

# ANNUAL REPORT

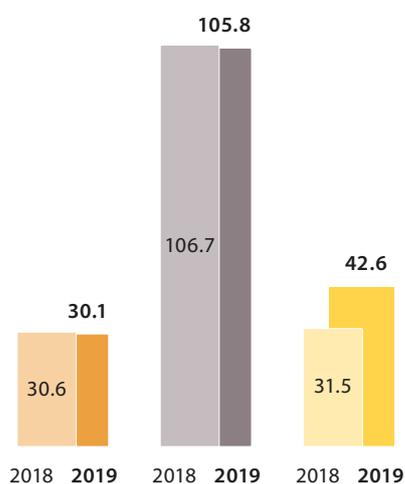
2019

# KEY DATA

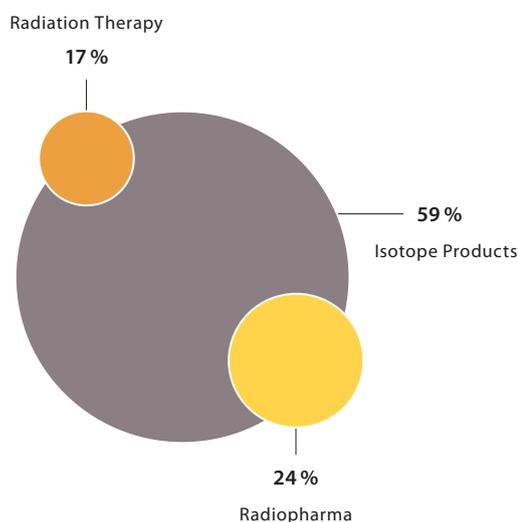
		Change	2018	2019
<b>Sales and Earnings</b>				
Sales	€ million	6%	168.7	178.5
EBITDA	€ million	39%	31.7	44.2
Depreciations	€ million	31%	8.5	11.1
EBIT	€ million	37%	23.3	32.0
EBIT margin	%	30%	14	18
Tax rate	%	4%	26	27
Net profit for the year after taxes and minorities	€ million	37%	16.1	22.0
Earnings per share	€	38%	3.12	4.29
<b>Cash Flow</b>				
Cash flow from operating activities	€ million	91%	21.1	40.4
Liquid assets as of 31 December	€ million	46%	54.1	78.9
<b>Balance</b>				
Shareholders' equity	€ million	13%	123.8	139.4
Total assets	€ million	20%	229.0	274.2
Equity ratio	%	-9%	54	49
Net liquidity (liquidity minus debts)	€ million	46%	54.1	78.9
<b>Employees</b>				
Average number of employees	People	5%	788	825
Number of employees as of 31 December	People	5%	788	825
<b>Key figures share</b>				
Average number of shares in circulation	Item in million	-1%	5.2	5.1
Book value per share as of 31 December	€	14%	23.70	27.00
Dividend*	€	42%	1.20	1.70

\*Dividend to be proposed to the Annual General Meeting by the Group

**SALES TRENDS BY SEGMENTS**  
in € million



**SALES BY SEGMENTS**  
in %



# CONTENT

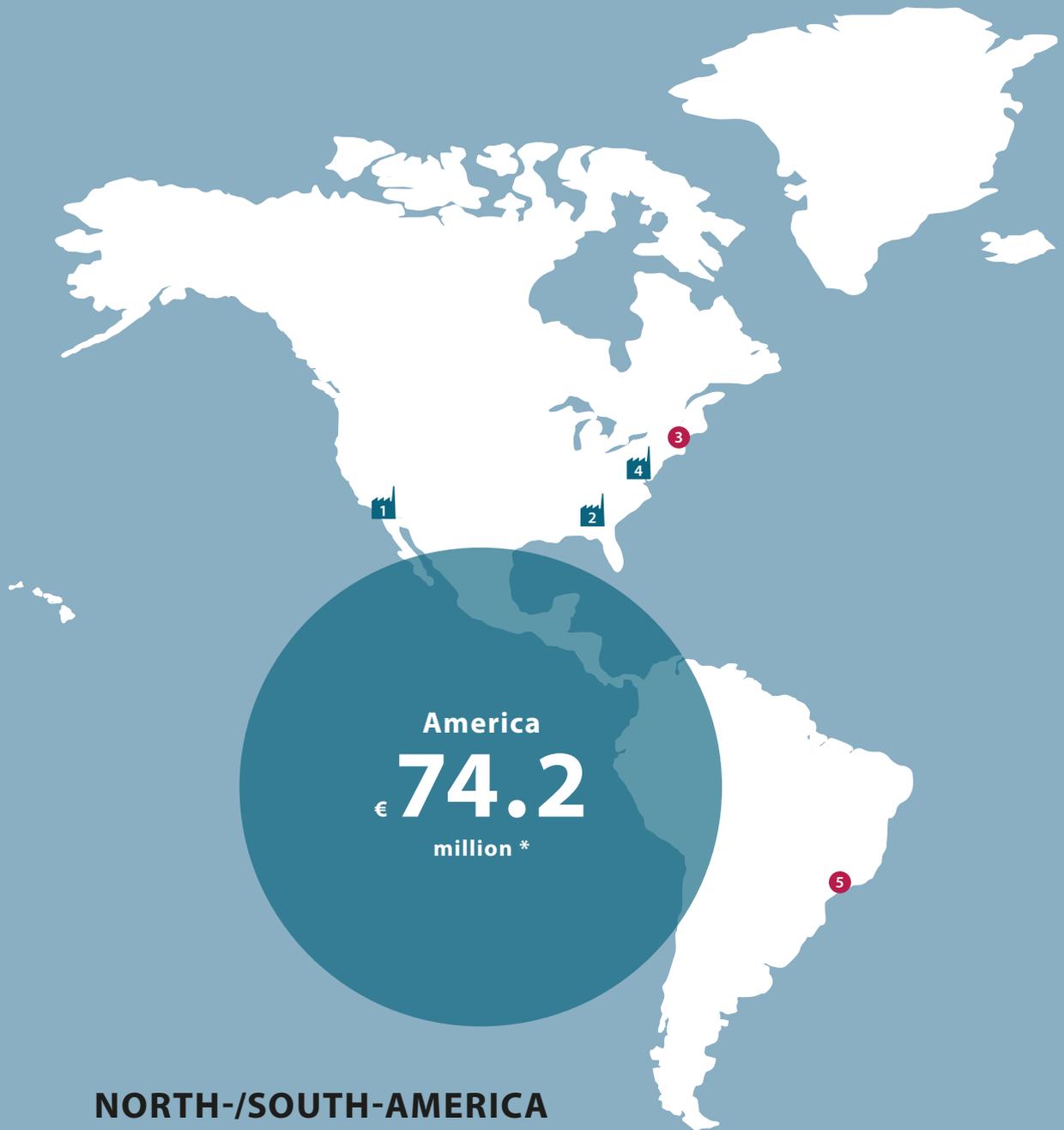
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We have used the traditional plural form in our Annual Report when referring to men, women and others to streamline the language used and facilitate reading. It goes without saying that everyone is included.

The official version of the Eckert & Ziegler annual report is in German. The English translation is provided as a convenience to our shareholders. While we strive to provide an accurate and readable version of our annual report in English, the technical nature of an annual report often yields awkward phrases and sentences. We understand this can cause confusion. So, please always refer to the German annual report for the authoritative version.

# LOCATIONS

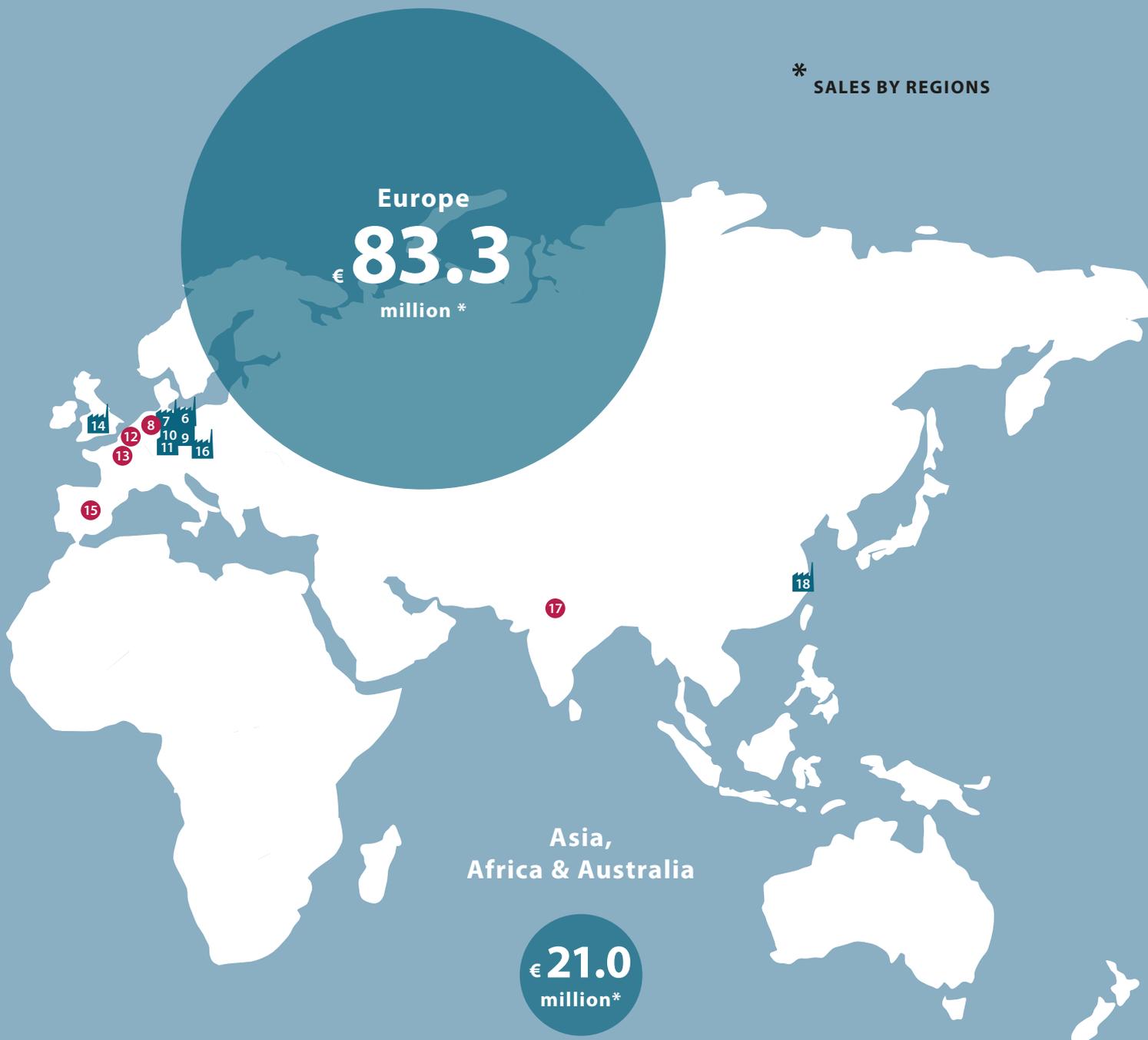
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## NORTH-/SOUTH-AMERICA

- 1 Los Angeles, California, USA
- 2 Atlanta, Georgia, USA
- 3 Hopkinton, Massachusetts, USA
- 4 Mount Vernon, New York, USA
- 5 São Paulo, Brazil

\* SALES BY REGIONS



## EUROPE

- 6 Berlin, Germany (Headquarters)
- 7 Braunschweig, Germany
- 8 Düsseldorf, Germany
- 9 Dresden, Germany
- 10 Leipzig, Germany
- 11 St. Gangloff, Germany
- 12 Seneffe, Belgium
- 13 Paris, France
- 14 Didcot, Great Britain
- 15 Madrid, Spain
- 16 Prague, Czech Republic

## ASIA AND REST OF WORLD

- 17 New Delhi, India
- 18 Shanghai, China

 production site

 distribution site

# LETTER TO THE SHAREHOLDERS

---

*Dear Shareholder,*

at this point, as every year, I give you my subjective assessment of the past financial year in the form of a personal commentary outside the management report. It is intended to promote a better understanding of some of the events that marked the year under review.

Before I begin, let me state the obvious: 2019 was a spectacular year. As you followed our quarterly reports and mandatory ad-hoc disclosures, you saw that our revenue and earnings continued to grow to new, unprecedented levels. We closed the year under review with revenue just under € 180 million and net profit of over € 22 million, the latter representing a jump of almost 40% compared to the previous year.

When our forecast was due in spring of 2019, we did not even dream of announcing such numbers. At that time, we were still celebrating 2018 as a record year, and were looking ahead with concern. One of the reasons for the success in the previous year had been a sudden surge in demand in the energy sector. Since this sector is subject to wild swings, it was likely that we would not be able to repeat the performance in 2019. Even worse: no one could predict whether the expected dip in sales would indeed be offset by increases in revenue from radiopharmaceuticals, or whether we would just stumble into a whole.

Of course, we already understood the potential of cancer radiopharmaceuticals at that time and were confident about our value contribution. On the other hand, we had just lost a product monopoly in an important subsector. We agonised over what to do next: continue with a rather cautious approach, and basically settle for volume growth? – Or should we be more aggressive and chase value-based returns? – Only after a fierce internal discussion did we decide to go for the latter. Then we held our breath to see the results. Would the market accept our proposition? Would new competition start a price war? – After we added up the incoming monthly orders, it became clear that our worries were unfounded as

sales remained stable. We are all in the same boat, after all. The bureaucratic hurdles that often paralyse our industry and the complex regulatory environment that often makes it so hard to respond quickly, proved to be also a formidable market entry barrier to others.

Courage hence carried the day – or, more precisely, the year. Our decision to leave the safe confines of mark-up calculations for value-based pricing led to an increase in earnings. The revenue generated by radiopharmaceutical active ingredients in turn more than compensated for the slight decline in profits in the Industry segment, especially after we were able to solve initial capacity issues and launch additional production lines (well done to everyone in production and approval who made this possible!).

Our hope of having another record year after 2018 gradually turned into confidence and then into certainty. We raised our earnings forecast twice, but it was still not enough. Despite a surprising headwind, we were still able to make gains. The final result was € 4.29 per share. This was the fourth consecutive year in which we increased our earnings, which translates into an impressive average growth of 33% p.a. over the entire period since 2016.

Our success did not go unnoticed on the stock market and the share price rose sharply. The share price received another boost after Eckert & Ziegler was included in the S-DAX for the first time in June 2019. This put an end to Eckert & Ziegler's shares trading historically at a discount to technology stocks admitted to the Prime Standard segment of the Deutsche Börse that are comparable in terms of size and profitability. Within a few quarters, the rather inconspicuous duckling became a magnificent swan, with its market capitalisation passing the one billion euro mark for the first time in September 2019, just over 27 years after its foundation. To stay in the animal kingdom, the swan mutated into a unicorn.

If a company is doing well, all stakeholders are set to benefit, whether it is patients who benefit from new products, or employees who enjoy better pay, or the community that benefits



from left to right: Dr. Harald Hasselmann, Dr. Andreas Eckert, Dr. Lutz Helmke

from higher taxes. In 2019, it was the shareholders, in particular, that benefited from the success of Eckert & Ziegler. Within twelve months, between New Year's and New Year's Eve, the shareholders collectively recorded more than half a billion euros in asset growth, along with a dividend increase. It was a pleasure to witness this development.

The increase in value benefited, among others, the shareholders of the former International Brachytherapy SA (IBt), who rejected the mandatory offer of € 3.47 per share nine years ago and remained loyal to the company. Some of you may recall that in 2010, Eckert & Ziegler was forced to make a takeover bid at an inopportune moment to IBt owners due to an unclear legal provision, which was only clarified by the Belgian Supreme Court. To keep the cash outflow low, the Executive Board at the time made an urgent appeal to keep as many eligible recipients on board as possible. The Executive Board pointed out the opportunities and promised the shares would be worth holding. Many remained sceptical, worried about the legal dispute and criticism by the press.

Those who responded to the appeal were rewarded handsomely. As part of the merger in February 2019, the holders of share certificates exchanged 5.31 IBt/BEBIG shares for one EZAG share. They received an equivalent of around € 80 for the original € 18.43, translating into an annual return of nearly 20% over the nine-year waiting period. What is more, former IBt shareholders, who left the new EZAG shares in their securities accounts until the end of the year, could see their holding appreciate by 143%.

In hindsight, the merger between Eckert & Ziegler BEBIG and International Brachytherapy, which was decided almost twelve years ago, was a win-win for everyone. The combined companies were able to strengthen and consolidate their position as the European market leader for prostate implants, the shareholders achieved a reasonable return, and the sale of the building and the site in April 2020 to another radiopharmaceutical company retained the location in Belgium and preserved jobs. The Wallonia Foreign Trade and Investment Agency, which has remained with us until the end, should be content with the results. To all of those on our side, who have been through the entire process with all its ups and downs, the happy ending is especially satisfying.

Unfortunately, the Eckert & Ziegler stock rally was largely missed by the German public. Leaving aside the shares held by the management since the foundation, the company, like many German listed companies, is predominantly owned by foreign investors. While this is no disadvantage, it makes you think. How can companies flourish if the environment does not seize on the opportunities that arise from it? – Unfortunately, Germans hardly invest privately in shares, and when they do they do not seem too happy about it. Michael Lewis' derogatory "stupid German money" speaks volumes. The more our countrymen leave the creation of wealth to others, it seems, the more they are committed to an agenda of questionable value: Over the next few years, seven climate-neutral nuclear power plants will be shut down in Germany, starting with the Philippsburg nuclear power reactor. Eckert &

Ziegler is indirectly affected by the decision as it will lose potential domestic suppliers and technology partners. For example, for the new cancer drug Lutetium-177, which is expected to have a great clinical and commercial future, we have formed alliances with reactor operators worldwide to have the source materials irradiated. These are only tiny amounts, a few grams are sufficient for 1,000 patients. The transport costs are low, and the radiation location is not really important. Nevertheless, we would like to have suppliers nearby, not only because of the coronavirus crisis.

Opinions about nuclear power may be divided, but anyone who believes that shutting down plants that are running smoothly will increase the number of quality-adjusted life years of the population is a dreamer. As wind turbines cannot compensate for the loss of capacity in a stable manner, the net effect of the phase-out will mean more dependency on Polish coal and French nuclear power, located conveniently just a few hundred kilometre away. At best, the cynical interpretation may be that if a country so carelessly misses the simple and inexpensive opportunity to keep emissions low by extending the lifespan of its plants, the threat posed by climate change cannot be as dramatic as claimed. The irrationality of the matter has been particularly noticeable if we compare it to our experiences in other countries, notably China.

The dynamics there would have definitely pleased Jürgen Ziegler, my co-founder, who died shortly after Christmas 2019 at the age of 76 after a long illness. I would like to take this opportunity to remember him. We tried to gain a foothold in China already in 1994, but we could not bring home more than a letter of intent with a state-owned production company and a few black and white photos from the Forbidden City.

We achieved much better results with this year's attempt. Eckert & Ziegler succeeded to launch two joint ventures, one in medical technology, with which we are strengthening our business with tumour radiation equipment, and the other in radiopharmaceuticals. With the latter we hope to expand our leading position in active ingredients for hepatocellular carcinomas.

Even if both joint ventures still have to develop and grow, they mark important intermediate steps. They help us to gain a foothold in the new market for isotope applications that is currently emerging in Asia. At the same time, they improve our global market position in radiopharmaceutical products, where growth remains unabated, especially for active ingredients. In the coming years, we expect the approval of numerous new drugs that use gallium-68 or lutetium-177 for major diseases. This should offer plenty of opportunities for further growth.

As you can see, there are still good reasons to get involved with Eckert & Ziegler. I would be delighted if you took a similar view and continued to support us.

Sincerely,



**DR. ANDREAS ECKERT**

Chairman of the Executive Board



# GROUP EXECUTIVE COMMITTEE

The Group Executive Committee is comprised of the managers of the most important segments – who are mostly the same members of the Executive Board – and the executive managers of the larger subsidiaries. The responsibilities and duties

of the Group Executive Committee include providing regular updates regarding business trends and transactions, discussing strategic issues and implementing decisions made by the Executive Board.

## DR. ANDREAS ECKERT



### Chairman of the Executive Board

Dr. Eckert studied economics and social science in Heidelberg, New York and Berlin. After completing his PhD, he represented the Secretary-General as Information Officer for the United Nations in New York, Latin America, Asia and Africa. Dr. Eckert returned to Berlin after German reunification and worked as an independent management consultant. He then founded Eckert & Ziegler Strahlen- und Medizintechnik AG as well as other technology companies that are predominantly involved in the life science sectors.

## DR. LUTZ HELMKE

### Member of the Executive Board – Medical Segment

Dr. Helmke studied Mathematics and Chemistry at FU Berlin. After graduating from Radio Chemistry studies and receiving his PhD, he switched to Medical Technology and started his career in the marketing department of Biotronik. After that, he held various management positions at Abbott, St. Jude Medical, and most recently MagForce over a period of 25 years. As the head of various task forces within the German Federal Association for Medical Technology, Dr. Helmke also gained a wide range of experience in market launches and the reimbursement aspects of medical products. Member of the Executive Board since September 2018.



## DR. HARALD HASSELMANN

### Member of the Executive Board – Medical Segment

After completing his doctorate studies in economics he gained experience at various international pharmaceutical companies. He was head of controlling for Europe at Bayer Pharma, managing director at Schering's Hungarian subsidiary and director of the Berlin-based biotech company metaGen. He has held various positions in large and medium-sized healthcare companies and has an excellent track record in sales, controlling and implementing restructuring measures. In January 2017 he was appointed a member of the Executive Board of Eckert & Ziegler.



## DR. GUNNAR MANN

### Member of the Group Executive Committee – Intragroup Services

Dr. Mann holds an MBA and a Ph. D. in physics. After completing his studies, he worked at the Dresden University of Applied Sciences and TÜV Energie und Systemtechnik GmbH. In 1998, Dr. Mann joined the Eckert & Ziegler Group, first as a physicist, then as Product Development Manager.



## FRANK YEAGER

### Member of the Group Executive Committee – Isotope Products Segment

After completing a degree in mechanical engineering and an MBA, Mr. Yeager worked in executive-level positions at international industrial corporations. Since the end of 2001, he has served as CEO and Head of the Isotope Products division at the American subsidiary of Eckert & Ziegler Isotope Products, Inc.



## CLAUDIA GOULART

### Member of the Group Executive Committee – Isotope Products Segment

After completing her studies in Economics and a post-graduation in Psychology, Mrs. Goulart worked in executive-level positions at Brazilian and International Corporations. Since 2003 she has served as President and CEO for Healthcare companies in Brazil and Latin America. She has also been appointed a member of the Board of Directors for multiple Brazilian corporations.

In May 2018 she joined Eckert & Ziegler as General Manager of the Brazilian Subsidiaries.



## JOE HATHCOCK

### Member of the Group Executive Committee – Isotope Products Segment

Joe Hathcock graduated in Mechanical Engineering and holds an MBA. After various management positions at Northrop Grumman and British Petroleum he joined Eckert & Ziegler in 2001 as Chief Operating Officer of the Isotope Products segment. He became a member of the Executive Board of Eckert & Ziegler in January 2019.



# REPORT OF THE SUPERVISORY BOARD

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## DEAR SHAREHOLDERS,

In fiscal year 2019, the Supervisory Board properly fulfilled the tasks incumbent upon it according to the law, the Articles of Association, and the rules of procedure. It continuously monitored the Executive Board and advised it on its corporate management activities. The Supervisory Board was directly involved in all decisions of fundamental importance to the company.

The Executive Board regularly, promptly, and extensively informed the Supervisory Board about corporate planning, business performance, and strategic progress, as well as the Group's current situation.

The Chairman of the Executive Board also regularly informed the Chairman of the Supervisory Board outside the Supervisory Board's meetings about current developments and significant business transactions. Moreover, the Chairman of the Supervisory Board and the Chairman of the Executive Board liaised on a regular basis on issues related to strategy, planning, general business development, the risk situation, risk management, and compliance. A total of six Supervisory Board meetings took place during the period under review. If necessary, the Supervisory Board also issued authorizations by written procedure. Resolutions of fundamental importance were either passed on the basis of relevant documentation or after direct discussions with the Executive Board. There were no committees of the Supervisory Board during the period under review. With the exception of two members who were each unable to attend one of the meetings, all members of the Supervisory Board participated in all Supervisory Board meetings. On average, all members of the Supervisory Board attended 94% of the meetings.

## KEY TOPICS ADDRESSED BY THE SUPERVISORY BOARD

The following key topics formed the focus of the individual Supervisory Board meetings:

At the meeting on January 22, 2019, the Executive Board mainly reported on the preliminary key figures for fiscal year 2018 and the economic situation. The sustainability report as well as the company's risk report, which describes the key risk positions and the Group's risk management, were discussed and approved during this meeting. The audit of the annual financial statements and management reports for the Group and company with the German Corporate Governance Code were the main topics of the meetings on March 26, 2019. In addition, the Supervisory Board approved the resolutions proposed for the items on the agenda of the 2019 Annual General Meeting, and decided to extend Dr. Harald Hasselmann's term of office as a member of the Management Board for a further three years with effect from 1 January 2020. At the meeting on May 29, 2019, the focus was on the business figures for the first quarter of 2019, and on the preparations for the Annual General Meeting.

At its constituent meeting after the annual general meeting, the supervisory board conducted the necessary election for the nomination of the chairman of the Supervisory Board. The Supervisory Board meeting on August 6, 2019, discussed the business figures for the second quarter of 2019, ongoing projects within the Radiotherapy and Radiopharma segments, the intended merger of the two medical segments into the Medical segment and the associated new organizational structure were. Given the consulting activities of Mrs. Ludwig, member of the Supervisory Board, in the expansion of business in Asia, the Supervisory Board also approved a consulting contract between CN-Ludwig China Consulting GbR and Eckert & Ziegler AG. The focus of the meeting on October 18, 2019 was the presentation and approval of the budget for fiscal year 2020 as well as the presentation of the business figures for the third quarter of 2019. Another topic on the agenda was the strategic positioning of the Radiation Therapy, Radiopharma and Isotope Products segments.

## PROF. DR. WOLFGANG MAENNIG

Chairman of the Supervisory Board



### CORPORATE GOVERNANCE PRINCIPLES

In the period under review, the Supervisory Board continued to deal with the further development of the standards of good and responsible corporate governance, taking into account the German Corporate Governance Code as amended on February 7, 2017. On December 3, 2019, the Executive Board and the Supervisory Board issued a new Declaration of Conformity with the German Corporate Governance Code. Additional details regarding Corporate Governance are available in the Group's Corporate Governance Report, which is published on the Group's website in connection with the Declaration on Compliance. In the period under review, there were no conflicts of interest among members of the Supervisory Board.

### AUDIT OF THE ANNUAL FINANCIAL STATEMENTS FOR 2019

The annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG, the consolidated financial statements of the Eckert & Ziegler Group, and the management reports were audited, together with the accounting system, by the auditors appointed by the Annual General Meeting for fiscal year 2019, BDO AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany. The auditor has concluded that all legal requirements have been met and has granted an unqualified auditor's opinion. Furthermore, the auditor has concluded that the Executive Board has implemented the measures incumbent upon it pursuant to Section 91 (2) of the German

Stock Corporation Act (Aktiengesetz, AktG) regarding the establishment of a risk-monitoring system in a suitable form and that this system is suitable for the early detection of developments that endanger the continued existence of the company as a going concern. In regard to the report presented by the Executive Board on the company's relationships to affiliated enterprises in accordance with Section 312 AktG (affiliated company report), the auditor has confirmed that the statements made in the report are correct and that the payments made by the company for the legal transactions listed in the report were not inappropriately high.

The annual financial statements, including the affiliated company report and the auditor's audit report, were submitted to the Supervisory Board. A representative of the auditor took part in the Supervisory Board's balance-sheet meetings on March 27, 2020 and reported on the key findings of the audit. The Supervisory Board acknowledged and approved the auditor's results.

Based on its subsequent examination, the Supervisory Board raises no objections against the audited annual financial statements and the affiliated company report, including the Executive Board's concluding statement. The Supervisory Board therefore approved the annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG and the consolidated financial statements of the Eckert & Ziegler Group. The annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG are thereby adopted. The Supervisory Board concurs with the Executive Board's recommendation on the appropriation of net profit.

## PERSONNEL ISSUE

The Supervisory Board mandate of Prof. Detlev Ganten ended at the end of 29 May 2019. The Annual General Meeting elected Frank Perschmann as his successor. The Supervisory Board expresses its thanks to Prof. Dr. Ganten for his many years of service and his achievements for Eckert & Ziegler AG.

It is with great sadness and dismay that we said farewell to Jürgen Ziegler. The co-founder of our company passed away on December 26, 2019 at the age of 76. He was the essential link between East German application research and the development of products for radio-oncology and measurement technology within the Eckert & Ziegler Group. We highly appreciated his unique personality and will keep Jürgen Ziegler in our memory.

## ACKNOWLEDGMENT

The Supervisory Board would like to thank the management and all employees for their commitment and achievements in the fiscal year 2019.

Berlin, March 2020

For the Supervisory Board



**PROF. DR. WOLFGANG MAENNIG**

Chairman of the Supervisory Board

# SUPERVISORY BOARD

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**Prof. Dr. Wolfgang Maennig**

Chairman of the Supervisory Board  
Berlin

**Prof. Dr. Helmut Grothe**

Deputy Chairman of the Supervisory Board  
Wandlitz

**Prof. Dr. Detlev Ganten (until May 29, 2019)**

Berlin

**Frank Perschmann (until May 29, 2019)**

Berlin

**Albert Rupprecht, MdB**

Waldthurn

**Jutta Ludwig**

Hamburg

**Dr. Edgar Löffler**

Berlin



**30**  $\mu\text{g}$

**$^{68}\text{Ga}$ -PSMA11 PRODUCED WITH  
GALLIAPHARM<sup>®</sup> AND KITLAB  
HELP TO DIAGNOSE PROSTATE CANCER**

## MEDICAL SEGMENT

# RADIATION AGAINST CANCER

Eckert & Ziegler is one of the world's leading manufacturers of radioactive components for diagnosis and therapy of cancer. The portfolio includes products for brachytherapy to irradiate the tumour from a very short distance, as well as radiopharmaceuticals, synthesis equipment and hot cell engineering for nuclear medicine.



**Radiopharmaceutical**  
*GalliaPharm® is a  $^{68}\text{Ge}/^{68}\text{Ga}$  radionuclide generator for in vitro radioactive labelling of various carrier molecules*



**Seeds**  
*Low-level radiation iodine seeds for treatment of prostate and brain cancer*

RADIATION THERAPY SEGMENT



RADIOPHARMA SEGMENT

MEDICAL SEGMENT

RADIOPHARMA

MEDICAL TECHNOLOGY

LABORATORY EQUIPMENT

PLANT ENGINEERING

# CONTRIBUTING TO SAVING LIVES



## PROSTATE CANCER

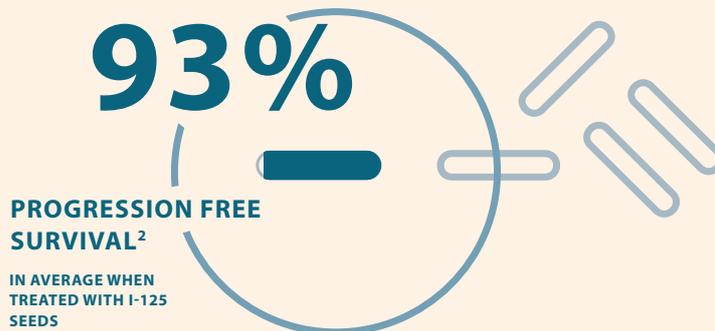
### NEW DISEASES<sup>1</sup> IN EUROPE



**11 PATIENTS**  
PER DAY WILL BE CURED  
BY THE USE OF ISOSEED® IN 2020.



### TREATMENT SUCCESS WITH I-125 SEEDS (LDR BRACHYTHERAPY)



<sup>1</sup> Cancer Tomorrow – IARC – GLOBOCAN 2018 Progressionsfreies

<sup>2</sup> Zimmermann et al, Five-year effectiveness of low-dose-rate brachytherapy: comparisons with nomogram predictions in patients with non-metastatic prostate cancer presenting significant control of intra-and periprostatic disease, Journal of Contemporary Brachytherapy, 2018, Volume 10, Number 4

<sup>3</sup> Cancer Tomorrow – IARC – GLOBOCAN 2018

<sup>4</sup> Han K et al., Trends in the Utilization of Brachytherapy in Cervical Cancer in the United States, Int J Radiat Oncol Biol Phys. 2013 ; 87(1) : 111–119.

<sup>5</sup> Tero Kovelä, Incidence, prevalence and epidemiology of ocular melanoma, Future Medicine, 2014

<sup>6</sup> Einschätzung Produktmanagement Eckert & Ziegler BEBIG



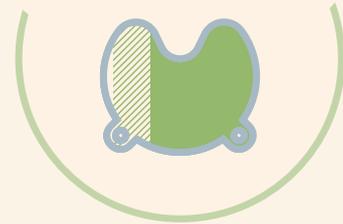
## UVEAL MELANOMA

NEW DISEASES<sup>5</sup>  
WORLDWIDE



TREATMENT SUCCESS  
WITH RU-106 BRACHYTHERAPY

# 70-97%



SUCCESS RATE<sup>6</sup>

PERMANENTLY FREE  
OF TUMOR TISSUE IN  
THE EYE

### 5 PATIENTS

PER DAY WILL RETAIN THEIR EYE  
BY USING RU-106 EYE APPLICATORS.



## CERVICAL CANCER

NEW DISEASES<sup>3</sup>  
WORLDWIDE

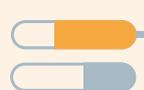


TREATMENT SUCCESS  
WITH EXTERNAL BEAM RADIATION THERAPY  
PLUS HDR BRACHYTHERAPY

# 58%

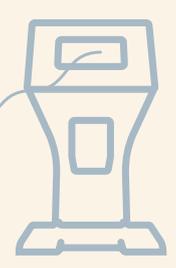
OVERALL SURVIVAL<sup>4</sup>

IN AVERAGE WHEN  
TREATED WITH  
EXTERNAL BEAM  
RADIATION PLUS HDR  
BRACHYTHERAPY



# 46%

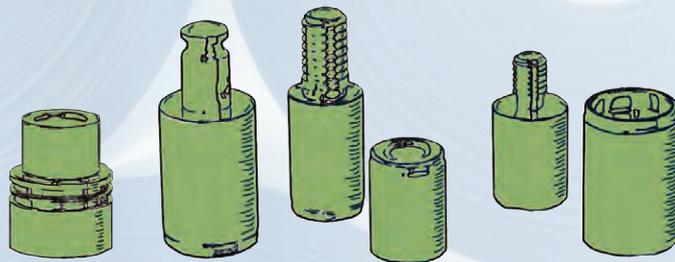
IN AVERAGE WHEN TREATED WITH  
EXTERNAL BEAM RADIATION  
WITHOUT HDR BRACHYTHERAPY



## ISOTOPE PRODUCTS SEGMENT

# PRECISION INDUSTRIAL PROCESSES CONTROLLED WITH RADIOISOTOPES

Eckert & Ziegler is one of the world's leading manufacturers of sealed radiation sources for industrial gauging and process control. Radiation sources enable accurate non-contact measurement of level, density or thickness. In paper production, for example, the weight of paper must be continuously monitored during production, and adjusted as necessary to deliver the desired quality. To accomplish this task without touching the material, ionizing radiation from a sealed Krypton-85 source is often used.



### **Industrial sources**

*Radiation sources used for accurate measurement of the density, thickness and level of materials in industrial processes*



**12.7** mm

.....

**DIAMETER OF A SEALED  
KRYPTON-85 RADIATION SOURCE,  
WHICH IS INCORPORATED INTO  
A MEASURING INSTRUMENT FOR  
MEASURING PAPER DENSITY.**

# MILESTONES 2019

## JOINT VENTURE FOR TUMOR IRRADIATION DEVICES IN CHINA

Eckert & Ziegler has formed a joint venture with Chinese TCL Healthcare Equipment (Shanghai) Co., Ltd. for the development, production and distribution of advanced tumor irradiation devices highly effective against gynecological and other forms of cancer. The joint venture will trade under TCL Eckert & Ziegler Healthcare (Wuxi) Co. Ltd. and is held 49% by EZAG and 51% by TCL. TCL Healthcare belongs to Chinese electronics group TCL Corporation with more than 16 billion USD revenues.



## SUPPLY AGREEMENT WITH ALPHA TAU

Eckert & Ziegler signed a multi-year supply agreement with Alpha Tau Medical (Tel Aviv, Israel) for the supply of Thorium-228. The radioisotope is used for the production of Alpha DaRT, a new innovative therapy for the treatment of a variety of solid tumors. Alpha Tau is currently running multiple global clinical trials with promising results and expects to receive marketing authorizations soon.



## RADIOPHARMACEUTICAL PRODUCTION FACILITY IN CHINA

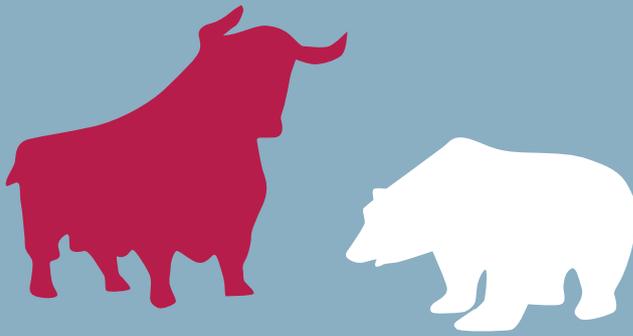
Eckert & Ziegler and Chengdu New Radiomedicine Technology Co. Ltd. (CNRT) have finalized an agreement about setting up, in Chengdu, PR China, a new production facility for radiopharmaceuticals used in the treatment of hepatocellular carcinomas. The virtual joint venture will duplicate in China the manufacturing process of EZAG's existing German plant, thereby securing identical product quality and sufficient future capacity for the growing market of medical products based on Yttrium-90.



## MARKET CLEARANCE FOR BRASIL

The tumor irradiation system SagiNova® has received market clearance for Brasil. The medical device for temporary brachytherapy is especially widely used for gynecological applications. Due to its wide range of potential applications it can be used on other forms of cancer.



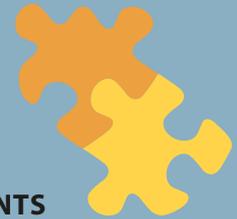


**SDAX**

Eckert & Ziegler has been admitted to SDax, Germany’s leading small cap index, on 24 June 2019. In addition to the high transparency requirements of the Prime Standard, the Eckert & Ziegler shares thereby also fulfill the relevant index size criteria of market capitalization and liquidity.

**MSCI GERMANY SMALL CAP INDEX**

Eckert & Ziegler has been admitted to the MSCI Germany Small Cap Index on 28 May 2019. The MSCI Germany Small Cap Index currently is composed by 113 companies of the German equity market.



**POOLING OF MEDICAL SEGMENTS**

Starting January 1, 2020, Eckert & Ziegler is consolidating its Radiation Therapy and Radiopharma segments under the new name “Medical”. The pooling of these two segments is intended to make better use of synergies and achieve increased efficiency.



**NEW SUPERVISORY BOARD MEMBER**

During the Annual General Meeting on May 29, 2019 Frank Perschmann was elected as new member to the Supervisory Board. Frank Perschmann is a graduate engineer and disposes of an extensive expertise in management and IT issues.



**DIVIDEND**

A dividend in the amount of € 1.20 has been decided at the Annual General Meeting on 29 May 2019 (previous year: 0.80 EUR).



**EXCELLENT TRAINING QUALITY**

Eckert & Ziegler has been awarded for “excellent training quality” by the Berlin Chamber of Industry and Commerce (IHK). The award recognizes the quality of training of young employees. The Chamber of Industry and Commerce (IHK) evaluated the training at Eckert & Ziegler based on more than 40 criteria. Amongst other things, the general conditions, the implementation and the supervision of the training were evaluated.

# THE SHARE

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## Development of the share

With a tripling in the course of the year, the Eckert & Ziegler share was one of the best German second-line stocks in the SDax. In the fourth quarter, the share reached its historic high and the market capitalization therefore reached the billion mark.

The share reacted to the announcement of the first profit increase at the beginning of the year with a significant rise in price. The inclusion in the MSCI Germany Small Cap Index marked the starting point for a further upward movement, which was accelerated by the inclusion in the SDax in June and the announcement of a second profit increase. After a brief sideways movement, the share price started to rise again and closed on December 30, 2019 at a price of € 190.60 and a phenomenal gain of over 200%. The average daily trading volume at the end of the past fiscal year was 23,123 shares (previous year: 9,178 shares).

## Earnings per share of € 4,29

In the period under review, the Eckert & Ziegler Group generated consolidated earnings per share of € 4,29. Earnings per share is calculated by dividing the consolidated net income by the average number of shares in the fiscal year.

## Dividend of € 1,70

The company intends to continue its ongoing dividend policy of the past years and distribute roughly a third of consolidated net income as dividends. The Executive Board and Supervisory Board will therefore propose to the General Annual Meeting a dividend of € 1.70 per share for the fiscal year 2019. Based on the annual closing price of € 190,60, this works out at a dividend yield of 0,9%.

## Analyst recommendations

Hauck & Aufhäuser and DZ Bank report on Eckert & Ziegler. In the period under review, these institutions published a total of sixteen studies and brief analyses on Eckert & Ziegler.

## Investor Relations

The objective of our investor relations activities is to provide private shareholders, institutional investors, financial analysts, and the press with open and timely information about the company. Essential components of this communication with the capital market comprise stock exchange and press releases, quarterly reports, interviews, and conference calls. At an investor conference in London in February, the analyst conference held in March, the DVFA spring conference in May in Frankfurt, the Annual General Meeting in May and the German Equity Forum in November the Executive Board also presented information regarding new developments and, in cooperation with the employees from the Corporate Communications and Finance departments, were available year-round for enquiries or visits by interested parties. Published studies by stock analysts and other company information can be found on our website under [www.ezag.com](http://www.ezag.com) > *Investors*. If you would like to join the IR mailing list and receive stock exchange and press releases regularly by email, call or email us now.

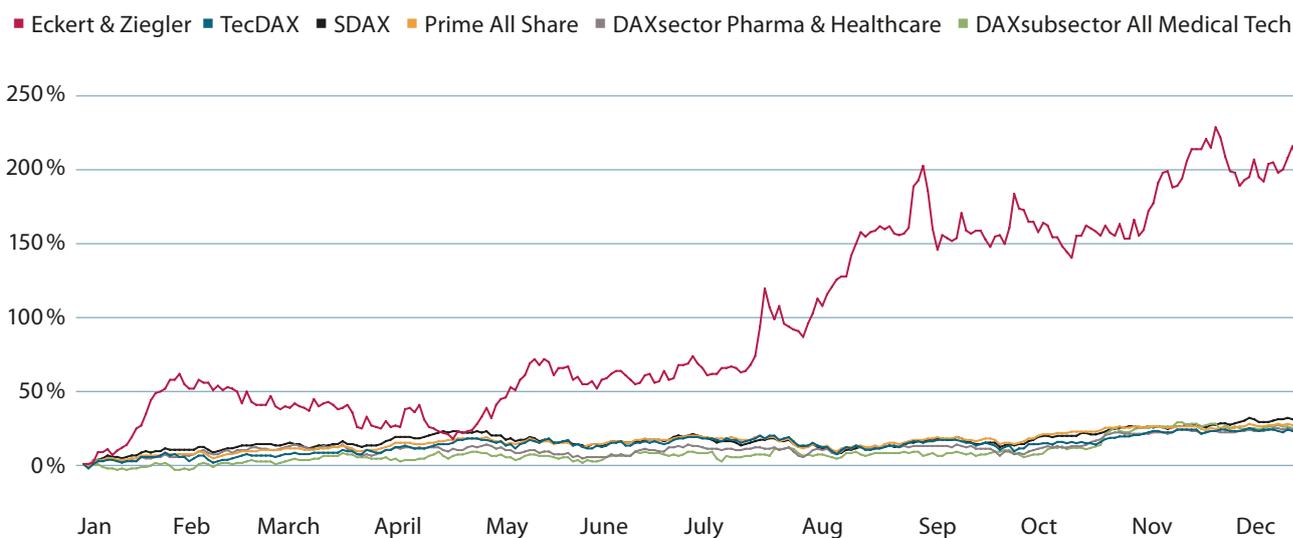


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### DYNAMIC PERFORMANCE OF THE ECKERT & ZIEGLER SHARE IN 2019 (INDEXED AT 100)



### KEY DATA

		Dec 31, 2018	Dec 31, 2019	in %
Closing price for the financial year*	in €	61.70	190.60	209
Highest price in the financial year*	in €	70.00	203.50	191
Lowest price in the financial year*	in €	33.70	62.00	84
Price-Earnings Ratio (PER)	in €	20	44	125
Earnings per share (EPS)	in €	3.12	4.29	38
Cashflow per share	in €	4.08	7.75	90
Book value per share	in €	23.73	27.00	14
Number of shares outstanding as of the reporting date	shares	5,292,983	5,292,983	0
Market capitalization	in € million	327	1,008	208
Average trading volume per day	shares	9,178	23,123	152

\* Xetra

### BASIC INFORMATION ON THE ECKERT & ZIEGLER SHARE

ISIN DE0005659700

WKN 565 970

#### Stock exchange sector

Prime Standard, Frankfurter

#### Selection index

SDax (since June 24, 2019)

MSCI Germany Small Cap Index

(since May 28, 2019)

EUZ (Deutsche Börse)

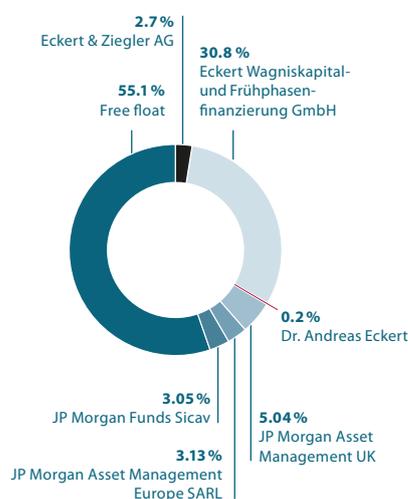
EUZ (Bloomberg)

EUZG (Reuters)

Free float 55.1%

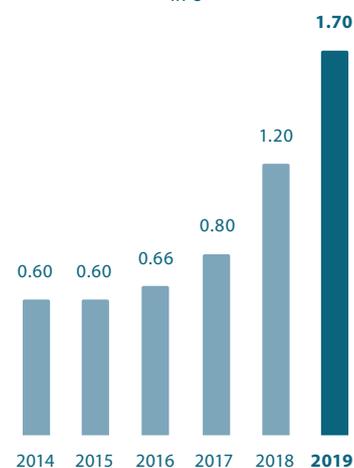
### SHAREHOLDERS' STRUCTURE

as of December 31, 2019



### DIVIDENDS PAID

in €



\* Proposal to the Annual General Meeting



# OCCUPATIONAL SAFETY

Protecting our employees from work-related dangers has top priority at Eckert & Ziegler. Industrial operations that use ionizing radiation or that use radio nuclides actually are in the lowest hazard class – at 0.65 – of all industrial branches of the chemistry sector (Source: BG RCI, annual report 2018), nevertheless we intend to reduce even further the number of accidents at our company, which is low compared to other industrial corporations. We are working towards this goal together with the relevant authorities and employers' liability insurance associations. In the period under review, the number of work-related accidents – at 6 per 1,000 fulltime employees (prior year: 9) – was significantly below

comparable values for 2018 of approximately 18 work-related accidents per 1,000 fulltime employees in Germany, according to the 2018 annual report of the Employers' Liability Insurance Association for Electrical Engineering, Textiles and Precision Mechanics (Berufsgenossenschaft Energie Textil Elektro Medienerzeugnisse BG ETEM). The comparable value according to the 2018 annual report of the Employers' Liability Insurance Association for Raw Materials and Chemical Industry (Berufsgenossenschaft Rohstoffe und chemische Industrie BG RCI) was around 18. The year under review saw no radiological incidents (prior year: 0) throughout the Group.

## WORK-RELATED ACCIDENTS AND RADIOLOGICAL INCIDENTS

	2013	2014	2015	2016	2017	2018	2019
<b>Work-related accidents (in absolute values)</b>							
Reported work-related accidents	3	5	3	2	7	5	5
Reported accidents en route to work	4	2	4	3	0	4	1
<b>Reportable work-related accidents (per 1,000 employees)</b>							
Reported work-related accidents	5.2	9.8	4.3	3.0	9.1	6.7	6.3
Reported accidents en route to work	6.9	2.8	5.8	4.5	0	5.4	1.3
<b>Radiation protection</b>							
Radiological incidents *	0	0	0	0	0	0	0

\* Radiological incidents = reportable events in compliance with radiation protection regulations or specific conditions set forth by the respective authorizations. However, it is important to note that the radiological incidents in recent years were merely deviations from normal operations. None of the incidents were safety-relevant.



Protecting our employees from work-related dangers has top priority at Eckert & Ziegler.

# ENVIRONMENT



The Eckert & Ziegler Group is considered to be part of the metalworking or chemical and pharmaceutical industries. Like all industrial companies, it is subject to comprehensive rules and regulations that include guidelines on environmental impact.

These rules and regulations often prescribe both limits on emissions as well as their monitoring. The guidelines usually stipulate that independent third parties or government authorities should be responsible for monitoring. The quality of the data can therefore be considered to be of high quality. In the period under review, there were no incidents that led to limits being exceeded. Furthermore, no serious deviations from requirements were recorded in the period under review in terms of the quality management system (DIN EN ISO 9001:2015; DIN EN ISO 13485:2016; ISO/IEC 17025:2017; MSDAP; cGMP; GMP; PMD Act, u.a.)

We focus on energy-saving design and construction for new buildings and renovations. The Group headquarters in Berlin-Buch, which we moved into in 2012, is a prime example. The sustainable construction and facilities concept combines a variety of methods: improved insulation standards for the building envelope; district heating generated by combined heat and power; solar water heating for industrial water; solarfed power from a solar-Protecting our employees from workrelated dangers has top priority at Eckert & Zieglerpower system; and a double-flow ventilation system. Thanks to these measures, the building's calculated specific primary energy consumption of 154 kWh/m<sup>2</sup> a is 25% lower than required by the strict conditions set forth in the Energy Conservation Regulation (Energieeinsparungsverordnung – EnEV).

By taking back used sources and processing them for new products, Eckert & Ziegler is making an additional contribution to environmental conservation. This recycling is extremely useful for all parties involved and helps conserve resources.



*Energy-efficient corporate headquarters in Berlin-Buch*

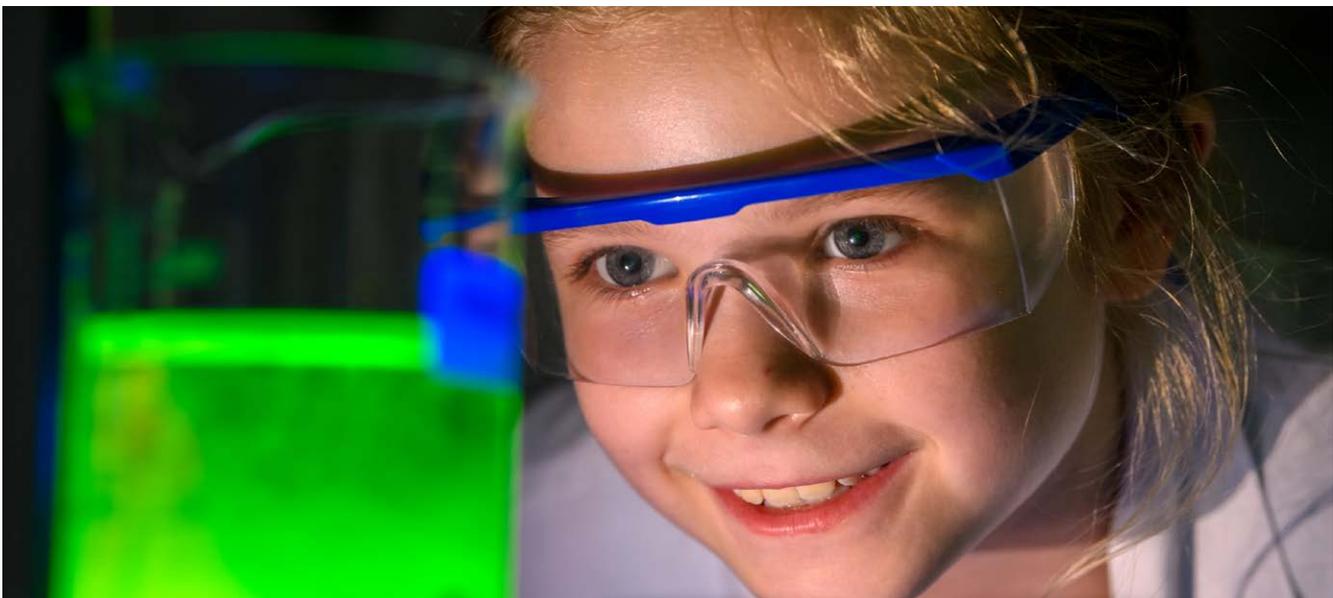


# SOCIAL COMMITMENT

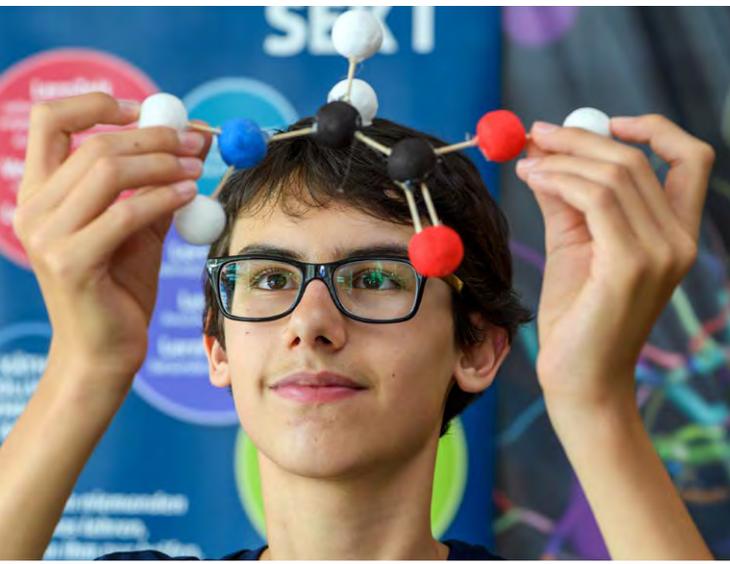
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At its various locations, Eckert & Ziegler is engaged in projects and initiatives through financial support and the personal commitment of its employees. In this respect, we have set strategic priorities. In particular, the company supports initiatives for education, science, and research, as well as other projects in the region of individual company locations. Several years ago, Eckert & Ziegler launched the “Forschergarten” project ([www.forschergarten.de](http://www.forschergarten.de)) in cooperation with the Life Science Learning Lab Gläsernes Labor in Berlin-Buch and the Friedrich-Fröbel School for Social Pedagogy in order to promote science education among children. The idea of this initiative is to make science and technology come alive for children in kindergartens and schools, reduce their fear of the unknown and enhance the quality of education during early childhood and school. Due to popular demand, the course range has been enhanced and now includes physics classes. Under the motto “Atoms you can touch,” courses have been offered that aim to convey the basics of radiation to high school students in a practical and visual manner. Among other things, the students are allowed to detect natural radioactivity in everyday objects such as building materials, cigarette ash or fertilizer using a Geiger counter, and gain an insight into the use of radiation in medicine. Roughly 2,000 young people benefited from this educational program in 2019.

Our foreign subsidiaries are also involved in social projects. Eckert & Ziegler sponsors and donates to a team of American employees who raised approximately USD 50.000 in donations by taking part in the National Multiple Sclerosis Society’s annual “Walk MS” against multiple sclerosis. The donations will go towards research into fighting the disease, which is still incurable, while those afflicted with the disease will receive financial support. The fundraising campaign has been one of our projects for many years. At our Californian subsidiary, employees volunteered in a local home for the homeless and donated around 6.000 US dollars. We supported this voluntary work and added the donations of the employees. Since 2011, Eckert & Ziegler has supported the initiative “Bucher Füchse” (Buch foxes), a local environmental education project that enables elementary school students in Berlin to under-take scientific explorations in woods and fields. A nature educator accompanies the children on their expeditions through flora and fauna and explains natural phenomena. The children get to have the opportunity to develop their imagination, creativity and the desire to discover and explore at leisure. Through the self-determined discovery sustainable experiences of nature and fundamental insights into ecological interrelationships are created.



*Scientific courses for children at the Forschergarten, an experimental research garden.*



# PRODUCTS



## REFERENCE SOURCES

Reference sources for the calibration and checking of radiation protection measurement instruments



## FLOOD SOURCE

Perflexion™: a unique flexible radiation source used in the calibration of nuclear medicine imaging equipment

## INDUSTRIAL SOURCES

Radiation sources used for radiometric measurement of the density, thickness and level of materials in industrial processes



## CALIBRATION SOURCE

Calibration source used to ensure accurate results in positron emission tomography (PET) scans FLOOD

## IRRADIATION DEVICE

Biobeam GM for gamma-irradiation of blood and blood components in transfusion medicine



# ISOTOPE PRODUCTS SEGMENT

**QUALITY CONTROL DEVICE**

With this GMP-conform TLC-Scanner various radioisotopes can be identified to ensure the purity of radiopharmaceuticals



**RADIOPHARMACEUTICAL**

GalliaPharm® is a (<sup>68</sup>Ge/<sup>68</sup>Ga) radionuclide generator for in vitro radioactive labelling of various carrier molecules



**RADIOSYNTHESIS SYSTEM**

KitLab: Fully automated device for safe processing of PET kits



**X-RAY THERAPY DEVICE**

X-ray therapy device ioRT-50 for the treatment of tumor diseases

**RADIOSYNTHESIS SYSTEM**

Modular-Lab easy – the smallest radiosynthesis system on the market



**SOFTWARE**

Treatment planning software for afterloading therapy



**SEEDS**

Low-level radiation iodine seeds for treatment of prostate and brain cancer



**OPHTHALMIC APPLICATORS**

Ruthenium applicators for treating eye cancer

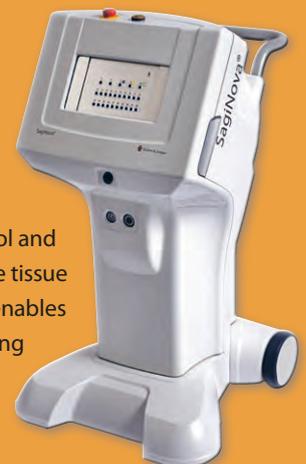


**PLANT ENGINEERING**

Special plant engineering for processing of radioactive materials in clinics and research centres

**TUMOR IRRADIATION DEVICE**

SagiNova® afterloader for treating cancer with the afterloading technique, the radiation source in the afterloader is placed by remote control and with the help of applicators within the tissue immediately around the tumor. This enables the tumor to be irradiated while sparing surrounding healthy tissue.



# TEAMS WORLDWIDE

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OVER 800  
EMPLOYEES  
...



...AT 18  
LOCATIONS  
WORLDWIDE  
...





... CONTRIBUTE WITH TEAM SPIRIT AND INNOVATIVE IDEAS...



... TO OUR SUCCESS.





**THANKS  
TO ALL OUR  
EMPLOYEES!**





# GROUP MANAGEMENT REPORT

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# 1. FUNDAMENTALS OF THE GROUP

## 1.1 BUSINESS MODEL OF THE GROUP

The Eckert & Ziegler Group (Eckert & Ziegler) is an internationally active producer of isotope technology components for medical, scientific and industrial applications. In addition to Eckert & Ziegler Strahlen- und Medizintechnik AG, a listed German stock corporation with its registered office in Berlin, the Group comprises 39 additional companies, including minority interests. The Group is managed by the Executive Board, which is supported in its decision-making process by advice from the Extended Executive Board. It consists of the Executive Board of Eckert & Ziegler AG and heads of selected business units.

The company's core competencies include the handling and processing of isotope technology materials in specially equipped and approved production facilities in Europe, United States and Brazil. In addition, Eckert & Ziegler develops, produces, and sells medical devices for cancer therapy as well as radionuclide generators and synthesis equipment for the production of radiopharmaceuticals. Plant engineering and the retrieval of isotope technology waste from hospitals and research institutions round off the portfolio.

There are comparatively few providers in the international markets where Eckert & Ziegler operates. Eckert & Ziegler has no direct competitors in terms of the breadth of its product range, because its competitors serve only specific market niches. There are considerable barriers to market entry due to strict regulatory requirements.

The operating business is managed through subsidiaries in three segments<sup>1</sup> – Radiation Therapy, Radiopharma and Isotope Products – which target different customer groups with their different product groups. The holding company pools intragroup services such as radiation protection, the legal department, accounting, IT and human resources.

The **Isotope Products** segment manufactures isotope technology components for imaging techniques, scientific applications, quality assurance and industrial measurement purposes. The segment's headquarters are located in Los Angeles in the US. Other production sites are located in Atlanta in the US, São Paulo in Brazil, Braunschweig, Dresden and Leipzig in Germany, and Prague in the Czech Republic.

The segment also retrieves, processes and conditions low-level radioactive isotope technology waste from hospitals and other facilities.

Following the acquisition of the companies of the Gamma-Service Group in May 2017, which were added in their entirety to the Isotope Products segment, the segment now covers (besides isotopic plant engineering) the construction of medical devices, blood irradiation devices and a company for recycling isotope technology residues and other services as well.

The **Radiation Therapy** segment targets its products at radiation therapists, a group of doctors that is specialised in treating cancer through irradiation. Its two most important products are small radioactive implants for treating prostate cancer based on iodine-125 (called "seeds") and tumour irradiation equipment based on cobalt-60 or iridium-192 (called "afterloaders"). The product range is rounded off by eye applicators based on ruthenium-106 and iodine-125 for the treatment of uveal melanoma (eye cancer). With the takeover of WOLF Medizintechnik GmbH in January 2018, the radiation therapy product portfolio was expanded to include X-ray therapy devices for the treatment of superficial skin tumours and joint diseases.

<sup>1</sup> only 2 segments from 1 January 2020

From 2008 to 18 February 2019, the Radiation Therapy segment was managed under the umbrella of Eckert & Ziegler BEBIG SA, listed on the NYSE Euronext in Brussels, in which Eckert & Ziegler held an interest in the financial year ended 31 December 2018 representing 80.8% of the economic result and 84.2% of voting rights in a general meeting. In December 2018, the shareholders of Eckert & Ziegler BEBIG SA and Eckert & Ziegler Strahlen- und Medizintechnik AG approved the merger of the two companies. As a result of the merger, Eckert & Ziegler BEBIG SA will no longer be listed on the stock exchange. Eckert & Ziegler Strahlen- und Medizintechnik AG as the absorbing company will receive all shares, assets and liabilities. The subsidiaries of Eckert & Ziegler BEBIG SA and the customer base were transferred in advance to Eckert & Ziegler BEBIG GmbH, which was in turn transferred into Eckert & Ziegler Strahlen- und Medizintechnik AG as a result of the merger. Under the draft terms of the merger, the merger date was set to 1 October 2018, and the results are, therefore, attributable to the transferring company from this date. The merger became legally effective upon entry of the merger in the commercial register on 18 February 2019.

The products of the **Radiopharma** segment, with head office in Berlin and other locations in Braunschweig, Germany and Hopkinton, MA, US, comprise the approved  $^{68}\text{Ge}/^{68}\text{Ga}$  generator GalliaPharm®, laboratory equipment, including radiosynthesis devices and the associated consumables, as well as devices for the required quality control. The segment also produces long-lived radioisotopes for pharmaceutical applications (especially yttrium-90 as an approved drug Yttriga). This substance has a number of uses, such as in the production of radioactive embolic agents for the treatment of liver tumours.

The segments' markets are only loosely connected with each other. Each has its own cycles and distinctive characteristics. There are also national differences in the overall conditions. This is especially the case with medical products, where the intensity and dynamics of demand are influenced by the level of services provided by national healthcare systems and the presence of local competitors.

## 1.2 BUSINESS MODEL OF ECKERT UND ZIEGLER STRAHLEN- UND MEDIZINTECHNIK AG

Eckert & Ziegler Strahlen- und Medizintechnik AG operates as a financial and administrative holding company and as a strategic development partner for its subsidiaries; it does not conduct its own business operations. The main sources of revenues are therefore service fees, interest and profits distributed by or transferred from the subsidiaries.

## 1.3 OBJECTIVES AND STRATEGY

Sustainable and profitable growth is the mid-term business development goal. The Group intends to achieve this on the one hand through organic growth, based for example on (further) development of new and existing products, or by entering into new geographical markets. On the other hand, the Group seeks opportunities for profitable acquisitions and aims to generate income by improving efficiency.

## 1.4 CONTROL SYSTEM

The Executive Board manages the Group's production and distribution companies. It sets the course for strategic development, makes important decisions with the managing directors, and monitors subsidiaries' achievement of targets.

The long-term business plan for the Group is drawn up for five financial years, and it is updated annually based on the previous year's figures. The Group uses the bottom-up method for annual individual planning, using the business plans for each business area prepared by the relevant managing directors together with the Executive Board. Detailed targets are formulated with regard to predefined control parameters and key performance indicators for the individual production and distribution companies. These individual business plans take into account estimates regarding the development of the industry.

In the fourth quarter of each financial year, the Executive Board submits to the Supervisory Board a detailed Group annual budget for the following financial year. Ongoing monitoring of the budget size is carried out as part of central quarterly reporting.

Segment Controlling prepares reports for the business areas and monitor performance compared to the budget, with particular focus on the key performance indicators of revenue and results for the year. The financial controllers report directly to the Group Executive Committee on a quarterly basis with a structured financial report on quantitative and qualitative developments in the reporting period.

The financial management of the Group is carried out largely at the segment level, with some differences in the implementation.

At regular meetings, the Executive Board gathers information about the market situation and sets the course in coordination with managing directors and segment heads. A comprehensive review of the annual business plan is carried out once a year.

## 1.5 RESEARCH & DEVELOPMENT

The total spending on research and development plus capitalised development costs and excluding depreciation and amortisation fell slightly from € 3.8 million to € 3.7 million in 2019. At € 0.3 million, development expenses in the Isotope Products segment were only slightly below the previous year's level of € 0.4 million. In the Radiation Therapy segment, expenses decreased by € 0.2 million to € 1.4 million. This was due to lower spending on the development of applicators, following an increase in investment in this area last year. At € 2.0 million, spending on research and development in the Radiopharma segment remained at the previous year's high level (previous year: € 1.4 million), as the company continued the development work for existing product ranges in 2019, which started in 2018. The expansion was completed on schedule in the third quarter of 2019.

Sales of products that were added to the Group's portfolio over the past five years increased to 42% (previous year: 30%). A significant portion of this is due to the acquisition of the Gamma-Service Group companies and the growth in sales of the companies acquired in Brazil in 2015 and 2016. A significant portion of the increase was also attributable to sales generated by SagiNova® and the equipment division in the Radiopharma segment.

The Group addressed the consistently high demand for 18F-based radiotracers for the diagnosis of various oncological and neurological issues by completing several development projects on the cassette-based synthesis system Modular-Lab PharmTracer. This has further reinforced the position of the equipment division of the **Radiopharma segment** as an attractive provider of versatile technologies for routine clinical applications. In addition, the company continued to advance several small, international cooperation projects. These include the optimisation of existing products with respect to functionality and procurement as well as the design and implementation of new applications for clinical studies. Since the third quarter of 2019, Eckert & Ziegler has been supplying radioisotopes for the treatment of solid tumours to Alpha Tau Medical, an Israeli medical technology company. Eckert & Ziegler also signed a development coopera-

tion agreement with the Israeli company Isotopia Molecular Imaging at the end of the year. Furthermore, the decision was made to enter into a joint venture with the Chinese medical technology manufacturer TCL Healthcare Equipment for joint development, production and marketing of tumour irradiation equipment. In addition, an agreement was signed with Chengdu New Radiomedicine Technology (CNRT) for the construction of a production facility for radiopharmaceuticals and a joint venture for their marketing.

In the technical field, the market launch of the “KitLab” was completed this year. The peristaltic pump technology picks up on the trend of approved shake’n’bake and cold kit applications. The automation of the process offers the user an advantage over purely manual application, including a reduction in radiation exposure during production. In the field of radionuclide generators, the production expansion was completed as expected in the third quarter of 2019.

The equipment division of the **Radiopharma segment** focuses on modular synthesis equipment (Modular-Lab product family) and measuring instruments (TLC and HPLC systems) for the development, routine production and quality monitoring of radiopharmaceuticals, as well as the consumables required for this purpose (reagents and cassettes). Research successes have been achieved with new radiotracers and the increasing use of radiopharmaceuticals in clinical practice. The expected market approvals for so-called diagnostic kits for simple prostate diagnostics using Ga68-PET are driving the market. At the same time, new theranostic approaches in nuclear medicine, which combine diagnosis and therapy, define the future market demand in terms of products and services. The equipment portfolio complements the product offering in the Radiopharma segment, which includes the Gallium-68 radionuclide (GalliaPharm) and Yttrium-90 (Yttriga), hot cells, and engineering services. This is an opportunity to become a one-stop shop for customers by offering all-in-one solutions tailored to the customer’s specific requirements. This can involve, for example, packages that include application development and a synthesis device or a synthesis device and a Gallium-68 generator.

In the year under review, the **Radiation Therapy segment** focused on ensuring compliance with the new European Medical Device Regulation (MDR). At the same time, new production principles in 3D printing were tested and brought close to market maturity. The internal focus on penetrating the market with afterloader systems is showing lasting success and is now also reflected in the increase in follow-up business. Following the approval of the afterloader system in Russia in mid-2019, the Group was well positioned to build on earlier sales successes there. The revenue generated by this product was well over € 1 million in the second half of 2019. In addition, the Group was able to obtain an approval for Brazil. Overall, the deliveries of afterloader systems increased for the fourth year in a row. Following a 41% year-on-year increase in 2018, they increased by 18% in 2019.

The merger of the Belgian and German organisational units shows the expected efficiency gains and improvements for the customer. As part of the Group’s further integration efforts, the segment will participate in the introduction of a common ERP system.

The **Isotope Products segment** expanded its PET/CT product portfolio with new products for existing customers in the US and the emerging Chinese OEM market. The Siemens xSPECT product line has been expanded by adding a new high-energy calibration source, bringing the xSPECT suite of sources to a total of six sources.

The Group also developed a product for handling rare gases. This unique system allows for storage, transferring, mixing, calibrating and dispensing of Gas Standards and Performance Testing Samples in various geometries and activity levels. In order to support the increasing demand for anodizing wide area reference sources in the US and Chinese markets, the Group established a second anodizing production line at its production facility in Atlanta, Georgia. The segment continues to invest in improving the efficiency and safety of internal production processes as well as in the development of new products and variations of the current product range.

## 2. BUSINESS REPORT

### 2.1 BUSINESS DEVELOPMENT OF THE GROUP

#### 2.1.1 Business development of the Group

While the buoyant demand for pharmaceutical radioisotopes set new records in the Radiopharma segment, the Isotope Products and Radiation Therapy segment closed the year roughly at the previous year's level.

In 2019, the Eckert & Ziegler Group once again posted record revenue of € 178.5 million. Compared to the previous year, revenue increased by € 9.8 million or 6%. The fastest-growing segment was the Radiopharma segment, mainly driven by strong demand for pharmaceutical radioisotopes. It increased its sales to € 42.5 million, representing an increase of € 11.0 million or 35%. Despite good sales of HDR products, the Radiation Therapy segment could not live up to last year's performance. Revenue decreased by € 0.5 million or 1.7% to € 30.1 million. As anticipated, the Isotope Products segment suffered a 1.2% drop in sales to € 110.9 million. The relatively weak € had a positive effect on foreign-currency sales. Compared to the previous year, the Group increased its revenue by € 5.1 million. Adjusted for currency effects, this represents an increase of 3%. Organic, real revenue growth, i.e. revenue adjusted for currency effects and acquisitions and disposals made in 2018 and 2019, amounted to € 171.8 million representing an increase of 3% compared to 2018.

The Group thus narrowly met its revenue target of € 180 million set out in the forecasts for 2019.

#### Revenue growth in detail

Having peaked last year, Isotope Products, which is the largest segment, recorded as expected a slight decline in revenue by € 1.4 million to € 110.9 million. As expected, sales in the energy sector, in particular, have dropped again after a record result last year. This effect represents € 3.8 million, which is 10% less than in the previous year. Revenue generated by the companies of the so-called Gamma Service Group, acquired in 2017, also decreased by € 2.4 million to € 15.2 million. In contrast, revenue generated by imaging technology products increased by € 2.2 million or 11%. Sales of raw isotopes also increased by € 1.2 million, representing an increase of 24% compared to 2018. In the area of waste disposal, annual price increases led to a further reduction in the volume of low-active radioactive materials, but not to a drop in revenue. At the same time, revenue generated by disposal companies increased by € 1.7 million compared to the previous year.

The other product areas increased slightly by € 0.3 million. The revenue generated by the Isotope Products segment with other segments amounted to € 5.1 million.

In the Radiation Therapy segment, revenue decreased by € 0.5 million or 1.7% to € 30.1 million compared to the previous year. The loss of a major customer for implants, which resulted in a decrease in revenue of € 0.8 million, and the € 0.4 million decline in the X-ray equipment business of WOMED, acquired in January 2018, were largely offset by a strong upturn in the afterloader business. The additional revenue generated by sales of afterloader systems compared to the previous year amounted to € 1.6 million. The remaining revenue reduction of € 0.9 million was attributable to falling revenue in the end customer business with implants, worth € 0.4 million, and a decline in the other areas combined of € 0.5 million.

In the Radiopharma segment, revenue increased from € 31.5 million to € 42.5 million, mainly driven by radiopharmaceuticals, which recorded an increase in revenue of € 11.0 million compared to the previous year. The equipment division contributed € 8.4 million to the increase in revenue.

With revenue of € 83.4 million, Europe remained the most important sales region in 2019. In relation to group sales, the revenue share was 46.7%, compared to € 79.9 million or 47.4% in the previous year. Revenue in the individual regions developed differently in the respective segments. While the revenue of the Isotope Products segment decreased in the US, it increased in Asia. The Radiopharma segment in contrast managed to increase revenues in the US market, making this region the most important sales market after Europe. Germany remained the most important European market with € 28.3 million (previous year: € 29.9 million). The largest single national market for Eckert & Ziegler products in 2019 was once again the United States, where goods worth € 63.1 million were sold, compared to € 56.2 million in the previous year. These sales are mainly invoiced in USD. Total USD revenue accounted for 47.4% (previous year: 40.3%) of consolidated revenue. Compared with the previous year, the Group's foreign currency risk exposure increased slightly.

### 2.1.2 Earnings performance of the Group

At € 22.5 million, the consolidated profit in the year under review was € 5.6 million or 33.1% higher than in the previous year. The share of earnings attributable to the shareholders of Eckert & Ziegler AG amounts to € 22.0 million, translating into earnings per share of € 4.29. The main earnings driver was the 5.8% or € 9.8 million increase in revenue on the back of solid demand for pharmaceutical radioisotopes. Due to a disproportionately low increase in the cost of sales, the gross margin increased by 17.1% or € 12.7 million.

The expectations from the forecast report for the year 2019 were thus exceeded by far. In an ad hoc announcement dated 22 July 2019, the earnings forecast was raised to € 4.0 per share. The Group's actual earnings per share exceeded expectations.

### 2.1.3 Development of the segments and the holding company

#### Isotope Products segment

The Isotope Products segment is the Group's largest and most profitable segment.

The segment's main product groups are:

1. Industrial components for metrology
2. Radiation sources for medical quality assurance
3. Calibration and measurement sources
4. Trade in raw isotopes and other products
5. Taking back radiation sources from customers and receiving low-level isotope technology waste, as well as projects relating to conditioning
6. Recycling isotope-related materials
7. Plant engineering of isotope-related plants
8. Blood irradiation devices

Eckert & Ziegler has maintained a solid market position in its three most important product groups, with a significant share of global market volume, which in our estimation we were able to maintain and expand in the reporting period. This was further underpinned by the acquisition of the companies of the Gamma Service Group in 2017. Some niche markets in this area are recording growth. However, due to the low price of oil, the overall market declined slightly.

The fourth main product group makes use of Eckert & Ziegler's purchasing leverage to resell raw isotopes to third parties at a profit.

While the industrial sources business generated record sales in the previous year, as expected, this could not be repeated in the year under review. The recruitment of a new, experienced managing director for our Brazilian subsidiaries is beginning to bear fruit. Revenue increased by 12% or € 0.6 million. The consolidation of the recycling company, which was formerly part of the Gamma-Service Group with environmental technology, will further strengthen the segment.

While revenue fell slightly by 1.2% or € 1.4 million in line with expectations, the gross margin increased by € 2.7 million or 6.1% due to higher product margins. As a result, the operating result was € 2.0 million higher than in the previous year despite an increase of € 0.7 million in selling, administrative and development costs. While in 2018, extraordinary income of € 2.2 million was generated thanks to the intra-group sale of a source division and revaluation of disposal costs, no similar event was recorded in the year under review. This was counterbalanced by currency translation effects of € 0.1 million, leading to an overall decrease in EBIT of € 0.2 million. This represents a decrease of 1.1% compared to the previous year. Interest expenses in the amount of € 0.6 million resulted almost exclusively from accrued interest on provisions. The segment's average tax rate rose slightly to 27%, as a result of which total tax expenses of € 4.1 million were € 0.9 million higher than in the previous year, despite the lower income. The segment generated a profit for the year of € 10.8 million, which is € 1.4 million below the previous year's result.

### Radiation Therapy segment

The segment's main product groups are:

1. Implants for the treatment of prostate cancer "seeds"
2. Tumour irradiation equipment "afterloader"
3. Therapeutic accessories
4. Ophthalmological products
5. Other therapeutic products and plant engineering

As a supplier of implants for the treatment of prostate cancer, Eckert & Ziegler benefits from the findings of long-term research into prostate cancer, according to which the "wait and see" approach statistically leads to worse results. Based on these results, more patients are undergoing curative treatment methods. The treatment methods, which involve radioactive implants also benefit from this. The price pressure of recent years has eased. A substitute for the proven method of treatment in the field of LDR brachytherapy (low-dose-rate brachytherapy) is not expected in the coming years.

Eckert & Ziegler only holds a minor global market share in this segment's second main product group, tumour irradiation equipment based on isotope technology and associated services. The main sales markets are in the emerging economies. Cobalt emitters are used in most of Eckert & Ziegler's devices. Cobalt has a significantly longer half-life than iridium, which is used in competing devices. As a result, the radiation source of Eckert & Ziegler equipment does not need to be changed as often, which generates cost and logistics advantages, which are particularly beneficial in developing and emerging countries. The division recorded a high level of incoming orders for SagiNova® systems, especially from Asia. In 2019, an Iridium – SagiNova system was delivered to Poland for the first time. This success shows the potential of the SagiNova system also in the Eastern European market, where Eckert & Ziegler BEBIG systems are still underrepresented. As a result of the merger with the Belgium-based Eckert & Ziegler BEBIG SA, the segment was reorganised. The investments in the subsidiaries in Spain, France and the UK previously held by the segment management company Eckert & Ziegler BEBIG SA, based in Senefte/Belgium, were transferred to Eckert & Ziegler BEBIG GmbH in Berlin/Germany. The customer base of Eckert & Ziegler BEBIG SA was also transferred to Eckert & Ziegler BEBIG GmbH, and it is now serviced directly from the production site in Berlin. The reorganisation delivered the sought-after increases in efficiency and improvements for the customer. Following the delisting, the Group achieved savings in the administrative area.

The Radiation Therapy segment recorded a net profit of € 1.5 million as in the previous year. While in the previous year, the segment recorded an extraordinary income of € 1.0 million from the derecognition of a liability, in 2019, it recorded an extraordinary income of € 0.6 million from the use of losses carried forward.

Although revenue decreased by € 0.5 million, profits increased by € 0.7 million compared to the previous year, thanks to an increase in the gross margin. In contrast to a decline in revenue, it remained at the previous year's level of € 14.3 million. Selling and administrative expenses fell by € 0.7 million compared to the previous year, which was attributable to lower depreciation and amortisation, third-party services and consultancy costs. Development costs fell by € 0.2 million to € 1.4 million, due to lower personnel and material costs. Third-party certification services, which led to an increase in development costs last year, remained flat in the year under review. Other expenses and income decreased by € 0.8 million to € 0.4 million.

In 2018, the Group reported income from the reversal of a liability related to a debtor warrant (Besserungsschein) and the correction of another liability arising from a failed project of € 1.2 million. In 2019, the Group recorded expenses of € 0.3 million related to the purchase of the Co-60 business in 2018. In addition, the expenses incurred as a result of the merger of the main company in the segment with the group holding company in the previous year were allocated to the holding company.

In addition, income of € 0.1 million was generated from the interest in ZAO NanobrachyTech. Exchange rate effects remained at a low level and amounted to € 0.1 million. Taxes and minority interests fell by € 0.8 million to € 0.0 million due to the use of losses carried forward as a result of the merger in 2018.

### Radiopharma segment

The segment's main product groups are:

1. Longer-lived radioisotopes for pharmaceutical applications
2. <sup>68</sup>Ge/<sup>68</sup>Ga GalliaPharm® generator
3. Radiosynthesis devices and consumables
4. Quality control devices

The Radiopharma segment generated a profit of € 12.0 million, representing an increase of € 5.6 million or 86.9% compared to the previous year. With revenue up by € 11.0 million, the cost of sales increased at a slower pace by only € 2.1 million, which is due to low material intensity. As a result, gross income rose by € 9.1 million. Selling, administrative and development costs remained at the previous year's level and amounted to € 7.3 million. Other income and expenses decreased by € 0.9 million to an expense of € -0.6 million. Whereas in the previous year there were reimbursements of expenses of € 0.3 million incurred in connection with the sale of the cyclotron division in 2017, € 0.9 million was recognised in 2019 for the reversal of a liability provision. This was due to a liability lapse following the sale of the cyclotron division in 2017. This was offset by € 1.5 million from the write-down of a receivable from a debtor warrant (Besserungsschein) from the sale of OPS to Ipsen in 2015. As in the previous year, interest and currency translation effects in the year under review were very limited. Tax expenses increased accordingly by € 2.5 million to € 5.2 million.

### Holding company

The holding company Eckert & Ziegler Strahlen- und Medizintechnik AG finances itself through services provided, such as accounting, personnel administration, IT and radiation protection; each of these is charged to the subsidiaries plus a profit surcharge. In addition, the holding company provides the subsidiaries with loans when necessary and generates interest income from these loans. The holding company also receives income from profit transfers and distributions from the subsidiaries. The holding company generates a small amount of revenue outside the group, mainly by providing services to third parties. Revenue increased slightly by € 0.5 million to € 6.4 million. Administrative expenses remained at the previous year's level of € 7.5 million.

Overall, the result in the year under review increased by € 0.5 million to € -2.4 million.

### 2.1.4 Financial position of the Group

At € 22.5 million, net profit for the period before minority interests was € 5.6 million higher than in the previous year.

Cash flow from operating activities almost doubled, increasing by 91% from € 21.2 million in the previous year to € 40.4 million.

Several items contributed to the increase of € 19.2 million. The bulk is attributable to an increase in the Group's operating profit by € 8.4 million. Furthermore, in 2019, payments from leases amounting to € 3.3 million (repayment and interest) are reported under outflows from financing activities. The further increase is due to changes in current assets (receivables and inventories) and current liabilities.

The cash outflow from investing activities amounted to € 5.7 million in the year under review, compared with a cash outflow of € 10.7 million in the previous year. The Group spent € 7.3 million on purchases of non-current assets in the period under review, compared with € 6.1 million in the previous year.

€ 0.9 million was spent on acquisitions in the year under review (mainly related to the acquisition of Medwings SA.) In this context, the company paid consideration in the amount of € 0.8 million, and in return it took over liquid funds in the amount of € 0.1 million from the company. In the previous year, the cash outflow for acquisitions amounted to € 2.1 million (mainly related to the acquisition of WOLF Medizintechnik GmbH).

In the previous year, a loan of € 2.5 million was granted to the main shareholder on arm's length conditions, which was repaid to the Group in the year under review.

The cash outflow from financing activities fell by € 4.1 million to € 10.5 million. In the previous year, the Group spent € 9.6 million on the acquisition of treasury shares, while raising € 1.1 million in cash from the sale of treasury shares. There were no trading transactions involving treasury shares in 2019. The Annual General Meeting held in May 2019 resolved to increase the dividend to € 1.20 per share. The cash outflow for the dividend payment therefore increased from € 4.1 million in the previous year to € 6.2 million in the current year. Furthermore, in 2019, payments from leases amounting to € 3.3 million (repayment and interest) are reported under cash outflows from financing activities. In the previous year, the cash outflows from financing activities also included € 1.7 million in repayments of loan liabilities.

Cash and cash equivalents as at 31 December 2019 amounted to € 78.9 million. Compared to the end of 2018, this represents an increase of € 24.7 million. This solid performance, and the fact that the Eckert & Ziegler Group does not have any bank debt, makes the Group optimally prepared to tackle future projects.

### 2.1.5 Assets and liabilities of the Group

The balance sheet total at the end of 2019 was € 274.2 million (previous year: € 229.1 million) representing an increase of € 45.1 million or 19.7% compared to the end of 2018. On the asset side, goodwill increased by € 0.3 million. The increase is due to exchange rate effects from the translation of financial statements of Group companies reporting in USD. Intangible assets decreased by € 0.9 million due to scheduled depreciation. While property, plant and equipment increased by € 3.1 million, right-of-use assets were recognised for the first time in accordance with IFRS 16 and amounted to € 19.6 million. Shares in interests measured using the equity method increased by € 0.1 million. Deferred tax assets also increased by € 1.0 million. In total, non-current assets increased by € 20.7 million to € 127.6 million.

A similar increase can be observed in current assets, which increased by € 24.6 million to € 146.7 million, compared with € 122.1 million in 2018. Cash and cash equivalents decreased by € 24.7 million compared to the end of 2018 (for details, please refer to the section on "Liquidity"). Trade receivables increased by € 1.2 million and inventories by € 2.4 million. Both are attributable to the increase in revenue. Other assets decreased by € 3.0 million due to repayment of a loan of € 2.5 million. Income tax receivables decreased by € 0.8 million. On the liabilities side, non-current liabilities increased by € 20.2 million to € 91.2 million. This was due to non-current lease liabilities of € 17.2 million, which were recognised for the first time in 2019 in accordance with IFRS 16. Provisions for pensions increased by € 2.1 million to € 13.5 million.

Current liabilities increased by € 9.4 million as a result of the initial recognition of current lease liabilities of € 2.7 million and an increase in advance payments received of € 7.9 million. In contrast, trade payables decreased by € 2.0 million. The other items decreased overall by € 1.0 million. Notable was the decrease in income tax liabilities and current provisions by € 0.4 million and € 0.5 million respectively. Equity increased by € 15.5 million to € 139.4 million, mainly due to the increase of € 15.8 million in revenue reserves. Other reserves, which also include unrealised actuarial gains or losses in addition to translation differences on equity of subsidiaries reporting in foreign currencies, decreased by € 0.4 million to € -0.8 million. Capital reserves increased by € 0.1 million to € 53.8 million. Treasury shares remained unchanged compared to the previous year and amounted to € 5.5 million.

The equity ratio fell slightly to 51% compared to the previous year due to the first-time recognition of lease liabilities and right-of-use assets in accordance with IFRS 16.

## 2.2 FINANCIAL POSITION, PERFORMANCE AND CASH FLOWS OF ECKERT & ZIEGLER STRAHLEN- UND MEDIZINTECHNIK AG – COMMENTS BASED ON ACCOUNTS PREPARED IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

### Business development of the AG

During the 2019 financial year, there were profit and loss transfer agreements in force between Eckert & Ziegler AG and direct subsidiary and the subsidiary's subsidiaries. The annual profit or loss generated by the other subsidiaries is not completely transferred to the parent company, and the separate financial statements of Eckert & Ziegler AG therefore differ greatly from consolidated earnings.

In the 2019 financial year, Eckert & Ziegler AG received € 18.9 million (previous year: € 4.5 million from Eckert & Ziegler Isotope Products Holdings GmbH) as part of the profit and loss transfer agreement with its German subsidiary, Eckert & Ziegler Radiopharma GmbH.

### Earnings performance of the AG

Compared to the previous year, the main changes to the income statement are as follows:

- a) Revenue increased by € 0.9 million to € 6.9 million. This primarily relates to income from services and rents for affiliated companies. Revenue of € 0.3 million is attributable to the Belgian facility, which was included for the first time as a result of the merger, while the remainder was due to the greater scope of services and passed on charges.
- b) Other operating income increased by € 0.6 million to € 0.9 million. The increase is mainly attributable to income from the reversal of provisions of € 0.2 million and income of € 0.4 million in connection with the repayment of loans granted to ELSA Eckert Life Science Accelerator GmbH in 2017 and 2018.
- c) Personnel expenses increased by € 0.4 million to € 3.6 million. The Group's remuneration policy for board members is set out in the remuneration report.
- d) Depreciation and amortisation increased by € 0.3 million to € 0.5 million. The increase is almost exclusively due to the first-time inclusion of the Belgian facility.
- e) Other operating expenses increased by € 6.6 million to € 11.2 million compared to the previous year. The increase is largely due to the merger-related loss of € 5.0 million. The other reasons include other operating expenses incurred at the Belgian facility in the amount of € 1.2 million and additional services purchased from a subsidiary as part of a special project in the amount of € 0.4 million.
- f) The income from profit and loss transfer agreements rose by € 14.4 million to € 18.9 million.
- g) Eckert & Ziegler AG received profit distribution of € 5.2 million from its subsidiary Eckert & Ziegler Radiopharma GmbH, compared to € 3.8 million in the previous year.
- h) At € 0.1 million each, interest payable and similar expenses and interest receivable and similar income remained broadly at the previous year's level.
- i) Taxes increased in line with income by € 4.7 million to € 5.3 million.

The total profit for the 2019 financial year amounted to € 11.2 million.

### Financial position of the AG

Compared to the previous year, the balance sheet total of Eckert & Ziegler AG increased year-on-year by € 17.6 million to € 105.5 million. The sharp increase in the balance sheet total reflects, in addition to the profit for the year of € 11.2 million, the assets and liabilities of the Belgian facility taken over as part of the merger.

The following material changes occurred in the 2019 financial year:

Amounts owed by affiliated undertakings increased significantly year-on-year by € 12.6 million from € 4.5 million to € 17.1 million, mainly due to the receivable arising from the profit and loss transfer agreement with Eckert & Ziegler Radiopharma GmbH.

Cash at bank and in hand increased by € 4.2 million to € 5.9 million.

Equity amounted to € 94.2 million, representing an increase of € 12.0 million compared to the previous year. The increase resulted from the net profit of € 11.2 million generated in the 2019 financial year and the effects arising from the use of treasury shares in the merger of € 7.0 million recognised in equity. At the same time, there was an outflow of € 6.2 million for the dividend paid in the year under review.

Provisions increased by € 7.8 million to € 10.0 million. The significant increase in provisions is largely due to the transfer of the restoration provisions from the Belgian plant in the amount of € 4.8 million, and an increase in tax provisions of € 3.4 million.

The decrease in liabilities from € 3.5 million in the previous year to the current € 1.3 million is mainly attributable to a decrease in amounts owed to affiliated undertakings.

The company was granted credit lines of € 3.0 million of which € 2.7 million were available as at the balance sheet date.

Overall, the Executive Board continues to rate the company's economic situation as very good. The equity ratio was 89%.

## 2.3 EMPLOYEES

As at 31 December 2019, Eckert & Ziegler employed a total of 825 people across the Group (previous year: 788). The number of employees thus increased by 37 or 4.7% year-on-year. The increase is spread across all segments. The Radiation Therapy segment saw the largest increase by adding 14 employees, two of whom as a result of an acquisition. The employee growth is attributable, among other things, to increased regulatory requirements and the capacity expansion in the Radiopharma segment. The Radiopharma and Isotope Products segments hired eight and nine employees respectively, mainly in production. The holding company has six employees.

Based on the definition set forth in the German Commercial Code (HGB), which reflects the average number of employees over the course of a year and excludes members of the Executive Board and managing directors, as well as trainees and interns, but includes part-time employees and employees with minimal working hours, the number of employees rose from 760 to 778.

Eckert & Ziegler Strahlen- und Medizintechnik AG employed 45 employees on average, which is two more than in the previous year.

At 14%, the fluctuation rate, defined as the number of employees who left the company during the year under review, was slightly below the previous year's level of 17%, which is in line with the general trend. However, it is still far below the average fluctuation rate in Germany, which was around 32.4% in 2017. The percentage of women in the total workforce increased slightly to 36% compared to 34% in the previous year. The average age of the Group's workforce in the period under review was 45 with emphasis on the 35 to 39-year-old age group. Slightly fewer than half of all employees have a qualification from a university of applied sciences/bachelor's degree or a higher level of education.

### Executive Board and Supervisory Board targets

On 31 July 2017, the Supervisory Board decided to set the target figure of 0% for Eckert & Ziegler AG for the representation of women on the Executive Board. This decision was made because the Supervisory Board does not consider gender to be a relevant selection criterion, but rather pays attention purely to personal and professional suitability for the role. Accordingly, no numerical target was set (i.e. the quota is 0%).

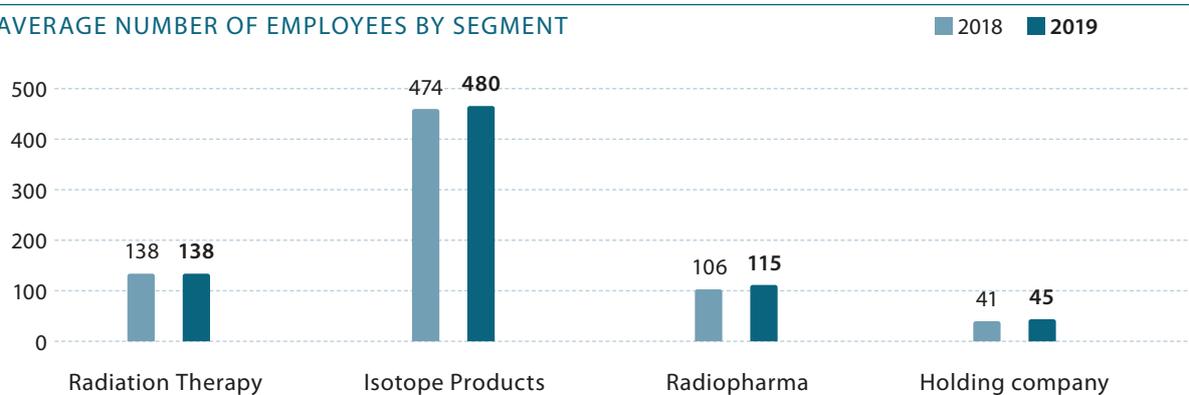
On the same date, the Supervisory Board resolved on a quota of 1/6 (representing approx. 17%) for the Supervisory Board. The deadline for reaching the target was set at 30 June 2022. The company's Supervisory Board currently has one female member.

### Target figures at upper management levels

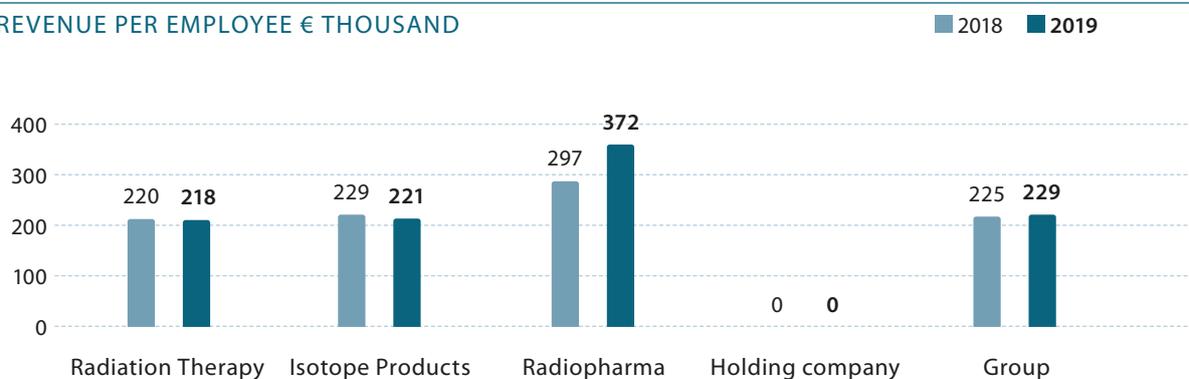
Since the Executive Board also does not seek to change the composition of upper management levels below the Executive Board in a way that is not based purely on personal and professional qualification for the office, the Executive Board further decided on 23 August 2017 not to set a numerical target figure (equates to 0% ratio) for the representation of women at these management levels. The first management level below the Executive Board was determined to be the group of department heads and, as the second management level below the Executive Board, the group of sub-department heads.

In the year ended 31 December 2019, the percentage of women in the first and second level of management below the Executive Board in listed companies is currently 67% and 43%, respectively. The figures relate to the listed holding company. The holding company alone is subject to the disclosure obligation under the “Act on the Equal Participation of Women and Men in Management Positions” (Article 76 (4) of the German Stock Corporation Act (AktG)). The Group as a whole has around 800 employees, and the situation at the second management level is similar.

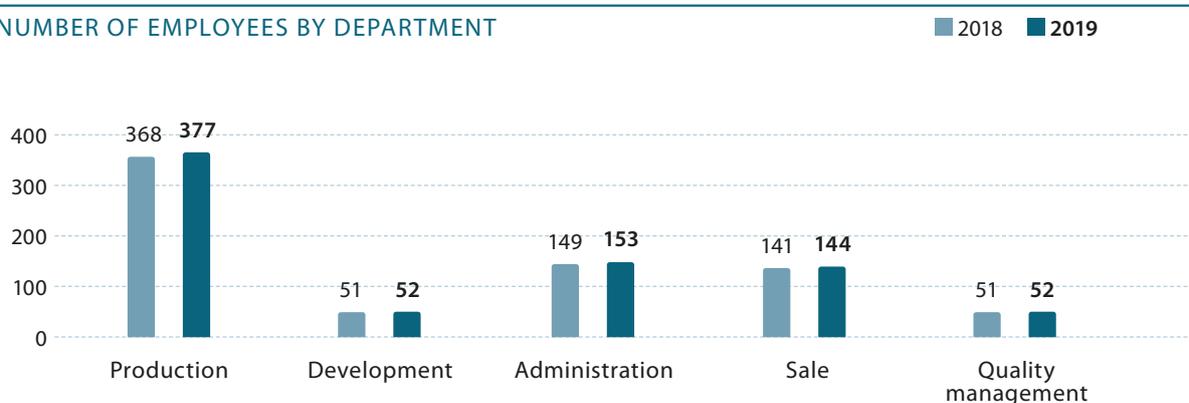
#### AVERAGE NUMBER OF EMPLOYEES BY SEGMENT



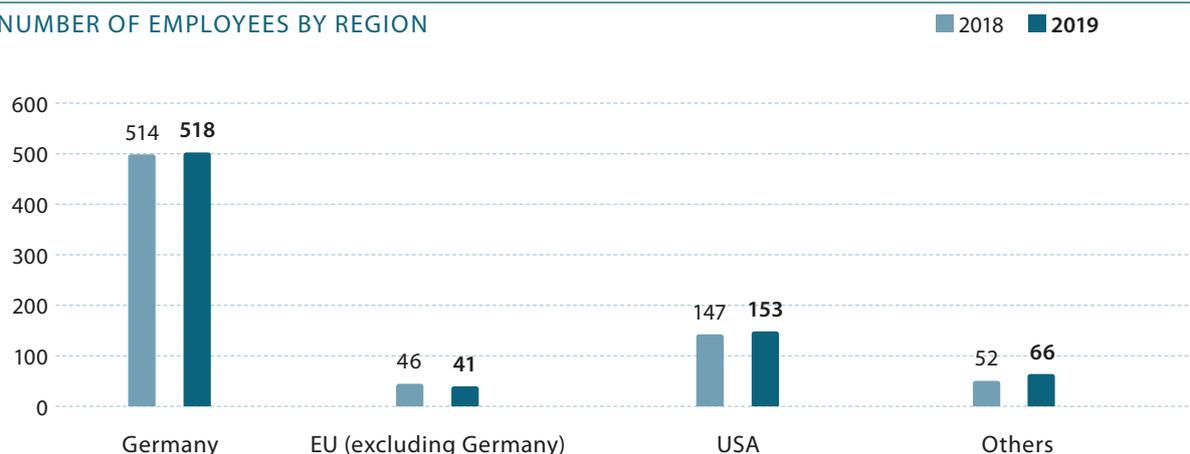
#### REVENUE PER EMPLOYEE € THOUSAND



#### NUMBER OF EMPLOYEES BY DEPARTMENT



## NUMBER OF EMPLOYEES BY REGION



Personnel expenses amounted to € 56.2 million in the year under review (previous year: € 54.6 million). This translates into average personnel expenses of around € 72.2 thousand per employee in 2019, compared with around € 71.8 thousand in the previous year. The slight increase in personnel expenses per employee is mainly due to the hiring of staff in preparation for the production expansion in the Radiopharma segment.

## 2.4 OVERALL STATEMENT ON THE ECONOMIC SITUATION

2019 was marked by continued revenue and earnings growth in the Radiopharma segment. While the Isotope Products segment delivered consistent results as usual, the Radiation Therapy segment continued its recovery enabling it to make a contribution again to the overall result. As a result, earnings per share, without major extraordinary effects, in 2019 reached € 4.29. The capital market is anticipating further growth, especially in the Radiopharma segment, and as a result, the company's market capitalisation has increased sevenfold in the past two years, hovering at € 1 billion at the end of the year.

As part of an organisational change process, the Radiation Therapy and the Radiopharma segments were combined to form a new Medical segment from 2020. The strengths of both segments can thus be combined to increase efficiency and better serve the common purpose.

The strong market positions of the respective segments are reflected in further improvement in the balance sheet ratios. The equity ratio, return on equity, debt repayment period and similar performance indicators have always been well above the average for German listed companies. In 2019, the room to manoeuvre increased further. The Group is debt-free, and even after accounting for lease liabilities of € 19.9 million in accordance with IFRS 16, it had a net cash position of € 58.9 million. As a result, the management can continue to focus on the global expansion strategy and actively take advantage of all opportunities that arise.

## 3. OPPORTUNITIES & RISK REPORT

Eckert & Ziegler AG's shareholders need to be aware that the company is exposed to a wide range of opportunities and risks that may influence the company's business activities and share price. This report outlines the risks and opportunities and their potential impact on the Group as a whole. Furthermore, it describes the Group's risk management system and the hedging measures in place.

The group's opportunities and risks indirectly affect the parent company, Eckert & Ziegler AG, through its shareholdings.

### 3.1 ORGANISATION OF RISK MANAGEMENT

The overall responsibility for risk management lies with the Executive Board. However, the operational responsibility – i.e., the early recognition, evaluation, management, and documentation of risks; the definition and implementation of suitable countermeasures; the corresponding communication – lies primarily with the respective segment management and the management of the subsidiaries. This level below the Executive Board bears responsibility for risk management in their area. In addition to the annual procedure for the structured recording of risks, operational management is required to monitor its area for a changing risk situation on an ongoing basis. Fundamental changes to the specific risk situation for the area must be reported immediately to segment management and the Executive Board. Changes in risks with fundamental financial implications must also be reported to Group accounting.

Eckert & Ziegler's technical and managerial staff are consulted as part of the aforementioned annual process of a structured risk inventory. They are asked to name new and existing opportunities and risks and classify them according to the probability of occurrence and their potential impact on the company. Preventative measures are taken, emergency plans are drafted if applicable, and regular evaluations are organised for these risks to the extent possible. These include but are not limited to monitoring the market and competitors, evaluating scientific literature, analysing customer complaints, and business costs and revenue statistics. The assessment of the risks according to probability of occurrence and the potential extent of damages is reported to the Supervisory Board once a year.

As part of risk management, risks are classified into financial risks, legal risks, IT risks, accounting-related risks and risks of the internal control system, personnel risks, general risks arising from the production and from handling radioactivity, general commercial and strategic risks and development risks. The risk owners have been identified. In a risk matrix, the identified risks are presented in terms of their likelihood of occurrence and their potential financial impact on EBIT in the categories low/ medium/high/very high. Any risks that threaten the continued existence of the Group as a going concern are highlighted and reported separately. Risks are classified as follows:

Classification	Probability of occurrence within 24 months	Intensity
1-Low	up to 25%	up to € 2 million
2-Medium	25 to 50%	€ 2 to 5 million
3-High	50 to 90%	€ 5 to 10 million
4-Very high	More than 90%	over € 10 million

Overall, a risk-minimising approach is chosen. Existing risks are consistently monitored and are minimised or hedged through continuous process improvements. New product developments and acquisitions are tested for potential risks from the very start and are incorporated into the risk management system. Market developments are monitored, as are the activities of competitors, with the aim of being able to swiftly and promptly modify and implement the Group's own strategies.

The Supervisory Board – which is informed about and approves all key decisions, and which is regularly kept up to date on business developments – serves as an additional risk-hedging element.

### 3.2 ACCOUNTING-RELATED RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Probability of occurrence: **Low**/Intensity: **Low**

Accounting-related risk management comprises all organisational rules and measures for detecting and handling financial reporting risks. As regards Group accounting, the purpose of the internal control system is to ensure that financial reporting conveys a true and fair view of the financial position, performance and cash flows of the Eckert & Ziegler Group, while complying with all the relevant laws and standards.

The consolidated financial statements contain the single-entity financial statements of Eckert & Ziegler AG as well as a total of 33 single-entity financial statements of domestic and foreign subsidiaries. Due to the number of companies and the differing regional distribution of the subsidiaries, risks exist in relation to the goal of reliable accounting. These can manifest themselves in the form of delayed publication, false statements in the consolidated financial statements, or fraudulent manipulations.

Two key components are used to ensure that risks are prevented or reduced within the Group: a system of instructions and rules of procedure, and reporting for monitoring and informative purposes. Rules of procedure regulate the scope of action for the Supervisory Board, the Executive Board and the managing directors of all Group companies and the inclusion of different levels of hierarchy in the decision-making process. Individual instructions, which apply to all employees, are available on the Group's intranet. Monitoring reports on the risk situation are provided to all those responsible in various degrees of detail at predefined intervals. The Supervisory Board is informed of the risks in an annual risk report.

The objective of the internal control system of the accounting and consolidation process is to minimise sources of error and to recognise errors quickly. A system was implemented which corresponds to the size of the Group. The following organisational rules and processes have been implemented to ensure that the financial reporting complies with the applicable standards:

- All units of the Group are integrated in a defined management and reporting structure. The applicable principles, structural and procedural organisation and defined processes are documented and are constantly adjusted to meet current developments.
- The consolidated financial statements are prepared according to a schedule which is determined by the department responsible for the consolidated financial statements. The schedule defines all important activities and deadlines.
- The Group's accounting departments are organised centrally, and in some cases, they operate on a transnational basis. The involvement of external service providers in the closing process is generally limited to tax calculations for foreign subsidiaries. In minor exceptional cases, financial statements are prepared externally.
- New issues are coordinated with the Group's headquarters. Changes to consolidated accounting are communicated directly to all employees and external service providers involved.
- The reporting of the subsidiaries is conducted using standardised forms which are completed by the respective accounting departments for the monthly, quarterly and annual financial statements.

- All information flows to the segments' controlling department where it is monitored. Deviation analyses are carried out and discrepancies in terms of compliance with financial statement-relevant group guidelines are examined and discussed with the respective subsidiary; if necessary, they are reported to the department responsible for the consolidated financial statements.
- Initial internal reconciliations and consolidations are carried out at segment level in the central controlling department. These include, among others, a reconciliation of receivables and liabilities among the group companies.
- Monitoring in the scope of consolidation arises from the consolidation process. Reconciliation discrepancies in consolidation are communicated to the respective subsidiaries and rectified.
- The consolidation is carried out with the help of commercial consolidation software, which is only used by authorised employees who have received adequate training.
- The internal tax department is involved in calculating items relevant for the financial statements that include taxes.
- Flat hierarchies, direct reporting channels and monthly interim financial statements enable the recognition of risks and early detection of errors.

Various items of the balance sheet are subject to discretion and thus are given special consideration in preparing the financial statements:

As a listed company, Eckert & Ziegler is required to adhere to IFRS accounting standards in accordance with Section 315a (1) of the German Commercial Code (HGB) as applicable in the EU. It must therefore calculate fair values for certain intangible assets as of the balance sheet dates. However, as there are no markets with reliable price information for many intangible assets, the fair values are usually based on estimates or forecasts with considerable uncertainties. As a result, there is in principle a risk in terms of the valuation of the intangible assets. Impairment tests are conducted annually if mandatory and when signs of impairment arise. Key assumptions are independently assessed by recognised rating agencies, peer groups or external experts to ensure that the estimates and valuations are sound and fit for purpose.

The amount of deferred taxes on losses carried forward is also subject to discretion, as the recognition of deferred tax assets is verified based on earnings forecasts.

Changes in procedures due to new IFRS regulations or the deterioration of planning assumptions on account of lower future income or changes to discounting rates could cast doubt on the recoverability of the intangible assets or deferred tax assets on loss carryforwards. This would result in non-cash impairment losses or write-downs.

Because the Eckert & Ziegler Group is active in manufacturing, it must maintain adequate inventories. However, it keeps inventories to a minimum in order to reduce costs and risks. Inventories are associated with impairment and inventory risks, which are limited by regular inventory and objective evaluation involving analysis of future market and sales opportunities.

Pension commitments result in actuarial valuation risks in Eckert & Ziegler's consolidated financial statements. External experts are commissioned to write actuarial reports to limit these risks.

The implemented processes, systems and controls sufficiently ensure that the (consolidated) accounting process complies with the International Financial Reporting Standards (IFRS), German Commercial Code (HGB) and other accounting-relevant regulations and laws and is therefore permitted.

### 3.3 FINANCIAL RISKS

Probability of occurrence: **Low**/Intensity: **Low**

The Group believes that it currently has sufficient financial resources to ensure its continued existence as a going concern. It also sees itself in a position to meet all payment obligations, even if a slight increase in the gearing ratio should become necessary in the upcoming financial years in order to secure growth through further acquisitions and finance the development of new products.

Eckert & Ziegler is nearly debt-free. The loan offer simulations from the various credit institutions in the 2019 project funnel all had attractive terms attached to them, which demonstrates that the Group has good financial standing. The Executive Board believes this is because of the Group's solid financing with a high equity ratio and the favourable prospects of the profitable operating units. In addition to the high equity ratio, solid balance sheet ratios further underpin the Group's creditworthiness as the non-current assets are more than covered by equity and non-current liabilities. Thanks to its strong equity base, the Group was able to implement a share buyback programme in 2018.

As a result, the Group considers the probability of occurrence and the impact of interest rate risks from the valuation of non-current assets and liabilities to be low.

In addition to economic and technical development risks, Eckert & Ziegler is exposed to the vicissitudes of the market. These naturally result not only in income risks, but also liquidity risks, as the Group may have to provide guarantees for loans of subsidiaries. Even if the management reacted quickly and reduced costs or withdrew from a risky business area, the Group would still be exposed. The Executive Board ensures to the greatest extent possible that the risks associated with the granting of loans or guarantees remain justifiable in relation to the Group's total assets.

The avoidance of financial risks is monitored and managed by tools such as annual financial planning with adjustments during the year and careful analysis of deviations from the plan. This makes it possible to identify potential risks at an early stage and take appropriate countermeasures.

Due to the high proportion of sales in the U.S., there is a degree of dependence on the exchange rate of the US dollar. As the subsidiary in the US that is responsible for the bulk of this revenue also incurs its costs in US dollars, the impact of exchange rate fluctuations is smaller than in conventional export transactions. Where required, the Group uses forward transactions and simple put-options to hedge foreign currency revenue generated by German exports. However, the probability of occurrence and the intensity of the impact are low due to the conditions described.

The Group is exposed to default risk on its trade receivables, in particular, in connection with its numerous foreign transactions. The probability of occurrence and the intensity of the impact is average where avals are used for guarantee purposes.

Risk exposure is primarily influenced by the size of the clients and the country-specific rules and opportunities to handle reimbursements of medical services by public providers.

New customers are generally assigned a credit score, and first deliveries generally require advance payment. Deliveries to customers that are considered a permanent risk due to their size or location are hedged by advance payment or letters of credit. Thus, high receivables are secured with documentary transactions.

The risk is monitored by means of regular past due analyses of all trade receivables. A functioning dunning management system has been established.

Eckert & Ziegler Strahlen- und Medizintechnik AG has currently not assumed any guarantees for loans granted to subsidiaries. There is a subordination agreement on one loan, which was granted directly by the Group to one of its subsidiaries. However, it is not expected to be used, as the subsidiaries are likely to meet their obligations.

A change in the interest rates, which will affect the Group's weighted average cost of capital (WACC) may lead to a change in the valuation of the shares in subsidiaries or goodwill at Group level. Changes in interest rates cannot be influenced by management. A liquidity risk is not associated with a possibly lower valuation of the financial assets mentioned.

### 3.4 POLITICAL RISKS

Probability of occurrence: **Medium**/Intensity: **Low**

As a result of the entry into the Brazilian market, the Group is exposed to the risk of exchange rate fluctuations in the Brazilian real. Political instability can lead to a further decline in the BRL rate, especially in Brazil. This can lead to currency losses on receivables. In addition, a decline in market share and sales can also be a consequence. This risk is mitigated by ongoing market analysis and corresponding adjustments of prices.

The Eckert & Ziegler Group includes two UK-based companies, each having significant economic position in this region. These economically relatively independent companies as well as the Group as a whole do not expect any significant effects from the forthcoming BREXIT.

### 3.5 LEGAL RISKS

Probability of occurrence: **Low**/Intensity: **Medium**

The Group is exposed to legal risks arising from lawsuits or legal proceedings by governments or government authorities in which it is currently involved or that may arise in the future. The outcome of currently pending or future litigation is not foreseeable, so that court or official decisions or agreement on settlements may result in expenses that are not or not fully covered by insurance or provisions, but have no material impact on the earnings and financial position.

There are currently no lawsuits or court proceedings that could be expected to have a substantial negative influence on the consolidated result.

### 3.6 IT RISKS

Probability of occurrence: **Low**/Intensity: **Low**

Eckert & Ziegler is exposed to the risk of IT system outages. In the event of loss/damage, this could result in loss of data and, in the worst-case scenario, business interruptions. Protective measures include regular backups, antivirus software, and the widespread use of virtualised servers.

### 3.7 PERSONNEL RISKS

Probability of occurrence: **High**/Intensity: **Low**

In many business areas, Eckert & Ziegler depends on the specialised knowledge of its employees. The company depends on the knowledge and expertise of particularly highly-qualified key individuals, especially when developing new business fields and in development and sales and distribution. In order to minimise the risk of losing talented employees, the company strives to create a pleasant and supportive atmosphere, a modern and secure working environment, adequate remuneration, professional training and further education opportunities, and flexible working hours. Eckert & Ziegler is reliant on employees with specialist knowledge. In some cases, vacant positions cannot be filled immediately due to the lack of qualified personnel. Despite employee-friendly measures, Eckert & Ziegler cannot guarantee that these employees will remain with the company or display the necessary level of commitment.

### 3.8 PROCUREMENT RISKS

Probability of occurrence: **Medium**/Intensity: **Medium**

The risk of delivery bottlenecks and production downtime arises if it is not possible to source all raw materials and indirect materials at the required time and in the necessary quantities. The Group could lose key suppliers, suppliers could experience capacity bottlenecks or political and organisational changes in the “supplier” countries could delay deliveries or make deliveries impossible. This risk can never be fully excluded. It can, however, be counteracted through warehousing and by establishing alternative sources of supply.

### 3.9 GENERAL RISKS FROM THE PRODUCTION AND HANDLING OF RADIOACTIVITY

Probability of occurrence: **Medium**/Intensity: **High**

Both radioactivity itself and its use in medical or medicinal products involve product liability risks. Eckert & Ziegler addresses these risks by adhering to strict quality criteria. The majority of sites are ISO-certified, and the functioning of the quality management systems is regularly checked by internal and external audits. In order to avoid accidents that could injure employees, cause damage to the environment, or prompt regulatory agencies to close down production facilities, employees regularly undergo training on occupational safety and radiation protection. Despite all these measures, it cannot be ruled out that events giving rise to liability could nevertheless occur and pose a threat to the company. As far as it is possible and feasible, appropriate insurance has been taken out to guard against liability risks.

Eckert & Ziegler is dependent on specialised service providers to ship products worldwide that are often transported as hazardous goods. It cannot be guaranteed that these offers are maintained in the existing form. Special official authorisation is necessary for the manufacturing and shipment of many products. Eckert & Ziegler is able to exert only indirect influence on the issuing or renewal of such authorisation. Given the rising threat of terror around the world, there is also the risk that the transportation of radioactive components will be more strictly regulated.

Those who handle radioactive materials require a licence. This licence is issued by the competent authority in the relevant German federal state. The licence for handling radioactive materials is issued under Article 7 of the German Radiation Protection Ordinance (StrlSchV). The licence is subject to compliance with extensive conditions listed in Article 9 StrlSchV, and there is a risk that these will not be complied with. The application for a licence or amendment to a licence must be accompanied by appropriate documents to document compliance with the aforementioned requirements. The licence can be withdrawn if certain regulations, in particular documentation regulations, are not complied with.

Eckert & Ziegler makes every effort to comply with all the relevant regulations and to implement any changes, orders and documentation requirements in a timely manner. Other authorisations, which are also mandatory for the business, are complied with and the relevant regulations and measures are introduced on time. While Eckert & Ziegler works closely with the approval authorities and also uses the help of local partners in regulatory matters, there is a risk that it may not be possible to implement certain requirements within the specified time limit. Eckert & Ziegler relies on options for the disposal of radioactive waste, which is created when taking back sources or during production. A closure or delayed opening of disposal facilities can lead to significant increases in costs. Efforts are made to reduce the impact of this risk to the greatest extent possible through internal recycling. However, this uncertainty cannot be completely eradicated.

There is also the risk that already classified radioactive waste may have to be disposed of differently than initially assumed due to new regulatory requirements. This may result in the actual costs exceeding the values stated in the provision.

The handling of radioactive substances requires approval from the relevant government authorities. It cannot be ruled out that production or handling in individual cases or at certain locations may become more expensive, restricted or even prevented due to changes in legal or regulatory conditions.

### 3.10 MARKET RISKS AND STRATEGIC RISKS

Probability of occurrence: **High**/Intensity: **Low**

As a specialist for a broad portfolio of isotope-based components, irradiation equipment, and radiopharmaceuticals, Eckert & Ziegler is better protected against slumps in the market than single-product companies. Although the various business segments are technologically close, they differ considerably in the product lifecycle as well as in the customer and market structures. This diversification generally reduces the risk that competitors will undermine the company's business foundation with new and better products. Nevertheless, it cannot be ruled out that improved processes and efforts by competitors might cause the loss of important markets, thereby endangering the company.

To counter this threat, Eckert & Ziegler actively seeks to develop new products and to identify and develop new business fields. However, there is the risk that such efforts will remain unsuccessful and that new business fields can only be developed too late, or inadequately, or not at all. Furthermore, it cannot be ruled out that competitors might have greater success with other products or market launch strategies.

In the medical divisions, the economic success of Eckert & Ziegler's products depends on cost reimbursement for the respective applications. A reduction or elimination of cost reimbursement would have dire consequences on sales and earnings. Capital goods are also sold in the segments. In this regard, there is a risk of limited budgets at public and private customers.

### 3.11 RISKS POSED BY COST INCREASES DUE TO PRICE HIKES

Probability of occurrence: **Medium**/Intensity: **High**

There is a general risk that suppliers will increase their list prices by 3–5% annually. Price negotiations and strategic purchasing decisions (such as framework agreements, quantity discounts, etc.) can counteract these developments or improve predictability and provide cost certainty for a certain period of time.

There is a much higher risk from cost increases in the contaminated radioactive waste sites. As a result of political decisions and changes in legal requirements as well as government capacities, the costs of disposal may rise, for example due to a reclassification of old waste, bottlenecks in acceptance and thus time delays or higher acceptance costs as a result of change to permanent disposal site conditions, which are passed on to the disposing companies. The provisions formed and calculated on the basis of the knowledge and assumptions available today may, therefore, not be sufficient to cover the actual disposal costs.

For this reason, the management places the highest priority on the processing and timely disposal of these contaminated sites.

### 3.12 MAIN CUSTOMER RISK

Probability of occurrence: **High**/Intensity: **Medium**

The Group's five largest customers account for around 30% of operating revenue. In 2019, this was mainly due to the very healthy order pipeline in the radiopharmaceutical sector. This revenue performance is expected to be repeated in 2020, as Eckert & Ziegler attaches importance to long-term arrangements or contracts.

### 3.13 RESEARCH AND DEVELOPMENT RISKS

Probability of occurrence: **Medium**/Intensity: **Medium**

The Eckert & Ziegler Group carries out its own research projects where possible. These projects mainly involve further development of the company's own existing products in order to maintain or reduce the competitive situation compared to the competition and alternative application methods. These measures may prove unsuccessful as a result of faster market developments, incorrect targets or non-achievement of the development objectives. Through market observations and project management-related measures, an attempt is made to minimise the risks. At the same time, successfully completed development projects offer opportunities for disproportional organic growth.

### 3.14 RISKS DUE TO INSUFFICIENT INNOVATIONS IN THE RADIATION THERAPY SEGMENT

Probability of occurrence: **High**/Intensity: **Low**

In the Radiation Therapy segment, there is the risk that new innovations are lacking or inadequate or the Group fails to develop new products, or they are not sufficiently innovative. This could lead to economic targets not being achieved.

As safeguards, expansion of human resources for targeted innovation management is planned. The management takes countermeasures through innovation partnerships, the purchase of licences and flexible planning strategies.

### 3.15 RISKS RELATING TO FINANCIAL INSTRUMENTS

Financial instruments are only concluded to hedge the operating business, such as risks arising from changes in exchange and interest rates. As financial instruments are only used to hedge transactions where the volumes exceed a certain threshold, exchange rate and interest rate fluctuation therefore have a certain impact on the Group's earnings.

### 3.16 RISK DEVELOPMENT

Despite the growth in its range of products, there has been no increase in the risk profile for the Eckert & Ziegler Group that could threaten the existence of the company. There have been no material changes in risks.

### 3.17 OPPORTUNITY REPORT

The momentum in M&A activity in recent years reflects the market's interest in decades of developments in radiopharmaceuticals. Precision oncology procedures enable patients to have more targeted tumour treatments and deliver higher success rates. Eckert & Ziegler is well equipped to take advantage of this opportunity due to its established strong position in this niche market. Eckert & Ziegler is one of the few suppliers of key products in precision oncology diagnostics, such as the Ga-68 generator. The Group's revenue growth, record-level net cash position of € 70 million and the inclusion in the S-DAX are proof that the strategy of the Executive Board, which was implemented in the previous years, is working. Sustainable growth is premised on the ongoing review and optimisation of existing processes and the product portfolio. The company is consolidating its competitive advantages by extending approvals and expanding its markets. The greatest challenge for the Group remains the identification and expansion into new business areas aimed at strengthening both new and existing portfolios. To this end, the Group invests in joint ventures (e.g. TLC) and development projects (e.g. with the Israeli company Isotopia Molecular Imaging). The purchase of companies and/or participations also serves the purpose of opening up new business areas for the Group. In addition, the boom in the radiopharmaceutical industry is also creating opportunities in the area of restoration and containment of contaminated sites. While they tend to be classified as a risk due to the growing red tape, this is not necessarily the case. If the management finds innovative solutions, which can be used to reduce provisions, this could translate into considerable income. This assessment also applies to provisions for the dismantling of existing plants.

## 4. OUTLOOK

### 4.1 COMPARISON WITH THE PREVIOUS YEAR

Forecasts for the 2019 financial year prepared in March 2019 put revenue at € 180 million, EBIT at around € 23.5 million and consolidated profit at € 18.3 million. At the beginning of the third quarter of 2019, the forecasts were adjusted, and the Group now expects consolidated profit to reach € 20.5 million or € 4.00 per share. With revenue of € 178.5 million, EBIT of € 32.1 million and a consolidated profit of € 22.5 million, the Group met or exceeded these targets.

### 4.2 SITUATION AT THE BEGINNING OF 2020

By the end of 2019, global growth in the gross domestic product (GDP) slowed down. According to the forecasts of the Kiel Institute for the World Economy (IfW) published in report No. 61 of 11 December 2019<sup>1</sup>, GDP growth in 2020 will be largely flat with “3.1 percent and only slightly higher”<sup>2</sup> than in 2019. In the US and Europe, which are particularly relevant to Eckert & Ziegler, gross domestic product is expected to grow by 1.5% and 1.2% respectively, which is essentially flat compared to previous year. As usual, the forecast is subject to a number of caveats, in particular, the need to settle trade disputes. In this context, the report mentions tensions between the US and the European Union over the digital tax levied by France and the subsidies in the aviation sector, which the WTO has classified as illegal. In contrast, the recent rapprochement between the US and China is interpreted as a glimmer of hope.

As a supplier of medical products, Eckert & Ziegler is only partially affected by cyclical fluctuations. Demand in the healthcare sector is shaped more by demographic and structural factors than general economic factors. The Executive Board is currently more concerned about the fall in oil prices, as this is shaping the exploration activities of the energy groups and, as a result, demand for measurement technology components, in which Eckert & Ziegler has strong market positions. The decision of the Russian government in March 2020 to break the OPEC oil alliance is, therefore, much more consequential to the Group’s revenue and earnings than a few percentage points here and there of the global domestic product. If the oil price remains below USD 40 per barrel, it can be expected that the US energy companies will reduce their shale gas activities and thus their orders in the medium term.

Further risks have currently arisen from the spread of a new infectious disease (COVID-19). In the meantime, the virus has spread to Europe and the US, sending stock markets everywhere into a tailspin. At the end of February, Germany’s leading index, the DAX, suffered its biggest weekly loss in over eleven years. The share price of Eckert & Ziegler AG also fell during the week in line with the leading index. However, as a self-financing, debt-free and profitable company, our dependence on the capital market is currently low. We do not expect the bear market to give rise to any major risks.

Similarly, we do not believe that we will face plant closures as a result of emergency orders. In Germany, the bans are limited to the retail sector and public-facing services. If these regulations are unexpectedly tightened, the manufacturers of medical and pharmaceutical components will be among the last to be affected. In California, a far-reaching “safer-at-home” regulation for all non-essential companies was implemented on 20 March 2020, which did not apply to operations in Burbank and Valencia, as suppliers of medical components were excluded as expected. We hope that similar considerations will keep the other locations open as well.

<sup>1</sup> [https://www.econstor.eu/bitstream/10419/213892/1/kkb\\_61\\_2019-q4\\_welt.pdf](https://www.econstor.eu/bitstream/10419/213892/1/kkb_61_2019-q4_welt.pdf)

<sup>2</sup> *Ibid*, p.8

We believe that the risk of having to temporarily shut down individual parts of the company due to an outbreak is much greater. We try to counter this by dividing employees into smaller, redundant work groups that are strictly separated from each other in terms of space and time. The situation would also be critical if supply chains collapse, for example, if international air traffic is suspended for several weeks. Radioactive raw materials and products cannot usually be stored for long periods of time and must be processed and delivered quickly. At the time of printing (March 2020), the Executive Board assumes that the supply of raw materials and delivery to customers will become more difficult, but it will not lead to blanket loss of revenue.

Nevertheless, the coronavirus crisis will affect Eckert & Ziegler in many areas. In several countries, for example, the strain on the health system will result in surgeries being postponed or cancelled. We are noticing the first impact of this in the form of a drop in orders for prostate cancer implants. Revenue from maintenance and services will also suffer considerably from the travel restrictions to which service technicians are also exposed. We will attempt to counteract the resulting losses in part by introducing reduced working hours.

Other general conditions which are of importance to Eckert & Ziegler include the U.S. dollar/euro exchange rate. As the Isotope Products segment, which is based in the U.S., makes a significant contribution to the Group's earnings and liquidity, even minor changes in the exchange rate have a noticeable impact on the Group's revenue. However, as expenses are also incurred in USD, the impact of exchange rate fluctuations on income is limited.

In 2019, the weighted average exchange rate was USD 1.12 per euro, not far above the previous year's figure of USD 1.18 per euro. At the time of preparation of the consolidated financial statements, the exchange rate was approximately USD 1.11. In historical retrospect (a similar price level was last seen at the beginning of 2017), this rate has not caused any distortions. If the consensus of various economists<sup>3</sup> who expect the year-end rate for 2020 to be USD 1.15 per euro remains unchanged, the exchange rate effects should be negligible and have no significant impact on the Group.

The following forecasts are made based on the assumptions concerning the economic outlook, special factors and exchange rates:

#### 4.3 FUTURE BUSINESS DEVELOPMENT IN THE ISOTOPE PRODUCTS SEGMENT

In recent years, the Isotope Products segment was characterised by steady growth in revenue and income with limited organic growth. These key points would not change much in 2020 were it not for two factors that came together at the beginning of 2020 to force haircuts. One factor is the dissolution of OPEC & the fall in oil prices, which means that the exploration of shale gas will no longer be worthwhile for many customers in North America. As a result, it is likely that the lucrative revenue generated by metrological components will fall sharply compared to previous years. Second, the coronavirus crisis has adversely affected revenue and earnings. The effect is temporary and noticeable rather than dramatic and sustainable. This is mainly due to travel restrictions, which mean that numerous services can no longer be provided and invoiced by service technicians. The closure or capacity reduction of many scientific institutes will also have an effect on the demand for calibration sources and similar low-level radioactive components. Therefore, as long as the price of oil remains below USD 40 per barrel and the distortions caused by the coronavirus crisis persist, we believe, based on the information available at the end of March 2020, that we can conservatively expect revenue of around € 90 million and EBIT of around € 8 million.

<sup>3</sup> articulated in "Consensus Economics"

#### 4.4 FUTURE BUSINESS DEVELOPMENT IN THE MEDICAL SEGMENT

On 1 January 2020, the Radiation Therapy and Radiopharma segments were combined to form a new Medical segment. This is designed to exploit synergies and increase efficiency. We continue to believe that the demand for radiopharmaceutical active ingredients will increase in the coming periods resulting in above-average organic growth in revenue and earnings. Both the demand and the production capacities are available. However, any growth has ground to a halt at the beginning of 2020 due to the corona pandemic. This has affected mainly the traditional business beyond radiopharmaceuticals. Hospitals worldwide are shifting their resources from oncology departments to intensive care units. As a result, surgeries are postponed or cancelled for prostate patients. Due to the travel restrictions for engineers, the actual revenue of the division will be lower than forecasts, because they will not be able to invoice maintenance and other services as usual. Travel and transport are much more difficult to arrange, and it can be expected some deliveries will fail. While the conditions are likely to return to normal in a few quarters, we believe that it is necessary to adjust the revenue and earnings forecasts for the 2020 financial year to reflect the change in circumstances. We, therefore, expect earnings before interest and taxes (EBIT) to reach around € 20 million and revenue to reach € 80 million in 2020.

#### 4.5 FUTURE BUSINESS DEVELOPMENT IN THE GROUP

Under normal circumstances, we would have expected revenue and earnings for 2020 to come in above the record figures of the previous year. As a result of the fall in oil prices and the coronavirus crisis, we now conservatively expect revenue of almost € 170 million and EBIT of € 25 million for the 2020 financial year. The consolidated profit is forecast to reach € 18 million or € 3.50 per share. The forecast is based on an exchange rate of up to USD 1.20 per euro, and the assumption that the coronavirus crisis will not lead to closures of key production facilities.

#### 4.6 FUTURE BUSINESS DEVELOPMENT OF ECKERT & ZIEGLER STRAHLEN- UND MEDIZINTECHNIK AG

The holding company itself is expected to generate revenue of € 7 million in 2020, representing an increase of € 1 million, due to higher income from services. The holding company is expected to have an operating loss before interest and taxes (EBIT) of € 3 million. This will be counterbalanced by dividend income and profit transfers of around € 15 million, and the forecast net profit for the 2020 financial year should be around € 12 million, supporting stable dividend payments to shareholders.

## 5. OTHER DISCLOSURES

### 5.1 NON-FINANCIAL DISCLOSURES

Eckert & Ziegler is committed to sustainably aligning its corporate activities with a balanced relationship between economic, social and ecological aspects. Only in this way we can ensure the long-term success of the Group. For further information, please refer to our sustainability report on our website at [www.ezag.com](http://www.ezag.com) > *Investors* > *Reports*.

### 5.2 REMUNERATION REPORT

#### 5.2.1 Main features of the remuneration system

The Executive Board remuneration structure is oriented toward providing an incentive for long-term successful company development. A key aspect of the remuneration policy is that it sets out both fixed remuneration components and variable remuneration components with a multi-year assessment basis. This combination ensures that remuneration of members of the Executive Board adequately reflects both positive and negative performance.

The area of responsibility and the individual performance of the respective members of the Executive Board are of particular importance when it comes to determining total remuneration and the split between various remuneration components. The financial position, success and future outlook of the company are also included in this evaluation. Ultimately, remuneration should be attractive and appropriate compared to competitors and within the context of the remuneration structure at Eckert & Ziegler, with regard to both the upper management level and the workforce.

The Supervisory Board determines the total remuneration of the individual members of the Executive Board as well as the remuneration structure for a period of several years and performs regular reviews. The aim is a remuneration structure that is geared towards sustainable company development. In accordance with the Act on the Appropriateness of Management Board Remuneration (VorstAG), the contracts with members of the Executive Board were amended with effect from the 2011 financial year, establishing a multi-year assessment basis for calculating variable remuneration components and limits. Moreover, an option was introduced to limit Executive Board remuneration to a reasonable amount if and for as long as the economic situation of the company deteriorates. Fixed compensation components are paid monthly as salary on a pro-rata basis. The members of the Executive Board also receive additional benefits in kind, which essentially consist of use of a company car, a telephone and insurance premiums. As a rule, these are equally available to all members of the Executive Board. The extent of fringe benefits, however, may vary depending on the individual member's situation. As part of the overall remuneration of the members of the Executive Board, these benefits are subject to taxes.

Profit-sharing bonuses are variable compensation components and are usually measured on a multi-year basis. This is based on a percentage of cumulative EBIT or net profit generated in the direct area of responsibility, observed over a defined period of multiple years. Partial payments are made annually after approval of the financial statements; final settlement will be made at the end of the defined period. It is also possible to agree on variable compensation elements that are based only on an annual evaluation of successes and thus are based either on the achievement of a specific objective or a share as a percentage of the annual profit or loss. The variable components are subject to upper limits in terms of amount.

No severance payments have been agreed on in the event of premature or regular termination of a member's term on the Executive Board. Non-compete clauses were agreed for two members of the Executive Board, which provide for a part of the fixed salary to be paid over a certain period of time as compensation for being bound by the non-compete obligation in the sector. There are no pension commitments in the event of a member leaving the company. However, the company granted occupational pension benefits to two active members of the Executive Board in the year under review in the form of a so-called reinsured support fund, which is financed by deferred compensation.

From 30 May 2018, members of the Supervisory Board receive a fixed annual remuneration of € 12,000 (until 30 May 2018, members received € 10,000). From 30 May 2018, the chair receives triple the amount and the deputy chair double the amount (until 30 May 2018, the chair and the deputy chair received double and one-and-a-half times this amount, respectively).

Where a member has not been on the board for a full financial year, the respective member receives remuneration on a pro rata basis.

In addition to the fixed annual remuneration, members of the Supervisory Board receive € 1,000 for each supervisory board meeting they participate in.

## 5.2.2 Total remuneration of the Executive Board

In the 2019 financial year, the total remuneration of the members of the Executive Board amounted to € 1,795 thousand (previous year: € 1,662 thousand). This corresponds to an 8% increase over the previous year. Of this total remuneration, € 945 thousand (previous year: € 957 thousand) was attributed to fixed salary components and € 850 thousand (previous year: € 705 thousand) to variable salary components.

In accordance with an agreement reached with the Supervisory Board, Dr. Harald Hasselmann receives most of his remuneration from the subsidiary Eckert & Ziegler BEBIG GmbH and Dr. Lutz Helmke from the subsidiary Eckert & Ziegler Radiopharma GmbH.

The following table shows the Executive Board remuneration granted in the year under review and the previous year.

Figures in €	Dr. Andreas Eckert				Dr. Harald Hasselmann				Dr. Lutz Helmke			
	Chairman of the Executive Board EZAG				Member of the Executive Board responsible for the Therapy segment				Member of the Executive Board responsible for the Radiopharma segment			
	2018	2019	Min	Max	2018	2019	Min	Max	2018	2019	Min	Max
	Date appointed: July 3, 1997				Date appointed: January 1, 2017				Date appointed: September 17, 2018			
Fixed remuneration	300,000	438,240	438,240	438,240	196,245	203,600	203,600	203,600	60,667	210,000	210,000	210,000
Additional benefits	35,255	38,281	38,281	38,281	34,294	37,338	37,338	37,338	10,883	42,034	42,034	42,034
<b>Total</b>	<b>335,255</b>	<b>476,521</b>	<b>476,521</b>	<b>476,521</b>	<b>230,539</b>	<b>240,938</b>	<b>240,938</b>	<b>240,938</b>	<b>71,550</b>	<b>252,034</b>	<b>252,034</b>	<b>252,034</b>
Inventor's compensation	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	387,640	500,000	0	500,000	116,800	125,010	0	150,000	0	200,000	0	200,000
Bonus on Group EBIT (5 years)	387,640	500,000	0	500,000								
Bonus on group net profits excluding the Therapy segment (3 years)					100,000	100,000	0	100,000				
Bonus on net profits Therapy segment (3 years)					16,800	25,010	0	50,000				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									0	50,000	0	50,000
Bonus on EBIT for the Radiopharma segment (3 years)									0	150,000	0	150,000
<b>Total</b>	<b>387,640</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>116,800</b>	<b>125,010</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>
Benefit expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total remuneration</b>	<b>722,895</b>	<b>976,521</b>	<b>476,521</b>	<b>976,521</b>	<b>347,339</b>	<b>365,948</b>	<b>240,938</b>	<b>390,938</b>	<b>71,550</b>	<b>452,034</b>	<b>252,034</b>	<b>452,034</b>

The following table shows the Executive Board remuneration paid in the year under review and the previous year.

Figures in €	Dr. Andreas Eckert				Dr Harald Hasselmann				Dr Lutz Helmke			
	Chairman of the Executive Board EZAG				Member of the Executive Board responsible for the Therapy segment				Member of the Executive Board responsible for the Radiopharma segment			
	2018	2019	Min	Max	2018	2019	Min	Max	2018	2019	Min	Max
	Date appointed: July 3, 1997				Date appointed: January 1, 2017				Date appointed: September 17, 2018			
Fixed remuneration	300,000	300,000	300,000	300,000	196,245	203,600	203,600	203,600	60,667	210,000	210,000	210,000
Additional benefits	35,255	38,281	38,281	38,281	34,294	37,338	37,338	37,338	10,883	42,034	42,034	42,034
<b>Total</b>	<b>335,255</b>	<b>338,281</b>	<b>338,281</b>	<b>338,281</b>	<b>230,539</b>	<b>240,938</b>	<b>240,938</b>	<b>240,938</b>	<b>71,550</b>	<b>252,034</b>	<b>252,034</b>	<b>252,034</b>
Inventor's compensation	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	387,640	352,347	0	500,000	116,800	125,010	0	150,000	0	200,000	0	200,000
Bonus on Group EBIT (5 years)	387,640	352,347	0	500,000								
Bonus on group net profits excluding the Therapy segment (3 years)					100,000	100,000	0	100,000				
Bonus on net profits Therapy segment (3 years)					16,800	25,010	0	50,000				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									0	50,000	0	50,000
Bonus on EBIT for the Radiopharma segment (3 years)									0	150,000	0	150,000
<b>Total</b>	<b>387,640</b>	<b>352,347</b>	<b>0</b>	<b>500,000</b>	<b>116,800</b>	<b>125,010</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>
Benefit expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total remuneration</b>	<b>722,895</b>	<b>690,628</b>	<b>338,281</b>	<b>838,281</b>	<b>347,339</b>	<b>365,948</b>	<b>240,938</b>	<b>390,938</b>	<b>71,550</b>	<b>452,034</b>	<b>252,034</b>	<b>452,034</b>

<sup>1</sup> The fixed and variable remuneration of the Executive Board members, Dr. Harald Hasselmann and Dr. Lutz Helmke, is not included in the personnel expenses of the AG, as it is paid through subsidiaries.

<sup>2</sup> In individual cases, the variable remuneration may be lower or higher than the minimum or maximum amounts shown, because the adjustment of the caps is always cumulative over the term of the contract, and the stated minimum and maximum amounts represent the annual average.

Under the terms of his contract, the Chairman of the Executive Board, Dr. Andreas Eckert, is entitled to receive a share-based remuneration in addition to a fixed salary. In consideration of his activities, Dr. Eckert is entitled to 200 shares of Eckert & Ziegler AG per month. After termination of the current executive board contract, the Group is obliged to provide Dr. Eckert with shares of Eckert & Ziegler AG for the rights acquired up to that point. The fair value of the rights to 2,400 shares granted in total in the 2019 financial year was € 457 thousand as at 31 December 2019 (based on the XETRA closing price of the Eckert & Ziegler share on 30 December 2019 (€ 190.60) without taking future dividends into account).

The disclosed variable remuneration for 2019 is based on the final financial statement figures and is paid in this amount in 2020. Due to the iteration problem, the provisions for bonuses contained in the balance sheet as at 31 December 2019 may differ slightly.

Former Executive Board member Dr. André Heß was promised compensation for a post-contractual non-compete obligation amounting to 50% of his annual remuneration if he left the Group after termination of his executive board contract, and this amount was shown accordingly in the remuneration report for the previous year. In connection with the termination of the executive board contract with Dr. André Heß, a member who left the Executive Board effective 31 August 2018, an amount of € 276 thousand was set aside in addition to the executive board remuneration recorded in the remuneration report. In the 2019 financial year, the Group settled the dispute over the termination of the executive board contract between Eckert & Ziegler AG and Dr. Heß. The pension provisions in the amount of € 265 thousand (previous year: € 383 thousand) relate to another former member of the Executive Board and from the end of 2019, his surviving dependents. Pension payments of € 32 thousand were made to this former Executive Board member in the 2019 financial year (previous year: € 32 thousand).

### 5.2.3 Total remuneration of the Supervisory Board

In the 2019 financial year, the members of the Supervisory Board received fixed remuneration of € 108 thousand (previous year: € 94 thousand) and attendance fees of € 28 thousand (previous year: € 33 thousand). This translates into a total expense of € 136 thousand (previous year: € 127 thousand).

The individual members of the Supervisory Board received the following remuneration:

Name	Position for which remuneration was paid	Fixed remuneration	Attendance fee	Total
€ thousand				
Prof. Dr. Wolfgang Maennig	Chairman of the Supervisory Board	€ 36 thousand (2018: € 29 thousand)	€ 4 thousand (2018: € 6 thousand)	€ 40 thousand (2018: € 35 thousand)
Prof. Dr. Helmut Grothe	Deputy Chairman of the Supervisory Board	€ 24 thousand (2018: € 20 thousand)	€ 5 thousand (2018: € 6 thousand)	€ 29 thousand (2018: € 26 thousand)
Albert Rupprecht	Member of the Supervisory Board	€ 12 thousand (2018: € 11 thousand)	€ 4 thousand (2018: € 6 thousand)	€ 16 thousand (2018: € 17 thousand)
Dr. Edgar Löffler	Member of the Supervisory Board	€ 12 thousand (2018: € 0 thousand)	€ 5 thousand (2018: € 0 thousand)	€ 17 thousand (2018: € 0 thousand)
Jutta Ludwig	Member of the Supervisory Board	€ 12 thousand (2018: € 0 thousand)	€ 5 thousand (2018: € 0 thousand)	€ 17 thousand (2018: € 0 thousand)
Frank Perschmann	from 29/05/2019: Member of the Supervisory Board	€ 7 thousand (2018: € 0 thousand)	€ 2 thousand (2018: € 0 thousand)	€ 9 thousand (2018: € 0 thousand)
Prof. Dr. Detlev Ganten	up to 29/05/2019: Member of the Supervisory Board	€ 5 thousand (2018: € 11 thousand)	€ 3 thousand (2018: € 4 thousand)	€ 8 thousand (2018: € 15 thousand)
Dr. Gudrun Erzgräber	up to 31/12/2018: Member of the Supervisory Board	€ 0 thousand (2018: € 11 thousand)	€ 0 thousand (2018: € 5 thousand)	€ 0 thousand (2018: € 16 thousand)
Hans-Jörg Hinke	up to 31/12/2018: Member of the Supervisory Board	€ 0 thousand (2018: € 11 thousand)	€ 0 thousand (2018: € 6 thousand)	€ 0 thousand (2018: € 17 thousand)

No remuneration or benefits were paid to Supervisory Board members for services, in particular consulting and brokerage services, rendered outside of their activities on the Supervisory Board in the period under review.

The Supervisory Board has not established any committees, in particular an audit committee or nomination committee. The need to form committees, in particular an audit committee or a nomination committee, is not considered to be a priority by the Supervisory Board due to the small number of Supervisory Board members and the company's specific circumstances. All the duties of these committees are therefore performed by the Supervisory Board as a whole.

### 5.3 INFORMATION REQUIRED UNDER TAKEOVER LAW

As at 31 December 2019, the company's share capital was € 5,292,983 (previous year: € 5,292,983), divided into 5,292,983 no-par value bearer shares. Each share represents one vote and is entitled to a share in profit. There are no shares with multiple, preferential or maximum voting rights.

The Executive Board is not aware of any restrictions concerning voting rights or the transfer of shares.

Under the German Securities Trading Act (WpHG), every investor who reaches, exceeds or falls short of certain amounts of voting rights in the company by way of acquisition, sale or any other action is required to notify the company and the German Federal Financial Supervisory Authority (BaFin). The lowest threshold for the disclosure of voting rights is 3%. Direct or indirect shareholdings in the capital of the company that exceed 10% of the voting rights were disclosed to the company as follows:

As at 31 December 2019, the Chairman of the Executive Board, Dr. Andreas Eckert, held 1,692,990 shares indirectly through Eckert Wagniskapital und Frühphasenfinanzierung GmbH, Panketal, Germany, and 12,001 shares directly, representing a total of 30.8% of the share capital of Eckert & Ziegler Strahlen- und Medizintechnik AG of 5,292,983 shares. As at 31 December 2019, the total holdings of the remaining members of the Group's Executive Board and Supervisory Board of shares issued by Eckert & Ziegler Strahlen- und Medizintechnik AG amounted to under 1% of the share capital.

Shares with special rights that confer powers of control did not and do not exist.

The Executive Board manages the company and represents it in dealings with third parties. Article 84 AktG governs the appointment and dismissal of members of the Executive Board. The Supervisory Board appoints the members of the Executive Board for a maximum of five years. Repeat appointments or extensions of the term of office for a maximum of another five years are permissible. Such repeat appointments or extensions require another resolution by the Supervisory Board; this cannot be adopted earlier than one year prior to the expiry of the current term of office. The Supervisory Board can appoint a Member of the Executive Board to the position of Chairman of the Executive Board. The Supervisory Board can revoke an appointment to the Executive Board and the appointment of a Member of the Executive Board to Chairman of the Executive Board for good cause. Possible causes include serious breach of duty, the inability to properly manage a business and a vote of no confidence by the Annual General Meeting.

In accordance with Article 6 of the articles of association, the Executive Board consists of one or more members. The Supervisory Board determines the number of members of the Executive Board.

The Articles of Association contain general provisions on the form of the company. Pursuant to Article 179 AktG, any changes to articles of association are subject to approval by the Annual General Meeting requiring at least a majority of three-quarters of the share capital represented at the time the resolution is adopted.

The Executive Board is authorised to increase the share capital until 29 May 2023 with the consent of the Supervisory Board in the amount of up to € 264,649 by issuing new no-par bearer shares in exchange for cash contributions and/or contributions in kind (authorised capital). The new shares shall, in principle, be offered to shareholders for subscription; they can also be acquired by one or several financial institutions or similar companies on the condition that they offer them to the shareholders for subscription.

With the consent of the Supervisory Board, the Executive Board can:

- exclude shareholders' subscription rights up to an amount not exceeding 10% of the share capital existing at the time of the exercise of this authorisation, in order to issue the new shares against cash contributions at an issue price that is not significantly lower than the market price of the Company's already listed shares of the same class. Treasury shares of the company sold during the period of this authorisation under exclusion of shareholders' subscription rights in direct or analogous application of Article 186 (3) sentence 4 AktG will be counted towards this 10% limit. Furthermore, when calculating the 10% limit, shares issued or to be issued during the period of this authorisation to service convertible bonds and/or bonds with warrants must be taken into account, provided that the bonds were issued under exclusion of subscription rights in analogous application of Article 186 (3) sentence 4 AktG;
- exclude shareholders' subscription rights for the purpose of acquiring contributions in kind, in particular through the acquisition of companies or interests in companies or through the acquisition of other assets, including rights and claims, if the acquisition is in the company's best interest and should be completed in exchange for the issue of shares in company.
- exclude shareholders' subscription rights to the extent necessary to grant holders of convertible bonds and/or bonds with warrants issued by the company or its subsidiaries a subscription right to new shares to the extent to which they would be entitled after exercising their conversion or option rights;
- exclude shareholders' subscription rights to offer the new shares to employees of the company or its affiliated undertakings in return for cash contributions.
- exclude shareholders' subscription rights to compensate for fractional amounts.

The Executive Board is authorised, with the approval of the Supervisory Board, to determine further details pertaining to the implementation, the rights attached to the shares and terms of the issue, including the issue price. The Supervisory Board is authorised to amend the articles of association after the capital increase is completed and if the company does not issue shares up to the full amount of authorised capital by 29 May 2023, after the end of the authorisation period.

First, it shall be possible to exclude the preferential right for fractional amounts. This simplifies the procedure of issuing shares with preferential rights for shareholders. Fractional amounts may result from the respective issue volume and the need for a manageable subscription ratio. The value of such fractional amounts is usually low for individual shareholders, but, without exclusion, they make the issuing process considerably more complex. The potential dilution effect is negligible as only fractional amounts are eliminated. New shares excluded from preferential rights due to fractional amounts will be used in the best possible way for the company. Excluding preferential rights is therefore a matter of practicality and simplifies the process of issuing new shares.

The subscription right is to be excluded if the new shares are issued in the event of cash capital increases in accordance with Article 186 (3) sentence 4 AktG at an amount that is not significantly lower than the stock exchange price. This authorisation enables the company to leverage market opportunities quickly and flexibly in various areas of business and cover resulting capital requirements at extremely short notice. The exclusion of preferential rights not only allows the company to take action more promptly, it also enables shares to be issued at a price close to the listed price, and so without the usual discount attached to shares issued under preferential rights. This results in higher issue proceeds and serves the interests of the company. In addition, such share issues can also be used to attract new groups of shareholders. The AktG does not stipulate any fixed limit for the discount. If the authorisation is exercised, the Executive Board –

with the consent of the Supervisory Board – shall set the discount as low as possible in accordance with the prevailing market conditions at the time of share issue. A discount of between 3% and a maximum of 5% of the current listed price is usually considered an insignificant reduction. The volume of shares issued under the exclusion of preferential rights pursuant to Article 186 (3) Sentence 4 AktG may not exceed 10% of the nominal capital, neither at the time the shares are issued nor at the time the authorisation is exercised. The sale of treasury shares will count toward this limit, provided they are sold during the period in which this authorisation excluding preferential rights in accordance with Article 186 (3) Sentence 4 AktG applies. This requirement takes into account the shareholders' need for protection against the dilution of their stock in accordance with legal regulations. All shareholders have the fundamental opportunity to acquire on the stock market the shares necessary to maintain their shareholding ratio at terms that resemble their original terms as closely as possible. This ensures that the financial and voting rights of shareholders are adequately protected when shares are issued from the authorised capital under exclusion of subscription rights in accordance with Article 186 (3) sentence 4 AktG, while granting the company flexibility in the interest of all shareholders.

In addition, preferential rights of shareholders shall be able to be excluded in the case of capital increases against contributions in kind. This allows the Executive Board to use shares in the company to acquire companies, parts of companies or company investments or other assets as it sees fit. Negotiations may focus on shares being used as a contribution instead of cash. The option of offering shares in the company as a contribution gives the company a competitive advantage when it comes to interesting acquisition targets and the possibility to take any opportunities to acquire companies, parts of companies, company investments or other assets that may arise without affecting liquidity. Offering shares as a contribution can also make sense in terms of maintaining an optimum financing structure. This does not put the company at a disadvantage, as a prerequisite for issuing shares against contributions in kind is that the value of the contribution in kind is appropriate in relation to the value of the shares. In determining the valuation relationship, the Executive Board will ensure that the interests of the company and its shareholders are suitably taken into consideration and an appropriate issue amount is determined for the new shares.

The Executive Board will carefully review each case in which it considers authorising a capital increase while excluding the preferential rights of shareholders. This will only take place if the Executive Board and the Supervisory Board considers it to be in the interest of the company and therefore its shareholders. The Executive Board will report on the utilisation of authorised capital at the next Annual General Meeting.

As at 31 December 2019, the company held 145,489 (previous year: 229,818) treasury shares with a nominal value of € 145 thousand (previous year: € 230 thousand), deducted from the outstanding subscribed capital in the balance sheet. In the year under review, 84,329 shares were issued to minority shareholders of BEBIG SA, which was merged into the company.

There are no material agreements subject to a change of control as the result of a takeover bid. Furthermore, there are also no compensation agreements with members of the Executive Board or employees, which would apply in the event of a takeover bid.

## **5.4 CORPORATE GOVERNANCE STATEMENT (SECTIONS 289A, 315 (5) SENTENCE 1 HGB [GERMAN COMMERCIAL CODE])**

The company has issued a corporate governance statement which is available on the website at [www.ezag.com](http://www.ezag.com) > *Investors* > *Corporate governance* > *Corporate governance statement*

## **5.5 RELATED-PARTY TRANSACTIONS REPORT**

The Group issued a related-party transactions report with the following declaration of the Executive Board:

“We declare that EZAG received appropriate consideration for each of the transactions listed in the report on relationships with affiliated companies under the circumstances known to us at the time the transaction was entered into. No measures were taken or omitted at the request or in the interest of the controlling company or a related undertaking.”

## **5.6 INSURANCE OF LEGAL REPRESENTATIVES (BALANCE-SHEET OATH)**

We confirm that to the best of our knowledge the annual accounts and consolidated financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the financial position, performance and cash flows of the Group and the undertakings included in the consolidation, and the combined management report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation, together with a description of the principal opportunities and risks they face.

Berlin, 26 March 2020

Eckert & Ziegler Strahlen- und Medizintechnik AG  
Executive Board

Dr. Andreas Eckert

Dr. Harald Hasselmann

Dr. Lutz Helmke

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# CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT			
€ thousand	Notes	2018	2019
<b>Revenue</b>	5.	<b>168,709</b>	<b>178,493</b>
Cost of sales	6.	-94,363	-91,469
<b>Gross profit on sales</b>		<b>74,346</b>	<b>87,024</b>
Selling expenses	7.	-23,298	-22,932
General administrative expenses	8.	-26,902	-27,574
Impairments/reversals of impairment losses in accordance with IFRS 9	36.	0	-630
Other operating income	11.	3,497	2,846
Other operating expenses	12.	-4,456	-7,106
<b>Operating profit</b>		<b>23,187</b>	<b>31,628</b>
Income from investments measured using the equity method	13.	49	176
Exchange rate gains	14.	1,055	914
Exchange rate losses	14.	-904	-663
<b>Earnings before interest income and income taxes (EBIT)</b>		<b>23,387</b>	<b>32,055</b>
Interest income	15.	171	287
Interest expense	15.	-672	-1,095
<b>Earnings before tax (EBT)</b>		<b>22,886</b>	<b>31,247</b>
Income taxes	16.	-5,997	-8,769
<b>Consolidated result</b>		<b>16,889</b>	<b>22,478</b>
Profit (+)/loss (-) attributable to non-controlling interests	17.	756	459
<b>Result attributable to shareholders of Eckert &amp; Ziegler AG</b>		<b>16,133</b>	<b>22,019</b>
<b>Earnings per share</b>	18.		
Undiluted (€ per share)		3.12	4.29
Diluted (€ per share)		3.12	4.29
Average shares in circulation (undiluted – in thousand units)		5,168	5,133
Average shares in circulation (diluted – in thousand units)		5,168	5,133

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
€ thousand	Notes	2018	2019
<b>Consolidated result</b>		<b>16,889</b>	<b>22,478</b>
of which attributable to shareholders of Eckert & Ziegler AG		16,133	22,019
of which profit (+)/loss (-) attributable to non-controlling interests		756	459
<b>Items that will be reclassified to the profit and loss statement in the future if certain conditions are met</b>			
Amount reposted to income statement		1,953	976
Exchange rate differences from the translation of foreign business operations		0	-15
<b>Exchange rate differences on translation of foreign operations</b>	29.	<b>1,953</b>	<b>961</b>
		<b>1,953</b>	<b>961</b>
<b>Items that will not be reclassified to the profit and loss statement in the future</b>			
Change in actuarial gains (+)/losses (-) from defined benefit pension plans		421	-2,004
<b>Revaluation of the defined benefit obligation</b>	29., 32.	<b>421</b>	<b>-2,004</b>
<b>Deferred taxes</b>		<b>-133</b>	<b>635</b>
		<b>288</b>	<b>-1,369</b>
<b>Other comprehensive income after taxes</b>		<b>2,241</b>	<b>-408</b>
<b>Consolidated comprehensive income</b>		<b>19,130</b>	<b>22,070</b>
<b>Comprehensive income attributable to:</b>			
Shareholders of Eckert & Ziegler AG		18,380	21,595
Non-controlling interests		750	475

## CONSOLIDATED BALANCE SHEET

€ thousand	Notes	As of Dec 31, 2018	As of Dec 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	19.	41,828	42,059
Other intangible assets	19.	10,691	9,840
Property plant and equipment	20.	36,931	40,005
Right-of-use assets (IFRS 16)	21.	0	19,564
Investments in associates or joint ventures	22.	3,523	3,644
Deferred tax assets	16.	9,921	10,920
Other non-current assets	23.	4,016	1,544
<b>Total non-current assets</b>		<b>106,910</b>	<b>127,576</b>
<b>Current assets</b>			
Cash and cash equivalents	24.	54,186	78,922
Trade receivables	25.	28,308	29,484
Inventories	26.	28,759	31,220
Income tax receivables	16.	3,541	2,691
Other current assets	27.	7,347	4,343
<b>Total current assets</b>		<b>122,141</b>	<b>146,660</b>
<b>Total assets</b>		<b>229,051</b>	<b>274,236</b>
<b>Liabilities</b>			
<b>Equity</b>			
Subscribed capital	28.	5,293	5,293
Capital reserve		53,625	53,763
Retained earnings		69,626	85,468
Other reserves		-386	-810
Treasury shares		-5,519	-5,519
<b>Equity attributable to shareholders of Eckert &amp; Ziegler AG</b>		<b>122,639</b>	<b>138,195</b>
Non-controlling interests	17.	1,238	1,246
<b>Total equity</b>		<b>123,877</b>	<b>139,441</b>
<b>Non-current liabilities</b>			
Non-current loan liabilities	29.	0	19
Non-current lease liabilities (IFRS 16)	21.	0	17,157
Deferred income from grants and other deferred income (non-current)	30.	3,503	4,128
Deferred tax liabilities	16.	2,252	2,836
Provisions for pensions	31.	11,368	13,487
Other non-current provisions	32.	51,581	51,440
Other non-current liabilities	33.	2,270	2,110
<b>Total non-current liabilities</b>		<b>70,974</b>	<b>91,177</b>
<b>Current liabilities</b>			
Current loan liabilities	29.	42	16
Current lease liabilities (IFRS 16)	21.	0	2,694
Trade payables		6,490	4,487
Advance payments received	34.	4,106	11,952
Deferred income from grants and other deferred income	30.	137	45
Income tax liabilities	16.	4,840	5,671
Other current provisions	32.	3,474	3,002
Other current liabilities	35.	15,111	15,751
<b>Total current liabilities</b>		<b>34,200</b>	<b>43,618</b>
<b>Total equity and liabilities</b>		<b>229,051</b>	<b>274,236</b>

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Figures € thousand excluding the number of shares	Subscribed capital			
	Number	Nominal value	Capital reserve	Retained earnings
<b>Balance as at 1 January 2019</b>	<b>5,292,983</b>	<b>5,293</b>	<b>53,625</b>	<b>69,626</b>
Total income and expenses recognised directly in equity	0	0	0	0
Consolidated result	0	0	0	22,019
Consolidated comprehensive income	0	0	0	22,019
Dividends paid	0	0	0	-6,177
Share-based remuneration	0	0	138	0
<b>Balance as at 31 December 2019</b>	<b>5,292,983</b>	<b>5,293</b>	<b>53,763</b>	<b>85,468</b>

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Figures € thousand excluding the number of shares	Subscribed capital			
	Number	Nominal value	Capital reserve	Retained earnings
<b>Balance as at 1 January 2018</b>	<b>5,292,983</b>	<b>5,293</b>	<b>53,500</b>	<b>56,208</b>
Total income and expenses recognised directly in equity	0	0	0	0
Consolidated result	0	0	0	16,133
Consolidated comprehensive income	0	0	0	16,133
Dividends paid	0	0	0	-4,131
Acquisition of own shares	0	0	0	0
Sale of treasury shares	0	0	125	0
Use of treasury shares for the acquisition of non-controlling interests	0	0	0	1,416
<b>Balance as at 31 December 2018</b>	<b>5,292,983</b>	<b>5,293</b>	<b>53,625</b>	<b>69,626</b>

Cumulative other equity items					
Unrealised profit from actuarial gains/losses	Foreign currency translation differences	Own shares	Equity attributable to shareholders of Eckert & Ziegler AG	Minority interests	Group equity
-2,561	2,175	-5,519	122,639	1,238	123,877
-1,369	945	0	-424	16	-408
0	0	0	22,019	459	22,478
-1,369	945	0	21,595	475	22,070
0	0	0	-6,177	-467	-6,644
0	0	0	138	0	138
-3,930	3,120	-5,519	138,195	1,246	139,441

Cumulative other equity items					
Unrealised profit from actuarial gains/losses	Foreign currency translation differences	Own shares	Equity attributable to shareholders of Eckert & Ziegler AG	Minority interests	Group equity
-2,849	216	-27	112,341	5,176	117,517
288	1,959	0	2,247	-6	2,241
0	0	0	16,133	756	16,889
288	1,959	0	18,380	750	19,130
0	0	0	-4,131	-66	-4,197
0	0	-9,648	-9,648	0	-9,648
0	0	950	1,075	0	1,075
0	0	3,206	4,622	-4,622	0
-2,561	2,175	-5,519	122,639	1,238	123,877

CONSOLIDATED CASH FLOW STATEMENT			
€ thousand	Notes	2018	2019
<b>Cash flow from operating activities</b>	37.		
Consolidated result		16,889	22,478
Adjustments for			
Depreciation, amortization and impairments		8,574	11,078
Net interest income [interest expense (+)/income (-)]		501	808
Income tax expense		5,997	8,769
Income tax payments		-7,331	-7,029
Income not affecting payments from the writing back of deferred grants		-201	-147
Profit (-)/loss (+) from the disposal of non-current assets		159	99
Change in the non-current provisions, other current liabilities		1,138	-2,093
Change in other non-current assets and receivables		-348	2,438
Other events not affecting payments		-323	253
Changes in the current assets and liabilities			
Receivables		-5,629	-385
Inventories		706	-2,156
Changes in other current assets		-799	1,031
Change in current liabilities and provisions		1,877	5,285
<b>Cash flow from operating activities</b>		<b>21,210</b>	<b>40,429</b>
<b>Cash flow from investment activities</b>	38.		
Outflows for intangible assets and property, plant and equipment		-6,123	-7,254
Income from the sale of intangible assets and property, plant and equipment		27	41
Outflows for acquisitions (net of cash acquired)		-2,101	-662
Outflows for acquisition of interests		-	-279
Payments related to the granting of loans		-2,500	-
Income from the repayment of loans granted			2,500
<b>Cash outflow from investing activities</b>		<b>-10,697</b>	<b>-5,654</b>
<b>Cash flow from financing activities</b>	39.		
Dividends paid		-4,131	-6,177
Distribution of shares of third parties		-66	-467
Purchase of treasury shares		-9,648	-
Sale of treasury shares		1,075	-
Outflows for the repayment of loans and lease liabilities		-1,679	-2,655
Outflows for the acquisition of non-controlling interests		-	-600
Interest received		171	181
Interest paid		-324	-783
<b>Cash flow from financing activities</b>		<b>-14,602</b>	<b>-10,501</b>
Changes in cash and cash equivalents resulting from exchange rates		568	462
<b>Decrease/increase in cash and cash equivalents</b>		<b>-3,521</b>	<b>24,736</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>57,707</b>	<b>54,186</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>54,186</b>	<b>78,922</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

The Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 26 March 2020. The Supervisory Board is responsible for reviewing and approving the consolidated financial statements. After publication, the financial statements can no longer be amended.

## BASIS, PRINCIPLES AND METHODS

### 1 | ORGANISATION AND DESCRIPTION OF BUSINESS ACTIVITIES

Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany (hereinafter referred to as “Eckert & Ziegler AG”) is a holding company with specialised subsidiaries worldwide engaged in the processing of radio isotopes and the development, production and sale of isotope technology components, radiation equipment, radiopharmaceuticals and related products. The Group’s products are primarily used in medical technology, particularly in cancer therapy, as well as in nuclear medical imaging and industrial measurement. In these areas, Eckert & Ziegler AG and its subsidiaries address the needs of radiation therapists, radio-oncologists, and nuclear medicine specialists, among others.

The Group operates in a market characterised by rapid technological progress, high research spending and a constant flow of new scientific discoveries. This market is regulated by German federal, state and local authorities. These regulatory authorities include the Regional Office for Health and Social Affairs Berlin (LAGeSo), the Technical Monitoring Agency (TUV Nord CERT GmbH, Essen), the Federal Institute for Drugs and Medical Devices (BfArM), and the corresponding foreign institutions, such as the US Food and Drug Administration (FDA) or the Nuclear Regulatory Commission (NRC). As a result, the Group is directly affected by changes in technology and in products used in cancer treatment and for nuclear medical imaging, by government regulations related to the industry in which Eckert & Ziegler AG operates, and by the general environment within the health care sector.

### 2 | ACCOUNTING PRINCIPLES

The consolidated financial statements of Eckert & Ziegler AG for the year ended 31 December 2019 were prepared in accordance with International Financial Reporting Standards (IFRS). The statements comply with all standards of the International Accounting Standards Board (IASB), London, as adopted by the EU on the reporting date, the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as well as the provisions of the German Commercial Code (HGB), which apply in a supplementary manner pursuant to Article 315e (1) HGB. The consolidated financial statements give a true and fair view of the Group’s financial position, performance and cash flows.

The reporting currency is the euro. The amounts shown in the consolidated financial statements are rounded to the nearest thousand euros.

The financial statements of Eckert & Ziegler AG and the subsidiaries were prepared as at the same reporting date as the consolidated financial statements. The consolidated financial statements cover the reporting period from 1 January to 31 December 2019. The consolidated statement of profit or loss was prepared in accordance with the cost-of-sales method. Other income was presented in the consolidated statement of comprehensive income.

The company is registered in the commercial register in Berlin-Charlottenburg under the number HRB 64997 B. The consolidated financial statements and the combined management report for the year ended 31 December 2019 are published in the electronic version of the German Federal Official Gazette (Bundesanzeiger).

### 3 | SIGNIFICANT ACCOUNTING POLICIES

**Accounting policies** – The assets and liabilities of the fully consolidated domestic and foreign subsidiaries were recognised using uniform accounting policies, which were also used to prepare comparative information for the previous year.

**Disclosure** – In the balance sheet, a distinction is made between non-current and current assets and liabilities as required by IAS 1.56 (Presentation of Financial Statements).

**Estimates and assumptions** – When preparing the consolidated financial statements in accordance with IFRS, it is necessary to make estimates and assumptions that affect the amount and disclosure of recognised assets and liabilities, revenues and expenses. Significant assumptions and estimates are made concerning useful lives, income achievable from intangible assets and property, plant, and equipment, the recoverability of receivables, the accounting and valuation of provisions, as well as the balance and recoverability of deferred tax assets. The premises underlying these assumptions and estimates are based on the knowledge available at the time. The actual amounts may differ from estimates, because the framework conditions may develop differently than originally assumed. Sensitivity analyses are used to assess the sensitivity of carrying amounts to the assumptions and estimates underlying the calculation of the carrying amounts. Where changes in estimates would have a significant impact, disclosures are made in accordance with IAS 1.125.

**Judgments in applying accounting policies** – Non-current tangible and intangible assets are measured in the balance sheet at amortised cost. No use was made of the option to measure these assets at fair value.

**Goodwill** – Goodwill represents the difference between the total purchase price for a company or business operation and the fair value of the acquired net assets. Goodwill is not amortised. In accordance with IAS 36, it is tested for impairment annually or more frequently if there is indication that the goodwill might be impaired, and where this is the case, it is written down to the recoverable amount.

Other **intangible assets** – Customer relationships, capitalised development costs, patents, technologies, restraints on competition, software, licences and, similar rights are disclosed under other intangible assets. Development costs are capitalised as intangible assets if the capitalisation criteria for internally generated intangible assets are cumulatively fulfilled in accordance with IAS 38. Capitalised development costs consist of all directly attributable costs, which are incurred from the date when all capitalisation criteria have been met. After successful completion of the development project, capitalised development costs are amortised over the planned economic life of the product. Amortisation of capitalised development costs is reported under cost of sales. Research costs, along with development costs not eligible for capitalisation, are expensed as incurred.

Intangible assets are capitalised at historical cost and, provided that these are intangible assets with finite useful lives, are amortised over their respective useful lives. Intangible assets are amortised over the following estimated useful lives:

	Internally generated	Acquired
Customer relations	–	8 to 15 years
Capitalised development costs	3 to 10 years	–
Patents, permits, trademarks, etc.	6 to 20 years	10 years
Other	3 to 5 years	3 to 5 years

Intangible assets with indefinite useful lives are reviewed annually to determine whether the asset continues to have an indefinite useful life.

**Property, plant, and equipment** – Property, plant, and equipment is measured at historical cost less accumulated depreciation and impairment. The cost of self-constructed equipment includes all direct costs and attributable production overheads, and to the extent that the requirements of IAS 23 apply, financing costs. Where applicable, the historical cost includes the estimated cost of dismantling and disposing the asset and restoring the site. Self-constructed assets mainly relate to production lines. Depreciation is calculated on a straight-line basis. The depreciation period is determined based on the estimated useful life. Property, plant and equipment is depreciated over the following estimated useful lives:

Buildings	25 to 45 years
Leasehold improvements	10 to 15 years
Plant and machinery	4 to 10 years
Furniture, fittings and equipment	3 to 13 years
Land	is not depreciated

When assets are scrapped or sold, the acquisition or manufacturing cost of the assets and the related accumulated amortisation and value impairment losses are written off, and any resulting gain or loss from the disposal is recognised in profit and loss.

A significant portion of the Group's depreciable assets is used to manufacture products. The Executive Board assesses the recoverability of these assets by taking into account triggering events in the business environment. The Executive Board does not anticipate any deterioration in usability as at 31 December 2019. However, it is possible for the assessments of the Executive Board regarding the ability to use and exploit the Group's depreciable assets to change, even in the short term, due to technology developments or changes in the regulatory environment.

**Impairment of intangible assets and property, plant and equipment** – Impairments of intangible assets and property, plant and equipment are recognised if, due to certain events or changed circumstances, the carrying amount of the assets exceeds the recoverable amount of these assets. The recoverable amount is the higher of fair value minus sales costs and value in use. Acquired goodwill and intangible assets with an indefinite useful life are tested for value impairment at least once a year.

Write-ups are carried out when the recoverable value exceeds the book value of the asset. The asset is, at the maximum, written up to the amount that would have existed if the previous value impairment had not been carried out. Impaired goodwill is not written up.

In order to carry out the impairment test, acquired goodwill is allocated to those cash-generating units (CGU) that are expected to benefit from the synergies of the Group and the business acquisitions. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continued use and is largely independent of the cash inflows of other assets or other groups of assets. The Radiation Therapy and Isotope Products segments each constitute a separate CGU.

The Executive Board considers amounts that exceed 10% of the Group's total goodwill to be material. The CGUs of the Isotope Products and Radiation Therapy segments meet this criterion.

Goodwill is tested for impairment by calculating the value in use based on estimated future cash flows, which are derived from the medium-term projections for the individual segments. The medium-term forecast horizon is five years. Cash flows beyond the detailed forecast period are forecast by extrapolating the projections using a 1% growth rate, which does not exceed the expected average market or industry growth.

The discount rates are calculated using the weighted average cost of capital (WACC) for the respective CGU. There is uncertainty with respect to estimates used in the following assumptions used in the calculation:

**Medium-term projections:**

The medium-term projections are based on historical empirical values and take into account segment-specific market growth expectations.

**Discount rates:**

The discount rates were determined based on the average weighted cost of capital that is customary for the industry.

**Growth rates:**

The growth rates are based on published, industry-specific, market research.

**Inventories** – Inventories include raw materials and consumables, work in progress and finished goods and merchandise. Inventories are stated at the lower of historical cost and net realisable value as at the balance sheet date. In addition to direct costs, production costs include appropriate portions of the necessary material and production overheads as well as production-related depreciation, production-related administrative and social costs. Financing costs are not recognised as part of production costs due to the short-term nature of the production process. Where necessary, the average cost method is applied in order to simplify the valuation.

Impairment of obsolete or excess inventories is recognised based on inventory analysis and future sales forecasts.

**Trade receivables** – After initial recognition, trade receivables are measured at amortised cost less impairment. Receivables that are not individually identified as impaired are written down based on empirical values in order to anticipate expected bad debts.

**Derivative financial instruments** – Derivative financial instruments such as swaps are only used for hedging purposes. They are measured in the consolidated balance sheet at fair value, with changes in value recognised in profit or loss, as the valuation unit is not recognised due to the lack of comprehensive documentation requirements.

**Cash and cash equivalents** – The Group considers all cash and demand deposits, as well as cash equivalents that can be converted into cash at short notice and are not subject to any significant fluctuations in value (highly liquid assets) with a maturity of up to three months, to be liquid assets reported under cash and cash equivalents. Due to their short-term nature, the nominal value of these funds is considered to be their fair value.

**Other assets** – Other financial assets are measured at amortised cost or at fair value through profit or loss. Other non-financial assets are measured at amortised cost. Individual risks are recognised through impairments (specific provisions).

**Financial liabilities** – Financial liabilities include, in particular, trade payables, amounts owed to financial institutions, and other financial liabilities. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method or at fair value through profit or loss.

**Pension provisions** – Pension liabilities are measured using the projected unit credit method in accordance with IAS 19 (Employee Benefits). The projected unit credit method takes into account future salary and pension increases to measure the Group's liability. In order to standardise Group procedures, actuarial gains and losses have been recognised in other comprehensive income under consideration of deferred taxes without affecting profit or loss and disclosed in full in the pension provisions since 1 January 2009.

**Provisions** – Provisions are recognised only when a present obligation arises from past events. Provisions are recognised when it is more likely than not that an obligation has been incurred and the amount of the obligation can be reliably estimated. The amounts recognised as provisions represent the best estimate of the expenditure required to settle the present obligation as at the balance sheet date. Provisions relating to periods of more than 12 months are discounted.

**Provisions for site restoration and decommissioning** – Under IAS 16, the cost of dismantling and removing the asset and restoring the site are part of historical cost insofar as provisions for these costs have to be recognised in accordance with IAS 37.

Provisions for site restoration are based on public and private law obligations to decontaminate radioactively contaminated sites and buildings, perform measurements to demonstrate compliance with clearance levels to ensure they can be accessed and use again without posing any hazards. Accordingly, the cost estimate includes labour costs related to site restoration, cost of processing waste to allow for it to be disposed, room cleaning costs, cost of expert waste collection as well as the cost of disposal of radioactive waste. Provisions relating to periods of more than 12 months are discounted using an interest rate before taxes, which reflects the risks pertaining to the debt. The accrued interest on the provision is recognised under interest expense.

Under IAS 37, provisions for site restoration are stated at the settlement amount. Provisions are recognised at the present value of the expenses expected as at the reporting date. The calculation of the restoration liability is based on various assumptions that reflect estimates. These include estimates on the required number of labour days, per diem rates and expected material costs. The amount of the provision allows for expected cost increases until the restoration work is carried out. The liability amount is reviewed as at each balance sheet date. If the amount is changed, property, plant and equipment and the provisions are adjusted accordingly.

In addition, radioactive waste arising from ongoing production and radioactive waste collected by third parties is recognised and measured at the expected cost of disposal or processing. These costs are recognised under cost of sales.

**Leases** – From 1 January 2019, lease contracts are accounted for in accordance with IFRS 16 "Leases". A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an identified asset is conveyed in many contracts, irrespective of their form, e.g. in rental, lease, service contracts but also outsourcing agreements. As a lessee, the Group recognises leases in accordance with the so-called right-of-use model (IFRS 16.22), irrespective of the economic (ownership) of the leased object upon lease commencement. Lessees can elect not to apply the right-of-use model to intangible assets, other than those already explicitly excluded from the scope of IFRS 16.

Significant policy elections and practical expedients were exercised as follows:

- Right-of-use assets and lease liabilities are presented separately in the balance sheet.
- In accordance with IFRS 16.5, the Group elected to account for lease payments as an expense on a systematic basis for low-value leases and short-term leases with a lease term of twelve months or less.
- Where a contract provides for payments for lease components and non-lease components, the Group has elected, except for real estate leases, not to separate non-lease components from lease components in accordance with IFRS 16.15.

**Revenue recognition** – Under IFRS 15, revenue is recognised when the control of goods or services is transferred to the customer. This means that the customer has the ability to direct the use of the transferred goods or services and obtain substantially all the remaining benefits. Revenues are recognised when there is an enforceable right to receive payment from the customer. Revenue corresponds to the contractually agreed transaction price.

If the agreed transaction price includes variable components, the “expected value” or a “most likely amount” method is used to calculate the amount of consideration.

The period between the payment by the customer and the transfer of goods or services to the customer is one year or less. For this reason, no financing component is included in the transaction price. Where the contract has multiple identifiable performance obligations, the transaction price will be divided between the individual performance obligations based on the individual selling prices. As a rule, goods and services are sold at individual selling prices. Revenue from contracts with customers are recognised both over time and at a point in time. Temporal differences between performance and the receipt of payment may give rise to contractual assets or liabilities.

Revenue from the sale of goods: Revenue from the sale of goods is recognised at the time of delivery, because control is transferred to the customer at this point in time. Payment is due upon delivery.

Revenue from the provision of services: Revenue from the provision of services is recognised over the period in which the services are provided (on a straight-line basis, e.g. rental or licensing income, or based on the percentage of completion in the case of long-term construction contracts). Where an invoice is issued, the right to payment arises after the provision of a service. In the case of long-term contracts, advance payments and payments are generally agreed with customers based on the progress of the project. Advance payments establish contractual liabilities.

If the recognised revenue per service contract exceeds the advance payments as at the balance sheet date, the contract assets are recognised under inventories. A negative balance is shown under advance payments received.

Warranties: As a rule, the company only accepts warranty obligations if required to do so by law or where such obligations are customary in the industry.

**Advertising** – Advertising and other sales-related costs are recognised through profit or loss when incurred.

**Research and development** – Research expenses are recognised as an expense under other operating expenses in the period in which they are incurred. Development costs are capitalised in accordance with IAS 38 (Intangible Assets) if certain cumulative conditions are met. Amortisation of capitalised development costs is reported under cost of sales. Development costs that cannot be capitalised are recorded as expenses when incurred and recognised under other operating expenses.

**Income taxes** – Income tax expense is the total of current-year tax expense and deferred tax. Current-year or deferred taxes are recognised in the consolidated statement of profit or loss unless they relate to items recognised directly in equity in other comprehensive income. The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are recognised in accordance with IAS 12 in order to reflect the future tax effects arising from the temporary differences between the carrying amount of assets and liabilities reported in the consolidated financial statements and the relevant amounts in the tax accounts. In addition, deferred tax assets are recognised as losses carried forward. Deferred tax assets and liabilities are measured based on the statutory tax rates applicable to taxable income in the years when these temporary differences are expected to reverse. The effects of changes in tax rates on deferred tax assets and liabilities are recognised in the profit and loss statement in the financial year in which the changes to the law were adopted. Deferred tax assets are only recognised if it is likely that these asset values will be recovered. Deferred tax assets and liabilities are offset if the relevant requirements of IAS 12 are met. Under IAS 12, deferred taxes are classified as non-current assets or liabilities and are not discounted.

Current income taxes are calculated based on the respective national taxable income for the year and national tax regulations

**Investment subsidies and other grants** – Grants are only recognised in accordance with IAS 20.7 when the company meets the conditions for obtaining the grant. Funds that the Group receives from public or private sources for investment or development projects are recognised as deferred income at the time of receipt. Grants for expenses are offset against the subsidised expenditure in the financial year in which the expenditure is incurred. The deferred grants in the consolidated financial statements were granted for the purchase of property, plant and equipment, and for development costs. They are released through profit and loss over the useful lives of the respective property, plant and equipment or intangible assets.

**Earnings per share** – The profit or loss per share is calculated by dividing the consolidated profit attributable to the shareholders of Eckert & Ziegler AG by the average number of shares outstanding during the financial year. Diluted earnings per share reflect the potential dilution that would occur if all options to acquire shares were exercised at a price below the average share price for the period. It is calculated by dividing the portion of consolidated net income/loss attributable to the shareholders of Eckert & Ziegler by the sum of the average number of shares in circulation during the financial year, plus the dilutive shares arising from the exercise of all outstanding options (calculated by applying the treasury stock method).

## NEW FINANCIAL REPORTING STANDARDS

The consolidated financial statements comply with all IASB, IFRIC, and SIC standards adopted by the EU as at the reporting date.

### Accounting standards applied for the first time in the current financial year:

The new or amended standards and interpretations listed below were first applied from 1 January 2019.

#### IFRS 16 – Leases

IFRS 16 regulates the recognition, measurement, presentation and disclosure requirements of leases in the financial statements of companies that are accounted for under IFRS.

IFRS 16 contains a comprehensive model for identifying lease agreements and accounting for lessors and lessees.

In general, IFRS 16 applies to all leases. Under the standard, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The distinction made under IAS 17 between finance and operating leases is no longer relevant for lessees. Instead, the lessee has to account for the right of use of a leased asset (so-called “right-of-use asset” or RoU asset) and a corresponding lease liability for all leases. Exceptions to this are only short-term leases and leases for low-value assets. The initial value of the liability also determines the cost of the right-of-use asset. The cost of the right-of-use asset also includes initial direct costs and estimated costs arising from site restoration obligations, if they are not related to property, plant and equipment. Advance payments increase and lease incentives reduce the initial value. In subsequent periods, the RoU asset is valued at amortised cost. Amortisation is calculated using the straight-line method over the shorter of the term of the lease and the useful life of the identified asset. An impairment test is carried out in accordance with IAS 36 if events or changed circumstances indicate an impairment. Lease liabilities are measured at the present value of the lease payments payable over the lease term. They are subsequently measured using the effective interest method. Where the implicit interest rate cannot be readily determined, the Group uses an appropriate incremental borrowing rate, which reflects the interest rate in a loan with a similar maturity and risk profile, as its discount rate to calculate present value. The current portion of the lease liability to be recognised separately in the balance sheet is measured based on the repayment portion of the next twelve months included in the lease payments.

Lessors are still required to classify each lease as an operating lease or a finance lease as it was the case under IAS 17 Leases. The finance lease classification criteria were adopted from IAS 17.

In addition, the disclosure requirements for lessees and lessors in IFRS 16 are much more extensive than in IAS 17. The objective of the disclosures is to provide users of financial statements with a basis to assess the effect of leases on the entity’s financial position, performance and cash flows.

Effective 1 January 2019, the Group has adopted the new standard IFRS 16 Leases, using the modified retrospective method, which has had a material impact on the presentation of the financial position, performance and cash flows of the Group. (see Note 21 for further details)

Prior to the mandatory application of IFRS 16, the Group had no leases classified as finance leases under IAS 17 with the Group acting as a lessee. The application of IFRS 16 thus had no effect on the consolidated financial statements in such cases.

#### Amendments to IAS 28 – Long-term Investments in Associates and Joint Ventures

The Group has adopted the amendments to IAS 28 for the first time in the current financial year.

The amendments concern long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture to which the equity method is not applied. They clarify that IFRS 9, including its impairment requirements, should be applied to such long-term interests before applying the loss allocation, equal to or exceeding the carrying amount of the interest, and impairment requirements for the net investment in IAS 28.

The application of the amendments had no impact on the consolidated financial statements.

### Amendments to IFRS 9 – Prepayment Features with Negative Compensation

The Group has adopted the amendments to IFRS 9 for the first time in the current financial year.

The amendments clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of the amendments had no effect on the consolidated financial statements, as the Group does not have any financial instruments with prepayment features.

### Annual improvements to IFRS (2015–2017 cycle)

The annual improvements to IFRS involve amendments to a number of different standards. The amendments are shown in the following table:

Standard	Type of amendment	Details of amendment
IFRS 3 Business Combinations	Interests in a business previously held in a joint operation	An acquirer who obtains control of a business that is a joint operation, is obliged to apply the requirements under IFRS 3 for a business combination achieved in stages, i.e. remeasuring its previously held interest (PHI) in the joint operation at fair value when control is obtained.
IFRS 11 Joint Arrangements	Interests in a business previously held in a joint operation	An entity does not remeasure its PHI when it obtains joint control of a joint operation that is a business.
IAS 12 Income Taxes	Income tax consequences of payments on financial instruments classified as equity	The amendments clarify that the provisions set out in Note 57A – previously 52B – (recognition of income tax consequences of dividends according to where the entity originally recognised the transactions that generated the distributable profits) apply to all income tax consequences of dividends and not only to cases where different tax rates apply to distributed and undistributed profits.
IAS 23 Borrowing Costs	Borrowing costs eligible for capitalisation	The amendments clarify that specific borrowing for the procurement of a qualifying asset only remains unconsidered when calculating the interest rate on general borrowing if the qualifying asset is not yet ready for its intended use or sale. If, however, any specific borrowing remains outstanding after the qualifying asset is ready for its intended use or sale through appropriate measures, that borrowing becomes part of the funds that an entity borrows generally and is to be taken into account when calculating the interest rate.

The Group adopted the amendments for the first time in the current financial year. The application of the annual improvements to the IFRS (2015–2017 cycle) had no significant impact on the consolidated financial statements.

### Amendments to IAS 19 – Employee Benefits Plan Amendment, Curtailment or Settlement

The Group has adopted the amendments to IAS 19 for the first time in the current financial year.

The amendments require that when a defined benefit plan is modified, curtailed or settled, the current service cost and net interest for the remaining financial year must be recalculated using the current actuarial assumptions used to make the necessary revaluation of the defined benefit liability (asset). In addition, it was clarified that the effect on the asset ceiling, which may result from plan amendments, curtailments or settlements, is determined in a second step and recognised in other comprehensive income in the usual manner.

The application of the amendments had no effect on the consolidated financial statements, as the Group has not made any relevant plan amendments, curtailments or settlements.

### IFRIC 23 – Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 for the first time in the current financial year. IFRIC 23 sets out how to treat current and deferred tax liabilities when there is uncertainty over income tax treatment. Such uncertainties arise when the application of the applicable tax law to a specific transaction is not clear and therefore depends (among other things) on the interpretation of the tax authorities, which the entity is not aware of when preparing the financial statements.

An entity considers these uncertainties in recognising tax liabilities or assets in the balance sheet only when it is probable that the related tax amounts will be paid or recovered. In this connection, it should be assumed that the tax authorities will make use of their right to audit all declared amounts and have full knowledge of all relevant information.

If the facts or circumstances that formed the basis for the assessment of the uncertainty change or if new relevant information becomes available, the respective assessment needs to be reviewed and adjusted if necessary.

The adoption of IFRIC 23 did not have any impact on the consolidated financial statements, as no relevant transactions have taken place.

### Standards and interpretations which have been published but the adoption of which is not yet mandatory

The following IFRS adopted by the EU were issued by 31 December 2019, but their application is not mandatory until later reporting periods unless an entity opts for early adoption. The company did not opt for early adoption in these consolidated financial statements.

Standard	Description	Mandatory for financial years beginning on or after	Adoption date (EU)	Potential impact on future financial statements
IFRS 17	Insurance contracts	01.01.21	EU endorsement is still pending	none
Amendments to IFRS 3	Definition of a Business	01.01.20	01.01.20	unclear
Amendments to IAS 1 and IAS 8	Definition of Material	01.01.20	01.01.20	none
Conceptual Framework for Financial Reporting	References to the Conceptual Framework for Financial Reporting in IFRS Standards	01.01.20	01.01.20	none
Amendments to IFRS 9, IFRS 39 and IFRS 7	Interest Rate Benchmark Reform	01.01.20	01.01.20	none

### IFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

Implementation of the standard is likely to involve significant changes to the processes and systems of an affected business and will require improved coordination between many functions of the business, including finance, actuary and IT.

The standard is effective for annual reporting periods beginning on or after 1 January 2021, with earlier application permitted. IFRS 17 is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. The draft amendments to IFRS 17 published in June 2019 address concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

The management does not expect the future application of the standard to have any impact on the consolidated financial statements, as the Group does not hold any relevant insurance contracts.

### Amendments to IFRS 3 – Definition of a Business

The amendments to IFRS 3 Business Combinations clarify the definition of a business.

A business still has to have three elements input(s), process(es) and output(s), where inputs and processes applied to them should be used to create output. The amended definition of output focuses on the provision of goods and services to customers, but also includes investment income such as dividends, interest and other income. In contrast, cost reductions are no longer a feature of output.

The amendments clarify that to be considered a business, an acquisition must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The existence of processes is ultimately what distinguishes an acquisition of a business from an acquisition of a group of assets. The evaluation depends on whether or not the acquired group of activities and assets already create outputs.

In addition, a so-called concentration test was introduced as a transaction-related option that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This is the case if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset (or group of similar identifiable assets).

The amendments are to be applied for the first time for transactions with an acquisition date on or after the beginning of annual periods beginning on or after 1 January 2020 (prospective application). Earlier application is permitted and must be disclosed accordingly.

The amendments to IFRS 3 may have an impact on the consolidated financial statements to the extent that relevant transactions take place in the future.

### Amendments to IAS 1 and IAS 8 – Definition of Material

The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors aim at refining the definition of materiality by aligning the wording of the definition used in different standards and pronouncements of the IASB and clarifying the concepts related to the definition. At the same time, the concept of obscuring is introduced and illustrated by examples.

The revised definition focuses on the materiality of information. According to this revised definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements under IFRS make on the basis of those financial statements.

The revised definition of material will only be contained in IAS 1 in the future. IAS 8 merely refers to the fact that “material” is defined in IAS 1 and is to be applied with the same meaning in IAS 8.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020.

The management does not expect that the amendments will have a significant impact on the consolidated financial statements.

### References to the Conceptual Framework for Financial Reporting in IFRS

Together with the revised Conceptual Framework for Financial Reporting, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referring to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010 or the new revised Framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

The management does not expect that the amendments will have a significant impact on the consolidated financial statements.

### Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

The amendments to IFRS 9, IAS 39 and IFRS 7 are intended to mitigate the effects of the reform of benchmark interest rates (so-called IBOR reform) on financial reporting. The amendments aim to ensure that entities continue hedge accounting despite the uncertainties surrounding the expected replacement of various benchmark interest rates.

The application of the amendments is mandatory for the financial years beginning on or after 1 January 2020. Earlier application is permitted.

The management does not expect the future application of the standard to have any impact on the consolidated financial statements, as the Group does not have any hedge relationships to date.

## CONSOLIDATION METHODS

The group uses the acquisition method of accounting to account for business combinations in accordance with IFRS 3 and IFRS 10. Consolidation of a subsidiary begins on the acquisition date, i.e. when the Group obtains control over the acquired entity. Control is achieved when the Group has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The acquired assets and liabilities and contingent liabilities are measured at their fair values as at the acquisition date. The cost of the acquired interests is subsequently eliminated against the proportionate revalued equity of the subsidiary. Any resulting positive difference is reported as goodwill under intangible assets, while a negative difference is recognised immediately after review through the profit and loss statement.

All intragroup assets and liabilities, income, expenses and results relating to transactions between the members of the Group are eliminated on consolidation. Joint ventures and associates are included in the consolidated financial statements using the equity method. Profit or loss components attributable to non-controlling interests are reported separately in the net profit or loss for the period.

The profit or loss and each component of other comprehensive income are attributed to the shareholders of Eckert & Ziegler AG and the non-controlling interests. This is done even when it results in a negative balance for the non-controlling shareholders.

Inclusion in the consolidated financial statements ends when the company ceases to have control of the subsidiary. The results of the subsidiaries acquired or disposed of in the course of the year were included in the consolidated profit and loss statement and other comprehensive income according to the date of acquisition or disposal.

**SCOPE OF CONSOLIDATION**

The companies included in the 2019 consolidated financial statements are:

	Voting rights
Eckert & Ziegler BEBIG GmbH, Berlin	100%
Eckert & Ziegler BEBIG Projekte UG (haftungsbeschränkt), Berlin*	100%
Eckert & Ziegler Iberia S.L., Madrid, Spain*	100%
Eckert & Ziegler BEBIG SARL, Paris, France*	100%
Eckert & Ziegler BEBIG Ltd., Didcot, United Kingdom*	100%
Mick Radio-Nuclear Instruments Inc., Mt. Vernon (New York), USA*	100%
Eckert & Ziegler BEBIG Serviços De Consultoria Em Produtos De Radioterapia Ltda., Fortaleza, Brazil	100%
Eckert & Ziegler BEBIG India Pvt. Ltd, New Delhi, India*	100%
WOLF-Medizintechnik GmbH, St. Gangloff*	100%
from 24/10/2019: Medwings SA, Lisbon, Portugal*	100%
Eckert & Ziegler Radiopharma GmbH, Berlin	100%
Eckert & Ziegler Eurotope GmbH, Berlin*	100%
Eckert & Ziegler Radiopharma Inc., Hopkinton, USA*	100%
Eckert & Ziegler Isotope Products Holdings GmbH, Berlin	100%
Chemotrade Chemiehandelsgesellschaft mbH, Düsseldorf*	100%
Eckert & Ziegler Isotope Products GmbH, Berlin*	100%
Eckert & Ziegler Cesio s.r.o., Prague, Czech Republic*	88.9%
Eckert & Ziegler Isotope Products Inc., Valencia, USA**	100%
Eckert & Ziegler Analytics Inc., Atlanta, USA*	100%
Eckert & Ziegler Nuclitec GmbH, Braunschweig*	100%
Eckert & Ziegler Isotope Products SARL, Les Ulis, France*	100%
Eckert & Ziegler Brasil Participações Ltda., São Paulo, Brasil*	100%
Eckert & Ziegler Brasil Comercial Ltda., São Paulo, Brasil*	100%
Eckert & Ziegler Brasil Logistica Ltda., São Jose do Rio Preto, Brasil*	100%
Gamma-Service Recycling GmbH, Leipzig*	100%
Gamma-Service Medical GmbH, Leipzig*	100%
GSG International GmbH, Freienbach, Switzerland*	100%
Isotope Technologies Dresden GmbH, Dresden*	100%
ISOTREND spol s.r.o., Prague, Czech Republic*	100%
IPS International Processing Services GmbH, Leipzig*, ***	50%
Eckert & Ziegler Umweltdienste GmbH, Braunschweig*	100%
Eckert & Ziegler Environmental Services Ltd., Didcot, United Kingdom*	100%

\* Indirect holding

\*\* Eckert & Ziegler Isotope Products Inc. has made a commitment to its bank to comply with certain financial covenants. The payment of a dividend by Eckert & Ziegler Isotope Products Inc. to Eckert & Ziegler AG is only possible if this does not breach these covenants.

\*\*\* IPS is fully consolidated despite only a 50% shareholding, as Eckert & Ziegler controls the management, and the company only handles orders from other Eckert & Ziegler companies.

## CHANGES TO THE SCOPE OF CONSOLIDATION

The following shares in companies were acquired and changes made to the basis of consolidation in the 2019 financial year (acquisitions are presented in Note 40):

- On 24 October 2019, Eckert & Ziegler BEBIG GmbH acquired all shares in Lisbon-based Medwings SA, Portugal. By acquiring the Portuguese distributor, Eckert & Ziegler BEBIG GmbH is continuing its strategy of consolidating the market and strengthening its own market position in Europe.
- Eckert & Ziegler BEBIG India Pvt. Ltd, New Delhi, India, ceased trading in the 2019 financial year. The company will be dissolved, and it was thus deconsolidated from the financial statements of the Group effective 31 December 2019.

The following shares in companies were acquired and changes made to the basis of consolidation in the 2018 financial year (acquisitions are presented in Note 40):

- On 19 December 2017, Eckert & Ziegler BEBIG GmbH signed an agreement to acquire WOLF-Medizintechnik GmbH (WOMED) in Thuringia effective 1 January 2018. The company, which is located in St. Gangloff, Thuringia, is a manufacturer of X-ray therapy equipment for the treatment of superficial skin tumours and joint diseases.
- The shareholders of Eckert & Ziegler Strahlen- und Medizintechnik AG and Eckert & Ziegler BEBIG SA resolved at extraordinary general meetings held on 20 and 21 December 2018 to merge Eckert & Ziegler BEBIG SA with Eckert & Ziegler Strahlen- und Medizintechnik AG effective 1 October 2018. The merger was registered in the commercial register Berlin-Charlottenburg on 18 February 2019. As a result, no non-controlling interests in Eckert & Ziegler BEBIG SA are reported in these consolidated financial statements for the year ended 31 December 2018.

## INTERESTS IN JOINT VENTURES

A joint venture is a joint arrangement under which the Group and other parties carry out business activities whereby the parties have joint control; this is the case where the strategic financial and business policies associated with the business activities require the consent of all the parties sharing control. Interests in joint ventures are accounted for using the equity method. The consolidated profit and loss statement includes the Group's share of the income and expenses, as well as changes in the equity of interests measured using the equity method. If the Group's share in the loss of the joint venture exceeds the interest measured at equity, this interest will be written down to zero. Further losses are not recognised unless the Group has a contractual obligation or has made payments to the benefit of the joint venture. Unrealised gains or losses from transactions by Group companies with the joint venture are eliminated against the book value of the interest in the joint venture (maximum loss up to the book value of the interest).

## CURRENCY TRANSLATION

The financial statements of subsidiaries prepared in foreign currencies and included in the Group consolidation are converted into euros in accordance with IAS 21. As the subsidiaries conduct their business affairs autonomously from a financial, economic and organisational standpoint, the functional currency of the consolidated companies corresponds to their respective national currency. Assets and liabilities are translated using the average exchange rate on the balance sheet date. Items in the profit and loss statement and the statement of cash flows are translated at the weighted average exchange rate for the year. Equity components are translated at historical exchange rates at initial recognition. The resulting currency translation differences are recognised in a separate item in equity and under non-controlling interests without affecting profit or loss until the subsidiary is disposed of. Upon the disposal of the subsidiary, all accumulated currency translation differences are reclassified to the consolidated profit and loss statement.

When shares in a subsidiary are disposed of with no loss of control, the proportion of the currency translation differences applicable to the shares that are sold is allocated to the non-controlling interests effective on the date of disposal.

In preparing the individual financial statements for Group companies, transactions denominated in currencies other than the functional currency of the Group company are converted at the exchange rate prevailing on the transaction date. Monetary items are measured at the average exchange rate on each reporting date. Non-monetary items denominated in foreign currencies measured at historical cost are translated at the exchange rate prevailing at the time of initial recognition. Any resulting currency gains and losses as at the balance sheet date are recognised in the profit and loss statement.

The following exchange rates were used for the currency translation:

Country	Currency	31 Dec 2019	31 Dec 2018	Average exchange rate 2019	Average exchange rate 2018
USA	USD	1.1234	1.1450	1.1196	1.1811
CZ	CZK	25.4080	25.7240	25.6697	25.6469
GB	GBP	0.8508	0.8945	0.8777	0.8847
RU	RUB	69.9563	79.7153	72.4578	74.0387
BR	BRL	4.5157	4.4440	4.4131	4.3078
IN	INR	80.1870	79.7298	78.8454	80.7232
CH	CHF	1.0854	1.1269	1.1124	1.1548

#### 4 | COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS WITH THE PREVIOUS YEAR

The first-time inclusion of companies newly acquired in the 2019 financial year in the consolidated financial statements for 2019 had no material effect on the Group's financial position, performance and cash flows.

The effects of the first-time application of the new lease standard (IFRS 16) are shown separately.

# NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## 5 | REVENUE

The Group generates revenue mainly through the sale of goods and, to a minor extent, the provision of services. Revenue is recognised both at a point in time and over a period of time.

Revenue increased from € 168,709 thousand to € 178,493 thousand in the 2019 financial year.

The increase of € 9,784 thousand in 2019 is the result of the first-time consolidation of Medwings SA in the amount of € 93 thousand. The remainder of € 9,691 thousand is attributable to organic growth.

Revenue is broken down as follows:

€ thousand	2019	2018
Revenue from the sale of goods	156,710	150,974
Revenue from the provision of services	19,441	15,046
Revenue from construction contracts	2,342	2,689
<b>Total</b>	<b>178,493</b>	<b>168,709</b>

In the 2018 financial year, the Group applied the new standard IFRS 15 “Revenue from Contracts with Customers” for the first time. The vast majority of the Group’s revenue is not based on multi-element contracts, but rather the following simple process: “Price negotiation – order – delivery or provision of the service – invoicing – payment”. In this area, the application of the new IFRS 15 standard did not result in any changes, as revenue is recognised upon transfer of economic ownership i.e. when goods are sold or services rendered.

In the Radiation Therapy and Isotope Products segment, a comparatively small proportion of the Group’s revenue is recognised based on multi-element contracts. In accordance with the new standard, these contracts were subjected to a more detailed analysis.

Without exception, the projects in the Radiation Therapy segment are structured in such a way that all performance obligations of the company in the contract are priced separately at the regular individual selling price. The respective performance is also invoiced separately only after the company has met its obligations under the contract (i.e. delivered the product or provided the agreed services) and the revenue is recognised upon transfer of economic ownership.

In the Isotope Products segment, one company in the Group operates in the field of plant engineering and construction. These plant engineering and construction projects are typically based on contracts with customers, which govern the provision of services over a certain period of time. The analysis of these contracts has shown that, even under the application of the new standard IFRS 15, the revenue should be recognised using the POC method.

In the 2019 and 2018 financial years, the Group generated revenue from such contracts in accordance with the POC method amounting to € 2,342 thousand (2018: € 2,689 thousand). The cost-to-cost method was applied to determine the degree of completion.

€ thousand	2019	2018
Revenue	2,342	2,689
Contract costs	-2,032	-2,400
Profit	310	289
<b>Construction contracts in progress as at the balance sheet date:</b>		
Recognised revenue	2,190	1,166
Advance payments received	-1,851	-1,066
Gross amount due from customers for contract work	132	260
Gross amount due to customers for contract work	0	0

The remaining performance obligations under contracts with customers mainly relate to contracts with an expected original term of no more than one year.

In the year under review, longer-term contracts for plant engineering and construction projects that had not yet been fully implemented by the end of the year, generated revenue of € 2,011 thousand. Of the remaining performance obligations, agreed transaction prices amount to € 5,184 thousand, which are expected to be realised during the 2020 financial year.

For the breakdown of revenue by geographic segments and business areas, please see segment reporting.

## 6 | COST OF SALES

Alongside the cost of materials, personnel costs and depreciation and amortisation directly attributable to revenue, cost of sales also includes pro rata material and personnel overheads and income from the reversal of deferred items.

Cost of inventories recognised as an expense amounted to € 48,296 thousand in 2019 (2018: € 46,035 thousand). In 2019, write-downs of inventories recognised as an expense amounted to € 167 thousand (2018: € 0 thousand). In the previous year, the Group recognised a reversal of write-downs of inventories of € 185 thousand, which reduced the cost of materials accordingly.

## 7 | DISTRIBUTION COSTS

Distribution costs are broken down as follows:

€ thousand	2019	2018
Personnel and related personnel costs	10,358	10,491
Delivery costs	6,801	5,570
Advertising	1,297	1,139
Depreciation and amortisation	960	1,169
Other	3,516	4,929
<b>Total</b>	<b>22,932</b>	<b>23,298</b>

## 8 | GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses include:

€ thousand	2019	2018
Personnel and related personnel costs	14,203	13,979
Depreciation and amortisation	3,901	2,194
Insurance, contributions, fees, purchased services	2,825	2,604
Consultancy costs	1,943	2,729
Communication costs	794	482
Rent and additional costs	483	3,050
IR costs	240	228
Other	3,185	1,636
<b>Total</b>	<b>27,574</b>	<b>26,902</b>

## 9 | PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES

The items of the profit and loss statement include personnel expenses and other personnel-related costs of € 56,159 thousand (2018: € 54,610 thousand).

Personnel expenses for the financial years 2019 and 2018 include:

€ thousands	2019	2018
Wages and salaries	47,849	45,676
Social security and other pension costs	8,053	8,690
– of which pension costs	474	453

The Group companies employed 778 employees on average in 2019 (2018: 760), who worked in the following departments:

€ thousand	2019	2018
Manufacturing	377	368
R&D plant construction	52	51
Administration	153	149
Sales and distribution	144	141
Quality management	52	51
<b>Total</b>	<b>778</b>	<b>760</b>

The employees of the German and other European subsidiaries are members of public pension plans, which are managed by public authorities. The companies have to pay a certain percentage of their personnel expenses into the pension plans in order to fund these benefits. The Group's only obligation with regard to these pension plans is to pay these fixed contributions.

The US subsidiaries maintain defined contribution pension plans for all qualifying employees of those companies. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

Expenses of € 3,206 thousand (2018: € 3,127 thousand) that are recognised in the profit and loss statement represent the contributions payable by the Group to the specified pension schemes. As at 31 December 2019 and 2018, all contributions due were paid into the pension plans.

Information on the total remuneration of current and former members of the Executive Board as well as current members of the Supervisory Board is provided in Note 44.

## 10 | AMORTISATION AND IMPAIRMENT

Amortisation and impairment on intangible assets are included in the following items of the profit and loss statement:

€ thousand	2019		2018	
	Depreciation and amortisation	Impairment	Depreciation and amortisation	Impairment
Cost of sales	1,912	0	1,563	0
Selling expenses	528	0	765	0
General administrative expenses	193	0	748	0
Other operating expenses	68	0	57	0
<b>Total</b>	<b>2,701</b>	<b>0</b>	<b>3,133</b>	<b>0</b>

Depreciation and impairment of property, plant and equipment are included in the following items of the profit and loss statement:

€ thousand	2019		2018	
	Depreciation and amortisation	Impairment	Depreciation and amortisation	Impairment
Cost of sales	3,581	0	3,353	130
Selling expenses	358	0	404	0
General administrative expenses	1,309	0	1,446	0
Other operating expenses	114	0	108	0
<b>Total</b>	<b>5,362</b>	<b>0</b>	<b>5,311</b>	<b>130</b>

Amortisation and impairment of right-of-use assets (IFRS 16) are included in the following items of the profit and loss statement:

€ thousand	2019		2018	
	Depreciation and amortisation	Impairment	Depreciation and amortisation	Impairment
Cost of sales	541	0	0	0
Selling expenses	74	0	0	0
General administrative expenses	2,399	0	0	0
Other operating expenses	1	0	0	0
<b>Total</b>	<b>3,015</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 11 | OTHER OPERATING INCOME

In the 2019 financial year, other operating income fell by € 651 thousand year-on-year to € 2,846 thousand (2018: € 3,497 thousand).

In 2019, other operating income mainly comprised income from reversal of provisions of € 870 thousand (2018: € 0 thousand), insurance benefits received of € 620 thousand (2018: € 0 thousand), income from claims for damages resulting from breaches of contract or successful litigation amounting to € 300 thousand (2018: € 1,140 thousand), income from the termination of a loan and share option agreement of € 384 thousand (2018: € 0 thousand) and cost reimbursements received of € 280 thousand (2018: € 293 thousand).

Other operating income also includes income from the measurement of financial instruments at fair value of € 72 thousand (2018: € 534 thousand) and income from the sale of fixed assets of € 29 thousand (2018: € 27 thousand).

This item also includes grants received and other income.

## 12 | OTHER OPERATING EXPENSES

Other operating expenses increased by € 2,650 thousand to € 7,106 thousand compared to the previous year (2018: € 4,456 thousand). Besides research and development costs of € 3,746 thousand (2018: € 3,807 thousand), this item mainly includes losses from the write-down of assets recognised at fair value of € 1,943 thousand (2018: € 0 thousand) and expenses arising from damages, penalties and or settlement agreements of € 1,288 thousand (2018: € 50 thousand).

This item, furthermore, includes restructuring costs of € 201 thousand (2018: € 0 thousand) and losses from the disposal of fixed assets of € 122 thousand (2018: € 186 thousand).

Research and development costs in other operating expenses consist of:

- directly attributable personnel and material costs associated with the research and development areas that cannot be capitalised.
- amortisation in the research and development areas for acquired property, plant and equipment as well as intangible assets and the corresponding reversal of deferred items relating to assets used for research purposes.

- value impairments on internally generated intangible assets capitalised in previous years as well as the corresponding reversal of deferred items.
- other directly attributable expenses of the research and development areas.
- a pro rata share of the overheads of the research and development areas.

Research and development costs of € 3,746 thousand (2018: € 3,807 thousand) include amortisation and impairment of € 183 thousand (2018: € 165 thousand), personnel expenses of € 2,591 thousand (2018: € 2,621 thousand), materials and contracted services of € 728 thousand (2018: € 453 thousand) and other expenses of € 244 thousand (2018: € 568 thousand).

### 13 | INCOME FROM INVESTMENTS MEASURED USING THE EQUITY METHOD

The investments of the Group measured using the equity method include an investment in the joint venture Americium Consortium LLC, Wilmington/Delaware/USA, and investments in associated companies ZAO NanoBrachyTech, Dubna/Russia, AO Ritverc, St. Petersburg/Russia and Nuclear Control & Consulting GmbH, Leipzig, Germany.

In the 2019 financial year, these investments generated an income of € 176 thousand (2018: € 78 thousand). In the previous year, they also incurred expenses of € 29 thousand.

### 14 | FOREIGN EXCHANGE GAINS/LOSSES

The measurement of receivables and liabilities denominated in foreign currencies resulted in foreign exchange gains in the amount of € 914 thousand (2018: € 1,055 thousand) and foreign exchange losses in the amount of € 663 thousand (2018: € 904 thousand).

### 15 | NET INTEREST INCOME

Interest income on financial assets measured at amortised cost amounted to € 287 thousand in the 2019 financial year (2018: € 171 thousand), while interest expense amounted to € 1,095 thousand (2018: € 672 thousand) of which € 618 thousand (2018: € 0 thousand) are related to the effects of the new leases standard, IFRS 16.

Interest expense includes € 312 thousand (2018: € 348 thousand) of non-cash interest expense (including accrued interest).

### 16 | INCOME TAXES

The parent company's tax rate for corporate tax, the solidarity surcharge and trade tax used as the Group tax rate to calculate tax expense in the 2019 and 2018 financial years was 30.175%. The Group tax rate consists of the following:

	2019	2018
Trade tax base amount	3.5%	3.5%
Trade tax assessment rate	410%	410%
Corporation tax	15%	15%
Solidarity surcharge on corporation tax	5.5%	5.5%

The income tax expense [expense(+)/income(-)] for the financial years ended 31 December 2018 and 2018 comprises the following:

€ thousand	2019	2018
Earnings before taxes:		
Germany	16,888	-596
Foreign subsidiaries	14,359	23,482
	<b>31,247</b>	<b>22,886</b>

€ thousand	2019	2018
Current taxes:		
Germany	7,007	3,625
Foreign subsidiaries	1,725	4,546
	<b>8,732</b>	<b>8,171</b>

Current taxes in 2019 include € 663 thousand (expense) from previous years (2018: € –546 thousand)

€ thousand	2019	2018
Deferred taxes:		
Germany	–810	–4,325
Foreign subsidiaries	847	2,151
	37	–2,174
<b>Total taxes:</b>	<b>8,769</b>	<b>5,997</b>

The reconciliation of the Group's income tax expense, determined based on the marginal tax rates applicable in Germany, to the Group's reported tax expense is as follows:

€ thousand	2019	2018
Basis for determining the tax expense (earnings before taxes)	31,247	22,886
Expected tax expense based on Group tax rate	9,429	6,906
Tax rate differences at subsidiaries	–1,463	–1,783
Taxes for previous years	–663	546
Taxes on non-deductible expenses	1,012	321
Taxes on tax-exempt income	–481	–286
Deferred taxes on the capitalisation of previously unrecognised losses carried forward	–117	0
Adjustments to deferred tax assets and liabilities arising from temporary differences	–139	0
Impairment of deferred tax assets on losses carried forward	119	303
Use of previously non-capitalised deferred taxes on losses carried forward	–50	–325
Non-capitalised deferred taxes on tax losses in the current financial year	1,018	356
Other	104	–41
<b>Effective tax expense</b>	<b>8,769</b>	<b>5,997</b>

The following tax rates were used by the parent company in the year ended 31 December 2019 to calculate deferred taxes, which remained unchanged compared to the previous year: 15% corporation tax, 5.5% solidarity surcharge on corporation tax and 14.35% trade tax. For foreign companies, the prevailing local tax rates have been applied when calculating deferred taxes.

Deferred taxes are based on the differences between the amounts reported in the consolidated financial statements for assets and liabilities and the corresponding amounts included in the tax accounts of the respective individual Group companies. In addition, they apply to any tax losses carried forward. Deferred tax assets and liabilities were offset in the balance sheet to the extent permitted under IAS 12.

Deferred tax expenses of € 941 thousand (2018: € 4,130 thousand) and deferred tax income of € 567 thousand (2018: € 1,645 thousand) relate to changes in tax losses carried forward in the reporting period, while temporary differences include deferred tax income of € 337 thousand (2018: deferred tax income of € 4,659 thousand).

A total of € 2,686 thousand (2018: € 3,060 thousand) in deferred taxes on tax losses carried forward is capitalised. Losses carried forward mainly relate to losses carried forward by the German companies of the Eckert & Ziegler Group amounting to € 2,437 thousand. The losses in Belgium, Brazil and Germany can be carried forward for indefinite periods. Losses carried forward of € 49 thousand relate to the loss carried forward by the Czech company ISOTREND spol s.r.o. (Gamma Service Group) acquired in 2017, where the carry forward is limited to 5 years.

Of a total of € 2,686 thousand in deferred tax assets on losses carried forward, € 1,594 thousand (2018: € 2,937 thousand) relates to companies that recorded a tax loss in 2019, but are expected to generate profits as planned in the future. In the 2019 financial year, € 50 thousand in losses carried forward were used (2018: € 1,189 thousand) for which no deferred tax assets were recognised for losses carried forward as at 31 December of the previous year. As at 31 December 2019, the Group recorded losses carried forward of € 22,867 thousand (2018: € 19,756 thousand) for which no deferred tax assets were recognised as cessation of operations or earnings forecast uncertainty are unlikely to occur.

Changes in deferred taxes for temporary differences arising from currency translation amounted to € 17 thousand (2018: € 68 thousand).

In the year under review, deferred tax income of € 635 thousand (2018: deferred tax expenses of € 133 thousand) relating to actuarial gains and losses from the valuation of pension provisions were recognised directly in equity.

No deferred tax liabilities were recognised for temporary differences from retained earnings of subsidiaries in the amount of € 65,394 thousand (2018: € 41,332 thousand), as Eckert & Ziegler AG is in a position to control the timing of the reversal and the temporary differences will not be reversed in the foreseeable future.

The deferred tax assets and liabilities attributable to individual items in the balance sheet are presented in the following table:

€ thousand	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
Tax loss carryforwards	2,686	3,060	0	0
Non-current assets	1,918	1,562	9,761	5,170
Receivables	83	32	169	324
Liabilities	5,024	951	2	0
Inventories	161	171	0	0
Provisions	8,576	7,130	0	0
Miscellaneous	97	399	529	142
<b>Subtotal</b>	<b>18,545</b>	<b>13,305</b>	<b>10,461</b>	<b>5,636</b>
Balance	-7,625	-3,384	-7,625	-3,384
<b>Balance based on the consolidated balance sheet</b>	<b>10,920</b>	<b>9,921</b>	<b>2,836</b>	<b>2,252</b>

## 17 | NON-CONTROLLING INTERESTS

The consolidated result after tax includes profit shares attributable to non-controlling interests in the amount of € 459 thousand (2018: € 756 thousand).

The following table includes details on the not wholly owned subsidiaries of the Group in which the Group currently holds non-controlling interests.

ECKERT & ZIEGLER CESIO S.R.O.		
€ thousand	Sep 30, 2019	Dec 31, 2018
Current assets	11,527	11,993
Non-current assets	1,197	976
Current liabilities	-285	-907
Non-current liabilities	-707	-357
Equity attributable to shareholders of Eckert & Ziegler AG	10,495	10,471
Equity attributable to non-controlling interests	1,237	1,234

€ thousand	2019	2018
Revenue	9,982	13,750
Costs	-6,348	-8,148
<b>Profit for the year</b>	<b>3,634</b>	<b>5,602</b>
Net profit for the year attributable to shareholders of Eckert & Ziegler AG	3,180	4,980
Net profit for the year attributable to non-controlling interests	454	622
<b>Total net profit for the year</b>	<b>3,634</b>	<b>5,602</b>
Other net income attributable to shareholders of Eckert & Ziegler AG	134	-55
Other net income attributable to non-controlling interests	16	-6
<b>Total other net income</b>	<b>150</b>	<b>-61</b>
Comprehensive income attributable to shareholders of Eckert & Ziegler AG	3,314	4,925
Comprehensive income attributable to non-controlling interests	470	616
<b>Total comprehensive result</b>	<b>3,784</b>	<b>5,541</b>
Cash flow before dividend pay-out	1,096	6,410

€ thousand	Dec 31, 2019	Dec 31, 2018
Dividends paid to non-controlling interests	467	66

## 18 | EARNINGS PER SHARE

Earnings per share were calculated as follows:

€ thousand	As at the end of the year	
	2019	2018
Numerator for calculation of the profit and the diluted and undiluted earnings per share – earnings share of the shareholders of Eckert & Ziegler AG	22,019	16,133
Numerator for calculation of undiluted earnings per share – weighted average of the number of shares (in thousands)	5,133	5,168
Numerator for calculation of diluted earnings per share – weighted average of the number of shares (in thousands)	5,133	5,168
Undiluted earnings per share (in €)	4.29	3.12
Diluted earnings per share (in €)	4.29	3.12

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 19 | INTANGIBLE ASSETS

Intangible assets include goodwill, customer relationships, non-compete obligations, patents and technologies, licences and software, capitalised development costs and other intangible assets.

### a) Non-amortised intangible assets

Intangible assets that are not amortised relate exclusively to goodwill.

Goodwill evolved as follows in the 2019 and 2018 financial years:

€ thousand	2019	2018
As at 1 January	41,828	41,333
Disposals	0	-205
Currency translation differences	231	700
<b>As at 31 December</b>	<b>42,059</b>	<b>41,828</b>

The increase in goodwill of € 231 thousand is due to currency translation differences (2017: € 700 thousand), as a significant portion of goodwill is attributable to companies in the Isotope Products and Radiation Therapy segment, which prepare their accounts in US dollars.

Specifically, goodwill is allocated to the segments as follows:

€ thousand	Goodwill	Goodwill
	2019	2018
Radiation Therapy	17,067	16,999
Isotope Products	22,546	22,411
Radiopharma	2,446	2,418
<b>As at 31 December</b>	<b>42,059</b>	<b>41,828</b>

Capitalised goodwill was tested for impairment in accordance with IAS 36 in the 2019 financial year. The goodwill was allocated to the relevant cash-generating units (CGU). These represent the lowest level at which goodwill and assets are monitored for corporate management purposes. One CGU was identified for the Radiation Therapy, Isotope Products and the Radiopharma segments each.

The value in use of the cash-generating units is derived from the discounted future cash flows that were determined based on the current five-year budgets. For the subsequent period, the cash flows were calculated using a growth rate of 1% (2018: 0%–1%). The discount rate before tax was 7.3% (2018: 9.7%) for the Radiation Therapy segment, 8.6% (2018: 8.0%) for the Isotope Products segment and 8.6% (2018: 9.0%) for the Radiopharma segment.

The impairment tests as at 31 December 2019 did not determine any need to recognise impairment based on the respective recoverable amounts. No need for impairment was identified as at 31 December 2018.

The outcome of the impairment test for the goodwill of the Isotope Products segment was that there are no conceivable potential changes to the primary assumptions that could result in the carrying amount of the goodwill exceeding the recoverable amount. No scenario analysis was conducted for the goodwill of the Radiopharma segment, as the relevant figures for the Group are not considered to be material.

For the impairment test of the goodwill of the Radiation Therapy segment, a scenario analysis was performed that led to the following results:

Change compared to the base case	Base-case scenario	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Change in revenue	0%	-5%	-10%	0%	0%	-10%
Change in cost of sales	0%	-4%	-8%	0%	0%	-8%
Change in WACC	0%	0%	0%	+1%	+4%	+3%
Cumulative revenue over 5 years	100%	95%	90%	100%	100%	90%
Cumulative EBIT over 5 years	100%	-3%	-106%	100%	100%	-106%
Cumulative FCF over 5 years	100%	72%	44%	100%	100%	44%
Estimated goodwill	100%	70%	39%	81%	51%	23%
Estimated goodwill vs. carrying amount	> 1.0	1.43	0.81	1.66	1.05	0.48
Impairment requirement	no	no	yes	no	no	yes
Impairment in € thousand	0	0	4,449	0	0	12,056

b) Amortised intangible assets for the financial years ended 31 December 2019 and 2018 comprise the following:

(1) Acquired intangible assets

	2019 € thousand	remaining amortisable life	2018 € thousand
Customer relations	2,486	1–8 years	2,392
Licences/software/permits	4,011	1–14 years	3,442
Patents/technology	2,354	1–7 years	2,871
<b>As at 31 December</b>	<b>8,851</b>		<b>8,705</b>

(2) Internally generated intangible assets

	2019 € thousand	remaining amortisable life	2018 € thousand
Permits	708	10 years	747
Patents/technology	281	1–5 years	1,239
<b>As at 31 December</b>	<b>989</b>		<b>1,986</b>

Intangible assets were amortised using the straight-line method. They are allocated to the cost of sales, distribution costs, general administrative costs and other operating expenses on the profit and loss statement according to the functional area of the respective intangible assets (also see the explanations in Note 10).

The changes in intangible assets from 1 January 2019 to 31 December 2019 are shown in the statement of changes in assets enclosed to the notes to the consolidated financial statements.

## 20 | PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment from 1 January 2019 to 31 December 2019 are shown in the statement of changes in assets.

Additions in the 2019 financial year mainly relate to ongoing replacement investments, as well as the expansion and modernisation of existing production facilities. Self-constructed production facilities capitalised in the 2019 financial year amounted to € 2,354 thousand (2018: € 2,388 thousand).

The Group concluded a long-term lease in connection with an administration and production building constructed by the company in Berlin on third-party property, which will run until 31 December 2024 after it exercised the renewal option in previous years.

## 21 | RIGHT-OF-USE ASSETS (IFRS 16)

Effective 1 January 2019, the Group has adopted the new standard IFRS 16 Leases, which has a material impact on the presentation of the financial position and performance of the Group.

As a result of the first-time application of IFRS 16, the balance sheet total as at 1 January 2019 rose sharply by € 22,436 thousand (assets: right-of-use assets; liabilities: lease liabilities). Accordingly, the equity ratio fell from 54% to 49%. In 2019, depreciation of right-of-use assets of € 3,015 thousand and interest on lease liabilities of € 618 thousand were recognised for the first time, which has affected the comparability of EBIT and EBITDA for 2019 and 2018.

Based on the financial obligations for operating leases as at 31 December 2018, the following is a reconciliation of the opening balance of lease obligations as at 1 January 2019:

€ thousand	Jan 1, 2019
Obligations under operating leases as at 31 December 2018	14,507
Minimum lease payments (nominal amount) for liabilities from finance leases as at 31 December 2018	0
Practical expedient for short-term leases	-77
Practical expedient for leases of low-value assets	-350
Adjustments as a result of a different treatment of extension and termination options and other adjustments	12,126
<b>Gross lease liabilities as at 1 January 2019</b>	<b>26,206</b>
Discounting	-3,770
<b>Lease liability recognised as at 1 January 2019</b>	<b>22,436</b>
Present value of liabilities from finance leases as at 31 December 2018	0
<b>Additional lease liabilities due to the first-time application of IFRS 16 from 1 January 2019</b>	<b>22,436</b>

The Group leases various office, warehouse and production buildings and related outdoor facilities and vehicles. The Group concludes leases for definite and indefinite periods, which include extension and termination options or revolving renewal options after the expiry of the minimum term. In all these cases, Eckert & Ziegler determines the lease term where it is reasonably certain that it will exercise the extension option or not exercise the termination option.

The determination of the lease term is a critical judgement. The Executive Board of Eckert & Ziegler considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. In particular, it takes into account the fact that Eckert & Ziegler's production programmes and work with radioactive material make it necessary to stay in one location for a longer period of time. Against this background, the exercise of the extension option or the non-exercise of the termination option is considered to be reasonably certain if the exercise or non-exercise of these options is dependent on the decisions of Eckert & Ziegler, and there are no other facts and circumstances to the contrary. The fulfilment of restoration and decontamination obligations for the leased buildings was adjusted to reflect the term of the leases.

The balance sheet shows the following amounts relating to leases:

€ thousand	Dec 31, 2019	Dec 31, 2018
<b>Right-of-use assets</b>		
Buildings	18,646	21,215
External facilities	313	352
Vehicles	605	869
	<b>19,564</b>	<b>22,436</b>
<b>Lease liabilities</b>		
Current	2,694	2,735
Non-current	17,157	19,701
	<b>19,851</b>	<b>22,436</b>

The statement of profit or loss shows the following amounts relating to leases:

€ thousand	Dec 31, 2019	Dec 31, 2018
<b>Depreciation of right-of-use assets</b>		
Buildings	2,571	0
External facilities	39	0
Vehicles	405	0
<b>Total (see also Note 10)</b>	<b>3,015</b>	<b>0</b>
Interest expense (see also Note 15)	618	0
<b>Expenses that are not included in the measurement of lease liabilities:</b>		
For current leases	86	0
For leases of low-value assets	25	0

In 2019, lease liabilities gave rise to payments of € 3,353 thousand, of which € 2,585 thousand were for the principal portion and € 618 thousand for the interest portion.

The following outflows are expected in subsequent years from recognised leases (undiscounted amounts):

€ thousand	Dec 31, 2019
due within one year	3,256
due between one and five years	9,765
due after five years	10,199
<b>Total (undiscounted)</b>	<b>23,220</b>

## 22 | INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The investments of the Group measured using the equity method include an investment in the joint venture Americium Consortium LLC, Wilmington/Delaware/USA, and investments in associated companies ZAO NanoBrachyTech, Dubna/Russia, AO Ritverc, St. Petersburg/Russia and Nuclear Control & Consulting GmbH, Leipzig, Germany.

Of the total reported figure of € 4,035 thousand (2018: € 3,523 thousand), € 2,697 thousand (2018: € 2,646 thousand) relates to Americium Consortium LLC and € 676 thousand (2018: € 676 thousand) to ZAO NanoBrachyTech.

In 2013, Eckert & Ziegler Isotope Products Inc. signed an agreement with a US partner to establish a joint venture, Americium Consortium LLC. Each partner holds 50% of the shares in the joint venture, each partner may appoint one member of the management of the joint venture and major decisions must be taken unanimously. As laid down in IAS 28, the company exercises significant influence over the joint venture and is therefore required to report the interests in the consolidated financial statements using the equity method. The acquisition cost of the shares was € 2,493 thousand. The Group's share in the loss generated by Americium Consortium LLC in the 2019 financial year amounted to € 0 thousand (2018: € 1 thousand). The interest measured using the equity method amounted to € 2,697 thousand as at 31 December 2019 (2018: € 2,847 thousand). The non-current assets of € 5,388 thousand reported in the balance sheet of the joint venture relate to advance payments for a project to ensure the long-term availability of a specific radioactive material. This project was

halted in June 2019, and the project partner has committed to repay in full the advance payments already received from the joint venture. The joint venture will therefore receive repayments of € 1,796 thousand p.a. over the next three years, i.e. a total of € 5,388 thousand plus interest. This money will then be distributed among the shareholders of the joint venture.

Since 2009, Eckert & Ziegler has held 15% of the shares in the Russian ZAO NanoBrachyTech (NBT), which in turn holds 100% of the shares in OOO BEBIG, Moscow/Russia. OOO BEBIG is supplied by Eckert & Ziegler BEBIG GmbH (see also comments in Note 43), and it is a major customer for the Radiation Therapy segment. Apart from the investment in OOO BEBIG, NBT is not engaged in any other significant business activities.

The following tables show the summarised financial information on key interests measured using the equity method.

#### a) Joint venture Americium Consortium LLC

€ thousand	Dec 31, 2019	Dec 31, 2018
Current assets	89	2,152
Non-current assets	5,388	5,286
Current liabilities	-83	-2,146
Non-current liabilities	0	0

The assets and liabilities listed above include the following amounts:

€ thousand	Dec 31, 2019	Dec 31, 2018
Cash and cash equivalents	89	2,152
Current financial liabilities (not including trade payables, other liabilities and provisions)	-83	-2,146
Non-current financial liabilities (not including trade payables, other liabilities and provisions)	0	0

€ thousand	2019	2018
Revenue	0	0
Net profit for the year from continuing operations	0	2
Income after tax of discontinued operations	0	0
Profit for the year	0	2
Other comprehensive result	0	0
<b>Total comprehensive result</b>	<b>0</b>	<b>2</b>
Dividends received from the joint venture	0	0

The net profit for the year listed above includes the following amounts:

€ thousand	2019	2018
Depreciation and amortisation	0	0
Interest income	0	0
Interest expense	0	0
Income tax expense or income	0	0

Reconciliation of the summarised financial information shown above with the carrying amount of the investment in the joint venture Americium Consortium LLC in the consolidated financial statements

€ thousand	2019	2018
Net assets of the joint venture	5,394	5,292
Group's shareholding	50%	50%
<b>Carrying amount of the Group's interest in the joint venture</b>	<b>2,697</b>	<b>2,646</b>

## b) ZAO NanoBrachyTech

€ thousand	Dec 31, 2019	Dec 31, 2018
Current assets	77	116
Non-current assets	4,564	3,996
Current liabilities	-6	-5
Non-current liabilities	0	0

The assets and liabilities listed above include the following amounts:

€ thousand	Dec 31, 2019	Dec 31, 2018
Cash and cash equivalents	20	62
Current financial liabilities (not including trade payables, other liabilities and provisions)	0	0
Non-current financial liabilities (not including trade payables, other liabilities and provisions)	0	0

€ thousand	2019	2018
Revenue	0	0
Net profit for the year from continuing operations	936	293
Income after tax of discontinued operations	0	0
Profit for the year	936	293
Other comprehensive result	0	0
<b>Total comprehensive result</b>	<b>936</b>	<b>293</b>
Dividends received from the joint venture	176	56

The net profit for the year listed above includes the following amounts:

€ thousand	2019	2018
Depreciation and amortisation	0	0
Interest income	0	0
Interest expense	0	0
Income tax expense or income	10	10

Reconciliation of the summarised financial information shown above with the carrying amount of the investment in the joint venture ZAO NanoBrachyTech in the consolidated financial statements

€ thousand	Dec 31, 2019	Dec 31, 2018
Net assets of the joint venture	4,635	4,107
Group's shareholding	15%	15%
unrecognised valuation differences	-19	60
<b>Carrying amount of the Group's interest in the joint venture</b>	<b>676</b>	<b>676</b>

## 23 | OTHER NON-CURRENT ASSETS

The main items included in non-current assets are the asset value of various pension liability policies in the amount of € 464 thousand (2018: € 389 thousand), financial assets in the amount of € 329 thousand (2018: € 25 thousand), paid deposits in the amount of € 277 thousand (2018: € 150 thousand) and other non-current receivables of € 173 thousand (2018: € 231 thousand) arising from a contract with a customer to convert trade receivables into non-current receivables.

Other non-current assets decreased by € 4,016 thousand year-on-year to € 1,544 thousand. The decrease primarily relates to non-current receivables, which only become due when certain conditions are met and which were revalued to fair value of € 240 thousand (2018: € 2,183 thousand) due to a reduced probability of occurrence. Other non-current assets also include a loan granted by Eckert & Ziegler AG to ELSA Eckert Life Science Accelerator GmbH (ELSA) in the amount of € 1,015 thousand. The underlying loan and share option agreement was terminated in January 2019 and the loan was repaid in full to Eckert & Ziegler AG.

## 24 | CASH AND CASH EQUIVALENTS

The cash and cash equivalents of € 78,922 thousand (2018: € 54,186 thousand) comprise cash at bank and in hand with maturities – calculated from the date of acquisition – of no more than three months. The cash and cash equivalents shown in the consolidated statement of cash flows are consistent with the balance sheet item cash and cash equivalents.

## 25 | TRADE RECEIVABLES

Current trade receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business and comprise the following items in the financial years ended 31 December 2019 and 2018, respectively:

€ thousand	2019	2018
Trade receivables	30,888	29,082
less impairment	-1,404	-774
<b>As at 31 December</b>	<b>29,484</b>	<b>28,308</b>

See also information on financial instruments under Note 36.

## 26 | INVENTORIES

Inventories as at 31 December 2019 and 2018 comprise the following:

€ thousand	2019	2018
Raw materials and consumables	20,357	19,436
Finished goods	5,614	5,897
Work in progress	6,513	4,857
	<b>32,484</b>	<b>30,190</b>
less impairment	-1,264	-1,431
<b>As at 31 December</b>	<b>31,220</b>	<b>28,759</b>

The raw materials and consumables mainly relate to nuclides and components required for the production of finished products.

The value impairments recognised based on comparing the net realisable value to the carrying amount decreased by € 167 thousand (2018: increase by € 185 thousand).

Work in progress includes contract assets in the amount of € 132 thousand (2018: € 260 thousand) accrued using the POC method as defined by IFRS 15.116 (see also Note 5).

**27 | OTHER CURRENT ASSETS**

Other current assets of € 4,343 thousand as at 31 December 2019 (2018: € 7,347 thousand) relate to VAT receivables from tax authorities of € 1,557 thousand (2018: € 1,044 thousand), claims for damages of € 339 thousand (2018: € 0 thousand) as well as deferred expenses, advance payments and other receivables of € 2,447 thousand (2018: € 3,737 thousand).

In the previous year, other current assets also included loan receivables (including interest) of € 2,566 thousand.

**28 | EQUITY**

The development of equity allocated to the shareholders of Eckert & Ziegler AG and the non-controlling interests is shown in the consolidated statement of equity.

In accordance with the resolution passed by the Annual General Meeting held on 29 May 2019, the retained earnings of Eckert & Ziegler AG under the German Commercial Code amounting to € 6,359 thousand as at 31 December 2018 were used to pay a dividend of € 1.20 per dividend-bearing share (€ 6,177 thousand). The remaining amount was allocated to other revenue reserves (€ 182 thousand).

The share capital of Eckert & Ziegler AG as at 31 December 2019 amounted to € 5,292,983. It is divided into 5,292,983 non-par value bearer shares and it is fully paid up. The number of shares in circulation (excluding treasury shares) as at 31 December 2019 was 5,147,494.

Under the German Stock Corporation Act, any potential dividend to be distributed to shareholders must be based on retained earnings as shown in the financial statements of Eckert & Ziegler AG prepared in accordance with provisions of the German Commercial Code. A proposal will be made to the Annual General Meeting to pay a dividend of € 8,751 thousand (€ 1.70 per share) to shareholders from the net profit of Eckert & Ziegler AG of € 11,241 thousand reported in accordance with the provisions of the German Commercial Code for the 2019 financial year and to transfer € 2,490 thousand to retained earnings.

**Conditional capital**

The share capital of the company will not be conditionally increased.

**Authorised capital**

On 30 May 2018, the Annual General Meeting adopted a resolution which authorised the Executive Board, subject to the approval of the Supervisory Board, to increase the company's share capital by 29 May 2023, on one or more occasions, up to € 264,649 in total by issuing new no-par bearer shares in exchange for cash contributions and/or contributions in kind (authorised capital).

As a rule, shareholders are to be given the right to subscribe to the new shares. The new shares can also be acquired by one or more financial institutions, which are then obliged to offer the shares to shareholders for subscription (indirect subscription right). With the consent of the Supervisory Board, the Executive Board can:

- exclude shareholders' subscription rights up to an amount not exceeding 10% of the share capital existing at the time of the exercise of this authorisation, in order to issue the new shares against cash contributions at an issue price that is not significantly lower than the market price of the Company's already listed shares of the same class. Treasury shares of the Group sold during the period of this authorisation under exclusion of shareholders' subscription rights in direct or analogous application of Article 186 (3) sentence 4 of the German Stock Corporation Act (AktG) will be counted towards this 10% limit. Furthermore, when calculating the 10% limit, shares issued or to be issued during the period of this authorisation to service convertible bonds and/or bonds with warrants must be taken into account, provided that the bonds were issued under exclusion of subscription rights in analogous application of Article 186 (3) sentence 4 AktG;
- exclude shareholders' subscription rights for the purpose of acquiring contributions in kind, in particular through the acquisition of companies or interests in companies or through the acquisition of other assets, including rights and claims, if the acquisition is in the company's best interest and should be completed in exchange for the issue of shares in company.

- exclude shareholders' subscription rights to the extent necessary to grant holders of convertible bonds and/or bonds with warrants issued by the company or its subsidiaries a subscription right to new shares to the extent to which they would be entitled after exercising their conversion or option rights;
- exclude shareholders' subscription rights to offer the new shares to employees of the company or its affiliated undertakings in return for cash contributions.
- exclude shareholders' subscription rights to compensate for fractional amounts.

### Notification of changes to the voting rights held

In 2019, the Group was required to disclose the following events in accordance with the German Securities Trading Act (WpHG):

JP Morgan Asset Management (UK) Limited, London, UK, notified us on 10 January 2019 pursuant to Article 33 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany exceeded the threshold of 3% of voting rights on 8 January 2019 and amounted to 3.02% on that day (this corresponds to 159,948 voting rights).

JP Morgan Asset Management (UK) Limited, London, UK, notified us on 22 February 2019, pursuant to Article 33 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany exceeded the threshold of 3% of voting rights on 19 February 2019 and amounted to 3.13% on that day (this corresponds to 165,752 voting rights).

JP Morgan Asset Management (UK) Limited, London, UK, notified us on 9 April 2019 pursuant to Article 33 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany exceeded the threshold of 5% of voting rights on 5 April 2019 and amounted to 5.04% on that day (this corresponds to 266,658 voting rights).

JPMorgan Funds SICAV, Senningerberg, Luxemburg, notified us on 12 April 2019, pursuant to Article 33 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany exceeded the threshold of 3% of voting rights on 8 April 2019 and amounted to 3.05% on that day (this corresponds to 161,254 voting rights).

In 2018, the Group was required to disclose the following events in accordance with the German Securities Trading Act (WpHG):

Loys AG, Oldenburg, Germany notified us on 30 July 2018, pursuant to Article 33 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany fell below the threshold of 3% of voting rights on 25 July 2018 and amounted to 2.961% on that day (this corresponds to 156,702 voting rights).

Loys AG, Oldenburg, Germany notified us on 12 April 2018, pursuant to Article 33 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany fell below the threshold of 3% of voting rights on 3 April 2018 and amounted to 3.31% on that day (this corresponds to 175,367 voting rights).

### Reserves

Capital reserves include the amount above par value (capital surplus) that was received by issuing shares, minus the issuing costs (after tax).

Furthermore, capital reserves include the amounts recognised in connection with share-based payments (IFRS 2). In the year under review, € 138 thousand (2018: € 0 thousand) was recognised as expense in the capital reserve in connection with share-based payments. For details, see Note 44.

Retained earnings consist of undistributed previous-period earnings of consolidated Group companies. In addition, revenue reserves include adjustments resulting from the first-time adoption of IFRS.

Other reserves also include exchange rate differences in the amount of € 3,122 thousand resulting from the translation of financial statements of foreign subsidiaries (2018: € 2,175 thousand). The movements in 2019 and 2018 are mainly related to US and Brazilian subsidiaries. In addition, other reserves include the unrealised actuarial gains/losses (after tax) from defined benefit plans to be recognised in other comprehensive income in the amount of € -3,930 thousand (2018: € -2,561 thousand).

### Treasury shares

By resolution of the Annual General Meeting held on 30 May 2018, the Executive Board is authorised until 29 May 2023 to acquire treasury shares up to a total of 10% of the share capital existing at the time the resolution is adopted or – should this be lower – upon exercise of the authorisation. The acquired shares, together with other treasury shares held by the company or attributable to it pursuant to Articles 71d and 71e AktG, may not at any time account for more than 10% of the respective share capital. The authorisation may be exercised in whole or in part, on one or more occasions, in pursuit of one or more purposes by the company or the Group companies, or by third parties on their behalf. The Executive Board is authorised to use shares of the company acquired based on this authorisation for all purposes permitted by law. In particular, the Executive Board may sell them through the stock exchange or an offer made to all shareholders. The uses include but are not limited to the following purposes:

- The shares may be redeemed without the redemption or its implementation requiring another resolution of the Annual General Meeting. They may also be redeemed in a simplified procedure without a capital reduction by adjusting the proportionate arithmetical amount of the remaining no-par value shares in the company's share capital. The cancellation may be limited to part of the acquired shares. The authorisation to redeem shares can be exercised multiple times. If the redemption is carried out using the simplified procedure, the Executive Board is authorised to amend the number of no-par value shares in the articles of association.
- The shares may also be sold in other ways than through the stock exchange or by an offer to all shareholders if the shares are sold for cash at a price that is not significantly below the arithmetic mean of the XETRA closing prices of the company's shares on the Frankfurt Stock Exchange on the last five trading days preceding the sale. In this case, the number of shares to be sold issued in accordance with Article 186 (3) sentence 4 AktG (excluding subscription rights in exchange for cash contributions close to the market price) may not exceed 10% of the share capital, either at the time the resolution is passed or at the time the authorisation is exercised. Shares issued or sold in direct or analogous application of Article 186 (3) sentence 4 AktG during the period of this authorisation up to this point in time shall be counted towards this limit. This also covers shares issued from authorised capital during the period of this authorisation under exclusion of subscription rights in accordance with Article 186 (3) sentence 4 AktG.
- The shares may be issued against contributions in kind, in particular also in connection with the acquisition of companies, parts of companies or equity interests in companies and mergers of companies as well as the acquisition of other assets for the purpose of expanding business activities.
- The shares may be issued to employees of the company and affiliated undertakings as well as to members of the management of affiliated undertakings and used to service rights or obligations to acquire shares in the company granted to employees of the Company and affiliated undertakings as well as members of the management of affiliated companies. The shares may also be granted to members of the Supervisory Board as part of the remuneration, to the extent legally permissible in individual cases.

Treasury shares may be used to fulfil obligations of the company arising from conversion rights or conversion obligations arising from convertible bonds issued by the company.

In the 2019 financial year, Eckert & Ziegler AG transferred 84,329 treasury shares to the former minority shareholders of Eckert & Ziegler BEBIG SA by merging Eckert & Ziegler BEBIG SA into Eckert & Ziegler AG. In the previous year, Eckert & Ziegler AG acquired 250,000 of its treasury shares at a purchase price of € 9,648 thousand as part of two public share buyback offers. 25,000 treasury shares were sold for a total of € 1,075 thousand.

As at 31 December 2019, the company held 145,489 treasury shares (2018: 229,818 shares), of which 84,358 were earmarked for the merger of Eckert & Ziegler BEBIG SA into Eckert & Ziegler AG. The number of treasury shares as at 31 December 2019 represented 2.7% (2018: 4.3%) of the company's share capital. The average number of shares outstanding in the 2019 financial year was 5,133,463 (2018: 5,168,026).

## 29 | LOAN LIABILITIES

Loan liabilities for the financial years ended 31 December 2019 and 2018 comprise the following:

€ thousand	2019	2018
<b>Loan liabilities as at 31 December, total</b>	<b>35</b>	<b>42</b>
– of which current	16	42
– of which non-current	19	0

Due to regular repayments, the loan liabilities were almost completely repaid in the 2018 financial year, save for a small residual amount, and as a result, the Group had virtually no financial liabilities as at 31 December 2018. The Group did not take out any new loans in the 2019 and 2018 financial years.

Overall, the Group has credit line commitments amounting to € 22,127 thousand. As at 31 December 2019, these commitments totalled € 10,533 thousand for guarantees.

As at 31 December 2019 and 2018, the contractually agreed residual maturities of loan liabilities are as follows:

€ thousand	2019	2018
Residual maturity up to 1 year	16	42
Residual maturity >1 to 5 years	19	0
Residual maturity over 5 years	0	0
<b>Loan liabilities as at 31 December, total</b>	<b>35</b>	<b>42</b>

## 30 | DEFERRED INCOME FROM GRANTS AND OTHER DEFERRED INCOME

The deferred income from grants as at 31 December comprises the following:

€ thousand	2019	2018
deferred grants and other current deferred income	45	137
deferred non-current grants	4,128	3,503
<b>As at 31 December</b>	<b>4,173</b>	<b>3,640</b>

## 31 | PROVISIONS FOR PENSIONS

The Eckert & Ziegler Group has defined benefit plans mainly at the German companies in the Isotope Products segment. In addition, there are defined benefit plans for individual employees of a German company in the Radiopharma segment and a pension commitment for the widow of a former member of the Executive Board.

The Group has taken out pension liability insurance policies under these plans. Where these have been assigned to employees, the pension liability insurance is reported as plan assets netted against the pension provisions. Claims under pension liability insurance policies that have not been assigned are reported as non-current assets.

The type and amount of benefits payable under the pension plans are specified in company agreements (pension schemes). Essentially, these are either old-age pensions or one-off payments, which are paid to employees by the employer after they have left the company and reached the specified age limit.

In 2019 and 2018, there were no material changes in these defined benefit plans.

Pension obligations were calculated in accordance with IAS 19 (revised) using the projected unit credit (PUC) method, and recognised at the present value of the pension entitlements earned on the measurement date, including expected future pension and salary increases. The actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 December 2019 by Longial AG and Allianz Lebensversicherung AG, respectively (as in the previous year).

The most important assumptions underlying the actuarial valuation are:

%	Dec 31, 2019	Dec 31, 2018
Discount rate(s)	1.0 to 1.05	1.7 to 2.15
Expected return on plan assets	1.00	1.75
Expected percentage salary increases	0.00 to 2.50	0.00 to 2.50
Expected percentage pension increases	0.00 to 1.50	0.00 to 1.50
Fluctuation rate	0.00 to 2.00	0.00 to 2.00

As at 31 December of the respective financial year, the following amounts were calculated using actuarial methods:

€ thousand	2019	2018
Present value of defined benefit pension obligations	13,658	11,538
Plan assets measured at fair value	-171	-170
<b>Pension provisions as at 31 December</b>	<b>13,487</b>	<b>11,368</b>

The amount recognised for pension provisions developed as follows:

€ thousand	2019	2018
Pension provisions as at 1 January	11,368	11,675
Expenses for pension obligations	424	418
Actuarial gains (-)/ losses (+)	2,004	-421
Disbursements from plan assets	0	0
Return on plan assets	-3	-3
Pension payments	-306	-301
<b>Pension provisions as at 31 December</b>	<b>13,487</b>	<b>11,368</b>

\* before deferred taxes

Of the actuarial gains (-)/losses (+), € 2,211 thousand result from changes in actuarial assumptions and € -207 thousand from experience adjustments. As the demographic assumptions remained unchanged, they did not give rise to actuarial gains or losses.

The following amounts were recognised in the profit and loss statement of the respective financial year:

€ thousand	2019	2018
Service cost	192	201
Interest expense	232	217
Expected return on plan assets	-3	-3
<b>Total recognised amounts</b>	<b>421</b>	<b>415</b>

The following amounts were recognised in other comprehensive income in the respective financial year:

€ thousand	2019	2018
accumulated actuarial gains (-)/ losses (+) as at 1 January *	2,561	2,849
Addition/disposal *	1,369	-288
<b>accumulated actuarial gains (-)/ losses (+) as at 31 December *</b>	<b>3,930</b>	<b>2,561</b>

\* after deferred taxes

The plan assets consist of a reinsurance policy financed exclusively from employer contributions. The changes in the fair value of plan assets in the current financial year are as follows:

€ thousand	2019	2018
Opening balance of plan assets measured at fair value	170	168
Expected return on plan assets	3	3
Actuarial loss	-2	-1
Disbursements from plan assets	0	0
<b>Closing balance of plan assets measured at fair value</b>	<b>171</b>	<b>170</b>

Pension payments of € 350 thousand are expected for the 2020 financial year. The weighted average duration of the pension obligations across individual pension plans was between 14 and 22 years.

The present value of the defined benefit pension obligations and the fair value of the plan assets developed as follows:

€ thousand	2019	2018	2017	2016	2015
Defined benefit obligation	-13,658	-11,538	-11,843	-11,968	-10,665
Plan assets	171	170	168	166	171
<b>Net obligation</b>	<b>-13,487</b>	<b>-11,368</b>	<b>-11,675</b>	<b>-11,802</b>	<b>-10,494</b>

A key actuarial assumption used to determine pension provisions is the discount rate. The following sensitivity analysis was carried out by actuarial experts on the basis of reasonable potential change in the discount rate as at the balance sheet date, with the remaining assumptions remaining unchanged.

	Defined benefit obligation	
	€ thousand	%
current assumption	13,487	
Discount rate -0.25%	14,288	5.9
Discount rate +0.25%	13,068	-3.1

## 32 | OTHER PROVISIONS

The following table provides an overview of the changes in other provisions during the 2019 and 2018 financial years.

€ thousand	2019	2018
Provisions for restoration obligations (non-current)	24,704	22,772
Other provisions (non-current)	26,736	28,809
Other non-current provisions as at 31 December	51,440	51,581
Other provisions (current)	3,002	3,474
<b>Other current provisions as at 31 December</b>	<b>3,002</b>	<b>3,474</b>

Provisions for restoration obligations include expected expenses for the dismantling and disposal of production facilities and reversing leasehold improvements. They evolved as follows in the 2019 and 2018 financial years:

€ thousand	2019	2018
Provisions as at 1 January	22,772	18,841
Additions	1,775	3,619
Compounding	86	187
Currency translation	71	125
<b>Provisions as at 31 December</b>	<b>24,704</b>	<b>22,772</b>

In accordance with IFRIC 1, the discount rates appropriate to the maturities of the provisions for restoration obligations were adjusted in line with developments on the capital markets in the 2019 financial year. The adjusted interest rates range from 0.0% to 2.2%. If the previous year's interest rates of -0.3% to 2.7% had been maintained, this would have raised the provision by € 247 thousand (2018: decreased the provision by € 181 thousand). The Group expects to make restoration payments in the 2021 to 2040 financial years.

Other non-current provisions as at 31 December 2019 mainly consist of provisions for the obligation to process own radioactive residues and those collected by third parties and take-back obligations for sold radiation sources of € 24,252 thousand (2018: € 24,678 thousand). These provisions are created based on the anticipated internal and external costs of processing, which are regularly reviewed and updated. Cost calculation is based on empirical values and past costs for disposal. The extrapolation of historic costs in the future involves the following estimation uncertainties:

- uncertainty relating to future valuation of underlying disposal channels, the degree of usability and related external costs.
- inability to take into account potential amendments in legal and/or regulatory requirements affecting both internal expenses as well as external disposal costs.
- valuation risks due to the use of flat-rate price increases and fixed discount rates.

Other non-current provisions also include € 1,577 thousand (2018: € 1,931 thousand) for the fulfilment of long-term contractual obligations, personnel provisions (for length-of-service bonuses) amounting to € 364 thousand (2018: € 830 thousand), provisions for clearance measurements and site restoration of € 303 thousand (2018: € 280 thousand) and archiving provisions of € 240 thousand (2018: € 240 thousand).

Other non-current provisions developed as follows in the 2019 and 2018 financial years:

€ thousand	2019	2018
Provisions as at 1 January	28,809	26,658
Additions	2,208	4,221
Disposals	-1,450	0
Compounding	44	24
Utilisation	-2,893	-2,116
Currency translation	18	22
<b>Provisions as at 31 December</b>	<b>26,736</b>	<b>28,809</b>

The other current assets provisions in the amount of € 3,002 thousand (2018: € 3,474 thousand) are for the current portion of the disposal of radioactive residual materials.

### 33 | OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly include non-current liabilities from a licence agreement concluded in the 2013 financial year amounting to € 1,957 thousand (2018: € 1,957 thousand) and earn-out and other non-current liabilities amounting to € 106 thousand (2018: € 194 thousand).

Other non-current liabilities also include an interest rate swap in the amount of € 47 thousand (2018: € 119 thousand). This is a derivative that was recognised as a financial liability at fair value through profit or loss in accordance with IFRS 9.4.2.1 (a). Further information on derivative financial instruments is provided in Note 36.

### 34 | ADVANCE PAYMENTS RECEIVED

In connection with contracts with customers, Group companies receive advance payments, which are recognised as current liabilities. These are contractual liabilities within the meaning of IFRS 15.116, which will be recognised as revenue in the following year. The advance payments received of € 4,106 thousand recorded as at 31 December 2018, were fully recognised as revenue in the 2019 financial year (2018: € 5,859 thousand).

### 35 | OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December comprise the following:

€ thousand	2019	2018
Liabilities from wages and salaries	7,548	8,055
Amounts owed to social security	460	494
Amounts owed to tax authorities	1,362	681
Liabilities from other accrued expenses	5,512	4,498
Amounts owed to former minority shareholders	0	600
Other liabilities	869	783
<b>As at 31 December</b>	<b>15,751</b>	<b>15,111</b>

As at 31 December 2018, the other current liabilities include an earn-out liability from a company acquisition in the amount of € 22 thousand, which was paid in 2019.

### 36 | ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

This section provides an overview of the significance of financial instruments for the Group and additional information about balance sheet items that contain financial instruments.

## Overview of financial assets and liabilities

The following table shows the carrying amounts and fair values for all categories of financial assets and liabilities in accordance with IFRS 9:

Balance sheet item	Classification category under IFRS 9*	Dec 31, 2019 Carrying amount	Dec 31, 2019 Fair value	Dec 31, 2018 Carrying amount	Dec 31, 2018 Fair value
<b>ASSETS</b>					
Other non-current assets	AC	234	234	1,287	1,287
Other non-current assets	FVTPL	569	569	2,208	2,208
Cash and cash equivalents	AC	78,922	78,922	54,186	54,186
Trade receivables	AC	29,484	29,484	28,308	28,308
Other current assets	AC	311	311	2,981	2,981
		<b>109,520</b>	<b>109,520</b>	<b>88,970</b>	<b>88,970</b>
of which totals by classification category	AC	108,951	108,951	86,762	86,762
	FVTPL	569	569	2,208	2,208
<b>EQUITY AND LIABILITIES</b>					
Non-current loan liabilities	AC	19	19	0	0
Other non-current liabilities	AC	1,991	1,914	2,043	1,964
Other non-current liabilities	FVTPL	119	119	227	227
Current loan liabilities	AC	16	16	42	42
Trade payables	AC	4,487	4,487	6,490	6,490
Other current liabilities	AC	6,381	6,381	5,859	5,859
Other current liabilities	FVTPL	0	0	22	22
		<b>13,013</b>	<b>12,936</b>	<b>14,683</b>	<b>14,604</b>
of which totals by classification category	AC	12,894	12,817	14,434	14,355
	FVTPL	119	119	249	249

\* Abbreviations:

AC: Measurement at amortised cost

FVTPL: Measurement at fair value through profit or loss

Derivative financial liabilities include interest rate swaps recognised at fair value through profit or loss. The Group determines market prices for these swaps, at which the swaps can be redeemed at any time.

The fair values of cash and cash equivalents, of current receivables, trade payables as well as of other current trade payables and other receivables roughly correspond to their carrying amounts. The primary reason for this is the short term to maturity of these instruments.

The Group calculates the fair value of amounts owed to financial institutions and other financial debts with a fixed interest rate (which deviates from the market interest rate) by discounting the expected future cash flows using the interest rate applicable to similar financial debts with similar residual maturities.

As loan obligations are predominantly short term, discounting only has a marginal effect.

Non-current receivables and liabilities that are not interest-bearing are recognised at their discounted value.

Financial assets and liabilities measured at fair value are categorised into the following levels of the fair value hierarchy:

**Level 1:** The market values for these assets and liabilities are determined based on quoted, unadjusted prices on active markets.

**Level 2:** The market values for these assets and liabilities are determined based on parameters for which quoted prices, derived either directly or indirectly, are available on an active market.

**Level 3:** The market values for these assets and liabilities are determined based on parameters for which no observable market data is available.

All financial assets and financial liabilities recognised as at 31 December 2019 and 31 December 2018 fall under level 3 of the above measurement categories.

The financial assets measured at fair value include the following items:

- contingent receivables from the sale of shares in OctreoPharm Sciences GmbH of € 240 thousand and € 2,183 thousand as at 31 December 2019 and 31 December 2018, respectively. The fair value of these receivables is determined based on estimated probability of occurrence of individual milestones in the development project of OctreoPharm Sciences GmbH. A loss of € 1,943 thousand was recognised in the year under review due to the reduced probability of occurrence of the agreed milestones.
- 8.7% interest in Myelo Therapeutics GmbH, Berlin, Germany, as at 31 December 2019. The carrying amount of this investment of € 279 thousand represents the fair value as at 31 December 2019, calculated based on an enterprise value estimate taking into account all available data.

The financial liabilities measured at fair value include the following items:

- derivative financial liabilities arising from an interest rate swap of € 47 thousand as at 31 December 2019 and € 119 thousand as at 31 December 2018; recognised in both years under other non-current liabilities. The Group determines market prices for these swaps, at which the swaps can be redeemed at any time.
- contingent consideration liability arising from acquisitions within the meaning of IFRS 3 in the amount of € 72 thousand as at 31 December 2019 and € 130 thousand as at 31 December 2018, of which € 22 thousand were recognised as current as at 31 December 2018. The fair value of these liabilities is measured based on the agreed conditions for variable consideration and taking into account the estimated probability of these conditions occurring.

The net gains and losses recognised in accordance with IFRS 9 are shown in the following table:

Classification category under IFRS 9* € thousand	2019	2018
<b>Financial assets measured at amortised cost</b>		
Interest income	181	171
Impairment (-)/Reversal (+)	-630	-39
Foreign exchange gains (+)/Foreign exchange losses (-)	914	1,055
	465	1,187
<b>Financial assets measured at fair value through profit or loss</b>		
Impairment (-)/Reversal (+)	-1,943	0
	-1,943	0
<b>Financial liabilities measured at amortised cost</b>		
Interest expense	-165	-214
Foreign exchange gains (+)/Foreign exchange losses (-)	-663	-904
	-828	-1,118
<b>Financial liabilities measured at fair value through profit or loss</b>		
Interest expense	-75	-110
Impairment (-)/Reversal (+)	72	534
	-3	424

## Risk analysis

The Group is exposed to financial credit, default, liquidity and market risks in the course of business operations. Market risks relate, in particular, to interest and foreign exchange risk.

### Credit risk

Credit risk or default risk is the risk that a customer or counterparty of Eckert & Ziegler Group cannot meet its contractual obligations. The result of this is, firstly, the risk of value impairments on financial instruments due to issues of credit rating and, secondly, the risk of partial or complete loss of contractually agreed payments.

The Group is mainly exposed to credit and default risk based on its trade receivables. Risk is primarily influenced by the size of the customer and the country-specific rules and practices for processing the reimbursement of medical services by public authorities.

As a general rule, the Group obtains a credit rating for new customers, and first deliveries are only made against advance payment. Deliveries to customers that are considered a permanent risk due to their size or location are secured by advance payments or letters of credit. Credit and default risk is monitored as part of a Group-wide risk management system, which involves a regular analysis of overdue trade receivables.

### Risk exposure

The maximum default risk corresponds to the carrying amount of the trade receivables as at the balance sheet date in the amount of € 29,484 thousand (2018: € 28,308 thousand).

Save for trade receivables, the balance sheet does not contain any overdue or impaired financial assets. The Group considers the default risk of these other financial assets to be very low.

As at the reporting date, a geographic breakdown of the maximum credit exposure with respect to current trade receivables was as follows:

€ thousand	2019	2018
Europe	17,460	15,702
North America	7,843	7,983
Other	4,181	4,623
<b>As at 31 December</b>	<b>29,484</b>	<b>28,308</b>

The Group uses the simplified approach set out in IFRS 9 to measure the expected credit losses. Accordingly, all other financial assets measured at amortised cost are measured using the expected credit losses over the term. The expected loss rates for trade receivables are based on the payment profiles of customers and the relevant historical defaults. The historical loss rates are adjusted to reflect current and forward-looking information about external market parameters, internal factors, and specific information that affects the ability of customers to repay their debts.

Outstanding trade receivables are divided into three categories depending on their maturity. Based on the category, the probabilities of default are set at 0.1%, 0.2% and 0.4%. The amount is then multiplied by the loss given default (LGD) to obtain the expected credit loss (ECL). The model used by Eckert Ziegler AG assumes a LGD of 90% and a recovery rate of 10%.

On this basis, the impairment for trade receivables as at 31 December 2019 and 31 December 2018 was determined as follows:

	Expected LGD (portfolio)	Gross trade receivables € thousand	Portfolio impairment € thousand	Specific impairment € thousand
<b>Balance as at 31 December 2019</b>				
not yet due receivables	0.09%	16,520	-15	0
past due by 1 to 90 days	0.18%	8,318	-15	0
past due by more than 90 days	0.36%	6,051	-22	-1,353
		30,889	-52	-1,353
<b>Net trade receivables</b>		<b>29,484</b>		

	Expected LGD (portfolio)	Gross trade receivables € thousand	Portfolio impairment € thousand	Specific impairment € thousand
<b>Balance as at 31 December 2018</b>				
not yet due receivables	0.09%	19,575	-18	0
past due by 1 to 90 days	0.18%	6,843	-12	0
past due by more than 90 days	0.36%	2,664	-10	-734
		29,082	-40	-734
<b>Net trade receivables</b>		<b>28,308</b>		

The development of impairment of trade receivables is shown below:

€ thousand	2019	2018
As at 1 January	774	735
Net additions	630	39
<b>As at 31 December</b>	<b>1,405</b>	<b>774</b>

The revision of impairment methodology to comply with IFRS 9 effective 1 January 2018 did not result in any material changes.

### Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations on time. The purpose of liquidity management is to ensure that the Group has access to adequate amounts of debt and equity at all times.

As part of the Group's financial planning, a liquidity forecast is prepared, which can be used, among other things, to identify in advance additional debt financing needs.

The Group generates its financial resources predominantly through its operating activities. As at 31 December 2019, Eckert & Ziegler AG and its subsidiaries also had access to credit lines amounting to € 22,127 thousand (2018: € 22,024 thousand). Of this amount, € 11,594 thousand was freely available as at 31 December 2019, and € 10,533 thousand was drawn down for sureties and guarantees.

As at the balance sheet date, the amounts owed to credit institutions are very low at € 35 thousand (2018: € 42 thousand). In 2019 and 2018, debt financing was requested from credit institutions for various projects or submitted independently by banks. The various loan offers contain favourable terms and conditions, which leads to the conclusion that the Group has a good credit rating. The Executive Board believes this is because of the Group's solid financing with a high equity ratio and the favourable prospects of the profitable operating units. In addition to the high equity ratio, solid balance sheet ratios further underpin the Group's creditworthiness, as the non-current assets are more than covered by equity and non-current liabilities.

Based on its access to third-party financing and the forecast of liquidity requirements, it can be inferred that the Group currently has adequate financial resources to ensure its continued existence as a going concern. The Group also believes to be in the position to meet all of its financial obligations, even if a slight increase in the debt-to-equity ratio were to prove necessary in the coming financial years to support growth through further acquisitions and to finance the development of new products.

### Risk exposure

The contractually agreed due dates for financial liabilities, including interest payments, are shown below:

ANALYSIS OF THE CONTRACTUALLY AGREED DUE DATES		Dec 31, 2019				
		Carrying amount	Fair value	Cash outflow		
€ thousand			Total	up to 1 year	2 to 5 years	over 5 years
Loan liabilities	fixed interest	35	35	16	19	0
Loan liabilities	variable interest	0	0	0	0	0
Trade payables	non-interest bearing	4,487	4,487	4,487	0	0
Other liabilities	non-interest bearing	8,444	8,367	6,381	2,063	0
Derivative financial liabilities	variable interest	47	47	47	0	0
<b>As at 31/12</b>		<b>13,013</b>	<b>12,936</b>	<b>10,931</b>	<b>2,082</b>	<b>0</b>

ANALYSIS OF THE CONTRACTUALLY AGREED DUE DATES		Dec 31, 2018				
		Carrying amount	Fair value	Cash outflow		
€ thousand			Total	up to 1 year	2 to 5 years	over 5 years
Loan liabilities	fixed interest	42	42	42	0	0
Loan liabilities	variable interest	0	0	0	0	0
Trade payables	non-interest bearing	6,490	6,490	6,490	0	0
Other liabilities	non-interest bearing	8,032	7,953	5,881	2,151	0
Derivative financial liabilities	variable interest	119	119	119	0	0
<b>As at 31/12</b>		<b>14,683</b>	<b>14,604</b>	<b>12,532</b>	<b>2,151</b>	<b>0</b>

Cash outflows for liabilities bearing interest at variable rates are based on an interest rate of 3.5% in 2019.

### Currency risks

The Group's international business activity exposes it to foreign exchange risks resulting from the influence of exchange rate fluctuations on transactions as well as assets and liabilities denominated in a foreign currency (transaction risks).

The main foreign currency transactions in the Eckert & Ziegler Group are related to the US dollar as a result of loan repayments and dividend payments of the US-based subsidiaries and the export business of the German subsidiaries. This effect is only partially offset by the operating activity of some subsidiaries that buy components and goods mainly in US dollars and then sell final products mainly in euros.

If necessary, export transactions in foreign currencies are hedged using foreign currency options and forward transactions. There were no open positions under currency swaps and options as at the balance sheet date.

## Risk exposure

As at the reporting date, the Group's exposure to transaction risk was as follows:

Foreign currency exposure expressed in € thousand	Dec 31, 2019				Dec 31, 2018			
	USD	GBP	CZK	BRL	USD	GBP	CZK	BRL
Cash and cash equivalents	19,787	794	524	326	21,681	67	399	109
Trade receivables	8,173	380	238	1,165	9,235	417	0	976
Trade payables	-820	-42	-122	-219	-2,609	-74	-97	-287
<b>Balance sheet exposure</b>	<b>27,140</b>	<b>1,131</b>	<b>639</b>	<b>1,272</b>	<b>28,307</b>	<b>410</b>	<b>302</b>	<b>798</b>

Balance sheet exposure equates to net exposure, as no currency swaps existed at the respective reporting dates.

## Sensitivity analysis

Assuming all other assumptions remain unchanged, a 10% appreciation of the euro against the following currencies would lead to the following increases (decreases) in the overall result as at the balance sheet date:

Effect € thousand	Dec 31, 2019				Dec 31, 2018			
	USD	GBP	CZK	BRL	USD	GBP	CZK	BRL
Total comprehensive result	-2,467	-103	-58	-219	-562	18	-430	133

A 10% depreciation of the euro against the currencies listed above would have the opposite effect on the currencies as at the balance sheet date.

The foreign exchange rates listed under Note 5 were used as the basis for the sensitivity analysis.

## Interest rate risk

The Group's interest rate risk exposure due to fluctuations in market interest rates is low for financial assets and liabilities with medium- to long-term maturities since the assets and liabilities only bear variable interest to a minor extent.

No hedging is undertaken if a change in interest rates does not result in a cash flow impact for an item.

In February 2011, an interest rate swap was concluded to limit the interest rate risk on variable rate financing loans. This swap has a maturity of 10 years; a reference amount of € 8,000 thousand was hedged, which is reduced at the end of each quarter by € 250 thousand starting from 31 December 2013. The Group pays fixed interest of 3.21% on a quarterly basis on the respective reference amount and receives in return variable amounts equivalent to the three-month EURIBOR interest rate on the respective reference amount.

The fair value of the swap transaction is € -47 thousand (2018: € -119 thousand), and it is recognised in the balance sheet under other non-current liabilities. The fair value was communicated to the Group by the bank with which the swap transaction was concluded. Accordingly, to determine the actual cash value of the interest rate swaps, all payments to be made by the customer or by the bank are calculated from the measurement day until the end of the contract; then they are discounted based on the current yield curve, added together and then netted. The discounting of the variable interest payments (EURIBOR) was carried out based on the forward interest rates for the current yield curve with the corresponding maturity. The ensuing balances then represent a positive and a negative cash value for the counterparties from the existing contractual relationship.

## Risk exposure

The Group has the following interest-bearing financial assets and liabilities as at the balance sheet date:

€ thousand	2019	2018
Interest-bearing financial assets	0	3,515
– of which variable-interest	0	1,015
– of which fixed-interest	0	2,500
Interest-bearing financial liabilities	35	42
– of which variable-interest	0	0
– of which fixed-interest	35	42

## Sensitivity of the cash flows for variable-interest financial instruments

An increase in the market interest rate by 100 basis points on the reporting date – keeping all other assumptions the same – would have led to the increase (decrease) in the net profit or loss for the period:

Effect € thousand	2019		2018	
	+ 100 basis points	– 100 basis points	+ 100 basis points	– 100 basis points
Result from variable-interest financial instruments	10	–9	39	–39

## Capital management

Eckert & Ziegler AG (parent company) is subject to minimum capitalisation in accordance with Article 92 AktG in accordance with German stock corporation and commercial law regulations. Accordingly, an Extraordinary General Meeting must be called if the sum of the parent company's equity under commercial law falls below 50% of the subscribed capital. This did not occur in the 2019 and 2018 financial years.

The Group pursues a conservative investment and borrowing policy geared towards flexibility and maintains a well-balanced investment and financing portfolio. The Group is not subject to any external capital requirements. Ensuring the Group's liquidity and creditworthiness, including guaranteed access to the capital market at all times, and effectively increasing the company value are the main objectives of financial management.

Measures to achieve these goals include optimising the capital structure, the dividend policy, acquisitions, and, if necessary, equity measures. Capital requirements and capital procurement should be coordinated in a manner that takes requirements in terms of earnings, liquidity, security, and autonomy into appropriate consideration. The Group's overall strategy remains unchanged from 2018.

# NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents reported in the consolidated statement of cash flows include cash and cash equivalents reported on the balance sheet, comprising cash in hand, cheques, cash at bank and all highly-liquid assets with a remaining term of no more than three months from the date of acquisition.

The consolidated statement of cash flows shows how the cash and cash equivalents of the Eckert & Ziegler Group have changed during the financial year as a result of cash inflows and outflows. In accordance with IAS 7 (Cash Flow Statements), cash flows in the consolidated statement of cash flows have been divided into cash flows from operating, investing and financing activities.

Changes in the balance sheet items examined for the development of the consolidated statement of cash flows are adjusted for the non-cash effects of currency translation and changes to the basis of consolidation. Furthermore, investing and financing transactions that have not impacted liquid funds are not included in the cash flow statement. Because of the adjustments mentioned above, the changes in the respective balance sheet items reported on the consolidated statement of cash flows cannot be compared directly to the corresponding values on the published consolidated balance sheet.

## **37 | OPERATING ACTIVITIES**

Cash inflows and outflows are determined indirectly, starting with the consolidated net income. The profit (or loss) after tax is adjusted for non-cash expenses and supplemented by changes in assets and liabilities.

## **38 | INVESTING ACTIVITIES**

Cash flows from investing activities are derived from actual transactions. They include cash flows related to the acquisition, production and sale of intangible assets and property, plant and equipment not included in cash and cash equivalents.

## **39 | FINANCING ACTIVITIES**

Cash flows from financing activities are determined based on actual transactions and include not only the borrowing and repayment of loans and other financial liabilities, including the repayment of lease liabilities, cash flows between the Group and its shareholders, such as dividend payments.

The Group has elected to classify interest received and interest paid as cash flows from financing activities in accordance with IAS 7.33.

**40 | COMPANY ACQUISITIONS AND DISPOSALS****Acquisition of Medwings S.A. in the 2019 financial year**

Effective 24 October 2019, Eckert & Ziegler BEBIG GmbH acquired all shares in Medwings S.A. (Medwings), Lisbon, Portugal. By acquiring the Portuguese distributor, Eckert & Ziegler BEBIG GmbH is continuing its strategy of consolidating the market and strengthening its own market position in Europe.

The purchase price for the shares amounted to € 725 thousand. In the 2019 financial year, the Group incurred costs of € 33 thousand in connection with the acquisition, which were recognised as an expense under general administrative expenses.

The acquisition was included in the consolidated financial statements in accordance with the acquisition method. The purchase price was distributed across the acquired assets and assumed debt on the basis of the estimated fair value at the time of the acquisition. The distribution of the purchase price on the basis of estimated fair values of assets and debt was carried out as follows:

€ thousand	Carrying amount at acquisition date	Revaluation	Fair value at acquisition date
Intangible assets	0	647	647
Property, plant and equipment	59		59
Inventories	17		17
Receivables	278		278
Other assets	10		10
Cash at bank and in hand	121		121
Liabilities	-242		-242
Deferred taxes		-165	-165
<b>Net assets</b>	<b>243</b>	<b>482</b>	<b>725</b>
Purchase price	-725		-725
<b>Goodwill</b>			<b>0</b>

With the acquisition of Medwings, cash and cash equivalents amounting to € 121 thousand were taken over, so that the net cash flow from the acquisition amounted to € -604 thousand. In the 2019 financial year, Medwings generated revenue of € 753 thousand and earnings of € 22 thousand. Of this amount, € 186 thousand and € 2 thousand each relate to the period after the acquisition date.

**Acquisition of WOLF-Medizintechnik GmbH in the 2018 financial year**

Effective 1 January 2018, Eckert & Ziegler BEBIG GmbH acquired all shares in the Thuringian company WOLF-Medizintechnik GmbH (WOMED), St. Gangloff, Germany. With the acquisition of WOMED as an established Manufacturer of X-ray therapy devices for the treatment of superficial skin tumours and joint diseases, the Radiation Therapy segment has expanded its product portfolio, strengthening its market position, especially in Europe. In addition to WOMED's existing revenues, additional revenues and profits are expected from the expansion of the product portfolio. This is also the introduction of a device for intraoperative irradiation.

The purchase price for the shares amounted to € 3,522 thousand. The purchase price consisted of fixed amounts due in the short term totalling € 3,130 thousand and earn-out components totalling € 392 thousand. The payment of the earn-out components depends both in terms of amount and timing on the achievement of certain contractually agreed revenue targets.

In the 2018 financial year, the costs incurred in connection with the acquisition were recognised as an expense under general administrative expenses.

The acquisition was included in the consolidated financial statements in accordance with the acquisition method. The purchase price was distributed across the acquired assets and assumed debt on the basis of the estimated fair value at the time of the acquisition. The distribution of the purchase price on the basis of estimated fair values of assets and debt was carried out as follows:

€ thousand	Carrying amount at acquisition date	Revaluation	Fair value at acquisition date
Intangible assets	0	2,831	2,831
Property, plant and equipment	149		149
Inventories	1,082		1,082
Receivables	4		4
Other assets	479		479
Cash at bank and in hand	546		546
Liabilities	-444		-444
Deferred taxes	-276	-849	-1,125
<b>Net assets</b>	<b>1,540</b>	<b>1,982</b>	<b>3,522</b>
Purchase price	-3,522		-3,522
<b>Goodwill</b>			<b>0</b>

With the acquisition of WOMED, cash and cash equivalents of € 546 thousand were taken over, so that the net cash flow from the acquisition amounted to € -2,584 thousand (of which € -500 thousand was already paid in 2017). In the 2018 financial year, revenue of € 2,220 thousand and results of € -173 thousand were generated.

In the 2019 financial year, there were no expenses or income related to the adjustment of earn-out liabilities from previous company acquisitions (2018: expenses of € 91 thousand).

#### 41 | OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES AND RECEIVABLES

Under a contract concluded with the landlord of a production building, the landlord (who is also the previous building operator) will cover the costs of restoring the building (decontamination) up to a contractually agreed indexed amount when production ends; the tenant is required to cover the remaining amount. The operator of the facility generally bears the decontamination obligation in accordance with legal regulations. The Group recognises a provision for building restoration only if and to the extent that the amount estimated for the restoration would exceed the reimbursement claim against the landlord. This was not the case as at 31 December 2019 and 2018. Currently, the company assumes that the landlord will meet its contractual obligation. If the previous operator/landlord fails to meet its contractual obligations, the Group would be responsible for having the decontamination carried out, which would have a significant impact on the company's profitability and financial position, at least temporarily.

#### 42 | SEGMENT REPORTING

The Group applied "IFRS 8 Operating Segments" effective 1 January 2009. In accordance with IFRS 8, operating segments must be separately identified based on the Group's internal management reporting. These internal segments are those that are regularly reviewed by the Group's main decision-makers with regard to decisions about the distribution of resources to this segment and the assessment of its financial performance.

The Eckert & Ziegler Group has organised its activities into three operational reporting units. The individual segments offer different products and are also organisationally separated by the location. The applicable reporting principles of the individual segments are consistent with the reporting principles described in the summary of the fundamental accounting and valuation principles (Note 3). The segment reporting is not consolidated. This corresponds to the information used by the Executive Board in its regular management reporting. Intra-group leases are not accounted for in accordance with IFRS 16, and no corresponding right-of-use assets or lease liabilities are thus recognised under segment assets or segment liabilities. Transactions between the segments are processed at market prices.

The **Isotope Products** segment manufactures and distributes standards and radiation sources for medical and industrial purposes. Standards are radioisotopes for calibration purposes. They are generally sold to scientific institutions. Industrial radiation sources are found in various measuring equipment for industrial facilities and other measuring devices, for example, safety equipment at airports and in crude oil exploration. They are sold to the manufacturers or operators of systems. The medical radiation sources include radioactive sources for the calibration of gamma cameras. The production sites for this segment are located in North America and Europe. Worldwide sales and distribution also takes place from these locations. Following the acquisition of Nuclitec, the largest competitor, at the start of 2009, Eckert & Ziegler has been the global market leader in many products and applications. In addition to other services such as the transport of radioactive substances, the segment also retrieves, processes and conditions low-level radioactive isotope technology waste from hospitals and other facilities. With the acquisition of the companies of the Gamma-Service Group in May 2017, the segment's product portfolio was once again expanded to include isotope-technical plant construction and the construction of so-called blood irradiation equipment as well as further services related to the recycling of isotope technology waste. This means that the Isotope Products segment offers the entire range of services relating to radiation sources for medical and industrial purposes.

The **Radiation Therapy** segment targets its products at radiation therapists, a group of doctors that is specialised in treating cancer through irradiation. Its two most important products are small radioactive implants for treating prostate cancer based on iodine-125 (so-called "seeds") and tumour irradiation equipment based on cobalt-60 or iridium-192 (so-called "afterloaders"). The product range is rounded off by eye applicators based on ruthenium-106 and iodine-125 for the treatment of uveal melanoma (eye cancer). With the takeover of WOLF Medizintechnik GmbH in January 2018, the radiotherapy product portfolio was expanded to include X-ray therapy devices for the treatment of superficial skin tumours and joint diseases. Production is concentrated in Germany and the USA, whereas the products are sold worldwide.

The products of the **Radiopharma** segment, with head office in Berlin, Braunschweig, Germany and Hopkinton, MA, USA, comprise the approved  $^{68}\text{Ge}/^{68}\text{Ga}$  generator, laboratory equipment, including radiosynthesis devices and the associated consumables, as well as devices for the required quality control. The segment also produces long-lived radioisotopes for pharmaceutical applications (especially yttrium-90 as an approved drug Yttriga). This substance has a number of uses, such as in the production of radioactive embolic agents for the treatment of liver tumours. The segment's products are sold worldwide.

The items of the holding company Eckert & Ziegler Strahlen- und Medizintechnik are recognised under “Holding”.

#### SEGMENT REPORTING

€ thousand	Isotope Products		Radiation Therapy		Radiopharma		Holding		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Sales to external customers	105,852	106,829	30,098	30,351	42,520	31,517	23	12	0	0	178,493	168,709
Sales to other segments	5,085	5,473	0	266	10	0	6,339	5,880	-11,434	-11,619	0	0
Total segment sales	110,937	112,302	30,098	30,617	42,530	31,517	6,362	5,892	-11,434	-11,619	178,493	168,709
Income from investments measured using the equity method	48	-28	128	77	0	0	0	0	0	0	176	49
Segment profit/loss before interest and income taxes (EBIT)	15,464	15,634	1,506	1,471	17,171	9,115	-2,512	-2,833	428	0	32,055	23,387
Interest expenses and income	-621	-300	-41	-119	-13	-24	-133	-55	0	-3	-808	-501
Income taxes	-4,062	-3,150	81	-524	-5,156	-2,672	291	25	76	324	-8,769	-5,997
Profit/loss before minority interests	10,781	12,184	1,546	828	12,002	6,419	-2,354	-2,863	503	321	22,477	16,889

#### SEGMENT REPORTING

€ thousand	Isotope Products		Radiation Therapy		Radiopharma		Holding		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segmental assets	175,380	146,378	51,227	48,821	49,016	34,218	121,940	104,130	397,563	333,547
Elimination of intersegmental shares, equity investments and receivables									-123,327	-104,496
<b>Consolidated total assets</b>									274,236	229,051
Segmental liabilities	-94,711	-84,481	-16,679	-14,924	-37,710	-16,878	-2,967	-6,046	-152,067	-122,329
Elimination of intersegmental liabilities									17,272	17,155
<b>Consolidated liabilities</b>									-134,795	-105,174
Investments in associates	2,945	2,847	699	676	0	0	0	0	3,644	3,523
Investments (excluding acquisitions)	3,615	3,540	639	1,513	2,649	2,129	310	124	7,213	7,306
Depreciation and amortisation	-2,825	-4,181	-922	-3,104	-881	-1,009	-206	-150	-4,834	-8,444
Impairment	0	-130	0	0	0	0	0	0	0	-130
Other material non-cash income (+) / expenses (-)	1,541	-3,311	-23	-248	-742	384	-839	3,173	-63	-2

#### INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT BROKEN DOWN BY REGION

€ thousand	2019	2018
Germany	55,302	54,554
US	29,078	27,812
Belgium	2,973	3,160
Other	4,551	3,924
<b>Total</b>	<b>91,903</b>	<b>89,450</b>

#### EXTERNAL SALES BY GEOGRAPHIC REGION

	2019		2018	
	€ million	%	€ million	%
Europe	83.4	47	79.9	47
North America	64.9	36	57.5	34
Asia/Pacific	16.9	10	16.8	10
Other	13.3	7	14.5	9
<b>Total</b>	<b>178.5</b>	<b>100</b>	<b>168.7</b>	<b>100</b>

The definition of geographical regions is based on the registered office of the service recipient. Revenue in North America is almost exclusively generated in the US.

In the financial years 2019 and 2018, the Group did not have any individual customers who generated more than 10% of the Group's revenue.

### 43 | RELATED PARTIES

In accordance with IAS 24, transactions must be disclosed if they involve parties or companies that control Eckert & Ziegler AG or are controlled by Eckert & Ziegler AG. Transactions between the company and its subsidiaries, which are related parties, were eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. Transactions between Eckert & Ziegler AG and related parties are made on terms equivalent to those that prevail with unrelated third parties.

#### a) Key management personnel

##### Executive Board

- **Dr. Andreas Eckert** (Chairman of the Executive Board, responsible for Group strategy, finance and capital market communications, as well as the Isotope Products and Other segments), Wandlitz, businessman – *Positions on other boards: Chairman of the Board of Directors of Eckert & Ziegler Isotope Products Inc. (IPL), Valencia, USA*
- **Dr. Harald Hasselmann** (Member of the Executive Board, responsible for the Radiation Therapy segment and Human Resources), Berlin, businessman – *Positions on other boards: none*
- **Dr. Lutz Helmke** (Member of the Executive Board, responsible for the Radiopharma segment), Berlin, PhD in radiochemistry – *Positions on other boards: none*

##### Other key management personnel

- **Dr. Gunnar Mann** (responsible for radiation protection, information technology and infrastructure)
- **Frank Yeager** (President of Eckert & Ziegler Isotope Products Inc.)
- **Joseph Hathcock** (Vice-president of Eckert & Ziegler Isotope Products Inc.)
- **Claudia Goulart** (Managing Director of Eckert & Ziegler Brasil Participações Ltda., Eckert & Ziegler Brasil Comercial Ltda. and Eckert & Ziegler Brasil Logística Ltda.)
- **Ivan Simmer** (Managing Director and minority shareholder of Eckert & Ziegler Cesio s.r.o.)

##### Supervisory Board

In the 2019 financial year, the Supervisory Board comprised the following members:

- **Prof. Dr. Wolfgang Maennig** (Chairman), Berlin, Germany, university professor – *Positions on other supervisory boards: none*
- **Prof. Dr. Helmut Grothe**, (Deputy Chairman), Wandlitz, Germany, lawyer, professor at the Free University of Berlin – *Positions on other supervisory boards: none*
- up to 29 May 2019: **Prof. Dr. Detlev Ganten**, Berlin, Germany, President of the World Health Summit, Chairman of the Board of Trustees of the Max Planck Institute for Colloids and Interfaces (MPI-KG) and Molecular Plant Physiology (MPI-MP), Potsdam, Germany – *Positions on other supervisory boards: none*
- **Albert Rupprecht**, Waldthurn, Germany, economics graduate, member of the German Bundestag – *Positions on other supervisory boards: none*
- **Dr. Edgar Löffler**, Berlin, Germany, medical physicist – *Positions on other supervisory boards: none*
- **Jutta Ludwig**, Hamburg, Germany, economics graduate and sinologist – *Positions on other supervisory boards: none*
- From 29 May 2019: **Frank Perschmann**, Berlin, Germany, engineering graduate – *Positions on other supervisory boards: none*

#### b) Joint ventures in which the Group is a partner company

In June 2009, Eckert & Ziegler contributed intangible assets to the joint venture ZAO “NanoBrachyTech” and received 15% of the shares in the joint venture. Eckert & Ziegler BEBIG SA supplies weak radioactive implants to OOO BEBIG, a wholly-owned subsidiary of the joint venture. The revenue of OOO BEBIG was € 3,573 thousand in the 2019 financial year (2018: € 1,376 thousand). In addition, Eckert & Ziegler received repayments of € 460 thousand and interest payments of € 7 thousand in the 2018 financial year in connection with a loan arising from a conversion of receivables. The loan bears an interest rate of 2.5% p. a. As at 31 December 2019, the outstanding receivables of Eckert & Ziegler BEBIG GmbH owed by OOO BEBIG amounted to € 67 thousand (2018: € 40 thousand).

### c) Other related parties

- Eckert Wagniskapital und Frühphasenfinanzierung GmbH (EWK), which holds 30.8% of the shares in Eckert & Ziegler AG, and whose sole shareholder, Dr. Andreas Eckert, is the Chairman of the Executive Board of Eckert & Ziegler AG.
- Eckert Beteiligungen 2 GmbH (EB2), which is a wholly-owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.
- ELSA Eckert Life Science Accelerator GmbH (ELSA), which is a wholly-owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.
- ELSA 2 Beteiligungen GmbH (ELSA2), which is a wholly-owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.

In 2019 and 2018, the following material transactions were conducted with related parties; all transactions were conducted at arm's length.

In October 2017, Eckert & Ziegler AG concluded a loan and share option agreement with ELSA. The agreement had a term of 4 years and a total volume of up to € 2,500 thousand. The loan bore an interest rate equal to a three-month EURIBOR plus 50 base points. As at 31 December 2018, € 1,015 thousand was paid out to ELSA under the contract. The contract was terminated in January 2019, and the loan (€ 1,015 thousand) was repaid in full, including accrued interest (€ 1 thousand). The income of € 384 thousand generated by ELSA from the sale of shares was transferred in full to Eckert & Ziegler AG through its subsidiary Eckert & Ziegler BEBIG GmbH in accordance with the terms of the agreement.

In October 2012, Eckert & Ziegler AG, Eckert & Ziegler BEBIG GmbH, Eckert & Ziegler Radiopharma GmbH and Eckert & Ziegler Eurotope GmbH concluded a long-term lease with Eckert Beteiligungen 2 GmbH. With effect from 1 January 2018, Eckert & Ziegler AG entered into the leases of other three companies with Eckert Beteiligungen 2 GmbH as general tenant. In the 2019 financial year, rent and related expenses amounted to € 682 thousand (2018: € 829 thousand (rent and additional property expenses)). As at 31 December 2019, due to the first-time application of the new lease accounting standard, IFRS 16, lease liabilities owed to Eckert Beteiligungen 2 GmbH of € 4,868 thousand are shown in the balance sheet.

In February 2018, EZAG granted Eckert Wagniskapital und Frühphasenfinanzierung GmbH a liquidity loan in the amount of € 2,500 thousand. The loan had a term until 31 December 2019 and bore an interest rate of 2.95%. In the 2019 financial year, Eckert & Ziegler AG generated interest income of € 68 thousand (2018: € 65 thousand) from the loan. The loan was repaid in full to Eckert & Ziegler AG in two instalments € -750 thousand as at 30 September 2019 and € 1,750 thousand as at 31 December 2019.

The balances of parties related to the Eckert & Ziegler Group with respect to receivables, loan receivables, liabilities and loan liabilities for the 2019 and 2018 financial years are as follows:

€ thousand	2019	2018
Amounts owed by related parties	72	3,581
Amounts owed to related parties	4,868	40

## 44 | INFORMATION ON THE REMUNERATION OF BOARD MEMBERS

The Group's remuneration policy for board members is set out in the remuneration report in the combined management report.

### Executive board remuneration:

In the 2019 financial year, the total remuneration of the members of the Executive Board amounted to € 1,795 thousand (2018: € 1,662 thousand). This corresponds to an 8% increase over the previous year. Of this total remuneration, € 945 thousand (2018: € 957 thousand) was attributed to fixed salary components and € 850 thousand (2018: € 705 thousand) to variable salary components.

The following table shows the Executive Board remuneration granted in the year under review and the previous year.

Figures in €	Dr. Andreas Eckert				Dr. Harald Hasselmann				Dr. Lutz Helmke			
	Chairman of the Executive Board EZAG				Member of the Executive Board responsible for the Therapy segment				Member of the Executive Board responsible for the Radiopharma segment			
	Date appointed: July 3, 1997				Date appointed: January 1, 2017				Date appointed: September 17, 2018			
	2018	2019	Min	Max	2018	2019	Min	Max	2018	2019	Min	Max
Fixed remuneration	300,000	438,240	438,240	438,240	196,245	203,600	203,600	203,600	60,667	210,000	210,000	210,000
Additional benefits	35,255	38,281	38,281	38,281	34,294	37,338	37,338	37,338	10,883	42,034	42,034	42,034
<b>Total</b>	<b>335,255</b>	<b>476,521</b>	<b>476,521</b>	<b>476,521</b>	<b>230,539</b>	<b>240,938</b>	<b>240,938</b>	<b>240,938</b>	<b>71,550</b>	<b>252,034</b>	<b>252,034</b>	<b>252,034</b>
Inventor's compensation	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	387,640	500,000	0	500,000	116,800	125,010	0	150,000	0	200,000	0	200,000
Bonus on Group EBIT (5 years)	387,640	500,000	0	500,000								
Bonus on group net profits excluding the Therapy segment (3 years)					100,000	100,000	0	100,000				
Bonus on net profits Therapy segment (3 years)					16,800	25,010	0	50,000				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									0	50,000	0	50,000
Bonus on EBIT for the Radiopharma segment (3 years)									0	150,000	0	150,000
<b>Total</b>	<b>387,640</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>116,800</b>	<b>125,010</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>
Benefit expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total remuneration</b>	<b>722,895</b>	<b>976,521</b>	<b>476,521</b>	<b>976,521</b>	<b>347,339</b>	<b>365,948</b>	<b>240,938</b>	<b>390,938</b>	<b>71,550</b>	<b>452,034</b>	<b>252,034</b>	<b>452,034</b>

The following table shows the Executive Board remuneration paid in the year under review and the previous year.

Figures in €	Dr. Andreas Eckert				Dr. Harald Hasselmann				Dr. Lutz Helmke			
	Chairman of the Executive Board EZAG				Member of the Executive Board responsible for the Therapy segment				Member of the Executive Board responsible for the Radiopharma segment			
	Date appointed: July 3, 1997				Date appointed: January 1, 2017				Date appointed: September 17, 2018			
	2018	2019	Min	Max	2018	2019	Min	Max	2018	2019	Min	Max
Fixed remuneration	300,000	300,000	300,000	300,000	196,245	203,600	203,600	203,600	60,667	210,000	210,000	210,000
Additional benefits	35,255	38,281	38,281	38,281	34,294	37,338	37,338	37,338	10,883	42,034	42,034	42,034
<b>Total</b>	<b>335,255</b>	<b>338,281</b>	<b>338,281</b>	<b>338,281</b>	<b>230,539</b>	<b>240,938</b>	<b>240,938</b>	<b>240,938</b>	<b>71,550</b>	<b>252,034</b>	<b>252,034</b>	<b>252,034</b>
Inventor's compensation	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	387,640	352,347	0	500,000	116,800	125,010	0	150,000	0	200,000	0	200,000
Bonus on Group EBIT (5 years)	387,640	352,347	0	500,000								
Bonus on group net profits excluding the Therapy segment (3 years)					100,000	100,000	0	100,000				
Bonus on net profits Therapy segment (3 years)					16,800	25,010	0	50,000				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									0	50,000	0	50,000
Bonus on EBIT for the Radiopharma segment (3 years)									0	150,000	0	150,000
<b>Total</b>	<b>387,640</b>	<b>352,347</b>	<b>0</b>	<b>500,000</b>	<b>116,800</b>	<b>125,010</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>
Benefit expense	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total remuneration</b>	<b>722,895</b>	<b>690,628</b>	<b>338,281</b>	<b>838,281</b>	<b>347,339</b>	<b>365,948</b>	<b>240,938</b>	<b>390,938</b>	<b>71,550</b>	<b>452,034</b>	<b>252,034</b>	<b>452,034</b>

1 The fixed and variable remuneration of the Executive Board members, Dr. Harald Hasselmann and Dr. Lutz Helmke, is not included in the personnel expenses of the AG, as it is paid through subsidiaries.

2 In individual cases, the variable remuneration may be lower or higher than the minimum or maximum amounts shown, because the adjustment of the caps is always cumulative over the term of the contract, and the stated minimum and maximum amounts represent the annual average.

Under the terms of his contract, the Chairman of the Executive Board, Dr. Andreas Eckert, is entitled to receive a share-based remuneration in addition to a fixed salary. In consideration of his activities, Dr. Eckert is entitled to 200 shares of Eckert & Ziegler AG per month. After termination of the current executive board contract, the Group is obliged to provide Dr. Eckert with shares of Eckert & Ziegler AG for the rights acquired up to that point. The fair value of the rights to 2,400 shares granted in total in the 2019 financial year was € 457 thousand as at 31 December 2019 (based on the XETRA closing price of the Eckert & Ziegler share on 30 December 2019 (€ 190.60) without taking future dividends into account).

The disclosed variable remuneration for 2019 is based on the final financial statement figures, and this amount will be paid out in 2020. Due to the iteration problem, the provisions for bonuses contained in the balance sheet as at 31 December 2019 may differ slightly.

Former Executive Board member Dr. André Heß was promised compensation for a post-contractual non-compete obligation amounting to 50% of his annual remuneration if he left the Group after termination of his Executive Board contract, and this amount was shown accordingly in the remuneration report for the previous year.

In connection with the termination of the Executive Board contract with Dr. André Heß, a member who left the Executive Board effective 31 August 2018, an amount of € 276 thousand was set aside in addition to the executive board remuneration recorded in the remuneration report. In the 2019 financial year, the Group settled the dispute over the termination of the Executive Board contract between Eckert & Ziegler AG and Dr. Heß.

Provisions of € 312 thousand (2018: € 437 thousand; calculated in accordance with IFRS) have been recognised for pension commitments to a former member of the Executive Board (or their surviving dependents). Pension payments of € 32 thousand were made to this former Executive Board member in the 2019 financial year (2018: € 32 thousand).

### Supervisory Board remuneration

In the 2019 financial year, the members of the Supervisory Board received fixed remuneration of € 108 thousand (2018: € 94 thousand) and attendance fees of € 28 thousand (2018: € 33 thousand). This translates into a total expense of € 136 thousand (2018: € 127 thousand).

The individual members of the Supervisory Board received the following remuneration:

Name	Position for which remuneration was paid	Fixed remuneration	Attendance fee	Total
€ thousand				
Prof. Dr. Wolfgang Maennig	Chairman of the Supervisory Board	36 € thousand (2018: 29 € thousand)	4 € thousand (2018: 6 € thousand)	40 € thousand (2018: 35 € thousand)
Prof. Dr. Helmut Grothe	Deputy Chairman of the Supervisory Board	24 € thousand (2018: 20 € thousand)	5 € thousand (2018: 6 € thousand)	29 € thousand (2018: 26 € thousand)
Albert Rupprecht	Member of the Supervisory Board	12 € thousand (2018: 11 € thousand)	4 € thousand (2018: 6 € thousand)	16 € thousand (2018: 17 € thousand)
Dr. Edgar Löffler	Member of the Supervisory Board since 1 January 2019	12 € thousand (2018: 0 € thousand)	5 € thousand (2018: 0 € thousand)	17 € thousand (2018: 0 € thousand)
Jutta Ludwig	Member of the Supervisory Board since 1 January 2019	12 € thousand (2018: 0 € thousand)	5 € thousand (2018: 0 € thousand)	17 € thousand (2018: 0 € thousand)
Prof. Dr. Detlev Ganten	Member of the Supervisory Board up to 29 May 2019	5 € thousand (2018: 11 € thousand)	3 € thousand (2018: 4 € thousand)	8 € thousand (2018: 15 € thousand)
Frank Perschmann	from 29 May 2019: Member of the Supervisory Board	7 € thousand (2018: 0 € thousand)	2 € thousand (2018: 0 € thousand)	9 € thousand (2018: 0 € thousand)
Hans-Jörg Hinke	Member of the Supervisory Board up to 31 December 2018	0 € thousand (2018: 11 € thousand)	0 € thousand (2018: 6 € thousand)	0 € thousand (2018: 17 € thousand)
Dr. Gudrun Erzgräber	Member of the Supervisory Board up to 31 December 2018	0 € thousand (2018: 11 € thousand)	0 € thousand (2018: 5 € thousand)	0 € thousand (2018: 16 € thousand)

In August 2019, Eckert & Ziegler AG concluded a consultancy agreement with the consultancy firm of a member of the Supervisory Board on standard market terms. In the 2019 financial year, services worth € 7 thousand were provided under this agreement.

Supervisory Board members did not receive any remuneration or benefits in consideration for services, in particular consulting or intermediary services, rendered outside of their activities on the Supervisory Board in the year under review.

The Supervisory Board has not established any committees, including an audit committee or nomination committee. The need to form committees, in particular an audit committee or a nomination committee, is not considered to be a priority by the Supervisory Board due to the small number of Supervisory Board members and the Group's specific circumstances. All the duties of these committees are therefore performed by the Supervisory Board as a whole.

#### 45 | EVENTS AFTER THE BALANCE SHEET DATE

On 26 February 2020, Eckert & Ziegler Radiopharma GmbH (EZR) concluded an agreement with ELSA Eckert Life Science Accelerator GmbH (ELSA) which grants EZR an option to acquire shares in Pentixapharm GmbH, Würzburg. In consideration of the option, EZR will reimburse ELSA any financing costs incurred by ELSA for its investment in Pentixapharm GmbH up to an amount of € 3.0 million. When EZR exercises the option, a purchase price of € 3.3 million for acquisition of the shares will be payable, on the basis that any financing expenses already paid up to that point will be offset against the purchase price.

On 5 March 2020, Eckert & Ziegler AG concluded a notarised contract for the sale of its special-purpose property in Seneffe, Belgium, which, in addition to the sale of the building, also involves the transfer of the licence for handling radioactive materials and liability for any restoration obligations. The transfer is subject to standard market conditions precedent. The necessary conditions include, in particular, the approval of the competent Belgian supervisory authority. The transfer and the associated accounting effects will only become effective once the supervisory authority has issued a positive decision. If the supervisory authority approves the transfer as requested, the sale would generate a one-off income for Eckert & Ziegler AG of around € 2.7 million.

The current spread of the novel coronavirus has a massive impact on the global economy, stock markets performance and public life in general. The further developments and the effects cannot be conclusively assessed at present. The Executive Board has taken into account the information available up to 25 March 2020 and presented it in the outlook section of the combined management report. If the coronavirus continues to spread, and the coronavirus crisis persists, there is a possibility that the business activities of various Group companies will also be affected. For further details, we refer to the relevant comments in the outlook section of the combined management report.

There were no other events that had a material effect on the financial position, performance and cash flows of the Group.

# OTHER DISCLOSURES

## 46 | TOTAL FEE OF THE GROUP AUDITOR

In the financial year under review, the total fee paid for the services of the Group auditor, excluding expenses, was € 321 thousand (2018: € 346 thousand), of which € 318 thousand was spent on the audit of the annual accounts and consolidated financial statements of Eckert & Ziegler AG and its various subsidiaries (2018: € 341 thousand), € 0 thousand on tax consulting services (2018: € 2 thousand) and € 3 thousand (2018: € 3 thousand) on other services.

## 47 | STATEMENT OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH ARTICLE 161 AKTG (COMPLIANCE STATEMENT)

The statement of compliance with the German Corporate Governance Code required in accordance with Article 161 AktG was issued by the Executive Board and the Supervisory Board and made available to shareholders on the Group's website at [www.ezag.com](http://www.ezag.com) for an unlimited period.

Berlin, 26 March 2020

Eckert & Ziegler Strahlen- und Medizintechnik AG  
Executive Board

Dr. Andreas Eckert

Dr. Harald Hasselmann

Dr. Lutz Helmke

# CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

STATEMENT OF CHANGES IN FIXED ASSETS AS AT DECEMBER 31, 2019

€ thousand	Historical cost						Balance 31.12.2019
	Balance 01.01.2019	Additions from company acquisitions	Additions	Disposals	Reclassi- fications	Currency translation	
<b>FIXED ASSETS</b>							
<b>I. Intangible assets</b>							
1. Goodwill	47,903	0	0	0	0	252	48,155
2. Acquired intangible assets	27,291	647	858	1,627	164	165	27,498
3. Internally generated intangible assets	9,680	0	0	0	0	0	9,680
4. Advance payments	0	0	161	0	0	0	161
	<b>84,874</b>	<b>647</b>	<b>1,019</b>	<b>1,627</b>	<b>164</b>	<b>417</b>	<b>85,494</b>
<b>II. Property, plant and equipment</b>							
1. Land and buildings	21,473	0	194	15	224	200	22,076
2. Technical plant and machinery	53,046	58	3,235	245	438	221	56,753
3. Other fixtures and fittings, tools and equipment	15,109	0	1,456	488	0	41	16,118
4. Assets under construction	5,478	0	3,608	46	-826	10	8,224
	<b>95,106</b>	<b>58</b>	<b>8,493</b>	<b>794</b>	<b>-164</b>	<b>472</b>	<b>103,171</b>
	<b>179,980</b>	<b>705</b>	<b>9,512</b>	<b>2,421</b>	<b>0</b>	<b>889</b>	<b>188,665</b>

Depreciation and amortisation						Net carrying amount		
<b>Balance 01.01.2019</b>	Additions	Impair- ment	Disposals	Reclassi- fications	Currency translation	<b>Balance 31.12.2019</b>	<b>Balance 31.12.2019</b>	<b>Balance 31.12.2018</b>
6,075	0	0	0	0	21	6,096	41,828	41,828
18,586	1,705	0	1,624	0	141	18,808	8,705	8,705
7,694	997	0	0	0	0	8,691	1,986	1,986
0	0	0	0	0	0	0	0	0
<b>32,355</b>	<b>2,702</b>	<b>0</b>	<b>1,624</b>	<b>0</b>	<b>162</b>	<b>33,595</b>	<b>52,519</b>	<b>52,519</b>
10,750	793	0	2	0	101	11,642	10,434	10,723
35,825	3,263	0	202	0	156	39,042	17,711	17,221
11,600	1,304	0	447	0	26	12,483	3,635	3,509
0	0	0	0	0	0	0	8,224	5,478
<b>58,175</b>	<b>5,360</b>	<b>0</b>	<b>651</b>	<b>0</b>	<b>283</b>	<b>63,167</b>	<b>40,004</b>	<b>36,931</b>
<b>90,530</b>	<b>8,062</b>	<b>0</b>	<b>2,275</b>	<b>0</b>	<b>445</b>	<b>96,762</b>	<b>91,903</b>	<b>89,450</b>

## STATEMENT OF CHANGES IN FIXED ASSETS AS AT DECEMBER 31, 2018

€ thousand	Historical cost						Balance 31.12.2018
	Balance 31.12.2017	Additions from company acquisitions	Additions	Disposals	Reclassi- fications	Currency translation	
<b>FIXED ASSETS</b>							
<b>I. Intangible assets</b>							
1. Goodwill	47,358	0	0	205	0	750	47,903
2. Acquired intangible assets	26,789	2,831	845	3,570	106	290	27,291
3. Internally generated intangible asset	9,587	0	93	0	0	0	9,680
4. Advance payments	106	0	0	0	-106	0	0
	<b>83,840</b>	<b>2,831</b>	<b>938</b>	<b>3,775</b>	<b>0</b>	<b>1,040</b>	<b>84,874</b>
<b>II. Property, plant and equipment</b>							
1. Land and buildings	20,710	34	296	0	0	433	21,473
2. Technical plant and machinery	49,228	29	3,463	463	353	436	53,046
3. Other fixtures and fittings, tools and equipment	14,269	85	1,141	415	0	29	15,109
4. Assets under construction	2,481	0	3,371	38	-353	17	5,478
	<b>86,688</b>	<b>148</b>	<b>8,271</b>	<b>916</b>	<b>0</b>	<b>915</b>	<b>95,106</b>
	<b>170,528</b>	<b>2,979</b>	<b>9,209</b>	<b>4,691</b>	<b>0</b>	<b>1,955</b>	<b>179,980</b>

Depreciation and amortisation					Net carrying amount		
<b>Balance 31.12.2017</b>	Additions	Impair- ment	Disposals	Currency translation	<b>Balance 31.12.2018</b>	<b>Balance 31.12.2018</b>	<b>Balance 31.12.2017</b>
6,025	0	0	0	50	6,075	41,828	41,333
19,674	2,141	0	3,545	316	18,586	8,705	7,115
6,702	992	0	0	0	7,694	1,986	2,885
0	0	0	0	0	0	0	106
<b>32,401</b>	<b>3,133</b>	<b>0</b>	<b>3,545</b>	<b>366</b>	<b>32,355</b>	<b>52,519</b>	<b>51,439</b>
9,642	879	0	0	229	10,750	10,723	11,068
32,692	3,025	130	351	329	35,825	17,221	16,536
10,525	1,407	0	374	42	11,600	3,509	3,744
0	0	0	0	0	0	5,478	2,481
<b>52,859</b>	<b>5,311</b>	<b>130</b>	<b>725</b>	<b>600</b>	<b>58,175</b>	<b>36,931</b>	<b>33,829</b>
<b>85,260</b>	<b>8,444</b>	<b>130</b>	<b>4,270</b>	<b>966</b>	<b>90,530</b>	<b>89,450</b>	<b>85,269</b>

# INDEPENDENT AUDITOR'S REPORT

To Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin

## NOTE ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

### AUDIT OPINIONS

We have audited the consolidated financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the financial year from 1 January 2019 to 31 December 2019 and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Eckert & Ziegler Strahlen- und Medizintechnik AG for the financial year from 1 January 2019 to 31 December 2019. In accordance with German statutory provisions, we have not audited the components of the combined management report referred to in “Other information”.

In our opinion, based on the findings of our audit, the attached

- consolidated financial statements comply with IFRS in all material respects, as they are applicable in the EU, and with the German statutory provisions applicable pursuant to Article 315e (1) of the German Commercial Code (HGB) in compliance with these provisions, and provide a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial year from 1 January 2019 to 31 December 2019; and
- the accompanying Combined Management Report conveys a true and fair view of the situation of the Group. In all material respects, this Combined Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements, and accurately depicts the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the components referred to as “Other information” in the combined management report.

In accordance with Article 322 (3) sentence 1 HGB, we declare that no objections were raised by our audit concerning the proper preparation of the consolidated financial statements and the combined management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the combined management report pursuant to Article 317 HGB and Regulation (EU) No 537/2014 (hereinafter referred to as “EU Audit Regulation”) in accordance with generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under these rules and policies are further described in the section entitled “Responsibility of the auditor for the audit of the consolidated financial statements and the combined management report” of our report. We are in accordance with European and German commercial and professional regulations, independently of the Group companies, and have fulfilled our other German professional obligations in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as laid down in Article 5 (1) of EU Audit Regulation.

We believe that the audit evidence we obtained is sufficient and appropriate to form the basis for our opinion on the Consolidated Financial Statements and the Combined Management Report.

## **PARTICULARLY IMPORTANT AUDIT CIRCUMSTANCES IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Particularly important audit circumstances are those matters that, in our best judgment, were the most significant in our audit of the consolidated financial statements for the financial year from 1 January 2019 to 31 December 2019. These matters were taken into account in the context of our audit of the Consolidated Financial Statements as a whole and in preparing our opinion on the audit; we will not provide a separate opinion on these matters.

We have identified the following matters as particularly important audit circumstances:

- Impairment of goodwill
- Valuation of provisions for restoration obligations and provisions for disposal obligations

### **1. IMPAIRMENT OF GOODWILL**

#### **Facts of the matter**

In the consolidated financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG as at 31 December 2019, goodwill in the amount of € 42.1 million (15% of total assets) is reported under “non-current assets”.

Goodwill is allocated to the smallest identifiable cash-generating units and tested for impairment annually and, if necessary, in addition on an ad hoc basis.

The assessment of the recoverability of goodwill requires a large number of discretionary decisions by the legal representatives. The basis for assessing whether there are indications of impairment of these assets and for determining the fair values are the future cash flows resulting from the budget statements prepared by the legal representatives and approved by the Supervisory Board for the respective cash-generating units. These budget statements are based on expectations regarding future market development as well as sales and margin developments. The fair values of the cash-generating units are determined using discounted cash flow models and are dependent not only on the assessment of the legal representatives with regard to future cash inflows, but also on the respective discount rates used.

Due to the uncertainty associated with the discretionary decisions and assessments of the legal representatives and the amount of the goodwill, its recoverability was a particularly important audit circumstance in our audit.

The information provided by Eckert & Ziegler Strahlen- und Medizintechnik AG on goodwill can be found in Note 19 of the notes to the consolidated financial statements.

#### **Auditor's response and findings**

As part of our audit, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the method of calculating the impairment tests, involving our valuation specialists in so doing. We gained an understanding of the planning system and of the planning process, as well as the essential assumptions made by the legal representatives in their planning. We coordinated the forecast of future cash flow surpluses in the detailed planning period with the multi-year plan approved by the Supervisory Board and convinced ourselves of the Company's planning loyalty based on an analysis of deviations between actual and planned deviations in the past and in the current fiscal year. We reconstructed the assumptions underlying the forecasts and the growth rates used to forecast cash flows beyond the forecast period by comparing them with past performance and current industry-specific market expectations. In addition, we critically examined the discount rates used based on the average cost of capital of a peer group. Our audit also included the sensitivity analyses carried out by Eckert & Ziegler Strahlen- und Medizintechnik AG. With regard to the effects of possible changes in the cost of capital and the assumed growth rates, we also conducted our own sensitivity analyses.

As a result, we were able to check the intrinsic value of the goodwill reported in the consolidated financial statements.

## 2. Valuation of provisions for restoration obligations and provisions for disposal obligations

### Facts of the matter

In the consolidated financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG as at 31 December 2019 the item "Other non-current provisions" of € 51.4 million includes € 24.2 million of provisions for restoration obligations. In addition, € 27.3 million of the provisions for the obligation to process own and third-party radioactive waste as well as take-back obligations for sold radiation sources (hereinafter referred to as "provisions for disposal obligations") are shown under "Other non-current provisions" and € 3.0 million of these provision are recognised under "Other current provisions".

Subsidiaries of Eckert & Ziegler Strahlen- und Medizintechnik AG produce isotope technology components, radiation equipment and radiopharmaceuticals in their own and rented buildings. The production facilities and buildings are contaminated accordingly. Provisions for restoration obligations have to be formed against the backdrop of existing obligations to restore the state prior to decontamination.

In the production process of subsidiaries of Eckert & Ziegler Strahlen- und Medizintechnik AG, radioactive residues are produced and, in addition, subsidiaries of Eckert & Ziegler Strahlen- und Medizintechnik AG accept radioactive residual materials from third parties for disposal. Provisions have to be set up for the disposal obligations.

Under IAS 37, provisions for restoration and disposal obligations must be measured based on the best possible estimate of the expenses associated with the obligation as at the balance sheet date. All risks and uncertainties must be taken into account. In accordance with IAS 37.45, non-current provisions are discounted to the present value of the expenses as at the balance sheet date.

Determining the restoration or disposal obligations is based on various assumptions based on estimates that mainly concern the following parameters:

- time of occurrence of the costs of decontamination or disposal (including time of disposal of the residues),
- development of statutory regulations, e.g. limit values and required measures concerning the handling of radioactive substances (including prediction of the disposal methods),
- development of the costs of decontamination or disposal,
- discount factor.

Due to the uncertainty associated with the assumptions and estimates of the legal representatives, the valuation of provisions for restoration or disposal obligations in the course of our audit was a particularly important audit circumstance.

The information provided by Eckert & Ziegler Strahlen- und Medizintechnik AG on other provisions is contained in Note 32 of the notes to the consolidated financial statements.

### Auditor's response and findings

To assess the provisions for restoration obligations, we have assessed the approach taken by the legal representatives to determine the measures to be taken (e.g. cleaning). In order to identify the probable date of the dismantling, we have assessed, among other things, the rental periods as per the existing leases and coordinated it with the underlying timetable. We have reviewed the scope of the measures and the dismantling obligations as well as the imputed costs assumed by the legal representatives for the valuation. To this end, we deliberately coordinated the selection of the areas and machines with the production areas and equipment and assessed the imputed costs by comparing the estimated costs with the current costs.

To assess the provisions for disposal obligations, we first obtained an understanding of the process of systematic quantitative recording and forward projection of radioactive wastes. As part of a sample inventory, we reviewed the inventories, obtaining third-party confirmations for stocks held at third parties with a deliberate selection process. We compared these stocks with the inventory of radioactive residues. In a next step, we gained an understanding of the planning system and of the planning process as well as of the essential assumptions and expectations made by the legal representatives in the planning with regard to the disposal methods, the associated costs, and the planned disposal times. We reviewed the plans for the years following the balance sheet date by analysing and assessing the planning parameters in detail and mathematically reconstructing the cash value calculated by the client using the discounted cash flow method. For this purpose, we correlated the cost developments and delivery times planned by the legal representatives to our understanding of the existing disposal options. We had the assumptions of the company's expert presented to us in detail and substantiated. We also used an analysis of deviation from planned targets in the past to determine whether costs were properly assessed in the past. To assess the discount rate, we consulted our valuation specialists who reconstructed the discount rate used.

As a result, we were able to check whether the valuation of the provisions for restoration and disposal obligations shown in the consolidated financial statements is adequate.

### OTHER INFORMATION

The legal representatives are responsible for the other information. Other information includes:

- the separately published non-financial consolidated statements referred to in Section 5.1 of the combined management report
- the separately published consolidated corporate governance statement referred to in Section 5.4 of the combined management report
- the other parts of the annual report, with the exception of the audited consolidated financial statements and the combined management report and our auditor's report,
- the corporate governance report in accordance with No. 3.10 of the German Corporate Governance Code and
- the insurance pursuant to Article 297 (2) sentence 4 HGB on the consolidated financial statements and the insurance pursuant to Article 315 (1) sentence 5 HGB on the combined management report.

Our audit opinions on the consolidated financial statements and the combined management report do not extend to the other information, and accordingly we provide neither an opinion nor any other form of audit conclusion on it.

In connection with our audit of the consolidated financial statements, we are responsible for reading the other information and assessing whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report or our audit findings, or
- otherwise materially misrepresented.

## **RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT**

The legal representatives are responsible for the preparation of consolidated financial statements that comply with the IFRS, as applicable in the EU, as well as the applicable German statutory provisions in addition pursuant to Article 315e (1) HGB, in all material respects, and are responsible that in compliance with these regulations, the consolidated financial statements reflect a true and fair view of the financial position, performance and cash flows of the Group. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements and that are free from material misrepresentations, whether intentional or unintentional.

When preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, where applicable, matters related to the viability of the business as a going concern. In addition, they are responsible for preparing the financial statements on a going concern basis, unless there is the intention to liquidate the Group or discontinue operations, or there is no realistic alternative.

In addition, the legal representatives are responsible for preparing the Combined Management Report, which collectively conveys an accurate picture of the Group's position, is in all material respects consistent with the Consolidated Financial Statements, complies with German legal requirements, and accurately reflects the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a Combined Management Report in accordance with the applicable German statutory provisions and to provide sufficient suitable evidence for the statements in the Combined Management Report.

The Supervisory Board is responsible for overseeing the Group's accounting process for preparing the Consolidated Financial Statements and the Combined Management Report.

## **RESPONSIBILITY OF THE ANNUAL AUDITOR FOR THE EXAMINATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT**

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report overall gives a true and fair view of the Group's state of affairs, it is consistent in all material respects with the consolidated annual financial statements, complies with the statutory provisions and accurately presents the opportunities and risks of the Group's future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with Article 317 HGB and the EU Audit Regulation in compliance with the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) will always detect a material misstatement. Misrepresentations can result from breaches or inaccuracies and are considered material if they could reasonably be expected to influence, individually or collectively, the commercial decisions of addressees made on the basis of these Consolidated Financial Statements and the Combined Management Report.

We exercise due discretion and maintain a critical attitude in the course of the audit. In addition,

- we identify and assess the risks of material misrepresentations – whether intentional or unintentional – in the consolidated financial statements and the combined management report, plan and perform procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion. 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 control.
- We obtain an understanding of the internal control system relevant to the audit of the consolidated annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- We evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the statutory representatives.
- We draw conclusions on the appropriateness of the statutory representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's continuing viability as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the combined management report or, if such disclosures are inadequate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our opinion. However, future events or circumstances may lead the Group to being unable to continue its business activities.
- We evaluate the overall presentation, structure and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the financial position, performance and cash flows in accordance with IFRS as adopted in the EU and the German generally accepted accounting principles in accordance with Article 315e (1) HGB, which apply in a supplementary manner.
- We obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group in order to submit audit opinions on the consolidated financial statements and the combined management report. We are responsible for the guidance, supervision and execution of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- We assess the consistency of the combined management report with the consolidated financial statements, its compliance with the law, and the picture it conveys of the Group's position.
- We perform audit procedures on the forward-looking statements presented by the legal representatives in the combined management report. On the basis of sufficient and appropriate audit evidence we evaluate, in particular, the significant assumptions underlying the forward-looking statements of the legal representatives and assess the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent opinion on the forward-looking statements or the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.”

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

We provide a statement to those responsible for supervision to the effect that we have complied with the relevant requirements for independence and discuss with them all relationships and other issues that can reasonably be expected to affect our independence and the protective measures taken for this purpose.

From the matters we discussed with those responsible for supervision, we determine those matters that were most significant in the audit of the consolidated financial statements for the current period and are therefore the particularly important audit circumstances. We describe these matters in the audit report, unless laws or other legal provisions exclude public disclosure of the matters.

## **OTHER STATUTORY AND LEGAL REQUIREMENTS**

### **OTHER INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU AUDIT REGULATION**

We were elected as annual auditor by the Annual General Meeting held on 29 May 2019. We were appointed by the Supervisory Board on 8 December 2019. We have been auditing the consolidated financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG continuously since the 2014 financial year.

We declare that audit opinions contained in this Auditor's Report are consistent with the additional report to the audit committee in accordance with Article 11 of EU Audit Regulation (audit report).

## **RESPONSIBLE AUDITOR**

The auditor responsible for the audit is Alexey Nekhin.

Berlin, 26 March 2020

BDO AG  
Wirtschaftsprüfungsgesellschaft

signed Weisner  
Auditor

signed Nekhin  
Auditor



# INDIVIDUAL FINANCIAL STATEMENTS OF THE ECKERT & ZIEGLER AG

## INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2019

	2018 € thousand	2019 € thousand
1. Revenues	6,012	6,882
2. Other operating income	340	901
	<b>6,352</b>	<b>7,783</b>
3. Staff costs		
a) Wages and salaries	-2,812	-3,221
b) Social security contributions and expenditure on pensions and old-age support of which for pensions: € 1 thousand (previous year € 29 thousand)	-347	-389
	<b>-3,159</b>	<b>-3,610</b>
4. Depreciations on intangible assets of the fixed assets and property, facilities and equipment	-239	-454
5. Other operating expenses	-4,581	-11,223
6. Income from profit-transfer agreements	4,456	18,909
7. Income from investments of which from affiliated companies: € 5.168 thousand (previous year € 3.795 thousand)	3,795	5,168
8. Other interest and similar income	66	80
9. Other interest and similar expenses	-124	-90
10. Taxes from income and revenue	-557	-5,322
11. Profit after tax	6,009	11,241
<b>12. Net profit</b>	<b>6,009</b>	<b>11,241</b>
13. Profit carried forward from the previous year	0	0
14. Transfer from revenue reserves	8,800	0
15. Acquisition of own shares	-8,450	0
16. Balance sheet profit	6,359	11,241
17. Dividend*	-6,177	-8,751
18. Transfer to revenue reserves*	-182	-2,490
<b>19. Profit carried forward for the following year</b>	<b>0</b>	<b>0</b>

\* subject to approval by the shareholders

BALANCE SHEET AS OF DECEMBER 31, 2019	Dec 31, 2018 € thousand	Dec 31, 2019 € thousand
<b>Assets</b>		
<b>A. Fixed assets</b>		
I. Intangible assets		
1. Purchased industrial property rights and similar rights and values as well as licenses to such rights and values	674	533
2. Prepayments made	0	161
	<b>674</b>	<b>694</b>
II. Property, facilities and equipment		
1. Real properties, rights equivalent to real property and buildings	22	177
2. Other facilities and equipment, fixtures and fittings	327	598
	<b>349</b>	<b>775</b>
III. Financial investments		
1. Shares in affiliates	73,750	77,863
2. Loans to affiliates	206	681
3. Other loans	1,015	0
	<b>74,971</b>	<b>78,544</b>
	<b>75,994</b>	<b>80,013</b>
<b>B. Current assets</b>		
I. Receivables and other assets		
1. Trade accounts receivable	0	497
2. Receivables due from affiliates	4,515	17,097
3. Other assets	5,610	1,844
	<b>10,125</b>	<b>19,438</b>
II. Cash at banks	1,698	5,851
	<b>11,823</b>	<b>25,289</b>
<b>C. Prepaid and deferred expenses</b>	<b>145</b>	<b>216</b>
	<b>87,962</b>	<b>105,518</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>A. Holders' equity</b>		
I. Subscribed capital	5,293	5,293
minus nominal amount of own shares	230	145
II. Capital reserves	51,520	55,244
III. Retained earnings		
Other retained earnings	19,218	22,520
IV. Net profit for the year	6,359	11,241
	<b>82,160</b>	<b>94,152</b>
<b>B. Special reserves for contributions to fixed assets</b>	<b>112</b>	<b>94</b>
<b>C. Provisions</b>		
1. Provisions for pensions and similar obligations	386	269
2. Tax accruals	352	3,722
3. Other provisions	1,474	5,985
	<b>2,212</b>	<b>9,976</b>
<b>D. Liabilities</b>		
1. Trade liabilities	157	199
2. Liabilities toward affiliates	3,266	959
3. Other liabilities	43	122
(including tax liabilities of: € 76 thousand; previous year € 43 thousand)		
(including liabilities related to social security of: € 2 thousand; previous year € 3 thousand)		
	<b>3,466</b>	<b>1,280</b>
<b>E. Prepaid and deferred expenses</b>	<b>12</b>	<b>16</b>
	<b>87,962</b>	<b>105,518</b>

# GLOSSARY

## A

**Afterloader** for afterloading therapy: Short-term radiation in cancer treatment in which a mostly wire-bonded radioactive source is propelled electrically for a brief period into the target tumor area by means of a tube-like catheter or by cannulas. Several sessions are usually necessary

## B

**Brachytherapy** Contact treatment mainly in the form of irradiation with a minimal distance between the source of radiation and the tissue which is to be irradiated

## C

**Calibrated-reference emitters** Radioactive sources used as a reference standard for measuring instruments

**Carrier molecule** A carrier molecule is a molecule that carries the radiolabeled substance (e.g. radioactive <sup>68</sup>Ga) to the targeted area

**Calibration** Referencing of measuring instruments to specified standards

**Contrast medium** Medicinal product which improves the representation of structures and functions of the body in imaging processes

## E

**Eye applicator** Anatomically formed radiation source for radiotherapy for eye tumors

**Emitter** here: device that transmits radioactive rays. Sometimes also referred to as "source"

## I

**IFRS** Abbreviation for International Financial Reporting Standards. International accounting standards according to which these consolidated financial statements were prepared

**Implants** Natural or synthetic elements implanted in the body (here they are synonymous with seeds)

**Implantation** Placement or insertion of foreign materials into an organism

**Isotope** Chemical element having the same atomic number but different atomic weight. Isotopes can be stable or can disintegrate when subject to ionizing radiation (radioactive isotopes)

**Iodine-125** Radioisotope of iodine. Low-energy photon radiation is used therapeutically

## M

**Modular-Lab** Synthesis device for the production of radioactive diagnostics

**Myocardial scintigraphy** Nuclear medicine imaging test to investigate the blood supply to the heart

## N

**NASM** North American Scientific, Inc. (Nasdaq: NASM). Former competitor whose industrial sources business was acquired by Eckert & Ziegler in 2008

**Neuroendocrine tumors (NET)** Benign or malignant tumors that develop from hormone-producing (endocrine) cells

**Nuclear Imaging** Image processing for nuclear medical purposes

**Nuclear medicine** Medical area concerned with the diagnostic and therapeutic use of open, usually ephemeral radionuclides

## O

**Oncology** Medical area which deals with the origin and treatment of malignant tumors

**Ophthalmology** Science of the eye and eye diseases

## P

**Permanent implants** Implants intended to remain in the organism/body permanently

**Planning software** Special software to support the planning of brachytherapy treatment

**Positron** Elementary particle with the mass of an electron, but with positive charge

**Positron emission tomography (PET)** Imaging process of nuclear medicine that produces sectional images of living organisms, in which it makes the distribution of low level radioactive marked substances (radiopharmakon, PET-Tracer) visible by using photons created by positron decay

**Prostate** Chestnut-size organ situated around the neck of the male urethra

## R

**Radioactivity** Property of unstable nuclides emitting spontaneously or through disintegration of the atomic nuclei alpha and beta rays or electromagnetic waves (gamma rays)

**Radiodiagnostics** Radioactive substances which are used to diagnose illnesses. See also Radiopharmaceuticals

**Radioisotope** See Radionuclide

**Radiolabeled peptides** Peptides are small, protein-like structures. The peptides in radiolabeled peptides act as carriers for radioactive particles (e.g. yttrium-90)

**Radionuclide** See Isotope

**Radiopharmaceuticals** Substances and medications which, based on radioactive nuclides, are effective and are used in diagnosis and therapy in nuclear medicine

**Raw isotope** Radioactive starting substance for producing radiation sources

## S

**SagiNova®** afterloader, uses the afterloading technique where the radiation source (in the afterloader) is positioned in the immediate vicinity of the tumor via remote control and with the assistance of applicators. This allows the tumor to be irradiated without damaging the surrounding healthy tissue

**Seed** Small metal pins containing radioisotopes for interstitial radiation therapy

**Synthesis modules** here: components of the modular equipment system of the product Modular-Lab for automated synthesis of radiopharmaceuticals and radioactive chemicals

## T

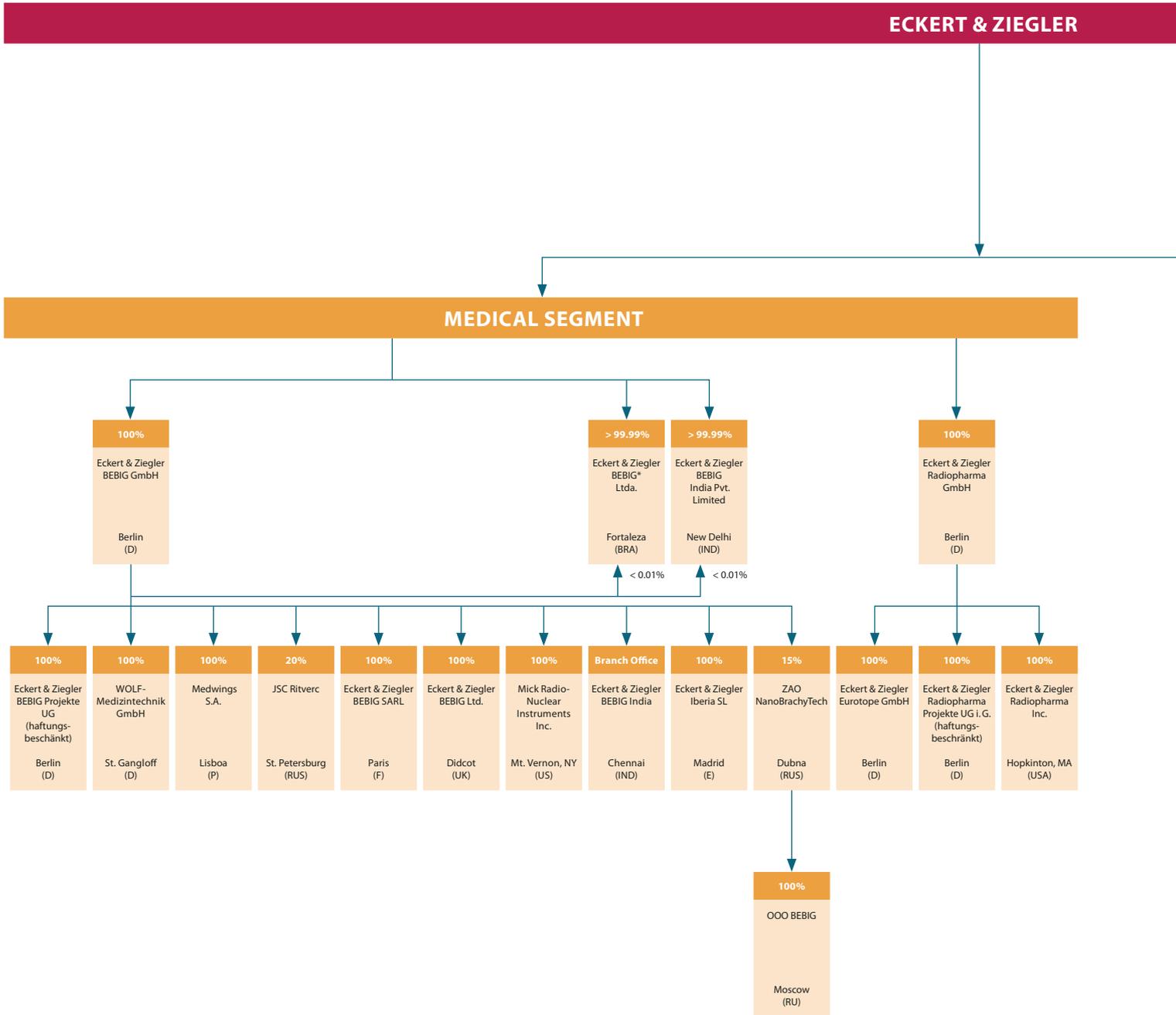
**Tracer** A radiochemical tracer is a radiolabeled substance that is absorbed into the metabolism after it enters the body and can be used for a wide range of analyses

**Tumor irradiation device** See Afterloader

## Y

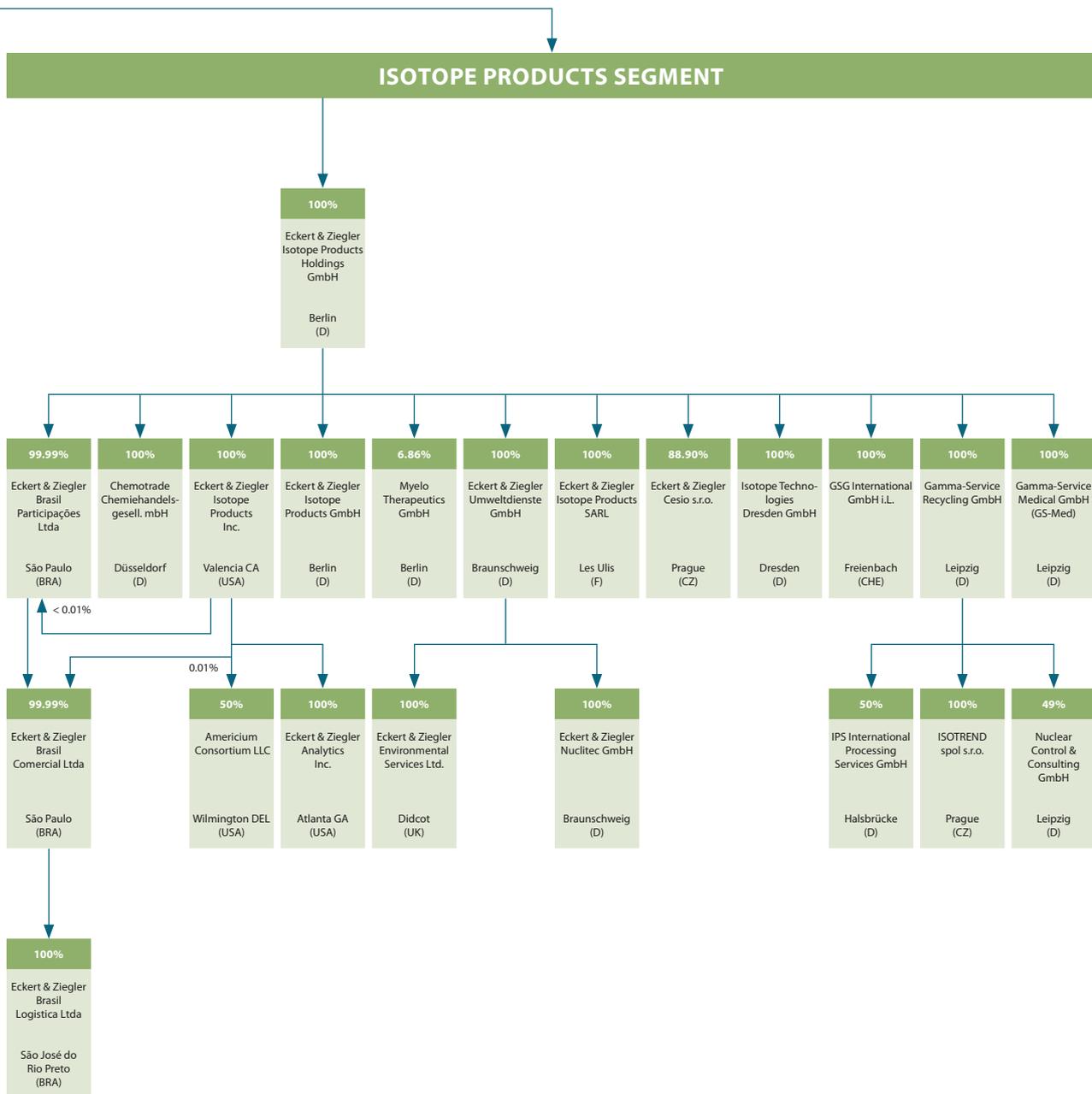
**Yttrium-90** radioactive isotope used with the internal radiotherapy among others for treating chronic-inflamed joint diseases (radiosynoviorthosis) or for cancer treatment. For the transport to the tumor the yttrium-90 is either coupled to active chemical ingredients or laden on little balls (see radio embolizers)

# CORPORATE STRUCTURE (JANUARY 1, 2020)



\*Eckert & Ziegler BEBIG Serviços De Consultoria Em Produtos de Radioterapia Ltda.

**STRAHLEN- UND MEDIZINTECHNIK AG, BERLIN, D**



# FINANCIAL CALENDAR

May 12, 2020	Quarterly Report I/2019
June 10, 2020	Annual General Meeting (virtual)
August 13, 2020	Quarterly Report II/2019
November 10, 2020	Quarterly Report III/2019
November 16, 2020	German Equity Forum in Frankfurt/Main

*Subject to changes*

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# KEY DATA

		Change	2016**	2017**	2018	2019
<b>Sales and Earnings</b>						
Sales	€ million	6%	137.9	144.8	168.7	178.5
EBITDA	€ million	39%	23.7	29.7	31.7	44.2
Depreciations	€ million	31%	8.7	8.6	8.5	11.1
EBIT	€ million	37%	14.9	21.0	23.3	32.0
EBIT margin	%	30%	11	15	14	18
Tax rate	%	4%	30	31	26	27
Net profit for the year after taxes and minorities	€ million	37%	9.5	14.7	16.1	22.0
Earnings per share	€	38%	1.81	2.78	3.12	4.29
<b>Cash Flow</b>						
Cash flow from operating activities	€ million	91%	19.8	26.8	21.1	40.4
Liquid assets as of 31 December	€ million	46%	36.5	57.7	54.1	78.9
<b>Balance</b>						
Shareholders' equity	€ million	13%	110.0	117.5	123.8	139.4
Total assets	€ million	20%	199.4	216.9	229.0	274.2
Equity ratio	%	-9%	55	54	54	49
Net liquidity (liquidity minus debts)	€ million	46%	24.9	55.9	54.1	78.9
<b>Employees</b>						
Average number of employees	People	5%	638	740	788	825
Number of employees as of 31 December	People	5%	668	764	788	825
<b>Key figures share</b>						
Average number of shares in circulation	Item in million	-1%	5.3	5.3	5.2	5.1
Book value per share as of 31 December	€	14%	19.87	21.22	23.70	27.00
Dividend*	€	42%	0.66	0.80	1.20	1.70

\* Dividend to be proposed to the Annual General Meeting by the Group

\*\* including discontinued operations

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