into account in determining the future cash flows. We also assessed the executive directors' estimate as to the impact of the coronavirus pandemic on the Company's business and evaluated how this was taken into consideration in calculating the future cash flows. 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 evaluated the measurement 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.

Taking into consideration the information available, we believe that the accounting methods, the measurement inputs and underlying assumptions used by the executive directors are appropriate overall for the purpose of accurately 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

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

### Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

#### *Reasonable Assurance Conclusion*

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file STADA\_AG\_JA\_LB\_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above.

#### *Basis for the Reasonable Assurance Conclusion*

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

#### *Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents*

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

### ***Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents***

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the annual general meeting on May 14, 2020. We were engaged by the supervisory board on December 9, 2020. 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 10, 2021

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

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

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

# PUBLISHING INFORMATION

|                               |   |
|-------------------------------|---|
| <b>Publisher</b>              | STADA Arzneimittel AG<br>Stadastraße 2–18<br>61118 Bad Vilbel, Germany<br>Phone: +49 (0) 61 01/6 03-0<br>Fax: +49 (0) 61 01/6 03-2 59<br>E-mail: info@stada.de<br><br>Website: www.stada.com/de or<br>www.stada.com |
| <b>Contact</b>                | STADA Arzneimittel AG<br>Investor Relations<br>Phone: +49 (0) 61 01/6 03-59 84<br>Fax: +49 (0) 61 01/6 03 37 21<br>E-mail: ir@stada.de  |
| <b>Text</b>                   | STADA Arzneimittel AG, Bad Vilbel<br><br>These financial statements as of December 31, 2020 are published in German (original version) and English (non-binding translation) and are governed solely by German law. |
| <b>Publication</b>            | The complete Annual Financial Statements as of December 31, 2020 as well as current information on the STADA Group are available on the Internet at www.stada.com/de or www.stada.com.                              |
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## Forward-looking statements

These STADA Arzneimittel AG (hereinafter "STADA") Annual Financial Statements as of December 31, 2020 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. Where necessary, STADA will also make forward-looking statements in other reports, presentations, documents sent to shareholders, and press releases. Moreover, from time to time our representatives may make verbal forward-looking statements. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: The influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health care system of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA does not assume any obligation to update these forward-looking statements.

## Rounding

In the general portion of these Annual Financial Statements as of December 31, 2020, STADA key figures are, as a rule, rounded to millions of euros, while the Notes present these figures with greater accuracy normally in thousands of euros. Due to rounding of these figures, differences may arise in individual figures between the general portion and the Notes, as well as from the figures actually achieved in euros; by their nature, these differences cannot be considered material.



Caring for People's Health

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