Management Report and Annual Financial Statements of Gerresheimer AG

FOR THE FINANCIAL YEAR

DECEMBER 1, 2018 TO NOVEMBER 30, 2019

GERRESHEIMER

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MANAGEMENT REPORT OF GERRESHEIMER AG FOR THE FINANCIAL YEAR 2019

GERRESHEIMER AG

Gerresheimer AG, based in Duesseldorf (Germany), serves as the holding company of the Gerresheimer Group. It manages its subsidiary Gerresheimer Holdings GmbH, Duesseldorf (Germany) and indirectly manages the subsidiaries and associates of Gerresheimer Holdings GmbH. From these subsidiaries and associates, Gerresheimer AG generates income from long-term equity investments. The net assets, financial position and results of operations of Gerresheimer AG are largely determined by this income from long-term equity investments and hence by the business performance of the entire Gerresheimer Group. Except where otherwise stated, the following relates to the business performance of the Gerresheimer Group. Due to the termination of the profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH with effect from December 1, 2018, the result attributable to Gerresheimer Group GmbH for the financial year 2019 cannot be recognized in the same reporting period, but only in the financial year 2020, which led to a net loss of EUR 22.4m in the financial year 2019. It is planned to conclude a new profit and loss transfer agreement between these two companies. Except where otherwise stated, the following relates to the business performance of the Gerresheimer Group.

DIVISIONS

The Gerresheimer Group is managed through strategic business units organized as divisions. These are aggregated into reporting segments based on their specific production technologies and the materials we use in our products. Our business model is divided into the three reportable divisions Plastics & Devices, Primary Packaging Glass and Advanced Technologies.

PLASTICS & DEVICES

Our product portfolio in the Plastics & Devices Division includes complex, customer-specific products for simple and safe drug delivery. These include insulin pens, inhalers and prefillable syringes. The division also covers diagnostics and medical technology products such as skin-prick aids and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

Activities in this division include developing and producing complex systems and system components made of plastic on a project basis. Our target market is made up of customers in the pharma industry, diagnostics and medical technology. We provide tailored services for these customers, spanning every link in the value chain. Our medical plastic systems products range from inhalers for the treatment of respiratory diseases to lancets and insulin pen systems for diabetics, medical technology products as well as an extensive array of test systems and disposable products for laboratory and molecular diagnostics.

The Plastics & Devices Division also provides plastic system packaging for use with liquid and solid medication. Our broad range of high-quality primary drug packaging products includes application and dosage systems, such as eye droppers and nasal spray vials, as well as special containers for tablets and powders. In addition, the range includes tamper-evident multifunctional closure systems, child-resistant and senior-friendly applications, and integrated moisture absorbers.

A feature of the US market for prescription medication is the pour-and-count system. The precise amount of oral medication stated in a prescription is specially packaged for each patient in a plastic container in pharmacies. We again have a strong product portfolio for this segment, supplying national and regional pharmacy chains, supermarkets and wholesalers.

PRIMARY PACKAGING GLASS

In the Primary Packaging Glass Division, we produce primary packaging made of glass for medicines and cosmetics. This includes pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars, plus special glass containers for the food and beverage industry.

Our range for the pharmaceutical industry covers a broad array of glass primary packaging products. Molded glass products meet market and customer needs with a variety of injection, infusion, dropper and syrup bottles. We also produce high-quality specialty products such as injection vials, ampoules and cartridges made with borosilicate glass tubing. On this basis, we offer a virtually complete range of pharmaceutical packaging made of tubular and molded flint and amber glass.

Our product portfolio for the cosmetics industry encompasses high-quality glass packaging such as vials and glass containers for perfumes, deodorants, skin-care and wellness products. We produce clear, colored and opal glass products. A wide range of shaping, coloring, printing and exclusive finishing technologies are available to us for this purpose.

For the food and beverage industry, we supply both standard and custom miniature as well as other sizes of bottles and glass containers for products such as liquid foods or spirit miniatures. Our products include a range of variations such as amber, flint, colored and opal glass, diverse shape variants as well as numerous finishing options.

ADVANCED TECHNOLOGIES

The Advanced Technologies Division develops and manufactures intelligent drug delivery systems. The Swiss tech company Sensile Medical forms the basis of this division, where we offer pharmaceutical and biotech companies drug delivery systems with state-of-the-art digital and electronic capabilities. Its portfolio currently comprises patented micro pumps, which are used to self-administer medication for Parkinson’s or heart failure, for example. Also in development is a platform for smart inhalation measurement systems.

BRANCH OFFICES

Gerresheimer AG does not have any branch offices.

GROUP STRATEGY AND OBJECTIVES

Healthcare demand is growing worldwide. The main drivers are six global megatrends:

- Rise in chronic diseases and aging population
- Rapid growth in generics
- Growing healthcare provision in emerging markets
- Stricter regulatory requirements and cost pressure in health systems
- New drugs, especially in biosimilars and biotech
- Self-medication, personalized medicines and digitalization

In addition, companies' social and environmental responsibility (Corporate Social Responsibility) is becoming an increasingly important consideration.

For us as a strategic partner in the development and production of quality specialty packaging and drug delivery systems for the pharma and cosmetics industry, all of this creates opportunities for sustainable and profitable growth. With our global capabilities, we can meet our customers' increasing needs in terms of impeccable quality—in industrialized nations and emerging markets alike.

In the financial year 2019, the Management Board, headed by CEO Dietmar Siemssen, launched a comprehensive strategy process. The aim of this strategy process is to create and continuously develop an ambitious medium- and long-term strategy for Gerresheimer, to set concrete short-, medium- and long-term targets as well as to determine and implement appropriate strategic and operational measures. 20 senior managers from all business units, regions and functions participated in several workshops alongside the Management Board to analyze the relevant megatrends and our markets and develop appropriate targets and measures. As part of this, our vision, mission and values were also reviewed and revised. However, the process is still ongoing. Communication throughout the Gerresheimer organization, which began in 2019, will be stepped up in 2020, flanked by measures at all levels. Projects in all plants, regions and business areas will thus contribute to achieving the targets set and implementing the relevant measures. At the same time, the strategy group will continue to work with the Management Board to further develop the strategy and targets and make any necessary adjustments over the coming years.

MEGATRENDS

The growth opportunities in our markets over the next few years will be shaped by six healthcare and pharmaceutical megatrends.

1. RISE IN CHRONIC DISEASES AND AGING POPULATION

The prevalence of chronic illnesses is growing. Globally, the most widespread chronic diseases include heart disease, cancer, chronic respiratory illnesses and diabetes. For instance: According to the World Health Organization (WHO), heart disease remains the leading cause of death worldwide, with some 18 million people dying of heart disease each year and around 425 million people living with heart conditions.[1] WHO figures show that every year around 10 million people die of cancer and about 18 million new cases of cancer are diagnosed.[2] Some 460 million people suffer from diabetes today. It is estimated that this figure could reach 700 million by 2045.[3] According to the WHO, around 235 million people have asthma.[4] The relative share of elderly people in the population as a whole is also increasing in many parts of the world—a trend that further abets the prevalence of chronic illnesses. Increasing quantities of drugs are thus needed to treat growing numbers of patients, and each individual pharmaceutical product requires a suitable packaging and delivery solution. We therefore develop specific primary packaging for medicines, prefillable syringes and drug delivery systems such as insulin pens, asthma inhalers and micro pumps that are used every day in their millions—and rising. One of our strengths is the development of large numbers of such products in close harness with customers.

2. RAPID GROWTH IN GENERICS

IQVIA projects average volume growth in generics of 1.9% a year for the years 2020 to 2024.[5] The volume of generic drugs is expected to increase more strongly in the pharmerging markets[6] in particular. IQVIA forecasts annual volume growth of 3.1%. Many drugs will become affordable for many patients once patent protection no longer applies. In traditional, already developed markets, drug licensing and control authorities as well as health insurance funds are ensuring the approval and the increasing prescription of generic drugs. If the number of medicines sold increases accordingly, the related volume growth will bolster our revenue.

3. GROWING HEALTHCARE PROVISION IN EMERGING MARKETS

For the pharmerging markets, IQVIA forecasts that medicine spending will increase by an average of 2.6% a year over the next five years.[5] The most important markets include China, followed by India and Brazil. Even densely populated China, however, attains only relatively small volumes in terms of pharma revenues compared to the USA. Given the population densities in pharmerging markets, we see huge growth potential in the increasing strength of their healthcare systems and improving access to healthcare for the population, and we have a strong presence in major emerging markets and regions with a rising number of plants in China, India, Brazil and Mexico.

[1] WHO Fact-sheet 2017 and Journal of the America College of Cardiology, July 2017.
[2] WHO Press Release No. 263, September 2018.
[3] Diabetes Atlas 9th Edition 2019.
[4] WHO fact sheet 2017.
[5] IQVIA Institute, January 21, 2020.
[6] For a definition of pharmerging markets (emerging markets), please see Note (8) of the Notes to the Consolidated Financial Statements.

4. STRICTER REGULATORY REQUIREMENTS AND COST PRESSURE IN HEALTH SYSTEMS

Healthcare authorities—especially the American Food and Drug Administration (FDA)—continue to impose ever more exacting regulatory requirements. These relate not only to the manufacture of the drugs but also to the packaging. Primary packaging must protect and preserve medication while preventing loss of or variation in efficacy. This is why healthcare authorities license new drugs only in tandem with approval for the associated primary packaging—which underscores the need for high-quality solutions. Ultimately, the primary concern is patients' health. That is why we are investing globally in quality and innovation. There is also continuous cost pressure in health systems. Through intelligent solutions, our products and drug delivery systems can help achieve greater drug compliance, improved treatment and more targeted use of medicines, thereby making a significant contribution to reducing costs.

5. NEW DRUGS, ESPECIALLY IN BIOSIMILARS AND BIOTECH

New drugs tend as a rule to place fresh demands on packaging. In particular, new biotech drugs, most of which are parenteral drugs used to treat cancer, require innovative primary packaging and drug delivery system solutions. We offer innovative solutions in this area, including highly break-resistant glass (Gx® Elite Glass), coated glass, prefillable syringe systems for drugs with exacting requirements and much more. We have a significant competitive advantage thanks to our innovation pipeline, extensive product range and excellent product quality, which is almost unique in its scope and global availability.

6. SELF-MEDICATION, PERSONALIZED MEDICINES AND DIGITALIZATION

When patients have to self-medicate, they need simple, reliable solutions. We offer a wealth of smart self-medication products of the highest quality for this purpose. Many of these products make medication easier to take, help avoid medication errors, and give patients greater freedom and enhanced quality of life. Gathering and providing relevant data—data on the correct use of medication and its effectiveness—will play a major role in this area in the future. Such data will make a significant contribution to the better, more reliable and more accurate use and administration of drugs, as well as to improved options for treatment by doctors or hospitals and to cost savings for health systems.

VISION, MISSION AND VALUES

Our vision describes the objective we are working to achieve. Our mission describes how we want to achieve this vision. How we wish to conduct ourselves and work in our day-to-day tasks is determined by our five corporate values.

Our vision

Leading in health and well-being delivery

Our mission

Innovate and deliver for a better life every day

Innovation is crucial for Gerresheimer. At the same time, we need to provide our customers with high-quality, extremely reliable products and solutions every day, so that in turn they can package and deliver medicines ready for use in the treatment of patients. The consistent reliability and quality of our products is paramount, as we deliver millions of primary packaging items to pharmaceutical companies and pharmacies on a daily basis. For each individual drug packaging product, prefillable syringe, insulin pen or inhaler, patients must have full confidence in the pristine condition of the medication and its simple and safe delivery. This means that we have a huge responsibility for the health, well-being and better lives of millions of users and patients day in, day out.

Our values

Teamwork
Responsibility
Integrity ——› **TRIBE**
Bold Innovation
Excellence

Teamwork: We believe that connecting people and working in global teams is crucial to achieve our ambitious goals.
Responsibility: We act as entrepreneurs and deliver on our commitments.
Integrity: We believe in honesty, openness, trust, respect and reliability in all we do.
Bold Innovation: We believe that innovations drive our future success.
Excellence: We believe we must strive for excellence, in everything we do.

The following focal areas are crucial to achieving our vision:

- Growth
- Innovation
- Excellence
- Leadership
- Sustainability

Operational targets and measures are continuously developed in line with these focal areas. These are then substantiated in the outlook for the coming financial year and a medium-term forecast (see Outlook beginning on page 36).

CONTROL SYSTEM

Our business activities are geared toward sustainable, profitable growth and global market leadership in the pharma/healthcare and cosmetics segments. The most significant key performance indicators for control of the Gerresheimer Group are consequently revenue growth, adjusted EBITDA, capital expenditure, net working capital and Gx ROCE. These performance indicators are explained in detail in the following. Unlike in the prior year, operating cash flow is no longer used as an indicator of financial performance, as it merely represents the mathematical value of the key performance indicators adjusted EBITDA, capital expenditure and net working capital. No additional non-financial performance indicators are used for management of the Group.

We measure growth on the basis of the organic period-to-period change in revenues for the Gerresheimer Group and its divisions. This growth rate is adjusted to factor out the effects of any acquisitions or divestments and of exchange rate movements. Acquisitions and active portfolio management are also part of our strategy for the onward development of the Gerresheimer Group.

Adjusted EBITDA is our principal measure of profitability. This is defined as net income before income taxes, net finance expense/income, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and expenses. One-off income and expenses consist of termination benefits for members of the Management Board, costs of refinancing, reductions in the workforce and large-scale restructuring (structural and strategic) that do not meet the strict criteria of IAS 37, costs of acquisitions (up to the acquisition date) and divestments, corporate legacy costs such as costs of arbitration proceedings, and costs relating to the outcomes of tax audits. We aim for cost, technologies, workforce and process leadership relative to our competitors. This enables us to excel in serving customers' quality, service, price and innovation needs and to generate an above-industry-average adjusted EBITDA margin.

Rigorous control of capital expenditure is a further key factor in our success. We appraise each project in each business unit against the same target parameters. Discounted cash flow analysis and payback periods are important elements of the appraisal process. Expansion and rationalization projects are expected to achieve a minimum 18% post-tax internal rate of return and a payback period of less than three years. Strategic projects are normally required to have a payback period of no more than five years. New plants and plant extensions may exceed this.

The third parameter in operating cash flow alongside adjusted EBITDA and capital expenditure is net working capital (inventories, trade receivables, contract assets, trade payables and contract liabilities). This represents another ongoing focus of our many improvement measures, including changes in payment terms, improved receivables collection and production planning optimization to cut inventory. By reduction and systematic management of average net working capital measured on a monthly basis, we aim for a lasting decrease in tied-up capital.

Focusing on adjusted EBITDA, capital expenditure (and hence, indirectly, depreciation) and net working capital also means that we keep watch on the key operating parameters determining Gx ROCE. This is defined at Gerresheimer as adjusted EBITA over average capital employed, i.e. equity plus interest-bearing debt capital less cash and cash equivalents or, alternatively, total assets less non-interest-bearing liabilities and cash and cash equivalents. Gx ROCE is a key medium to long-term target metric for us in addition to the indicators already covered. Based on the targeted 18% minimum post-tax internal rate of return for expansion and rationalization projects, Gx ROCE should be in excess of 15% for the Gerresheimer Group in the long term.

Alongside the indicators for monitoring the financial development of the business, non-financial management parameters are also instrumental to our business success. Of key importance from a Group perspective in this regard are our readiness to innovate, problem-solving expertise and notably our ability to attract and retain highly qualified staff.

The key performance indicator for Gerresheimer AG as the Group parent is retained earnings as defined in the German Commercial Code. Implementation of our long-term, earnings-driven dividend policy is notably secured by profit transfers and distributions from affiliated companies.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

Control and optimization of the Gerresheimer Group's finances is primarily the responsibility of Group Treasury at Gerresheimer AG. Our overriding objective is to safeguard liquidity at all times through central procurement of funding as well as active control of currency and interest rate risk. We ensure an appropriate level of funding on an ongoing basis through rolling liquidity planning and central cash management.

In order to institutionalize decision and control processes in connection with safeguarding liquidity, financial planning and associated risk management, the Management Board has established an Investment Committee. Comprising the CFO as well as the heads of Controlling, Accounting, Mergers & Acquisitions and Treasury, the Committee normally meets on a quarterly basis. The core remit of the Investment Committee is to discuss and monitor relevant financial operating conditions for the Gerresheimer Group. Potential changes in extraneous factors in line with current market projections are appraised along with the financing situation and strategic growth options. All ideas and upcoming projects with a major financial impact are combined, assessed to determine whether they are fundable and re-examined from a risk management standpoint. Documents from the Investment Committee are provided to the other members of the Management Board for information after each meeting. This means we have an additional early warning and control mechanism to supplement universal application of the dual control principle.

Our international focus means that we conduct many transactions in foreign currency. To counter the connected risk of exchange rates moving to our disadvantage, we use forward exchange contracts that hedge cash flows from outstanding orders denominated in foreign currency. Orders, receivables and payables are hedged as a rule with forward exchange contracts on inception. To counter interest rate risk, Group Treasury at Gerresheimer AG monitors interest rate trends on an ongoing basis and takes out corresponding interest rate hedges as needed.

BUSINESS ENVIRONMENT

OVERALL ECONOMIC CONDITIONS

The International Monetary Fund (IMF)[7] expects that the global economy will grow by 3.3% this year—which is more than in 2019—due among other things to further loosening of monetary policy and partial resolution of the trade conflict between the USA and China, together with less concern with regard to a hard Brexit.

In its January 2020 report, the IMF estimates that the global economy will have grown by 2.9% in 2019. In October, the IMF experts were still anticipating growth of 3.0% for 2019.

According to the current IMF report, the eurozone economy is estimated to have grown in 2019 by 1.2%. The reduction compared to the prior year (2018: 1.9%) is based on weaker growth in the first half of 2019.

For Germany, the IMF experts—and likewise the ifo Institute for Economic Research[8]—expect economic growth to have been 0.5% in 2019.

For the USA, the IMF expects a stabilization of the economy's near-term momentum. The US growth projection for 2019 is just 2.3%, down from 2.4% in October, with a further reduction in the growth rate expected in 2020 and 2021 in light of geopolitical tensions with Iran.

The IMF expects emerging and developing markets to have grown by 3.7% in 2019, down from the 4.0% originally forecast. Its economic growth projection for China in 2019 remains unaltered at 6.1%. The economic growth estimate for India in 2019 now stands at 4.8%. According to the IMF's calculations, the Brazilian economy is forecasted to have grown by 1.2% in 2019, which is 0.1 of a percentage point lower than expected.

[7] International Monetary Fund: Economic Outlook, January 2020.
[8] Federal Statistical Office: Federal Employment Agency: Deutsche Bundesbank:2019 to 2021: ifo Institute forecast.
[9] IQVIA Institute, January 21, 2020.

SECTORAL DEVELOPMENT

According to IQVIA[9], volume growth on the global pharma market was just 1.4% in 2019. On this basis, IQVIA calculates an average annual growth rate of 1.8% for the years 2015 to 2019. At 3.6%, pharmerging markets grew faster than the pharmaceutical markets of developed economies, which recorded an average 0.8% growth rate.

The generics subsegment recorded volume growth of 2.6% at global level in 2019. The average annual growth rate here in the years 2015 to 2019 was 3.0%. In a regional comparison, the pharmerging markets showed an average of 4.7% growth per year for the last five years, whereas average annual volume growth was just 2.7% in the developed markets and -1.7% in the other markets.

Based on this trend, IQVIA projects average annual volume growth in the global pharma market of 1.5% for the years 2020 to 2024. The expectation for pharmerging markets is for an average of 2.6% per year in the next five years. While growth of -0.3% is expected for the developed markets, average volume growth of 0.6% is projected for other markets. For the generics subsegment, IQVIA expects volume growth at an average of 1.9% for the next five years, with 3.1% anticipated for the pharmerging markets. Growth of 0.1% is forecast for the developed markets, while other markets are expected to grow by 0.9%.

Overall, the pharma sector is considered to be one of the most crisis-resistant industries. Despite the recent weakness, it continues to benefit from long-term growth drivers such as demographic change and the increase in life expectancy, which combine to create rising demand for healthcare. Widespread diseases such as diabetes, asthma, dementia, cancer and allergies also boost demand for healthcare. This is reflected in the megatrends relevant to Gerresheimer: ‘rise in chronic diseases and aging population’, ‘rapid growth in generics’, ‘growing healthcare provision in emerging markets’, ‘stricter regulatory requirements and cost pressure in health systems’, ‘new drugs (especially in biosimilars and biotech)’ and the trend toward ‘self-medication, personalized medication and digitalization’ (see under ‘Group Strategy and Objectives’ on page 3 et seq.)

This means the number of off-patent and biotech drugs is increasing. At the same time, the industry benefits from the rise in global population and the middle classes. Diseases of affluence such as cardiovascular disease, asthma and diabetes are on the increase, fueling higher spending on medical care. Besides innovative manufacturing processes, new compounds and new drugs call for further refinements in packaging and drug delivery systems. Protecting the high-quality contents as well as maintaining quality assurance and unrestricted functionality are a top priority. Growing numbers of innovative biotech drugs are coming onto the market that have to be injected and must therefore be supplied in the necessary concentrations in vials and/or prefilled syringes or other drug delivery devices. With respect to packaging for medications, this means that manufacturers must offer a wide range of technologies covering as much of the value chain as possible.

The more cyclical market for high-quality glass cosmetics packaging performed well in the financial year 2019. Sophisticated glass cosmetics packaging continued to be highly sought after, once again placing a premium on glass container design and additional finishing techniques in the past year.

DEVELOPMENT ON THE CURRENCY MARKETS

After starting the financial year 2019 at a rate of 1.13 US dollars to the euro, the US dollar weakened slightly during the first quarter to 1.15 US dollars per euro. As the financial year progressed, the US dollar appreciated again against the euro, reaching a rate of 1.09 US dollars to the euro in September. Despite interest rate cuts by the US Federal Reserve during the financial year 2019, the US dollar continues to offer a yield advantage relative to the euro. In addition, trade disputes and Brexit in particular contributed to the further appreciation of the US dollar against the euro from the second half of the year onwards. By the end of October the currency was steady in a corridor of 1.09 to 1.11 US dollars to the euro. At the end of the financial year 2019, the exchange rate was 1.10 US dollars to the euro.

The average exchange rate in the financial year 2019 from December 1, 2018 to November 30, 2019, was consequently 1.12 US dollars to the euro, lower than the prior-year average of 1.18 US dollars to the euro.

Other currencies that entail translation effects on translation into euros—the Group reporting currency—for our quarterly and annual financial statements showed a mixed picture in the reporting period.

ENERGY AND COMMODITY MARKET TRENDS

A significant portion of production costs relates to raw materials for the manufacture of glass and plastic. We have substantial energy requirements on an ongoing basis, mainly due to the energy-intensive combustion and melting processes in our high-temperature furnaces. Any significant rise in energy prices could have an impact on the Gerresheimer Group's results of operations. Accordingly, we make use of the special compensation rule for electricity cost-intensive companies under section 64 of the German Renewable Energy Act (EEG). In addition, the Group extensively hedges against increases in energy (electricity and gas) prices in order to absorb rising energy costs. Electricity and gas prices in Europe remained at the prior-year level in the first half of 2019 and declined in the second half of the year.

In the manufacture of plastic products, we are reliant on intermediary products such as polyethylene, polypropylene and polystyrene. The prices of these products largely depend on oil price trends. Prices of resins that we rely on decreased during the course of the financial year 2019, notably in the North American market. For example, the price of polypropylene fell by nearly 20% on average during the period, which led to a temporary earnings improvement in the Plastics & Devices Division. We have passed on such decreases to customers in whole or in part and after a time lag on the basis of contractually agreed price de-escalation clauses or by means of price reductions. This results in a net positive impact on our results of operations of around EUR 2m compared to the prior year.

As a manufacturer of high-quality pharmaceutical primary packaging, we mainly use quartz sand and soda lime as raw materials for glass products, along with various additives in relatively small quantities. These basic products are freely available and we procure them from a range of suppliers.

When we sold our glass tubing business to Corning in 2015, we signed a 10-year supply contract for borosilicate glass tubing to meet our longterm demand for this important intermediary product for the converting business. We also process borosilicate glass tubing from other producers at Gerresheimer.

Additional information on the Gerresheimer Group's management of fluctuations in energy and raw material prices is provided under the heading 'Energy and Raw Material Prices' in the 'Operational Risks' section.

CHANGES IN THE REGULATORY ENVIRONMENT

Policymakers, especially in European industrialized countries and the USA, continue to attach great importance to proof of significant therapeutic added value before new drugs are approved. For this reason, the competent authorities usually carry out a detailed cost-benefit analysis before any new drug can be released onto the market.

Regulatory requirements tend to increase in quantity and scope from year to year. While delivering major benefits to patients, this presents major challenges for everyone in the market. Overall, however, the financial year 2019 did not bring any material change in the regulatory environment as regards the pharma markets relevant to Gerresheimer. The heavy demands placed on our business also serve as a tall barrier to entry for potential new competitors.

DEVELOPMENT OF THE BUSINESS

EFFECT OF ECONOMIC CONDITIONS ON BUSINESS

The financial year 2019 did not bring any material change in the regulatory environment for the pharma markets relevant to us and so there was no significant regulatory impact on the growth of our business. The more cyclical market for high-quality glass cosmetics packaging performed very well. Manufacturers reported growth in perfume and care products in particular.

We primarily produce specialized, high-quality primary packaging products and drug delivery systems made of glass and plastic. Our aim is to gain or hold a position among the top three in the markets and product segments we serve.

ATTAINMENT OF GUIDANCE IN THE FINANCIAL YEAR 2019 (GERRESHEIMER GROUP)

The net assets, financial position and results of operations of Gerresheimer AG depend on the business performance of the Gerresheimer Group. Corporate strategy and management are exclusively based on Group performance indicators. Consequently, no forecast is made at the level of the single-entity financial statements. Instead, we report in this section exclusively on the development of our guidance for the Gerresheimer Group.

We give our shareholders, customers and all other partners the opportunity to assess our business development by publishing guidance at the beginning of each financial year and adjusting this as needed over the course of the year. Our guidance includes forward-looking statements on the development of revenues, adjusted EBITDA and capital expenditure as a percentage of revenues, all at constant exchange rates.

Attainment of Guidance in the financial year 2019

	Guidance FY 2019 February 14, 2019	2019 Results
Revenues (constant FX rates)	Range from EUR 1.40bn to EUR 1.45bn	EUR 1.38bn[1)] 0.5% growth
Adjusted EBITDA (constant FX rates)	Range from EUR 290m to EUR 300m	EUR 396.1m[2)]
Capital expenditure (constant FX rates)	Approximately 12% of revenues	11.9%[1)]
Average NWC (as % of revenues) (constant FX rates)	Approximately 16%	20.0%
Long-term targets		
Gx ROCE	Approximately 15%	14.2%
Adjusted EBITDA leverage	2.5x	2.4x

[1)] It should be noted that the customer's unexpected cancellation of the project to develop a micro pump for diabetes treatment led to a contractual modification and thus to a cumulative adjustment of the revenues recognized up to this point in the amount of EUR 17.3m.
[2)] This includes the other operating income of EUR 129.8m from the derecognition of contingent purchase price components from the acquisition of Sensile Medical and, partly offsetting this, the other operating expense of EUR 9.2m due to the customer's unexpected cancellation of the project to develop a micro pump for diabetes treatment. The cancellation of this project also led to a contractual modification and thus to a cumulative adjustment of the revenues recognized up to this point in the amount of EUR 17.3m, which had a corresponding negative impact on adjusted EBITDA at constant exchange rates.

MANAGEMENT BOARD REVIEW OF BUSINESS PERFORMANCE

As expected, Gerresheimer AG ended the financial year 2019 with a net loss in the amount of EUR 22.4m. This is mainly due to the termination of the profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH with effect from December 1, 2018. As a result, the profit or loss attributable to Gerresheimer Group GmbH cannot be recognized in the same period, but only in the financial year 2020. In the financial year 2019, this leads to an expense from profit and loss transfer agreements in the amount of EUR 0.2m following an income from profit and loss transfer agreements of EUR 90.8m in the prior year. In addition, income from long-term loans decreased from EUR 27.7m in the prior year to EUR 11.8m. This decrease is due to the adjustment of the loan conditions resulting from refinancing the bond after redemption in the financial year 2018. Furthermore, interest and similar income decreased from EUR 3.1m to EUR 0.8m. This is mainly attributable to the repayment of US-dollar loan granted to Gerresheimer Glass Inc., Vineland (New Jersey/USA) in June 2018. Lower interest and similar expenses (EUR 11.9m; prior year: EUR 15.8m) had a partially compensatory effect. Equity decreased by a total of EUR 58.5m to EUR 684.5m as of November 30, 2019. In addition to the net loss of EUR 22.4m, equity solely decreased due to dividend distributions to shareholders of Gerresheimer AG in the amount of EUR 36.1m in the financial year 2019.

The following explanations refer to the business development of the Gerresheimer Group. In the financial year under review, the Gerresheimer Group paved the way for sustained and profitable growth through our far-reaching capex program. Especially due to the strong first and second quarter in 2019, revenues at constant exchange rates increased by 0.5% in the financial year under review, from EUR 1,373.5m to EUR 1,380.2m. Organically—adjusted for exchange rate effects, acquisitions and divestments as well as the revenue generated in the prior year from the lost inhaler contract with a customer at our plant in Kuessnacht (Switzerland)—our revenues increased by 1.2% compared to the prior year. This revenue performance means that we fell short of what we are capable of, mainly due to the developments at Sensile Medical. The customer's unexpected cancellation of the project to develop a micro pump for the treatment of diabetes, in particular, led to a contractual modification and thus to a cumulative adjustment of the revenues recognized up to this point in the amount of EUR 17.3m.

Adjusted EBITDA at constant exchange rates was EUR 396.1m in the financial year 2019 compared to EUR 300.2m in the prior year. It should be noted that we recorded other operating income of EUR 129.8m in the financial year 2019 due to the derecognition of contingent purchase price components from the acquisition of Sensile Medical. In contrast, adjusted EBITDA at constant exchange rates was reduced by EUR 9.2m due to the customer's unexpected cancellation of the project to develop a micro pump for the treatment of diabetes. The cancellation of this project also led to a contractual modification and thus to a cumulative adjustment of the revenues recognized up to this point in the amount of EUR 17.3m, which had a corresponding negative impact on adjusted EBITDA at constant exchange rates.

The impairment test at the level of the cash-generating unit Sensile Medical, which is assigned to the Advanced Technologies Division, resulted in the recognition of impairment losses in the financial year 2019 due to unexpected project cancellations by customers—particularly the cancellation of the project to develop a micro pump for the treatment of diabetes. As of the reporting date, the recoverable amount of this cash-generating unit was EUR 280.1m, which is EUR 113.1m lower than its carrying amount of EUR 393.2m. Of the resulting impairment losses, EUR 5.0m was allocated to the goodwill of the cash-generating unit Sensile Medical, EUR 102.9m to technologies, EUR 4.3m to development costs, and EUR 0.9m to brand names. In the consolidated income statement, goodwill impairment is recognized in other operating expenses, while impairment losses on technologies, development costs and brand names are included in the cost of sales and selling expenses. In contrast, the unexpected cancellation of projects by customers also resulted in the recognition of other operating income of EUR 129.8m from the derecognition of contingent purchase price components.

Adjusted net income (defined as net income before amortization impairment losses of fair value adjustments and restructuring expenses, portfolio optimization, the balance of one-off income and expenses and related tax effects) was EUR 227.7m in the financial year 2019, compared to EUR 180.3m in the prior year.

RESULTS OF OPERATIONS OF THE GERRESHEIMER AG

Revenues of EUR 4.0m in the financial year 2019 slightly increased compared to the prior year (EUR 3.6m). This increase is mainly attributable to higher intra-group allocations for IT-services.

The decrease in other operating income by EUR 14.3m to EUR 12.2m is mainly due to lower income from currency translation and currency derivatives (EUR 0.0m; prior year: EUR 12.6m). This decrease results relates to the repayment of the US-dollar loan granted to Gerresheimer Glass Inc., Vineland (New Jersey/USA) in the prior year. Furthermore, income from the reversal of provisions decreased to EUR 0.8m in the financial year 2019 (prior year: EUR 2.1m).

Personnel expenses went up slightly compared with the prior year (EUR 17.5m) to EUR 17.8m.

In comparison to the prior year, other operating expenses decreased significantly by EUR 21.1m to EUR 19.7m. At EUR 15.7m the decrease is attributable to expenses from currency translation and derivatives (EUR 0.0m; prior year: EUR 15.7m) in the prior year in connection with the US-dollar loan granted to Gerresheimer Glass Inc., Vineland (New Jersey/USA), which was repaid in full on July 17, 2018. Furthermore, severance payments relating to the unexpected departure of the former Chairman for personal reasons from the Management Board of Gerresheimer AG were recorded in other operating expenses in the prior year. Moreover, legal and consulting expenses decreased from EUR 4.8m by EUR 1.6m to EUR 3.2m. Contrary, in the financial year 2019 the Supervisory Board remuneration slightly increased by EUR 0,3m to EUR 1.4m due to the new Supervisory Board remuneration system approved by the Annual General Meeting on June 6, 2019.

Research and development activities are exclusively carried out by Gerresheimer AG's subsidiaries. These activities are closely geared to customer needs and accordingly often take place in collaboration with them. In some cases, staff from pharmaceuticals companies work with us at our Competence Centers. The costs associated with these customer-specific research and development projects are largely borne by our customers.

Expenses from profit and loss transfer agreements amounting to EUR 0.2m (prior year: income of EUR 90.8m) relate to the net loss of Gerresheimer Holdings GmbH absorbed under the existing profit and loss agreement. Due to the termination of the profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH with effect from December 1, 2018, the profit or loss attributable to Gerresheimer Group GmbH cannot be recognized in the same period, but only in the financial year 2020.

Income from long-term loans, relating to long-term loans to GERRESHEIMER GLAS GmbH and Gerresheimer Holdings GmbH, totals EUR 11.8m (prior year: EUR 27.7m). The decrease is due to the adjustment of the loan conditions resulting from refinancing the bond after redemption in May 2018.

The net finance expense of EUR 11.1m (prior year: EUR 12.7m) comprises EUR 0.8m (prior year: EUR 3.1m) in interest and similar income and EUR 11.9m (prior year: EUR 15.8m) in interest and similar expenses. As in the prior year, interest and similar income relates to loans to subsidiaries. The decrease in interest and similar expenses in the financial year 2019 is mainly due to the interest rate adjustment on account of the more favorable refinancing of the bond repaid in May 2018, which was conducted in the financial year 2018.

Income taxes amount to EUR 0.1m in the financial year 2019 (prior year: EUR 8.5m). The EUR 8.4 decrease in tax expense is mainly due to the change of the tax group of Gerresheimer AG which comprises in the financial year 2019 Gerresheimer AG and Gerresheimer Holdings GmbH.

Gerresheimer AG's net loss was EUR 22.4m, compared with net income of EUR 67.8m in the prior year. The German Commercial Code-basis retained earnings decreased from EUR 185.9m to EUR 127.4m. Dividend distributions to Gerresheimer AG shareholders totaled EUR 36.1m in the financial year 2019.

At the Annual General Meeting on June 24, 2020, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.20 per share be paid for the financial year 2019 (prior year: EUR 1.15 per share). This represents a total dividend distribution of EUR 37.7m and an increase of 4.3% against the prior-year dividend. The payout ratio of 29.9% for the financial year 2019 is calculated as follows:

in EUR m	**2019**	2018
Adjusted net income after non-controlling interests	225.8	178.0
Other operating income – Derecognition contingent purchase price components	-129.8	–
Other operating expense – contract modification in connection with the termination of a project to develop a micro pump for the treatment of diabetes	9.2	–
Impairment of development costs, which are not part of amortization of fair value adjustments	7.9	–
Negative effect on revenues and adjusted EBITDA in connection with the termination of a project to develop a micro pump for the treatment of diabetes	17.3	–
Related tax effects	-4.3	–
Distributable amount	**126.1**	**178.0**
Dividend ratio	29.9%	20.3%

Furthermore, a proposal will be made to carry forward Gerresheimer AG's remaining retained earnings of EUR 89.7m to new accounts.

NET ASSETS, FINANCIAL CONDITION AND LIQUIDITY OF THE GERRESHEIMER AG

NET ASSETS

Intangible assets went up by EUR 0.2m to EUR 5.4m in the financial year 2019. The increase is mostly attributable to the purchase of intangible assets for IT-software and licenses.

Equity increased by EUR 58.5m from EUR 743.0m to EUR 684.5m as of November 30, 2019. The decrease is due to distributions to Gerresheimer AG shareholders in the amount of EUR 36.1m the net loss of EUR 22.4m.

The pension provisions as of November 30, 2019 of EUR 1.3m (prior year: EUR 1.6m) comprise the settlement amount of the pension obligations of EUR 3.6m (prior year: EUR 4.0m) after offsetting against the EUR 2.3m (prior year: EUR 2.4m) fair value of plan assets. The plan assets consist exclusively of reinsurance contracts, whose fair value corresponds to the coverage capital proven by the insurance company and hence to amortized cost.

Tax provisions decreased by EUR 4.0m to EUR 2.0m as of November 30, 2019. This decrease mainly relates to issued tax assessments after the completion of the tax audits for the years 2013 to 2015.

Liabilities to banks increased relative to the prior year by EUR 60.7m to EUR 782.1m. The increase relates to higher drawings on the revolving credit facility as of November 30, 2019.

The matters set out above are the main reasons for the EUR 0.3m or 13.4% decrease in Gerresheimer AG's total assets in the financial year 2019 to EUR 1,486.0m (prior year: EUR 1,486.3m).

Consequently, the equity ratio stood at 46.1% as of the November 30, 2019 reporting date (prior year: 50.0%).

FINANCIAL CONDITION AND LIQUIDITY

Our financing was renegotiated in the financial year 2019 and includes a syndicated loan in the form of a revolving credit facility plus ancillary facilities totaling EUR 550.0m, which was signed on September 26, 2019 as part of a refinancing arrangement with a five-year term to maturity and two extension options of one year each. The revolving credit facility is subject to a mandatory standard financial covenant comprising the ratio of net financial debt to adjusted EBITDA (adjusted EBITDA leverage) under the current loan agreement. The revolving credit facility carries a basic rate of interest equal to EURIBOR (for drawings in euros) or LIBOR (for drawings in US dollars) for the drawing period, plus a margin depending on attainment of the adjusted EBITDA leverage and a drawdown commission in line with the current loan status.

In addition, Gerresheimer has also raised financing through promissory loans issued in 2015 and 2017. The Gerresheimer AG promissory loans signed on November 2, 2015 and paid out on November 10, 2015 comprise one five-year tranche in the amount of EUR 189.5m, which is repayable in November 2020, one seven-year tranche in the amount of EUR 210.0m and one ten-year tranche in the amount of EUR 25.5m. Mostly, the separate tranches are fixed-interest, although a portion is variable-interest. The EUR 250.0m promissory loans issued on September 27, 2017 comprise one five-year tranche in the amount of EUR 95.5m, one seven-year tranche in the amount of EUR 109.0m and one ten-year tranche in the amount of EUR 45.5m. Mostly, the separate tranches are fixed-interest, although a small portion is variable-interest.

Our subsidiaries also have finance in the shape of approved bilateral borrowings, including bank overdrafts, in an amount equivalent to EUR 40.9m.

To ensure access to other favorable sources of funding, Gerresheimer also raises limited financing through the sale of trade receivables to factoring companies.

The revolving credit facility (with a facility amount of EUR 550.0m) was drawn by EUR 302.3m as of November 30, 2019 (prior year: facility amount EUR 450.0m, drawn portion EUR 264.4m), to which are added drawings on ancillary credit facilities in the amount of EUR 16.5m (prior year: EUR 3.3m). Gerresheimer AG's drawing on the revolving credit facility were EUR 106.3m. Consequently, EUR 231.2m under the revolving credit facility was available to us as of November 30, 2019 for capital expenditure, acquisitions and other operational requirements.

Safeguarding the Gerresheimer Group's liquidity while allowing sufficient reserves for special eventualities is an integral part of ongoing liquidity management. Intra-Group cash pooling and intercompany lending permit efficient use of liquidity surpluses at subsidiaries to meet the cash needs of others. Sufficient cash pool lines and intercompany loans meant that there were neither financing nor liquidity shortfalls in the financial year 2019.

MANAGEMENT BOARD'S OVERALL ASSESSMENT OF THE BUSINESS SITUATION

As expected, we incurred a net loss in the amount of EUR 22.4m in the financial year 2019. This was mainly due to the termination of the profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH with effect from December 1, 2018. As a result, the profit or loss attributable to Gerresheimer Group GmbH cannot be recognized in the same period, but only in the financial year 2020.

We have paved the way for sustainable and profitable growth through our broad-based capex program launched in the past financial year.

Revenues at constant exchange rates increased by 0.5% in the financial year 2019 to EUR 1,380.2m. This revenue performance means that we fell short of what we are capable of, mainly due to the developments at Sensile Medical. The customer's unexpected cancellation of the project to develop a micro pump for the treatment of diabetes, in particular, negatively impacted revenues here by EUR 17.3m.

Adjusted EBITDA at constant exchange rates was EUR 396.1m in the financial year 2019 compared to EUR 300.2m in the prior year. It should be noted that we recorded other operating income of EUR 129.8m in the financial year 2019 due to the derecognition of contingent purchase price components from the acquisition of Sensile Medical. In contrast, adjusted EBITDA at constant exchange rates was reduced by EUR 9.2m due to the customer's unexpected cancellation of the project to develop a micro pump for the treatment of diabetes. The cancellation of this project also led to a contractual modification and thus to a cumulative adjustment of the revenues recognized up to this point in the amount of EUR 17.3m, which had a corresponding negative impact on adjusted EBITDA at constant exchange rates.

Our Capex program was launched as scheduled and led in the financial year 2019 to cash payments of EUR 164.6m for capital expenditure on intangible assets, property, plant and equipment and financial assets compared to EUR 114.7m in the prior year. Despite the higher cash payments for capital expenditure, operating cash flow rose from EUR 166.4m in the prior year to EUR 241.6m. This increase was largely driven by the improved adjusted EBITDA, which was in turn bolstered by the non-cash derecognition of contingent purchase price components in relation to the Sensile Medical acquisition in the amount of EUR 129.8m. Calculated as the ratio of interest-bearing net financial debt to adjusted EBITDA, adjusted EBITDA leverage, pursuant to the credit line agreement in force, stood at 2.4x as of November 30, 2019. The marked decrease as against November 30, 2018 is likewise attributable to the higher adjusted EBITDA, which was notably affected by the other operating income from the derecognition of contingent purchase price components.

Our net asset position remains very solid. The impairment losses of EUR 116.6m recognized in the cash-generating unit Sensile Medical in the financial year under review are largely attributable to the cancellation of projects by customers, especially the project to develop a micro pump for the treatment of diabetes. Equity and non-current liabilities provided 83.5% coverage of non-current assets (prior year: 90.9%). The equity ratio increased from 32.6% as of the prior-year reporting date to 35.6% as of November 30, 2019.

REMUNERATION REPORT

MANAGEMENT BOARD REMUNERATION

STRUCTURE OF REMUNERATION

The total remuneration of active members of the Management Board consists of several components. These are a fixed salary and the customary fringe benefits, short-term variable cash remuneration, long-term variable cash remuneration, long-term share-price-based variable remuneration and pension benefits.

NON-PERFORMANCE-BASED REMUNERATION

The non-performance-based elements comprise the fixed salary plus non-cash fringe benefits. The latter mainly comprise insurance premiums (including group accident insurance and invalidity insurance) as well as the use of a company car. There is also directors and officers liability (D&O) insurance for members of the Management Board; this provides for a deductible in accordance with section 93 (2) sentence 3 of the German Stock Corporation Act (Aktiengesetz/AktG).

PERFORMANCE-BASED REMUNERATION

Short-term variable cash remuneration

The short-term variable cash remuneration is tied to attainment of annual targets agreed in each member's contract of employment. The target figures are derived from the corporate planning approved by the Supervisory Board. They relate to variously weighted financial KPIs, namely adjusted EBITDA, net working capital and revenues. The net working capital target component is calculated as average net working capital as a percentage of revenues. If all targets are met, the short-term variable cash remuneration is 50% of the individual fixed salary. Limited to a maximum of 70% of the individual fixed salary, the short-term variable cash remuneration is paid out in the subsequent year following approval of the Consolidated Financial Statements by the Supervisory Board.

Long-term variable cash remuneration

The long-term variable cash remuneration consists of a rolling bonus system which is tied to the attainment of specific targets over a three-year period. The key performance indicators relevant to target attainment are organic revenue growth and return on capital employed (Gx ROCE).

For long-term variable cash remuneration, the relevant key performance indicators are set each year for the next three years based on the business plan. If all targets are met, the long-term variable cash remuneration is 40% of the individual fixed salary. The long-term variable cash remuneration is capped at 55% of the individual fixed salary and is paid out three years after the base year.

Target attainment was previously measured against the arithmetic mean of the annual figures in the three-year period. The bonus payable on full target attainment is 30% of the individual fixed salary. It is capped (on 133% target attainment) at just under 40% of the individual fixed salary. Bonuses are paid out three years after the base year. This previous arrangement applies for Mr. Schütte for the last time on a pro rata basis for the financial year 2017.

Long-term Share-price-based Variable Cash Remuneration (Phantom Stocks)

The Company has additionally agreed long-term share-price-based variable cash remuneration with all members of the Management Board. Under these agreements, members receive a value-based allocation, according to the share price, for each year of Management Board service. Management Board members are awarded an entitlement to a payment in the event that the exercise and payment conditions are met. After a five-year vesting period, a Management Board member is entitled, within an ensuing period of 24 months, to demand payment in the amount of the appreciation in the stock market price of Gerresheimer shares between the issue date and the exercise (maturity) date. Payment is conditional on the percentage appreciation being at least 20% or being greater than the percentage increase in the MDAX over the maturity period. The target-based remuneration is to be 40% of the individual fixed salary for each member of the Management Board on attainment of an exercise target comprising a 20% increase in the share price. If the share price rises during the set period by 40% or more, the entitlement awarded to the members of the Management Board is capped at 80% of their individual fixed salary. All entitlements to the issue of further phantom stock expire without substitution or compensation on departure of the respective member of the Management Board. This also applies to the year of early contract termination itself if the contract is terminated before the issue date in that year. Any exercisable phantom stock entitlements that are within the defined exercise period, and all entitlements arising from phantom stock already issued but yet to mature that are within the defined waiting period remain unaffected and can be exercised by the holder in accordance with the general stipulations of the phantom stock agreement. However, any phantom stock entitlements for tranches already issued are reduced pro rata temporis in the year of departure. The issue price for tranche 13 in the financial year 2019 is EUR 66.78.

Under the previous arrangements, members were granted a specific number of stock appreciation rights, according to the share price, for each year of service on the Management Board. Each stock appreciation right entitled the holder to a payment based on the change in the share price, subject to a performance threshold: At the exercise date, this dictated that the Company's share price must exceed the initial price for the relevant tranche by at least 12% or must have increased by a larger percentage than the MDAX. It was possible to exercise stock appreciation rights during a 16-month exercise period following a four-year waiting period. The payment amount was equal to the absolute increase in the share price between the issue date of the stock appreciation rights and the exercise date. However, the payment amount for each tranche was capped at 25% of the initial price of all stock appreciation rights in the same tranche. At the time of termination of the Management Board contract, all exercisable stock appreciation rights, all entitlements resulting from stock appreciation rights already granted but yet to mature and all entitlements to the issue of further stock appreciation rights expired without substitution or compensation. If the day on which the holder's employment contract ended was after the first anniversary of the issue date of stock appreciation rights in a tranche already issued, but before the exercise date for that tranche, the stock appreciation rights in that tranche remained unaffected. The foregoing now only applies to tranche 10 for Mr. Schütte.

Pension benefits

During the period of the Management Board members' appointment, the Company shall provide those entitled to a pension with an amount equivalent to 20% of the fixed salary plus 20% of the short-term variable cash remuneration attained. Management Board members may choose from three options as to how this amount is used: (1) 20% of the fixed salary paid into an insurance policy and 20% of the short-term variable cash remuneration paid into an investment; (2) 20% of the fixed salary paid into an insurance policy and 20% of the short-term variable cash remuneration paid out for personal pension provision; (3) 20% of the fixed salary and 20% of the short-term variable cash remuneration paid out for personal pension provision. All active members of the Management Board on November 30, 2019 have selected option (3).

In the case of the insurance policy in the above options (1) and (2) under the pension arrangements, a Management Board member earns entitlement on retirement to payment of an annuity-based old-age, invalidity and surviving dependants' pension. Alternatively, a Management Board member can elect to have the accumulated capital paid out on retirement. The pension entitlement then lapses.

In the capital-based option, the Company has a top-up obligation up to the amount paid in on retirement if the value of the investment falls, as the Company must guarantee capital maintenance to ensure qualification as a company pension arrangement. Any notional underfunding prior to the claim event must therefore be accounted for—if only temporarily, as appropriate.

If a Management Board member has the scheduled annual contribution amount paid out while still in service, as an additional salary component for personal pension provision, the Company has no further obligation once payment has been made.

Under the previous old-age pension arrangements, Management Board members were, after leaving the Gerresheimer Group, normally eligible to pension benefits from age 65. The annual pension is between 2.00% and 2.22% of the final fixed salary, depending on age on joining the pension plan. This percentage increases with years of service as a member of the Management Board to a maximum of 40%. Surviving dependants' pensions are provided for at 60% of the deceased's pension for the spouse and 20% per child for any surviving children. Surviving dependants' pensions are limited in total to 100% of the deceased's pension. In the financial year under review, these defined-benefit arrangements related to two former members of the Management Board—Mr. Beaujean and Mr. Schütte—and in the case of Mr. Schütte were handled through a provident fund.

Termination benefits

Termination benefits in the event of premature termination of a Management Board member's contract other than for cause are capped as recommended in the German Corporate Governance Code. Severance payments, including fringe benefits, in the event of premature termination of a Management Board member's contract other than for cause are therefore capped to a maximum of two years' remuneration and do not compensate more than the remaining term of the contract. The cap on termination benefits is determined with reference to total remuneration.

In the event of a change of control, Management Board members have a once-only special right to terminate their contracts at six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time at which the Management Board member gained—or were it not for gross negligence would have gained—knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has a remaining term of nine months or more. If a Management Board member exercises his or her special right of termination, the Company is required to pay termination benefits equal to three times the annual remuneration less amounts paid during the notice period. Annual remuneration is defined as remuneration for the full financial year, including short-term and long-term variable cash remuneration, but excluding long-term, share-price-based variable remuneration.

In connection with the withdrawal of Mr. Schütte from the Management Board of Gerresheimer AG as of February 28, 2019, a one-year post-contractual non-compete covenant was agreed with effect from March 1, 2019. For the duration of the post-contractual non-compete covenant, Mr. Schütte will receive a compensation payment in the total amount of EUR 495,000.00, payable in twelve equal monthly installments. No post-contractual non-compete covenant has been agreed with any other active member of the Management Board.

MANAGEMENT BOARD REMUNERATION IN THE FINANCIAL YEAR

The recommendations of the German Corporate Governance Code on determining Management Board remuneration have been implemented.

Total remuneration of active Management Board members during the financial year 2019 came to EUR 5,866k (prior year: EUR 11,119k). This comprised EUR 2,808k in non-performance-based remuneration (prior year: EUR 6,209k) and EUR 1,172k in performance-based remuneration (prior year: EUR 2,302k). Pension expenses amounted to EUR 817k in the financial year 2019 (prior year: EUR 924k). Vested stock appreciation rights in the financial year under review came to EUR 1,069k (prior year: EUR 1,684k).

Remuneration of individual Management Board members in the financial year 2019 is presented in the tables below:

Benefits granted in EUR k	Dietmar Siemssen CEO				Dr. Lukas Burkhardt Primary Packaging Glass			
	2019	2019 min.	2019 max.	2018	**2019**	2019 min.	2019 max.	2018
Fixed remuneration	950	950	950	79	570	570	570	523
Non-cash remuneration	13	13	13	3	18	18	18	5
Total	**963**	**963**	**963**	**82**	**588**	**588**	**588**	**528**
Short-term variable remuneration	475	–	665	40[1]	285	–	399	261
Long-term variable remuneration	**380**	**–**	**523**	**32**	**228**	**–**	**314**	**209**
Plan 2018–2021	–	–	–	32[1]	–	–	–	209
Plan 2019–2022	380	–	523	–	228	–	314	–
Phantom Stocks	–	–	–	–	–	–	–	–
Total	**1,818**	**963**	**2,151**	**154**	**1,101**	**588**	**1,301**	**998**
Pension expenses	285	285	285	24	171	171	171	157
Total remuneration	**2,103**	**1,248**	**2,436**	**178**	**1,272**	**759**	**1,472**	**1,155**

[1] As Mr. Siemssen took up his duties as of November 1, 2018, he is guaranteed pro rata temporis short-term variable cash remuneration and long-term variable cash remuneration for the financial year 2018 based on assumed target achievement of 100%.
[2] Due to the additional duties assumed and his responsibility as Spokesperson of the Management Board of Gerresheimer AG in the period from February 5, 2018 to October 31, 2018, the Supervisory Board approved a special payment of EUR 450k on the recommendation of the Presiding Committee.

In the financial year 2019, Dr. Metzner received new phantom stock entitlements (tranches 13 to 16) in connection with his appointment to the Management Board. The tranches are described in detail in the section 'Long-term, Share-price-based Variable Cash Remuneration (Phantom Stocks)'. Given that it is a value-based commitment, there is no fair value at the grant date.

Allocation in EUR k	Dietmar Siemssen CEO		Dr. Lukas Burkhardt Primary Packaging Glass		Dr. Bernd Metzner CFO from May 15, 2019		Rainer Beaujean to April 30, 2019		Andreas Schütte to February 28, 2019	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed remuneration	950	79	570	523	350	–	725[1]	650	165	648
Non-cash remuneration	13	3	18	5	4	–	8	20	5	21
Total	**963**	**82**	**588**	**528**	**354**	**–**	**733**	**670**	**170**	**669**
Short-term variable remuneration	40	–	245	–	–	–	302	245	304	261
Long-term variable remuneration	**–**	**–**	**–**	**–**	**–**	**–**	**115**	**786**	**166**	**725**
Plan 2015–2018	–	–	–	–	–	–	–	114	–	114
Plan 2016–2019	–	–	–	–	–	–	115	–	166	–
Phantom Stocks	–	–	–	–	–	–	–	672	–	611
Total	**1,003**	**82**	**833**	**528**	**354**	**–**	**1,150**	**1,701**	**640**	**1,655**
Pension expenses	285	24	171	157	112	–	155	373	94	370
Total remuneration	**1,288**	**106**	**1,004**	**685**	**466**	**–**	**1,305**	**2,074**	**734**	**2,025**

[1] Due to the additional duties assumed and his responsibility as Spokesperson of the Management Board of Gerresheimer AG in the period from February 5, 2018 to October 31, 2018, the Supervisory Board approved a special payment of EUR 450k on the recommendation of the Presiding Committee.

Dr. Bernd Metzner CFO from May 15, 2019				Rainer Beaujean to April 30, 2019				Andreas Schütte to February 28, 2019			
2019	2019 min.	2019 max.	2018	**2019**	2019 min.	2019 max.	2018	**2019**	2019 min.	2019 max.	2018
350	350	350	–	725[2)]	725[2)]	725[2)]	650	165	165	165	648
4	4	4	–	8	8	8	20	5	5	5	21
354	**354**	**354**	**–**	**733**	**733**	**733**	**670**	**170**	**170**	**170**	**669**
175	–	245	–	138	–	193	325	83	–	116	324
140	**–**	**1,729**	**–**	**110**	**–**	**151**	**260**	**66**	**–**	**91**	**259**
–	–	–	–	–	–	–	260	–	–	–	259
140	–	193	–	110	–	151	–	66	–	91	–
–	–	1,536	–	–	–	–	–	–	–	–	–
669	**354**	**2,328**	**–**	**981**	**733**	**1,077**	**1,255**	**319**	**170**	**377**	**1,252**
112	112	112	–	155	155	155	373	94	94	94	370
781	**466**	**2,440**	**–**	**1,136**	**888**	**1,232**	**1,628**	**413**	**264**	**471**	**1,622**

Long-term, Share-price-based Variable Cash Remuneration

The table on Management Board remuneration includes share-based payment at fair value at the grant date.

Pension benefits

The pension expenses attributable to each member of the Management Board are shown in the Management Board remuneration table.

The active Management Board members as of November 30, 2019 opted for pension option (3), payout of 20% of the fixed salary and 20% of the short-term variable cash remuneration. The 20% of the fixed salary is paid on February 28 of each year and the 20% of the short-term variable cash remuneration is paid along with short-term variable cash remuneration.

Payments to former Management Board members

Following his departure on April 30, 2019, Mr. Beaujean received a payment of EUR 713k on the basis of his phantom stock agreement. No further payments were made to Mr. Beaujean in the financial year 2019 after leaving Gerresheimer AG.

In connection with the withdrawal of Mr. Schütte from the Management Board of Gerresheimer AG as of February 28, 2019, a one-year post-contractual non-compete covenant was agreed with effect from March 1, 2019. Under this agreement, an amount of EUR 371k was paid to Mr. Schütte for the period from his departure on February 28, 2019 to November 30, 2019. Following his departure, Mr. Schütte also received a payment of EUR 649k on the basis of his phantom stock agreement. No further payments were made to Mr. Schütte in the financial year 2019 after leaving Gerresheimer AG.

A two-year post-contractual non-compete covenant was agreed in relation to the withdrawal of Mr. Röhrhoff from the Management Board of Gerresheimer AG as of August 31, 2017. Under this agreement, Mr. Röhrhoff was paid an amount of EUR 335k in the financial year 2019. Mr. Röhrhoff also received a payment of EUR 116k on the basis of his long-term variable cash remuneration. No further payments were made to Mr. Röhrhoff in the financial year 2019.

REMUNERATION OF THE SUPERVISORY BOARD

Supervisory Board remuneration is governed by Gerresheimer AG's Articles of Association. The Articles of Association of Gerresheimer AG were amended by the Annual General Meeting on June 6, 2019 and a new Supervisory Board remuneration system was approved. The new remuneration system applied for the first time for the financial year beginning December 1, 2018.

Under the new remuneration system, all Supervisory Board members receive fixed annual remuneration of EUR 70,000.00. The Chairman of the Supervisory Board is granted two and a half times and the Deputy Chairman one and a half times this amount. The members of the Presiding Committee and of the Audit Committee each receive an additional fixed remuneration of EUR 20,000.00, with the chairmen of these committees each receiving twice this amount. The members of the Mediation Committee and of the Nomination Committee each receive an additional fixed remuneration of EUR 10,000.00, with the chairmen of these committees each receiving twice this amount. Remuneration for the chairmanship and membership of the Mediation Committee and Nomination Committee is restricted to years in which the Committee meets. In addition to their annual remuneration, Supervisory Board members each receive a EUR 2,000.00 attendance fee for meetings of the Supervisory Board and of Supervisory Board committees to which they belong, capped at a maximum of EUR 2,000.00 per calendar day. Reasonable expenses are reimbursed against receipts.

Total remuneration of Supervisory Board members for their activity on the Supervisory Board of Gerresheimer AG in the financial year 2019 came to EUR 1,384,000.00.

The remuneration of individual Supervisory Board members is made up as follows:

Name	Attendance fees	Fixed remuneration	**Total**
Andrea Abt	14,000.00	90,000.00	**104,000.00**
Heike Arndt	8,000.00	70,000.00	**78,000.00**
Dr. Karin Dorrepaal	6,000.00	70,000.00	**76,000.00**
Francesco Grioli	22,000.00	145,000.00	**167,000.00**
Franz Hartinger	8,000.00	70,000.00	**78,000.00**
Dr. Axel Herberg	22,000.00	235,000.00	**257,000.00**
Dr. Peter Noé	8,000.00	70,000.00	**78,000.00**
Markus Rocholz	22,000.00	110,000.00	**132,000.00**
Paul Schilling	8,000.00	70,000.00	**78,000.00**
Katja Schnitzler	16,000.00	90,000.00	**106,000.00**
Theodor Stuth	16,000.00	110,000.00	**126,000.00**
Udo J. Vetter	14,000.00	90,000.00	**104,000.00**
	164,000.00	**1,220,000.00**	**1,384,000.00**

Supervisory Board member Franz Hartinger receives remuneration of EUR 5,000.00 after the end of each financial year for his membership of the Supervisory Board of Gerresheimer Regensburg GmbH. The remuneration for the financial year 2018 was paid out in the financial year 2019.

Supervisory Board member Markus Rocholz receives remuneration of EUR 5,000.00 after the end of each financial year for his membership of the Supervisory Board of Gerresheimer Tettau GmbH. The remuneration for the financial year 2018 was paid out in the financial year 2019.

Supervisory Board member Paul Schilling receives remuneration of EUR 5,000.00 after the end of each financial year for his membership of the Supervisory Board of Gerresheimer Bünde GmbH. Mr. Schilling received remuneration of EUR 2,616.44 in the financial year 2019 based on his appointment to the Supervisory Board of Gerresheimer Bünde GmbH as of May 25, 2018. This remuneration covers the period from his appointment date to the end of the financial year 2018.

DISCLOSURES PURSUANT TO SECTION 289a (1) HGB

Gerresheimer AG is a German stock corporation (Aktiengesellschaft) and has issued voting stock that is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard), a regulated market within the meaning of section 2 (7) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz/WpÜG).

Structure of subscribed capital

The subscribed capital (capital stock) of Gerresheimer AG totaled EUR 31.4m as of November 30, 2019. It is divided into 31.4 million ordinary no-par-value bearer shares with a nominal share in capital stock of EUR 1.00 each. The Company's capital stock is fully paid in.

Restrictions on voting rights or on the transfer of securities

As of the balance sheet date, there were no restrictions on voting rights or on the transfer of Gerresheimer AG shares by law, under the Articles of Association, or otherwise to the knowledge of the Management Board. All no-par-value shares in Gerresheimer AG issued as of November 30, 2018 are fully transferable, carry full voting rights and grant the holder one vote in General Meetings.

Shareholdings exceeding 10% of voting rights

The only direct or indirect shareholdings in the Company's capital stock exceeding 10% of voting rights of which we had been notified were those of NN Group N.V., Amsterdam.

Shares carrying special rights with regard to control

None of the shares issued by Gerresheimer AG have rights which confer special control to their bearer.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

We have no information with regard to the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

Legal provisions and provisions of the Articles of Association on the appointment and replacement of Management Board members and on amendments to the Articles of Association

The Management Board is the legal management and representative body of Gerresheimer AG. In accordance with the Company's Articles of Association, it comprises at least two members. In all other respects, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint deputy members of the Management Board. It appoints one member of the Management Board as CEO or speaker.

In accordance with section 84 of the German Stock Corporation Act (Aktiengesetz/AktG), members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Repeat appointments or extensions of the term of office are permissible, in each case for a maximum of five years. The Supervisory Board may revoke the appointment of a Management Board member prior to the end of the term of office either for cause such as gross breach of duty or if the General Meeting withdraws its confidence in the member concerned.

The Company is represented either by two members of the Management Board or by one member of the Management Board and an authorized signatory (Prokurist).

In accordance with section 179 AktG, amendments to the Articles of Association normally require a resolution of the Annual General Meeting. Excepted from this rule are amendments to the Articles of Association that relate solely to their wording. The Supervisory Board is authorized to make such changes. Unless otherwise required by law, Annual General Meeting resolutions are adopted by simple majority of votes cast. If a majority of capital is additionally required by law, resolutions are adopted by simple majority of the capital stock represented upon adoption of the resolution.

Authority of the Management Board to issue or buy back shares

Under section 4 (4) of the Articles of Association, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's capital stock by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 6.28m by or before June 5, 2021. Increases in the capital stock effected as a result of exercising other authorizations based on authorized or conditional capital during the period of this authorization are taken into account against the increase. Shareholders must normally be granted subscription rights. The subscription right may also be granted in such a way that the shares are taken up by one or more banks or equivalent undertakings within the meaning of the first sentence of section 186 (5) of the AktG with an obligation to offer them to the Company's shareholders for subscription (indirect subscription right).

The Management Board is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights in the following instances:

- to exclude fractional amounts from the subscription right;
- to the extent necessary to grant holders of conversion rights or warrants or parties under obligation to exercise conversion rights or warrants attached to bonds issued or yet to be issued by the Company or a Group company a subscription right to new shares to the same extent as they would be entitled to as shareholders after exercise of the warrant or conversion right or fulfillment of the obligation to exercise the warrant or conversion right;
- in the event of capital increases for non-cash consideration in connection with business combinations or acquisitions of companies in whole or part or of shareholdings, including increases in existing shareholdings or other assets;
- in the event of capital increases for cash consideration if the issue price of the new shares is not substantially below that of the existing, listed shares at the time of final fixing of the issue price by the Management Board within the meaning of section 203 (1) and (2) and section 186 (3) sentence 4 AktG, and the percentage of capital stock attributable to the new shares for which the subscription right is excluded does not exceed 10% of the capital stock in existence at the time the authorization comes into effect or at the time the authorization is exercised, whichever amount is smaller.

The total sum of shares issued for cash or non-cash consideration subject to exclusion of subscription rights under this authorization may not exceed a EUR 3.14m share of capital stock (10% of the current capital stock). Shares issued or sold during the period of this authorization under exclusion of shareholders' subscription right in direct or analogous application of section 186 (3) sentence 4 AktG are to be set against the maximum limit of 10% of the capital stock. The same set-off rule applies to shares to be issued to service bonds with a conversion right or warrant or obligation to exercise a conversion right or warrant to the extent that the bonds are issued during the period of this authorization under exclusion of the subscription right by analogous application of section 186 (3) sentence 4 AktG.

The Management Board is authorized, subject to Supervisory Board approval, to stipulate other details of the capital increase and its execution, including the substantive details of rights attached to shares and the conditions of issue.

We further refer in this connection to our disclosures under 'Restrictions on Voting Rights or on the Transfer of Securities'.

The capital stock is conditionally increased by up to EUR 6.28m by the issue of up to 6,280,000 new no-par-value bearer shares. The conditional capital increase serves the purpose of granting no-par-value bearer shares to holders of convertible bonds or warrant bonds (or combinations of these instruments) (together 'bonds') with conversion rights or warrants or obligations to exercise conversion rights or warrants, which on the basis of the authorization approved by resolution of the Annual General Meeting on June 6, 2019 are issued by or before June 5, 2021 by the Company or a Group company within the meaning of section 18 AktG. Increases in the capital stock effected as a result of exercising other authorizations for the issue of shares based on authorized or conditional capital during the period of this authorization are taken into account against the increase. The new shares will be issued at the conversion or warrant price to be determined in each case in accordance with the authorization resolution described above. The conditional capital increase is to be carried out only to the extent that conversion rights or warrants are used or obligations to exercise a conversion right or warrant are fulfilled and no other forms of fulfillment are employed. New shares issued because of the exercise of conversion rights or warrants or fulfillment of obligations to exercise conversion rights or warrants participate in earnings from the beginning of the financial year in which they are issued. The Management Board is entitled to stipulate further details with regard to execution of the conditional capital increase subject to Supervisory Board approval.

Material agreements conditional on a change of control following a takeover bid

The revolving credit facility with a total facility amount of EUR 550.0m, of which EUR 302.3m was drawn, together with drawings of EUR 16.5m on ancillary credit facilities, at the reporting date, may be terminated by the lenders, and would consequently be repayable early and in full, if a third party or several third parties acting in concert were to acquire 50.01% or more of voting rights in Gerresheimer AG.

Bond holders are each entitled to call due their bonds if any party, or any group of parties acting in concert, directly or indirectly acquires the right to appoint the majority of members of the Supervisory Board of Gerresheimer AG or directly or indirectly acquires more than 50% of the shares or voting rights in Gerresheimer AG.

A change of control following a takeover bid may impact a number of our operating contracts featuring change-of-control provisions. These are standard change-of-control clauses that give the other party to the contract a right to terminate the contract prematurely in the event of a change of control.

Compensation agreements for the event of a takeover bid

In the event of a change of control, Management Board members have a once-only special right to terminate their contracts at six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time at which the Management Board member gained—or were it not for gross negligence would have gained—knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has a remaining term of nine months or more. If a Management Board member exercises his or her special right of termination, the Company is required to pay termination benefits equal to three times the annual remuneration less amounts paid during the notice period. Annual remuneration is defined as remuneration for the full financial year, including short-term and long-term variable cash remuneration, but excluding long-term, share-price-based variable remuneration.

CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289f HGB

The declaration on corporate governance under section 289f of the German Commercial Code (Handelsgesetzbuch/HGB) is part of the Management Report. However, in accordance with section 317 (2) sentence 6 HGB, this information was not included in the audit of the financial statements.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management Board and Supervisory Board of Gerresheimer AG most recently adopted the following Declaration of Compliance in accordance with section 161 AktG on September 4, 2019:

"Declaration of the Management Board and the Supervisory Board of Gerresheimer AG on the recommendations of the 'Government Commission on the German Corporate Governance Code' according to section 161 of the German Stock Corporation Act.

With the exception of the recommendation of number 5.4.1 paragraph 2 sentence 2, Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on February 7, 2017 since its last declaration on September 6, 2018.

Gerresheimer AG will in the future comply with the recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on February 7, 2017, again with the following exception:

Number 5.4.1, paragraph 2 sentence 2: The Supervisory Board has not defined a regular limit for length of membership on the Supervisory Board.

Justification: Suitability for performing the duties of the Supervisory Board depends in our opinion solely on the respective requirements of the Company and the individual competences of the Supervisory Board members. We do not consider it to be meaningful to set a regular limit for length of membership of the Supervisory Board as the expert knowledge of experienced Supervisory Board members should be available to the Company."

INFORMATION ON CORPORATE GOVERNANCE PRACTICES

RISK MANAGEMENT SYSTEM

The Gerresheimer Group considers effective risk management a key factor in sustaining value for the long term. The management of opportunities and risks is therefore integral to our organizational structure and processes. The risk management system centers on identifying and mitigating operational risks through the monitoring, planning, management and control systems in place within the entities and at headquarters.

We have defined guidelines on risk reporting for subsidiaries and key head office functions. Furthermore, we continuously expand our early warning system and adapt it to the latest developments. Core elements of the risk management system are described in the 'Report on Opportunities and Risks' section of the Group Management Report, which is also available on our website at www.gerresheimer.com/en/investor-relations/reports.

CORPORATE RESPONSIBILITY

Gerresheimer is one of the leading partners to the pharma and healthcare industry worldwide. As manufacturers of products made from glass and plastic for drug packaging and delivery, we make a meaningful and significant contribution to health and well-being.

In this age of increasing globalization as well as growing social and environmental challenges, we are conscious of our 'Corporate Responsibility', which goes far beyond the realm of our products. We meet this responsibility actively, comprehensively and sustainably, and are happy to be measured against our principles. In our business activities, we acknowledge our responsibility toward society, our employees, investors, customers, suppliers and the environment. and the environment.

Our principles are set out in the publication 'Our Corporate Responsibility', which is available for viewing on our website at www.gerresheimer.com/en/company/corporate-social-responsibility.

DESCRIPTION OF MANAGEMENT BOARD AND SUPERVISORY BOARD PROCEDURES AND OF THE COMPOSITION AND PROCEDURES OF THEIR COMMITTEES

The composition of the Management Board and Supervisory Board can be found in the Annual Report under 'Supervisory Board and Management Board'. The working practices of the Management Board and Supervisory Board as well as the composition and working practices of Supervisory Board committees are described in the Annual Report as part of the Corporate Governance Report. The Annual Report is also available on our website at www.gerresheimer.com/en/investor-relations/reports.

STIPULATION OF TARGETS TO PROMOTE THE PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH SECTIONS 76 (4), 96 AND 111 (5) AKTG

Under the German Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector of April 24, 2015, certain companies in Germany are required to stipulate targets for the percentage of women on the Supervisory Board, Management Board and the two management levels under the Management Board, and also to specify by what point in time the quotas are to be attained. The companies subject to this requirement disclose whether the stipulated targets are attained during the reference period and if not, why not. At its meeting on April 26, 2017, the Supervisory Board agreed on a target for the percentage of women on the Gerresheimer AG Management Board of one woman by April 26, 2022.

In the financial year 2018, the Management Board set targets for June 30, 2023 for the two management levels under the Management Board. These targets are 20% for the first management level under the Management Board and 33% for the second management level under the Management Board.

With regard to the percentage of women on the Supervisory Board for companies such as Gerresheimer AG that are both listed on the stock exchange and subject to codetermination, a statutory minimum quota of 30% women and 30% men has been in place since January 1, 2016. These requirements have already been met by Gerresheimer AG since its Annual General Meeting on April 30, 2015. The Supervisory Board formed at the end of the Annual General Meeting on April 26, 2017 consists of four women (33.3%) and eight men (66.7%).

DIVERSITY POLICY FOR THE MANAGEMENT BOARD AND SUPERVISORY BOARD

DIVERSITY POLICY FOR THE MANAGEMENT BOARD

The Supervisory Board considers numerous factors when filling Management Board positions, notably including the following:

- Members of the Management Board are expected to have held management responsibility for several years
- The Management Board as a whole is required to have several years of experience in the areas of production, sales, finance, planning, human resources management, legal affairs and compliance
- At least one member of the Management Board is required to have capital market experience
- Members of the Management Board are expected to have international experience
- Management Board members step down from the Management Board at the age of 65

At the recommendation of the Presiding Committee, the Supervisory Board decides on a case-by-case basis who is to be appointed to a given position on the Management Board.

The Management Board members appointed at the end of the financial year 2019 collectively meet the above criteria.

Currently, the Management Board consists exclusively of men. The Supervisory Board has agreed on a target for the proportion of women on the Management Board of one woman by April 26, 2022.

DIVERSITY POLICY FOR THE SUPERVISORY BOARD

The Supervisory Board must be composed in such a way that its members as a group possess the knowledge, skills and professional experience required to properly complete its tasks. When proposing candidates for the Supervisory Board, care is taken to ensure a balanced composition, notably taking into account the following elements:

- At least two representatives of the shareholders are required to have experience in the fields of business management, strategy and human resources
- At least one representative is required to have Company-specific knowledge of the industry
- At least one shareholder representative is required to have specific knowledge on the customer side
- Supervisory Board members should not have any function in a controlling body or any advisory functions for significant competitors of the Company or a Group company
- Supervisory Board members should not take on any active role with customers or suppliers of the Company or a Group company
- No more than two members of the Supervisory Board should be former Management Board members of the Company
- At least four out of six representatives of the shareholders on the Supervisory Board should be independent
- The term of office of Supervisory Board members ceases at the end of the first Annual General Meeting following a member’s seventieth birthday
- At least one representative of the shareholders should have several years’ professional international business experience or be of foreign nationality
- The minimum percentages of women and men on the Supervisory Board follow statutory requirements, as amended

In its current composition, the Supervisory Board meets the aforementioned criteria for the Supervisory Board as a whole.

Further information about the profile of skills and experience for the composition of the Supervisory Board is provided under ‘Corporate Governance Report’.

REPORT ON OPPORTUNITIES AND RISKS

UNIFORM GROUP-WIDE MANAGEMENT OF OPPORTUNITIES AND RISKS

As a globally operating company, we are regularly confronted with developments and events that can have either a positive or a negative effect on our net assets, financial position and results of operations. It is only our willingness to enter into entrepreneurial risks that enables us to seize opportunities. Up to a defined risk tolerance level, we therefore consciously enter into risks if they offer a balanced opportunity-risk profile.

We fundamentally address risk management and opportunity management separately. Our risk management system identifies, assesses and documents risks and supports their monitoring. Opportunities, on the other hand, are identified and communicated as an integral part of regular communications between the subsidiaries and the control function at Gerresheimer AG in its capacity as holding company.

The central element of the risk management system consists in identifying and mitigating operational risks through the monitoring, planning, management and control systems in place within the entities and the management holding company. In our risk management strategy, we aim to identify risks as early as possible, to assess them, to prevent or mitigate potential impacts by taking suitable actions and, where applicable, to transfer identified risks to third parties. Not even a risk management system can provide an absolute guarantee that risks will be avoided. But it does help us in limiting them and hence in attaining our business targets.

Responsibility for establishing and effectively maintaining the risk management system lies with the Management Board and Supervisory Board of Gerresheimer AG. The legal representatives of our operating companies and the management of key head office functions are additionally involved in monitoring, promptly identifying, analyzing, managing and communicating risks. We have drawn up guidelines on risk reporting for our subsidiaries and key head office functions. Furthermore, we continuously fine-tune our risk management system and adapt it to current developments and conditions.

To coordinate risk management throughout the Group and foster an integrated risk management philosophy, the Management Board of Gerresheimer AG has established a Risk Committee. This is composed of the Chief Financial Officer, who chairs the committee, and the heads of Controlling, Internal

Audit, Legal Affairs & Compliance, Accounting, and Global Risk Management & Insurance. Its primary remit is to scrutinize risks in the risk report as well as to further improve and monitor methods and tools in the risk management system. The Risk Committee meets on a quarterly basis in step with the schedule for risk reporting to the Management Board and Supervisory Board.

The main elements of the Group-wide risk management system are as follows:

› Uniform, periodic risk reporting to head office by subsidiaries
› Regular risk assessment in key central departments
› Risk segmentation into corporate-strategy, external and industry-specific, operational and financial risks
› Quantification of risks in terms of potential financial impact and probability
› Recording of effects on profit or loss by business unit
› Mitigation and risk reduction by loss prevention and risk transfer

Where identified risks are already included in operational and strategic plans, in our forecast or in monthly, quarterly or annual financial statements, they are not included in risk reporting. This avoids double counting in Gerresheimer AG's risk management system. Risks are similarly excluded where no further assessment is needed to determine that the probability of occurrence is effectively nil (such as the risk of disastrous earthquakes in Germany). Risk reporting covers risks but not opportunities.

The Gerresheimer Group applies a number of risk management principles. These stipulate zero risk tolerance for breaches of official regulations and laws or the Company's compliance requirements, as well as for defective products and product quality shortfalls.

As a process-independent element of our risk management system, the Internal Audit Department appraises the effectiveness and proper functioning of the early warning system at regular intervals. In addition, the external auditors assess the early warning system as part of the audit of the Annual Financial Statements and report on this to the Management Board and Supervisory Board. Our early warning system is in full conformity with statutory requirements and also with the German Corporate Governance Code.

INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Annual Financial Statements of Gerresheimer AG are prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act (Aktiengesetz/AktG). The Consolidated Financial Statements of the Gerresheimer Group are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and with the supplementary requirements applicable under section 315e (1) of the German Commercial Code (Handelsgesetzbuch/HGB).

The overriding objective of our internal control and risk management system in relation to the financial reporting process is to ensure compliance in financial reporting. Establishing and effectively maintaining adequate internal controls over financial reporting is the responsibility of the Management Board and Supervisory Board of Gerresheimer AG, which assess the adequacy and effectiveness of the control system at each financial year-end.

We prepare the Annual Financial Statements of Gerresheimer AG using the SAP software system. Day-to-day accounting and the preparation of the Annual Financial Statements are divided into functional process steps. Either automated or manual controls are integrated into all process steps. The organizational arrangements ensure that all business transactions and the preparation of the Annual Financial Statements are recorded completely, in a timely and accurate manner and are processed and documented within the appropriate time frame. The relevant data from Gerresheimer AG's single-entity financial statements is transferred into the consolidation system and adjusted as necessary to comply with IFRS. Gerresheimer AG has responsibility for the uniform Group-wide chart of accounts, for carrying out central consolidation adjustments as well as for scheduling and organizing the consolidation process.

The professional aptitude of employees involved in the financial reporting process is examined during their selection process, after which they receive regular training. We fundamentally apply the dual control principle. Other control mechanisms are target-performance comparisons as well as analyses of the content of and changes in the individual items. Accounting ensures that function-related information is reported by the relevant departments and incorporated into the Annual Financial Statements. Our Internal Audit Department reviews the effectiveness of the controls implemented at the subsidiaries and head office in order to ensure compliance with financial reporting guidelines. As part of the 2019 year-end audit, the independent auditors examined our early warning system in accordance with section 317 (4) HGB in conjunction with section 91 (2) AktG.

The Supervisory Board is also involved in the control system through its Audit Committee. In particular, the Audit Committee oversees the financial reporting process, the effectiveness of the control, risk management and internal audit systems as well as the audit of the financial statements. It is also responsible for checking the documents related to Gerresheimer AG's annual financial statements and the consolidated financial statements, and discusses with the Management Board and the auditors Gerresheimer AG's annual financial statements, the consolidated financial statements and the management reports on those financial statements.

OPPORTUNITIES OF FUTURE DEVELOPMENTS

The Gerresheimer Group has a wide range of opportunities open to it due to its extensive, global business activities. These are primarily driven by the six megatrends described under 'Group Strategy and Objectives'. They provide numerous opportunities for profitable, sustainable growth. The rise of chronic diseases and the aging population result in increasing volumes of drugs for which we produce primary packaging. We also develop and produce effective solutions for simple and safe drug delivery. Rapid growth in generics likewise means volume growth. Rising healthcare provision in emerging markets is increasing demand for pharmaceutical primary packaging and drug delivery systems, especially considering that emerging markets, too, require such packaging to meet high standards of quality and reliability. We meet stricter regulatory requirements with high-quality pharmaceutical packaging that we can supply reliably worldwide. Cost pressure in health systems also generates opportunities, as we develop and offer solutions for reliable and correct use of medication that cut drug expenditure. New drugs and biotech-based drugs in particular generally require parenteral administration; here, we provide diverse solutions that also meet the special requirements involved with such drugs. Self-medication, personalized medication and digitalization will increase demand for high-quality, convenient and connected solutions for drug packaging and delivery—an area in which we have considerable development and production expertise. We undertook capital expenditure on numerous growth and capacity expansion projects in 2019 and will continue to do so in 2020. Many of our innovative products are already commercially available and others will follow. Our strong innovation pipeline is based on our technical development centers and small-batch production for medical plastic systems and syringes together with the innovative capacity strength of Sensile Medical. We added our new glass and innovation center in the USA in 2019.

Under our strategy (see under 'Group Strategy and Objectives'), we have adopted goals and launched measures geared to generating sustainable and profitable growth on the basis of these diverse opportunities.

RISKS OF FUTURE DEVELOPMENTS

The Gerresheimer Group is exposed to a wide range of risks due to its extensive, global business activities. To the extent that the criteria for accounting recognition are met, appropriate provision has been made for all identifiable risks.

The following sections describe risks that could affect the Gerresheimer Group's net assets, financial position and results of operations. The probability of occurrence of these risks is assessed according to the following criteria:

› Improbable = Probability of occurrence <10%
› Possible = Probability of occurrence between 10% and 50%

Risks with a probability of occurrence of more than 50% are recognized and are taken into account in planning where possible.

The potential financial implications of these risks are assessed by the following criteria:

› Moderate = Net loss of up to EUR 10m
› Significant = Net loss of more than EUR 10m

The net loss relates to the potential loss in the event of a risk materializing, taking into account the effects of risk mitigation measures.

OVERVIEW OF RISKS AND THEIR FINANCIAL IMPLICATIONS

	Probability	Possible implications
Business strategy risks		
Risks from acquisition	possible	significant
Product launches	possible	significant
External and industry-sector-specific risks		
Customer market risks	possible	moderate
Macroeconomic risks	possible	significant
Risks of change in the regulatory environment	possible	moderate
Risks from the future development of state healthcare systems	possible	significant
Tax risks	improbable	moderate
Operational risks		
Productional risks	improbable	significant
Product liability risks	possible	moderate
Energy and raw material prices	possible	moderate
Human resources risks	possible	moderate
IT risks	possible	moderate
Legal risks	possible	moderate
Financial risks		
Currency and interest rate risk	improbable	moderate
Credit risk	improbable	significant
Liquidity risk	improbable	moderate

Existing risks are discussed in detail in the following.

BUSINESS STRATEGY RISKS

RISKS FROM ACQUISITIONS

Potential impacts:

Acquisitions are an integral part of our strategy. Corporate acquisitions harbor the risk of not all material risks being identified in due diligence. Despite careful due diligence, changes in circumstances can mean that initial targets are not met in whole or in part. Given the rapid momentum, particularly at Sensile Medical as an innovation driver, we assess the probability of occurrence—unlike in the prior year—to be possible.

Countermeasures:

Functional departments and, where applicable, outside specialists are involved from an early stage to ensure close scrutiny of acquisition projects during due diligence. The process as a whole is managed by our Corporate Mergers & Acquisitions Department in collaboration with the divisions. We aim to identify risks as early as possible by closely and continuously monitoring the market and competition, and to mitigate or minimize them by taking suitable countermeasures.

PRODUCT LAUNCHES

Potential impacts:

The development of innovative products and their market launch—in close consultation with our customers—is a key component of our growth strategy. In the context of our management responsibility, we are fully aware that this entails risks as well as opportunities. Despite our best efforts, we cannot guarantee that our developments will reach fruition and new products will be commercially successful.

Countermeasures:

On the basis of comprehensive market analyses and contracts with customers, we ensure that the opportunities arising from a successful product launch are maximized and potential risks minimized.

EXTERNAL AND INDUSTRY-SPECIFIC RISKS

CUSTOMER MARKET RISK

Potential impacts:

Business-cycle risks relating to macroeconomic developments can restrict our market prospects and thus put sales at risk. Demand could also develop negatively due to conscious purchasing restraint on the part of our customers. If the market were not ready to absorb additional supply volumes, competitive pressure could increase for an interim period as a result. Furthermore, within the scope of existing capacity, competitors could try to gain additional or lost market share by increasing supply. A fall in demand could also lead to increasing competitive pressure. Significant changes in capacity and capacity utilization, increases in supply by individual competitors within the scope of existing capacity and longer-run reductions in demand could have a substantial impact on pricing and/or on sales opportunities.

Countermeasures:

To improve competitiveness, we are working among other things to further improve our cost structure and organizational structure and to expand our product portfolio. We watch the market and aim to make targeted use of opportunities. In the event of sustained changes, we apply measures such as focusing capacity utilization on high-productivity production plants.

MACROECONOMIC RISKS

Potential impacts:

For the Gerresheimer Group, the performance of the global economy has a key impact on growth. In its January forecast, the IMF expects global economic growth of 2.9% for 2019 and somewhat more positive economic growth of 3.3% for 2020. Any slowdown in global economic growth therefore represents a risk for the Gerresheimer Group's revenue and earnings performance.

Countermeasures:
We meet this risk by constantly monitoring global economic trends. In the event of any change, we apply measures such as focusing capacity utilization on high-productivity production plants.

RISKS OF CHANGE IN THE REGULATORY ENVIRONMENT

Potential impacts:
Regulatory requirements tend to increase in quantity and scope from year to year. While delivering major benefits to patients, this presents major challenges for everyone in the market. Especially in European industrialized countries and the USA, policymakers attach great importance to proof of significant therapeutic added value before new drugs are approved. For this reason, the competent authorities usually carry out a detailed cost-benefit analysis before any new drug can be released onto the market. This creates risk with regard to the timing and volume of new drug launches and corresponding risk to sales of our primary packaging. Furthermore, rising quality expectations among our customers can create a need for increased capital expenditure.

Countermeasures:
We address these risks by working continuously on our own quality requirements. In addition, we back up our customers' sales forecasts with our own analysis. As a result of our continuous quality improvement measures, we now assess the financial impact to be moderate, as against significant in the prior year.

RISKS FROM THE FUTURE DEVELOPMENT OF STATE HEALTHCARE SYSTEMS

Potential impacts:
In the financial year 2019, Gerresheimer generated some 81% of revenues with the pharma and healthcare industry. Governments and health insurance funds in Europe and the USA have endeavored to curb the rate of increase in healthcare costs in recent years. This has led to increased price pressure on the pharma industry, where the need for cost control has intensified due to limited patent protection and the constant rise in product development costs. This trend can similarly lead to increasing price pressure on our products, although generally only a small percentage of the total price a consumer pays for medication relates to pharmaceutical primary packaging. If the price pressure is not offset by cost reductions or enhanced efficiency, this could have a significant negative impact on our net assets, financial position and results of operations.

Countermeasures:
Early identification of such developments as they emerge and active portfolio management are therefore important elements of corporate management. The Gerresheimer Group's international and multi-market presence also means that it is better placed to make up for cyclic fluctuations in individual markets and countries than other companies lacking such a global lineup.

TAX RISKS

Potential impacts:
Due to the globalization of its business, the Gerresheimer Group must take into account a wide variety of international and country-specific rules laid down by tax authorities. Tax risks can arise from failing to fully comply with tax rules or due to differences in the tax treatment of specific matters and transactions. In particular, tax audits and any resulting audit findings involving interest and additional tax payments may have a negative impact on the Group. Due to timely tax audits and the results of these in the past, we consider the probability of material findings to be low. We therefore assess the probability of occurrence to be improbable versus possible in the prior year.

Countermeasures:
Tax risks are regularly and systematically examined and assessed. Any resulting risk mitigation measures are agreed between Gerresheimer AG Group Tax and subsidiaries. In addition, Group-wide tax compliance guidelines introduced in the financial year 2017 serve to document and verify effective tax compliance management with the aim of systematically and preventively ensuring compliance with statutory requirements and obligations together with internal Group tax guidelines.

OPERATIONAL RISKS

Our definition of operational risks includes operating, human resources and safety risk. Such risks are mitigated by taking out adequate insurance cover and by placing stringent requirements on production, project and quality management.

PRODUCTION RISKS

Potential impacts:
Unfavorable circumstances and developments can lead to business interruptions and damage at our plants. Alongside the cost of damage repair, the main risk is of a business interruption leading to production downtime and thus jeopardizing the fulfillment of our contractual obligations to customers. Based on our track record of losses, the loss frequency for our business is very low while the potential financial impact is high.

Countermeasures:
To counter the risk of unplanned, longer-run production plant stoppage or downtime, the Gerresheimer Group has established ongoing plant inspections and preventive maintenance. We also continuously modernize our existing production systems and invest in new, more modern plant and machinery. The Gerresheimer Group uses insurance policies to guard against the financial impacts of potential damage and associated production downtimes together with any liability risk. By transferring risk to insurers in this way, we ensure that the financial impact is limited to the agreed deductible. The financial implications for the Group are therefore assessed as moderate. We currently insure possible own loss or damage at replacement value under all-risk property and other insurance policies. An all-risk business interruption policy, which like the all-risk property policy is subject

to appropriate deductibles, currently protects us against potential loss of earnings in the event of business interruption at our plants. The scope and substance of these insurance policies are continually reviewed and modified as needed by our Global Risk Management & Insurance department. As a result of insurance market developments, there is no guarantee that Gerresheimer will be able to obtain adequate insurance cover in the future at present terms and conditions. We thus now rate the potential financial impact to be significant (prior year: moderate).

PRODUCT LIABILITY RISKS

Potential impacts:

Despite internal measures to ensure product quality and safety, the Gerresheimer Group cannot rule out the possibility of loss or damage for customers and consumers from the use of packaging products and systems manufactured. More exacting customer requirements in the direction of zero defect tolerance pose special challenges for quality assurance. Potential product liability risks are illustrated by the following examples: The supply of defective products to customers could result in damage to production facilities or even cause business interruption. For us, this could also mean loss of reputation for the Gerresheimer Group. Furthermore, in combination with medicines and ingredients sold by its pharma and healthcare industry customers, faulty products produced by the Gerresheimer Group could pose a health hazard to consumers. It cannot be ruled out that the Group might lose customers as a result of any such event. Gerresheimer could also be exposed to related liability claims such as claims for damages from customers or product liability claims from consumers. Any product liability claims made against Gerresheimer, especially in class actions in the USA, could be substantial. There is also the risk of the Group potentially having to bear considerable costs for recalls. As these examples show, negative impacts on the Gerresheimer Group’s net assets, financial position and results of operations cannot be ruled out.

Countermeasures:

To avoid product liability claims, the Gerresheimer Group applies extensive quality assurance measures. The quality assurance and defect resolution process applied to our products is subject to continuous improvement and refinement. In addition, product liability and recall cost insurance fully covers any claims and liability risks incurred, meaning that the risk is now largely transferred and we have reduced our assessment of the potential financial impact from significant to moderate.

ENERGY AND RAW MATERIAL PRICES

Potential impacts:

Our energy requirements are consistently high, due in particular to the energy-intensive combustion and melting processes in our high-temperature furnaces. A significant rise in energy prices can have a substantial impact on the Gerresheimer Group’s results of operations.

Another significant portion of production costs relates to raw materials for the manufacture of glass and plastic. In the manufacture of plastic products, we are reliant on intermediary products such as polyethylene, polypropylene and polystyrene. The prices of these products largely depend on oil price trends.

Countermeasures:

To cushion against rising energy costs, we make use of the special compensation arrangement in Germany for energy-intensive companies under section 64 of the Renewable Energy Act (EEG) and also hedge against increases in energy prices. We have additionally agreed price escalation clauses in a number of contracts with customers. Over and above these, price fluctuations in the procurement markets for raw materials are largely offset by hedging, productivity gains and price increases. In the overall assessment, we assess the financial impact to be moderate, unlike in the prior year.

HUMAN RESOURCES RISKS

Potential impacts:

The technical expertise and individual commitment of our employees are crucial to the successful implementation of our growth-driven corporate strategy. Training, recruiting and securing the long-term loyalty of sufficient numbers of qualified personnel for our Company will remain extremely important in the future. Failure to do so could have a considerable impact on our business success. Demographic change and the resulting potential skills shortage pose additional personnel risks in the medium to long term.

Countermeasures:

We counter these risks by positioning ourselves as an attractive employer worldwide. Elements in this include competitive pay, occupation-specific and technical training and continuing education, structured succession planning (talent management) and individual fostering of young talent. As a global Group, we also operate diversity-oriented personnel policies and employ target group-specific personnel marketing.

IT RISKS

Potential impacts:

Increasing use is made of computer-aided business and production processes as well as of IT systems for internal and external communications. Major disruption to—or even failure of—such systems can cause data loss and obstruct business and production processes.

Countermeasures:
IT systems are standardized, harmonized, reviewed and improved Group-wide to safeguard and enhance the security and efficiency of our business processes. Minimum sectoral IT standards such as backups, redundant data links and distributed data centers help to minimize downtime risk for mission-critical systems such as SAP, websites and IT infrastructure components. In the course of instituting measures for the General Data Protection Regulation, technical and organizational minimum standards were established for all locations.

Implementation of the Group IT strategy approved by the Management Board continued apace in the financial year 2019. This included the ongoing rollout of the SAP 2 client strategy. In the area of applications, this notably involved starting the migration of subsidiary Gerresheimer Glass Inc. (Vineland, New Jersey, USA) to the strategic SAP template client and the related introduction of standardized business processes. In the Medical Systems Business Unit, an SAP implementation project was launched at Gerresheimer Skopje DOOEL Ilinden (Republic of North Macedonia), ensuring its integration in the Gerresheimer Group. Implementation of the ZEISS GUARDUS Manufacturing Execution System also continued in the Plastics & Devices Division, thus providing it with a state-of-the-art production control system. In the Primary Packaging Glass Division, implementation of the new solution based on SAP Manufacturing Integration and Intelligence continued. Other standardization activities included the ongoing rollout of the SAP central customer relationship management system and the completion of an implementation project at the Moulded Glass Business Unit.

Concerning infrastructure, we implemented further security-related and innovative infrastructure and information security projects such as continuation of the Future Client project with a global Gerresheimer Workplace using Microsoft Office 2016 or Microsoft Office 365 for specific user groups, a collaboration platform for improved in-house collaboration, and migration of the mail system from IBM Lotus Notes to Microsoft Exchange Online and Outlook. Gerresheimer is well on track with these projects, which will be completed in 2020. We are seeing the initial effects of optimizing the wide-area network, which has allowed us to reduce the downtime of Global Services to a minimum. Gerresheimer is thus well equipped for the future and increased use of the data connection between locations. In addition, Gerresheimer is renewing the security infrastructures of network interfaces to ensure state-of-the-art protection against attacks.

Gerresheimer will continue to harmonize ERP systems around SAP ERP Central Component (SAP ECC) 6.0 on an ongoing basis as well as to standardize IT network, hardware, communications and security infrastructure in 2020. IT Governance and IT Compliance functions aim to ensure that statutory, internal corporate and contractual requirements applying to Gerresheimer AG are met and implemented.

LEGAL RISKS

Potential impacts:
As an international enterprise, the Gerresheimer Group must comply with differing laws in different jurisdictions. This can result in a wide range of risks relating to contract, competition, environment, trademark and patent law.

Countermeasures:
We limit such risks by means of legal appraisal by our internal legal departments and by consulting external specialists on national law in the jurisdictions concerned.

We have established a global Compliance Management System to ensure compliance with laws and regulations worldwide, especially in the areas of corruption prevention, antitrust law and capital market law. All board members as well as employees of Gerresheimer AG and of all subsidiaries must abide by our compliance guidelines. Adherence to the law and conformity with the guidelines under the Gerresheimer Compliance Program are of paramount importance to Gerresheimer AG and its affiliated companies.

We have no knowledge of risks from legal disputes that could have a significant impact on the Gerresheimer Group's net assets, financial position and results of operations.

FINANCIAL RISKS

We are exposed to financial risks in our operating activities. The responsible Group Treasury Department centrally monitors the financial risks facing the Group by means of Group-wide financial risk management. The Group manages identified risk exposures by using appropriate hedging strategies on the basis of clearly defined guidelines.

CURRENCY AND INTEREST RATE RISK

Potential impacts:
As a company headquartered in Germany, our Group and reporting currency is the euro. Given that we conduct a large part of our business outside of the eurozone, exchange rate fluctuations can have an impact on earnings. The greater volatility of exchange rates in recent years has increased related opportunities and risks. We are additionally exposed to interest rate risk in borrowing. Interest rate fluctuations can alter the interest burden on existing debt and the cost of refinancing.

Countermeasures:
We limit exchange rate risks in operating activities by using forward exchange contracts. The Group uses derivative financial instruments exclusively to hedge risk in connection with commercial transactions. We contain interest rate risk where necessary by entering into interest rate swaps.

CREDIT RISK

Potential impacts:

Credit risk on primary and derivative financial instruments comprises the risk of counterparties being potentially unable to meet their contractual payment and fulfillment obligations.

Countermeasures:

Through our credit and receivables management function as well as operating company sales functions, we monitor credit risks resulting from the Group's trade relationships. Our customers undergo internal credit checks on an ongoing basis in order to avoid losses on receivables. Receivables from customers lacking a top credit rating are insured where insurance cover is available. To avoid credit risks from financial instruments, such instruments are only entered into with parties having top credit ratings.

LIQUIDITY RISK

Potential impacts:

There is the risk of not being able to fulfill existing or future payment obligations due to insufficient availability of funds.

Countermeasures:

The Group's liquidity situation is monitored and managed on the basis of multi-year financial planning and monthly liquidity planning. To safeguard liquidity, the Gerresheimer Group additionally has available a revolving credit facility and promissory loans issued in September 2017 and November 2015. Reference is also made here to the quarterly meetings of the Investment Committee and its liquidity monitoring function.

OVERALL ASSESSMENT OF THE OPPORTUNITIES AND RISK SITUATION OF THE GROUP AND GERRESHEIMER AG

The Gerresheimer Group has a wide range of opportunities open to it due to its extensive, global business activities (see 'Megatrends' in the 'Group strategy and objectives' section). We are active in global growth markets with our core businesses of manufacturing pharmaceutical primary packaging, drug delivery devices and packaging for cosmetics. The megatrends remain the same and our opportunities have not significantly changed as against 2018. Our capital expenditure in the financial year 2019 and the planned capital expenditure on numerous growth projects in 2020 enhance our future potential for sustainable, profitable growth.

The basis for the Management Board's overall assessment of the risk situation is provided by our risk management system. The risk reporting process collates all risks reported by subsidiaries and head office functions. Risk reporting to the Management Board and the Supervisory Board follows a regular cycle.

There was no significant change in the Gerresheimer Group's risks in the financial year 2019 compared to the prior year. Based on our overall risk assessment, there are currently no risks that raise doubt about the ability of the Gerresheimer Group or Gerresheimer AG to continue as a going concern or that could have a material effect on its net assets, financial position and results of operations.

The revolving credit facility is subject to a financial covenant in line with prevailing market practices. This is described under 'Financing instruments'. The stipulated financial covenant under the current credit facility agreement was complied with in the financial years 2018 and 2019. Based on our multiple-year budget, we project that this financial covenant will continue to be met in the future.

EVENTS AFTER THE BALANCE SHEET DATE

No events have arisen since November 30, 2019 that have or are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer AG.

OUTLOOK

GROUP STRATEGIC OBJECTIVES

The following statements on the future business performance of the Gerresheimer Group and of Gerresheimer AG, and the assumptions about the economic development of the market and industry deemed significant for this purpose, are based on our assessments, which we consider realistic at the present time based on the information we have available. However, these assessments are subject to uncertainty and present the unavoidable risk that the developments may not actually occur either in line with the tendency or the degree to which they were forecasted.

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

GLOBAL AND REGIONAL ECONOMIC DEVELOPMENT[10]

Expected growth in gross domestic product

Change in %	2020	2019
World	**3.3**	**2.9**
US	2.0	2.3
Eurozone	1.3	1.2
Germany	1.1	0.5
Emerging Markets	4.4	3.7
China	6.0	6.1
India	5.8	4.8
Brazil	2.2	1.2
Russia	1.9	1.1

Source: International Monetary Fund: World Economic Outlook, January 2020.

The IMF forecasts global economic growth of 3.3% in 2020.

For the USA, the IMF expects growth to decrease from 2.3% in 2019 to 2.0% in 2020 and attributes this to the further unwinding of stimulus from the US tax reform.

As to the eurozone, estimates for 2020 project a marginal increase in economic growth to about 1.3%—compared to growth of about 1.2% in 2019. For Germany, by contrast, the IMF expects growth in 2020 to be somewhat more dynamic than the 0.5% recorded in the prior year, at 1.1%.

The IMF's growth rate forecast for emerging markets in 2020 is 4.4%, which is higher than the 3.7% expected for 2019. Specifically, the IMF expects a slight decline in GDP growth for China to 6.0% (2019: 6.1%) and an increase of 5.8% for India (2019: 4.8%); in Brazil, GDP is projected to show growth of 2.2% (2019: 1.2%).

EXPECTED NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

As the Group parent, Gerresheimer AG derived income from its main German subsidiaries under profit and loss transfer agreements until November 30, 2018. The termination of the profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH effective December 1, 2018 had a significant negative impact on Gerresheimer AG's results of operations and led to a net loss in the financial year 2019. This is because the earnings of Gerresheimer Group GmbH for the financial year 2019 will be recognized phase-shifted, meaning in the financial year 2020. It is planned to conclude a new profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH in the financial year 2020 and thus the expansion of the tax group of Gerresheimer AG to Gerresheimer Group GmbH including its direct and indirect German subsidiaries so that Gerresheimer AG will again be able to derive net income in the high double-digit million range from income from profit and loss transfer agreements.

The overarching Group objective is to become the leading global partner for enabling solutions that improve health and well-being. To achieve this, we aim to expand our global presence and generate sustainable and profitable growth.

PLASTICS & DEVICES

We expect to generate revenue growth in the Plastics & Devices Division in the financial year 2020. Our drug delivery devices remain the main revenue and growth driver in this segment. These primarily comprise insulin pens and inhalers, but also prefillable syringes. Products and solutions for biotech-based drugs play an increasingly important role in this connection. Regionally speaking, our business with drug delivery devices will retain its European focus. Overall, our business in this division is firmly on track for growth thanks to clear, intact megatrends, and will continue to grow in the coming financial year, especially in terms of inhaler and syringe sales. This is also reflected in the capital expenditure on small-batch production facilities in Europe and the USA, as well as on expansion in our syringe production site in Buende (Germany). We are building a new plant for the production of drug delivery devices and, in a later expansion phase, for prefillable syringes in Skopje, Republic of North Macedonia.

Revenues from our plastic pharmaceutical primary packaging products are expected to continue performing well in the financial year 2020 in Europe, the USA and emerging markets. We undertook substantial capital expenditure in Brazil in the financial year 2019 and will complete that project in the financial year 2020.

[10] International Monetary Fund: World Economic Outlook, January 2020.

PRIMARY PACKAGING GLASS

In our Primary Packaging Glass Division, we forecast revenue growth with our glass primary packaging, such as pharma jars, ampoules, injection vials, perfume flacons and cream jars. We will continue to invest in automation as well as in expanding our global capacity and product portfolio in the financial year 2020. This will include, for example, a significant expansion of production capacity for high-quality vials. A substantial furnace expansion to increase capacity at a European plant in the Moulded Glass Business Unit is likewise scheduled for 2020. In addition, we are investing above all in standardizing our glass production machinery and in automating processes and quality control. We expect revenue growth in all regions with products for both the pharmaceutical and the cosmetics industry.

ADVANCED TECHNOLOGIES

In the financial year 2018, the Group acquired Sensile Medical. Given the strategic importance of the development and commercialization of modern, connected and smart drug delivery devices, this paved the way for establishing the Advanced Technologies Division. Sensile Medical's patented micro pump technology is an important and promising innovation suitable for use in a wide range of therapeutic areas. It therefore represents a key addition to the Group's innovation and product development capabilities.

As an innovation driver, the Advanced Technologies Division is subject to a high dynamic. On the one hand, a micro-infusion pump for the treatment of Parkinson has already been successfully launched on the market in several European countries. On the other hand, development orders have also been canceled, as with the project to develop a micro pump for diabetes treatment, which resulted in an impairment loss of EUR 113.1m in the financial year 2019, and a project on the treatment of heart failure. These were offset by new projects awarded, including the partnership for the development of a micro pump for the treatment of heart disease. Also in development is a platform to accurately assess inhalation airflow.

More acquisitions and collaborations with universities and other business partners and customers will follow in order to further enhance Gerresheimer's positioning as the solutions provider for the pharma and healthcare industry.

EXPECTED FINANCIAL SITUATION AND LIQUIDITY

The Gerresheimer Group had EUR 85.8m in cash and cash equivalents as of November 30, 2019 (prior year: EUR 80.6m). We had EUR 231.2m available as of the reporting date (prior year: EUR 182.3m) under the revolving credit facility with a total facility amount of EUR 550.0m (prior year: EUR 450.0m) including ancillary credit facilities. This puts us in a sound financial position, even in view of the EUR 189.5m promissory loan tranche to be refinanced in November 2020.

The table below provides an overview of when the revolving credit facility and promissory loans are due for refinancing.

	Amount in EUR m	Maturity
Revolving credit facility	550.0	September 2024
Promissory loans—November 2015		
5 year tranche	189.5	November 2020
7 year tranche	210.0	November 2022
10 year tranche	25.5	November 2025
Promissory loans—November 2017		
5 year tranche	95.5	September 2022
7 year tranche	109.0	September 2024
10 year tranche	45.5	September 2027

DIVIDEND POLICY

At the Annual General Meeting on June 24, 2020, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.20 per share be paid for the financial year 2019 (prior year: EUR 1.15 per share). This represents a total dividend distribution of EUR 37.7m and an increase of 4.3% against the prior-year dividend. The payout ratio of 29.9% in the Annual Report is calculated as follows:

in EUR m	**2019**	2018
Adjusted net income after non-controlling interests	225.8	178.0
Other operating income – Derecognition contingent purchase price components	-129.8	–
Other operating expense – contract modification in connection with the termination of a project to develop a micro pump for the treatment of diabetes	9.2	–
Impairment of development costs, which are not part of amortization of fair value adjustments	7.9	–
Negative effect on revenues and adjusted EBITDA in connection with the termination of a project to develop a micro pump for the treatment of diabetes	17.3	–
Related tax effects	-4.3	–
Distributable amount	**126.1**	**178.0**
Dividend ratio	29.9%	20.3%

OVERALL OUTLOOK ASSESSMENT

Our Company is well equipped for the financial years ahead. We have a sound financial base, long-range financing and a clear-cut corporate strategy founded on long-term megatrends. We will continue to globalize our Company and take attractive technologies into our portfolio. The goal in all activities is to further sharpen our focus on the pharma/healthcare and cosmetics industries. Alongside organic growth that we plan to finance out of operating cash flow, acquisitions subject to careful appraisal of opportunities and risks will continue to play an instrumental role. We are very well placed to systematically act on the potential opportunities arising from innovations or a consolidation of our industry.

OVERALL GROUP

The Gerresheimer Group pursues a successful, clear-cut strategy geared to sustainable and profitable growth. Our expectations for the financial year 2020, in each case assuming constant exchange rates and excluding acquisitions and divestments, are set out in the following. In the table below, we list our exchange rate assumptions for our key currencies as applied in all forecasts provided. All forecasts are stated on a neutral basis in relation to these currencies and excluding acquisitions and divestments.

1 EUR	Currency	
Brazil	BRL	4.37
Switzerland	CHF	1.12
China	CNY	7.94
Czech Republic	CZK	25.50
Denmark	DKK	7.45
India	INR	80.50
Republic North Macedonia	MKD	61.50
Mexico	MXN	22.43
Poland	PLN	4.25
Singapore	SGD	1.59
United States of America	USD	1.12

The most important currency after the euro continues to be the US dollar with a share of just under 30% of revenues and just below 40% of adjusted EBITDA in 2020. As before, a rise or fall in the US dollar by about one cent against the euro has an impact of around EUR 4m on revenues and EUR 1m on adjusted EBITDA.

Outlook for the financial year 2020:

We anticipate revenue growth in the mid-single-digit percentage range for the financial year 2020, as against the comparative figure at constant exchange rates for the financial year 2019 of EUR 1,405.0m.[11] We also expect adjusted EBITDA growth in the low single-digit percentage range in the financial year 2020, versus a comparative figure for adjusted EBITDA of EUR 296.7m[12] in the financial year 2019. In addition, we expect a positive effect of between EUR 9m and EUR 11m in the financial year 2020 from the transition to IFRS 16 'Leases', a new financial reporting standard which we are required to apply for the first time.

In order for the large-scale capex program launched in the financial year 2019 to be completed in the financial year 2020, we expect to incur net capital expenditure of approximately 12% of revenues.

Preliminary indication for subsequent years in terms of revenues, adjusted EBITDA and capital expenditure:

In the medium-term planning period, we target base-level organic growth in the mid-single-digit range year for year. We aim to deliver this above-market growth by expanding capacity and increasing market share as well as with innovative products such as Gx®Elite Glass, prefillable sterile Gx® ready-to-fill vials and syringes, connected drug delivery devices, products and solutions for biotech-based drugs and significant growth in emerging markets.

Our medium-term expectation for the adjusted EBITDA margin is 23%. This improvement relative to profitability in the financial year 2019 is primarily to be achieved by means of economies of scale, an improved product mix and increased process automation and digitalization.

In light of our plans for mid-single-digit growth, we anticipate capital expenditure at between 8% and 10% of revenues per year. Within this, plant maintenance typically accounts for about four percentage points. The capital expenditure in excess of that is intended for growth projects delivering sustained profitability.

As to net working capital, we target about 16% of revenues in all years. However, fluctuations in the order situation and customer requirements with regard to safety stocks can influence this value.

Our long-term target for the entire Group remains as follows:

› Gx ROCE of approximately 15%.
› We continue to consider a net financial debt to adjusted EBITDA ratio of about 2.5x to be right, with temporary variation above or below this permitted because M&A activity cannot be planned in exact detail.

[11] Based on the revenues at constant exchange rates for the financial year 2019 translated at the budgeted exchange rates for 2020 less revenues of Gerresheimer Buenos Aires S.A. (Buenos Aires, Argentina) of EUR 2.8m, which was deconsolidated at the end of the financial year 2019, and in the opposite direction the revenues in the Advanced Technologies Division from the canceled project for development of a micro pump for the treatment of diabetes in the amount of EUR 17.3m.

[12] Based on adjusted EBITDA for the financial year 2019 under the financial reporting standards applicable in that financial year (in particular, without application of financial reporting standard IFRS 16 'Leases', which is applicable for the first time in the financial year 2020), translated at the budgeted exchange rates for 2020. The adjusted EBITDA of Gerresheimer Buenos Aires S.A. (Argentina), which was deconsolidated at the end of the financial year 2019, in the amount of EUR 0.1m is to be deducted. The other operating income from the derecognition of contingent purchase price components from the Sensile Medical acquisition is also to be deducted. In contrast, the other operating expense of EUR 9.2m due to the customer's unexpected cancellation of the project to develop a micro pump for the treatment of diabetes is to be added. The cumulative adjustment of the revenues recognized in connection with this cancellation in the amount of EUR 17.3m, which had a corresponding negative impact on adjusted EBITDA at constant exchange rates is also to be added.

ANNUAL FINANCIAL STATEMENTS OF THE GERRESHEIMER AG

INCOME STATEMENT

for the financial year from December 1, 2018 to November 30, 2019

	Notes	**Dec. 1, 2018 – Nov. 30, 2019 in EUR**	Dec. 1, 2017 – Nov. 30, 2018 in EUR k
Revenues	(4)	4,006,139.35	3,647
Other own work capitalized		192,078.98	36
Other operating income	(5)	12,150,664.79	26,532
Personnel expenses	(6)	-17,784,847.48	-17,503
Depreciation and amortization	(7)	-1,508,933.40	-1,364
Other operating expenses	(8)	-19,728,928.59	-40,805
Expenses from profit transfer agreements (prior year: income)	(9)	-171,900.85	90,843
Income from long-term loans	(10)	11,770,737.84	27,653
Other interest and similar income	(11)	787,715.71	3,130
Interest and similar expenses	(12)	-11,901,252.57	-15,842
Income taxes	(13)	-93,750.55	-8,471
Earnings after taxes		**-22,282,276.77**	**67,856**
Other taxes		-102,824.63	-36
Net loss/net income		**-22,385,101.40**	**67,820**
Retained earnings carried forward		**149,776,668.78**	**118,067**
Retained earnings	(21)	**127,391,567.38**	**185,887**

BALANCE SHEET

as of November 30, 2019

ASSETS

	Notes	**Nov. 30, 2019 in EUR**	Nov. 30, 2018 in EUR k
Fixed assets			
Intangible assets	(14)	5,377,991.71	5,203
Property, plant and equipment	(14)	238,107.00	257
Financial assets	(14)	1,286,176,294.85	1,286,176
		1,291,792,393.56	**1,291,636**
Current assets			
Receivables and other assets	(15)	193,258,019.44	193,913
Cash and cash equivalents	(16)	13,995.38	12
		193,272,014.82	**193,925**
Prepaid expenses	(17)	**913,892.88**	**713**
Total assets		**1,485,978,301.26**	**1,486,274**

EQUITY AND LIABILITIES

	Notes	**Nov. 30, 2019 in EUR**	Nov. 30, 2018 in EUR k
Equity			
Subscribed capital Authorized capital EUR 6,280,000.00 (prior year: EUR 6,280k)	(18)	31,400,000.00	31,400
Capital reserve	(20)	525,720,605.98	525,721
Retained earnings	(21)	127,391,567.38	185,887
		684,512,173.36	**743,008**
Provisions			
Provisions for pensions	(22)	1,266,813.00	1,581
Tax provisions	(23)	2,028,123.46	6,012
Other provisions	(24)	13,485,083.35	12,136
		16,780,019.81	**19,729**
Liabilities	(25)	**784,686,108.09**	**723,537**
Total equity and liabilities		**1,485,978,301.26**	**1,486,274**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

of Gerresheimer AG for the financial year 2019
(December 1, 2018 to November 30, 2019)

(1) Preliminary note

Gerresheimer AG is a large corporation according to section 267 (3) in conjunction with section 264d of German Commercial Code (Handelsgesetzbuch/HGB). The company's registered office is located at Klaus-Bungert-Strasse 4 in 40468 Duesseldorf and the company is entered in the Commercial Register at the District Court of Duesseldorf (HRB 56040). Gerresheimer AG serves as holding company and its main activity is the management of the subsidiaries of the Gerresheimer Group.

There is a domination and a profit and loss transfer agreement between Gerresheimer AG and Gerresheimer Holdings GmbH. Under this agreement, Gerresheimer Holdings GmbH is required to transfer all profits to Gerresheimer AG. In return, Gerresheimer AG must absorb any net loss.

(2) Classification principles

The annual financial statements of Gerresheimer AG were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the sake of a clearer presentation, several items of the balance sheet and the income statement have been combined. These items are disclosed separately in the relevant sections of the notes. The income statement was prepared using the nature of expense method.

(3) Accounting policies

Purchased **intangible assets** are carried at acquisition cost less scheduled amortization. Purchased industrial property rights and similar rights are amortized over three to five years unless a different contractual useful life applies. Internally generated intangible assets are not capitalized. An impairment loss is recognized if there is a reduction in value of an intangible asset for a prolonged period of time and recognized at the lower attributable value.

Other own work capitalized is valued at production cost, which comprise direct personnel cost and reasonable shares of overheads incurred in connection with software implementation projects.

Property, plant and equipment are carried at acquisition cost less depreciation. Property, plant and equipment are depreciated over their expected useful lives of three to 13 years on a straight-line basis. Low-value assets with acquisition cost between EUR 250 and not more than EUR 1,000, are grouped on an annual basis and depreciated over five years in accordance with tax regulations. Low-value assets with acquisition costs up to EUR 250 are recognized immediately as an expense. An impairment loss is recognized if there is a reduction in value of property, plant and equipment for a prolonged period of time.

Financial assets are carried at acquisition cost or at the lower attributable fair value. If the attributable value deceeds the carrying amount of a financial asset for a prolonged period of time, an impairment loss is recognized. Whenever the reasons for an impairment cease to exist, a write-up limited to the historical cost is recognized.

Receivable and other assets are carried at nominal value. Foreign currency receivables with a maturity of up to one year are translated at the spot rates at the balance sheet date.

Cash and cash equivalents are carried at nominal value.

Prepaid expenses consist of accrued payments made prior to the balance sheet date, as far as these constitute expenses for a specific period of time after that date.

Equity items are carried at nominal value.

Provisions for pensions are calculated according to generally accepted actuarial principles using the projected unit credit method. The provisions are measured by applying the 2018 G mortality tables published by Professor Dr. Klaus Heubeck. For simplification purposes, the discount rate used was the average market interest rate over the past ten years of 2.75%, as determined and published by the German Central Bank (Deutsche Bundesbank) in November 2019, for an assumed residual term of 15 years. The average market interest rate calculated by the German Central Bank (Deutsche Bundesbank) for the last seven years with an assumed residual term of also 15 years in November 2019 was 1.99%. Furthermore, future salary and wage increases of 3.25% were taken into account.

Assets that are not accessible to any other creditors and that may only be used to meet liabilities from pension obligations or similar long-term obligations (plan assets) are offset against the corresponding obligation in accordance with section 246 (2) sentence 2 of the German Commercial Code. Plan Assets are recognized at fair value.

Expenses and income from the accrual of interest on the relevant obligations are offset with expenses and income from plan assets and shown within net interest result.

Provisions are recognized at the required settlement value in accordance with reasonable commercial judgment. Future increases in prices and costs are taken into consideration if there are sufficient objective indications for their occurrence. Provisions with a residual period of more than one year are discounted using the average market interest rate of the last seven years as published by the German Central Bank (Deutsche Bundesbank).

The provision for phantom stocks is recognized at the intrinsic (share based compensation) respectively at the fair value (value based compensation) and is accumulated over the period from the grant date to the earliest exercise date.

Liabilities are recognized at their settlement amounts.

Deferred taxes are recognized for temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the financial statement according to HGB and their tax bases. With effect from December 1, 2018, two german tax groups were created: one tax group consisting of Gerresheimer AG and Gerresheimer Holdings GmbH and one tax group consisting of Gerresheimer Group GmbH and its remaining direct and indirect geman subsidiaries. The creation of the Gerresheimer Group GmbH tax group allows Gerresheimer Group GmbH to use tax loss carryforwards in the following financial years. Gerresheimer AG also provides for the deferred taxes of the company in its tax group. Deferred taxes are provided for on the basis of the combined income tax rate expected at the time of the settlement of the differences of 29.0%, which comprises corporate income tax (15.0%), trade tax (13.0%) and the solidarity surcharge (5.5%). Deferred tax assets and deferred tax liabilities are netted against each other. Any net overall tax liability is recognized in the balance sheet as a deferred tax liability. The option to capitalize any resulting net deferred tax asset is not exercised.

NOTES TO THE INCOME STATEMENT

(4) Revenues

Revenues in the financial year 2019 came to EUR 4,006k (prior year: EUR 3,647k) and are mainly attributable to IT-services and other management services rendered to affiliated companies, which were provided exclusively by using own employees.

The services in the financial year 2019 were rendered to affiliated companies that are based in the following countries or regions:

in EUR k	**2019**	2018
Germany	1,745	1,607
Americas[1]	816	785
Europe[1]	685	753
Emerging countries[2]	760	502
Total	**4,006**	**3,647**

[1] The revenues shown here for Europe exclude revenues in Germany, Poland, Russia and Turkey, and the revenues shown for the Americas exclude revenues in Argentina, Brazil, Chile, Colombia and Mexico.
[2] These comprise Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

(5) Other operating income

in EUR k	**2019**	2018
Income from intra-group allocations	11,137	11,482
Income from the reversal of provisions	806	2,107
Income from currency translation	5	6,965
Income from currency derivatives	–	5,672
Sundry other income	203	306
Total	**12,151**	**26,532**

Income from intra-group allocations in the financial year 2019 only relates to insurance premiums as well as other costs which were charged to group companies and did not include own services rendered.

(6) Personnel expenses

In the financial year 2019, expenses of EUR 16,015k (prior year: EUR 15,286k) were incurred for salaries. Additionally, the expenses for social security contributions totaled EUR 1,198k (prior year: EUR 1,104k) and for retirement benefits EUR 572k (prior year: EUR 1,113k). The decrease of the expenses for retirement benefits is attributable to the departure of two members of the Management Board.

(7) Amortization of intangible assets and depreciation of property, plant and equipment

With regard to amortization and depreciation, we refer to the statement of movements in fixed assets.

(8) Other operating expenses

in EUR k	**2019**	2018
IT-related expenses	**5,692**	5,071
Legal and consulting expenses	**3,202**	4,848
Expenses for insurance	**2,636**	2,969
Travel, representation and advertising expenses	**2,031**	2,130
Supervisory Board remuneration	**1,384**	1,141
Rental expenses	**1,260**	1,132
Expenses from intra-group allocations	**299**	166
Expenses from currency translation	**6**	7,560
Expenses from currency derivatives	**–**	8,099
Expenses for severance payments	**–**	4,020
Sundry other expenses	**3,219**	3,669
Total	**19,729**	**40,805**

Other operating expenses decreased by EUR 21,076k from EUR 40,805k to EUR 19,729k. This is mainly due to the decrease in expenses from currency translation and currency derivatives from EUR 15,659k in the previous year to EUR 6k. In the prior year theses expenses were incurred for hedging the USD-loan granted to Gerresheimer Glass Inc., which was repaid in full on July 17, 2018.

Other operating expenses do not include any expenses relating to prior periods (prior year: EUR 3k).

(9) Expenses from profit transfer agreements

Expenses from profit and loss transfer agreements of EUR -172k (prior year: income EUR 90,843k) relate to the loss of Gerresheimer Holdings GmbH which was absorbed under the existing profit and loss transfer agreement. The change in the result form profit and loss transfer agreements in comparison to the prior year is due to the termination of the profit and loss transfer agreement between Gerresheimer Holdings GmbH and Gerresheimer Group GmbH with effect from December 1, 2018.

(10) Income from long-term loans

In the financial year 2019 income from long-term loans amounts to EUR 11,771k (prior year: EUR 27,653k) and relates, as in the prior year, entirely to affiliated companies. The decrease in this income in comparision to the prior year is due to the adjustment of the loan conditions resulting from refinancing the bond on more favorable terms after redemption in May 2018.

(11) Other interest and similar income

Other interest and similar income amount to EUR 788k (prior year: EUR 3,130k) and mainly relates to interest income from affiliated companies of EUR 689k (prior year: EUR 3,011k). The lower interest income compared to the previous year is due to the repayment of ot US-dollar loan granted to Gerresheimer Glass Inc., Vineland (New Jersey/USA) as of July 17, 2018.

(12) Interest and similar expenses

In the financial year 2019 interest and similar expenses amount to EUR 11,901k (prior year: EUR 15,842k) and mainly relate to interest expenses for the promissory loans. The decrease of interest expenses by EUR 3,941k is due to the full repayment of the bond on May 21, 2018. Interest and similar expenses comprise the net expense resulting from offsetting the expenses from the accrual of interest on the pension provisions of EUR 130k (prior year: EUR 0k) and the income from plan assets in the amount of EUR 11k (prior year: EUR 0k). In addition, expenses resulting from the discounting of provisions of EUR 95k (prior year: EUR 61k) and interest expenses from taxes of EUR 182k (prior year: EUR 299k) were incurred.

(13) Income taxes

Tax expense for the financial year 2019 comprises as follows:

in EUR k	**2019**	2018
Income taxes	**94**	9,135
Deferred taxes	**–**	-664
Total	**94**	**8,471**

Income tax expenses mainly consist of foreign withholding taxes.

The tax group of Gerresheimer AG comprises in 2019 Gerresheimer AG and Gerresheimer Holdings GmbH, due to the termination of the existing profit and loss transfer agreement with effect from December 1, 2018. Due to the negative result of Gerresheimer AG, tax expenses therefore include current corporate income tax of EUR 0k (prior year: EUR 3,904k), trade tax of EUR 0k (prior year: EUR 3,705k) and the solidarity surcharge in the amount of EUR 0k (prior year: EUR 214k) for the tax group of Gerresheimer AG. Furthermore taxes relating to the prior year in the amount of EUR -33k (prior year: EUR 1,269k) were incurred.

As of November 30, 2019, a future tax benefit (prior year: tax benefit) arises from temporary valuation differences resulting from the different valuation of pension provisions and other provisions under commercial and tax law. The option to capitalize any resulting net deferred tax asset according to section 274 (1) sentence 2 HGB is not exercised, therefore neiter deferred tax liabilities nor deferred tax assets are shown in the balance sheet as of November 30, 2019, as in the prior year.

NOTES TO THE BALANCE SHEET

(14) Fixed assets

A disaggregation of items combined in the balance sheet and changes in those items in the financial year 2019 are shown in the following statement of movements in fixed assets:

	Purchase cost				
in EUR k	Dec.1, 2018	Additions	Disposals	Reclassifications	**Nov. 30, 2019**
Intangible assets					
Industrial property rights and similar rights	8,510	603	–	396	9,509
Advance payments	434	988	–	-396	1,026
	8,944	**1,591**	**–**	**–**	**10,535**
Property, plant and equipment					
Operating and office equipment	1,063	74	–	–	1,137
	1,063	**74**	**–**	**–**	**1,137**
Financial assets					
Shares in affiliated companies	593,780	–	–	–	593,780
Loans to affiliated companies	692,396	–	–	–	692,396
	1,286,176	**–**	**–**	**–**	**1,286,176**
	1,296,183	**1,665**	**–**	**–**	**1,297,848**

	Accumulated depreciation and amortization			
in EUR k	Dec.1, 2018	Additions	Disposals	**Nov. 30, 2019**
Intangible assets				
Industrial property rights a nd similar rights	3,741	1,416	–	5,157
Advance payments	–	–	–	–
	3,741	**1,416**	**–**	**5,157**
Property, plant and equipment				
Operating and office equipment	806	93	–	899
	806	**93**	**–**	**899**
Financial assets				
Shares in affiliated companies	–	–	–	–
Loans to affiliated companies	–	–	–	–
	–	**–**	**–**	**–**
	4,547	**1,509**	**–**	**6,056**

	Carrying amount	
in EUR k	**Nov. 30, 2019**	Nov. 30, 2018
Intangible assets		
Industrial property rights and similar rights	4,352	4,769
Advance payments	1,026	434
	5,378	**5,203**
Property, plant and equipment		
Operating and office equipment	238	257
	238	**257**
Financial assets		
Shares in affiliated companies	593,780	593,780
Loans to affiliated companies	692,396	692,396
	1,286,176	**1,286,176**
	1,291,792	**1,291,636**

The additions to intangible assets amounting to EUR 1,591k mainly relate to software and licences for software.

In the financial year 2019 additions to property, plant and equipment amount to EUR 74k and are attributable to office equipment and low-value assets.

Loans to affiliated companies relate to loans granted to GERRESHEIMER GLAS GmbH (EUR 296,100k; prior year: EUR 296,100k) and to Gerresheimer Holdings GmbH (EUR 396,296k; prior year: EUR 396,296k). At the reporting date, the accrued interest relating to both loans are included in receivables from affiliated companies.

(15) Receivables and other assets

in EUR k	**Nov. 30, 2019**	Nov. 30, 2018
Trade receivables	7	5
Receivables from affiliated companies	188,059	186,409
Other assets	5,192	7,499
Total	**193,258**	**193,913**

Receivables from affiliated companies consist of cash pooling receivables from GERRESHEIMER GLAS GmbH in the amount of EUR 185,270k (prior year: EUR 93,266k). The remaining receivables from affiliated companies in the amount of EUR 2,789k (prior year: EUR 2,300k) result from deliveries of goods and services. In the prior year a receivable from Gerresheimer Holdings GmbH from profit transfer agreements in the amount of EUR 90,843k was accounted for. As in the prior year, all receivables fall due within one year. The decrease in other assets is mainly due to higher value added tax refund claims resulting from various investment projects at the end of the financial year 2018. As in the prior year other assets fall due within one year.

(16) Cash and cash equivalents

This position comprises cash on hand as as well as bank balances.

(17) Prepaid expenses

As of November 30, 2019, prepaid expenses only include prepayments.

(18) Subscribed capital

As of November 30, 2019, the capital stock totals EUR 31,400k (prior year: EUR 31,400k), divided into 31,400,000 no-par-value shares with a nominal of 1.00 EUR each. The capital stock of the company is conditionally increased up to EUR 6,280,000 by issuing up to 6,280,000 new, no-par-value bearer shares.

(19) Authorized capital

The Management Board is authorized, by way of resolution of the Annual General Meeting dated April 26, 2017, to increase the company's capital stock by or before April 25, 2019, subject to the approval of Supervisory Board, by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 6,280k.

(20) Capital reserve

As of November 30, 2019, the capital reserve has not changed and amounts to EUR 525,721k.

(21) Retained earnings

In the financial year 2019, retained earnings developed as follows:

in EUR k	
Net loss for the financial year 2019	-22,385
Profit carried forward	149,777
Retained earnings as per November 30, 2019	**127,392**

(22) Provisions for pensions

As of November 30, 2019, the provisions for pensions in the amount of EUR 1,267k (prior year: EUR 1,581k) comprise the offsetted settlement value of the pension obligations of EUR 3,602k (prior year: EUR 3,988k) and the fair value of the plan assets in the amount of EUR 2,335k (prior year: EUR 2,407k). Plan assets only consist of reinsurance contracts, whose fair value corresponds to the coverage capital proven by the insurance company with acquisition cost of EUR 2,150k (prior year: EUR 2,223k).

As of November 30, 2019, the difference between the carrying amount of the provisions for pensions using an average market interest rate for the past ten years and an average market interest rate for the past seven years amounts to EUR 654k (prior year: EUR 897k). According to section 253 (6) sentence 2 HGB, this amount is generally subject to a distribution limitation.

(23) Tax provisions

Tax provisions relate to provisions for corporate income tax and solidarity surcharge in the amount of EUR 749k (prior year: EUR 2,758k) and for trade tax in the amount of EUR 1,279k (prior year: EUR 3,254k). Of the total amount of tax provisions, EUR 1,129k (prior year: EUR 3,296k) are attributable to provisions relating to the tax audits for the years 2013 to 2015.

(24) Other provisions

Other provisions comprise mainly provisions for personnel expenses and Supervisory Board remuneration, the Annual General Meeting, the annual report, outstanding invoice for several projects and year-end closing costs. Additionally, a provision for partial retirement in the amount of EUR 135k (prior year: EUR 273k) has been set up at the reporting date.

(25) Liabilities

in EUR k	**Nov. 30, 2019**	Nov. 30, 2018
Liabilities due to banks	782,129	721,357
Trade payables	1,427	1,676
Liabilities from affiliated companies	216	8
Other liabilities	914	496
thereof from taxes	*648*	*488*
thereof social securitiy contributions	*5*	*1*
Total	**784,686**	**723,537**

The remaining terms of the liabilities are as follows:

in EUR k		Remaining term			
		less than or equal 1 year	more than 1 year	**Total**	thereof more than 5 years
Liabilities due to banks	30.11.2019	296,629	485,500	782,129	71,000
	30.11.2018	46,357	675,000	721,357	180,000
Trade payables	30.11.2019	1,427	–	1,427	–
	30.11.2018	1,676	–	1,676	–
Liabilities from affiliated companies	30.11.2019	216	–	216	–
	30.11.2018	8	–	8	–
Other liabilites	30.11.2019	914	–	914	–
	30.11.2018	496	–	496	–
thereof from taxes	30.11.2019	648	–	648	–
	30.11.2018	488	–	488	–
thereof social securitiy contributions	30.11.2019	5	–	5	–
	30.11.2018	1	–	1	–
Total	**30.11.2019**	**299,186**	**485,500**	**784,686**	**71,000**
	30.11.2018	**48,537**	**675,000**	**723,537**	**180,000**

Gerresheimer AG's financing is done through promissory loans issued in 2015 and 2017. The promissory loans signed on November 2, 2015 and paid out on November 10, 2015 comprise one five-year tranche in the amount of EUR 189,500k, which is repayable in November 2020, one seven-year tranche in the amount of EUR 210,000k and one ten-year tranche in the amount of EUR 25,500k. Mostly, the separate tranches are fixed-interest, although a portion is variable-interest. The EUR 250,000k promissory loans issued on September 27, 2017 comprise one five-year tranche in the amount of EUR 95,500k, one seven-year tranche in the amount of EUR 109,000k and one ten-year tranche in the amount of EUR 45,500k. Mostly, the separate tranches are fixed-interest, although a small portion is variable-interest.

Gerresheimer AG's financing was renegotiated in the financial year 2019 and includes a syndicated loan in the form of a revolving credit facility plus ancillary facilities totaling EUR 550,000k, which was signed on September 26, 2019. The term to maturity of the syndicated loan is five years including two extension options of one year each. The drawings on the revolving credit facility were EUR 106,318k as of November 30, 2019 (prior year: facility amount EUR 450,000k; drawn portion EUR 46,000k) and are included in liabilities due to banks, as in the prior year.

(26) Deferred tax liabilities

As of November 30, 2019, a future tax benefit arises from temporary valuation differences in the amount of EUR 10,024k (prior year: EUR 1,240k). The option to capitalize any resulting net deferred tax asset according to section 274 (1) sentence 2 HGB is not exercised, therefore neiter deferred tax liabilities nor deferred tax assets are shown in the balance sheet as of November 30, 2019.

OTHER NOTES

(27) Contingent liabilities

As security for affiliated companies' liabilities to banks, Gerresheimer AG has assumed joint liability in the form of a limited amount guarantee for EUR 550,000k. The resulting total joint liability for Gerresheimer AG in relation to affiliated company bank loans is EUR 212,685k as of November 30, 2019 (prior year: EUR 222,228k). To the best of our knowledge, no recourse is to be expected given the solid balance sheet and long-term financing of Gerresheimer AG and its subsidiaries.

(28) Other financial commitments

As of November 30, 2019 other financial commitments of EUR 4,423k (prior year: EUR 5,782k) relate to obligations from lease or rental agreements for buildings, vehicles and IT-equipment.

Lease or rental obligations are due as follows:

in EUR k	**2019**	2018
due within 1 year	1,071	1,183
due in 1 to 5 years	3,352	3,076
due after 5 years	0	1,523
Total	**4,423**	**5,782**

(29) Employees

On average, Gerresheimer AG had 92 salaried employees (thereof 11 managing and 81 other employees) in the financial year 2019. In prior year, Gerresheimer AG had 100 salaried employees (thereof 10 managing and 90 other employees). All employees fulfilled administrative functions.

(30) Members of the Governing Bodies

The members of the Management Board of Gerresheimer AG were:

- Mr. **Dietmar Siemssen**, Bonn, Chairman
- Mr. **Dr. Bernd Metzner**, Duesseldorf, Chief Financial Officer (since May 15, 2019)
- Mr. **Dr. Lukas Burkhardt**, Zurich (Switzerland), member of the Management Board responsible for Primary Packaging Glass
- Mr. **Rainer Beaujean**, Meerbusch, Chief Financial Officer (until April 30, 2019)
- Mr. **Andreas Schütte**, Meerbusch, member of the Management Board responsible for Plastics & Devices (until February 28, 2019)

Each Management Board member may represent the Company jointly with another Management Board member or an authorized signatory (Prokurist).

Management Board remuneration consisting of fixed salary (including fringe benefits) and performance-linked bonuses and came in the financial year 2019 to a total of 3,980k (prior year: EUR 8,511k).

Details on Management Board remuneration for the financial year 2019 are provided in the Remuneration Report in the Management Report.

The total remuneration paid to former members of the Management Board of Gerresheimer AG came to EUR 2,184k (prior year: EUR 5,109k). As of November 30, 2019 the pension expenses attributable to the fomer members of the Management Board of Gerresheimer AG amount to EUR 1,267k (prior year: EUR 1,581k).

A list of the members of the Supervisory Board in the financial year 2019 is included in these notes to the financial statements.

The total remuneration paid to members of the Supervisory Board for the financial year 2019 came to EUR 1,384k (prior year: EUR 1,141k). Details on Supervisory Board remuneration for the financial year 2019 are provided in the Remuneration Report in the Management Report.

(31) Shareholdings

An overview of the company's shareholdings is included at the end of the notes of the financial statements.

(32) Notifications from shareholders of the Company in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz/WpHG)

Section 160 (1) No. 8 AktG requires the disclosure of any shareholdings notified in accordance with section 20 (1) or (4) AktG or section 33 (1) or (2) of German Securities Trading Act (WpHG). The required disclosure includes the content of the notification published in accordance with section 20 (6) AktG or section 40 (1) WpHG. In cases where individual shareholdings reached, exceeded or deceeded the thresholds of the regulations stated above on several occasions, only the most recent notification is mentioned. All notifications which Gerresheimer AG received has been made available permanently on the Company's website (www.gerresheimer.com/en/investor-relations/corporate-governance/voting-rights-announcements.html).

Name of shareholder(s)	Registered office	Notification date	Date on which threshold was crossed or reached	Threshold	Exceeding/shortfall of threshold levels	WpHG	Voting rights	% of vorting rights attached to shares
NN Group N.V.	Amsterdam, The Netherlands	February 18, 2019	February 8, 2019	10%	exceeding	section 34	3,156,436	10.05
Stichting Pensioenfonds ABP	Heerlen, The Netherlands	July 30, 2015	July 27, 2015	5%	exceeding	section 22 (1) sentence 1 no. 1	1,602,791	5.10
Eton Park Overseas Fund, Ltd.	Camana Bay, Grand Cayman, Cayman Island	July 18, 2012	July 10, 2012	5%	shortfall	section 25	1,544,217	4.92
BNP Paribas Asset Management Holding S.A. (formerly BNP Paribas Investment Partners S.A.)	Paris, France	January 30, 2020	January 23, 2020	3%	shortfall	section 33, 34	728,662	2.32
WS Management LLLP/ Gilchrist B. Berg	Jacksonville, USA	February 1, 2010/ February 16, 2010	January 25, 2010	3%	exceeding	section 22 (1) sentence 1 no. 1, 6 in conjunction with section 22 (1) sentence 2	974,402	3.10
Templeton Investment Counsel LLC	Wilmington, Delaware, USA	August 15, 2019/ February 2019, 2016	November 5, 2018/ February 16, 2016	3%	exceeding	section 34	989,100	3.15
NBSH Acquisition, LLC	Wilmington, Delaware, USA	August 9, 2019	August 2, 2019	3%	exceeding	section 34	960,189	3.06
Ameriprise Financial, Inc.	Wilmington, Delaware, USA	November 11, 2019	October 31, 2019	3%	exceeding	section 34	942,440	3.00
AXA Equitable Holdings, Inc.	New York City, USA	December 2, 2019	November 13, 2019	3%	exceeding	section 34	979,704	3.12

(33) Services of the independent auditor

The services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf, mainly comprise services in connection with the audit of the annual financial statements and to a smaller extent other assurance services. In the reporting period, non-audit services mainly refer to the audit of non-financial information and to agreed audit activities of financial information which are not part of the year-end audit (other assurance service).

For details on the auditor's fee for the financial year 2019, please refer to the consolidated financial statements of Gerresheimer AG as of November 30, 2019.

(34) Corporate Governance

The Management Board and Supervisory Board of Gerresheimer AG jointly issued the declaration of compliance in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz/AktG) on September 4, 2019. The declaration has been made available permanently to the public on the Company's website (www.gerresheimer.com/en/investor-relations/corporate-governance/statements-of-compliance).

(35) Proposal for appropriation of retained earnings

We will propose to the Annual General Meeting that the retained earnings for the financial year 2019 of Gerresheimer AG shall be appropriated as follows:

in EUR k	
Retained earnings before dividend distribution	127,392
Payment of dividend of EUR 1.20 per no-par-value share	37,680
Carryforward to new account	**89,712**

(36) Events after the balance sheet date

No events of material impact on Gerresheimer AG's net assets, financial position or results of operations have occurred after the balance sheet date.

(37) Group relationships

As the parent company of Gerresheimer Group, Gerresheimer AG prepares consolidated financial statements on the basis of the International Financial Reporting Standards (IFRS), in accordance with section 315e (1) HGB. For this reason, no consolidated financial statements in accordance with the requirements of the German Commercial Code are prepared. The consolidated financial statements will be published in German Federal Gazette (Bundesanzeiger).

Duesseldorf, January 29, 2020

Dietmar Siemssen   Dr. Bernd Metzner   Dr. Lukas Burkhardt

LIST OF SHAREHOLDINGS

Financial year 2019 (December 1, 2018 to November 30, 2019)

in Euro/local currency/according to local commercial law	Investment (direct and indirect)	Currency	Equity	Net income/loss
Direct equity investments				
Gerresheimer Holdings GmbH, Duesseldorf (Germany)[a)]	100.00 %	Mio. EUR	593.8	[b)]
Indirect equity investments				
Asia				
Gerresheimer Medical Plastic Systems Dongguan Co. Ltd., Wang Niu Dun Town, Dongguan City (China)[h)]	100.00 %	Mio. CNY	73.3	6.78
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00 %	Mio. INR	-1.1	-205.70
Gerresheimer Plastic Packaging (Changzhou) Co., LTD., Changzhou City, Jiangsu (China)	100.00 %	Mio. CNY	20.8	–
Gerresheimer Singapore Pte. Ltd., Singapore (Singapore)	100.00 %	Mio. SGD	0.2	-0.04
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00 %	Mio. CNY	203.2	17.27
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00 %	Mio. CNY	120.2	23.08
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00 %	Mio. INR	408.0	-337.87
Triveni Polymers Private Ltd., New Dehli (India)	100.00%	Mio. INR	2,047.0	383.20
Europe				
DSTR S.L.U., Epila (Spain)	100.00 %	Mio. EUR	0.5	-0.86
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00 %	Mio. PLN	205.5	22.73
Gerresheimer Bünde GmbH, Buende (Germany)[a)]	100.00 %	Mio. EUR	12.7	[b)]
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00 %	Mio. EUR	0.4	-2.52
Gerresheimer Denmark A/S, Vaerloese (Denmark)	100.00 %	Mio. DKK	240.2	-0.14
Gerresheimer Essen GmbH, Essen (Germany)[a)]	100.00 %	Mio. EUR	4.2	[b)]
GERRESHEIMER GLAS GmbH, Duesseldorf (Germany)[a)]	100.00 %	Mio. EUR	668.8	[b)]
Gerresheimer Group GmbH, Duesseldorf (Germany)[a)]	100.00 %	Mio. EUR	638.3	[b)]
Gerresheimer Hallenverwaltungs GmbH, Duesseldorf (Germany)[a), c)]	100.00 %	Mio. EUR	–	[b)]
Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Düsseldorf KG, Duesseldorf (Germany)[d), e)]	100.00 %	Mio. EUR	2.1	0.22
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00 %	Mio. CZK	2,301.8	587.4
Gerresheimer item GmbH, Muenster (Germany)[a)]	100.00 %	Mio. EUR	0.1	[b)]
Gerresheimer Küssnacht AG, Kuessnacht (Switzerland)	100.00 %	Mio. EUR	39.3	13.20
GGerresheimer Lohr GmbH, Lohr/Main (Germany)[a)]	100.00 %	Mio. EUR	5.3	[b)]
Gerresheimer Medical Plastic Systems GmbH, Regensburg (Germany)[a), c)]	100.00 %	Mio. EUR	–	[b)]
Gerresheimer Momignies S.A., Momignies (Belgium)	100.00 %	Mio. EUR	26.0	0.65
Gerresheimer Moulded Glass GmbH, Tettau (Germany)[a), c)]	100.00 %	Mio. EUR	–	[b)]
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00 %	Mio. EUR	0.6	0.10
Gerresheimer Regensburg GmbH, Regensburg (Germany)[a)]	100.00 %	Mio. EUR	278.0	[b)]
Gerresheimer Skopje DOOEL Ilinden, Ilinden (Republic North Macedonia)	100.00 %	Mio. MKD	-42.4	-42.7
Gerresheimer Spain S.L.U., Epila (Spain)	100.00 %	Mio. EUR	0.3	-7.04
Gerresheimer Tettau GmbH, Tettau (Germany)[a)]	100.00 %	Mio. EUR	12.4	[b)]
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00 %	Mio. DKK	182.6	35.50
Gerresheimer Valencia S.L.U. in LIQ, Masalaves (Spain)	99.91 %	Mio. EUR	-1.5	-0.04
Gerresheimer Werkzeugbau Wackersdorf GmbH, Wackersdorf (Germany)[a)]	100.00 %	Mio. EUR	0.5	[b)]
Gerresheimer Wertheim GmbH, Wertheim (Germany)[a)]	100.00 %	Mio. EUR	1.1	[b)]
Gerresheimer Zaragoza S.A., Epila (Spain)	99.91 %	Mio. EUR	0.8	0.2
respimetrix GmbH, Duesseldorf (Germany)	60.00 %	Mio. EUR	0.2	-0.47
Sensile Medical AG, Olten (Switzerland)	99.89 %	Mio. EUR	-17.5	-20.9

in Euro/local currency/according to local commercial law	Investment (direct and indirect)	Currency	Equity	Net income/loss
Americas				
Centor Inc., Perrysburg, OH (USA)	100.00 %	Mio. USD	667.1	26.70
Centor Pharma Inc., Perrysburg, OH (USA)[c), f)]	100.00 %	Mio. USD	–	–
Centor US Holding Inc., Perrysburg, OH (USA)	100.00 %	Mio. USD	731.2	–
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)	99.91 %	Mio. ARS	59.3	-33.99
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00 %	Mio. USD	803.6	-10.80
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)	100.00 %	Mio. USD	18.7	-0.01
Gerresheimer MH Inc., Wilmington, DE (USA)[c)]	100.00 %	Mio. USD	0.0	-0.01
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)	100.00 %	Mio. USD	-6.2	-3.40
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)[c)]	100.00 %	Mio. USD	-0.1	-0.03
Gerresheimer Plasticos Sao Paulo Ltda., Embu (Brazil)	100.00 %	Mio. BRL	278.3	15.40
Gerresheimer Queretaro S.A., Queretaro (Mexico)[h)]	100.00 %	Mio. MXN	652.3	185.29
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00 %	Mio. BRL	50.0	11.60
Kimble Chase Holding LLC., Vineland, NJ (USA)	51.00 %	Mio. USD	0.6	0.04
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)[g)]	100.00 %	Mio. USD	–	–
Associated Companies				
Corning Pharmaceutical Packaging LLC, Wilmington, DW (USA)[f), h)]	25.00 %	Mio. USD	0.5	–
Gerresheimer Tooling LLC, Peachtree City, GA (USA)[h)]	30.00 %	Mio. USD	1.0	0.30
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)[f), h)]	40.59 %	Mio. CZK	2.7	1.79

[a)] Pursuant to sec. 264 III HGB, the company is exempt from the obligation to prepare a management report as well as partly to audit and to publish financial statements.
[b)] A profit transfer agreement is in place.
[c)] Equity less than 50 (currency in '000).
[d)] GERRESHEIMER GLAS GmbH, Duesseldorf (Germany) is limited partner.
[e)] The company made use of the exemption offered by sec. 264 b HGB.
[f)] Result less than EUR 5k.
[g)] The company no longer prepares financial statements.
[h)] Financial statements as of September 30, 2018, November 30, 2018 or December 31, 2018.

		Closing rate		Average rate	
1 EUR	Currency	**Nov. 30, 2019**	Nov. 30, 2018	**2019**	2018
Argentina	ARS	**65.8231**	42.9161	**52.1201**	31.6806
Brazil	BRL	**4.6459**	4.3843	**4.4093**	4.2536
Switzerland	CHF	**1.0998**	1.1340	**1.1158**	1.1562
China	CNY	**7.7172**	7.8897	**7.7408**	7.8097
Czech Republic	CZK	**25.5150**	25.9570	**25.7102**	25.6524
Denmark	DKK	**7.4713**	7.4622	**7.4654**	7.4507
India	INR	**78.6875**	79.0815	**78.8019**	80.0276
Republic North Macedonia	MKD	**61.5000**	–	**61.5066**	–
Mexico	MXN	**21.4483**	23.0910	**21.8249**	22.6645
Poland	PLN	**4.3185**	4.2900	**4.3018**	4.2538
Singapore	SGD	**1.5017**	1.5581	**1.5319**	1.5937
United States of America	USD	**1.0982**	1.1359	**1.1224**	1.1834

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD
Financial year 2019

Dr. Axel Herberg
Chairman of the Supervisory Board
Managing Partner of CCC Investment GmbH
a) Leica Camera AG
b) Leica Group (photography and sport optics)
Lisa Germany Holding GmbH
Vetter Pharma-Fertigung GmbH & Co. KG

Francesco Grioli
Deputy Chairman of the Supervisory Board
Member of the Governing Board of IG Bergbau, Chemie, Energie
a) Continental AG

Andrea Abt
Master of Business Administration
Former Head of Supply Chain Management of the Siemens AG Sector Infrastructure
b) SIG plc, United Kingdom
John Laing Group plc, United Kingdom
Petrofac Ltd., Jersey

Heike Arndt
Regional Deputy Director Westphalia of IG Bergbau, Chemie, Energie
a) RAG Verkauf GmbH
Evonik Performance Materials GmbH (since October 2, 2019)
b) DTM GmbH & Co. KG (Deputy Chairwoman of the Supervisory Board) (until December 31, 2018)

Dr. Karin Dorrepaal
Consultant
Former Member of the Management Board of Schering AG
a) Paion AG (Deputy Chairwoman)
b) Triton Beteiligungsberatung GmbH
Almirall S.A., Spain
Kerry Group plc, Ireland
Humedics GmbH (Chairwoman) (until November 15, 2019)
Julius Clinical Research BV, The Netherlands

Franz Hartinger
Chairman of the Company Works Council of Gerresheimer Regensburg GmbH
a) Gerresheimer Regensburg GmbH

Dr. Peter Noé
Degree in Business Administration
Former Member of the Management Board of Hochtief AG
b) BlackRock Asset Management Schweiz AG, Switzerland

Markus Rocholz
Chairman of the Company Works Council of Gerresheimer Essen GmbH
a) Gerresheimer Tettau GmbH

Paul Schilling
Chairman of the Company Works Council of Gerresheimer Bünde GmbH
a) Gerresheimer Bünde GmbH

Katja Schnitzler
Director Group Business Excellence and Continuous Improvement of Gerresheimer AG

Theodor Stuth
Auditor and Certified Tax Advisor
Managing Director of hpulcas GmbH
b) Wickeder Holding GmbH
Wickeder Profile Walzwerk GmbH
Linet Group SE, The Netherlands

Udo J. Vetter
Pharmacist and General Partner of UV-Cap GmbH & Co. KG
a) ITM AG (Chairman)
b) Vetter Pharma-Fertigung GmbH & Co. KG (Chairman)
HSM GmbH & Co. KG
Navigo GmbH (Chairman)
OncoBeta International GmbH (Chairman)
OncoBeta GmbH (Chairman)
Paschal India Pvt. Ltd., India (Chairman)
Gland Pharma Ltd., India

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

MANAGEMENT BOARD
Financial year 2019

Dietmar Siemssen
Chairman
a) BFC Fahrzeugteile GmbH
Gerresheimer Regensburg GmbH (Chairman) (since February 16, 2019)
Gerresheimer Bünde GmbH (Chairman) (since February 16, 2019)
b) Gerresheimer Boleslawiec S.A., Poland (Deputy Chairman) (since February 15, 2019)
Gerresheimer Denmark A/S, Denmark (Chairman) (since February 16, 2019)
Gerresheimer Vaerloese A/S, Denmark (Chairman) (since February 16, 2019)
Sensile Medical AG, Switzerland (Chairman) (since May 27, 2019)
Centor US Holding Inc., USA (Chairman) (since February 16, 2019)
Centor Inc., USA (Chairman) (since February 16, 2019)
Centor Pharma Inc., USA (Chairman) (since February 16, 2019)
Gerresheimer Glass Inc., USA (Chairman) (since February 15, 2019)
Triveni Polymers Pvt. Ltd., India (since July 2, 2019)
respimetrix GmbH (Chairman) (since February 21, 2019)

Dr. Bernd Metzner (since May 15, 2019)
a) Gerresheimer Tettau GmbH (Deputy Chairman) (since May 15, 2019)
Gerresheimer Regensburg GmbH (Deputy Chairman) (since May 15, 2019)
Gerresheimer Bünde GmbH (Deputy Chairman) (since May 15, 2019)
Sixt Leasing SE (until July 18, 2019)
Döhler Group SE
b) Gerresheimer Glass Inc., USA (since May 15, 2019)
Kimble Chase Holding LLC, USA (Chairman) (since May 15, 2019)
Centor US Holding Inc., USA (since May 15, 2019)
Centor Inc., USA (since May 15, 2019)
Centor Pharma Inc., USA (since May 15, 2019)
Corning Pharmaceutical Packaging LLC, USA (since May 15, 2019)
Sensile Medical AG, Switzerland (since May 27, 2019)

Dr. Lukas Burkhardt
a) Gerresheimer Tettau GmbH (Chairman)
b) Gerresheimer Boleslawiec S.A., Poland (Chairman) (since February 15, 2019)
Gerresheimer Momignies S.A., Belgium (Chairman)
Gerresheimer Glass Inc., USA
Corning Pharmaceutical Packaging LLC, USA
Gerresheimer Queretaro S.A., Mexico (Chairman)
Gerresheimer Pharmaceutical Packaging Mumbai Pvt. Ltd., India
Neutral Glass and Allied Industries Pvt. Ltd., India
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman)
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman)

Rainer Beaujean (until April 30, 2019)
a) Gerresheimer Tettau GmbH (Deputy Chairman) (until April 30, 2019)
Gerresheimer Regensburg GmbH (Deputy Chairman) (until April 30, 2019)
Gerresheimer Bünde GmbH (Deputy Chairman) (until April 30, 2019)
b) Gerresheimer Glass Inc., USA (Chairman) (until April 30, 2019)
Corning Pharmaceutical Packaging LLC, USA (until April 30, 2019)
Sensile Medical AG, Switzerland (until April 30, 2019)
Kimble Chase Holding LLC, USA (Chairman) (until April 30, 2019)
Centor US Holding Inc., USA (until April 30, 2019)
Centor Inc., USA (until April 30, 2019)
Centor Pharma Inc., USA (until April 30, 2019)

Andreas Schütte (until February 28, 2019)
a) Gerresheimer Regensburg GmbH (Chairman) (until February 15, 2019)
Gerresheimer Bünde GmbH (Chairman) (until February 15, 2019)
b) Gerresheimer Denmark A/S, Denmark (Chairman) (until February 15, 2019)
Gerresheimer Vaerloese A/S, Denmark (Chairman) (until February 15, 2019)
Gerresheimer Zaragoza S.A., Spain (Deputy Chairman) (until February 18, 2019)
Gerresheimer Plasticos Sao Paulo Ltda., Brazil (until February 14, 2019)
Gerresheimer Boleslawiec S.A., Poland (Chairman) (until February 15, 2019)
Sensile Medical AG, Switzerland (Chairman) (until February 28, 2019)
Triveni Polymers Pvt. Ltd., India (until February 28, 2019)
Centor US Holding Inc., USA (Chairman) (until February 15, 2019)
Centor Inc., USA (Chairman) (until February 15, 2019)
Centor Pharma Inc., USA (Chairman) (until February 15, 2019)

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Duesseldorf, January 29, 2020

Dietmar Siemssen Dr. Bernd Metzner Dr. Lukas Burkhardt

INDEPENDENT AUDITOR'S REPORT

To Gerresheimer AG, Düsseldorf/Germany

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

Audit opinions

We have audited the annual financial statements of Gerresheimer AG, Düsseldorf/Germany, which comprise the balance sheet as at 30 November 2019, and the statement of profit and loss for the financial year from 1 December 2018 to 30 November 2019, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Gerresheimer AG, Düsseldorf/Germany, for the financial year from 1 December 2018 to 30 November 2019. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f German Commerical Code (HGB) included in the management report.

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

› the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 November 2019 and of its financial performance for the financial year from 1 December 2018 to 30 November 2019 in compliance with German Legally Required Accounting Principles, and
› the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

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

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 December 2018 to 30 November 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue which we have identified to be a key audit matter:

1 Recoverability of the shares in affiliated companies

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

a description of the matter (including reference to related information in the annual finan-cial statements)

b auditor's response

1 Recoverability of the shares in affiliated companies

In the annual financial statements of Gerresheimer AG, shares in affiliated companies totaling mEUR 593.8 (40.0% of the balance sheet total) are disclosed. These are measured at the lower of acquisition cost or fair value as at the balance sheet date. As at the reporting date, Gerresheimer AG tested the shares for impairment by internally measuring the fair present value of the entities. The fair value of the shares in affiliated companies was determined as the present value of the future cash flows by means of discounted cash flow methods based on the corporate planning prepared by the executive board and taken note of by the supervisory board. This determination also took into account expectations concerning the future market trend and countryrelated assumptions concerning the trends of macroeconomic variables. The discounting was made by means of weighted capital costs. Since the result of these measurements depends to a large extent on the assessment of the future cash inflows through the executive board and on the discount factor used, and thus involves a high degree of uncertainty, this matter was of most significance in our audit.

The Company's disclosures on the shares in affiliated companies are included in notes 3 and 14 of the notes to the financial statements.

(b) In auditing the fair values of the shares in affiliated companies, we verified, calling in our valuation experts, among other things, the methodical measurement procedure and assessed the determination of weighted capital costs. In addition, we satisfied ourselves that, in connection with the weighted capital costs recognized, the future cash inflows underlying the valuation, in the aggregate, constitute an appropriate basis for the impairment test of the shares in affiliated companies. Our assessment of the results of the measurement was based, among other things, on a reconciliation with general and industry-related market expectations as well as on comprehensive information obtained from the executive board about the material value drivers underlying the anticipated cash inflows. Knowing that even relatively minor changes in the discount factor used may have major effects on the amount of the fair present value of the entity determined, we intensively dealt with the parameters used in determining the discount factor used, including the weighted capital costs, and verified the computation formula.

Other information

The executive board is responsible for the other information. The other information comprises

› the corporate governance statement pursuant to Sec. 298f HGB included in the management report, and
› the executive board' confirmation regarding the annual financial statements and the management report pursuant to Sec. 264 (2) sentence 3 and Sec. 289 (1) sentence 5 HGB, respectively.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so do-ing, to consider whether the other information

› is materially inconsistent with the annual financial statements, with the management re-port or our knowledge obtained in the audit, or
› otherwise appears to be materially misstated.

Responsibilities of the executive board and the supervisory board for the annual financial statements and the management report

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

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

Furthermore, the executive board is responsible for the preparation of the management re-port that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to pro-vide sufficient appropriate evidence for the assertions in the management report.

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

Auditor's Responsibilities for the audit of the annual financial statements and of the man-agement report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit con-ducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive board and the reasonableness of estimates made by the executive board and related disclosures.
- conclude on the appropriateness of the executive board' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive board in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive board as a basis for the prospective information, and evaluate the proper derivation of the prospective infor-mation from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to Article 10 EU Audit Regulation

We were elected as the auditor by the general meeting held on 6 June 2019. We were engaged by the supervisory board on 5 September 2019. We have been the auditor of Gerresheimer AG, Düsseldorf/Germany, without interruption since the financial year 2008/2009.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is René Kadlubowski.

Düsseldorf/Germany, 29 January 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: André Bedenbecker	Signed: René Kadlubowski
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

IMPRINT

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