STADA
Interim Report on the First Half of 2022

STADA

Caring for People's Health

Peter Goldschmidt
CEO

STADA – Caring for People's Health

Dear Investors,
Dear Partners,

Despite a challenging operating environment shaped by macroeconomic and geopolitical uncertainties, STADA managed to continue its successful growth course with double-digit sales and earnings growth in the first half of 2022. Notwithstanding inflationary pressures on goods and services as well as challenges in the procurement of raw materials, STADA achieved further market share gains.

You may well be wondering how it is that STADA has managed to successfully weather the various crises it has faced for so many years. The answer is actually very simple. It is our unique culture – a culture that is supported by our roughly 13,000 employees. It is precisely in difficult times that STADA's Purpose of "Caring for People's Health as a Trusted Partner" brings us together more than ever. Our mission is to take care of people's health as a trusted partner. And that is what drives us. Now more than ever. Our company values Agility, Entrepreneurship, Integrity and One STADA serve as a beacon for how we deal with each other internally, but also how we interact externally with our customers, patients and partners. Regardless of whether we are dealing with doctors, nurses, pharmacists, PTAs or suppliers – we are always prepared to go the extra mile. This is also reflected in our current employee survey: 82% of STADA employees participated and, with over 30,000 comments, proved that a speak-up culture is practiced at our company. Our employees firmly believe that we will achieve our ambitious business goals for 2022 (rating of 8.6/10). Eight out of ten employees are proud to work for STADA. These are results that are clearly above all international benchmarks and the basis for our success in 2022.

It is important for me to emphasize that a clear purpose as well as practiced corporate values lead to a high level of employee commitment which in turn leads to corporate success. STADA is an excellent example of this.

And now to the details of our financial key figures:

In the first 6 months of 2022, the company succeeded in increasing adjusted Group sales by 15% to € 1,768.1 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted for currency effects and special items improved by 23% to € 386.5 million. The main reasons for this development include continued organic market share gains as well as successful product launches that were well received by patients, doctors and pharmacists.

STADA benefited from strong growth in all three strategic product segments: Consumer Healthcare, Generics and Specialty.

Roughly 13,000 STADA employees around the world continued to drive growth with Agility, Integrity and the One STADA spirit through entrepreneurial thinking and action, ensuring that patients and health care professionals had reliable access to the Group's range of more than 25,000 stock keeping units (SKUs). A strengthened supply chain network made it possible for STADA to maintain a consistently high level of service and to increase its market share in Consumer Healthcare and Generics in many countries, while at the same time further expanding STADA's Specialty portfolio.

Acquisitions and partnerships leveraging STADA's extensive marketing and sales platform as well as the Group's own product expansion through new product launches and product range extensions increased adjusted sales in the Consumer Healthcare segment by 25% to € 729.2 million in the reporting period. Consumer Healthcare accounted for 41% of Group sales.

Consumer Healthcare sales benefited from the successful integration of the 16 well-established local and regional consumer healthcare brands from Sanofi that were acquired by STADA in mid-2021 in predominantly European countries, including France, Germany, Italy, Poland and Spain. In addition, since November 2021, STADA has also been distributing Sanofi's consumer healthcare portfolio of well-established brands in 20 European countries.

The Group also further expanded the Consumer Healthcare segment organically through, for example, the successful launch of additional sleep products in Germany and Belgium, the international launch of vitamin and mineral products as well as the expansion of the range of dermatology products.

The Generics segment remains extremely important for STADA and the company continues to be one of the four largest suppliers in Europe.

As a result of product launches directly following the expiration or cancellation of patent and exclusivity rights, STADA was able to increase adjusted sales in the Generics segment by 6% to € 697.1 million in the first half of 2022.

The basis for growth in the Generics segment, with a contribution of 39% to Group sales, was a broadly-positioned product portfolio. Growth was driven by all important European markets as well as Vietnam.

Adjusted sales of STADA's growing portfolio of specialty pharmaceuticals increased by 12% to € 341.8 million in the first six months of the current financial year, thus accounting for one fifth of Group sales.

In the area of biosimilars, STADA launched the cancer therapy Bevacizumab in several European countries and then expanded options for European patients in June 2022 with the introduction of a highly concentrated, citrate-free formulation of adalimumab in countries such as France, Germany, Finland and Sweden.[1] With these launches, STADA currently markets five biosimilars.

With a carbidopa, levodopa and entacapone product administered using a modern pump technology, STADA offers a therapy option to patients with advanced Parkinson's disease in many countries. In addition, in July 2022, on the basis of a recommendation from the European Medicines Agency, the European Commission granted STADA's development partner Calliditas Therapeutics a Europe-wide approval for a drug for adults with primary immunoglobulin A nephropathy (IgAN).[2] STADA plans to launch this orphan drug in selected markets in the second half of the current year.

The 1.4 percentage point increase in adjusted gross margin to 51.5% reflects a recovery in demand combined with a better product mix and improvements in supply chain productivity. STADA also made lasting improvements in operating costs and continued to invest in marketing and sales support. A 71% increase in operating cash flow provided a good financial basis for further investments to strengthen the balance sheet.

Despite the ongoing war in Ukraine, STADA was nevertheless able to put the factory near Kiev back into operation in May. The approximately 440 employees in Ukraine are safe and pharmaceutical deliveries, albeit very limited, have been able to continue in recent months. Because the supply of pharmaceuticals, medicines, food supplements and other medical products to provide for basic human needs are explicitly exempt from the sanctions imposed on Russia by the EU, the USA and some other countries, STADA has been able to keep the two Russian production sites in operation and maintain supplies to the population despite supply chain issues.

Sustainability is a top priority in the STADA Group. The company's commitment to responsible and sustainable corporate governance is demonstrated, among other things, by its membership in the UN Global Compact, its continuous efforts to promote sustainable employment, the supply of pharmaceuticals as well as its support for the development of sustainable health care systems. Details on these and other sustainability topics will be published in September in STADA's first Group-wide sustainability report.

The macroeconomic environment is becoming more difficult and we are facing inflation-related cost increases. At the same time, I am convinced that STADA will continue to grow stronger than the market in the months ahead and that we will strengthen our position, particularly in the Consumer Healthcare and Specialty segments.

Just prior to the publication of this interim report, STADA received the unfortunate and extremely sad news that our Chief Financial Officer, Dr. Wolfgang Ollig, passed away totally unexpectedly at the age of 54. We have lost not only an internationally distinguished financial expert, but also a prudent CFO with whom I and the entire company had an excellent working relationship.

1) See the Company's press release of June 9, 2022.
2) See the Company's press release of July 18, 2022.

STADA KEY FIGURES

Key figures for the Group, adjusted in € million	**H1/2022**	**H1/2021**	**±**
Group sales	1,768.1	1,544.0	+15%
Generics	697.1	654.7	+6%
Consumer Healthcare	729.2	582.9	+25%
Specialty	341.8	306.4	+12%
EBITDA	386.5	314.5	+23%
EBITDA margin	21.9%	20.4%	+1.5pp
Gross profit from sales	910.8	773.9	+18%
Gross margin	51.5%	50.1%	+1.4pp

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

Reported key figures for the Group in € million	**H1/2022**	**H1/2021**	**±**
Group sales	1,768.1	1,506.8	+17%
Generics	697.1	646.5	+8%
Consumer Healthcare	729.2	562.6	+30%
Specialty	341.8	297.7	+15%
EBITDA	450.2	330.3	+36%
EBITDA margin	25.5%	21.9%	+3.6pp
Gross profit from sales	851.9	703.1	+21%
Gross margin	48.2%	46.7%	+1.5pp
Operating Cash Flow	333.2	194.8	+71%
Investments	94.5	85.0	+11%
thereof organic	88.5	85.0	+4%
thereof acquisitions	6.0	—	>100%
Employees (average number – based on full-time emloyees)	12,853	12,471	+3%

Non-financial key figures for the Group	**H1/2022**	**H1/2021**	
Sustainalytics ESG Risk Rating Score	Medium Risk	Medium Risk	
Women in management positions	53%	53%	

1) Effects that influence the presentation of the results of operations and the resulting key figures in terms of their comparability.
2) Adjusted for distorting effects from the use of differing exchange rates in the comparative period and realized and unrealized exchange rate gains and losses.

STADA
Interim Report on the First Half of 2022

INTERIM GROUP MANAGEMENT REPORT OF THE EXECUTIVE BOARD

Sales and cost development of the STADA Group

Reported Group sales increased in the first six months of 2022 by 17% to € 1,768.1 million (1-6/2021: € 1,506.8 million). The positive development covered all three segments as well as the majority of European countries including Germany, Spain, Switzerland, Italy, Belgium, the Netherlands, France and Serbia.

Cost of sales increased to € 916.2 million in the reporting period (1-6/2021: € 803.7 million). **Gross profit** increased by 21% to € 851.9 million (1-6/2021: € 703.1 million). The gross margin improved to 48.2% (1-6/2021: 46.7%). The increase was due, among other things, to cost optimization measures and efficiency improvements throughout the supply chain, which in the corresponding prior-year period were subject to pandemic-related negative impacts such as a higher impairment rate. Compared with the first half of 2021, the change in the country and product mix also had a positive impact on gross margin. In addition, price adjustments helped to ensure that the effects of inflation in global procurement markets did not have a significant negative impact on gross margin in the reporting period.

Selling expenses showed an increase to € 404.1 million in the first half of 2022 (1-6/2021: € 340.0 million). The increase, which was slightly disproportionately high compared to the rise in sales, reflects both the effect of the partial reduction in sales activities in the prior-year period due to the pandemic and targeted investments to expand the product portfolio in all segments as well as to increase the market share of the existing portfolio.

General and administrative expenses increased by 7% to € 119.7 million in the first 6 months of the current financial year (1-6/2021: € 112.2 million) and thus at a significantly lower rate than sales growth. The increase was due, among other things, to higher rental and insurance costs. The administrative expense ratio improved by 0.6 percentage points to 6.8% (1-6/2021: 7.4%).

Other income rose to € 82.3 million in the reporting period (1-6/2021: € 20.5 million). The increase was mainly attributable to higher net exchange rate income. Other income also includes write-ups on intangible assets amounting to € 7.5 million. The write-ups in the first half of 2022 as a result of positive future prospects in Russia for the respective products relate to five approvals for Specialty products (€ 6.8 million) and one approval in Consumer Healthcare (€ 0.7 million).

Other expenses rose to € 97.0 million in the reporting period (1-6/2021: € 27.5 million). The increase was particularly driven by impairment losses on intangible assets amounting to € 73.8 million. Impairment losses relate to various pharmaceutical approvals and trademarks as well as tangible assets. The impairment losses in the first half of 2022 are primarily attributable to five approvals for Specialty products (€ 22.7 million), seven approvals in the Consumer Healthcare business (€ 13.6 million) and one approval in Generics (€ 6.1 million) due to a mix of the increased interest rates and uncertain future prospects for the Russian market, which are presented as part of the scenario analysis. Additionally, impairments occurred for intangible assets and tangible assets in Ukraine due to the increase of the country market risk premium which led to a significant increase in the weighted average cost of capital (WACC) determined for the country. As a consequence, an impairment loss for three approvals for Consumer Healthcare products (€ 5.9 million) and for all tangible assets such as machines and equipment (€ 17.3 million) was recognized.

Financial income rose slightly to € 2.6 million in the first half of 2022 (1-6/2021: € 1.1 million).

Financial expenses remained stable at € 66.6 million in the first six months of 2022 (1-6/2021: € 66.3 million),

Income tax expenses increased to € 33.3 million in the first six months of 2022 (1-6/2021: € 23.6 million). The reported tax rate was 16.4% (1-6/2021: 17.5%).

Applying the exchange rates of the first half of 2022 compared to those of the first half of 2021 for the translation of local sales contributions into the Group currency euro, STADA recorded a positive **currency effect** on Group sales in the amount of € 37.2 million or 2.8 percentage points. Currency developments thus had only a marginal impact on the operating business.

Development of national currencies of greatest relevance to STADA, the British pound, the Russian ruble and the Serbian dinar in relation to the Group currency euro, was as follows in the reporting period compared to the corresponding period of the previous year:

	Closing rate June 30 in local currency			Average rate for the reporting period		
Significant currency relations in the national currency to 1 euro	**H1/2022**	**H1/2021**	**±%**	**H1/2022**	**H1/2021**	**±%**
Pound sterling	0.8582	0.8581	0%	0.8422	0.8684	+3%
Russian ruble	56.8643	86.7725	+34%	85.0365	89.6053	+5%
Serbian dinar	117.4055	117.5660	0%	117.5948	117.5762	0%

In the table, percentage changes compared with the relevant period in the previous year show a depreciation of the respective national currency with a minus symbol and an appreciation with a plus symbol.

The Russian ruble appreciated significantly as of the reporting date June 30, 2022, but showed itself to be very volatile over the course of the first half of the year. The ruble depreciated significantly particularly at the beginning of the Russian invasion of Ukraine. The monthly average rate was thus 120.0925 in March of the current financial year. Since April, the ruble has appreciated steadily and in June 2022 reached a rate last seen in 2015. The average rate relevant for the Group in June of the current financial year was 60.6406, around half the average rate in March 2022.

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

Earnings development of the STADA Group

Reported EBITDA rose by 36% to € 450.2 million in the first half of 2022 (1-6/2021: € 330.3 million). **EBITDA adjusted for special items and currency effects** increased by 23% to € 386.5 million (1-6/2021: € 314.5 million). The respective developments were mainly attributable to higher sales in almost all major markets and across all segments. The disproportionate increase in reported EBITDA and EBITDA adjusted for special items and currency effects was due in particular to an increase in the gross margin resulting from price adjustments, a favorable country mix and cost optimization measures as well as strict management of operating costs. Further, the development of reported EBITDA resulted in particular from increased exchange rate income in connection with the valuation of a foreign currency loan.

In the **first half of 2022**, the Group recorded burden on earnings of € 61.2 million before taxes due to **special items and currency effects**. The overview below shows the reconciliation of the reported financial performance indicators and other significant earnings figures of the STADA Group to those adjusted for special items as well as for special and currency effects:

in € million[1]	H1/2022 reported	Impairments/ write-ups on non-current assets	Effects from purchase price allocations and product acquisitions[2]	Exchange rate expenses[3]	Provisions for damages	H1/2022 adjusted for special items	Currency effects	H1/2022 adjusted for special items and currency effects
Operating profit	**266.5**	**66.3**	**63.0**	**-61.2**	**-0.0**	**334.6**	**-6.5**	**328.0**
Result from investments measured at equity	-0.0	–	–	–	–	-0.0	–	-0.0
Investment income	0.0	–	–	–	–	0.0	–	0.0
Earnings before interest and taxes (EBIT)	**266.5**	**66.3**	**63.0**	**-61.2**	**-0.0**	**334.5**	**-6.5**	**328.0**
Financial income and expenses	-64.0	–	-0.3	–	–	-64.3	–	-64.3
Earnings before taxes (EBT)	**202.5**	**66.3**	**62.6**	**-61.2**	**-0.0**	**270.2**	**-6.5**	**263.7**
Earnings before interest and taxes (EBIT)	**266.5**	**66.3**	**63.0**	**-61.2**	**-0.0**	**334.5**	**-6.5**	**328.0**
Balance from depreciation/ amortization and impairments/ write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	183.6	-66.3	-58.8	–	–	58.5	–	58.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**450.2**	**–**	**4.2**	**-61.2**	**-0.0**	**393.1**	**-6.5**	**386.5**

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

In the **first half of 2021**, **special items and currency effects** added up to a burden on earnings of € 66.5 million before taxes. The following overview shows the reconciliation of the reported financial performance indicators and other significant earnings figures of the STADA Group to those adjusted for special items as well as special and currency effects:

in € million[1]	H1/2021 reported	Impairments/ write-ups on non-current assets	Effects from purchase price allocations and product acquisitions[2]	Exchange rate expenses[3]	Provisions for damages	H1/2021 adjusted for special items	Currency effects	H1/2021 adjusted for special items and currency effects
Operating profit	**200.1**	**15.9**	**56.8**	**-9.6**	**-6.7**	**256.4**	**-0.9**	**255.6**
Result from investments measured at equity	0.1	—	—	—	—	0.1	—	0.1
Investment income	0.0	—	—	—	—	0.0	—	0.0
Earnings before interest and taxes (EBIT)	**200.2**	**15.9**	**56.8**	**-9.6**	**-6.7**	**256.6**	**-0.9**	**255.7**
Financial income and expenses	-65.2	—	10.9	—	—	-54.2	—	-54.2
Earnings before taxes (EBT)	**135.0**	**15.9**	**67.7**	**-9.6**	**-6.7**	**202.3**	**-0.9**	**201.5**
Earnings before interest and taxes (EBIT)	**200.2**	**15.9**	**56.8**	**-9.6**	**-6.7**	**256.6**	**-0.9**	**255.7**
Balance from depreciation/ amortization and impairments/ write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	130.1	-15.9	-56.5	—	0.0	57.7	1.2	58.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**330.3**	**0.0**	**0.3**	**-9.6**	**-6.7**	**314.2**	**0.3**	**314.5**

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

The following tables show further key earnings figures for the Group and the resulting margins on both a reported and adjusted basis for the first six months of 2022 and the corresponding prior-year period:

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

in € million	H1/2022	H1/2021	±
EBITDA	450.2	330.3	+36%
Generics	171.1	146.2	+17%
Consumer Healthcare	189.9	123.7	+54%
Specialty	87.5	101.1	-13%
EBITDA margin[1)]	25.5%	21.9%	
Generics	24.5%	22.6%	
Consumer Healthcare	26.0%	22.0%	
Specialty	25.6%	34.0%	

Development of the STADA Group's key earnings figures (adjusted for special items[2)] and currency effects[3)])

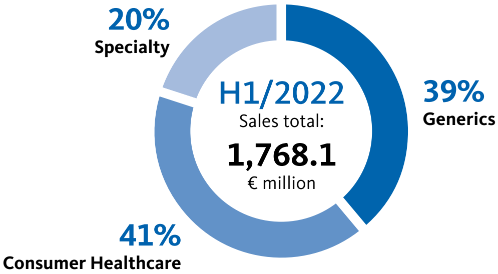
in € million	H1/2022	H1/2021	±
EBITDA	386.5	314.5	+23%
Generics	171.1	147.3	+16%
Consumer Healthcare	189.9	128.1	+48%
Specialty	87.5	96.4	-9%
EBITDA margin[4)]	21.9%	20.4%	
Generics	24.5%	22.5%	
Consumer Healthcare	26.0%	22.0%	
Specialty	25.6%	31.5%	

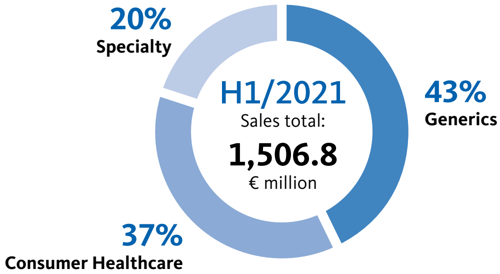
1) Based on relevant reported Group sales.
2) The elimination of effects which have an impact on the presentation of STADA's results of operations and the derived key figures improves the comparability of key figures from previous years. To achieve this, STADA uses adjusted key figures which, as so-called pro-forma figures, are not governed by the accounting requirements in accordance with IFRS. Since other companies may not calculate the pro-forma figures presented by STADA in the same way, STADA's pro-forma figures are comparable only to a limited extent with similarly designated disclosures by other companies.
3) Adjustments for currency effects are shown exclusively as an adjustment of the corresponding prior-year period. The currency adjustment for the first 6 months of 2021 was carried out using the exchange rates for the reporting period. In addition, the earnings figures are adjusted for realized and unrealized exchange rate effects in both the reporting period and the corresponding prior-year period.
4) Based on relevant Group sales adjusted for special items and currency effects.

Sales and Earnings Development of Segments

Sales and Earnings Development of Segments Generics, Consumer Healthcare and Specialty (reported)

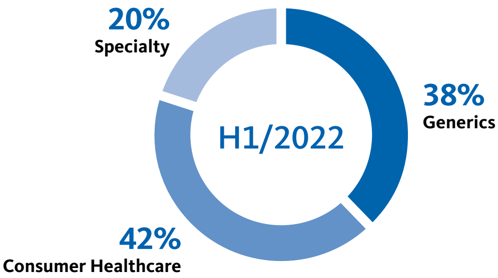
First six months in %

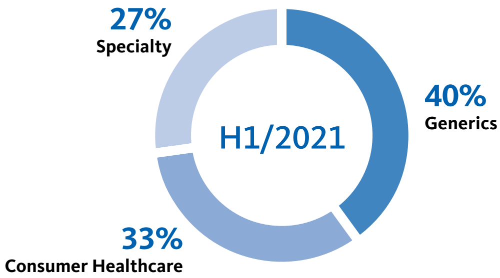




EBITDA shares of operative segments (reported)[1)]

First six months in %





Sales and Earnings Development of the Generics Segment

Reported sales of the **Generics** segment increased by 8% to € 697.1 million in the first half of 2022 (1-6/2021: € 646.5 million). **Sales** of the **Generics** segment **adjusted for special items and currency effects** showed an increase of 6% to € 697.1 million (1-6/2021: € 654.7 million). Growth was achieved in a large number of countries, including nearly all European markets and Vietnam. Generics accounted for 39% of Group sales (1-6/2021: 43%).

Reported EBITDA for **Generics** rose by 17% to € 171.1 million (1-6/2021: € 146.2 million). The **reported EBITDA margin** for **Generics** amounted to 24.5% (1-6/2021: 22.6%). **EBITDA** for **Generics adjusted for special items and currency effects** showed an increase of 16% to € 171.1 million (1-6/2021: € 147.3 million). The **EBITDA margin adjusted for special items and currency effects** for **Generics** was 24.5% (1-6/2021: 22.5%). These developments were mainly the result of sales growth combined with the positive effects of cost and efficiency optimizations on the gross margin compared with the first half of the previous year, which was adversely impacted by the pandemic.

Within the Generics segment, Europe, Germany and CIS had the greatest significance in terms of sales in the reporting period.

1) Not including reconciliation holding.

Sales and Earnings Development of the Consumer Healthcare Segment

Reported sales and sales adjusted for special effects of the **Consumer Healthcare** segment increased by 30% to € 729.2 million in the reporting period (1-6/2021: € 562.6 million). **Sales** of the **Consumer Healthcare** segment **adjusted for special items and currency effects** increased by 25% to € 729.2 million (1-6/2021: € 582.9 million). Apart from the impact from acquisitions and cooperations, this development was based on market growth and market share gains, new product launches as well as price adjustments in a large number of countries. All top ten countries in the Consumer Healthcare segment were able to contribute growth rates in the mid single-digit to high double-digit range. Consumer Healthcare contributed 41% of Group sales (1-6/2021: 37%).

Reported EBITDA for **Consumer Healthcare** increased by 54% to € 189.9 million (1-6/2021: € 123.7 million), including foreign exchange gains due to the strong appreciation of the Russian ruble at the end of the reporting period. The **reported EBITDA margin** for **Consumer Healthcare** amounted to 26.0% (1-6/2021: 22.0%). **EBITDA adjusted for special items and currency effects** for **Consumer Healthcare** recorded an increase of 48% to € 189.9 million (1-6/2021: € 128.1 million). The respective developments are mainly based on strong sales growth in connection with targeted increases in selling expenses. The **EBITDA margin adjusted for special items and currency effects** for **Consumer Healthcare** was 26.0% (1-6/2021: 22.0%).

Within the Consumer Healthcare segment, CIS, Europe, the United Kingdom and Germany had the greatest sales significance in the first six months of the current financial year.

Sales and Earnings Development of the Specialty Segment

Reported sales of the **Specialty** segment increased by 15% to € 341.8 million in the first half of 2022 (1-6/2021: € 297.7 million). **Sales** of the **Specialty** segment **adjusted for special items and currency effects** increased by 12% to € 341.8 million (1-6/2021: € 306.4 million). The respective growth was mainly attributable to gains in the area of biosimilars, including in particular the successful launch of the cancer drug Ovayas® (bevacizumab biosimilar) and the growth of the osteoporosis drug Movymia® (teriparatide biosimilar), which was already launched in 2020. Another growth driver is the treatment option with Lecigon® (an innovative gel formulation with a fixed combination of levodopa, carbidopa and entacapone for continuous intestinal use in advanced Parkinson's disease), which is becoming available to more and more Parkinson's patients in an increasing number of countries. Other contributors to growth were forward buying effects and a positive development of sales with Silapo® (epoetin biosimilar) in Germany as well as related royalty income from the United States, while Bortezomib® is exposed to increasing price competition, as expected. Specialty accounted for 20% of Group sales (1-6/2021: 20%).

Reported EBITDA for **Specialty** declined by 13% to € 87.5 million (1-6/2021: € 101.1 million). The **reported EBITDA margin** for **Specialty** amounted to 25.6% (1-6/2021: 34.0%). **EBITDA adjusted for special items and currency effects** for **Specialty** recorded a decrease of 9% to € 87.5 million (1-6/2021: € 96.4 million). The **EBITDA margin adjusted for special items and currency effects** for **Specialty** was 25.6% (1-6/2021: 31.5%). The decline in the margin evident in the respective developments was attributable not only to price competition for Bortezomib®, but also mainly to a change in the product mix and to the investments made to expand the portfolio in the area of innovative products and biosimilars.

Within the Specialty segment, Europe, CIS and Germany had the greatest sales significance.

Net assets, financial position and cash flow

As of June 30, 2022, the **equity ratio** was 24.3% (December 31, 2021: 21.1%). **Net debt** amounted to € 2,609.2 million as of the balance sheet date (December 31, 2021: € 2,506.8 million).

Financing in the nominal amount of € 2,948.7 million was composed as follows as of June 30, 2022:

Financial instruments following exercising of put-rights and additional repayment in € million	**Nominal value**	**Maturity**
Promissory note loans	7.0	April 26, 2023
Further bank loans	416.8	rolling
Total financial liabilities	**423.8**	
Loan from Nidda Healthcare Holding GmbH	2,524.9	
Total financing	**2,948.7**	

For the refinancing of the Group, there were promissory note loans with a total nominal value of € 7.0 million (December 31, 2021: € 7.0 million) and further bank loans in the nominal amount of € 416.8 million (December 31, 2021: € 304.8 million).

Intangible assets amounted to € 3,014.9 million as of June 30, 2022 (December 31, 2021: € 2,865.6 million). As of this reporting date, intangible assets included € 458.0 million in goodwill (December 31, 2021: € 437.5 million). The increase was mainly attributable to currency effects, while impairment losses on intangible assets in the first six months of 2022 had an offsetting effect. The Russian invasion of Ukraine in the first quarter of 2022 led to an impairment test of assets in Russia and Ukraine because it resulted in a high degree of uncertainty combined with a significant impact on the Group's WACC. During the second quarter of 2022, the WACC deteriorated as a consequence of a substantial increase of the risk-free base rate and the cost of debt. The STADA Group WACC after tax increased significantly from 6.67% as applied in the regular impairment test for 2021 to 8.28% as of June 30, 2022. Despite the unchanged positive business prospects for the Group, this interest rate development as of June 30, 2022 led to an impairment test. Impairments occurred for intangible assets other than goodwill amounting to € 54.0 million. The interest rates applied in the impairment test leading to an impairment were between 8.3% and 26.8%. As a basis for the impairment served the calculated value in use, which is very close to its fair value. The impairment test was based on a change in accounting assumptions as described within the Notes (1.3. Change in estimation methodology used for impairment testaccounting method for impairment test for goodwill and certain intangible assets and property, plant and equipment in connection with Russia).

Property, plant and equipment increased to € 562.9 million as of the balance sheet date (December 31, 2021: € 540.2 million). Impairments were recorded in relation to tangible assets in Ukraine due to negative future prospects arising from the Russian invasion of Ukraine and the associated increase of market risk premium leading to a significant increase of the WACC. As a consequence, all tangible assets of the cash generating unit (CGU) Ukraine, including machines and equipment, have been impaired (€ 17.3 million).

Financial assets were at € 10.6 million as of June 30, 2022 (December 31, 2021: € 18.1 million).

Investments accounted for **using the equity method** amounted to € 2.9 million as of the balance sheet date (December 31, 2021: € 2.9 million).

Inventories recorded an increase to € 918.6 million as of June 30, 2022 (December 31, 2021: € 812.1 million).

Trade receivables recorded an increase to € 899.5 million as of the balance sheet date (December 31, 2021: € 763.8 million).

Income tax receivables increased to € 41.2 million as of June 30, 2022 (December 31, 2021: € 33.5 million).

Other financial assets decreased to a total of € 45.0 million as of the balance sheet date (December 31, 2021: € 78.3 million).

Retained earnings including net income comprise net income for the first half of 2022 as well as the earnings achieved in previous periods, provided these were not distributed, including the amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized through other comprehensive income are reported under this item, taking deferred taxes into account.

Other reserves include results recognized directly in **equity**. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on income of financial statements of companies included in the Group, which are reported in the statement of changes in equity under the currency translation reserve. The increase in other reserves as of June 30, 2022 was due in particular to the appreciation of the Russian ruble since December 31, 2021 and the resulting income from the currency translation of the companies reporting in this currency.

As of the balance sheet date, the Group's **current and non-current financial liabilities** of € 422.9 million and € 2,523.7 million (December 31, 2021: € 328.5 million and € 2,704.8 million) included in particular shareholder loans of € 2,523.7 million (December 31, 2021: € 2,455.2 million) and promissory note loans with a nominal value of € 7.0 million (December 31, 2021: € 7.0 million). In April, a bond with a nominal value of € 267.3 million was repaid (December 31, 2021: € 267.4 million).

Trade accounts payable increased to € 642.2 million as of June 30, 2022 (December 31, 2021: € 601.1 million).

Deferred tax liabilities increased to € 206.7 million as of the balance sheet date (December 31, 2021: € 170.3 million).

Other financial liabilities rose to € 478.1 million as of June 30, 2022 (December 31, 2021: € 473.5 million).

Other liabilities rose to € 169.8 million as of the balance sheet date (December 31, 2021: € 154.7 million).

Operating cash flow, which consists of changes in items not covered by capital expenditure, financing, changes in exchange rates from the conversion of foreign financial statements or transactions in foreign currencies or through changes in the scope of consolidation and measurement, amounted to € 333.2 million in the reporting period (1-6/2021: € 194.8 million). This development was mainly due to an increase in EBITDA adjusted for primarily non-cash effects and thus in gross cash flow in connection with an active operational liquidity management, particularly with regard to working capital. In addition, there were significantly lower cash outflows in connection with health insurance discount agreements compared with the same period in the previous year.

Investing cash flow, which comprises cash outflows for investments less cash inflows from disposals, amounted to € -96.5 million in the first 6 months of the current financial year (1-6/2021: € -71.1 million). Investing cash flow in the reporting period was mainly influenced by investments in intangible assets. For acquisitions, including business combinations in accordance with IFRS 3 (including VAT) from previous years and significant investments in intangible assets for the expansion of the product portfolio, a total of € 51.1 million was spent in the reporting period (previous year: € 30.7 million).

Free cash flow, i.e. operating cash flow plus investing cash flow, amounted to € 236.7 million in the first half of 2022 (1-6/2021: € 123.6 million). **Free cash flow adjusted** for cash outflows for significant investments/acquisitions and cash inflows from significant disposals amounted to € 287.8 million (1-6/2021: € 154.3 million).

Financing cash flow amounted to € -453.3 million in the reporting period (1-6/2021: € -207.9 million) and was characterized in particular by the scheduled repayment of the bond as well as the payment of the liabilities existing for financial year 2021 under the domination and profit and loss transfer agreement with Nidda Healthcare GmbH. There were also, in the reporting period, payments from earnout agreements in connection with the acquisition of additional shares in the Vietnamese Pymepharco made in financial year 2020.

Cash flow for the current financial year net of all inflows and outflows from operating activities, investing cash flow and financing cash flow as well as changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation amounted to € -189.1 million in the first 6 months of 2022 (1-6/2021: € -80.2 million).

Acquisitions, cooperations and licensings

STADA generally pursues an active acquisition policy to accelerate organic growth with external growth impulses. This notwithstanding, the Group did not undertake any acquisitions in the first half of 2022 because the focus was placed on further strengthening the balance sheet and the acquisitions from 2020 and 2021.

In addition to acquisitions, STADA relies on targeted **cooperations** and **in-licensings** to further expand the existing product portfolio. With 35 successful licensings for future product launches, the Group was able to give additional substance to this goal in the first six months of 2022.

In the second quarter of 2022, STADA announced that the Company and Alvotech would be expanding therapy options for patients in Europe with the launch of a highly concentrated, citrate-free adalimumab biosimilar.[1)] STADA is thus providing patients and their physicians in selected European countries such as Germany, Finland, France and Sweden with a highly concentrated, citrate-free adalimumab formulation that was developed by Alvotech. The market launch in other European countries is scheduled for the coming months.

Also in the second quarter of 2022, STADA's development company Xbrane withdrew the Biologics License Application (BLA) for its ranibizumab biosimilar candidate after the U.S. Food and Drug Administration (FDA) indicated that additional information was required. Following a review of the FDA's comments and recommendations, Xbrane recently stated that it intends to resubmit the BLA before the end of 2022.

Furthermore, STADA published in the current third quarter of 2022 that the company has taken a significant step forward in the expansion of its specialty therapeutics portfolio.[2)] The EU Commission granted a conditional marketing authorization for Kinpeygo® for the treatment of primary immunoglobulin A (IgA) nephropathy (IgAN) in adults at risk of rapid disease progression and with a urinary protein-to-creatinine ratio (UPCR) of ≥1.5 g/gram. The conditional marketing authorization is valid for all 27 member states of the European Union as well as Iceland, Norway and Liechtenstein. STADA intends to begin the market launch in European markets in the second half of 2022.

1) See the Company's press release of June 9, 2022.
2) See the Company's press release of July 18, 2022.

Sustainability at STADA

Sustainability is a top priority in the STADA Group. The Group's commitment to sustainable and responsible corporate governance is demonstrated, among other things, through its membership in the UN Global Compact. STADA also has a Sustainability Policy as well as a rating with Sustainalytics in the "Medium Risk" category. Beyond that, STADA will publish its first Group-wide Sustainability Report in the current third quarter of 2022.

The Group consistently aligns its activities with the four corporate values Agility, Entrepreneurship, Integrity and One STADA, thus allowing it to live up to its mission "Caring for People's Health as a Trusted Partner". STADA's promise to its customers, partners and employees around the world, however, goes further and also includes society as well as the environment. Because sustainable conduct is one of the most important requirements for all Group-wide activities, there are clearly-defined goals and established processes in the Group that ensure, among other things, compliance with legal regulations.

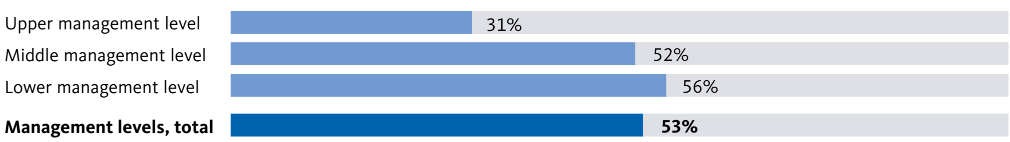
STADA has been making a significant contribution to society for more than 125 years through its Generics and Specialty portfolios, providing access to affordable medical care and thereby reducing the cost pressure on health care systems. In addition, with its Consumer Healthcare portfolio, STADA contributes not only to health care in general, but also to preventive health care.

The topic of diversity in every respect also plays an important role in the Group. Because each individual employee contributes to STADA's success story with their individual experience, personality, personal and professional background and skills.

Further information on the topic of sustainability can be found at www.stada.com/about-stada/sustainability.

With regard to equal opportunities for women and men, STADA emphasizes a balanced representation of both genders when making staffing decisions. The Executive Board also considers the appropriate promotion of women in the context of succession planning for executives. When it comes to filling management positions, however, professional and personal qualifications, and not gender, are always at the forefront. This notwithstanding, the share of women employed in the Group in management positions was around 53% in the reporting period.

Equal opportunity
Share of women in management positions in the first 6 months of 2022 in %



Report on expected development and associated material opportunities and risks

In addition to the ongoing Covid 19 pandemic and geopolitical risks that include, for example, the war in Ukraine, issues related to energy supply, supply chain difficulties and inflation as well as the monetary and fiscal policy responses to these issues have led to increased uncertainty on the global commodity and capital markets in the first half of 2022. Over the course of the reporting period, STADA did an outstanding job of holding its own in this difficult environment, achieving strong growth in both sales and EBITDA.

Provided unforeseeable events do not arise, the Executive Board continues to expect, in view of the strong first half of 2022 combined with the measures initiated, that STADA will meet the forecast published in the Annual Report 2021.

Peter Goldschmidt   Miguel Pagan Fernandez   Simone Berger

STADA Interim Consolidated Financial Statements on the First Half of 2022 (abridged)

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement in k €	**H1/2022**	**H1/2021**
Sales	1,768,130	1,506,759
Cost of sales	916,195	803,667
Gross profit from sales	**851,934**	**703,091**
Selling expenses	404,051	339,971
General and administrative expenses	119,721	112,222
Research and development expenses	46,925	43,871
Other income	82,325	20,530
Other expenses	97,034	27,475
Operating profit	**266,527**	**200,083**
Results from investments measured at equity	-9	108
Investment income	—	—
Financial income	2,572	1,114
Financial expenses	66,582	66,266
Financial result	**-64,019**	**-65,044**
Earnings before taxes	**202,509**	**135,039**
Income tax expenses	33,276	23,628
Earnings after taxes	**169,233**	**111,410**
thereof		
distributable to shareholder of STADA Arzneimittel AG (net income)	158,008	104,187
distributable to non-controlling interest	11,225	7,223
Transfer of profits to Nidda Healthcare GmbH	107,534	41,672

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in k €	**H1/2022**	**H1/2021**
Earnings after taxes	**169,233**	**111,410**
Items to be recycled in the income statement in future:		
Currency translation gains and losses	**204,866**	**42,984**
thereof		
income taxes	-895	-144
Gains and losses on financial assets (FVOCI)	**-306**	**-15**
thereof		
income taxes	-4	-5
Items not to be recycled in the income statement in future:		
Gains and losses on financial assets (FVOCI)	**-6,461**	**10,763**
Revaluation of net debt from defined benefit plans	**3,766**	**3,348**
thereof		
income taxes	-393	-600
Other comprehensive income	**201,865**	**57,079**
Consolidated comprehensive income	**371,098**	**168,489**
thereof		
distributable to shareholder of STADA Arzneimittel AG (net income)	359,795	161,168
distributable to non-controlling interest	11,303	7,322

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet in k €	**June 30, 2022**	**Dec. 31, 2021**
ASSETS		
Non-current assets	**3,647,073**	**3,468,340**
Intangible assets	3,014,860	2,865,626
Property, plant and equipment	562,937	540,239
Financial assets	10,590	18,104
Investments measured at equity	2,948	2,939
Other financial assets	485	287
Other assets	7,210	4,226
Deferred tax assets	48,042	36,919
Current assets	**2,352,417**	**2,288,605**
Inventories	918,625	812,088
Trade accounts receivable	899,481	763,808
Return assets	587	993
Income tax receivables	41,213	33,521
Other financial assets	44,477	78,014
Other assets	110,675	73,699
Cash and cash equivalents	337,358	526,482
Non-current assets and disposal groups held for sale	—	—
Total assets	**5,999,490**	**5,756,945**
EQUITY AND LIABILITIES		
Equity	**1,454,969**	**1,215,544**
Share capital	162,090	162,090
Capital reserve	514,206	514,206
Retained earnings including net income	960,573	906,037
Other reserves	-246,944	-444,669
Treasury shares	-1,403	-1,403
Equity attributable to shareholder of the parent company	**1,388,522**	**1,136,261**
Shares relating to non-controlling interest	66,447	79,283
Non-current borrowings	**2,903,219**	**3,053,860**
Other non-current provisions	33,422	39,282
Financial liabilities	2,523,660	2,704,807
Other financial liabilities	135,115	135,195
Other liabilities	4,358	4,256
Deferred tax liabilities	206,664	170,320
Current borrowings	**1,641,301**	**1,487,541**
Other provisions	20,709	19,912
Financial liabilities	422,919	328,460
Trade accounts payable	642,152	601,118
Contract liabilities	1,039	1,462
Income tax liabilities	46,007	47,865
Other financial liabilities	343,004	338,314
Other liabilities	165,471	150,410
Non-current liabilities and associated liabilities of disposal groups held for sale and disposal groups	—	—
Total equity and liabilities	**5,999,490**	**5,756,945**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in k €	**H1/2022**	**H1/2021**
Earnings after taxes	169,233	111,410
Depreciation and amortization net of write-ups of non-current assets	183,646	130,060
Income tax expenses	33,276	23,628
Income tax paid	-28,954	-37,472
Interest income and expenses	64,010	65,152
Interest and dividends received	2,350	1,009
Result from investments measured at equity	9	-108
Result from the disposal of non-current assets	9	-652
Additions to/reversals of other non-current provisions	-634	1,175
Currency translation income and expenses	-67,187	-14,319
Other non-cash expenses and gains	196,341	182,066
Gross cash flow	**552,098**	**461,949**
Changes in inventories	-93,798	-41,340
Changes in trade accounts receivable	-22,269	41,561
Changes in trade accounts payable	38,280	-57,431
Changes in other net assets, unless attributable to investing or financing activities	-141,147	-209,977
Operating cash flow	**333,164**	**194,762**
Payments for investments in		
intangible assets	-70,077	-49,535
property, plant and equipment	-27,474	-23,260
financial assets	-15	-1,000
business combinations in accordance with IFRS 3	-856	-288
business combinations in accordance with IFRS 3 (VAT)	1,215	2,094
Proceeds from the disposal of		
intangible assets	32	-125
property, plant and equipment	723	971
financial assets	—	—
shares in consolidated companies	—	—
non-current assets held for sale (IFRS 5)	—	—
Investing cash flow	**-96,452**	**-71,143**
Borrowing of funds	90,398	136,906
Settlement of financial liabilities	-304,705	-95,108
Settlement of finance lease liabilities	-13,488	-12,591
Interest paid	-67,885	-58,535
Dividend distribution and profit transfer	-142,960	-175,630
Changes in non-controlling interests	-14,690	-2,953
Financing cash flow	**-453,329**	**-207,911**
Changes in cash and cash equivalents	**-216,618**	**-84,292**
Changes in cash and cash equivalents due to the scope of consolidation	—	940
Changes in cash and cash equivalents due to exchange rates	27,494	3,159
Net change in cash and cash equivalents	**-189,124**	**-80,192**
Balance at beginning of the period	**526,482**	**266,001**
Balance at end of the period	**337,358**	**185,808**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity in k € 2022	Number of shares	Share capital	Capital reserve	Retained earnings including net income
Balance as of June 30, 2022	**62,342,440**	**162,090**	**514,206**	**960,573**
Profit transfer to Nidda Healthcare GmbH	–	–	–	-107,534
Dividend distribution	–	–	–	–
Change in treasury shares	–	–	–	–
Changes in retained earnings	–	–	–	–
Changes in non-controlling interests	–	–	–	–
Changes in the scope of consolidation	–	–	–	–
Other comprehensive income	–	–	–	4,062
Net income	–	–	–	158,008
Balance as of Jan. 1, 2022	**62,342,440**	**162,090**	**514,206**	**906,037**
Previous year				
Balance as of June 30, 2021	**62,342,440**	**162,090**	**514,206**	**840,724**
Profit transfer to Nidda Healthcare GmbH	–	–	–	-41,672
Dividend distribution	–	–	–	–
Change in treasury shares	–	–	–	–
Changes in retained earnings	–	–	–	–
Changes in non-controlling interests	–	–	–	-1,836
Changes in the scope of consolidation	–	–	–	-86
Other comprehensive income	–	–	–	3,146
Net income	–	–	–	104,187
Balance as of Jan. 1, 2021	**62,342,440**	**162,090**	**514,206**	**776,985**

Currency translation reserve	FVOCI reserve	Treasury shares	Equity attributable to shareholder of the parent	Shares held by non-controlling interest	Group equity
-250,520	**3,576**	**-1,403**	**1,388,522**	**66,447**	**1,454,969**
—	—	—	-107,534	—	-107,534
—	—	—	—	-24,139	-24,139
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
204,492	-6,767	—	201,787	78	201,865
—	—	—	158,008	11,225	169,233
-455,012	**10,343**	**-1,403**	**1,136,261**	**79,283**	**1,215,544**
-484,975	**16,671**	**-1,403**	**1,047,313**	**71,225**	**1,118,538**
—	—	—	-41,672	—	-41,672
—	—	—	—	-22,625	-22,625
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	-1,836	-1,117	-2,953
34	—	—	-52	—	-52
43,087	10,747	—	56,981	99	57,079
—	—	—	104,187	7,223	111,410
-528,096	**5,924**	**-1,403**	**929,706**	**87,645**	**1,017,351**

NOTES

1. General

1.1. Basis for presentation

The Consolidated Interim Management Report has been prepared in accordance with the applicable WpHG regulations. The interim consolidated financial statements and accompanying condensed notes, as of June 30, 2022, are prepared in accordance with the International Accounting Standard (IAS) 34. These have not been reviewed by an auditor nor have they been audited in accordance with Section 317 HGB. The primary financial statements are presented in the format consistent with the consolidated financial statements as of December 31, 2021. In accordance with the provisions of IAS 34, a condensed reporting scope has been selected as compared with the Consolidated Financial Statements as of December 31, 2021.

The interim consolidated financial statements have been prepared in accordance with the Standards and interpretations in effect on the reporting date, and endorsed in the EU, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC), for financial periods starting as of January 1, 2022.

The accounting policies used to prepare the interim consolidated financial statements are consistent with those of the previous financial year and corresponding interim reporting period, except for the change described in Note 1.3. and the adoption of new and amended standards as set out in Note 1.2.

1.2. New and amended standards adopted by STADA

For the first half of 2022, there were no recently implemented accounting pronouncements that had a material effect on STADA's consolidated financial statements.

Impact of standards issued but not yet applied by STADA

There are no other IFRS standards or interpretations not yet effective that would be expected to have a material impact on the consolidated financial statements.

1.3. Change in estimation methodology used for impairment testaccounting method for impairment test for goodwill and certain intangible assets and property, plant and equipment in connection with Russia

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

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

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

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

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

The presentation of the net assets, financial position and results of operations in the interim consolidated Financial Statements is determined by recognition and valuation methods. To a certain extent, STADA makes estimates and assumptions relating to the future that are based on past experience as well as other factors that are considered appropriate in the particular circumstances. The significant estimates, judgments and related assumptions utilized in the application of the expected cash flow approach requires management to make explicit assumptions about the development of several parameters which have an impact on the future cash flows of the underlying (Russian) business in each scenario and requires management to estimate a probability distribution for each scenario. Although management has throughly evaluated the estimates and assumptions, actual results could differ from those estimates.

1.4. Scope of consolidation

The Consolidated Interim Financial Statements have been prepared for STADA Arzneimittel AG as parent company.

In the first six months of 2022, there were no material changes in STADA's scope of consolidation.

1.5. Business combinations

In the first half of 2022, there were no no material business combinations in accordance with IFRS 3.

1.6. General explanations

Despite a challenging operating environment shaped by macroeconomic and geopolitical uncertainties, STADA managed to continue its successful growth course with double-digit sales and earnings growth in the first half of 2022. Even with inflationary pressure on goods and services and a difficult situation with regard to raw material procurement, also due to the conflict in Ukraine, STADA achieved further market share gains.

Notwithstanding the ongoing war in Ukraine, STADA put the factory near Kiev back into operation in May. The roughly 440 employees in Ukraine are safe and pharmaceutical deliveries, although very limited, have continued in recent months. As the supply of pharmaceuticals, medical products, food supplements and other medical products for the provision of basic human needs are explicitly exempt from the sanctions imposed on Russia by the EU, the USA and other countries, STADA has been able to maintain operations at the two Russian production sites and to supply the population despite supply chain issues. Because, contrary to many forecasts, the Russian ruble has developed in a significantly more stable manner over the course of the last few months, STADA did not record any operating losses in Russia in the first half of 2022.

2. Notes to the Consolidated Income Statement

2.1. Sales

Reported Group sales increased by 17% to € 1,768.1 million in the first half of 2022 (1-6/2021: € 1,506.8 million). Group sales adjusted for special items and currency effects increased by 15% to € 1,768.1 million (1-6/2021: € 1,544.0 million). The positive development covered all three segments and a large number of countries including Germany, Spain, Switzerland, Italy, Belgium, the Netherlands, France as well as Serbia.

2.2. Cost of sales and gross profit

Cost of sales increased to € 916.2 million in the reporting period (1-6/2021: € 803.7 million). Gross profit increased by 21% to € 851.9 million (1-6/2021: € 703.1 million). The gross margin increased to 48.2% (1-6/2021: 46.7%). This increase is due, among other things, to cost optimization measures and efficiency improvements throughout the entire supply chain, which in the previous year had been negatively impacted by pandemic-related factors such as a higher impairment rate. Compared to the relevant prior-year period, the change in the country and product mix also had a positive impact on gross margin. In addition, price adjustments meant that the effects of inflation on global procurement markets did not have a significant negative impact on the gross margin in the first half of 2022.

2.3. Selling expenses

Selling expenses increased to € 404.1 million in the first half of 2022 (1-6/2021: € 340.0 million). The increase, which was slightly disproportionately high compared to the rise in sales, reflects both the effect of the partial reduction in sales activities in the prior-year period due to the pandemic and targeted investments to expand the product portfolio in all segments as well as to increase the market share of the existing portfolio.

2.4. Administration costs

General and administrative expenses increased by 7% to € 119.7 million in the first 6 months of the current financial year (1-6/2021: € 112.2 million) and thus at a significantly lower rate than the increase in sales. The increase was due, among other things, to higher rental and insurance costs. The administrative expense ratio improved by 0.6 percentage points to 6.8% (1-6/2021: 7.4%).

2.5. Research and development expenses

Research and development costs increased in the first six months of the current financial year to € 46.9 million (1-6/2021: € 43.9 million).

2.6. Other income

Other income rose to € 82.3 million in the reporting period (1-6/2021: € 20.5 million). The rise was mainly attributable to higher net exchange rate income. Other income also includes write-ups on intangible assets amounting to € 7.5 million. The write-ups in the first half of 2022 as a result of positive future prospects in Russia for the respective products relate to five approvals for Specialty products (€ 6.8 million) and one approval in Consumer Healthcare (€ 0.7 million).

2.7. Other expenses

Other expenses rose to € 97.0 million in the reporting period (1-6/2021: € 27.5 million). The increase was mainly due to impairment losses on intangible assets amounting to € 73.8 million. These impairment losses in the first half of 2022 related to various pharmaceutical approvals and property rights as well as to property, plant and equipment. The impairment losses in the first half of 2022 were primarily attributable to five approvals for Specialty products (€ 22.7 million), seven approvals in Consumer Healthcare (€ 13.6 million) and one approval in Generics (€ 6.1 million) due to a mix of increased interest rates and uncertain future prospects for the Russian market, which is presented as part of scenario analyses. Additionally, impairments occurred for intangible assets and tangible assets in Ukraine due to the increase of country market risk premium which led to a significant increase in the country determined WACC. As a consequence, an impairment for three approvals for Consumer Healthcare products (€ 5.9 million) and for all tangible assets such as machines and equipment (€ 17.3 million) was recognized.

2.8. Financial income

Financial income increased slightly to € 2.6 million in the first half of 2022 (1-6/2021: € 1.1 million).

2.9. Financial expenses

Financial expenses remained stable at € 66.6 million in the reporting period (1-6/2021: € 66.3 million).

2.10. Income tax expenses

Income tax expenses increased to € 33.3 million in the first half of 2022 (1-6/2021: € 23.6 million). The reported tax rate was 16.4% (1-6/2021: 17.5%).

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets amounted to € 3,014.9 million as of June 30, 2022 (December 31, 2021: € 2,865.6 million). As of this reporting date, intangible assets included € 458.0 million in goodwill (December 31, 2021: € 437.5 million). The increase was mainly attributable to currency effects, while impairment losses on intangible assets in the amount of € 54.0 million in the first six months of 2022 had an offsetting effect.

During the second quarter of 2022, the WACC deteriorated as a consequence of a major increase of the risk-free base rate and the cost of debt. The STADA Group WACC after tax increased significantly from 6.67% as applied in the regular impairment test for 2021 to 8.28% as of June 30, 2022. Despite the unchanged positive business outlook for the Group, this interest rate development as of June 30, 2022, led to an impairment test of assets.

As part of the impairment test performed on the basis of an indication of potential impairment of capitalized goodwill as of June 30, 2022, the expected cash outflow was determined on the basis of the discounted cash flow method using the following defined parameters:

According to segment, defined as cash-generating unit	Growth rates of the forward projection phase 2022 in %	Pre tax WACCs 2022 in %
Generics	1.0%	10.6%
Consumer Healthcare	1.4%	10.3%
Specialty	1.3%	10.2%

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

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

The discounted cash flow method is used to determine the value in use of the cash-generating units, applying an individual interest rate for the cash-generating unit and a detailed planning period of three years. Such a detailed planning period reflects the assumptions of short to medium-term market developments. For the period after this three-year detailed planning horizon, a specific estimated growth rate in the amount of 50% the expected long-term inflation rate is assumed. The detailed planning period for determining values in use is based on certain assumptions that are based on past experience, complemented by internal developments, and verified based on external market data and analyses. Key assumptions include the development of future selling prices or quantities, costs, the influence of the regulatory market environment, investments, market share, foreign exchange rates, and growth rates. Only temporary influences are expected from the Covid-19 pandemic, which will be offset within a year, which is why no discount has been planned. The interest rate calculated on the cash-generating units includes the market parameters influenced by the Covid-19 pandemic accordingly. Furthermore, the expected cash flow scenario analysis for Russia has been implemented in the three year planning period. Significant changes to the aforementioned assumptions would influence the determination of the values in use of the cash-generating units. The discount rates used are determined based on external factors derived from the market and are adjusted for the risks predominant in the cash-generating units in question, despite the aforementioned change in assumption for the discount rates in Russia. Furthermore, an increased country risk premium is applied for Ukraine as a consequence of the Russian invasion.

No impairment losses have been recognized.

Changes in the calculation parameters used for the impairment tests may influence the fair values of cash-generating units. A sensitivity analysis was therefore carried out with a 1.0 percentage points higher discount rate, a decrease in the growth rate of 0.5 percentage points and a change in probability in the Russian scenario analysis (base case change from 55% to 45%, downside case from 25% to 28%, national bankruptcy case from 15% to 18% and expropriation case from 5% to 9%). Based on all of these assumptions, no impairments would have been recognized.

In addition, there were impairments for intangible assets other than goodwill in the amount of € 54.0 million. The interest rates applied in the impairment test that led to impairment were between 8.3% and 26.8%. The basis for the impairment was the calculated value in use, which is very close to the fair value.

Current interest rate developments may continue and lead to an increase in the WACC, and thus to further impairment losses.

STADA also capitalized development expenses for new products in the amount € 15.2 million (1-6/2021: € 11.2 million).

3.2. Property, plant and equipment

Property, plant and equipment increased to € 562.9 million as of the balance sheet date (December 31, 2021: € 540.2 million).

The relevant CGU for Russia was tested for impairment of intangible assets using the assumptions for the expected cash flow scenario described in Note 1.3. There was no need for impairment in the reporting period.

Due to the negative future prospects resulting from the Russian invasion of Ukraine and the related increase in the market risk premium, which led to a significant increase in WACC, impairments were recognized in relation to property, plant and equipment in Ukraine. As a result, all property, plant and equipment of the Ukraine CGU, including machinery and equipment, were impaired (€ 17.3 million).

STADA continuously invests in the Group's own production facilities and test laboratories. In the first half of 2022, investments in the amount of € 15.5 million were made for the expansion and modernization of production sites, manufacturing facilities as well as test laboratories (maintenance capex) (1-6/2021: € 15.9 million). This includes € 0.9 million for a new supply chain and packaging site in Turda, Romania. Since the start of the project, STADA has invested approximately € 12 million in the expansion of this new Romanian site.

3.3. Financial assets

Financial assets were at € 10.6 million as of June 30, 2022 (December 31, 2021: € 18.1 million).

3.4. Investments measured at equity

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

3.5. Inventories

Inventories showed an increase to € 918.6 million as of June 30, 2022 (December 31, 2021: € 812.1 million).

3.6. Trade accounts receivable

Trade accounts receivable recorded an increase to € 899.5 million as of the balance sheet date (December 31, 2021: € 763.8 million).

3.7. Income tax receivables

Income tax receivables increased to € 41.2 million as of June 30, 2022 (December 31, 2021: € 33.5 million).

3.8. Other financial assets

Other financial assets decreased to a total of € 45.0 million as of the balance sheet date (December 31, 2021: € 78.3 million).

3.9. Retained earnings and other reserves

Retained earnings including net income comprise net income for the first half of 2022 as well as the earnings achieved in previous periods, provided these were not distributed, including the amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized through other comprehensive income are reported under this item, taking deferred taxes into account.

Other reserves include results recognized directly in equity. This relates, among other things, to foreign exchange gains and losses resulting from currency translation with no effect on income of financial statements of companies included in the Group, which are reported in the statement of changes in equity under the currency translation reserve. The increase in other reserves as of June 30, 2022 was due in particular to the appreciation of the Russian ruble since December 31, 2021 and the resulting income from currency translation of the companies reporting in these currencies.

3.10. Financial liabilities

As of the balance sheet date, the Group's current and non-current financial liabilities of € 422.9 million and € 2,523.7 million respectively (December 31, 2021: € 328.5 million and € 2,704.8 million respectively) included in particular shareholder loans of € 2,523.7 million (December 31, 2021: € 2,455.2 million) as well as promissory note loans with a nominal value of € 7.0 million (December 31, 2021: € 7.0 million). In April, the bond with a nominal value in the amount of € 267.3 million (December 31, 2021: € 267.4 million) was repaid.

3.11. Trade accounts payable

Trade accounts payable rose to € 642.2 million as of June 30, 2022 (December 31, 2021: € 601.1 million).

3.12. Deferred tax liabilities

Deferred tax liabilities increased to € 206.7 million as of the balance sheet date (December 31, 2021: € 170.3 million).

3.13. Other financial liabilities

Other financial liabilities rose to a total of € 478.1 million as of June 30, 2022 (December 31, 2021: € 473.5 million).

3.14. Other liabilities

Other liabilities rose to € 169.8 million as of the balance sheet date (December 31, 2021: € 154.7 million).

4. Notes to the consolidated cash flow statement

4.1. Operating cash flow

Operating cash flow, which consists of changes in items not covered by capital expenditure, financing, changes in exchange rates from the conversion of foreign financial statements or transactions in foreign currencies or through changes in the scope of consolidation and measurement, amounted to € 333.2 million in the reporting period (1-6/2021: € 194.8 million). This development was mainly due to an increase in EBITDA adjusted for non-cash effects and thus in gross cash flow in connection with an active operational liquidity management, particularly with regard to working capital. In addition, there were lower cash outflows in connection with health insurance discount agreements compared with the same period in the previous year.

4.2. Investing cash flow

Investing cash flow, which comprises cash outflows for investments less cash inflows from disposals, amounted to € -96.5 million in the first 6 months of the current financial year (1-6/2021: € -71.1 million). Investing cash flow in the reporting period was mainly influenced by investments in intangible assets. For acquisitions, including business combinations in accordance with IFRS 3 (including VAT) in previous years and significant investments in intangible assets for the expansion of the product portfolio, a total of € 51.1 million was spent in the reporting period (previous year: € 30.7 million)

4.3. Financing cash flow

Financing cash flow amounted to € -453.3 million in the reporting period (1-6/2021: € -207.9 million) and was characterized in particular by the scheduled repayment of the bond as well as the payment of the liabilities existing for financial year 2021 under the domination and profit and loss transfer agreement with Nidda Healthcare GmbH. Also in the reporting period, there were payments from earnout agreements in connection with the acquisition of additional shares in the Vietnamese Pymepharco made in financial year 2020.

4.4. Net cash flow of the current period

Cash flow for the current financial year net of all inflows and outflows from operating cash flow, investing cash flow and financing cash flow as well as changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation amounted to € -189.1 million in the first 6 months of 2022 (1-6/2021: € -80.2 million).

5. Segment reporting

5.1. General information

The measurement approaches for segment reporting are in accordance with the financial reporting methods used in the IFRS Consolidated Financial Statements. Services between the segments are charged based on market prices.

The reported segment result corresponds to the operating profit of the STADA Group's income statement in accordance with IFRS. Reporting on the respective non-current assets per segment and the segment liabilities is waived, as this information is not used for Group monitoring.

5.2. Information by operating segment

in k €	H1/2022	H1/2021
Generics		
External sales	**697,113**	**646,508**
FX adjustment[1]	—	8,165
Sales adjusted for special items and currency effects	697,113	654,673
Operating profit	142,088	126,404
Depreciation/amortization	18,991	18,427
Impairment losses	10,045	1,301
Reversals	20	—
EBITDA	171,099	146,213
Special items within EBITDA	—	1
thereof:	—	—
effects from purchase price allocation including product acquisitions[2]	—	1
effects from deconsolidations	—	—
exchange rate expenses	—	—
expenses for damages	—	—
severance payments	—	—
FX adjustment[3]	—	1,050
EBITDA adjusted for special items and currency effects	171,099	147,264
Other significant non-cash expenses (+)/income (-) within the operating result	138,910	148,066

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the first half of 2021 was made using the exchange rates of the reporting period.
2) Relates to additional depreciation, amortization and other measurement effects due to purchase price allocations and significant product acquisitions.
3) The currency adjustments for the first half of 2021 were carried out using the exchange rates of the reporting period. In addition, the realized and unrealized exchange rate effects were included in operating profit in both the reporting period and the corresponding prior-year period.

in k €	H1/2022	H1/2021
Consumer Healthcare		
External sales	**729,168**	**562,590**
FX adjustment[1]	—	20,360
Sales adjusted for special items and currency effects	729,168	582,950
Operating profit	96,104	55,331
Depreciation/amortization	58,170	53,751
Impairment losses	36,337	14,758
Reversals	684	140
EBITDA	189,925	123,713
Special items within EBITDA	-18	93
thereof:	—	—
effects from purchase price allocation including product acquisitions[2]	—	119
effects from deconsolidations	—	—
exchange rate expenses	—	—
expenses for damages	-18	-27
severance payments	—	—
FX adjustment[3]	—	4,337
EBITDA adjusted for special items and currency effects	189,907	128,143
Other significant non-cash expenses (+)/income (-) within the operating result	18,114	15,386

in k €	H1/2022	H1/2021
Specialty		
External sales	**341,849**	**297,661**
FX adjustment[1]	—	8,740
Sales adjusted for special items and currency effects	341,849	306,401
Operating profit	38,387	72,463
Depreciation/amortization	28,030	28,601
Impairment losses	27,924	1
Reversals	6,814	—
EBITDA	87,525	101,079
Special items within EBITDA	—	-6,523
thereof:	—	—
effects from purchase price allocation including product acquisitions[2]	—	167
effects from deconsolidations	—	—
exchange rate expenses	—	—
expenses for damages	—	-6,689
severance payments	—	—
FX adjustment[3]	—	1,810
EBITDA adjusted for special items and currency effects	87,525	96,366
Other significant non-cash expenses (+)/income (-) within the operating result	24,034	17,795

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the first half of 2021 was made using the exchange rates of the reporting period.
2) Relates to additional depreciation, amortization and other measurement effects due to purchase price allocations and significant product acquisitions.
3) The currency adjustments for the first half of 2021 were carried out using the exchange rates of the reporting period. In addition, the realized and unrealized exchange rate effects were included in operating profit in both the reporting period and the corresponding prior-year period.

in k €	H1/2022	H1/2021
Reconciliation Group holdings/other and consolidation		
External sales	**—**	**—**
FX adjustment[1]	—	—
Sales adjusted for special items and currency effects	—	—
Operating profit	-10,052	-54,115
Depreciation/amortization	12,135	13,361
Impairment losses	-469	—
Reversals	—	—
EBITDA	1,615	-40,754
Special items within EBITDA	-57,085	-9,641
thereof:	—	—
effects from purchase price allocation including product acquisitions[2]	4,160	—
effects from deconsolidations	—	—
exchange rate expenses	-61,245	-9,641
expenses for damages	—	—
severance payments	—	—
FX adjustment[3]	-6,543	-6,884
EBITDA adjusted for special items and currency effects	-62,013	-57,279
Other significant non-cash expenses (+)/income (-) within the operating result	-63,628	-14,319
Group		
External sales	**1,768,130**	**1,506,759**
FX adjustment[1]	—	37,265
Sales adjusted for special items and currency effects	1,768,130	1,544,024
Operating profit	266,527	200,083
Depreciation/amortization	117,326	114,140
Impairment losses	73,837	16,060
Reversals	7,518	140
EBITDA	450,164	330,251
Special items within EBITDA	-57,103	-16,070
thereof:	—	—
effects from purchase price allocation including product acquisitions[2]	4,160	287
effects from deconsolidations	—	—
exchange rate expenses	-61,245	-9,641
expenses for damages	-18	-6,716
severance payments	—	—
FX adjustment[3]	-6,543	313
EBITDA adjusted for special items and currency effects	386,518	314,494
Other significant non-cash expenses (+)/income (-) within the operating result	117,430	166,928

1) Adjustments for currency effects are shown exclusively as an adjustment of the prior-year period. The currency adjustment for the first half of 2021 was made using the exchange rates of the reporting period.
2) Relates to additional depreciation, amortization and other measurement effects due to purchase price allocations and significant product acquisitions.
3) The currency adjustments for the first half of 2021 were carried out using the exchange rates of the reporting period. In addition, the realized and unrealized exchange rate effects were included in operating profit in both the reporting period and the corresponding prior-year period.

5.3. Reconciliation of segment results to net profit

in k €	H1/2022	H1/2021
Adjusted EBITDA for segments[1]	448,531	364,576
Special items within EBITDA[1]	-18	-6,429
Reconciliation Group holdings/other and consolidation	1,615	-40,754
Depreciation, amortization, impairment losses and reversals	183,645	130,060
Financial income	2,572	1,114
Financial expenses	66,582	66,266
Earnings before taxes, Group	**202,509**	**135,039**

6. Disclosures on fair value measurements and financial instruments

The chart below shows how the valuation rates of financial instruments measured at fair value were determined for the respective valuation categories of financial instruments:

	Level 1		Level 2		Level 3	
	Listed prices in active markets		Valuation methods with input parameters observable in the market		Valuation methods with input parameters not observable in the market	
Fair values by levels of hierarchy on a recurring basis in k €	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Financial assets (FVOCI)						
Financial assets	8,946	22,933	–	–	–	–
Factorable receivables	–	–	48,043	31,582	–	–
Financial assets (FVPL)						
Currency forwards	–	–	–	–	–	–
Derivative financial assets with a hedging relationship						
Fair value hedges	–	–	458	1	–	–
Financial liabilities (FVPL)						
Currency forwards	–	–	1	–	–	–
Interest/currency swaps	–	–	–	–	–	–
Derivative financial liabilities with a hedging relationship						
Fair value hedges	–	–	1,244	2,128	–	–

Financial assets recognized at fair value through other comprehensive income (FVOCI) include factorable receivables. These financial assets, which are included in trade accounts receivable, are recognized at fair value through other comprehensive income and are therefore included in the table above. Changes in the fair value of these receivables – which differs from the measurement at amortized cost to only a minor extent – are recognized through other comprehensive income in the FVOCI reserve. This category also includes the shares in the Swedish company Xbrane. Because the company's shares are traded on the stock exchange, they have been classified in Stage 1.

1) Relates to additional depreciation and amortization and other valuation effects due to purchase price allocations and significant product acquisitions.

In the context of the preparation of the financial statements, STADA reviews the allocation to the respective hierarchy levels on the basis of information available on the determination of the fair values. If a need for reclassification is determined, the reclassification is carried out as of the beginning of the reporting period.

The fair values are analyzed in the context of the preparation of the financial statements. For this purpose, market comparisons and change analyses are carried out.

Derivative financial assets (FVPL) and derivative financial liabilities (FVPL) include positive or negative market values of derivative financial instruments (currency forwards and currency swaps) not part of a hedging relationship. The fair values of currency forwards are determined using financial mathematics based on current market data provided by a reputable information service, such as spot exchange rates or swap rates, in one system according to standardized procedures.

STADA designates forward exchange contracts as fair value hedges, which are concluded to hedge the currency risk of intercompany loans. The changes in value of the underlying transaction which result from changes to the respective currency exchange rates are offset by the changes in value of the currency forwards. The objective of fair value hedges is to hedge against the currency risk of these intercompany loans. Credit risks are not part of this hedging. The effectiveness of the hedging relationship is reviewed both prospectively and retrospectively on each closing date. As of the closing date, all designated hedging relationships were sufficiently effective.

The following disclosures are made for financial assets and liabilities whose fair value differs from the carrying amount as of June 30, 2022:

in k €	Carrying amount June 30, 2022	Fair value June 30, 2022	Carrying amount June 30, 2021	Fair value June 30, 2021
Liabilities to banks	415,922	426,728	298,393	308,877
Liabilities to shareholders	2,523,660	2,539,176	2,212,387	2,274,286
Promissory note loans	6,997	7,062	6,994	7,254
Bonds	—	—	267,121	268,244
Financial liabilities	**2,946,579**	**2,972,966**	**2,784,895**	**2,858,661**

As in the previous year, the financial liabilities presented in the table are assigned to the measurement category “liabilities measured at amortized cost” (AC) in accordance with IFRS 9.

For all other financial assets and liabilities not presented in the table above, the carrying amounts – approximately or based on valuation methods taking the listed prices on active markets or observable input parameters in the market as a basis – correspond to the respective fair values of the individual assets and liabilities.

7. Contingent liabilities and other financial obligations

Contingent liabilities describe possible obligations to third parties arising from past events that may lead to outflows of resources in the future depending on specific events. As of the balance sheet date, these contingent liabilities were considered not probable and are therefore not accounted for.

Compared with contingent liabilities of € 30.7 million at the end of 2021, significant potential obligations increased by € 18.3 million in the first 6 months of 2022 to € 49.0 million as of June 30, 2022. This development was mainly due to additional potential obligations from patent risks for active pharmaceutical ingredients.

In addition to the contingent liabilities, there are also other future financial obligations which are composed of the following:

in k €	June 30, 2022	Dec. 31, 2021
Obligations from leases	44,265	5,176
Other financial obligations	120,143	120,063
Total	**164,407**	**125,239**

The information on future obligations from leases includes obligations from short-term leases, leases of low-value assets and leases that do not meet the recognition criteria of an asset under IFRS 16 (e.g. cloud applications). The increase in lease obligations as of June 30, 2022 mainly relates to an adjusted estimate of the time-of-use of leased assets that are not recognized as right-of-use assets under IFRS 16.

Other financial obligations include long-term obligations for logistics and accounting services.

In addition, contingent liabilities and further guarantees assumed by the STADA Group are included in other financial obligations.

8. Related party transactions

In the scope of the ordinary course of business STADA Arzneimittel AG and/or its consolidated companies have entered into related party transactions. In accordance with IAS 24, “Related Parties” refers to directly or indirectly controlled subsidiaries that are not consolidated due to lack of material significance, associates and joint ventures as well as persons in key positions and their close relatives. In principle, all trades were settled with related companies and natural persons at market-rate conditions.

There were no significant changes in the first half of 2022 compared with the related party transactions made in the Annual Report 2021.

9. Significant events after the closing date

CFO Dr. Wolfgang Ollig passed away on August 13, 2022.

Further Information

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Bad Vilbel, August 19, 2022

Peter Goldschmidt Miguel Pagan Fernandez Simone Berger

PUBLISHING INFORMATION

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Supervisory Board: Dr. Günter von Au (Chairman), Markus Damm[1)] (Deputy Chairman), Tim Philipp Baltin, Dr. Eric Cornut, Benjamin Kunstler, Dr. Klaus Scheja[1)], Bruno Schick, Dr. Michael Siefke, Jens Steegers[1)]

Forward-looking statements: This Interim Report of STADA Arzneimittel AG (hereinafter referred to as "STADA") contains certain statements regarding future events that are based on current expectations, estimates and forecasts of STADA's company management and on other information which is currently available. 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 healthcare policy and in the healthcare systems of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA does not assume any obligation to update these forward-looking statements.

Supplementary information on Sustainalytics ESG Risk Rating Score (key figures and information on pages 05 and 17): This disclosure contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

Rounding: The key performance indicators presented in this interim report are generally stated in euro millions, while in the interim financial statements presented at the end of this report the same figures are generally stated more precisely in euro thousands. Differences between individual values may result from rounding and are naturally not of a significant nature.

This Interim Report is published in German (original version) and English (non-binding translation) and is solely subject to German law.

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1) Employee representative.

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