ANNUAL REPORT

2022

Eckert & Ziegler
Contributing to saving lives

KEY DATA

		Change	2021	2022
Sales and Earnings				
Sales	€ million	+23%	180.4	222.3
EBITDA	€ million	–3%	57.0	55.5
Depreciations	€ million	+14%	9.6	11.0
EBIT	€ million	–6%	47.4	44.5
EBIT margin	%		26%	20%
Tax rate	%		25%	31%
Net profit for the year after taxes and minorities	€ million	–15%	34.5	29.3
Earnings per share	€	–16%	1.67	1.41
Cash Flow				
Cash flow from operating activities	€ million	+1%	33.9	34.3
Liquid assets as of 31 December	€ million	–12%	93.7	82.7
Balance				
Shareholders' equity	€ million	+10%	192.5	212.1
Total assets	€ million	+20%	347.7	416.8
Equity ratio	%		55%	51%
Net liquidity (liquidity minus debts)	€ million	–31%	87.9	60.3
Employees				
Average number of employees		+13%	840	946
Number of employees as of 31 December		+13%	866	976
Key figures share				
Average number of shares in circulation	Item in million	0%	20.7	20.8
Book value per share as of 31 December	€	+10%	9.3	10.2
Dividend*	€	0%	0.50	0.50

** 2022: Dividend to be proposed to the Annual General Meeting by the Group*

CONTENT

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.

1

MANAGEMENT

LETTER TO THE SHAREHOLDERS

DEAR LADIES AND GENTLEMEN,
DEAR SHAREHOLDERS AND EMPLOYEES OF ECKERT & ZIEGLER AG,

One of the most fascinating facets of life is its unpredictability. For a long time, everything runs straight and predictable, but then suddenly there is a curve. The coordinates shift. Everyone must reposition themselves.

The Russian invasion of Ukraine on February 24 marks such a curve. Although we hardly did business in the region, it led to a massive change in the commercial environment – due to the international political reactions. For almost ten years, promising clinical data, cheap money and new markets in rising China had set the mood for the industry. Not even Corona could disrupt growth. Now, however, energy prices have exploded, supply chains have been cut, and perspectives have changed. Interest rate hikes on a historically unprecedented scale did the rest. Venture capital dried up in one fell swoop. The capital market took a nosedive.

So, how to assess it?
1. The changes of the political and financial climate will hardly affect the demand for radiopharmaceutical agents. The treatment successes in neuroendocrine tumors and prostate cancer are too convincing for that. Radioimmunotherapy will maintain its place in the arsenal of cancer treatments. However, the numerous start-ups that the Medical segment has been courting in recent years as customers for isotope production equipment and pharma synthesis and development services will have to compete harder for growth capital in the future. The money that has flowed into the sector since 2015 still has its own momentum. Our equipment manufacturers in Dresden are reporting record levels of incoming orders and inquiries. However, the pressure to consolidate in the industry is increasing. In the future, demand will come primarily from the established pharmaceutical companies, which will pick the winners from the scene of drug developers.

2. Eckert & Ziegler has been preparing for a breakthrough of radioligand therapy on a broad front for years with an ambitious investment program. In 2022, we have once again made progress with implementation. Although not all the facilities are in place as hoped, we are now in a position to support pharmaceutical and biopharmaceutical companies all over the world in the development of radiopharmaceuticals with a broad range of services more quickly than before. In the past fiscal year, our productive fixed assets in this area doubled again, which seems remarkable in view of the fact that sales in the Medical segment concerned remained constant. In addition to the increase in the balance sheet of €10 million, substantial investment-related expenses were incurred in the form of start-up and personnel costs in Berlin, Boston and Jintan.

On an international level, too, we are making progress. The pandemic still raging in parts of the world in 2022 disrupted the schedule for our Chinese production site, but the acquisition of Tecnonuclear of Argentina in January 2022 provided compensation. The Executive Board recently decided to expand our involvement in South America and to push ahead with the manufacture of SPECT products in Sao Paolo. As a result, the Isotope Products segment is also gaining a growth driver. Its core business recovered excellently from the Corona slump in 2022 and is even emerging stronger from the Ukraine conflict due to falling Russian market shares.

3. Eckert & Ziegler has not only invested money in new production facilities and laboratories in 2022, but also in its clinical pipeline. Pentixapharm GmbH in Würzburg has made considerable progress. After several loops, the European Medicines Agency has now endorsed its study design for the final registration trial in November 2022. The study will test the specificity and sensitivity of our gallium-68-based radiodiagnostic PENTIXAFOR (gallium-68-CXCR4) in hematological indications in up to 500 patients. If everything works out as planned, sales are expected as early as 2026.

In 2022, academic studies supported by us in exchange for data rights, discovered that PENTIXAFOR has attractive applications outside of oncology. It is ideally suited for the diagnosis of adrenal dysfunction ('hyperaldosteronism'), a cause of hypertension that has so far been under-diagnosed and under-treated on a large scale. This discovery opens up interesting business prospects. Pentixapharm may be able to break out with its products from hematological niche indications into one of the largest therapeutic areas at all.

This makes it more likely that Eckert & Ziegler may open Pentixapharm up to external investors, so that her demand for capital does not solely need to come from the operating cash flow of our core business. The changed macroeconomic environment and higher interest rates should not impede such a move. Since the approval of radiodiagnostics has a high probability of success, and Pentixapharm's mature portfolio can be driven to market maturity with manageable sums, we are more confident than ever about the earnings potential and thus the financing opportunities.

On a personal note: in 2022, the group celebrated its 30th anniversary. As its founder, I had the privilege of guiding the group through all kinds of ups and downs from the very beginning: Through the recession of the post-reunification period, the collapse of the Neuer Markt, the attacks on the World Trade Center, various international financial crises and constantly changing business fields. These challenges have recently been compounded by an oppressive moralization of business, a cancerous proliferation of bureaucratic obstructions and fatal political irrationalities. In 2022, for example, Germany's last properly functioning nuclear power plants were shut down. Their green electricity at competitive prices, which we need for our production, will disappear. De-industrialization is accelerating.

You have to either be a strong adherent to the faith, or completely indifferent to the fate of your surrounding society, to be able to calmly put up with such nonsense. Unfortunately, like many of my peers, I lack faith in the sense and urgency of such measures. We have experienced often enough how poorly developed our forecasting abilities are. The collapse of the Soviet Union and the German reunification, for example, were not on anyone's radar at the time, least of all in the "scientific community," which at that time was enthusiastic about convergence theories. Those who regularly experience the limitations of professional eyes, from weather reports to stock gurus, also struggle with chiliastic hysterias.

I am therefore not unhappy to hand over operational responsibility in the near future to competent successors who may be more relaxed to the upheavals of the zeitgeist. 30 years at the top is enough. During this time, I have been privileged to be part of a fairy-tale success story, in which a start-up with little equity capital has grown from a shack in East Berlin into a TecDax company with a billion-euro valuation and excellent prospects for the future.

From a corporate law perspective, the change does not entail any significant changes. The family and I remain the main and anchor shareholders and continue to have an existential interest in the success of the company. As a member of the Supervisory Board or as an advisor, I will certainly be involved in shaping many more twists and turns.

I take this opportunity to thank everyone who supported us in 2022 and the years before. I am aware that this enormous achievement has only been possible because many people have helped, quite a few to a far greater extent than I have. My thanks are combined with the wish that you continue to support the company and its new management.

With best regards,

DR ANDREAS ECKERT
Chairman of the Executive Board

(from left to right) Dr Lutz Helmke, Dr Harald Hasselmann, Jutta Ludwig*, Dr Andreas Eckert, Dr Hakim Bouterfa*

**Member of the Executive Board since 1 January 2023*

GROUP EXECUTIVE COMMITTEE

JUTTA LUDWIG

Member of the Executive Board Asia Business (since 1 January 2023)

After studying economics and sinology in Hamburg and Taiwan, Ms. Ludwig held various positions in German-Chinese economic cooperation. She was the managing director of the German Chamber of Commerce Abroad in Beijing for many years. She is a proven expert in business and economic policy cooperation with China and Asia. Since January 2023, Ms Ludwig is responsible for the Group's Asian business within the Executive Board of Eckert & Ziegler AG.

DR HAKIM BOUTERFA

Member of the Executive Board Head of Clinical Development (since 1 January 2023)

After studying human biology in Marburg and obtaining his PhD in Göttingen, Dr. Bouterfa worked as a scientist, among others in San Diego and Würzburg. He also held various positions in clinical research at Novartis AG and was a founder and managing director of R&D companies. Dr. Bouterfa is a highly experienced medical researcher in oncology with more than 20 years of clinical development experience. Since January 2023, he is Chief Medical Officer and responsible for clinical development within the Group.

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 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 mediumsized healthcare companies and has an excellent track record in sales, controlling and implementing restructuring measures. Member of the Executive Board since January 2017.

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. Member of the Executive Board since September 2018.

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 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.

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 Group Executive Committee of Eckert & Ziegler in January 2019.

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 executivelevel 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.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In fiscal year 2022, 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 Supervisory Board was also regularly informed by the Chairman of the Executive Board outside Supervisory Board meetings about current developments and significant business transactions. Moreover, the Chairman of the Supervisory Board and the Chairman of the Executive Board regularly exchanged views on issues related to strategy, planning, general business development, the risk situation and risk management, and compliance. A total of seven meetings of the full Supervisory Board were held in the reporting period. Where necessary, decisions were made by circular resolution between the meetings. Eight written resolutions were adopted in this form in fiscal year 2022. The Compensation Committee met five times in the reporting period, of which four meetings were held in person and one as a video conference. The Nomination Committee met three times, all meetings being held in person. The Audit Committee met nine times, four of which were held in person and five of which were held by video conference. If necessary, the Supervisory Board also issued approvals by written procedure. Resolutions of fundamental importance were passed either on the basis of relevant documents or after direct discussions with the Executive Board. The attendance rate at the meetings of the Supervisory Board was 98%, and at the meetings of the Audit Committee 91%, and at the meetings of the Compensation Committee and the Nomination Committee likewise 100% in each case. The following table discloses individualized participation.

Supervisory board members	Supervisory Board	Plenary Sessions of the Supervisory Board	Audit Committee	Remuneration Committee	Nomination Committee
	Videoconf.: 2 Presence: 5		Videoconf: 5 Presence: 4	Videoconf: 1 Presence: 4	Videoconf: 0 Presence: 3
Prof Dr Wolfgang Maennig (Chairman)	6/7	86%			
Prof Dr Helmut Grothe (Deputy Chairman)	7/7	100%	8/9		
Dr Edgar Löffler	7/7	100%	*3/4	5/5	3/3
Jutta Ludwig	7/7	100%			
Frank Perschmann	7/7	100%	*4/4	5/5	3/3
Albert Rupprecht	7/7	100%	9/9		
Total		**98%**	**91%**	**100%**	**100%**

** Dr Edgar Löffler and Frank Perschmann stepped down from the Audit Committee as of June 1, 2022. Up to this date, 4 meetings of the Audit Committee have taken place.*

PROF DR WOLFGANG MAENNIG

Chairman of the Supervisory Board

KEY TOPICS ADDRESSED BY THE SUPERVISORY BOARD

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

At the meeting on 18 January 2022, the Executive Board mainly reported on the preliminary key figures for the fiscal year 2021, the economic situation and the current status of major projects. The Supervisory Board also discussed the declaration on compliance submitted within the framework of the Corporate Governance Code. Furthermore, the risk report of the company, which describes the most important risk positions and the risk management in the group, was approved and the sustainability report was discussed. The meeting also dealt with the Executive Board compensation system, the adjustment of committee compensation, and the evaluation of the Supervisory Board's efficiency audit for the past FY 2021. The efficiency audit revealed a predominantly positive picture. Identified suggestions for improvement were discussed by the Supervisory Board and steps initiated to implement them.

The main subject of the meetings on the 24 and 29 March 2022 was the review of the annual financial statements and the management reports for the Group and the company as well as the remuneration report. In addition, the Executive Board informed about possible effects of the Ukraine war on the company and on the status of current projects. Furthermore, the Supervisory Board discussed a possible profit and loss transfer agreement between Pentixapharm GmbH and Eckert & Ziegler AG. The meeting on 1 June 2022 focused primarily on the business figures for the 1st quarter of 2022, and the further development of risk management and project controlling. In addition, in accordance with § 111 (5) of the German Stock Corporation Act (AktG), the following targets were set for the proportion of women on the Executive Board and Supervisory Board. In addition, the focus was on preparing the Annual General Meeting.

The Supervisory Board meeting on 19 August 2022 mainly discussed the business figures for the 2nd quarter of 2022 and ongoing projects, including the expansion projects at the Berlin and Dresden sites. Moreover, a possible acquisition of further shares in Myelo Therapeutics GmbHn was discussed.

The focus of the meeting on 21 October 2022 was the presentation and approval of the budget for the 2023 financial year as well as the presentation of the business figures for the 3rd quarter of 2022. The strategic alignment of the Medical and Isotope Products segments and Pentixapharm was the subject of intensive discussions. In addition, a training event was held on the topics: Act to Strengthen Financial Market Integrity (FISG), the new version of the German Corporate Governance Code and sustainability. Following extensive discussion of corporate governance issues, the Executive Board and Supervisory Board also adopted the updated Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG). Another topic was the annual self-assessment of the Supervisory Board.

At its meeting on 18 December 2022, the Supervisory Board dealt with the expansion of the Executive Board to strengthen expertise for the Asian business and clinical developments. A further topic was the establishment of a nomination committee.

COMMITTEE ACTIVITIES

Remuneration Committee

The members of the Remuneration Committee are:

- Dr Edgar Löffler
- Frank Perschmann

The Remuneration Committee met five times during the reporting period and mainly dealt with the contracts of the Executive Board members. For this purpose, the Remuneration Committee prepared the resolutions of the Supervisory Board on the determination of the performance criteria and the targets for the variable remuneration, the determination and review of the appropriateness of the Executive Board remuneration and the approval of the remuneration report. The Supervisory Board's resolution on the adjustment on the remuneration system for the Executive Board was prepared.

Audit Committee

The members of the Audit Committee are:

- Albert Rupprecht (Chairman since June 1, 2022)
- Prof Dr Helmut Grothe

Until May 31, 2022:

- Frank Perschmann (Chairman until May 31, 2022)
- Prof Dr Helmut Grothe
- Dr Edgar Löffler
- Albert Rupprecht

The Audit Committee meets the requirements of Arts. 100(5) and 107(4) sentence 3 AktG, according to which at least one member must have expertise in the field of accounting and at least one other member must have expertise in the field of auditing, and according to which the members as a whole must be familiar with the sector in which the Company operates.

The Audit Committee met nine times in the financial year 2022. The meetings focused in particular on monitoring the accounting process and on issues relating to the effectiveness of the internal control system and its further development, the effectiveness of the risk management system, and the internal audit system.

The individual meetings of the Audit Committee also focused on the following topics:

At its meeting on January 18, 2022, the Audit Committee dealt with the preparatory work for the annual financial statements and the consolidated financial statements. It also dealt intensively with the risk management system, which includes the risk early warning system.

The meetings on March 24 and 29, 2022 focused on the annual financial statements, the consolidated financial statements and the remuneration report. The committee also dealt with the quality of the audit, the audit priorities for the annual financial statements and the proposal to appoint BDO as auditors for the fiscal year 2022.

At the meeting on May 31, 2022, the Audit Committee again dealt with the risk management system and project reporting, in the context of which each project is also to be presented with a return on investment calculation.

The meeting on June 22, 2022 focused on the quality assessment of the audit of the financial statements and the review of the procedures and measures (rules) introduced in the company to ensure the effectiveness and efficiency of business activities.

At its meeting on September 7, 2022, the Audit Committee dealt in particular with the preparation of the 2022 annual financial statements and with training topics.

The meeting on October 19, 2022 focused mainly on the risk management system (RMS), compliance, sustainability and the internal control system (ICS).

In addition to the topics of the risk management system and sustainability, the meeting on November 30, 2022 focused in particular on the framework for non-audit services.

At the meeting on December 14, 2022, the Audit Committee dealt among other things with the independence of the auditor, results of the preliminary audit, and the focus and schedule of the audit of the annual financial statements.

In addition, the members of the Audit Committee regularly attended training sessions.

Nomination Committee

The Nomination Committee held three meetings in 2022 and dealt in detail with succession planning on the Executive Board, particularly in view of the planned move of Executive Board Chairman Dr Andreas Eckert to the Supervisory Board in June 2023. In addition, the committee dealt in detail with an expansion of the Executive Board and preparations for the reappointment of Jutta Ludwig and Dr Hakim Bouterfa as additional Executive Board members from January 1, 2023.

The Supervisory Board was kept regularly and comprehensively informed about the work of the committees.

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 April 28, 2022. On December 3, 2022, 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.

EFFICIENCY REVIEW

The Supervisory Board regularly evaluates how effective it is as a body as a whole and how its committees perform their duties. A comprehensive review was conducted in September 2022. The results were discussed by the Supervisory Board in October 2022. No significant deficiencies were identified. The next review is planned for the current financial year.

TRAINING AND CONTINUING EDUCATION

The members of the Supervisory Board are responsible for the training and continuing education measures required for their tasks, such as on changes in the legal framework, and are supported in this by the company. In the reporting year, an internal seminar took place on the topic of the Act to Strengthen Financial Market Integrity (FISG), the new version of the German Corporate Governance Code, and sustainability.

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS 2022

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 2022, 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 23 March 2023 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 CHANGES ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Supervisory Board appointed Jutta Ludwig for the Asia business and Dr Hakim Bouterfa for the Clinical Development business to the Executive Board effective January 1, 2023. Ms. Ludwig was a member of the Supervisory Board from 2019 to 2022. The reason for the expansion of the Executive Board was the decision by the European Medicines Agency to allow Eckert & Ziegler AG to conduct a Phase III registration trial. Also with effect from January 1, 2023, Paola Eckert-Palvarini was appointed to the Supervisory Board as successor to Ms. Ludwig. In addition, Dr. Andreas Eckert, founder and CEO of the Company, has announced that he wishes to resign from the Executive Board at the 2023 Annual General Meeting and join the Company's Supervisory Board. According to current planning, the Supervisory Board will appoint Executive Board member Dr. Harald Hasselmann as the new Chairman of the Executive Board.

ACKNOWLEDGMENT

The Supervisory Board would like to thank the Executive Board and all employees for their outstanding performance in the financial year 2022.

Berlin, March 2023
For the Supervisory Board

PROF DR WOLFGANG MAENNIG
Chairman of the Supervisory Board

SUPERVISORY BOARD

PROF DR WOLFGANG MAENNIG

Chairman of the Supervisory Board
Economist and University Professor
Berlin

PROF DR HELMUT GROTHE

Deputy Chairman of the Supervisory Board
Lawyer and University Professor
Wandlitz

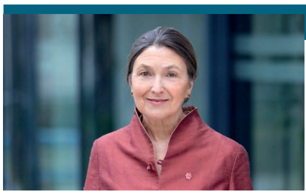
PAOLA ECKERT-PALVARINI

(since 20 December 2022)

Physicist
Wandlitz

DR EDGAR LÖFFLER

Medical Physicist
Berlin



JUTTA LUDWIG

(until 31 December 2022)

Economist and Sinologist
Hamburg

FRANK PERSCHMANN

Engineer
Berlin

ALBERT RUPPRECHT

Economist and Member of the German Bundestag
Waldthurn

The CVs of the Supervisory Board members are available at www.ezag.com

MILESTONES 2022

30 YEARS ECKERT & ZIEGLER

Eckert & Ziegler celebrated its 30th anniversary in June with around 300 employees and guests from politics and business. In 1992, Berlin-Brandenburgische Isotopentechnik GmbH (BEBIG), based in Berlin-Buch, was founded out of the former assets of a GDR institute. The small company with two employees turned into the nucleus of a global market leader for radiation and medical technology that is now listed on the stock exchange.

CONTRACT MANUFACTURER FOR CLINICAL DEVELOPMENT CANDIDATES BASED ON LUTETIUM-177 AND ACTINIUM-225

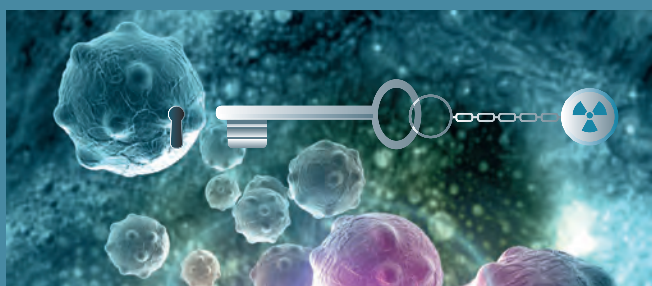
A joint development and subsequent production of innovative radiopharmaceutical products based on Lu-177 and Ac-225 is planned with the US pharmaceutical company Ratio Therapeutics Inc. The project includes the development of a validated manufacturing process and the GMP-compliant production of investigational medicinal products. Ratio Therapeutics will use the newly constructed GMP suites at the Eckert & Ziegler production site in Boston, MA (USA) from July 2022 for this purpose.

CHANGE IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Jutta Ludwig and Dr Hakim Bouterfa joined the Executive Board as of January 1, 2023. Ms. Ludwig is responsible for the Asian business, and Dr. Bouterfa for Clinical Development. Paola Eckert-Palvarini has become a member of the Supervisory Board as of December 20, 2022.

FIRST CNS LYMPHOMA PATIENT IMAGED WITH PENTIXAFOR IN PHASE II TRIAL

The University Hospital Aalborg (Denmark) images the first patient with PENTIXAFOR in an international phase II trial. The clinical examination tries to measure the predictive potential of the CXCR4 receptor targeting radiotracer for the treatment of central nervous system lymphoma (CNSL).



RESERVATION AGREEMENT FOR ACTINIUM-225

Alpha-9 Theranostics Inc. signs an agreement for the preferred supply of GMP grade, non-carrier-added Actinium-225, a radionuclide used for the next generation of therapeutic radiopharmaceuticals.

ACQUISITION OF TECNONUCLEAR

With the acquisition of the Argentinian SPECT specialist Tecnonuclear S.A., a manufacturer of technetium-99 generators and a portfolio of related biomolecules, Eckert & Ziegler strengthens its access to the SPECT market. Currently about 25 million patients per year benefit from SPECT-diagnostics, bringing the global market to a volume of about 1.7 billion USD.

GRAND OPENING NEW US SITE

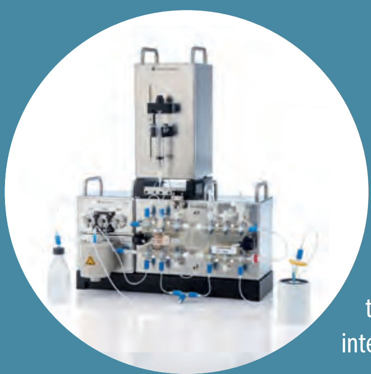
Located in Wilmington (MA), USA, the site accommodates office space as well as GMP laboratories for the production of yttrium-90 and other radionuclides.

EXCLUSIVE SUPPLY CONTRACT FOR YTTERBIUM-176

The signing of a joint venture agreement with Atom Mines LLC (Texas, USA) guarantees Eckert & Ziegler access to ytterbium-176, an indispensable precursor for the therapeutic isotope lutetium-177.

LUTETIUM-177 FOR CLINICAL TRIALS OF CANADIAN ALPHA-9 THERANOSTICS

Eckert & Ziegler has executed with the Canadian biotech company Alpha-9 Theranostics Inc. (Alpha-9) a clinical supply agreement for Eckert & Ziegler's medical radioisotope Lutetium-177 (non-carrier-added 177Lu). The isotope will be used for the clinical development of Alpha-9's investigational drugs.

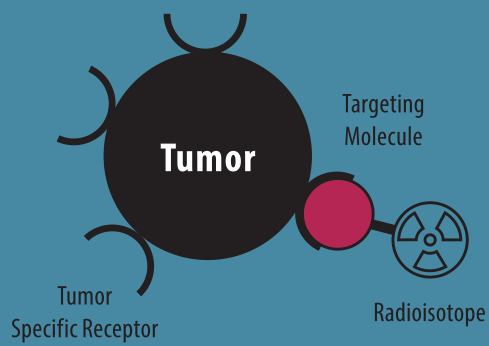


COLLABORATION WITH PRECIRIX FOR THE DEVELOPMENT OF 68GA-BASED COMPOUNDS

Eckert & Ziegler and Precirix have signed a collaboration agreement for the development of a highly reliable and efficient automated production process for Precirix' 68Ga based diagnostic tools. Using Eckert & Ziegler's synthesis equipment and quality control platforms, the designed process shall enable the use of Precirix' compounds for patient selection in international clinical studies.

GREEN LIGHT FOR PHASE III STUDY WITH PENTIXAFOR

PENTIXAPHARM GmbH, a 100% subsidiary of Eckert & Ziegler AG, receives green light from the European Medicines Agency (EMA) to conduct a phase III registration study in patients suffering from various forms of Non-Hodgkin-Lymphomas.



COOPERATION WITH CZECH RESEARCH CENTER TO PRODUCE PHARMACEUTICAL ALPHA RADIOISOTOPES

The long-term cooperation agreement with the Nuclear Physics Institute of the Czech Academy of Sciences (Ústav jaderné fyziky, UJF) envisions Eckert & Ziegler to provide the UJF research center with several million euros for investments in equipment and hot cells, as well as radium-226 as a starting material for experiments and irradiations. In return, the Eckert & Ziegler group gets exclusive access to the capacities of a pilot unit and joint rights to the process steps developed for a large-scale Ac-225 commercial production.

DIVIDEND

The Annual General Meeting on June 1, 2022 resolves to pay a dividend of € 0.50 (previous year: € 0.45) per dividend-bearing share.

SUPPLY AGREEMENT WITH SIRTEX MEDICAL TO CHINESE MARKET

Eckert & Ziegler and Sirtex Medical have extended their longterm supply agreement for the use of yttrium-90 in Sirtex micro-spheres for the treatment of liver cancer to the Chinese market.

LUTETIUM-177 FOR CLINICAL TRIALS OF TELIX

Eckert & Ziegler has signed a longterm global contract with Telix Pharmaceuticals Limited for the supply of lutetium-177 (n.c.a. ^{177}Lu). The radiopharmaceutical will be used to label investigational drugs that Telix currently has in clinical trials and that are used in radio-nuclide therapy (MTR).

RADBOUD UNIVERSITY MEDICAL CENTER TO IMAGE FIRST PATIENT WITH PENTIXAFOR

Radboud University Medical Center in Nijmegen, one of the largest centres of excellence in the Netherlands for adrenal diseases, treated the first patient with primary aldosteronism with the Ga-68-based diagnostic PENTIXAFOR as part of the CASTUS study. PENTIXAFOR is a Ga-68-based PET radiodiagnostic and an innovative imaging PET tracer that targets the chemokine-4 receptor (CXCR4). It is used to diagnose various oncological and inflammatory diseases.

ACTINIUM-225 PRODUCTION LINE

NorthStar Medical Radioisotopes LLC orders hot cell manufacturing and associated equipment for its Actinium-225 production facility. Ac-225 is an emerging medical radioisotope for potential use in the treatment of cancer.

AGREEMENT WITH PRECIRIX ON PRIORITY SUPPLY OF THE THERAPEUTIC RADIOISOTOPE RADIOISOTOPE AC-225

Precirix will have priority access to Eckert & Ziegler's high-purity, carrierfree Actinium-225, which is used for labeling investigational drugs in radionuclide therapy.

AWARD VENDOR OF THE YEAR 2022

United Pharmacy Partners, Inc. honors Eckert & Ziegler with the "Vendor of the Year Award 2022" during the UPPI Annual Meeting in Charlotte (NC), USA.

FURTHER FUNDING FOR CLINICAL DEVELOPMENT

The affiliate Myelo Therapeutics GmbH receives further funding from the U. S. National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health. The funds will be used for the development of the new chemical entity Myelo001 to mitigate the acute radiation syndrome.

ALPORA TOP INNOVATOR 2022

Eckert & Ziegler is awarded Top Innovator 2022 by the Swiss investment analytics company ALPORA. More than 1,500 companies have been analyzed based on publicly available key figures to identify the top innovators in Europe, the USA and worldwide.

ALPORA®

GROUNDBREAKING IN CHINA

The groundbreaking ceremony for a new production facility was held at the Jintan site in Jiangsu Province. Production facilities for radiopharmaceuticals and radioisotopes as well as Eckert & Ziegler's administrative headquarters for the Chinese market are being built on an area of 7,000m².

2

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

1. GROUP FUNDAMENTALS

1.1 BUSINESS MODEL OF THE GROUP

The Eckert & Ziegler Group (Eckert & Ziegler) is an internationally operating manufacturer 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 registered office in Berlin, the Group comprises 41 additional companies, including minority interests. The Group is managed by the Executive Board, which is supported in its decisions by the advice of the Extended Executive Board, which consists of the Executive Board of Eckert & Ziegler AG and the heads of select business divisions.

The company's core competencies include the handling and processing of isotope technology materials in specially equipped and approved production facilities in Europe, the United States, Brazil and Argentina. Eckert & Ziegler develops, produces and sells medical devices for cancer therapy, as well as radionuclides for nuclear medicine applications and synthesis equipment for the production of radiopharmaceuticals. Eckert & Ziegler also emphasises the development of its own pharmaceutical candidates for nuclear medicine. 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. As its competitors serve only specific market niches, Eckert & Ziegler has no direct competitor offering the same range of products. There are considerable barriers to market entry due to strict regulatory requirements.

The operating business is managed through subsidiaries in the two operational segments Medical and Isotope Products, which target different customer groups with their various product groups. The segment Other includes the holding company, which pools internal group services like radiation protection, legal, accounting, IT and HR, as well as Pentixapharm GmbH and Myelo Therapeutics GmbH.

The Isotope Products segment manufactures isotope technology components for imaging techniques, scientific applications, quality assurance and industrial measurement purposes. In addition, the segment offers a variety of services: taking back of radiation sources from customers and receiving low-level isotope technology waste, for example, from hospitals and other institutions, processing and conditioning of radioactive waste, recycling of isotope technology materials, transport and logistics, provision of service technicians for inspection, maintenance and commissioning of irradiation facilities, professional disposal of waste and restoration. With the acquisition of the Argentinian company Tecnonuclear S.A., the product range now includes SPECT diagnostics, consisting of technetium-99 generators and a portfolio of related biomolecules.

The segment's most important locations are in Valencia and Atlanta (USA), São Paulo (Brazil), Buenos Aires (Argentina), Prague (Czech Republic), and Braunschweig, Dresden and Leipzig (Germany).

In the Medical segment, the largest share of revenue is generated from pharmaceutical-quality radioactive ingredients that play a diagnostic or therapeutic role as part of a medication. The most important items include the 68Ge/68Ga radionuclide generator GalliaPharm®, which enables the radioactive labelling of carrier molecules for the purpose of the sensitive diagnosis of various types of cancers, and the therapeutic isotopes yttrium-90, lutetium-177 and phosphorous-23. Yttrium-90 has a number of uses, such as in the production of radioactive embolic agents for the treatment of liver tumours.

With its own GMP facilities, the Medical segment offers a variety of radiopharmaceutical services under GMP and cGMP conditions, all from a single source. These include complete early-development services, including process development and scale-up, CMC manufacturing and packaging, product approval and stability programmes. As a contract radiopharmaceutical manufacturer, Eckert & Ziegler is capable of providing small batches for Phase I, II or III clinical trials as well as large batch sizes for commercial use.

In addition, the segment markets products designed for 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 eye applications based on ruthenium-106 or iodine-125 for treating uveal melanoma (eye cancer). During the 2022 financial year, all interests in WOLF-Medizintechnik GmbH were sold to BEBIG Medical GmbH.

Finally, the Medical segment includes a so-called project business directed at international medication developers, which provides them with support in the development and approval of new radiopharmaceuticals, the manufacture of test batches, and the development of production facilities and the associated infrastructure. The business is grouped around a plant engineering department located in Dresden, whose range of products is supplemented by laboratory equipment, radiosynthesis equipment, quality-control equipment, and consumables, as well as a wide array of services.

The segments' markets and various products 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 particularly the case with medical products whose 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 management 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 GOALS AND STRATEGIES

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, aims to generate revenues by improving efficiency and invests in the development of clinical assets.

1.4 MANAGEMENT SYSTEM

The Executive Board manages the Group's production and sales 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 is updated annually on the basis of the previous year's figures. The annual individual business plan is bottom-up and is based on the business plans for each business division prepared by the respective 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 sales 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 annual Group business plan 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 divisions and monitors performance compared to planning, with particular focus on the key performance indicators of revenue and annual net income. 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 rose from €6.2 million to €8.0 million in 2022. Development expenses in the Isotope Products segment came in at about €0.4 million, which was at the level of the previous year. In the Medical segment, expenses declined by €0.5 million to €2.6 million. The bulk of the rise in expenses (€5.0 million) was attributable to the Other segment, more precisely to development costs at Pentixapharm GmbH.

The products, which were included in the portfolio for the first time five years ago, contributed 7% toward revenue.

The interlocking of the development departments of the business divisions creates synergies. This makes it even easier to implement specific customer requests. For customers' proprietary radiodiagnostics and radiopharmaceuticals, Eckert & Ziegler can offer, for example, all developmental steps: from development of the chemical manufacturing process to production of the process module required for this (cassette) to suitable synthesis equipment that can be used to manufacture the medication in the hospital and dispense it to patients.

1.5.1 MEDICAL SEGMENT

Radiopharma business division

Eckert & Ziegler and the Nuclear Physics Institute at the Czech Academy of Sciences, Ústav jaderné fyziky (UJF), agreed on a long-term collaboration for the manufacture of the alpha emitter actinium-225. The agreement calls for Eckert & Ziegler to provide the UJF research centre with several million euros for investments in facilities and hot cells, as well as with radium-226 as starting material for testing and irradiation. In return, Eckert & Ziegler will receive exclusive access to the production capacities of a pilot facility to be built in the next two years near Prague, as well as non-exclusive rights to use process steps being developed for large-scale commercial Ac-225 production.

As a result, the company is making investments at the Braunschweig location in order to supply actinium-225 in drug product quality for clinical trials and, subsequently, for commercial applications.

In late 2022, a contract was concluded with a major customer for the production of Ac-225-labelled drug products for clinical trials. Relevant preparatory work has already begun.

In addition, other production facilities went into operation, enabling the manufacture of therapeutic nuclides (lutetium-177). Eckert & Ziegler is expanding its product portfolio in this way. Supplying customers with various test samples for clinical trials will help to drive forward the development of novel tumour therapies.

At the Berlin location, Eckert & Ziegler is continuing work on the construction of a GMP facility. It will enable Eckert & Ziegler to offer complete early-development services, including process development and scale-up, CMC development, manufacturing and packaging, product approval and stability programmes. It will also put the company in a position to operate as a contract manufacturer of clinical-standard radiopharmaceutical products for Phase I, II and III trials as well as for commercial use. Manufacturing is scheduled to commence in 2023.

A GMP suite was commissioned in Wilmington, Massachusetts, USA (Greater Boston area) in 2022, and the first contracts were concluded with customers for the development of new drug products.

In addition, Eckert & Ziegler is investing further in the development of a process for manufacturing ytterbium-176, an indispensable precursor for the manufacture of lutetium-177 that is available in only very small quantities. This manufacturing process, which was financed in part by Eckert & Ziegler and developed by Atom Mines LLC (Texas, USA), is designed to resolve the bottleneck and put Eckert & Ziegler in a position to offer large quantities of lutetium-177 to pharmaceutical companies around the world.

Laboratory Equipment business division

In 2022, the company continued to work on technical qualification of the Modular-Lab product group and to orient it toward industrial applications as a new target segment. The focus here was on customer-specific automated solutions for the nuclide labelling of diagnostic and therapeutic radiopharmaceuticals with modified hardware and software modules.

In addition to use for the processing of radioactive substances, Modular-Lab was also additionally qualified in connection with an ongoing development order as a platform for mRNA synthesis and purification of novel cancer medications.

Development of a fluidics module (EluGen) was completed for automated dosaging from the 68Ga generator GalliaPharm®. It has been launched on the market as an accessory to increase the generator's user-friendliness and to set it apart from a competing product.

In addition, the company initiated the development of a concept for miniaturised cassettes to reduce radioactive waste amounts, as well as, together with an external partner, the development of automated sterility measurement of radioactive samples.

With regard to the analytical equipment product line, the manufacture of two equipment types was transferred in full from the U.S. to Berlin, and product improvements were initiated to ensure good competitiveness. The company began the development of a new generation of equipment, which targets the emerging application field of quality control for alpha emitters. Market launch is scheduled for 2023.

In the clean-room production area for cassettes, organisational steps were taken to meet the requirements for GMP contract manufacturing of customer-specific cassettes.

1.5.2 ISOTOPE PRODUCTS SEGMENT

The Isotope Products segment continued its close relationships with OEMs in the area of medical imaging and expanded its portfolio of PET/CT products. A new Ge-68 line source was developed for the Canon Cartesion PET/CT scanner, which promises improved image quality and shorter scanning times. Several other OEM products are currently in various stages of development.

Due to geopolitical tensions in Europe as well as the persistent effects of the pandemic, the Isotope Products segment determined that it was necessary to find alternate sources for important raw materials, particularly epoxides, and to qualify them. New compositions were developed, tested and validated. Epoxides are a crucial component in the manufacture of a number of important products, including PET and SPECT sources for the medical imaging market, as well as products in the area of environmental services. Assuring alternate supply guarantees that current products can be reliably manufactured and that the development of new products is not hampered.

The segment is investing further in improving the safety and efficiency of its production processes. It is putting special emphasis on the automation of processes with the aim of reducing the interaction of operating personnel in the case of high-dose processes, since markets that use high-energy nuclides, such as PET, are continuing to grow. This will mainly be achieved through the use of robots and other automation hardware and software. Isotope Products is also increasingly taking advantage of the availability of high-precision, low-cost rapid prototyping systems (3D printing) in order to supplement these activities.

1.5.3 OTHER SEGMENT

In the Other segment, Pentixapharm GmbH received a positive assessment from the European Medicines Agency (EMA) for conducting a Phase III approval trial with the gallium-68-based radiodiagnostic PentixaFor ((68Ga) boclatixafortide). Various types of non-Hodgkin lymphoma are to be included in the study at about 30 European hospitals starting in 2023. In addition, the development of cold kits for PentixaFor was able to be completed in 2022, meaning that they can now be used as part of the Phase III approval trial.

2. BUSINESS REPORT

2.1 BUSINESS DEVELOPMENT AND NET ASSETS, FINANCIAL POSITION AND FINANCIAL PERFORMANCE OF THE GROUP

2.1.1 Business development of the Group

In 2022, the Eckert & Ziegler Group posted revenue of €222.3 million. Year-on-year, revenue rose by €41.9 million, or 23%. Adjusted for currency effects, revenue rose by €40.6 million.

The Group thus exceeded its revenue target of €200 million set out in the forecast report for 2022.

Revenue development with external customers in detail

Revenue in the Isotope Products segment rose by €35.6 million, or 37%, across all product areas. At €131.4 million, the Isotope Products segment remains the Group's largest segment in terms of revenue. In the Medical segment, revenue rose year-on-year by €6.4 million, or 8%, to €90.9 million. In the 2022 reporting period, the Other segment posted external revenue of €0.0 million (previous year: €0.1 million).

The biggest growth driver was once again the business with radiopharmaceuticals, which grew across all segments by 37% to €66.4 million.

With revenue of €98.6 million (previous year: €69.6 million), the Americas were the most important sales region in the 2022 financial year. In terms of consolidated revenue, it contributed 44% to revenue (previous year: 39%). The largest single national market for Eckert & Ziegler products in 2022 was once again the United States, where goods worth €76.3 million were sold, compared to €62.0 million in the previous year. Revenues also rose in Europe by €9.4 million to €95.0 million, with the share of consolidated revenue amounting to 43% (previous year: 47%). Germany remained the most important European market with €39.8 million (previous year: €34.9 million).

Whereas European revenue in the Medical segment fell slightly (−4%), the Isotope Products segment posted a significant rise in the region (29%). The Americas posted considerable growth of 42%, with the disproportionate rise in the Isotope Products segment being only partially attributable to the acquisition of the Argentinian company Tecnonuclear S.A. After falling slightly last year, Asian business increased across all segments (17%).

Sales are mainly invoiced in EUR. Total EUR revenue accounted for 55% (previous year: 60%) and USD revenue for 36% (previous year: 35%) of consolidated revenue.

2.1.2 Financial performance of the Group

Consolidated net income for the reporting period came in at €29.7 million, which was €5.0 million, or 14%, less than the figure for the previous year. The share of net income attributable to shareholders of Eckert & Ziegler AG amounted to €29.3 million, corresponding to earnings per share of €1.41.

The Isotope Products segment continued the growth trajectory of the previous year. The Medical segment also grew further, after adjusting for the sale of the business with tumour irradiation equipment (HDR). The driver here remains the strong business with pharmaceutical radioisotopes. In total, these developments led to an increase in the gross margin by €15.7 million to €106.8 million. Selling expenses rose by €0.5 million, or 2%, to €23.1 million, whereas general and administrative expenses increased by €4.5 million from €31.5 million in the previous year to currently €36.0 million. Due to the sale of the HDR business in the previous year, other operating income declined by €11.3 million to €5.1 million, while other operating expenses rose by €3.0 million to €9.8 million. In all, net operating income fell by €3.6 million, or 8%, to €42.4 million.

Year-on-year, net currency income rose by €0.2 million. Earnings before taxes fell by 7% from €46.4 million to €43.0 million. Despite the lower pre-tax net income, expenses for income taxes rose from €11.7 million to €13.3 million. Thus, consolidated net income fell overall in the year under review by €5.0 million to €29.7 million.

Of this consolidated net income, €0.5 million (previous year: €0.1 million) is attributable to non-controlling interests, meaning that the share of net income for shareholders of Eckert & Ziegler AG dropped from €34.5 million in the previous year to €29.3 million in the year under review.

The expectations in the forecast report for 2022 were not achieved due to the absence of anticipated extraordinary income from the sale or remeasurement of assets. In an ad hoc announcement of 5 July 2022, the Executive Board had lowered the profit expectation to €27 million. In a further ad hoc announcement of 17 January 2023, the Executive Board raised the profit expectation to nearly €30 million. With the net income of €29.3 million that has now been achieved, the expectation can be confirmed.

2.1.3 Development of the segments

Isotope Products segment

The segment's main product groups are:

(1) Radiation sources
(2) Tc-99m generators and supplies
(3) Trade in raw isotopes and other products
(4) Services
(5) Disposal of low-level isotope technology waste

The important first product group involves isotope technology components for imaging techniques, scientific applications, quality assurance and industrial measurement purposes. Eckert & Ziegler has long possessed a solid market position with a significant share of world market volume. Radiation sources for medical quality assurance continue to show growth rates.

The second main group comes from the acquisition in early 2022 of all interests in the Argentinian nuclear medicine specialist Tecnonuclear S.A., a manufacturer of technetium-99 generators with a portfolio of related biomolecules. Together with the generators, these generic tracers are often also referred to as SPECT diagnostics. In 2022, the revenue from Tc-99m generators and supplies for single-photon emission computed tomography (SPECT) amounted to nearly €11.1 million.

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

The last two main product groups involve services, such as taking back of radiation sources from customers and receiving low-level isotope technology waste, conditioning of radioactive waste, recycling of isotope technology materials, transport and logistics, provision of service technicians for inspection, maintenance and commissioning of irradiation facilities, professional disposal of waste and restoration. Business development may be subject to high fluctuations due to project-related offered services. Revenue from services is mainly based on individual orders and non-recurring repeat orders.

The Isotope Products segment posted revenue of €136.6 million, a year-on-year increase of €36.0 million, or 36%. All main product groups contributed to this solid performance. The trend in oil and gas prices is spurring the exploration activities of energy companies and, as a result, the demand for metrological components About €10.4 million of the rise is attributable to the acquisition of the Argentinian company Tecnonuclear S.A.

The gross margin amounted to €57.6 million (previous year: €45.0 million), corresponding to a year-on-year rise of €12.6 million. In the year under review, EBIT came in at €21.5 million, after €16.5 million in the previous year. Strong business led to a rise in income taxes by €1.9 million to €5.7 million. Segment net income stood at €14.9 million, representing a rise of €2.9 million compared with 2021.

Medical segment

The segment's main product groups are:

(1) Longer-lived radioisotopes for pharmaceutical applications
(6) 68Ge/68Ga radionuclide generator GalliaPharm®
(7) Early-development services for radiopharmaceutical products
(8) Radiosynthesis equipment and supplies
(9) Quality control equipment
(10) Implants for the treatment of prostate cancer "seeds"
(11) Therapeutic accessories
(12) Ophthalmological products
(13) Other therapeutic products and plant engineering

Medical segment revenue, including with other segments, rose by €6.3 million, or 7%, to €91.3 million. The rise was driven, in particular, by strong demand for radiopharmaceuticals. The gross margin developed at the same rate and rose by €3.4 million to €48.6 million. Continuous growth is spurring the company to make further investments in production infrastructure and human capital.

Total selling expenses and administrative costs were €0.4 million, or 2%, higher than the level of the previous year. EBIT stood at €25.5 million, which is about €7.0 million below the result for the previous year. Solid business led to a tax expense of €8.6 million, corresponding to a tax rate of 35%.

The segment posted net income of €16.3 million this year. This represents a year-on-year decline of €7.9 million, or 33%.

Adjusted for the one-off effect from the sale of the business with tumour irradiation equipment (HDR), which in the previous year generated one-time income of about €9.9 million, EBIT increased year-on-year by €2.9 million, or 13%, and net income rose by €2.0 million.

Other segment

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 on to the subsidiaries plus a profit surcharge. In addition, the holding company makes loans where necessary and earns interest income from them. The holding company also receives income from profit transfers and distributions from the subsidiaries.

In addition to the holding company, the Other segment includes the Group's clinical assets, i.e. Pentixapharm GmbH and Myelo Therapeutics GmbH, the latter having been acquired at the end of 2022.

In the reporting period, the Other segment posted only insignificant revenue from outside the Group of €0.0 million, which was €0.1 million lower than in the previous year.

Overall, the result in the year under review fell by €0.1 million to €–1.6 million.

2.1.4 Financial position of the Group

At €29.7 million, net income for the period before minority interests was €5.0 million lower than in the previous year.

Despite considerably lower net income for the period, cash flow from operating activities increased by €0.4 million to €34.3 million. In the previous year, €12.4 million of net income for the period was apportionable to income attributable to cash flow from financing activities, whereas this portion in the year under review amounted to only €2.9 million. The increase in cash flow from operating activities also contributed to current assets and liabilities changing by €3.3 million (€–0.1 million, compared with €–3.4 million in the previous year). By contrast, other non-cash events worked in the opposite direction, falling by €2.9 million to €–0.7 million (previous year: €+2.2 million). The changes to non-current provisions and liabilities as well as to non-current assets and receivables amounted to €–0.7 million, compared with €–1.9 million in the previous year.

Cash outflow from investing activities in the year under review amounted to €41.0 million, whereas in the previous year the cash outflow in this area was merely €23.6 million. Investments in property, plant and equipment and intangible assets rose year-on-year from €28.9 million to €31.1 million. €10.8 million was expended for acquisitions (net of cash acquired) in the year under view, whereas €8.3 million was paid in the previous year. €2.2 million (previous year: €0 million) was paid to acquire interests in companies consolidated at equity. This contrasted with cash inflow from the sale of interests in consolidated companies in the amount of €0.8 million (previous year: €10.4 million) and income from participations in the amount of €1.0 million (previous year: €2.9 million). Cash inflow of €1.2 million (previous year: €0.2 million) was registered from the sale of securities.

Cash outflow from financing activities declined by €0.4 million to €5.7 million (previous year: €6.1 million). The taking out of loans resulted in a cash inflow of €24.2 million (previous year: €7.1 million). This contrasted with higher cash outflows of €12.2 million (previous year: €2.9 million) for repaying loans and settling lease liabilities. The Annual General Meeting held in June 2022 resolved to increase the dividend to €0.50 (previous year: €0.45) per share. The cash outflow for the dividend payment to the shareholders of Eckert & Ziegler AG and distributions on third-party interest, therefore, rose from €9.3 million in the previous year to €10.4 million in the year under review.

In addition, the weak euro (particularly in relation to the USD) led to a currency-related increase in cash and cash equivalents by €1.5 million (previous year: €3.9 million). As at 31 December 2022, cash and cash equivalents amounted to €82.7 million. Compared with year-end 2021, this represents an decrease of €11.0 million. Accordingly, the company continues to be well positioned for future projects, also in light of relatively low bank debt.

2.1.5 Net assets of the Group

Compared with the 2021 annual financial statements, total assets and liabilities as at 31 December 2022 increased by €69.1 million, or 20%, and now amount to €416.8 million (previous year: €347.7 million).

On the assets side, goodwill increased by €9.5 million, primarily as a result of the acquisitions of Myelo Therapeutics GmbH and Tecnonuclear SA, Argentina. Other intangible assets rose by €26.0 million. This increase was mainly due to development projects that were acquired in connection with the acquisition of Myelo Therapeutics GmbH on 31 December 2022. In addition, development costs of €3.9 million were capitalised at Pentixapharm GmbH. Other intangible assets of €5.9 million were attributable to a customer base acquired in connection with the acquisition of Tecnonuclear SA.

Property, plant and equipment increased by €23.3 million to €85.1 million due to substantial investments in the further expansion of production capacities in Europe, the Americas and Asia. Right-of-use assets under IFRS 16 increased significantly by €7.2 million to €26.5 million, mainly as a result of the renewal of the lease for the main building of Eckert & Ziegler Cesio s.r.o, Prague. Interests in participations measured at equity fell by €1.1 million to €14 million. The decline was mainly due to the disposal of the interests previous accounted for at equity in Myelo

Therapeutics GmbH, which was fully consolidated effective at year-end 2022, and the disposal of the U.S. joint venture Americium Consortium LLC, which was liquidated on 3 August 2022. Deferred tax assets fell by €2.6 million to €8.6 million. In total, non-current assets rose by €63.0 million to €233.1 million.

Current assets increased by €6.1 million to €183.7 million (previous year: €177.6 million). Compared with year-end 2021, cash decreased by €11.0 million and amounted to €82.7 million (for details, also see the section "Liquidity"). Trade receivables increased by €5.3 million and inventories by €14.3 million. Other assets stood at €6.3 million, which is roughly at the level of the previous year, whereas income tax receivables rose significantly to €5.9 million (previous year: €2.9 million). In connection with the sale of the HDR business, a letter of intent was signed in December 2021 concerning the sale of an additional business division. In this connection, €4.1 million was again recognised as at year-end 2021 under assets held for sale and disposal groups. With the sale of the company Wolf Medizintechnik GmbH in June 2022, these assets held for sale in the amount of €4.1 million were completely liquidated.

On the liabilities side, non-current liabilities rose by €42.4 million to €137.2 million. This was attributable to new, long-term loans from Deutsche Bank (€16 million) and Commerzbank (€6.4 million), as well as to the increase in lease liabilities (IFRS 16) by €7.7 million and in provisions for restoration and disposal obligations by €2.2 million. Other non-current liabilities, which rose by €10.3 million to €10.7 million, consist of the remaining liabilities to the former owners of Myelo Therapeutics GmbH (€7.4 million) and Tecnonuclear SA (€2.8 million). Trending in the opposite direction were provisions for pensions, which declined by €2.8 million to €10.3 million.

Current liabilities increased by €5.6 million to €66.0 million, with most of the rise attributable to the growth in advance payments received in the amount of €7.4 million. Trade payables increased by €2.8 million, other current liabilities by €4.9 million and current provisions by €1.0 million. By contrast, current loan liabilities declined by €7.1 million after the short-term bank loan was repaid in the first half of 2022. In addition, current lease liabilities (IFRS 16) fell by €0.4 million and income tax liabilities by €2.3 million.

Equity rose by a total of €21.1 million to €213.6 million. In this regard, retained earnings increased by a total of €17.0 million. The addition through net income for year of €29.3 million was correspondingly reduced by the distribution of the dividend in the amount of €10.4 million. Other reserves, which also include unrealised actuarial gains or losses and unrealised net income from held securities in addition to translation differences on the equity of subsidiaries reporting in foreign currencies, increased by €6.9 million from €–2.2 million to €4.7 million. Capital reserves increased by €0.4 million to €66.6 million. The item "Treasury shares" fell from €3.9 million to €3.6 million. The addition to capital reserves as well as the decline in treasury shares was due to the use of 30,000 treasury shares for acquisitions and 9,150 treasury shares in connection with share-based remuneration of employees.

The equity ratio fell slightly compared with the previous year (55%) and now stands at 51%.

2.2 NET ASSETS, FINANCIAL POSITION AND FINANCIAL PERFORMANCE OF ECKERT & ZIEGLER STRAHLEN- UND MEDIZINTECHNIK AG – NOTES BASED ON THE GERMAN COMMERCIAL CODE (HGB)

Business development of the company

In the 2022 financial year, a control and profit and loss transfer agreement was concluded between Eckert & Ziegler AG as the controlling entity and Pentixapharm GmbH as the controlled entity. A profit and loss transfer agreement was also in place between Eckert & Ziegler AG and Eckert & Ziegler Radiopharma GmbH, as well as between the latter and its subsidiary. The annual profit or loss generated by the other subsidiaries is not completely transferred to the parent company, meaning that the separate financial statements of Eckert & Ziegler AG differ substantially from consolidated net income.

In the 2022 financial year, Eckert & Ziegler AG received profit of €21.6 million (previous year: €24.1 million) as part of the profit and loss transfer agreement with its German subsidiary, Eckert & Ziegler Radiopharma GmbH. It received a loss in the 2022 financial year of €6.1 million under the profit and loss transfer agreement with Pentixapharm.

Financial performance of the company

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

(1) Revenue rose by €1.3 million to €9.2 million. This primarily relates to income from services and rents for affiliated companies. The year-on-year increase was due to more extensive services and charges.
(2) Other operating income fell by €0.2 million to €0.1 million. The decline was mainly due to lower income from exchange rate differences.
(3) Personnel expenses increased year-on-year by €1.0 million from €4.7 million to €5.7 million. Among other reasons, this was due to a higher number of employees in 2022 compared with 2021. The company's remuneration system for members of governing bodies is set out in the remuneration report.

(4) Depreciation and amortisation on property, plant and equipment and intangible assets amounted to €0.4 million, which was likewise at a level similar to the 2021 financial year.
(5) For its significant participations, Eckert & Ziegler AG calculated the enterprise value in each case using the discounted cash flow (DCF) method, which is based on current planning calculations over a five-year period. For all participations other than Eckert & Ziegler BEBIG GmbH, the enterprise values calculated as at 31 December 2022 were higher than the carrying values in the balance sheet. The enterprise valuation for the participation in Eckert & Ziegler BEBIG GmbH returned a lower value than the recognised carrying value. Therefore, an impairment loss of €4.7 million was recognised for that participation.
(6) Other operating expenses fell year-on-year by €0.6 million to €5.6 million. Losses of €0.9 million were recognised in 2021 from the disposal of non-current assets. This item was not recorded in 2022.
(7) Income from profit and loss transfer agreements amounted to €21.6 million, which was lower than the prior-year figure of €24.1 million.
(8) Eckert & Ziegler AG received profit distributions of €13.5 million from its subsidiaries Eckert & Ziegler Isotope Products Holdings GmbH and Eckert & Ziegler BEBIG GmbH. In the previous year, this amount totalled €6.7 million. In the 2022 financial year, Eckert & Ziegler AG received further profit distributions of €2.3 million from a minority interest in a company.
(9) The sum of interest and similar expenses and other interest and similar income amounted to €–0.1 million, which was roughly at the level of the previous year.
(10) As a result of lower pre-tax net income, expenses for income taxes also fell year-on-year by €1.1 million to €5.7 million.

In total, net profit for the 2022 financial year was €18.9 million, which was €3.8 million lower than in the previous year.

Net assets and financial position of the company

The total assets and liabilities of Eckert & Ziegler AG rose significantly year-on-year by €10.6 million to €151.7 million. On the assets side, the rise is mainly reflected in the additions contributed by interests in affiliated companies. On the liabilities side, the main increase was to equity by €10.6 million.

The following material changes occurred in the 2022 financial year:

Interests in affiliated companies rose sharply by €18.0 million, from €103.7 million to €121.7 million. In the year under review, Eckert & Ziegler acquired new interests in Pentixapharm GmbH, Würzburg. As at 31 December 2022, Eckert & Ziegler AG now holds all of the interests in Pentixapharm GmbH, with a carrying amount of €34.0 million. In addition, Eckert & Ziegler AG acquired all of the interests in Myelo Therapeutics GmbH, Berlin, including the interests that had previously been held by its subsidiary Eckert & Ziegler Isotope Products GmbH. As at 31 December 2022, the carrying amount of the participation in Myelo Therapeutics GmbH amounted to €7.9 million. In addition, €10.2 million was invested for capital increases at the subsidiary Eckert & Ziegler Radiopharma GmbH. Having the opposite effect were capital repayments in the amount of €3.5 million received from the subsidiary Eckert & Ziegler BEBIG GmbH, as well as the unscheduled write-down of €4.7 million on the carrying amount of the participation in this subsidiary. Receivables from affiliated companies fell by €2.5 million from €24.1 million to €21.6 million, primarily due to the receivable resulting from the profit and loss transfer agreement with Eckert & Ziegler Radiopharma GmbH.

Balances with financial institutions amounted to €3.3 million as at 31 December 2022 compared with €9.8 million as at 31 December 2021.

Equity amounted to €136.5 million and thus rose year-on-year by €10.6 million. The increase is the result of net profit in the amount of €18.9 million that was generated in the 2022 financial year, as well as €2.0 million from the use of treasury shares for acquisitions and employee remuneration. By contrast, a disposal in the amount of €10.4 million was recorded for the dividend distributed in the financial year.

Provisions decreased by €1.0 million to €4.1 million. The reduction in provisions was mainly due to tax provisions, which were lower than in the previous year by €1.0 million.

The rise in liabilities from €10.0 million in the previous year to currently €11.1 million was mainly the result, on the one hand, of the rise in liabilities to affiliated companies, since as at 31 December 2022, Eckert & Ziegler AG had not yet fully settled the losses of €2.1 million under the profit and loss transfer agreement concluded with Pentixapharm in the financial year, and, on the other, of the payment of a liability in connection with share-based remuneration that was ordered on 31 December 2021.

Banks granted credit and surety lines to the company of €16.4 million, of which €4.4 million had been drawn down as at the reporting date for sureties and guarantees.

Overall, the Executive Board continues to rate the company’s economic position as very good. The equity ratio was 90%.

2.3 EMPLOYEES

As at 31 December 2022, Eckert & Ziegler employed a total of 976 people across the Group (previous year: 866). The number of employees thus increased by 110 persons year-on-year. The rise was split between the Isotope Products and Other segments and was mainly due to the acquisition of the Argentinian company Tecnonuclear S.A. and the further expansion in the area of clinical development.

If employee figures are calculated based on the definition set forth in the German Commercial Code (HGB), which relates to 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 842 to 943.

Eckert & Ziegler Strahlen- und Medizintechnik AG had an average of 85 employees, or 18 more employees than in the previous year.

At 10%, the fluctuation rate, defined as the number of employees who left the company during the year under review, was below the previous year's level of 12%, which is in line with the general trend. However, it is still far below the average fluctuation rate in Germany, which was 29.8% in 2020. The percentage of women in the total workforce stood at 37% (previous year: 36%). The average age of the Group's workforce in the financial year was 44, slightly lower than the figure for the previous year, with emphasis on the 35- to 39-year-old age group. Slightly fewer than half of all employees have a degree from a university of applied sciences/bachelor's degree or a higher level of education.

Target figures for the Executive Board and Supervisory Board

Expertise was and is the exclusive basis on which the company selects its Executive Board members. The company cannot afford to decide on the basis of a criterion other than merit. In this regard, the company considers itself committed to the values of the German constitution (Article 3 of the Basic Law [GG]), meaning that gender plays no role in the filling of Executive Board positions, nor does parentage, homeland, origin, religion, political opinion or skin colour. The company welcomes applications by women for Executive Board positions. However, for competitive as well as constitutional reasons, it does not consider itself capable of creating a fixed target figure for the percentage of women or for some other quota. Therefore, on 1 June 2022, the Supervisory Board set a target figure of 0% for the percentage of women on the Executive Board of Eckert & Ziegler AG. The start of the five-year period was to be 1 July 2022. The period for complying with the target figure ends on 30 June 2027. In the 2022 financial year, there were no women on the Executive Board of the company. Effective 1 January 2023, Jutta Ludwig switched from the Supervisory Board to the Executive Board of the company.

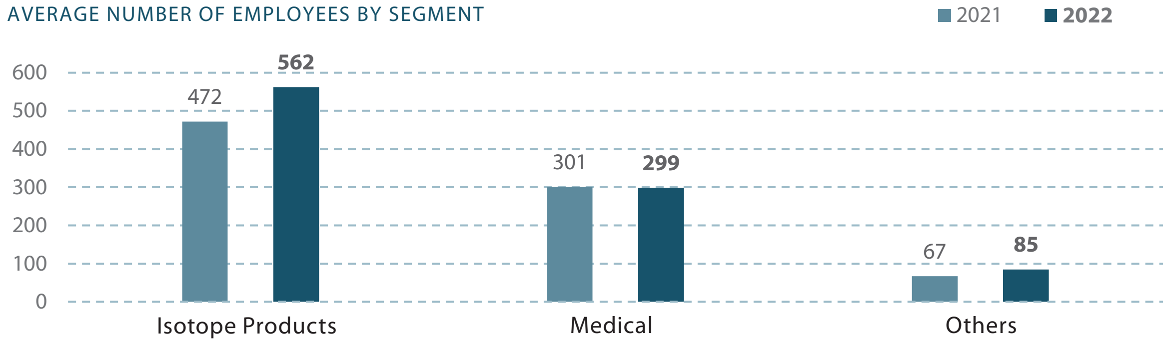
On the same date, the Supervisory Board resolved on a quota for the Supervisory Board of 1/6 (corresponding to approximately 17%). The start of the five-year period was to be 1 July 2022. The deadline for reaching the target figure was also set at 30 June 2027. The company's Supervisory Board currently has one female member, i.e. 1/6.

Target figures at senior management levels

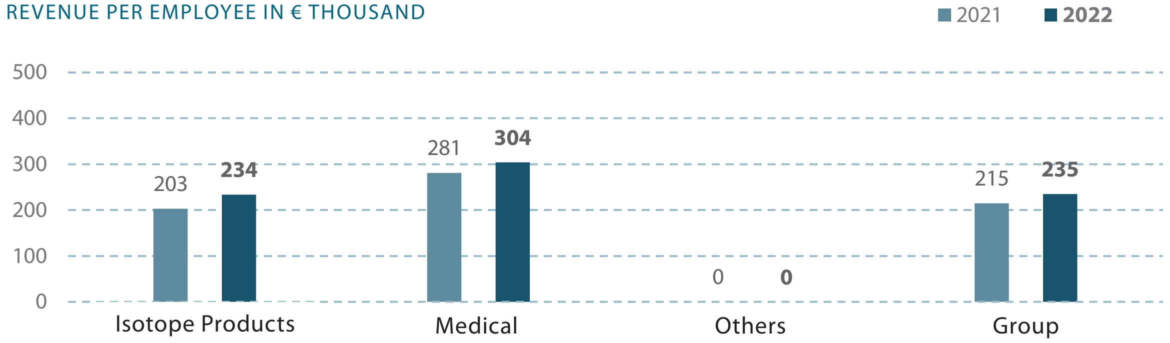
Eckert & Ziegler Strahlen- und Medizintechnik AG is an SME-like company with a lean management structure on both management levels below the Executive Board. In the interest of shareholders, workers and (public and private) creditors, the listed holding company makes do with four department heads (first management level) and 12 sub-department heads (second management level). The managers working there possess outstanding professional and personal expertise, nationally as well as internationally, in the company's business fields. Expertise was and is the exclusive basis on which the company selects its management staff The company cannot afford to decide on the basis of a criterion other than merit. In this regard, the company considers itself committed to the values of the German constitution (Article 3 GG), meaning that gender plays no role in the filling of management positions, nor does parentage, homeland, origin, religion, political opinion or skin colour. There is a severe shortage of specialists in our industry. Therefore, it goes without saying that the company makes an effort to specifically recruit and promote female specialists and that it also welcomes applications by women for management positions on the two levels below the Executive Board. Therefore, the Executive Board set a target figure of 25% for the percentage of women on the two management levels below the Executive Board. The start of the five-year period was to be 1 July 2022. The period for complying with the target figure ends on 30 June 2027.

As at 31 December 2022, the percentage of women at the first and second management levels below the Executive Board was 25% and 33%, respectively. The figures relate to the listed holding company with its roughly 70 employees. Only the holding company is subject to the disclosure obligation under the "Act on the Equal Participation of Women and Men in Management Positions" (Section 76 (4) of the German Stock Corporation Act [AktG]). The Group as a whole has around 950 employees, and particularly at the second management level, the situation is similar.

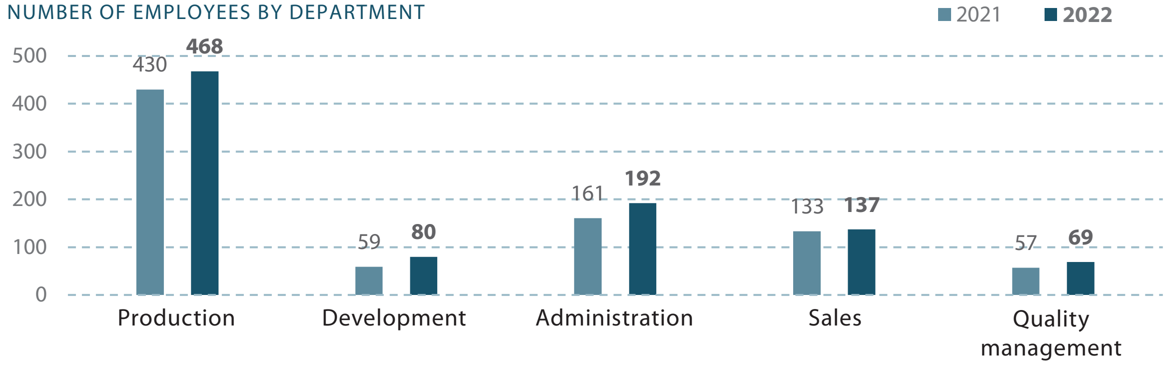
AVERAGE NUMBER OF EMPLOYEES BY SEGMENT



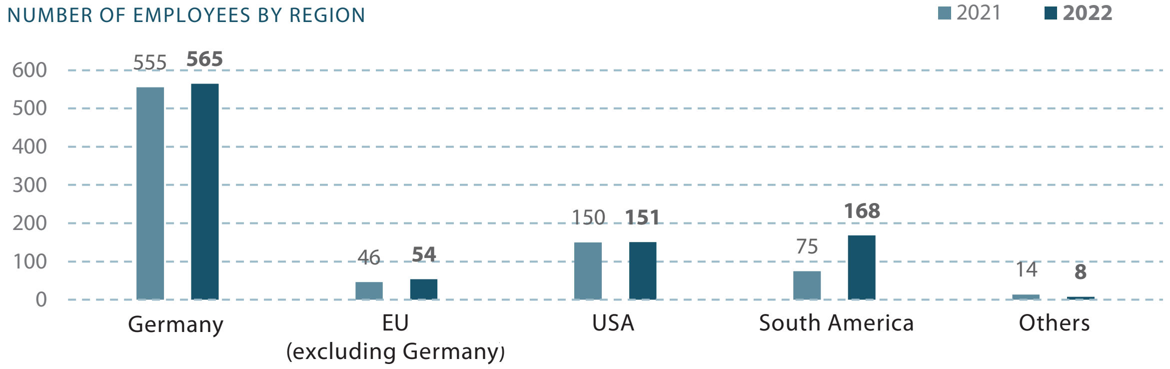
REVENUE PER EMPLOYEE IN € THOUSAND



NUMBER OF EMPLOYEES BY DEPARTMENT



NUMBER OF EMPLOYEES BY REGION



Personnel expenses amounted to €68.7 million in the year under review (previous year: €61.6 million. This translates into average personnel expenses of around €72.7 thousand per employee in 2022, compared with around €73.1 thousand in the previous year.

2.4 OVERALL STATEMENT CONCERNING THE ECONOMIC POSITION

In 2022 Eckert & Ziegler increased revenue to a record €222 million. The demand for radiopharmaceutical products was again the largest growth driver across all segments. In addition, the Isotope Products segment further solidified its position as a consequence of rising energy costs. Income also grew, adjusted for the one-off effect in the previous year. The Other segment continued the announced growth strategy and invested heavily in its own clinical development. All told, Eckert & Ziegler AG generated net profit per share of €1.41.

The strong market positions of the respective segments are reflected in a solid balance sheet. Even though an official confirmation by a rating agency is not available, the Group is in the investment grade range, i.e. investment with a low risk of default. The solid balance sheet ratios, such as equity ratio, return on equity, debt repayment period and similar performance indicators, continue to provide the Group with financial latitude. The Group had net liquidity (cash and securities, less loan liabilities) of €60.3 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. REPORT ON OPPORTUNITIES AND RISKS

Eckert & Ziegler AG's shareholders need to be aware that the Group as a whole is exposed to a wide range of opportunities and risks that may influence the company's business activities and stock 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 safeguards it has put in place.

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

3.1 ORGANISATION OF RISK MANAGEMENT

The task of risk management is to systematically identify opportunities and risks and to assess them with respect to the effects they may have on the company. The term "risk" is, therefore, defined as variation by an expected value. According to this definition, both positive deviations (opportunities) and negative deviations (risks) are considered.

The overall responsibility for risk management lies with the Executive Board. However, operational responsibility – i.e., the early recognition, evaluation, management, and documentation of risks; the specification and implementation of suitable countermeasures; and 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 its 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 to 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 concerning structured risk inventory. They are asked to designate new and existing opportunities and risks and classify them according to the probability of occurrence and their potential impact on the company. Preventive measures are taken, contingency plans are drafted if applicable, and regular evaluations are organised for these risks to the extent possible.

These include monitoring the market and competitors, evaluating scientific literature, analysing customer complaints, and statistics on costs and sales, among other things. The assessment of 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 risks from the use of financial instruments, political risks, legal risks, IT risks, personnel risks, procurement risks, general risks arising from the production and handling of radioactivity, sales market risks and strategic risks, risks from cost increases due to price hikes, main customer risks and research and development risks. The risk owners are identified. In a risk matrix, the identified risks are presented in terms of their likelihood of occurrence and their potential financial impact on the Group's net assets, financial position and financial performance in the categories very unlikely/unlikely/rather unlikely/not very likely/rather likely and very low/low/ medium/high/very high. Risks which jeopardise the company as a going concern are – where present – highlighted and reported separately. Risks are classified as follows:

Classification	Intensity
0 – Very low	< €1 million
1 – Low	€1 million up to €2 million
2 – Medium	€2 million up to €5 million
3 – High	€5 million up to €20 million
4 – Very high	> €20 million

Classification	Probability of occurrence within 24 months
0 – Very unlikely	< 0.01%
1 – Unlikely	0.01% to < 0.5%
2 – Rather unlikely	0.5% to < 2%
3 – Not very likely	2% to < 10%
4 – Rather likely	10% to < 50%

Overall, a risk-minimising approach is chosen. Existing risks are consistently monitored and are minimised or safeguarded against through ongoing 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-protection element.

3.2 FINANCIAL RISKS

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. In addition, derivative financial instruments are used to hedge against fluctuations in interest rates and exchange rates associated with operational business. Since hedges are entered into only for transactions whose volume exceeds certain thresholds, exchange rate fluctuations and changes in interest rates continue to have a certain impact on the Group's results.

Liquidity risk

Probability of occurrence: **rather unlikely**/intensity: **very high**

The Group believes that it currently has sufficient financial resources to ensure its continued existence as a going concern. As at the reporting date, Eckert & Ziegler had cash and cash equivalents totalling €82.7 million. As at year-end, net liquidity amounted to €60.3 million.[1] The Group thus believes that it is in a position to meet all of its financial obligations.

The primary requirement for the ability to be able to refinance on favourable terms where necessary is the Group's good credit rating. Offered credit terms confirm this. The Executive Board believes this is because of the Group's solid financing with a high equity ratio and the favourable prospects of the operating units. In addition to the high equity ratio, solid balance sheet ratios further underpin the Group's creditworthiness, as non-current assets are more than covered by equity and non-current liabilities.

Risks from contingent liabilities

Probability of occurrence: **rather unlikely**/intensity: **medium**

Guarantees and sureties were provided in favour of subsidiaries. As at 31 December 2022, Eckert & Ziegler AG had access to committed guarantee lines in the amount of €24.6 million, of which €16.8 million had been drawn down. However, no claims under the guarantees are expected.

Exchange rate risks

Probability of occurrence: **rather likely**/Intensity: **medium**

Because it operates globally, the Group is exposed to risks associated with fluctuations in exchange rates. Since the subsidiaries in the US, Brazil and Argentina generate the majority of the Group's revenue, the Group is positively or negative affected by changes in exchange rates in connection with the foreign currency translation (US dollar, Brazilian real and Argentine peso) of positions in the income statement. Through its global production network, the Group is in a position to offset most of the revenue generated in foreign currency against costs that are likewise incurred in foreign currency. Where required, the Group uses forward transactions and simple put options to hedge foreign currency revenue generated by German exports.

Default risks for customer receivables

Probability of occurrence: **rather unlikely**/intensity: **low**

The Group is exposed to default risk on its trade receivables, in particular, in connection with its numerous foreign transactions.

Risk exposure is primarily influenced by the size of the customers and the country-specific rules and opportunities for settling reimbursements of medical services by public providers.

New customers are 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 secured by advance payment, sureties or letters of credit. Thus, high receivables are secured with documentary transactions.

[1] Corresponds to cash, cash equivalents and securities, less current and non-current loan liabilities.

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

Interest rate risk

Probability of occurrence: **not very likely**/Intensity: **low**

As at 31 December 2022, Eckert & Ziegler had access to committed loan agreements of €29.6 million, of which €22.4 million have been drawn down. Some of these are fixed-rate loans for which there is no interest rate risk. Others have to do with variable interest rate financing (3-month Euribor) in connection with an interest rate cap. Interest rate risk exists only with credit lines (commitment of €17.8 million). As at 31 December 2022, however, these had not been drawn down.

In connection with testing the impairment of the carrying amounts of the participations in subsidiaries, an increase in interest rates can result in a decline in fair values. If they fall below the carrying amount of the goodwill or the carrying amount of the interests in subsidiaries, this would create the need for a write-down on the consolidated level or in the separate financial statements of Eckert & Ziegler. This would have a negative impact on the net assets and financial performance of the Group or Eckert & Ziegler AG as a standalone company.

3.3 POLITICAL RISKS

War in Ukraine

Probability of occurrence: **rather likely**/Intensity: **medium**

The military attack by Russia on Ukraine continues to adversely impact the global economy and the performance of companies. Eckert & Ziegler is primarily exposed on the procurement side. Sales to Russia are of minor significance in the Group. Economic sanctions are currently focused on exports to Russia and on the country's ability to access capital markets. As an importer, Eckert & Ziegler is not directly affected. Based on the sanctions, administrative procedures have been adjusted, and alternative transport routes have been established. So far, we have not been faced with insurmountable obstacles and continue to receive deliveries from Russia. Alternative suppliers outside of Russia are available for a number of radioisotopes.

Geopolitical tensions

Probability of occurrence: **not very likely**/Intensity: **high**

Persistent political tensions between other countries likewise harbour the latent risk of conflicts, with effects for the global economy and ensuing embargoes and supply difficulties. As a globally operating group, Eckert & Ziegler would be exposed to risk on the sales side as well as the procurement side.

3.4 LEGAL RISKS

Probability of occurrence: **rather unlikely**/Intensity: **medium**

The Group is exposed to legal risks arising from legal disputes or governmental or official proceedings in which it is currently involved or that may arise in the future. At this time, legal disputes or lawsuits that are not or not fully covered by insurance or provisions and that could have a significant adverse impact on consolidated net income are neither pending nor discernible, with the exception of the situation described below..

A lawsuit is pending by individuals against the German state of Lower Saxony seeking a withdrawal of the company's licence to handle radioactive materials at the Braunschweig location, and the subsidiary concerned is involved in the proceedings as a joined party. If a final and binding judgement is entered ordering withdrawal of the licence, this would affect a substantial portion of the services provided at the Braunschweig location. An outsourcing to other locations would be partially but not fully possible.

In-court and out-of-court legal disputes are handled by in-house attorneys, who engage outside lawyers where necessary.

3.5 IT RISKS

Probability of occurrence: **rather likely**/Intensity: **medium**

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. There is also the risk of active hacking, phishing and malware. Protective measures include regular backups, antivirus software, firewalls, antimalware software and the widespread use of virtualised servers.

3.6 PERSONNEL RISKS

Probability of occurrence: **rather likely**/Intensity: **medium**

In many business divisions, 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.

3.7 PROCUREMENT RISKS

Probability of occurrence: **not very likely**/Intensity: **very high**

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.

3.8 GENERAL RISKS FROM THE PRODUCTION AND HANDLING OF RADIOACTIVITY

Probability of occurrence: **not very likely**/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 issuance 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 Section 7 of the German Radiation Protection Ordinance (StrlSchV). The licence is subject to compliance with extensive conditions listed in Section 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 isotope technology 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 eliminated.

There is also the risk that already classified radioactive waste may have to be disposed of differently than initially assumed due to new official regulations. 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.

3.9 MARKET RISKS AND STRATEGIC RISKS

Probability of occurrence: **not very likely**/Intensity: **medium**

As a specialist for a broad portfolio of isotope technology 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 jeopardising 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 will be developed too late, 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 for 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.

Strategic risks relate to projects like geographic expansions or strategic participations. In addition to great opportunities, these projects also harbour risks. Failure to achieve the objectives associated with each of the projects could have an impact on the financial performance of the Group, but not directly on liquidity.

3.10 RISKS POSED BY COST INCREASES DUE TO PRICE HIKES

Risk posed by cost increases in material procurement

Probability of occurrence: **rather likely**/Intensity: **low**

There is a general risk that suppliers will increase their list prices by 3–5% annually – or even more in times of high inflation – and this could have an adverse impact primarily on the gross profit margin. 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.

Risk posed by cost increases in the remediation of radioactive waste sites

Probability of occurrence: **rather likely**/Intensity: **medium**

There is a much higher risk from cost increases in the case of the current stockpiles of radioactive waste. 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 radioactive waste, bottlenecks in acceptance and thus time delays or higher acceptance costs as a result of changes to permanent disposal site conditions, which are passed on to the disposing companies. Therefore, the provisions created and calculated on the basis of the knowledge and assumptions available today may not be sufficient to cover the actual disposal costs. For this reason, the management of the companies concerned places the highest priority on the processing and timely disposal of these stockpiles of radioactive waste. Increased costs as a result of inflation, cost structure modifications and price increases expected in the future were sufficiently taken into account as at 31 December 2022 in the calculation of the provision for the disposal of radioactive waste and for the decontamination of buildings and facilities, meaning that as things stand today, Eckert & Ziegler does not expect further, substantial unplanned cost increases.

3.11 MAIN CUSTOMER RISK

Probability of occurrence: **rather unlikely**/Intensity: **low**

There is a risk that main customers will reduce their acceptance volumes individually or collectively. The lower demand from one of the main customers would have an adverse impact on the Group's financial performance. The Group's ten largest customers account for 20% of operating revenue. This revenue performance is expected to be repeated in 2023, as Eckert & Ziegler attaches importance to long-term arrangements or contracts.

3.12 RESEARCH AND DEVELOPMENT RISKS

Probability of occurrence: **not very likely**/Intensity: **very high**

The Eckert & Ziegler Group carries out its own research projects where possible. Eckert & Ziegler focuses here both on clinical development and on the enhancement of its own existing products. The aim is to strengthen its relative position vis-a-vis competitors 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 and consequently result in write-downs on intangible assets. Although this impact would be very high, it would not affect liquidity. Through market observations and project management-related measures, an attempt is made to minimise the risks.

3.13 RISK DEVELOPMENT

To the extent reasonable and feasible, we have taken counter-measures and/or, in the case of corresponding probability, accounting-related steps for the discernible risks of the Eckert & Ziegler Group that may have an adverse impact on the Group's net assets, financial position and financial performance.

Following extensive analysis of the entire risk situation, no risks are currently discernible that could jeopardise the Group's ability to continue as a going concern, nor are any risks foreseeable at this time, including in connection with other risks.

There were no major changes to risks compared with the previous year. The military attack by Russia on Ukraine continues to pose a challenge. Eckert & Ziegler has adjusted administrative procedures and established alternative transport routes. So far, we have not been faced with insurmountable obstacles and continue to receive deliveries from Russia. Based on experiences in 2022, we expect that we will remain able to procure raw materials and supply customers.

3.14 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 they deliver higher success rates. Eckert & Ziegler is well equipped to take further 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 Ge-68/Ga-68 generator, yttrium-90 and lutetium-177. Market growth remains unabated and will also continue to shape the coming years.

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 expanding its approvals and markets. The greatest challenge for the Group remains the identification of and expansion into new business areas aimed at strengthening both new and existing portfolios.

To this end, the Group is investing heavily in its own development projects (e.g. Pentixapharm, Myelo) and in additional laboratories and production sites for radioisotopes around the world (among others, in China). The purchase of companies and/or participations also serves the purpose of opening up new business areas for the Group or making production processes more cost-efficient. An example of this is the joint venture agreement concluded in the 2022 financial year with Atom Mines LLC (Texas, USA). Eckert & Ziegler co-financed the development of a new process for manufacturing ytterbium-176, which is indispensable for the production of lutetium-177, and this gives the company the exclusive ability to use this high-purity ytterbium-176 to make lutetium-177 n.c.a. in pharmaceutical quality. Successfully completed development projects give rise to opportunities for disproportionate organic growth. In 2022, Eckert & Ziegler also acquired an Argentinian manufacturer of technetium-99 generators with a portfolio of related biomolecules and is thus taking initial steps to enter the global SPECT market. With the emergence of new proprietary SPECT tracers, demand is expected to rise significantly, nearly doubling in the next five years. Eckert & Ziegler sees enormous opportunities here.

Other successful development projects could lead to non-organic growth through new products in the portfolio and thus new business areas. Both would have a positive effect on market share and competitiveness and lead to a considerable increase in income. In this regard, one focus is on the development and manufacture of radionuclides that emit alpha radiation (e.g. actinium-225). In connection with this, Eckert & Ziegler and the Nuclear Physics Institute at the Czech Academy of Sciences, Ústav jaderné fyziky (UJF), agreed on a long-term collaboration for the manufacture of the alpha emitter actinium-225. The agreement calls for Eckert & Ziegler to provide the UJF research centre with several million euros for investments in facilities and hot cells, as well as with radium-226 as starting material for testing and irradiation. In return, Eckert & Ziegler will receive exclusive access to the production capacities of a pilot facility to be built in the next two years near Prague, as well as non-exclusive rights to use process steps being developed for large-scale commercial Ac-225 production. Experts anticipate that the demand for actinium-225 will increase exponentially in the next decade.

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 that can be used to reduce provisions, this could translate into considerable income. This assessment also applies to provisions for the dismantling of existing plants.

3.15 ACCOUNTING-RELATED RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The primary objective of the accounting-related internal control system is to reduce the risk of material misstatements in accounting, uncover materially inaccurate valuations and ensure that the laws and standards applicable to financial reporting are complied with

Eckert & Ziegler AG prepares the annual financial statements in accordance with the accounting standards of German commercial law, taking into consideration the supplementary provisions of the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in accordance with IFRS rules.

An accounting-related internal control system was implemented which corresponds to the size of the Group. The following presents organisational arrangements and measures of the accounting-related internal control system:

- 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 set centrally by the Group accounting department. The schedule defines all important activities and deadlines.
- The Group accounting system is organised centrally. The involvement of external service providers in the closing process is generally limited to tax calculations for subsidiaries abroad. In a few exceptional cases, financial statements of the subsidiaries are prepared externally.
- The subsidiaries coordinate with the Group's headquarters on the accounting depiction of new matters. Changes to Group accounting are communicated directly to all employees and external service providers concerned.
- 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.
- The accounting information of all subsidiaries 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 Group accounting department.
- Initial internal reconciliation and consolidation is carried out at segment level in the central controlling department. This includes, among other things, a reconciliation of receivables and liabilities among the Group companies.
- Monitoring in the area of consolidation arises from the consolidation process. Reconciliation discrepancies in consolidation are communicated to the respective subsidiaries and rectified.
- 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 make it possible to identify and rectify material misstatements in accounting and materially incorrect valuations in a timely manner.

Irrespective of the specific design, it is not possible to achieve absolute certainty with respect to the meeting of the objectives of the accounting-related internal control system.

4. FORECAST REPORT

4.1 COMPARISON WITH THE PREVIOUS YEAR

Forecasts for the 2022 financial year prepared in March 2022 had put revenue at nearly €200 million and consolidated profit at around €38 million. Due to the absence of anticipated extraordinary income from the sale or remeasurement of assets, the Executive Board issued an ad hoc announcement on 5 July 2022 that it had lowered the profit expectation to €27 million. In a further ad hoc announcement of 17 January 2023, the Executive Board raised the profit expectation to nearly €30 million. With the net income of €29.3 million, or €1.41 per share, that has now been achieved, the expectation can be confirmed.

Eckert & Ziegler AG as the holding company had forecast revenue for 2022 of €9 million and an operating loss before interest and taxes of €2 million. Income of €32 million from dividends and profit transfers was intended to result in a net profit for the year of €21 million. Because the Annual General Meeting approved a profit and loss transfer agreement with Pentixapharm GmbH, the forecast after-tax profit was expected to fall to about €10 million. With revenue of €9 million, an operating loss before interest and taxes of €2 million, an unscheduled write-down of €5 million on goodwill, income of €32 million from dividends and profit transfers and a net profit for the year of €19 million, the company exceeded these plan values.

4.2 SITUATION AT THE BEGINNING OF 2023 AND FORECAST FOR THE YEAR

Despite the massive upheavals in recent years due to the Covid-19 pandemic and the Russia's ongoing war of aggression against Ukraine, the global economy has unexpectedly proved highly resilient. In its economic forecast published in late January, the International Monetary Fund (IMF) took an optimistic view of the trend in the global economy and expected this growth to slow down somewhat, from 3.4% in 2022 to 2.9% in 2023. Accordingly, global growth will continue to lag behind the historical average of past decades, although developments like China's departure from its zero-Covid strategy could pave the way to a recovery.

Thus, the basic macroeconomic conditions have not fundamentally improved in comparison to the previous year. The persistent rise in inflation harbours risks, since in the case of medical products whose prices are largely agreed upon by government policy, cost increases can be passed on only to a limited degree.

As was the case last year, there are also risks associated with the war in Ukraine. Eckert & Ziegler is primarily exposed on the procurement side, since important suppliers are located in Russia. On the other hand, sales to Russia tend to be of minor significance. Economic sanctions against Russia have focused on exports to the country, its access to capital markets and supporters of the regime. In the past financial year, Eckert & Ziegler succeeded in importing Russian precursors without major obstacles. The procurement from Russia of radioisotopes that are needed for production is functioning, as are transport and payment transactions. In the meantime, alternative procurement sources have been identified for a majority of the raw materials needed.

Therefore, the following assessment is of course subject to the proviso that Eckert & Ziegler will not experience any further upheavals from the war in Ukraine or inflation. Since the Isotope Products segment, which is based in the U.S., makes a significant contribution to the Group's earnings and liquidity, it moreover assumes that the weighted average exchange rate will be USD 1.05 per euro and thus at the level of the previous year. At the time that the consolidated financial statements were prepared, the exchange rate stood at about USD 1.06.

4.3 FUTURE BUSINESS DEVELOPMENT IN THE ISOTOPE PRODUCTS SEGMENT

The Isotope Products segment forecasts continued strong revenue for 2023. The specialist for medical imaging, Tecnonuclear S.A. (Argentina), gained market shares in 2022 and is expecting new product approvals in important South American markets in the second half of the year. The demand for non-Russian oil and gas is continuing to spur the exploration activities of energy companies and, as a result, the demand for metrological components. With the commissioning of new nuclear power plants, the sales of calibration and environmental monitoring products in the Analytics business division (USA) continue to rise. The Life Cycle Services business division is well positioned to benefit from the decommissioning and clean-up of ageing nuclear facilities. The two largest business divisions in the Isotope Products segment – Medical Imaging Quality Control and Industrial Gauging and Metrology – remain strong. Owing to the stable supply chain, the market share was expanded in this two mature markets, and the prospects for 2023 are positive. Revenue from external customers is expected to come in at about €128 million, and net profit at nearly €13 million.

4.4 FUTURE BUSINESS DEVELOPMENT IN THE MEDICAL SEGMENT

In the Medical segment, it is becoming apparent that the demand of pharmaceutical companies for radiopharmaceutical products and services is growing unabated. Revenue in this area continues to rise in double-digit amounts. Interest remains high for qualified services in relation to development, the construction of production facilities and contract manufacturing. The announced market approvals of new products are expected to provide momentum for pharmaceutical radiodiagnostics, specifically the radionuclide generator GalliaPharm®. The approval of radiotherapeutics for treating prostate carcinomas will stimulate not only the business with radiodiagnostics but also the sale of other therapeutic isotopes, like lutetium-177. For 2023 the segment forecasts revenue from external customers of approximately €85 million and net profit of €15 million.

4.5 FUTURE BUSINESS DEVELOPMENT IN THE OTHER SEGMENT

Because of the strategic alignment of the Other segment, the Executive Board again expects that hardly any external revenue will be generated in the 2023 financial year. However, the net loss will rise from €2 million in the previous year to about €6 million. This trend is due to rising expenses that are being incurred in connection with clinical development at Pentixapharm GmbH and Myelo Therapeutics GmbH, and because the expenses cannot be capitalised, they will have an adverse impact on results in the amount of roughly €4 million.

4.6 FUTURE BUSINESS DEVELOPMENT IN THE GROUP

Based on the foregoing, the Executive Board hopes to build on the net income in the 2022 financial year and, in light of higher expenses for clinical developments that cannot be capitalised, to be able to post consolidated net profit of approximately €25 million in 2023. The associated expectation for revenue is nearly €230 million. The forecast is conditioned on a weighted average exchange rate of USD 1.05 per euro and the assumption that Eckert & Ziegler will again not suffer any significant upheavals from the war in Ukraine.

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

For 2023, Eckert & Ziegler Strahlen- und Medizintechnik AG expects to post revenue of just over €10 million. The forecast revenue is thus above the level of the previous year. The holding company expects to post an operating loss before interest and taxes (EBIT) of nearly €2 million. It will be offset by income of €32 million from dividends and profit transfers. Working in the opposite direction will be anticipated losses of €12 million by Pentixapharm GmbH, meaning that the forecast after-tax profit will amount to about €16 million for the 2023 financial year.

Taking into account the existing profit carryforwards, a constant dividend distribution to shareholders is possible.

5. OTHER DISCLOSURES

5.1 EU TAXONOMY

5.1.1 EU taxonomy

The aim of the EU taxonomy is to promote investment flows from the financial sector to companies that are engaged in ecologically sustainable activities. It is intended to help the European Union implement the European Green Deal. In this regard, the objective is to reduce net emissions from greenhouse gases in the EU to zero by 2050. Against this background, the EU Taxonomy Regulation went into force in mid-2020, which establishes a unified, legally binding classification system for determining which economic activities in the EU are considered environmentally sustainable. On the basis of the defined requirements, the EU-wide classification of economic activities is made with respect to their contribution to the following six environmental objectives:

(1) Climate change mitigation
(2) Climate change adaptation
(3) Sustainable use and protection of water and marine resources
(4) Transition to a circular economy
(5) Pollution prevention and control
(6) Protection and restoration of biodiversity and ecosystems

With respect to the classification of an economic activity as "environmentally sustainable" within the meaning of the EU taxonomy, a distinction must be made between taxonomy-eligible and taxonomy-compliant. As a first step, it must be examined whether an economic activity is described in the delegated act and thus is taxonomy-eligible. Only taxonomy-eligible economic activities may be considered "economically sustainable" when they meet certain criteria. Then, in a second step, it must be evaluated whether the specified technical screening criteria are met in order to be classified as taxonomy-compliant.

For the 2022 reporting year, the only business activities to be considered are those that contribute substantially to the two environmental objectives "climate change mitigation" and "climate change adaptation". The description of the economic activity in the delegated act establishes which economic activities may as a general rule be taken into consideration.

Pursuant to the relief granted by the EU for the 2022 reporting year, companies are required to disclose only the proportion of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) derived from taxonomy-eligible and taxonomy-complaint economic activities.

As a company obligated to submit a non-financial statement, we as Eckert & Ziegler are required by Article 8(1) of the Taxonomy Regulation to disclose how and to what extent our activities are associated with economic activities that qualify as environmentally sustainable under the EU law on taxonomy. Furthermore, Eckert & Ziegler is obligated to report the indicators defined in the Taxonomy Regulation.

5.1.2 Taxonomy-eligible economic activities

We have compared our company activities with the activities defined in annexes 1 and 2 of the delegated act of 4 June 2021 across all business divisions, including our Isotope Products, Medical and Other segments. We did not classify any of our key business activities as taxonomy-eligible. Our analysis showed that no revenue-generating activity within the meaning of the EU taxonomy is undertaken at this time.

Eckert & Ziegler is not a part of those industries that are responsible for 93.5% of greenhouse gas emissions. Eckert & Ziegler produces only small quantities for its products and is, therefore, generally considered a low emitter of carbon dioxide. Above all, however, all energy-intensive raw materials are produced in a climate-neutral manner, since Eckert & Ziegler procures its output materials mainly from operators of nuclear reactors.

5.1.3 Calculation of taxonomy indicators

Revenue

By revenue, the EU taxonomy means net revenue from goods or services. The proportion of revenue derived from taxonomy-eligible economic activities (numerator) is then divided by the net revenue shown on the income statement (denominator).

Capital expenditure

Capital Expenditure (CapEx) within the meaning of the EU taxonomy covers additions to property, plant and equipment and intangible assets during the financial year under consideration. This includes additions to property, plant and equipment and intangible assets that result from company mergers. Eckert & Ziegler makes reference to the capital expenditure shown in the notes (denominator). Of this, the proportion of the taxonomy-eligible capital expenditure is to be specified (numerator). Data collection and the detailed analysis are handled by Controlling.

Operating expenditure

Operating expenditure (OpEx) within the meaning of the EU taxonomy covers direct, non-capitalised costs that relate to research and development, building renovation measures, short-term leasing, maintenance and repair. Eckert & Ziegler makes reference to the expenditure for maintenance and repair, renovation, research and development, and costs for short-term leasing (denominator). Of this, the proportion of the taxonomy-eligible capital expenditure is to be specified (numerator). Data collection and the detailed analysis are handled by Controlling.

5.1.4 Presentation of taxonomy indicators

The following presents the indicators calculated in accordance with the foregoing methods:

	Total, in € thousand	Proportion of taxonomy-eligible economic activities, in € thousand	Proportion of taxonomy-eligible economic activities, in %
Revenue	222,260	0	0.0%
Capital expenditure	70,357	5,019	7.1%
Operating expenditure	6,372 (*)	39	0.6%

(*) thereof, € thousand 4,293 in non-capitalised costs for research and development.

5.2 NON-FINANCIAL REPORTING

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

5.3 REMUNERATION REPORT

The arrangements for listed stock corporations concerning remuneration reporting were modified by ARUG II and adopted in the German Stock Corporation Act (AktG). Section 162 AktG now obligates listed companies to prepare a separate, joint remuneration report for the Executive Board and the Supervisory Board. It is to be published on the company's website for at least 10 years.

The remuneration report is published separately and is available on our website at: *www.ezag.com > Investors > Corporate Governance.*

5.4 INFORMATION REQUIRED UNDER TAKEOVER LAW

As at 31 December 2022, the company's share capital amounted to €21,171,932 (previous year: €21,171,932). It is divided into 21,171,932 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.

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

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 below 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 participations in the capital of the company that exceed 10% of the voting rights were disclosed to the company as follows:

As at 31 December 2022, the Chairman of the Executive Board, Dr Andreas Eckert, held 6,541,960 shares indirectly through Eckert Wagniskapital und Frühphasenfinanzierung GmbH, Panketal, Germany, and 48,004 shares directly, representing a total of 31.3% of the share capital of Eckert & Ziegler Strahlen- und Medizintechnik AG of 21,171,932 shares. As at 31 December 2022, the total holdings of the remaining members of the Executive Board and Supervisory Board of shares issued by Eckert & Ziegler Strahlen- und Medizintechnik AG amounted to less than 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. Section 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 term of office of not more than 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 as Chairman of the Executive Board for good cause. Possible causes include serious breach of duty, the inability to properly manage 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 Section 179 AktG, any amendments to the Articles of Association are subject to the approval of the Annual General Meeting by at least a majority of three-quarters of the share capital represented at the time the resolution is adopted. The Supervisory Board is authorised to make amendments to the Articles of Association that relate only to version. It is furthermore authorised the amend the Articles of Association in the event that shares are issued up to the full amount of the Authorised Capital as well as after the end of the authorisation period for issuing shares up to the full amount of 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 on one or more occasions on or before 29 May 2023 by up to €264,649 by issuing new no-par-value bearer shares in exchange for cash contributions and/or contributions in kind (Authorised Capital). As a general rule, the new shares are to be offered to shareholders for subscription; they may also be acquired by one or more 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 in exchange for cash contributions at an issue price that is not significantly lower than the market price of the company's shares of the same class that are already listed. Treasury shares of the company that are sold during the period of this authorisation under exclusion of shareholders' subscription rights in direct or analogous application of Section 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 Section 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 participations 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.

In addition, the Executive Board is authorised, with the approval of the Supervisory Board, to specify further details pertaining to the capital increase and its implementation, particularly the substance of the rights attached to the shares and the other 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.

By resolution of the Annual General Meeting held on 30 May 2018, the Executive Board is authorised to acquire treasury shares on or before 29 May 2023 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 Sections 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 shares may be acquired, at the discretion of the Executive Board, on the stock exchange or by means of a public acquisition offer or a public request to make such an offer.

- If the shares are acquired on the stock exchange, the purchase price per share paid by the company (not including ancillary acquisition costs) may not exceed by more than 10% or fall below by more than 25% the average closing price of the company's stock in the electronic trading system Exchange Electronic Trading (Xetra) (or corresponding successor system) on the Frankfurt Stock Exchange on the last five trading days preceding the acquisition.

- If the shares are acquired on the basis of a public acquisition offer or a public request to make such an offer, the purchase price offered and paid for a share (not including ancillary acquisition costs) may be up to 20% higher or 20% lower than the highest closing price of the company's stock in the electronic trading system Exchange Electronic Trading (Xetra) (or corresponding successor system) on the Frankfurt Stock Exchange on the third trading day prior to publication of the purchase offer. The acquisition offer or the public request to make such an offer may provide for other conditions. The acquisition offer may be modified if the trading price diverges significantly from the offered acquisition price or from the boundary values of any offered price range following publication of the acquisition offer or the public request to make such an offer. In such case, the cut-off date is the day on which the decision by Executive Board to adjust the offer or the request to make such an offer is published. In the case of a public acquisition offer, the company will make an offer to all shareholders in accordance with their shareholding ratio. The volume of the public acquisition offer may be limited. If the total subscription to the offer exceeds this volume, or in the case of a request to make such an offer, multiple offers are not all accepted, the acquisition takes place – under partial exclusion of any right to tender – in proportion to the tendered shares (tender ratios) instead of in proportion to the holding of the tendering shareholders (shareholding ratio). Similarly, in order to avoid fractional amounts, provision may be made for commercial rounding and preferred consideration of small quantities of up to 100 shares for the purpose of acquiring tendered shares of the company per shareholder, under partial exclusion of any right of the shareholders to tender.

- The Executive Board is authorised to use shares of the company acquired on the basis of 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 may 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 in accordance with Section 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 Section 186 (3) sentence 4 AktG during the period of this authorisation up to this point in time are to count 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 Section186 (3) sentence 4 AktG.

- The shares may be issued against contributions in kind, including in connection with the acquisition of companies, parts of companies or company participations 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 undertaking 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 undertakings. 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.

As at 31 December 2022, the company held 376,506 (previous year: 415,656) treasury shares with a nominal value of €377 thousand (previous year: €416 thousand), which are deducted from the outstanding capital in the balance sheet.

5.5 CORPORATE GOVERNANCE STATEMENT (SECTIONS 289F AND 315D HGB)

The company has issued a corporate governance statement, which is available on the website at *www.ezag.com > Investors > Corporate governance > Corporate governance statement*.

5.6 REPORT ON RELATIONSHIPS WITH AFFILIATED COMPANIES

A report on relationships with affiliated companies was prepared containing 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 that the transaction was entered into. No measures were taken or omitted at the request or in the interest of the controlling company or one of the companies affiliated with it.”

5.7 RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD (BALANCE-SHEET OATH)

We assure to the best of our knowledge, and in accordance with applicable accounting principles, that the annual and consolidated financial statements present a true and accurate view of the net assets, financial position and financial performance of the company and the Group, and that the combined management report provides a true and accurate presentation of the development and performance of the business and the position of the company and the Group, together with a description of the principal opportunities and risks associated with the expected development of the company and the Group.

Berlin, 29 March 2023

Eckert & Ziegler Strahlen- und Medizintechnik AG

The Executive Board

Dr. Andreas Eckert   Dr. Harald Hasselmann   Dr. Lutz Helmke   Jutta Ludwig   Dr. Hakim Bouterfa

3

FINANCIAL STATEMENTS

GROUP FINANCIAL INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ thousand	Note	2021	2022
Revenue	11	**180,435**	**222,260**
Cost of sales	12	–89,356	–115,477
Gross profit on sales		**91,079**	**106,783**
Selling expenses	13	–22,614	–23,098
General administrative expenses	14	–31,457	–35,953
Impairment gains/losses in accordance with IFRS 9	43	–469	–565
Other operating income	17	16,327	5,069
Other operating expenses	18	–6,835	–9,796
Net operating income		**46,031**	**42,440**
Net income from participations measured at equity	19	351	375
Risks from the measurement of financial instruments	43	–	427
Foreign exchange gains	20	1,981	2,859
Foreign exchange losses	20	–914	–1,559
Earnings before interest and taxes (EBIT)		**47,449**	**44,542**
Interest income	21	132	234
Interest expenses	21	–1,195	–1,773
Earnings before taxes (EBT)		**46,386**	**43,003**
Income taxes	22	–11,729	–13,256
Consolidated net income		**34,657**	**29,747**
Profit (+)/loss (–) attributable to non-controlling interests	23	130	469
Share of net income attributable to shareholders of Eckert & Ziegler AG		**34,527**	**29,278**
Earnings per share	24		
Undiluted (€ per share)		**1.67**	**1.41**
Diluted (€ per share)		**1.66**	**1.41**
Average number of shares in circulation (undiluted – in thousand units)		20,696	20,763
Average number of shares in circulation (diluted – in thousand units)		20,748	20,798

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	Note	2021	2022
Consolidated net income		**34,657**	**29,747**
thereof attributable to shareholders of Eckert & Ziegler		34,527	29,278
thereof profit (+)/loss (–) attributable to non-controlling interests		130	469
Items that will be reclassified to the income statement in the future under certain circumstances			
Exchange rate differences from the translation of foreign business operations incurred during the financial year		2,388	5,448
Amount reposted to the income statement		–109	0
Exchange rate differences from the translation of foreign business operations	35	**2,279**	**5,448**
Items that will not be reclassified to the income statement in the future			
Gains (+)/losses (–) on equity instruments designated at fair value through other comprehensive income in other net income		322	–554
Deferred taxes		–97	167
Net income/expense from equity instruments designated at fair value through other comprehensive income in other net income		**225**	**–387**
Gain (+)/loss (–) on defined benefit pension commitments	38	1,372	2,759
Deferred taxes		–433	–871
Net gain from the remeasurement of the defined benefit obligation		**939**	**1,888**
		1,164	**1,501**
Other comprehensive income after taxes		**3,443**	**6,949**
Consolidated comprehensive income		**38,100**	**36,696**
Consolidated comprehensive income attributable to:			
Shareholders of Eckert & Ziegler AG		37,901	36,182
Non-controlling interests		199	514

CONSOLIDATED BALANCE SHEET

€ thousand	Note	Dec 31, 2021	Dec 31, 2022
Assets			
Non-current assets			
Goodwill	25	33,610	43,141
Other intangible assets	25	27,821	53,865
Property, plant and equipment	26	61,871	85,130
Right-of-use assets (IFRS 16)	27	19,300	26,495
Interests in associates and joint ventures	29	15,086	13,972
Deferred tax assets	22	11,170	8,563
Other non-current assets	28	1,271	1,934
Total non-current assets		**170,129**	**233,100**
Current assets			
Cash and cash equivalents	30	93,659	82,701
Securities		1,358	0
Trade receivables	31	31,880	37,171
Inventories	32	37,356	51,614
Income tax receivables	22	2,860	5,909
Other current assets	33	6,348	6,342
Non-current assets held for sale and disposal groups	34	4,139	0
Total current assets		**177,600**	**183,737**
Total assets		**347,729**	**416,837**
Liabilities			
Equity	35		
Subscribed capital		21,172	21,172
Capital reserves		66,162	66,607
Retained earnings		106,223	123,177
Other reserves		–2,223	4,681
Treasury shares		–3,942	–3,570
Equity attributable to shareholders of Eckert & Ziegler AG		**187,392**	**212,067**
Non-controlling interests	23	5,134	1,562
Total equity		**192,526**	**213,629**
Non-current liabilities			
Non-current loan liabilities	36	0	22,400
Non-current lease liabilities (IFRS 16)	27	16,836	24,497
Deferred income from grants and other deferred income (non-current)	37	2,452	2,250
Deferred tax liabilities	22	2,228	5,082
Provisions for pensions	38	13,044	10,271
Other non-current provisions	39	59,836	61,989
Other non-current liabilities	40	358	10,685
Total non-current liabilities		**94,754**	**137,174**
Current liabilities			
Loans and financial lease liabilities	36	7,074	0
Current lease liabilities (IFRS 16)	27	3,056	2,690
Trade payables	43	5,578	8,340
Advance payments received	41	11,644	19,026
Deferred income from grants and other deferred income (current)	37	38	37
Income tax liabilities	22	6,144	3,872
Other current provisions	39	3,590	4,571
Other current liabilities	42	22,573	27,498
Liabilities directly related to assets held for sale and disposal groups	34	752	0
Total current liabilities		**60,449**	**66,034**
Total liabilities		**347,729**	**416,837**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares			
Amounts in € thousand, excluding subscribed capital	Number	Nominal value	Capital reserves	Retained earnings
Balance as at 1 January 2022	**21,171,932**	**21,172**	**66,162**	**106,223**
Total income and expenses recognised directly in equity	0	0	0	0
Consolidated net income	0	0	0	29,278
Consolidated comprehensive income	0	0	0	29,278
Dividends paid	0	0	0	–10,382
Acquisition of non-controlling interests	0	0	0	–1,942
Share-based remuneration	0	0	–651	0
Use of treasury shares for acquisitions	0	0	1,096	0
Balance as at 31 December 2022	**21,171,932**	**21,172**	**66,607**	**123,177**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares			
Amounts in € thousand, excluding subscribed capital	Number	Nominal value	Capital reserves	Retained earnings
Balance as at 1 January 2021	**21,171,932**	**21,172**	**54,188**	**81,019**
Total income and expenses recognised directly in equity	0	0	0	0
Consolidated net income	0	0	0	34,527
Consolidated comprehensive income	0	0	0	34,527
Dividends paid	0	0	0	–9,323
Shares attributable to minority interests in the case of acquisitions	0	0	0	0
Share-based remuneration	0	0	3,927	0
Use of treasury shares for acquisitions	0	0	8,047	0
Balance as at 31 December 2021	**21,171,932**	**21,172**	**66,162**	**106,223**

Cumulative other Comprehensive income						
Unrealised net income/expense from actuarial gains/losses	Unrealised net income/expense from securities	Foreign exchange translation differences	Treasury shares	Equity attributable to shareholders of Eckert & Ziegler AG	Non-controlling interests	Consolidated equity
–3,597	**387**	**987**	**–3,942**	**187,392**	**5,134**	**192,526**
1,888	–387	5,403	0	6,904	45	6,949
0	0	0	0	29,278	469	29,747
1,888	–387	5,403	0	36,182	514	36,696
0	0	0	0	–10,382	–359	–10,741
0	0	0	0	–1,942	–3,727	–5,669
0	0	0	87	–564	0	–564
0	0	0	285	1,381	0	1,381
–1,709	**0**	**6,390**	**–3,570**	**212,067**	**1,562**	**213,629**

Cumulative other Comprehensive income						
Unrealised net income/expense from actuarial gains/losses	Unrealised net income/expense from securities	Foreign exchange translation differences	Treasury shares	Equity attributable to shareholders of Eckert & Ziegler AG	Non-controlling interests	Consolidated equity
–4,536	**162**	**–1,223**	**–5,519**	**145,263**	**1,096**	**146,359**
939	225	2,210	0	3,374	69	3,443
0	0	0	0	34,527	130	34,657
939	225	2,210	0	37,901	199	38,100
0	0	0	0	–9,323	0	–9,323
0	0	0	0	0	3,839	3,839
0	0	0	363	4,290	0	4,290
0	0	0	1,214	9,261	0	9,261
–3,597	**387**	**987**	**–3,942**	**187,392**	**5,134**	**192,526**

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Note	2021	2022
Cash flow from operating activities	44		
Consolidated net income		34,657	29,747
Adjustments for:			
Depreciation, amortisation and impairments		9,595	10,980
Net interest income [interest expense (+)/income (–)]		1,063	1,539
Income tax expense		11,729	13,256
Income tax payment		–11,345	–16,798
Gain (–)/loss (+) in connection with investing activities		–12,435	–2,936
Change in non-current provisions, other non-current liabilities		2,074	–98
Change in other non-current assets and receivables		–222	–606
Other non-cash events		2,152	–668
Changes in current assets and liabilities:			
Receivables		–3,882	–2,042
Inventories		–5,952	–11,295
Change in other current assets		342	3,784
Change in current liabilities and provisions		6,079	9,435
Cash flow from operating activities		**33,855**	**34,298**
Cash flow from investing activities	45		
Expenditures for intangible assets and property, plant and equipment		–28,855	–31,130
Income from the sale of intangible assets and property, plant and equipment		172	24
Expenditures for acquisitions (net of cash acquired)		–8,266	–10,761
Income from the sale of interests in consolidated companies		10,391	794
Expenditures for interests in companies consolidated at equity		0	–2,187
Expenditures for the acquisition of participations		0	0
Income from participations		2,914	1,039
Expenditures for the purchase of securities		0	0
Income from the sale of securities		184	1,178
Payments related to the granting of loans		–128	0
Income from the repayment of granted loans		0	0
Cash outflow from investing activities		**–23,588**	**–41,043**
Cash flow from financing activities	46		
Dividends paid		–9,323	–10,382
Distributions on third-party interests		0	–359
Deposits from the taking out of loans		7,063	24,183
Disbursements for the payment of loans and lease liabilities		–2,891	–12,187
Disbursements for the acquisition of non-controlling interests		0	–5,669
Interest received		62	219
Interest paid		–970	–1,512
Cash outflow from financing activities		**–6,059**	**–5,707**
Changes in cash and cash equivalents resulting from exchange rates		1,976	1,494
Decrease/increase in cash and cash equivalents		**6,184**	**–10,958**
Cash and cash equivalents at the beginning of the period		**87,475**	**93,659**
Cash and cash equivalents at the end of the period		**93,659**	**82,701**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2022 FINANCIAL YEAR

The Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 23 March 2023. The Supervisory Board is responsible for reviewing and approving the consolidated financial statements. After publication, the financial statements can no longer be amended.

FUNDAMENTALS, PRINCIPLES AND METHODS

1 | ORGANISATION AND DESCRIPTION OF BUSINESS ACTIVITIES

Eckert & Ziegler Strahlen- und Medizintechnik AG (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, radiopharmaceuticals and related products. The Group's products are primarily used in cancer therapy, nuclear medical imaging and industrial measurement. In these areas, Eckert & Ziegler AG and its subsidiaries directly address the needs of radiation therapists, radio-oncologists, and nuclear medicine specialists, on the one hand, and, as manufacturer of precursors, those of companies that manufacturer and sell radiopharmaceuticals, on the other.

Eckert & Ziegler Strahlen- und Medizintechnik AG is a listed company under German law and parent company of the Eckert & Ziegler Group. It has its registered office at Robert-Rössle-Str. 10, in 13125 Berlin (Germany), and is recorded in the commercial register maintained by the Local Court of Berlin-Charlottenburg (Germany) under register number HRB 64997B.

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 as at 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS). The statements comply with all standards of the International Accounting Standards Board (IASB), London, to be applied in the EU on the reporting date, the relevant interpretations of the IFRS Interpretations Committee (IFRS IC) and the Standing Interpretations Committee (SIC), as well as the provisions of the German Commercial Code (HGB), which apply in addition pursuant to Section 315e(1) HGB. The consolidated financial statements present a true and accurate view of the Group's net assets, financial position and financial performance.

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 the subsidiaries were prepared as at the reporting date for the consolidated financial statements, which corresponds to the reporting date for Eckert & Ziegler AG. The consolidated financial statements cover the reporting period from 1 January to 31 December 2022. The consolidated income statement was prepared in accordance with the cost-of-sales method. Other net income was presented in the consolidated statement of comprehensive income.

The consolidated financial statements and the combined management report as at 31 December 2022 are published in the German Federal Gazette (Bundesanzeiger).

Since 1 January 2020, annual financial reports have been published in the uniform ESEF format – European Single Electronic Format.

3 | SIGNIFICANT ACCOUNTING POLICIES

Accounting policies – Uniform accounting policies, which were also used for the comparative information of the previous year, are applied for the recognition of assets and liabilities of the domestic and foreign subsidiaries included by way of full consolidation.

Recognition – 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 presentation of recognised assets and liabilities and income 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 measurement of provisions, as well as the amount and recoverability of deferred tax assets. The premises underlying these assumptions and estimates are based on the knowledge currently available at the given time. Actual amounts may differ from the originally expected estimates because conditions might develop differently than 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.

Discretionary decisions in applying accounting policies – Non-current intangible assets and property, plant and equipment 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 presented 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, specifically, if all of the following criteria are met:

- Technical feasibility of completing the intangible asset
- Intention to complete the intangible asset and use or sell it
- Ability to use or sell the intangible asset
- Existence of a market for or an internal use of the intangible asset
- Availability of technical and financial resources to complete the development
- Ability to measure reliably the expenditure attributable to the development

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, and the amortisation of capitalised development costs is presented under cost of sales In accordance with IAS 38.108, intangible assets with an indefinite useful life are not to be amortised. Instead, they are to be tested annually for impairment in application of the rules of IAS 36.

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 against payment
Customer relationships	—	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

Property, plant, and equipment – Property, plant, and equipment is measured at historical cost less accumulated depreciation and impairment losses. The historical cost of internally manufactured equipment and facilities includes all direct costs and allocated production overheads, as well as financing costs insofar as the requirements according to IAS 23 are met. Administrative costs are capitalised only if there is a direct connection to manufacturing. Routine maintenance and repair costs are recognised immediately as an expense. Costs for the replacement of components or for overhauls of property, plant and equipment are capitalised if it is likely that the Group will derive the future economic benefit and the costs can be reliably calculated. Where depreciable property, plant and equipment consist of key identifiable components with different useful lives, such components are depreciated separately over the respective useful life (IAS 16 components approach). If available, historical cost includes the estimated costs for the dismantling and removing the asset and restoring the site on which it is located. Internally manufactured facilities mainly relate to production lines. Depreciation is calculated on a straight-line basis. The depreciation period is determined based on the estimated useful life. The following useful lives are assumed:

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

When assets are scrapped or sold, the historical cost of the assets and the related accumulated depreciation and impairment losses are derecognised and any gains or losses from the disposal are recognised in profit and loss.

A significant portion of the Group's depreciable assets is used to manufacture products. The Executive Board assesses the impairment of these assets by taking into account triggering events in the business environment. The Executive Board assumed that there was no impairment of usability as at 31 December 2022. However, the Executive Board's assessments regarding the ability to use and exploit the Group's depreciable assets may change, even in the short term, due to technological developments or changes in the regulatory environment.

Impairment of intangible assets and property, plant and equipment – Impairment losses are recognised on intangible assets and property, plant and equipment 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 fair value less costs to sell or value in use, whichever is higher. Acquired goodwill and intangible assets with an indefinite useful life are tested for impairment at least once a year.

Assets are written up if their recoverable value exceeds their book value. The asset is written up to at most the amount that would have existed if the previous impairment losses had not been recognised. Impaired goodwill is not written up.

For the purposes of testing for impairment, acquired goodwill is allocated to those cash-generating units (CGUs) 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. In the Isotope Products segment, the CGU corresponds to the segment as a whole, whereas in the Medical segment, four CGUs have been identified.

The Executive Board considers amounts that exceed 10% of the Group's total goodwill to be material. This criterion is met by the CGU of the Isotope Products segment and by the CGU Medical Devices business unit of the Medical segment.

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 planning horizon is five years. Cash flows beyond the detailed planning 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 planning:
Medium-term planning is based on historical empirical values and takes 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 recognised at historical cost or net disposal value as at the balance sheet date, whichever is lower. In addition to direct costs, historical cost includes appropriate portions of the necessary material and production overheads as well as production-related depreciation and production-related administrative and social costs. Financing costs are not recognised as part of historical cost due to the short-term nature of the production process. Where necessary, the average cost method is applied in order to simplify the measurement.

Impairment losses for obsolete or excess inventories are recognised based on an inventory analysis and future sales forecasts.

Trade receivables – After initial recognition, trade receivables are measured at amortised cost less impairment losses. Receivables that are not individually identified as impaired are written down based on empirical values in order to anticipate expected bad debts. Trade receivables are measured by taking expected losses into consideration (IFRS 9 expected credit loss model). In this regard, expected credit losses are calculated by taking into consideration historical and forward-looking information about probability of default and loss ratio.

Derivative financial instruments – As a rule, derivative financial instruments such as swaps or caps are used only for hedging purposes. They are measured in the consolidated balance sheet at fair value, and changes in value are recognised in profit or loss, as the measurement unit is not presented separately due to the failure to meet 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, which are presented 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 taken into account through corrections to value (individual impairment losses).

Financial liabilities – Financial liabilities include, in particular, trade payables, liabilities 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). Under the projected unit credit method, future salary and pension trends are taken into account in measuring the obligation. In order to standardise Group procedures, actuarial gains and losses have been recognised in other comprehensive income with no impact on profit or loss under consideration of deferred taxes and presented 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 with a maturity of more than 12 months are discounted.

Provisions for restoration and disposal obligations – Under IAS 16, the costs of dismantling and removing an items and restoring the site on which it is located are part of historical cost insofar as provisions for these costs have to be recognised in accordance with IAS 37.

Provisions for restoration obligations are based on public-law and contractual obligations to decontaminate assets and buildings contaminated with radioactivity, to determine by measurement that they are free from contamination and to make them accessible and usable again without danger once the assets are removed from service. Accordingly, the cost estimate includes labour costs for dismantling the facilities, costs for processing waste to allow for it to be disposed, room cleaning costs, costs for inspections by experts and the costs for disposal of radioactive waste. Provisions with a maturity of more than 12 months are discounted using an interest rate before taxes that reflects the risks pertaining to the debt. The accrued interest on the provision is recognised under interest expense.

Under IAS 37, provisions for restoration obligations are calculated in the amount needed to settle them. Provisions are recognised at the present value of the expenditures expected as at the reporting date. The calculation of the restoration obligations is based on various assumptions that reflect estimates. These include estimates about the required number of workdays, per diem rates and expected material costs. The amount of the provision allows for expected cost increases until the restoration work needs to be carried out. The amount of the obligation is reviewed as at each reporting date. In the event of changes to the amount, property, plant and equipment and provisions are adjusted accordingly.

In addition, radioactive waste arising from ongoing production and radioactive waste collected by third parties is included and measured at the expected cost of disposal or processing. These expenses 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, and service contracts but also as part of 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 other options 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 (< €5,000) 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.

Lease liabilities include the following lease payments over the term of the lease:

- Fixed payments
- Variable payments
- Expected residual value payments under residual value guarantees
- The exercise price of a purchase option
- Payments of penalties for terminating the lease, if an option to terminate is exercised

Right-of-use assets are measured at cost, which comprises the following:

- Lease liability
- Initial direct costs
- Restoration obligations

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. Revenue is 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 assumes warranty obligations only if required to do so by law or where such obligations are customary in the industry.

Advertising – Advertising and other selling-related expenses are recognised through profit or loss when incurred.

Income taxes – Income tax expense represents the sum of the current tax expense and deferred taxes. Current or deferred taxes are recognised in the consolidated income statement unless they relate to items recognised directly in equity in other comprehensive income. The current tax expense is determined on the basis of taxable income for the year. The Group's liability for current taxes is calculated based on the tax rates that are currently applicable or will be in the near future. 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 loss carry-forwards. 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 income statement in the financial year in which the changes to the law were adopted. Deferred tax assets are recognised only if it is likely that these assets will be recovered. Deferred taxes are measured using tax rates for future years, provided that they are specified by law or the legislative process has been essentially concluded. 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 recognised in accordance with IAS 20.7 only if 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 set off against the subsidised expenses in the financial year in which they are 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 life 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 net income attributable to shareholders of Eckert & Ziegler AG by the average number of shares outstanding during the financial year. Diluted earnings per share reflects the potential dilution that would occur if all options to acquire ordinary 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 attributable to shareholders of Eckert & Ziegler by the sum of the average number of ordinary shares outstanding during the financial year and the dilutive shares arising from the exercise of all outstanding options (calculated by applying the treasury stock method).

Share-based remuneration – For several years, the Group has had a remuneration plan in place that provides for compensation in shares. Under this plan, members of the Executive Board and select managers receive a portion of their performance-based remuneration components in the form of shares. Pursuant to IFRS 2, this share-based remuneration is accounted for in equity.

Segment reporting – Pursuant to the so-called "management approach", the segment reporting of the Eckert & Ziegler Group is geared to the internal organisational and reporting structure. The Group has three segments: Medical segment, Isotope Products segment and Other segment.

Financial reporting in hyperinflationary economies (IAS 29) – Financial statements of an entity whose functional currency is the currency of a hyperinflationary economy are adjusted to account for the changes in the currency's purchasing power and restated. In connection with the adjustment for inflation, non-monetary items in the balance sheet (including equity) and the income statement are adjusted by the change in the index since the assets were recognised up to the reporting date. By contrast monetary items, such as liquid assets, trade receivables and trade payables, are not indexed, i.e. their carrying amounts do not change. The inflationary gain or loss in the reporting period is recognised in the income statement under "Other operating expenses". The adjustment to equity caused by inflation as well as currency translation differences are netted within cumulative other comprehensive income and recognised under "Foreign currency translation differences".

4 | NEW FINANCIAL REPORTING STANDARDS

The consolidated financial statements comply with all IASB, IFRIC, and SIC standards that are required to be applied in the EU as at the reporting date.

IFRSs and amendments to IFRSs that are required to be applied for the first time effective 31 December 2022

Pursuant to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paragraph 28), entities are required to disclose the effects of initial application of new standards and interpretations as well as their amendments.

The following (new or) amended standards (and interpretations) are required to be applied for the first time for financial years ending on 31 December 2022:

1. Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
2. Annual Improvements to IFRS Standards 2018–2020 Cycle
3. Limited amendments to:
    - IFRS 3: Reference to the Conceptual Framework
    - IAS 16: Proceeds before Intended Use
    - IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

1. Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment extends the practical expedient to help lessees in accounting for rent concessions. The provision is to be applied to Covid-19-related reductions in lease payments that were due on or before 30 June 2022 (and not only payments that were originally due on or before 30 June 2021). The practical expedient allows lessees to elect not to assess whether certain rent concessions in connection with Covid-19 are a lease modification. The amendment applies to reporting periods beginning on or after 1 April 2021. Earlier application is permitted (IFRS 16.C1C).

The Group began to apply the amendments effective 1 January 2022, and this had no material effect on the consolidated financial statements.

2. Annual Improvements to IFRS Standards 2018–2020 Cycle

The amendments resulting from the Annual Improvements to IFRS Standards 2018–2020 consist of:

- Amendments to IFRS 1 If a subsidiary adopts IFRS Standards later than its parent (IFRS 1.D16(a)), then the subsidiary may elect to continue to use the values previously recognised in the consolidated financial statements of the parent. The option does not apply to equity and thus also not to (cumulative) currency translation differences from the subsidiary's participation in foreign second-tier subsidiaries. As a result of the amendments, cumulative translation differences are included in the scope of IFRS 1.D16(a) (but only these), based on the parent's date of transition to IFRSs.

- Amendments to IFRS 9: The amendment clarifies which fees an entity includes if it applies the "10 percent" test in IFRS 9.B3.3.6. In applying the 10 percent test, the entity may include only those fees that were paid by the entity (as borrower) and received by the lender, including fees paid by the borrower or received by the lender on behalf of the other.

- Amendments to IFRS 16: The amendment to Illustrative Example 13 accompanying IFRS 16 removes an illustration concerning lease incentives. The example includes, inter alia, illustrations of the reimbursement of leasehold improvements by the lessor that – unjustifiably – do no qualify as a lease incentive under IFRS 16.24(b).

- Amendments to IAS 41: The amendment of IAS 41.22 is designed to bring it in line with the arrangements in IFRS 13, according to which the current requirement that cash flows for taxes are not to be recognised is to be deleted for the purposes of calculating fair value.

The Group began to apply the amendments effective 1 January 2022, and this had no material effect on the consolidated financial statements.

3. Limited amendments to IFRS 3, IAS 16 and IAS 37

- IAS 16: The amendments affect the recognition of proceeds from sales during the phase in which the equipment is still being tested. The amendment eliminates the netting of such proceeds with the costs of manufacture (recognition in operating income).

- IAS 37: The amendments relate to costs that an entity should recognise as the cost of fulfilling a contract if it considers the contract to be onerous. It was established that the "cost of fulfilling a contract" includes "costs that relate directly to fulfilling contracts”. Direct, contract-related costs do not necessarily have to involve additional (incremental) costs.

- IFRS 3: A reference to the new conceptual framework in IFRS 3 was updated. Also, an exception was give greater specificity. According to the amendment, an acquirer must apply IAS 37 and IFRIC 21 (and not the conceptual framework) for separately incurred liabilities and contingent liabilities that would be within the scope of those two standards. In addition, an express prohibition was adopted in IFRS 3 for the recognition of contingent liabilities.

The Group began to apply the amendments effective 1 January 2022, and this had no material effect on the consolidated financial statements.

IFRS, IFRIC and amendments that were adopted by the EU on or before 31 December 2022 but are first required to be applied in later reporting periods.

The following IFRS, IFRIC and amendments adopted by the EU were issued on or before 31 December 2022, but their application is first mandatory in later reporting periods unless an entity opts for early adoption. The company did not opt for early adoption in these consolidated financial statements.

Amendment/standard	Date of publication	Date of adoption by the EU	Application date (EU)*
IFRS 17 Insurance Contracts and amendments to IFRS 17	18 May 2017/ 25 June 2020	19 November 2021	1 January 2023
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 19 – Comparative Information	9 December 2021	8 September 2022	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	7 May 2021	11 August 2022	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	12 February 2021	2 March 2022	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	12 February 2021	2 March 2022	1 January 2023

** Relates to the start of the first financial year that begins on or after the specified date.*

IFRS, IFRIC and amendments that were published on or before 31 December 2022 but have not yet been adopted in the EU.

The following standards, as well as interpretations and amendments to existing IFRS, which have also been published by the IASB, do not yet have to be applied to the consolidated financial statements as at 31 December 2022. This application presupposes that the will be adopted in the EU through IFRS endorsement.

Amendments/standard/interpretation	Date of publication	Date of adoption by the EU	Application date (IASB)*	Potential impact on future financial statements
Amendments to IAS 1: • Classification of Liabilities as Current or Non-current • Classification of Liabilities as Current or Non-current – Deferral of Effective Date • Non-current Liabilities with Covenants	23 January 2020/ 15 July 2020/ 31 October 2022	still pending	1 January 2024	undetermined
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	22 September 2022	still pending	1 January 2024	undetermined

5 | CONSOLIDATION METHODS

The Group uses the acquisition method of accounting to account for business combinations in accordance with IFRS 3 and IFRS 10. Initial consolidation takes place at the time of acquisition, i.e. when control over the acquired company is obtained. Control is obtained by the company when it can exercise the authority to make decisions concerning the company, is exposed to fluctuating yields from its participation and is able to influence the amount of yields based on its authority to make decisions. The acquired assets and liabilities and contingent liabilities are measured at their fair values as at the acquisition date. The acquisition cost of the acquired interests is subsequently offset against the pro rata 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 profit or loss in the income statement.

All material assets and liabilities, income and expenses, and inter-company results between affiliated undertakings are eliminated in the course of 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 income for the period.

The gain or loss and all elements of other consolidated net income are allocated 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 interests.

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

The consolidated financial statements are drawn up in euros, which is the Group's reporting currency. All amounts are listed in thousands of euros (€ thousand), unless noted otherwise. In this regard, commercial rounding when adding amounts may result in insignificant rounding differences. The percentages shown are calculated on the basis of the respective amounts in thousands of euros. All included financial statements of the subsidiaries were prepared as at the reporting date for the annual financial statements of Eckert & Ziegler AG. Comparative figures for the previous year were calculated in accordance with the same principles.

6 | SCOPE OF CONSOLIDATION

The subsidiaries included in the 2022 consolidated financial statements are:

	Voting rights
Pentixapharm GmbH, Würzburg	100%
Myelo Therapeutics GmbH, Berlin (since 31 December 2022)	100%
Eckert & Ziegler BEBIG GmbH, Berlin	100%
NRT Germany GmbH (formerly Eckert & Ziegler BEBIG Projekte UG - limited liability), Berlin *	100%
Eckert & Ziegler Iberia S.L., Madrid, Spain *	100%
Eckert & Ziegler BEBIG SARL, Paris, France *	100%
Eckert & Ziegler BEBIG Ltd., Didcot, United Kingdom (in liquidation)*	100%
Medwings SA, Lisbon, Portugal *	100%
WOLF-Medizintechnik GmbH, St. Gangloff * (until 30 June 2022)	100%
Eckert & Ziegler Radiopharma GmbH, Berlin	100%
Eckert & Ziegler Radiopharma Projekte UG (limited liability), Berlin *	100%
Eckert & Ziegler Eurotope GmbH, Berlin *	100%
Eckert & Ziegler Radiopharma Inc., Hopkinton, USA *	100%
Qi Kang Medical Technology (Changzhou) Co., Ltd., Changzhou, China *	100%
Isotope Technologies Dresden GmbH, Dresden *	100%
Eckert & Ziegler Isotope Products Holdings GmbH, Berlin	100%
Eckert & Ziegler Chemotrade GmbH, 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%
GBT Finanzen GmbH, Dresden (formerly: Eckert & Ziegler Systems GmbH, Dresden) *	100%
Eckert & Ziegler Isotope Products SARL, Les Ulis, France *	100%
Eckert & Ziegler Brasil Participações Ltda., São Paulo, Brazil *	100%
Eckert & Ziegler Brasil Comercial Ltda., São Paulo, Brazil *	100%
Ambientis Radioproteção, São Paulo, Brazil*	100%
Gamma-Service Recycling GmbH, Leipzig *	100%
Gamma-Service Medical GmbH, Leipzig *	100%
ISOTREND spol s.r.o., Prague, Czech Republic *	100%
Eckert & Ziegler Umweltdienste GmbH, Braunschweig *	100%
Eckert & Ziegler Environmental Services Ltd., Didcot, United Kingdom *	100%
Tecnonuclear SA, Buenos Aires, Argentina (since 1 January 2022) *	100%

* *Indirect participation*

** *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 possible only if this does not breach these covenants.*

7 | CHANGES TO THE SCOPE OF CONSOLIDATION

In the 2022 financial year, the following company interests were acquired or sold and changes were made to the scope of consolidation (acquisitions are presented in Note 41):

- On 3 January 2022, Eckert & Ziegler acquired 100% of the interests in the Argentinian nuclear medicine specialist Tecnonuclear S.A., a manufacturer of technetium-99 generators with a portfolio of related biomolecules. Together with the generators, these generic traces are often also referred to as SPECT diagnostics. They constitute the class of nuclear medicine products that is used most frequently worldwide for detecting cancer and cardiovascular anomalies. Tecnonuclear SA, based in Buenos Aires, had 65 employees on the date of acquisition and generated revenue of roughly USD 10 million in 2021. The products were already being marketed by Eckert & Ziegler in Brazil, where they are sold together with the generators as supplies for single-photon emission computed tomography (SPECT). Currently, about 25 million patients a year are examined using SPECT diagnostics, which corresponds to a world market volume of around USD 1.7 billion. With the emergence of new proprietary SPECT tracers, demand is expected to rise significantly, reaching a volume of approximately USD 2.7 billion by 2027. The purchase price (including the price adjustment agreed upon in the purchase contract) of USD 14.4 million was primarily based on the profitability of Tecnonuclear SA, and an initial payment of USD 8.1 million was funded in full from the cash flow of Eckert & Ziegler. The balance of USD 6.3 million will be paid over the next three years. The transaction took place without outside financing. As at 31 December 2022, based on a definitive allocation of the purchase price, the difference between the purchase price and the equity of Tecnonuclear SA, which amounted to €7.2 million, was recognised as goodwill (€3.2 million), customer base (€5.1 million) and other intangible assets (€0.3 million), less deferred taxes of €–1.4 million. As inflation in Argentina in the past three years has cumulatively amounted to more than 100 percent, Argentina is being treated as a hyperinflationary economy in accordance with IAS 29. As a result, all non-monetary items in the balance sheet and in the income statement were adjusted as at 31 December 2022 to account for the high inflation.

- On 7 April 2022, Eckert & Ziegler Strahlen- und Medizintechnik AG acquired the remaining 9.37% of the interests in Pentixapharm GmbH, Würzburg. The purchase price for this transaction amounted to €8.0 million, which was paid in the third quarter of 2022. The difference between the purchase price and the value of the acquired non-controlling interests was booked against the consolidated profit carryforward.

- On 15 December 2022, Eckert & Ziegler Strahlen- und Medizintechnik AG acquired all of the interests in Myelo Therapeutics GmbH, Berlin, including the interests (15%) that had previously been held by the subsidiary Eckert & Ziegler Isotope Products GmbH. Myelo Therapeutics GmbH develops innovative therapies in Berlin to address unmet medical needs, such as to combat chemotherapy-induced myelosuppression, radiation-induced myelosuppression and ARS. Acute radiation syndrome (ARS), also known as radiation toxicity or radiation sickness, is an illness that occurs when large parts of the body are exposed to high amounts of radiation. The main characteristic of ARS is the destruction of haematopoietic stem and progenitor cells, one of the main causes of death. Myelo Therapeutics GmbH is receiving funding from the U.S. government and the EU with the aim of developing new medications for treating the harm that ARS causes to the body, e.g. as a result of a nuclear accident. The purchase price for this transaction amounts to €18.1 million, taking into account the warrants held by former owners; of this amount, €6.4 million was paid in cash in the month of December 2022. Based on a provisional allocation of the purchase price, the difference between the purchase price and the value of the acquired non-controlling interests was recognised as goodwill (€5.9 million) and as intangible asset – development (€12.4 million). Myelo Therapeutics GmbH was consolidated at equity up to the date of acquisition and then fully consolidated as at 31 December 2022. The revaluation of the interests when transitioning from at-equity consolidation to full consolidation resulted in other income of €1.6 million.

- In June 2022, all interests in Wolf-Medizintechnik GmbH (WOMED) were sold to BEBIG Medical GmbH, Berlin. WOMED's assets and liabilities had already been recognised in the 2021 annual financial statements as assets and liabilities held for sale. Wolf-Medizintechnik GmbH was deconsolidated as at 30 June 2022.

The following changes were made to the scope of consolidation in the 2021 financial year:

- With effect on 1 January 2021, Eckert & Ziegler Isotope Products Holdings GmbH sold all of its interests in GSG International GmbH.

- With effect on 1 January 2021, Gamma Service Recycling GmbH sold all of its interests in IPS International Processing Services GmbH.

- On 24 March 2021, Eckert & Ziegler BEBIG GmbH sold 51% of the interests in BEBIG Medical GmbH, to which it had spun off its business with tumour irradiation equipment, to TCL Healthcare Equipment in Shanghai, China. BEBIG Medical GmbH and its subsidiaries (Mick Radio-Nuclear Instruments Inc. and BEBIG Medical (Shanghai) Co. Ltd. (formerly TCL Eckert & Ziegler BEBIG Healthcare (Wuxi) Co. Ltd.)) were deconsolidated in the consolidated financial statements with effect on 24 March 2021. The 49% stake in BEBIG Medical GmbH remaining in the Group has since been accounted for in the consolidated financial statements in accordance with the equity method.
- On 16 April 2021, Eckert & Ziegler Strahlen- und Medizintechnik AG acquired 83% of the interests in Pentixapharm GmbH, Würzburg. Pentixapharm is developing a radiopharmaceutical combination product to treat lymphoma and a series of related tumours. Depending on whether it is combined with the radionuclide gallium-68 or with yttrium-90, it can be used both to diagnose and to treat cancer diseases. At that time, Pentixapharm had received preliminary approval from the European Medicines Agency to conduct advanced clinical trials for its diagnostic agent PENTIXAFOR. Pentixapharm management expects that it will have completed the approval process in about three years. Eckert & Ziegler AG plans to continue financing the approval process through further investments following the takeover of Pentixapharm. As part of this process, Eckert & Ziegler AG increased its holding in Pentixapharm GmbH to 90.63% by the end of 2021.
- On 2 August 2021, Eckert & Ziegler Brasil Participações acquired 100% of the interests in Ambientis Radioproteção, with registered office in São Paulo, Brazil. The company, which has annual revenue in the low seven figures and 24 employees, possesses extensive experience and approvals in the area of metrology and logistics for radioactive substances. Ambientis is the only ISO 17025-certified measurement laboratory in Brazil and South America. The acquisition is a further component of the growth strategy for South America. The created synergies will help to increase market opportunities both for the industrial segment and for the region’s Radiopharma and Nuclear Medicine areas.
- On 15 April 2021, Qi Kang Medical Technology (Changzhou) Co., Ltd. in Changzhou, China, was formed as a wholly owned subsidiary of Eckert & Ziegler Radiopharma Projekte UG (limited liability).
- In May 2021, Eckert & Ziegler Systems GmbH was sold by Eckert & Ziegler Radiopharma GmbH within the Group to Eckert & Ziegler Nuclitec GmbH (51% of the interests) and to Eckert & Ziegler Umweltdienste GmbH (49% of the interests). As part of the sale, the company was renamed GBT Finanzen GmbH.
- Effective 1 June 2021, Eckert & Ziegler Brasil Logistica ltda. was merged into Eckert & Ziegler Brasil Comercial Ltda.

8 | INTERESTS IN JOINT VENTURES

A joint venture is based on a contractual agreement in which the Group and other contracting parties undertake a business venture under common leadership; this is the case if the strategic financial and business policies pursued in the joint venture require the consent of all parties. Interests in joint ventures are accounted for using the equity method. The consolidated income statement includes the Group’s share of the income and expenses, as well as changes in the equity of participations measured at equity. If the Group’s share in the loss of the joint venture exceeds the interest measured at equity, this interest is 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 carrying amount of the participation in the joint venture (maximum loss up to the carrying amount of the participation).

9 | CURRENCY TRANSLATION

The financial statements of subsidiaries drawn up in foreign currencies and included in the Group consolidation are translated 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 reporting date. Items in the income statement and the statement of cash flows are converted at the weighted average annual exchange rate. Equity components are translated at the historical rate when they were initially recognised. 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 income statement.

When interests in a subsidiary are disposed of with no loss of control, the proportion of the currency translation differences applicable to the interests 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 translated 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 reporting date are recognised through profit and loss in the income statement.

The following exchange rates were used for currency translation:

Country	Currency	31.12.2022	31.12.2021	Average exchange rate 2022	Average exchange rate 2021
USA	USD	1.07	1.13	1.05	1.18
CZ	CZK	24.12	24.86	24.57	25.64
UK	GBP	0.89	0.84	0.85	0.86
RU	RUB	78.93	85.30	75.66	87.13
BR	BRL	5.64	6.31	5.44	6.38
ARG	ARS	189.69		137.02	
CH	CHF	0.98	1.03	1.00	1.08
CHN	CNY	7.36	7.19	7.08	7.63

10 | COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS WITH THE PREVIOUS YEAR

Changes to the scope of consolidation and the initial application of new accounting standards in the 2022 consolidated financial statements had no material effect on the Group’s net assets, financial position and financial performance.

NOTES CONCERNING THE CONSOLIDATED INCOME STATEMENT

11 | REVENUE

The Group generates revenue under contracts with customers mainly from 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 rose from €180,435 thousand to €222,260 thousand in 2022 and consisted of the following:

€ thousand	2022	2021
Revenue from the sale of goods	182,736	153,094
Revenue from the provision of services:	32,970	24,696
Revenue from construction contracts	6,554	2,645
Total	**222,260**	**180,435**

The Group accounts for its revenue in compliance with IFRS 15 “Revenue from Contracts with Customers”. The vast majority of the Group’s revenue is based not on multi-element contracts but instead on 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 Medical segment, a comparatively small proportion of the Group’s total revenue is earned on the basis of multi-element contracts. In accordance with IFRS 15, these contracts are subjected to a detailed analysis.

The projects in the Medical segment are mainly structured in such a way that all performance obligations of the company are priced separately in the contract 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 service), and the revenue is recognised upon transfer of economic ownership.

For projects in the plant engineering area, which are allocated to the Medical segment, contracts with customers generally address the provision of the service over a certain time frame. The analysis of these contracts has shown that, even under the application of IFRS 15, revenue should be recognised in accordance with the rules of the POC method.

In the 2022 and 2021 financial years, the Group generated revenue from such contracts with customers in accordance with the POC method amounting to €6,554 thousand (previous year: €2,645 thousand). The cost-to-cost method was applied to determine the degree of completion.

€ thousand	2022	2021
Revenue	6,554	2,645
Contract costs	–5,302	–2,281
Profit	1,252	364
Manufacturing contracts in progress as at the reporting date:		
Revenue earned	12,337	5,783
Advance payments received	–12,444	–5,422
Manufacturing contracts with a credit balance	0	106
Manufacturing contracts with a debit balance	–433	0

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

In the year under review, longer-term plant engineering contracts that had not yet been fully performed by the end of the year generated revenue totalling €4,663 (previous year: €828 thousand). Of the remaining performance obligations, agreed transaction prices amounted to €10,705 thousand (previous year: €5,171 thousand), which are expected to be realised during the 2022 financial year.

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

12 | COST OF SALES

In addition to 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 release of deferred items.

In the year under review, impairments on inventories rose by €267 thousand.

13| SELLING EXPENSES

Selling expenses are broken down as follows:

€ thousand	2022	2021
Personnel costs and related personnel expenses	12,412	11,580
Delivery costs	6,819	7,531
Advertising	701	261
Depreciation and amortisation	1,031	1,001
Other	2,135	2,241
Total	**23,098**	**22,614**

14 | GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses consisted of:

€ thousand	2022	2021
Personnel costs and related personnel expenses	18,131	16,657
Depreciation and amortisation	3,735	3,431
Insurance, contributions, fees, purchased services	3,013	1,705
Consultancy costs	2,582	2,111
Communication costs	445	415
Rent and ancillary costs	1,186	801
IR costs	344	361
Other	6,517	5,976
Total	**35,953**	**31,457**

15 | EMPLOYEE BENEFITS AND NUMBER OF EMPLOYEES

The items of the income statement include personnel expenses and other personnel-related costs of €68,735 thousand (previous year: €61,566 thousand).

Personnel expenses for the financial years 2022 and 2021 included, inter alia:

€ thousand	2022	2021
Wages and salaries	54,863	49,894
Social insurance contributions and expenses for pensions and other employee benefits	7,233	6,780
– thereof for pensions	1,042	978

The Group companies had 946 employees on average in 2022 (previous year: 840), who worked in the following departments:

€ thousand	2022	2021
Manufacturing	468	430
R&D plant engineering	80	59
Administration	192	161
Sales and distribution	137	133
Quality management	69	57
Total	**946**	**840**

The employees of the German and other European subsidiaries are members of public pension plans, which are managed by public authorities. The companies are required 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 these plans are held separately from those of the Group in funds under the control of trustees.

Expenses totalling €3,616 thousand (previous year: €3,298 thousand) that are included in the income statement represent Group contributions payable to the specified pension plans. As at 31 December 2022 and 2021, all contributions due had been 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 45.

16 | AMORTISATION/DEPRECIATION AND IMPAIRMENT LOSSES

Amortisation of, and impairment losses recognised on, intangible assets are included in the following items in the income statement:

	2022		2021	
€ thousand	Amortisation	Impairment losses	Amortisation	Impairment losses
Cost of sales	109	0	550	0
Selling expenses	611	0	474	0
General administrative expenses	361	0	212	0
Other operating expenses	110	474	78	0
Total	**1,191**	**474**	**1,314**	**0**

Depreciation of, and impairment losses recognised on, property, plant and equipment are included in the following items in the income statement:

	2022		2021	
€ thousand	Depreciation	Impairment losses	Depreciation	Impairment losses
Cost of sales	4,546	0	3,580	0
Selling expenses	301	0	407	0
General administrative expenses	1,292	0	993	0
Other operating expenses	197	0	134	0
Total	**6,336**	**0**	**5,114**	**0**

Depreciation of, and impairment losses recognised on, right-of-use assets (IFRS 16) are included in the following items of the income statement:

	2022		2021	
€ thousand	Depreciation	Impairment losses	Depreciation	Impairment losses
Cost of sales	771	0	769	0
Selling expenses	119	0	120	0
General administrative expenses	2,081	0	2,226	0
Other operating expenses	7	0	7	0
Total	**2,978**	**0**	**3,122**	**0**

17 | OTHER OPERATING INCOME

In the 2022 financial year, other operating income fell sharply year-on-year by €11,258 thousand to €5,069 thousand (previous year: €16,327 thousand).

The sharp drop was mainly due to the fact that one-off income was generated in 2021 from the sale of interests in consolidated companies in the tumour equipment division totalling €10,603 thousand, as well as received dividends and income from securities totalling €2,188 thousand, which in 2022 totalled just €90 thousand and €408 thousand, respectively. In addition, other operating income in 2022 included income from the revaluation of the interests in Myelo Therapeutics GmbH when transitioning from at-equity consolidation to full consolidation in the amount of €1,647 thousand, income from the release of provisions in the amount of €332 thousand (previous year: €1,128 thousand) and income from the release of special items for grants received in the amount of €308 thousand (previous year: €72 thousand).

It also included income from the sale of property, plant and equipment in the amount of €45 thousand (previous year: €60 thousand).

18 | OTHER OPERATING EXPENSES

Other operating expenses rose year-on-year by €2,961 thousand to €9,796 thousand (previous year: €6,835 thousand). In addition to research and development costs of €4,293 thousand (previous year: €3,783 thousand), this item mainly included costs for radiation protection and quality assurance of €2,177 thousand (previous year: €1,811 thousand), losses from the disposal of non-current assets of €9 thousand (previous year: €217 thousand) and losses from the write-down of assets recognised at fair value of €474 thousand (previous year: €355 thousand). Also recognised in other operating expenses was the loss from the net position of the monetary items of Tecnonuclear SA, Argentina, in the amount of €2,360 thousand (previous year: €0 thousand).

Research and development costs included in other operating expenses consisted of:

- directly attributable personnel and material costs associated with the research and development areas that cannot be capitalised,
- amortisation/depreciation in the research and development areas for acquired property, plant and equipment as well as intangible assets and the corresponding release of deferred items relating to assets used for research purposes,
- impairment losses recognised on internally generated intangible assets capitalised in previous years as well as the corresponding release of deferred items,
- other directly attributable expenses of the research and development areas and
- a pro rata share of overhead for the research and development areas.

Research and development costs of €4,293 thousand (previous year: €3,783 thousand) included amortisation/depreciation and impairment losses in the amount of €225 thousand (previous year: €166 thousand), personnel expenses in the amount of €3,689 thousand (previous year: €3,143 thousand), material and third-party expenditures in the amount of €4,044 thousand (previous year: €2,338 thousand) and other expenses in the amount of €275 thousand (previous year: €676 thousand). Of these costs, €3,940 thousand (previous year: €2,540 thousand) was capitalised for ongoing development projects.

19 | NET INCOME FROM PARTICIPATIONS MEASURED AT EQUITY

The Group's participations measured at equity consisted of participations in the following associates: ZAO NanoBrachyTech, Dubna, Russia; ZAO Ritverc, St. Petersburg, Russia; Nuclear Control & Consulting GmbH, Leipzig; Myelo Therapeutics GmbH, Berlin (which was fully consolidated effective 31 December 2022); BEBIG Medical GmbH, Berlin and Atom Mines LLC, Austin, USA (acquisition of 18.5% of the interests on 10 January 2022).

On 3 August 2022, the joint venture Americium Consortium LLC, Wilmington, Delaware, USA, was liquidated. Until that point, this joint venture had been recognised at equity.

In the 2022 financial year, income from participations measured at equity amounted to €375 thousand (previous year: €733 thousand).

The participation in ZAO Ritverc generated income of €633 thousand (previous year: €324 thousand), and that in ZAO NanoBrachyTech generated income of €288 thousand (previous year: loss of €25 thousand).

In addition, the participations in Myelo Therapeutics GmbH, Atom Mines LLC and Nuclear Control & Consulting GmbH resulted in expenses for pro rata losses of €248 thousand.

Because of the restrictions introduced by Russia in July 2022 concerning the foreign repatriation of income from participations in Russian companies, as well as the risk of capital loss in the case of associates in Russia, the at-equity interests in associates domiciled in Russia were written down by 15% (€402 thousand).

20 | FOREIGN EXCHANGE GAINS/LOSSES

The measurement of receivables and liabilities denominated in foreign currencies resulted in foreign exchange gains in the amount of €2,859 thousand (previous year: €1,981 thousand) and foreign exchange losses in the amount of €1,560 thousand (previous year: €914 thousand).

The sharp increase in foreign exchange gains was mainly due to the fact that the US dollar (USD) and the Brazilian real (BRL) were considerably stronger compared with the previous year.

21 | NET INTEREST INCOME

In the 2022 financial year, interest income on financial assets measured at amortised cost amounted to €234 thousand (previous year: €132 thousand), while interest expenses amounted to €1,773 thousand (previous year: €1,195 thousand), of which €618 thousand (previous year: €688 thousand) related to lease accounting under IFRS 16.

Interest expenses also included €266 thousand (previous year: €100 thousand) in non-cash interest expenses from accrued interest on provisions.

22 | 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 the tax expense in the 2022 and 2021 financial years was 30.175%. The Group tax rate consisted of the following:

	2022	2021
Trade tax base amount	3.5%	3.5%
Trade tax multiplier	410%	410%
Corporation tax	15%	15%
Solidarity surcharge on corporation tax	5.5%	5.5%

The income tax expense [expense (+)/income (–)] was as follows for the financial years ending 31 December 2022 and 2021:

€ thousand	2022	2021
Earnings before taxes		
Germany	33,886	37,021
Foreign subsidiaries	9,117	9,365
	43,003	**46,386**

€ thousand	2022	2021
Current taxes:		
Germany	7,583	8,198
Foreign subsidiaries	3,959	3,461
	11,542	**11,659**

Current taxes in 2022 included €89 thousand (income) attributable to previous years (previous year: €4 thousand).

€ thousand	2022	2021
Deferred taxes:		
Germany	3,158	712
Foreign subsidiaries	–1,444	–642
	1,714	70
Total taxes:	**13,256**	**11,729**

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

€ thousand	2022	2021
Basis for determining the tax expense (earnings before taxes)	43,003	46,386
Expected tax expense based on Group tax rate	12,976	13,997
Tax rate differences at subsidiaries	–1,161	–964
Taxes for previous years	–89	4
Taxes on non-deductible expenses	1,036	275
Taxes on tax-exempt income	–650	–3,484
Deferred taxes on the capitalisation of previously unrecognised loss carryforwards	–537	0
Adjustments to deferred tax assets and liabilities arising from temporary differences	–85	–87
Impairment losses recognised on deferred tax assets for loss carryforwards	0	331
Use of previously non-capitalised deferred taxes on loss carryforwards	0	0
Non-capitalised deferred taxes on financial year losses	1,857	1,578
Other	–91	79
Effective tax expense	**13,256**	**11,729**

The following tax rates were used by the parent company as at 31 December 2022 to calculate deferred taxes, which remained unchanged compared to 31 December 2021: 15% corporation tax, 5.5% solidarity surcharge on corporation tax and 14.35% trade tax. For foreign companies, the prevailing local tax rates were 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 loss carryforwards. Deferred tax assets and liabilities were offset in the balance sheet to the extent permitted under IAS 12.

Deferred tax expenses of €1,146 thousand (previous year: €95 thousand) and deferred tax income of €2,755 thousand (previous year: €922 thousand) related to changes in tax loss carryforwards in the year under review, while temporary differences included deferred tax expenses of €3,323 thousand (previous year: €897 thousand).

A total of €3,912 thousand (previous year: €2,303 thousand) in deferred taxes on tax loss carryforwards was capitalised. The loss carryforwards mainly related to losses in the amount of €3,261 thousand that were carried forward by the German companies of the Eckert & Ziegler Group. The losses in Germany, the U.S. and Brazil can be carried forward indefinitely. Loss carryforwards in Argentina (€72 thousand) and the Czech Republic (€10 thousand) are limited to five years.

Of a total of €3,912 thousand in deferred tax assets on loss carryforwards, €2,862 thousand (previous year: €1,107 thousand) related to companies that recorded a tax loss in 2022 but are expected to generate a profit in the future. In the 2022 financial year, no loss carryforwards were utilised for which no deferred tax assets were recognised for loss carryforwards as at December 31 of the previous year. As at 31 December 2022, the Group had loss carryforwards of €13,175 thousand (previous year: €9,282 thousand) for which no deferred tax assets were recognised, because the ability to utilise them is unlikely due to the uncertain earnings forecast or the discontinuation of operations scheduled for the future.

Changes in deferred taxes for temporary differences arising from currency translation amounted to €35 thousand (previous year: €146 thousand).

In the year under review, deferred tax expenses of €869 thousand (previous year: €433 thousand) relating to actuarial gains and losses from the measurement of pension provisions were recognised directly in equity.

Deferred tax assets of €2,220 thousand and deferred tax liabilities of €3,705 thousand were recognised in connection with the initial consolidation of Myelo Therapeutics GmbH, and deferred tax liabilities of €1,525 thousand were recognised for Tecnonuclear S.A.

No deferred tax liabilities were recognised for temporary differences from retained earnings of subsidiaries in the amount of €88,330 thousand (previous year: €60,214 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:

	Deferred tax assets		Deferred tax liabilities	
€ thousand	**2022**	2021	**2022**	2021
Tax loss carryforwards	3,912	2,303	0	0
Non-current assets	1,037	1,433	16,154	9,279
Securities	0	0	0	167
Receivables	257	9	415	150
Liabilities	5,385	3,986	0	0
Inventories	140	194	0	0
Provisions	9,327	10,713	0	0
Other	98	0	106	100
Subtotal	**20,156**	**18,638**	**16,675**	**9,696**
Balance	– 11,593	– 7,468	– 11,593	– 7,468
Balance based on the consolidated balance sheet	**8,563**	**11,170**	**5,082**	**2,228**

23 | NON-CONTROLLING INTERESTS

Consolidated net income after taxes includes profit shares attributable to non-controlling interests in the amount of €469 thousand (previous year: €130 thousand).

The following table includes details about the significant Group subsidiaries that are not wholly owned but in which the Group holds non-controlling interests.

Eckert & Ziegler Cesio s.r.o.

€ thousand	**31.12.2022**	31.12.2021
Current assets	15,571	13,041
Non-current assets	7,047	3,495
Current liabilities	–1,858	–927
Non-current liabilities	–6,067	–2,699
Equity attributable to shareholders of Eckert & Ziegler AG	13,080	11,477
Equity attributable to non-controlling interests	1,613	1,433

€ thousand	**2022**	2021
Revenue	10,214	7,695
Expenses	–6,157	–5,168
Net profit for the year	**4,057**	**2,527**
Net profit for the year attributable to shareholders of Eckert & Ziegler AG	3,607	2,247
Net profit for the year attributable to non-controlling interests	450	280
Total net profit for the year	**4,057**	**2,527**
Other net income attributable to shareholders of Eckert & Ziegler AG	71	60
Other net income attributable to non-controlling interests	9	8
Total other net income	**80**	**68**
Comprehensive income attributable to shareholders of Eckert & Ziegler AG	3,678	2,307
Comprehensive income attributable to non-controlling interests	459	288
Comprehensive income	**4,137**	**2,595**
Cash flow prior to dividend payment	1,159	2,714
€ thousand	**31.12.2022**	31.12.2021
Dividends paid on non-controlling interests	359	0

Pentixapharm GmbH

€ thousand	**31.12.2022**	31.12.2021
Current assets	2,367	2,558
Non-current assets	31,029	25,267
Current liabilities	–303	–502
Non-current liabilities	–1,944	–762
Equity attributable to shareholders of Eckert & Ziegler AG	31,149	24,072
Equity attributable to non-controlling interests	0	2,489

€ thousand	**2022**	2021
Revenue	31	39
Expenses	4,557	–1,856
Net profit for the year	**4,588**	**–1,817**
Net profit for the year attributable to shareholders of Eckert & Ziegler AG	4,569	–1,667
Net profit for the year attributable to non-controlling interests	19	–150
Total net profit for the year	**4,588**	**–1,817**
Other net income attributable to shareholders of Eckert & Ziegler AG	0	0
Other net income attributable to non-controlling interests	0	0
Total other net income	**0**	**0**
Comprehensive income attributable to shareholders of Eckert & Ziegler AG	4,569	–1,667
Comprehensive income attributable to non-controlling interests	19	–150
Comprehensive income	**4,588**	**–1,817**
Cash flow prior to dividend payment	–2,244	1,950

€ thousand	**31.12.2022**	31.12.2021
Dividends paid on non-controlling interests	0	0

24| EARNINGS PER SHARE

Earnings per share was calculated as follows:

€ thousand	As at the end of the year **2022**	 2021
Numerator for calculation of the profit and the diluted and undiluted earnings per share – earnings share of the shareholders of Eckert & Ziegler AG	29,278	34,527
Denominator for calculation of undiluted earnings per share – weighted average of the number of shares (in thousands)	20,763	20,696
Denominator for calculation of diluted earnings per share – weighted average of the number of shares (in thousands)	20,798	20,748
Undiluted earnings per share (in €)	1.41	1.67
Diluted earnings per share (in €)	1.41	1.66

NOTES CONCERNING THE CONSOLIDATED BALANCE SHEET

25 | INTANGIBLE ASSETS

The changes in intangible assets from 1 January 2022 to 31 December 2022 are shown in the statement of changes in assets attached to the notes to the consolidated financial statements.

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

a) Intangible assets not subject to scheduled amortisation

The intangible assets that are not subject to scheduled amortisation relate exclusively to the goodwill.

There were no additions of goodwill in the 2021 financial year. The additions in the year under review consisted of the following: As at 31 December 2022, after definitive allocation of the purchase price for the acquisition of Tecnonuclear SA, Argentina (January 2022), goodwill was recognised in the amount of €3,158 thousand, and after provisional allocation of the purchase price for the acquisition of Myelo Therapeutics GmbH (December 2022), goodwill was recognised in the amount of €5,931 thousand. On whole, the items changed as follows:

€ thousand	**2022**	2021
As at 1 January	33,610	32,448
Additions	9,089	0
Disposals	0	–6
Impairment loss	–474	0
Currency translation differences	–569	1,168
Compensation for inflation	1,485	0
As at 31 December	**43,141**	**33,610**

The rise in goodwill of €9,089 thousand was due to the acquisitions of Tecnonuclear SA, Argentina, and Myelo Therapeutics GmbH. In the case of the Argentinian company, goodwill in local currency was adjusted by €1,485 thousand to account for inflation. Currency translation differences of €–569 thousand (previous year: €1,168 thousand) were mainly based on the change in the Argentine peso, which lost 38% of its value versus the euro in 2022. As most goodwill is attributable to companies in the Isotope Products segment, which draw up their accounts in US dollars, the increase in the dollar minimised the overall effect.

Specifically, goodwill is allocated to the segments and to the cash-generating units as follows:

	Goodwill	Goodwill
€ thousand	**2022**	2021
Isotope Products segment	25,970	21,986
Medical segment	11,240	11,624
thereof Medical Devices business unit	8,395	8,869
thereof other segment business units	2,845	2,755
Other	5,931	0
As at 31 December	**43,141**	**33,610**

Capitalised goodwill was tested for impairment in accordance with IAS 36 in the 2022 financial year. The goodwill was allocated to the relevant cash-generating units (CGUs). These represent the lowest level at which goodwill and assets are monitored for corporate management purposes. The Isotope Products segment constitutes a CGU. The Medical segment includes several business units (BUs), each of which constitutes a CGU.

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% (previous year: 1%). The discount rate before taxes was 9.0% (previous year: 5.5%) for the Isotope Products segment and 8.8% (previous year: 5.2%) for the CGUs in the Medical segment.

Impairment testing as at 31 December 2022 identified only one need to recognise an impairment loss based on the respective recoverable amounts, namely €474 thousand for the Medical Devices BU. A need to recognise impairment losses was not identified as at 31 December 2021.

The outcome of impairment testing for the goodwill of the Isotope Products segment and the other Medical segment BUs (Pharma, Laboratory Equipment, Plant Engineering) was that there are no conceivable potential changes to key assumptions that could result in the carrying amount of the goodwill exceeding the recoverable amount.

For the impairment testing of the goodwill of the Medical Devices BU, a scenario analysis was additionally performed that led to the following results:

- Scenario 1: If the discount rate before taxes were to increase by 100 points (9.8% instead of 8.8%), then an additional impairment allowance in the amount of €1,516 thousand would be necessary.
- Scenario 2: If the variable cost of sales were to increase by 10% and, at the same time, the BU were to keep its prices unchanged and not take any steps to reduce fixed costs, then an additional impairment allowance in the amount of €4,481 thousand would be necessary.
- Scenario 3: If the variable cost of sales were to be 10% lower than assumed but with an unchanged relative margin, and if, at the same time, the BU were not to take any steps to reduce fixed costs, then an additional impairment allowance in the amount of €8,395 thousand would be necessary.

b) Amortised intangible assets for the financial years ended 31 December 2022 and 2021, respectively, consisted of the following:

(14) Acquired intangible assets

	2022 € thousand	remaining amortisation period	2021 € thousand
Customer relationships	6,439	2 to 5 years	1,087
Licenses/software/permits	6,357	1 to 5 years	1,911
Patents/technology	4		0
Development projects (in progress)	33,938		21,588
As at 31 December	**46,738**		**24,586**

The difference between the purchase price of the interests in Pentixapharm GmbH and the carrying amounts recorded at the time of acquisition was recognised in 2021 as "Acquired intangible assets" under "Development projects (in progress)", since the acquired object is not a business within the meaning of IFRS 3. In connection with the provisional allocation of the purchase price for the acquisition of Myelo Therapeutics GmbH, €12,350 thousand was also recognised under the item "Development projects (in progress)". It is planned to first amortise these costs in each case from the start of production, with a useful life until the end of the patent protection period. Until that time, the assets will be regularly tested for impairment. Impairment testing as at 31 December 2022 was based on a conservative business plan.

(15) Internally generated intangible assets

	2022 € thousand	remaining amortisation period	2021 € thousand
Software/approvals	647	3 to 10 years	695
Patents/technology	0		0
Development projects (in progress)	6,480		2,540
As at 31 December	**7,127**		**3,235**

Intangible assets are amortised using the straight-line method. They are allocated in the income statement to cost of sales, selling expenses, general administrative costs and other operating expenses according to the functional area of the respective intangible assets (also see the remarks in Note 10). The development costs of Pentixapharm GmbH associated with the diagnostic agent PentixaFor were capitalised at the time of acquisition in connection with IAS 38. It is planned to first amortise these costs from the start of production, with a useful life until the end of the patent protection period. Until that time, the assets will be regularly tested for impairment.

26 | PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment from 1 January 2022 to 31 December 2022 are shown in the statement of changes in assets attached to the notes to the consolidated financial statements.

Additions in the 2022 financial year mainly related to investments in land and buildings as well as production facilities for the purpose of building up new production capacities in Asia, America and Europe, the expansion and modernisation of existing production facilities, as well as ongoing replacement investments. In the 2022 financial year, internally manufactured production facilities were capitalised in the amount of €7,663 thousand (previous year: €5,200 thousand).

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

27 | RIGHT-OF-USE ASSETS (IFRS 16)

The Group leases various office, warehouse and production buildings and related outdoor facilities and vehicles. The Group concludes leases that have fixed terms with renewal options and that have indefinite terms with specified termination notice periods or revolving renewal options after the expiry of the minimum term. In all of these cases, the Eckert & Ziegler Group specifies the lease term where it is reasonably certain that it will exercise the renewal option or not exercise the termination option.

The specification of the lease term constitutes a critical estimate. The Executive Board considers all facts and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. In particular, it takes into account the fact that the production programmes and the work with radioactive material make it necessary to stay in one location for an extended period of time. Against this background, the exercise of the renewal option or the non-exercise of the termination option has tended to be classified as reasonably certain if the exercise or non-exercise of these options is dependent on the decisions of the Group 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	**31.12.2022**	31.12.2021
Right-of-use assets		
Land and buildings	25,277	18,692
Outdoor facilities	341	472
Vehicles	877	136
	26,495	**19,300**
Lease liabilities		
Short-term	2,690	3,056
Long-term	24,497	16,836
	27,187	**19,892**

The income statement shows the following amounts relating to leases:

€ thousand	**31.12.2022**	31.12.2021
Depreciation of right-of-use assets		
Buildings	2,553	2,729
Outdoor facilities	42	42
Vehicles	383	387
Total (see also Note 10)	**2,978**	**3,158**
Interest expenses (see also Note 15)	618	679
Expenses not include in the measurement of lease liabilities		
For short-term leases	200	161
For leases for low-value assets	1	49

In 2022, lease liabilities gave rise to payments of €3,434 thousand (previous year: €3,654 thousand), of which €2,816 thousand (previous year: €2,975 thousand) was for the principal portion and €618 thousand (previous year: €679 thousand) for the interest portion.

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

€ thousand	31.12.2022
Due within one year	3,397
Due later than one year but less than five years	12,161
Due later than five years	16,361
Total (undiscounted)	**31,919**

28 | OTHER NON-CURRENT ASSETS

Other non-current assets mainly consisted of the asset value of various reinsurance policies in the amount of €589 thousand (previous year: €537 thousand) and security deposits paid in the amount of €392 thousand (previous year: €371 thousand).

Other non-current assets also consisted of non-current receivables in the amount of €240 thousand (previous year: €240 thousand), which become due only when certain conditions occur and which were remeasured at fair value as a result of reduced probability of occurrence in the previous year.

To hedge the interest rate risk associated with a €20.0 million loan over five years with a variable interest rate based on the 3-month Euribor, the Group concluded an interest rate cap with Deutsche Bank AG on 20 May 2022. As with the loan, this interest rate cap has a nominal value of €20 million, a duration of five years, and a similar repayment structure. The strike takes place when the 3-month Euribor reaches 1.5%. However, since the terms of the interest rate cap are only partially consistent with those of the loan, the cap is not accounted for as a hedge. The fair value of the interest rate cap was recognised under "Other non-current assets" at €712 thousand (previous year: €0 thousand).

29 | INTERESTS IN ASSOCIATES AND JOINT VENTURES

The Group's participations measured at equity consisted of participations in the following associates:

- ZAO NanoBrachyTech, Dubna, Russia
- Nuclear Control & Consulting GmbH, Leipzig
- ZAO Ritverc, St. Petersburg, Russia
- Atom Mines LLC, Austin, Texas, USA
- BEBIG Medical GmbH, Berlin

The participation in the joint venture Americium Consortium LLC, Wilmington, Delaware, USA was derecognised because the company was liquidated on 3 August 2022.

In December 2022, Eckert & Ziegler AG acquired all interests in Myelo Therapeutics GmbH, Berlin. Accordingly, Myelo Therapeutics GmbH was fully consolidated as at 31 December 2022 and no longer recognised as an at-equity participation.

The recognised carrying amount totalled €13,972 thousand (previous year: €15,086 thousand) and was allocated as follows:

	2022	2021
Americium Consortium LLC	0	893
ZAO NanoBrachyTech	829	731
Nuclear Control & Consulting GmbH	209	287
ZAO Ritverc	1,451	1,074
Myelo Therapeutics GmbH	0	1,321
Atom Mines LLC	703	0
BEBIG Medical GmbH	10,780	10,780

In 2013 Eckert & Ziegler Isotope Products Inc. had concluded an agreement with a US partner to establish a joint venture, Americium Consortium LLC. Each of the partners held 50% of the interests in the joint venture. Each of them was allowed appoint one member of the joint venture's management, and key decisions were required to be made unanimously. Eckert & Ziegler had significant influence over the joint venture pursuant to IAS 28, for which reason the interests were recognised in accordance with the equity method. The company's business purpose was to ensure the long-term availability of a specific radioactive material. However, this project was halted in June 2019, and the project partner committed to repay in full the advance payments it had already received from the joint venture. In 2021 the joint venture received repayments in the amount of USD 2,018 thousand and, in 2022, the final repayment of USD 2,018 thousand, plus interest. This money was then split between the joint venture partners. The joint venture was liquidated on 3 August 2022.

Since 2009, Eckert & Ziegler BEBIG GmbH has held 15% of the interests in Russia-based ZAO NanoBrachyTech (NBT), which in turn wholly owns OOO BEBIG, Moscow/Russia. OOO BEBIG is supplied by Eckert & Ziegler BEBIG GmbH (see also the remarks in Note 43), and it is an important customer for the Medical Devices BU in the Medical segment. Apart from the participation in OOO BEBIG, NBT is not engaged in any other significant business activities. Eckert & Ziegler BEBIG GmbH exercises significant influence over ZAO NanoBrachyTech both through its voting rights and through its supplying of OOO BEBIG, and it accounts for this participation as an associate. Due to uncertainties associated with the war in Ukraine, the participation was written down by 15%. As at 31 December 2022, the pro rata share of equity amounted to €829 thousand (previous year: €731 thousand). Dividends received in the 2022 financial year totalling €85 thousand were recognised through other comprehensive income.

Eckert & Ziegler BEBIG GmbH has for many years held 20% of the interests in ZAO Ritverc, St. Petersburg/Russia. In the 2020, following the first-time receipt of reliable financial information, the participation was measured for the first time at the pro rata share of equity in the amount of €750 thousand. According to the financial statements of AO Ritverc as at 31 December 2022 that are in our possession, the company generated net profit in the 2022 financial year of €2,925 thousand (previous year: €1,687 thousand). The company's equity as at 31 December 2022 amounted to €8,533 thousand (previous year: €5,370 thousand). Similar to the case with ZAO NBT, the participation was written down by 15% in 2022. Therefore, in the consolidated financial statements of Eckert & Ziegler AG, the participation in ZAO Ritverc was measured as at 31 December 2022 at the pro rata share of equity in the amount of €1,451 thousand. In addition, dividends received in the amount of €63 thousand were recognised through other comprehensive income in the 2022 financial year.

Since June 2020, Eckert Ziegler Isotope Products Holdings GmbH has held approximately 14.54% of the interests in Myelo Therapeutics GmbH, Berlin. The company develops innovative therapies to address unmet medical needs, such as to combat chemotherapy-induced myelosuppression, radiation-induced myelosuppression and ARS. In connection with the participation in Myelo Therapeutics GmbH, pro rata losses were recognised in the 2022 financial year in the amount of €86 thousand (previous year: €87 thousand). The Group acquired the remaining interests (85.46%) in December 2022. Myelo Therapeutics GmbH was fully consolidated for the first time as at 31 December 2022.

With effect on 31 March 2021, Eckert & Ziegler BEBIG GmbH disposed of its HDR business, which it had previously spun off to BEBIG Medical GmbH. In this connection, it sold 51% of the interests in BEBIG Medical GmbH to TCL Healthcare Equipment, Shanghai. The 49% stake in BEBIG Medical GmbH remaining in the Group has since been consolidated at equity in the Eckert & Ziegler Group. At the end of 2022, the profit of BEBIG Medical GmbH amounted to €1,492 thousand (previous year: €12 thousand).

On 10 January 2022, Eckert & Ziegler Radiopharma GmbH acquired 18.5% of the interests in Atom Mines LLC, Texas, USA, a manufacturer of ytterbium. Eckert & Ziegler Radiopharma GmbH has concluded an exclusive, long-term contract with it for the supply of ytterbium-176. The agreement has a strategic dimension, because while cancer therapies based on lutetium-177 have proved to be highly effective, the global supply of the indispensable precursor Ytterbium-176 has so far been measured in grams per year. A new production procedure that was developed by Atom Mines and co-financed by Eckert & Ziegler should now resolve this bottleneck: the first delivered samples met the relevant quality criteria, particularly isotope purity. This will enable Eckert & Ziegler to offer large amounts of lutetium-177 to pharmaceutical companies around the world and, in addition, to hundreds of thousands of patients each year. A total purchase price of USD 5.0 million was agreed upon for the interests in Atom Mines LLC and for an exclusive supply contract for ytterbium-176, of which USD 3.4 million has already been paid. Atom Mines LLC will be consolidated at equity. The company posted a loss of €740 thousand in 2022.

The following tables provide an overview of the summarised financial information with respect to significant participations measured at equity:

Joint venture Americium Consortium LLC

€ thousand	**31.12.2022**	31.12.2021
Current assets	0	88
Non-current assets	0	1,781
Current liabilities	0	–83
Non-current liabilities	0	0

The assets and liabilities listed above include the following amounts:

€ thousand	**31.12.2022**	31.12.2021
Cash and cash equivalents	0	88
Current financial liabilities (not including trade payables, other liabilities and provisions)	0	– 83
Non-current financial liabilities (not including trade payables, other liabilities and provisions)	0	0

In the 2022 and 2021 financial years, the joint venture did not generate any appreciable income or expenses. In 2022, the result stood at €–24 thousand (previous year: €0 thousand).

Reconciliation of the presented summary financial information with the carrying amount of the participation in the joint venture Americium Consortium LLC in the consolidated financial statements:

€ thousand	2022	2021
Net assets of the joint venture	0	1,786
Group participation	0%	50%
Carrying amount of the Group participation in the joint venture	**0**	**893**

Associates (summarised)

€ thousand	31.12.2022	31.12.2021
Current assets	12,983	13,849
Non-current assets	19,658	11,045
Current liabilities	–9,853	–6,025
Non-current liabilities	–1,176	–1,737

The assets and liabilities listed above include the following amounts:

€ thousand	31.12.2022	31.12.2021
Cash and cash equivalents	7,936	4,962
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	2022	2021
Revenue	20,014	18,075
Net profit for the year from continuing operations	2,864	1,075
After-tax income of discontinued operations	0	0
Net profit for the year	2,864	1,075
Other net income	0	0
Comprehensive income	**2,864**	**1,075**
Dividends received from associates	148	432

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

€ thousand	2022	2021
Scheduled depreciation/amortisation	–501	–476
Interest income	0	0
Interest expenses	–44	–22
Income tax expense or income	–1,072	–431

Reconciliation of the presented summary financial information with the carrying amount of the participations in associates in the consolidated financial statements:

€ thousand	31.12.2022	31.12.2021
Net assets of the associates	21,612	17,132
Thereof attributable to Group participation	6,489	5,172
Measurement differences	7,224	8,866
Carrying amount of the Group participation in associates	**13,713**	**14,038**

30 | CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €82,701 thousand (previous year: €93,659 thousand) consisted of cheques, cash on hand and balances with financial institutions due – calculated from the date of acquisition – within not more than three months. Cash and cash equivalents shown in the consolidated statement of cash flows correspond to the balance sheet item cash and cash equivalents.

31 | TRADE RECEIVABLES

Current trade receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business, and they consisted of the following items as at 31 December 2022 and 2021, respectively:

€ thousand	**2022**	2021
Trade receivables	38,760	33,090
less impairment losses	–1,589	–1,210
As at 31 December	37,171	31,880

See also disclosures concerning financial instruments under Note 37

32| INVENTORIES

Inventories as at 31 December 2022 and 2021 consisted of the following:

€ thousand	**2022**	2021
Raw materials and consumables	25,118	19,692
Finished goods	10,113	7,839
Work in progress	17,189	10,365
	52,420	**37,896**
less impairment losses	–806	–540
As at 31 December	**51,614**	**37,356**

Raw materials and consumables mainly related to nuclides and components required for the production of finished products.

Impairment losses, which were recognised based on a comparison of the net disposal value with the carrying amount, increased by €–266 thousand (previous year: €680 thousand).

Work in progress included contract assets in the amount of €14,719 (previous year: €8,165 thousand) that were accrued in accordance with the POC method as defined by IFRS 15.116 (see also Note 5).

33 | OTHER CURRENT ASSETS

Other current assets of €6,342 thousand (previous year: €6,348 thousand) as at 31 December 2022 relate to VAT receivables from tax authorities of €3,032 thousand (previous year: €1,268 thousand), current receivables from granted loans in the amount of €475 thousand (previous year: €2,005 thousand) and prepaid expenses, advance payments and other receivables in the amount of €2,836 thousand (previous year: €3,075 thousand).

34 | ASSETS HELD FOR SALE AND LIABILITIES

In September 2020, Eckert & Ziegler BEBIG GmbH signed a binding letter of intent with TCL Healthcare Equipment, Shanghai. It provided for the sale of the HDR afterloader business of the Medical segment in two stages. HDR afterloader systems, which are offered worldwide, are mainly used to irradiate cancerous tumours. The disposal group of assets and liabilities generated revenue of €11 million in 2019.

In order to prepare for implementation of the letter of intent, Eckert & Ziegler BEBIG GmbH had spun off the assets and liabilities concerned to a new company, BEBIG Medical GmbH. These assets and liabilities primarily consisted of non-current assets and inventories, as well as provisions, advance payments received and other liabilities. In addition, Eckert & Ziegler BEBIG GmbH spun off its interests in Mick Radio-Nuclear Instruments, Inc. (USA) and TCL Eckert & Ziegler Healthcare (Wuxi) Co., Ltd. (China) to BEBIG Medical GmbH. Neither impairment losses nor reversals of impairment losses were recognised in connection with the planned disposal.

Then, in March 2021, 51% of the interests in BEBIG Medical GmbH were sold to TCL Healthcare Equipment, Shanghai, in accordance with the aforementioned agreement. In addition, put and call options were agreed upon for the remaining 49% of the interests. The options can be exercised over a period of five years. The assets and liabilities classified as held for sale in 2020 were accordingly derecognised as at 31 March 2021 in connection with the sale.

In December 2021, Eckert & Ziegler BEBIG GmbH signed a further binding letter of intent with TCL Healthcare Equipment, Shanghai. This provided that, in supplementation of the sale of 51% of the interests in BEBIG Medical GmbH that took place in March 2021, a further company in the Medical segment is to be sold to TCL HealthCare Equipment, Shanghai. The assets and liabilities primarily consist of non-current assets and inventories, as well as provisions, advance payments received and other liabilities that were in turn reclassified as at the reporting date to assets and liabilities held for sale. Impairment losses of €350 thousand were recognised in this connection.

In June 2022, all interests in Wolf-Medizintechnik GmbH (WOMED) were sold to BEBIG Medical GmbH, Berlin. WOMED's assets (€4,139 thousand) and liabilities (€752 thousand) had already been recognised in the 2021 annual financial statements as assets and liabilities held for sale. Wolf-Medizintechnik GmbH was deconsolidated as at 30 June 2022. As at 31 December 2022, the Group did not recognise any more "assets and liabilities held for sale".

35 | EQUITY

Changes in the equity allocated to shareholders of Eckert & Ziegler AG and non-controlling interests are shown in the consolidated statement of changes in equity.

In accordance with the resolution adopted by the Annual General Meeting held on 1 June 2022, the unappropriated surplus of Eckert & Ziegler AG as calculated in accordance with German commercial law rules, which amounted to €22,713 thousand as at 31 December 2021, was used to pay a dividend of €0.50 per share entitled to receive dividends (€10,382 thousand). The remaining amount was allocated to other retained earnings (€12,331 thousand).

Under the German Stock Corporation Act, any potential dividend to be distributed to shareholders must be based on the unappropriated surplus as shown in the financial statements of Eckert & Ziegler AG prepared in accordance with German commercial law rules. A proposal will be made to the Annual General Meeting to pay a dividend of €10,398 thousand (€0.50 per share) to shareholders from the unappropriated surplus of Eckert & Ziegler AG of €18,906 thousand as calculated in accordance with German commercial law rules for the 2022 financial year and to allocate €8,508 thousand to retained earnings.

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 on one or more occasions on or before 29 May 2023 by up to €264,649 by issuing new no-par-value 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 may 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 in exchange for cash contributions at an issue price that is not significantly lower than the market price of the company's shares of the same class that are already listed. Treasury shares of the company that are sold during the period of this authorisation under exclusion of shareholders' subscription rights in direct or analogous application of Section 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 Section 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 participations 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.

Direct or indirect participation in capital with more than 10% of the voting rights

As at 31 December 2022, Dr Andreas Eckert indirectly held a participation of 6,541,960 shares (previous year: 6,511,960 shares) through Eckert Wagniskapital und Frühphasenfinanzierung GmbH, Panketal, and directly held a participation of 48,004 shares (previous year: 48,004 shares), i.e. a total of 31.1% of the voting rights in 2022.

Reserves

Presented in capital reserves is the amount received from the issuance of shares, including those at above par value (premium) and less the issuing costs (after taxes).

Also presented in capital reserves are the amounts recognised in connection with share-based remuneration payments (IFRS 2). In the year under review, €–651 thousand (previous year: €3,927 thousand) was recognised as expenses in capital reserves in connection with share-based remuneration payments. For details, see Note 45.

Retained earnings consist of undistributed previous-period earnings of companies included in the consolidated financial statements. In addition, retained earnings include adjustments resulting from the first-time application of IFRS.

Other reserves included foreign currency translation differences in the amount of €5,403 thousand (previous year: €987 thousand) resulting from the translation of financial statements of foreign subsidiaries. The movements in 2022 and 2021 mainly related to the US and Brazilian subsidiaries, as well as for the first time, in 2022, the Argentinian subsidiary. In addition, other reserves included the unrealised actuarial gains/losses (after taxes) from defined benefit pension commitments in the amount of €+1,888 thousand (previous year: €–3,597 thousand), which are to be recognised in other comprehensive income, as well as equity instruments designated at fair value through other comprehensive income in the amount of €–387 thousand (previous year: €387 thousand).

Treasury shares

By resolution of the Annual General Meeting held on 30 May 2018, the company is authorised to acquire treasury shares on or before 29 May 2023 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 Sections 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 shares may be acquired, at the discretion of the Executive Board, on the stock exchange or by means of a public acquisition offer or a public request to make such an offer.

- If the shares are acquired on the stock exchange, the purchase price per share paid by the company (not including ancillary acquisition costs) may not exceed by more than 10% or fall below by more than 25% the average closing price of the company's stock in the electronic trading system Exchange Electronic Trading (Xetra) (or corresponding successor system) on the Frankfurt Stock Exchange on the last five trading days preceding the acquisition.

- If the shares are acquired on the basis of a public acquisition offer or a public request to make such an offer, the purchase price offered and paid for a share (not including ancillary acquisition costs) may be up to 20% higher or 20% lower than the highest closing price of the company's stock in the electronic trading system Exchange Electronic Trading (Xetra) (or corresponding successor system) on the Frankfurt Stock Exchange on the third trading day prior to publication of the purchase offer. The acquisition offer or the public request to make such an offer may provide for other conditions. The acquisition offer may be modified if the trading price diverges significantly from the offered acquisition price or from the boundary values of any offered price range following publication of the acquisition offer or the public request to make such an offer. In such case, the cut-off date is the day on which the decision by Executive Board to adjust the offer or the request to make such an offer is published. In the case of a public acquisition offer, the company will make an offer to all shareholders in accordance with their shareholding ratio. The volume of the public acquisition offer may be limited. If the total subscription to the offer exceeds this volume, or in the case of a request to make such an offer, multiple offers are not all accepted, the acquisition takes place – under partial exclusion of any right to tender – in proportion to the tendered shares (tender ratios) instead of in proportion to the holding of the tendering shareholders (shareholding ratio). Similarly, in order to avoid fractional amounts, provision may be made for commercial rounding and preferred consideration of small quantities of up to 100 shares for the purpose of acquiring tendered shares of the company per shareholder, under partial exclusion of any right of the shareholders to tender.

The Executive Board is authorised to use shares of the company acquired on the basis of 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 may 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 Section 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 Section 186 (3) sentence 4 AktG during the period of this authorisation up to this point in time are to 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 Section 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 company participations 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 undertaking 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 undertakings. 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 2022 financial year, Eckert & Ziegler AG used 30,000 treasury shares as a portion of the purchase price for the acquisition of the interests in Myelo Therapeutics GmbH, Berlin. A further 9,150 treasury shares were used for share-based remuneration payments to employees. In the previous year, 128,000 treasury shares were used as a portion of the purchase price for the acquisition of the interests in Pentixapharm GmbH, Würzburg, as well as 38,300 treasury shares for share-based remuneration payments to employees.

As at 31 December 2022, the company held 376,506 treasury shares (previous year 415,656 shares). The number of treasury shares as at 31 December 2022 represented 1.8% (previous year: 2.0%) of the company's share capital.

36 | LOAN LIABILITIES

Loan liabilities for the financial years ended 31 December 2022 and 2021 consisted of the following:

€ thousand	2022	2021
Loan liabilities as at 31 December, total	**22,400**	**7,074**
– thereof current	0	7,074
– thereof non-current	22,400	0

As at 31 December 2022, the Group had access to committed cash credit and loan lines totalling €47,355 thousand, of which €22,400 thousand had been drawn down. Some of these are fixed-rate loans for which there is no interest rate risk. Others have to do with variable interest rate financing (3-month Euribor) in connection with an interest rate cap.

The credit lines (commitment of €17,754 thousand) were not drawn down.

As at 31 December 2022, Eckert & Ziegler AG had access to committed surety and guarantee lines in the amount of €24,697 thousand, of which €16,804 thousand had been drawn down. However, no claims under the guarantees are expected.

As at 31 December 2022 and 2021, the contractually agreed residual maturities of loan liabilities were as follows:

€ thousand	2022	2021
Residual maturity of up to 1 year	0	7,074
Residual maturity of more than 1 year and less than 5 years	22,400	0
Residual maturity of more than 5 years	0	0
Loan liabilities as at 31 December, total	**22,400**	**7,074**

37 | DEFERRED INCOME FROM GRANTS AND OTHER DEFERRED INCOME

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

€ thousand	2022	2021
Deferred grants and other current deferred income	37	38
Deferred non-current grants	2,250	2,452
As at 31 December	**2,287**	**2,490**

38 | 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 Medical segment and a pension commitment for the widow of a former member of the Executive Board.

The Group has concluded reinsurance policies as part of these plans. Where these have been assigned to employees, the reinsurance policies are reported as plan assets netted against the pension provisions. Claims under reinsurance 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 2022 and 2021, there were no material changes to these defined benefit plans.

In accordance with IAS 19 (revised), pension obligations were calculated 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 measurement of the plan assets and the present value of the defined benefit obligation was performed as at 31 December 2022 by Longial AG and Allianz Lebensversicherung AG, respectively (as in the previous year).

The most important assumptions underlying the actuarial measurement were:

%	31.12.2022	31.12.2021
Discount rate(s)	3.55 to 3.70	0.90 to 1.15
Expected return on plan assets	1.00	1.00
Expected percentage salary increases	0.00 to 2.50	0.00 to 2.50
Expected percentage pension increases	0.00 to 2.40	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	2022	2021
Present value of defined benefit pension obligations	10,433	13,204
Plan assets measured at fair value	–162	–160
Pension provisions as at 31 December	**10,271**	**13,044**

The amount recognised for pension provisions changed as follows:

€ thousand	2022	2021
Pension provisions as at 1 January	13,044	14,443
Expenses for pension obligations	338	315
Actuarial gains (-) / losses (+)	–2,761	–1,368
Disbursements from plan assets	4	4
Income from plan assets	–2	–1
Pension payments	–352	–349
Pension provisions as at 31 December	**10,271**	**13,044**

** before deferred taxes*

Of the actuarial gains (–)/losses (+), €–3,276 thousand (previous year: €–1,152 thousand) resulted from changes in financial assumptions and €+515 thousand (previous year: €–216 thousand) from adjustments based on experience. As the demographic assumptions remained unchanged, they did not give rise to actuarial gains or losses.

The following amounts were recognised in the income statement of the respective financial year:

€ thousand	2022	2021
Service cost	195	230
Interest expense	143	85
Expected income from plan assets	– 2	– 1
Total recognised amounts	**336**	**314**

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

€ thousand	2022	2021
Cumulative actuarial gains (–)/losses (+) on 1 January *	3,597	4,536
Addition/disposal *	–1,894	–939
Cumulative actuarial gains (–)/losses (+) on 31 December *	**1,703**	**3,597**

**after deferred taxes*

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

€ thousand	2022	2021
Opening balance of plan assets measured at fair value	160	166
Expected income from plan assets	2	1
Actuarial loss	4	–3
Disbursements from plan assets	–4	–4
Closing balance of plan assets measured at fair value	**162**	**160**

Pension payments of €439 thousand are expected for the 2023 financial year. The weighted average duration of the pension obligations across individual pension plans was between 11 and 18 years.

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

€ thousand	2022	2021	2020	2019	2018
Defined benefit obligation	–10,433	–13,204	–14,609	–13,658	–11,538
Plan assets	162	160	166	171	170
Net obligation	**–10,271**	**–13,044**	**–14,443**	**–13,487**	**–11,368**

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	10,271	
Discount rate –0.25%	10,782	5
Discount rate +0.25%	10,103	–2

39 | OTHER PROVISIONS

The following table provides an overview of the changes in other provisions during the 2022 and 2021 financial years.

€ thousand	2022	2021
Provisions for restoration obligations (non-current)	33,133	30,949
Other provisions (non-current)	28,855	28,887
Other non-current provisions as at 31 December	**61,988**	**59,836**
Other provisions (current)	4,571	3,590
Other current provisions as at 31 December	**4,571**	**3,590**

Provisions for restoration obligations included expected expenses for the restoration and disposal of production facilities and reversing leasehold improvements. They changed as follows in the 2022 and 2021 financial years:

€ thousand	**2022**	2021
Provisions as at 1 January	30,949	29,178
Additions	2,452	2,608
Disposals	0	– 1,035
Utilisation	– 302	0
Compounding	– 225	164
Currency translation	259	34
Provisions as at 31 December	**33,133**	**30,949**

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 2022 financial year. The adjusted interest rates ranged from 2.45% to 2.61% (previous year: 0.00% to 0.50%). If the previous year's interest rates of 0.00% to 0.50% had been maintained, this would have increased the provision by €6,862 thousand (previous year: by €368 thousand). The Group expects to make restoration payments in the 2023 to 2045 financial years.

Other non-current provisions as at 31 December 2022 mainly consisted 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 €26,039 thousand (previous year: €26,553 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 included €2,035 thousand (previous year: €1,718 thousand) for long-term services still to be provided to fulfil a contract, personnel-related provisions (for length-of-service bonuses) in the amount of €328 thousand (previous year: €171 thousand), provisions for clearance and restoration in the amount of €217 thousand (previous year: €230 thousand) and archiving provisions in the amount of €237 thousand (previous year: €235 thousand).

Other non-current provisions changed as follows in the 2022 and 2021 financial years:

€ thousand	**2022**	2021
Provisions as at 1 January	28,887	26,565
Additions	4,398	4,858
Disposals	–745	–332
Compounding	5	1
Utilisation	–3,690	–2,227
Currency translation	0	22
Provisions as at 31 December	**28,855**	**28,887**

Other current provisions in the amount of €4,571 thousand (previous year: €3,590 thousand) related to the current portion of the disposal of radioactive residual materials.

40 | OTHER NON-CURRENT LIABILITIES

Other non-current liabilities increased year-on-year from €358 thousand to €10,686 thousand. The liabilities still remaining as at 31 December 2022 related almost exclusively to non-current liabilities owed to former interest holders from the acquisition of interests in consolidated companies: Tecnonuclear SA (€2,759 thousand) and Myelo Therapeutics GmbH (€7,448 thousand).

41 | ADVANCE PAYMENTS RECEIVED

In connection with contracts with customers, Group companies receive advance payments, which are recognised as current liabilities. Most of these are contractual liabilities within the meaning of IFRS 15.116, which will be recognised as revenue in the following year. Most of the advance payments of €11,644 thousand (previous year: €8,620 thousand) that were received as at 31 December 2021 were recognised in the 2022 financial year as revenue in the Isotope Products segment and only to a limited extent as revenue in the Medical segment due to the delay involving several major projects, particularly in plant construction.

42| OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December consisted of the following:

€ thousand	**2022**	2021
Liabilities from wages and salaries as well as other personnel-related liabilities	10,039	10,848
Liabilities related to social security	774	626
Liabilities to tax authorities	1,165	1,429
Liabilities under open invoices and other deferred expenses	7,737	5,998
Liabilities under received security deposits	0	0
Other liabilities	7,783	3,672
As at 31 December	**27,498**	**22,573**

43| 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:

€ thousand Balance sheet item	Measurement category under IFRS 9*	**31.12.2022 Carrying amount**	**31.12.2022 Fair value**	31.12.2021 Carrying amount	31.12.2021 Fair value
ASSETS					
Other non-current assets	AC	240	240	363	363
Other non-current assets	FVTPL	712	712	0	0
Cash and cash equivalents	AC	82,701	82,701	93,659	93,659
Securities	FVTOCI	0	0	1,358	1,358
Trade receivables	AC	37,171	37,171	31,880	31,880
Other current assets	AC	475	475	2,005	2,005
		121,299	**121,299**	**129,265**	**129,265**
Thereof total by measurement category	AC	120,587	120,587	127,907	127,907
	FVTPL	712	712	0	0
	FVTOCI	0	0	1,358	1,358
LIABILITIES					
Non-current loan liabilities	AC	22,400	22,400	0	0
Other non-current liabilities	AC	478	478	358	358
Other non-current liabilities	FVTPL	10,207	10,207	0	0
Current loan liabilities	AC	0	0	7,074	7,074
Trade payables	AC	8,340	8,340	5,578	5,578
Other current liabilities	AC	13,629	13,629	11,030	11,030
Other current liabilities	FVTPL	1,377	1,377	0	0
		56,431	**56,431**	**24,040**	**24,040**
Thereof total by measurement category	AC	44,847	44,847	24,040	24,040
	FVTPL	11,584	11,584	0	0

** Abbreviations:*
AC: At amortised cost
FVTPL: At fair value through profit or loss
FVTOCI: At fair value through other comprehensive income

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

The Group calculates the fair value of liabilities to financial institutions and other financial liabilities 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 liabilities with similar residual maturities.

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 (with the exception of securities as at 31 December 2021) and financial liabilities recognised as at 31 December 2022 and 31 December 2021 belonged to Level 3 of the above measurement categories. Securities (equity instruments of listed companies) belonged to Level 1 of the measurement hierarchy.

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

- As at 31 December 2022 and 31 December 2021, contingent receivables from the sale of interests in OctreoPharm Sciences GmbH of €240 thousand. The fair value of these receivables is determined based on estimated probabilities of occurrence of individual milestones in the development project of OctreoPharm Sciences GmbH.

Financial liabilities measured at fair value included the following items:

- Liabilities from contingent consideration arising from business combinations within the meaning of IFRS 3 in the amount of €11,584 thousand as at 31 December 2022 and €31 thousand as at 31 December 2021, of which €1,377 thousand was recognised as current as at 31 December 2021. The fair value of these liabilities was measured based on the agreed conditions for variable consideration and taking into account the estimated probabilities of these conditions occurring.

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

Measurement category under IFRS 9 € thousand	**2022**	2021
Financial assets measured at amortised cost		
Interest income	220	118
Impairment losses (–)/reversals of impairment losses (+)	–565	–436
Foreign exchange gains (+)/foreign exchange losses (–)	2,859	1,627
	2,514	1,309
Financial assets measured at fair value through profit or loss		
Impairment losses (–)/reversals of impairment losses (+)	427	0
	427	**0**
Financial assets measured at fair value through other comprehensive income		
Impairment losses (–)/reversals of impairment losses (+)	227	322
Dividends received	148	9
	375	**331**
Financial liabilities measured at amortised cost		
Interest expenses	–745	–288
Foreign exchange gains (+)/foreign exchange losses (–)	–1,560	–560
	–2,305	**–848**
Financial liabilities measured at fair value through profit or loss		
Interest expenses	0	–7
Impairment losses (+)/reversals of impairment losses (–)	0	14
	0	**7**

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 rate and foreign exchange risks.

Credit risk

Credit risk or default risk means 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 corresponded to the carrying amount of the trade receivables as at the balance sheet date in the amount of €37,171 thousand (previous year: €31,880 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	**2022**	2021
Europe	19,010	14,676
North America	9,900	9,680
Other	8,261	7,524
As at 31 December	**37,171**	**31,880**

The Group uses the simplified approach set out in IFRS 9 to measure 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 the Eckert & Ziegler Group assumes a LGD of 90% and a recovery rate of 10%.

On this basis, the impairment losses for trade receivables as at 31 December 2022 and 31 December 2021 were determined as follows:

Balance as at 31 December 2022	Expected LGD (portfolio)	Gross trade receivables, in € thousand	Portfolio impairment losses, in € thousand	Individual impairment losses, in € thousand
Receivables not yet due	0.09%	23,096	– 21	0
Past due by 1 to 90 days	0.18%	11,010	– 20	0
Past due by more than 90 days	0.36%	4,654	– 17	– 1,531
		38,760	– 58	– 1,531
Net trade receivables		**37,171**		

Balance as at 31 December 2021	Expected LGD (portfolio)	Gross trade receivables, in € thousand	Portfolio impairment losses, in € thousand	Individual impairment losses, in € thousand
Receivables not yet due	0.09%	15,295	– 14	0
Past due by 1 to 90 days	0.18%	10,613	– 19	0
Past due by more than 90 days	0.36%	7,182	– 26	– 1,151
		33,090	– 59	– 1,151
Net trade receivables		**31,880**		

The change in impairment losses recognised for trade receivables was as follows:

€ thousand	2022	2021
As at 1 January	1,210	774
Net additions	379	436
As at 31 December	**1,589**	**1,210**

Liquidity risk

Liquidity risk means 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 adequate amounts of borrowed and own funds at available all times. As part of the Group's financial planning, a liquidity forecast is prepared, which can be used, among other things, to identify additional debt financing needs in advance. The Group generates its financial resources predominantly through its operating activities. As at 31 December 2022, Eckert & Ziegler AG and its subsidiaries also had access to cash credit lines amounting to €17,754 thousand (previous year: €17,795 thousand). These credit lines had not been drawn down. Furthermore, the Group obtained long-term loans in the financial year of €29,600 thousand (previous year: €0 thousand), of which €22,400 was drawn down in 2022. In addition, the Group has access to surety lines totalling €24,697 thousand (previous year: €26,480 thousand), of which €7,893 thousand was still freely available as at 31 December 2022 (previous year: €6,050 thousand).

As at the balance sheet date, the consolidated balance sheet showed liabilities to financial institutions totalling €22,400 thousand (previous year: €7,074 thousand). In 2022 and 2021, debt financing was requested from financial institutions for various projects or offered independently by banks. The various loan offers contained 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 operating units. In addition to the high equity ratio, solid balance sheet ratios further underpin the Group's creditworthiness, as 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 that it is in a 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, to develop new locations 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, 2022

€ thousand		Carrying amount	Fair value Total	Cash outflow up to 1 year	Cash outflow 2 to 5 years	Cash outflow over 5 years
Loan liabilities	fixed interest rate	6,400	6,400	0	6,400	0
Loan liabilities	variable interest rate	16,000	16,000	0	16,000	0
Trade payables	non-interest bearing	8,340	8,340	8,340	0	0
Other liabilities	non-interest bearing	15,519	15,519	15,519	0	0
Derivative financial liabilities	variable interest rate	0	0	0	0	0
As at 31 December		**46,259**	**46,259**	**23,859**	**22,400**	**0**

ANALYSIS OF THE CONTRACTUALLY AGREED DUE DATES — Dec 31, 2021

€ thousand		Carrying amount	Fair value Total	Cash outflow up to 1 year	Cash outflow 2 to 5 years	Cash outflow over 5 years
Loan liabilities	fixed interest rate	7,074	7,074	7,074	0	0
Loan liabilities	variable interest rate	0	0	0	0	0
Trade payables	non-interest bearing	5,578	5,578	5,578	0	0
Other liabilities	non-interest bearing	11,030	11,030	11,030	0	0
Derivative financial liabilities	variable interest rate	0	0	0	0	0
As at 31 December		**23,682**	**23,682**	**23,682**	**0**	**0**

Cash outflows for liabilities with a variable interest rate were based on an interest rate of 3.75% in 2022 (previous year: 3.75%).

Foreign exchange 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 relate 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 several subsidiaries that buy components and goods mainly in US dollars and then sell the end products mainly in euros.

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

Since early 2002, the Eckert & Ziegler Group has had a subsidiary in Argentina – Tecnonuclear SA – that uses the Argentine peso as its functional currency. Argentina has been considered a hyperinflationary economy since 2018. In connection with the adjustment for inflation, non-monetary items in the balance sheet (including equity) and the income statement are adjusted by the change in the index since the assets were recognised up to the reporting date. By contrast monetary items, such as liquid assets, trade receivables and trade payables, are not indexed, i.e. their carrying amounts do not change. The inflationary gain or loss in the reporting period is recognised in the income statement.

The balance sheet and income statement of Tecnonuclear SA were translated at the exchange rate prevailing on 31 December 2022.

As at 31 December 2022, the Argentinian subsidiary, Tecnonuclear SA, recognised an inflationary effect as an expense in the income statement in the amount of €2,360 thousand.

Risk exposure

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

Foreign currency exposure expressed in € thousand	31.12.2022 USD	31.12.2022 GBP	31.12.2022 ARS	31.12.2022 CZK	31.12.2022 BRL	31.12.2021 USD	31.12.2021 GBP	31.12.2021 ARS	31.12.2021 CZK	31.12.2021 BRL
Cash and cash equivalents	25,882	1,200	1,050	577	1,966	32,425	1,277	0	476	1,246
Trade receivables	11,099	175	1,721	220	1,404	10,955	595	0	75	1,211
Trade payables	–1,651	–64	–759	–78	–239	–1,572	–14	0	–29	–115
Balance sheet exposure	**35,330**	**1,311**	**2,012**	**719**	**3,131**	**41,808**	**1,858**	**0**	**522**	**2,342**

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

Sensitivity analysis

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

	31.12.2022					31.12.2021				
effect expressed in € thousand	USD	GBP	ARS	CZK	BRL	USD	GBP	ARS	CZK	BRL
Comprehensive income	– 3,212	– 119	– 183	– 65	– 285	– 3,801	– 169	0	– 47	– 213

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

The foreign exchange rates listed under Note 3 were used as the basis for the sensitivity analysis.

Interest rate risk

The Group used an interest rate cap to hedge a €20.0 million loan over five years with a variable interest rate based on the 3-month Euribor. As with the loan, this interest rate cap has a nominal value of €20 million, a duration of five years, and a similar repayment structure. The strike takes place when the 3-month Euribor reaches 1.5%. As at 31 December 2022, the derivative assets under the interest rate cap amounted to €712 thousand.

With regard to other interest rate risks, the Group's exposure to interest rate risk due to fluctuations in market interest rates is low for financial assets and liabilities with medium- to long-term maturities, since few of the assets and liabilities have variable interest rates.

With regard to the other items, no hedging is undertaken if a change in interest rates does not result in a cash flow impact.

Risk exposure

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

€ thousand	**2022**	2021
Interest-bearing financial assets	475	2,005
– thereof variable interest rate	0	0
– thereof fixed interest rate	475	2,005
Interest-bearing financial liabilities	22,400	7,074
– thereof variable interest rate	16,000	0
– thereof fixed interest rate	6,400	7,074

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:

	2022		2021	
effect expressed in € thousand	+ 100 basis points	– 100 basis points	+ 100 basis points	– 100 basis points
Result for variable-interest financial instruments	0	0	0	0

Capital management

Pursuant to Section 92 of the German Stock Corporation Act (AktG), Eckert & Ziegler AG (parent company) is subject to minimum capitalisation in accordance with German stock corporation and commercial law rules. Accordingly, an Extraordinary General Meeting must be called if the sum of the parent company's equity as calculated in accordance with German commercial law rules falls below 50% of the subscribed capital. This did not occur in the 2022 or 2021 financial years.

To finance its growth strategy, the Group uses its own liquidity and, increasingly, external financing consisting of a mix of long-term loans and short-term cash credit lines, which can be drawn down flexibly depending on need and utilisation. In an environment of rising interest rates, priority continued to be given to ensuring the Group's financing for the coming periods.

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 capital structure optimisation, 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 2021.

NOTES CONCERNING 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, consisting of cash on hand, cheques, balances with financial institutions and all highly liquid assets with a residual maturity 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 changed during the financial year as a result of cash inflows and outflows. In accordance with IAS 7 (Statement of Cash Flows), cash flows in the consolidated statement of cash flows are 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 scope of consolidation. Furthermore, investing and financing transactions that did not have an impact on liquid assets are not included in the statement of cash flows. Because of the adjustments mentioned above, the changes in the respective balance sheet items reported in the consolidated statement of cash flows cannot be compared directly with the corresponding values in the published consolidated balance sheet.

44 | OPERATING ACTIVITIES

Cash inflows and outflows are determined indirectly, based on consolidated net income after taxes. Net income after taxes is adjusted for non-cash expenses and supplemented by changes in assets and liabilities.

45 | INVESTING ACTIVITIES

Cash flows from investing activities are calculated based actual payment 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.

46 | FINANCING ACTIVITIES

Cash flows from financing activities are calculated based on actual payment transactions and include the obtaining and repayment of loans and other financial liabilities, lease liabilities as well as cash flows between the Group and its shareholders, such as dividend payments.

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

OTHER DISCLOSURES

47 | COMPANY ACQUISITIONS AND DISPOSALS

2022 financial year

Company disposals

In June 2022, all interests in Wolf-Medizintechnik GmbH (WOMED) were sold to BEBIG Medical GmbH, Berlin. WOMED's assets and liabilities had already been recognised in the 2021 annual financial statements as assets and liabilities held for sale. Wolf-Medizintechnik GmbH was deconsolidated as at 30 June 2022.

Company acquisitions

Pentixapharm GmbH, Würzburg

On 7 April 2022, Eckert & Ziegler Strahlen- und Medizintechnik AG acquired the remaining 9.37% of the interests in Pentixapharm GmbH, Würzburg. The purchase price for this transaction amounted to €5.7 million and was paid in the third quarter of 2022. The difference between the purchase price and the value of the acquired non-controlling interests was booked against the consolidated profit carryforward.

€ thousand	Carrying amount as at the acquisition date	Remeasurement	Fair value as at the acquisition date
Intangible assets	25,925	0	25,925
Property, plant and equipment	256	0	256
Inventories	0	0	0
Receivables	8	0	8
Other assets	372	0	372
Bank balances on cash on hand	1,193	0	1,193
Liabilities	– 348	0	– 348
Deferred taxes	– 1,044	0	– 1,044
Net assets	**26,362**	**0**	**26,362**
thereof 9.37%	**0**	**0**	**2,470**
Purchase price	– 5,669	0	– 5,669
Interests previous accounted for at equity	0	0	0
Goodwill			**– 3,199**

In the 2022 financial year, Pentixapharm GmbH generated revenue of €31 thousand and had net income of €–4,588 thousand.

Tecnonuclear SA, Buenos Aires, Argentina

On 3 January 2022, Eckert & Ziegler acquired 100% of the interests in the Argentinian nuclear medicine specialist Tecnonuclear S.A., a manufacturer of technetium-99 generators with a portfolio of related biomolecules. Together with the generators, these generic traces are often also referred to as SPECT diagnostics. They constitute the class of nuclear medicine products that is used most frequently worldwide for detecting cancer and cardiovascular anomalies. Tecnonuclear SA, based in Buenos Aires, had 65 employees on the date of acquisition and generated revenue of roughly USD 10 million in 2021. The products were already being marketed by Eckert & Ziegler in Brazil, where they are sold together with the generators as supplies for single-photon emission computed tomography (SPECT). Currently, about 25 million patients a year are examined using SPECT diagnostics, which corresponds to a world market volume of around USD 1.7 billion. With the emergence of new proprietary SPECT tracers, demand is expected to rise significantly, reaching a volume of approximately USD 2.7 billion by 2027. The purchase price (including the price adjustment agreed upon in the purchase contract) of USD 14.4 million was primarily based on the profitability of Tecnonuclear SA, and an initial payment of USD 8.1 million was funded in full from the cash flow of Eckert & Ziegler. The balance of USD 6.3 million will be paid over the next three years. The transaction took place without outside financing. As at 31 December 2022, based on a definitive allocation of the purchase price, the difference between the purchase price and the equity of Tecnonuclear SA, which amounted to €7.2 million, was recognised as goodwill (€3.2 million), customer base (€5.1 million) and other intangible assets (€0.3 million), less deferred taxes of €–1.4 million. As inflation in Argentina in the past three years has cumulatively amounted to more than 100 percent, Argentina is being treated as a hyperinflationary economy in accordance with IAS 29. As a result, all non-monetary items in the balance sheet and in the income statement were adjusted as at 31 December 2022 to account for the high inflation. Allocation of the purchase price based on the estimated fair values of the assets and liabilities was performed as follows:

€ thousand	Carrying amount as at the acquisition date	Remeasurement	Fair value as at the acquisition date
Intangible assets	0	5,401	5,401
Property, plant and equipment	2,616	0	2,616
Inventories	370	0	370
Receivables	2,844	0	2,844
Other assets	527	0	527
Bank balances on cash on hand	484	0	484
Liabilities	–1,076	0	–1,076
Deferred taxes	0	– 1,350	–1,350
Net assets	**5,765**	**4,051**	**9,816**
Purchase price	–12,974		–12,974
Goodwill			**–3,158**

With the acquisition of Tecnonuclear SA, liquid assets amounting to €484 thousand were taken over, meaning that the net cash flow from the acquisition amounted to €–6,691 thousand in 2022. In the 2022 financial year, Tecnonuclear SA generated revenue of €10.6 million and had net income of €–423 thousand.

Myelo Therapeutics GmbH, Berlin

On 15 December 2022, Eckert & Ziegler Strahlen- und Medizintechnik AG acquired all of the interests in Myelo Therapeutics GmbH, Berlin, including the interests (15%) that had previously been held by the subsidiary Eckert & Ziegler Isotope Products GmbH. Myelo Therapeutics GmbH develops innovative therapies in Berlin to address unmet medical needs, such as to combat chemotherapy-induced myelosuppression, radiation-induced myelosuppression and ARS. Acute radiation syndrome (ARS), also known as radiation toxicity or radiation sickness, is an illness that occurs when large parts of the body are exposed to high amounts of radiation. The main characteristic of ARS is the destruction of haematopoietic stem and progenitor cells, one of the main causes of death. Myelo Therapeutics GmbH is receiving funding from the U.S. government and the EU with the aim of developing new medications for treating the harm that ARS causes to the body, e.g. as a result of a nuclear accident. The purchase price for this transaction amounts to €18.1 million, taking into account the warrants held by former owners; of this amount, €6.4 million was paid in cash in the month of December 2022. Based on a provisional allocation of the purchase price, the difference between the purchase price and the value of the acquired non-controlling interests was recognised as goodwill (€5.9 million) and as intangible asset – development (€12.4 million). Myelo Therapeutics GmbH was consolidated at equity up to the date of acquisition and then fully consolidated as at 31 December 2022. The revaluation of the interests when transitioning from at-equity consolidation to full consolidation resulted in other income of €1.6 million

€ thousand	Carrying amount as at the acquisition date	Remeasurement	Fair value as at the acquisition date
Intangible assets	4	12,350	12,354
Property, plant and equipment	5	0	5
Inventories	0	0	0
Receivables	512	0	512
Other assets	467	0	467
Bank balances on cash on hand	943	0	943
Liabilities	–640	0	–640
Deferred taxes	0	–1,485	–1,485
Net assets	**1,291**	**10,865**	**12,156**
Purchase price	–18,087		–18,087
Goodwill			**–5,931**

48 | OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES AND RECEIVABLES

The Group's most important companies issue letters of comfort to third parties in order to secure the liabilities and obligations of affiliated companies (e.g. under leases or as a contract performance guarantee). Directly enforceable maximum-amount guaranties are also provided to secure all claims under surety and credit lines as well as under loan agreements of subsidiaries. The company does not expect any claims under these.

The following events are of importance:

When the German Radiation Protection Act (StrlSchG) entered into force on 1 January 2019, the supervisory authority was given the ability to require the posting of security also for legacy facilities. This security also relates to radioactive materials that originate from handling. In December 2020, Eckert & Ziegler Nuclitec GmbH, as licence holder for the Braunschweig location, was ordered to post security of €8.0 million. In order to avoid tying up liquidity at the overall Group level of Eckert & Ziegler, this security was posted in the form of a letter of comfort from EZAG, which was sent on time to the competent supervisory authority for approval. The draft of this letter of comfort is still awaiting approval by the authorities.

In addition, Eckert & Ziegler Radiopharma GmbH provided a letter of comfort to the lessor of an affiliate, stating it is at all times capable of properly removing the radioactive waste temporarily stored at the leased property or of temporarily storing it elsewhere.

49| SEGMENT REPORTING

The Group has applied IFRS 8 "Operating Segments" since 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 individual segments offer different products and are also organisationally separated by location. The applied accounting standards of the individual segments are consistent with those described in the summary of the main accounting policies (Note 3). Segment information is not consolidated. This corresponds to the information used by the Executive Board as part of 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 settled 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 Europe and in North and South America. Worldwide sales and distribution also takes place from these locations. In addition, the segment offers a variety of services: taking back of radiation sources from customers and receiving low-level isotope technology waste, e.g. from hospitals and other institutions, processing and conditioning of radioactive waste, recycling of isotope technology materials, transport and logistics, provision of service technicians for inspection, maintenance and commissioning of irradiation facilities, professional disposal of waste and restoration. This means that the Isotope Products segment offers the entire range of services relating to radiation sources for medical and industrial purposes.

In the **Medical** segment, the largest share of revenue is generated from pharmaceutical-quality radioactive ingredients that play a diagnostic or therapeutic role as part of a medication. The most important items include the 68Ge/68Ga radionuclide generator GalliaPharm®, which enables the radioactive marking of carrier molecules for the purpose of the sensitive diagnosis of various types of cancers, and the therapeutic isotopes yttrium-90, lutetium-177 and phosphorous-23. Yttrium-90 has a number of uses, such as in the production of radioactive embolic agents for the treatment of liver tumours

In addition, the segment markets products designed for 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 eye applications based on ruthenium-106 or iodine-125 for treating uveal melanoma (eye cancer).

Finally, the Medical segment includes a so-called project business directed at international medication developers, which provides them with support in the development and approval of new radiopharmaceuticals, the manufacture of test batches, and the development of production facilities and the associated infrastructure. The business is grouped around a plant engineering department located in Dresden, whose range of products is supplemented by laboratory equipment, radiosynthesis equipment, quality-control equipment, and consumables, as well as a wide array of services.

The **Other** segment encompasses the items of the holding company Eckert & Ziegler Strahlen- und Medizintechnik as well as those of Pentixapharm GmbH and Myelo Therapeutics GmbH.

SEGMENT REPORTING

	Isotope Products		Medical		Other		Elimination		Total	
€ thousand	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenue from external customers	131,361	95,807	90,868	84,505	31	123	0	0	222,260	180,435
Revenue from other segments	5,220	4,756	395	460	0	0	– 5,615	– 5,216	0	0
Total segment revenue	136,581	100,563	91,263	84,965	31	123	– 5,615	– 5,216	222,260	180,435
Net income/expense from interests measured at equity	275	283	100	364	0	– 295	0	0	375	351
Segment net income/expense before interest and taxes (EBIT)	21,514	16,460	25,465	32,501	– 2,438	– 1,401	0	– 111	44,541	47,449
Interest income/expenses	– 814	– 684	– 509	– 215	– 216	– 164	0	0	– 1,539	– 1,063
Income taxes	– 5,711	– 3,761	– 8,627	– 8,042	1,083	41	0	33	– 13,255	– 11,729
Net income/expense before non-controlling interests	14,989	12,015	16,330	24,244	– 1,571	– 1,524	0	– 77	29,747	34,657

SEGMENT REPORTING

	Isotope Products		Medical		Other		Total	
€ thousand	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Segment assets	209,762	175,933	151,109	132,988	185,782	160,730	546,653	469,651
Elimination of interests, participations, and receivables between segments							–129,816	–121,922
Consolidated total assets							416,837	347,729
Segment liabilities	–113,738	–98,217	–96,192	–69,435	–25,932	–19,717	–235,862	–187,369
Elimination of liabilities between segments							32,654	32,166
Consolidated liabilities							–203,208	–155,203
Participations in associates	1,660	3,575	12,312	11,511	0	0	13,972	15,086
Investments (not including company acquisitions)	10,170	4,017	19,453	20,951	5,005	3,887	34,628	28,855
Scheduled depreciation/amortisation, including right-of-use assets under IFRS 16	–6,169	–5,207	–3,075	–3,285	–1,262	–1,103	–10,506	–9,595
Other material non-cash income (+)/expenses (–)	41	–135	–261	–56	21	282	–199	91

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, BY REGION

€ thousand	**2022**	2021
Germany	109,977	77,574
USA	40,636	37,335
Other	31,523	8,393
Total	**182,136**	**123,302**

EXTERNAL REVENUE, BY GEOGRAPHIC REGION

	2022		2021	
	€ million	%	€ million	%
Europe	95.0	43	85.6	47
North America	78.7	35	63.5	35
Asia/Pacific	22.5	10	19.1	11
Other	26.1	12	12.3	7
Total	222.3	100	180.4	100

The classification by geographical region is based on the headquarters of the recipient of the service. Revenue in North America relates almost exclusively to the USA.

In the 2022 and 2021 financial years, the Group did not have any individual customers that generated more than 10% of total consolidated revenue.

50 | 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 in the course of consolidation and are, therefore, not discussed 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 settled on terms equivalent to those that prevail with unrelated third parties.

(1) Members of the management in key positions

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 – *On other bodies: 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 sales in the Medical segment and for Human Resources), Berlin, businessman – *On other bodies: none*
- **Dr Lutz Helmke** (Member of the Executive Board, responsible for operational issues in the Medical segment), Berlin, PhD in radiochemistry – *On other bodies: none*
- **Dr Hakim Bouterfa** (Member of the Executive Board since 1 January 2023, responsible for clinical development), Hettstadt, academic titles Dipl. hum. biol. and Dr. rer. physiol – *On other supervisory bodies: none*
- **Jutta Ludwig** (Member of the Executive Board since 1 January 2023, responsible for the Asian business of the Eckert & Ziegler Group), Hamburg, economics graduate and sinologist – *On other supervisory bodies: none*

Other members of the management in key positions

- **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 Ambientis Radioproteção, responsible for business development in the Isotope Products segment)
- **Ivan Simmer** (Managing Director and minority shareholder of Eckert & Ziegler Cesio s.r.o.)

Supervisory Board

In the 2022 financial year, the Supervisory Board comprised the following members:

- **Prof. Wolfgang Maennig** (Chairman), Berlin, university professor – *On other supervisory bodies: none*
- **Prof. Helmut Grothe** (Deputy Chairman), Wandlitz, lawyer, professor at the Free University of Berlin – *On other supervisory bodies: none*
- **Albert Rupprecht**, Waldthurn, economics graduate, member of the German Bundestag – *On other supervisory bodies: none*
- **Dr Edgar Löffler**, Berlin, medical physicist – *On other supervisory bodies: none*
- **Jutta Ludwig (until 31 December 2022)**, Hamburg, economics graduate and sinologist – *On other supervisory bodies: none*
- **Frank Perschmann**, Berlin, engineering graduate – *On other supervisory bodies: none*
- **Paola Eckert-Palvarini (since 20 December 2022)**, Wandlitz, physics graduate – *On other supervisory bodies: none*

In 2022 and 2021, the following transactions were conducted with members of the Supervisory Board; all transactions were settled at arm's length:

Eckert & Ziegler AG concluded a consulting agreement with a member of the Supervisory Board in connection with the development of the Group's business activities in China. This agreement resulted in expenses in the 2022 financial year of €8 thousand (previous year: €25 thousand). As at 31 December 2022, there were no outstanding liabilities under this agreement, as was the case in the previous year.

(2) Joint ventures in which the Group is a partner company
Eckert & Ziegler BEBIG GmbH holds 15% of the interests in the associate ZAO NanoBrachyTech. Eckert & Ziegler BEBIG supplies weak radioactive implants to OOO BEBIG, a wholly-owned subsidiary of the joint venture. The revenue of OOO BEBIG in the 2022 financial year amounted to €975 thousand (previous year: €1,400 thousand). As at 31 December 2022, there were no open receivables, and the liabilities of Eckert & Ziegler BEBIG GmbH to OOO BEBIG from advance payments received amounted to €15 thousand (previous year: €40 thousand).

(3) Other related parties

- Eckert Wagniskapital und Frühphasenfinanzierung GmbH (EWK), which holds 30.9% of the shares of Eckert & Ziegler AG and whose principal member, 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.
- Eckert Digital UG (limited liability) (EDUG), which is wholly owned by Eckert Wagniskapital und Frühphasenfinanzierung GmbH.

In 2022 and 2021, the following material transactions were conducted with related parties; all transactions were settled at arm's length:

Eckert Beteiligungen 2 GmbH leased out a production administrative building in Berlin-Buch to Eckert & Ziegler AG. Eckert & Ziegler AG paid rent of €772 thousand in the financial year (previous year: €617 thousand). As at 31 December 2022, due to the application of lease accounting under IFRS16, the balance sheet showed lease liabilities owed to Eckert Beteiligungen 2 GmbH in the amount of €5,640 thousand (previous year: €3,689 thousand).

In the 2022 financial year, Eckert Digital UG (limited liability) provided services in the amount of €20 thousand (previous year: €21 thousand) in connection with the management of a securities account. As at 31 December of the 2022 and 2021 financial years, there were no liabilities to Eckert Digital UG (limited liability).

On 15 December, Eckert & Ziegler AG acquired all interests (98,727 interests) in Myelo Therapeutics GmbH, Berlin. Of these, 41,883 interests (42.4%) were acquired directly from ELSA 2 Beteiligungen GmbH, in part for cash and in part through transfer of 30,000 treasury shares.

The balances for related parties of the Eckert & Ziegler Group with respect to receivables, loan receivables, liabilities and loan liabilities as at 31 December of the 2022 and 2021 financial years were as follows:

€ thousand	2022	2021
Receivables from related parties	0	0
Liabilities to related parties	5,655	3,729

51 | DISCLOSURES CONCERNING THE REMUNERATION OF MEMBERS OF GOVERNING BODIES

In the 2022 financial year, the members of the Executive Board were paid total remuneration of €1,999 thousand (previous year: €4,567 thousand). Of this total remuneration, €949 thousand (previous year: €853 thousand) was attributable to fixed remuneration components and €1,050 thousand (previous year: €3,714 thousand) to variable remuneration components. In the previous year, the variable remuneration components included share-based remuneration that was earned over several years and paid out in the 2021 financial year.

In accordance with an agreement reached with the Supervisory Board, Dr Harald Hasselmann received most of his remuneration in 2021 from the subsidiary Eckert & Ziegler BEBIG GmbH and Dr Lutz Helmke from the subsidiary Eckert & Ziegler Radiopharma GmbH. Since the 2022 financial year, all members of the Executive Board are paid their remuneration directly by Eckert & Ziegler Strahlen- und Medizintechnik AG.

In the 2022 financial year, the members of the Supervisory Board were paid fixed remuneration of €161 thousand (previous year: €126 thousand) and attendance fees of €36 thousand (previous year: €35 thousand). This corresponds to a total expenditure of €197 thousand (previous year: €161 thousand).

The company's remuneration policy for members of governing bodies as well for the Executive Board and the Supervisory Board is set out in the remuneration report. The remuneration report is published separately and is available on our website at: *www.ezag.com > Investors > Corporate Governance.*

52 | EVENTS AFTER THE BALANCE SHEET DATE

There were no events of special significance after the balance sheet date that had a material impact on the Group's net assets, financial position and financial performance.-

53 | TOTAL FEE OF THE GROUP STATUTORY AUDITOR

In the financial year under review, the total fee paid for the services provided by the Group statutory auditor, excluding customary expenses, amounted to €458 thousand (previous year: €416 thousand), of which €415 thousand (previous year: €395 thousand) was attributable to the audit of the annual and consolidated financial statements of EZAG and its various subsidiaries, €38 thousand (previous year: €18 thousand) to other assurance services, and €5 thousand (previous year: €3 thousand) to other services.

54 | 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 Section 161 of the German Stock Corporation Act (AktG) was issued by the Executive Board and the Supervisory Board and made permanently available to shareholders on the Group's website at www.ezag.com

Berlin, 29 March 2023

Eckert & Ziegler Strahlen- und Medizintechnik AG

The Executive Board

Dr. Andreas Eckert | Dr. Harald Hasselmann | Dr. Lutz Helmke | Jutta Ludwig | Dr. Hakim Bouterfa

CONSOLIDATED STATEMENT OF CHANGES IN ASSETS

CHANGES IN ASSETS AS AT 31 December 2022

	Historical costs						
€ thousand	**Balance as at 1 January 2022**	Additions through company acquisitions	Additions	Disposals	Reclassi-fications	Currency translation	**Balance as at 31 December 2022**
NON-CURRENT ASSETS							
I. Intangible assets							
1 Goodwill	39,697	9,089	0	0	0	985	49,771
2 Acquired intangible assets	41,268	5,405	3,752	5,631	101	1,505	46,400
3 Internally generated intangible assets	8,541	12,350	4,044	0	0	0	24,935
4 Advance payments made	100	0	533	0	37	0	670
	89,606	**26,844**	**8,329**	**5,631**	**138**	**2,490**	**121,776**
II. Property, plant and equipment							
1 Land and buildings	29,319	1,956	5,150	2	3,349	2,677	42,449
2 Plant and machinery	58,272	493	3,958	423	3,062	1,492	66,854
3 Other plant and equipment	13,231	172	1,675	689	274	677	15,340
4 Plants under construction	18,872	0	15,517	2,148	–6,823	1,106	26,524
	119,694	**2,621**	**26,300**	**3,262**	**–138**	**5,952**	**151,167**
	209,300	**29,465**	**34,629**	**8,893**	**0**	**8,442**	**272,943**

Depreciation/amortisation						Residual carrying amounts	
Balance as at 1 January 2022	Additions	Disposals	Reclassi-fications	Currency translation	**Balance as at 31 December 2022**	**Balance as at 31 December 2022**	**Balance as at 1 January 2022**
6,087	474	0	0	69	6,630	43,141	33,610
16,682	1,140	5,630	0	490	12,682	33,718	24,586
5,406	51	0	0	0	5,457	19,478	3,135
0	0	0	0	0	0	670	100
28,175	**1,665**	**5,630**	**0**	**559**	**24,769**	**97,007**	**61,431**
8,697	1,213	2	3	1,313	11,224	31,225	20,622
38,865	3,849	423	0	1,174	43,465	23,389	19,407
10,261	1,274	671	–3	487	11,348	3,992	2,970
0	0	0	0	0	0	26,524	18,872
57,823	**6,336**	**1,096**	**0**	**2,974**	**66,037**	**85,130**	**61,871**
85,998	**8,001**	**6,726**	**0**	**3,533**	**90,806**	**182,137**	**123,302**

CHANGES IN ASSETS AS AT 31 December 2021

	Historical costs						
€ thousand	**Balance as at 1 January 2021**	Assets held for sale pursuant to IFRS 5	Additions	Disposals	Reclassi-fications	Currency translation	**Balance as at 31 December 2021**
NON-CURRENT ASSETS							
I. Intangible assets							
1 Goodwill	38,449	0	0	6	0	1,254	39,697
2 Acquired intangible assets	24,130	–2,835	23,214	3,774	–46	579	41,268
3 Internally generated intangible assets	9,646	0	2,540	3,831	186	0	8,541
4 Advance payments made	0	0	240	0	–140	0	100
	72,225	**–2,835**	**25,994**	**7,611**	**0**	**1,833**	**89,606**
II. Property, plant and equipment							
1 Land and buildings	17,179	–54	10,468	590	1,101	1,215	29,319
2 Plant and machinery	51,382	–98	5,068	1,519	2,391	1,048	58,272
3 Other plant and equipment	12,366	–168	1,133	287	0	187	13,231
4 Plants under construction	10,303	0	11,671	49	–3,492	439	18,872
	91,230	**–320**	**28,340**	**2,445**	**0**	**2,889**	**119,694**
	163,455	**–3,155**	**54,334**	**10,056**	**0**	**4,722**	**209,300**

Depreciation/amortisation							Residual carrying amounts	
Balance as at 1 January 2021	Additions	Assets held for sale pursuant to IFRS 5	Disposals	Reclassi-fications	Currency trans-lation	**Balance as at 31 December 2021**	**Balance as at 31 December 2021**	**Balance as at 1 January 2021**
6,001	0	0	0	0	86	6,087	33,610	32,448
18,215	1,266	–1,692	1,634	–35	562	16,682	24,586	5,915
9,147	48	0	3,824	35	0	5,406	3,135	499
0	0	0	0	0	0	0	100	0
33,363	**1,314**	**–1,692**	**5,458**	**0**	**648**	**28,175**	**61,431**	**38,862**
7,689	799	–13	258	0	480	8,697	20,622	9,490
36,072	3,159	–34	1,057	0	725	38,865	19,407	15,310
9,453	1,156	–105	673	0	430	10,261	2,970	2,913
0	0	0	0	0	0	0	18,872	10,303
53,214	**5,114**	**–152**	**1,988**	**0**	**1,635**	**57,823**	**61,871**	**38,016**
86,577	**6,428**	**–1,844**	**7,446**	**0**	**2,283**	**85,998**	**123,302**	**76,878**

INDEPENDENT AUDITOR'S REPORT

To Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF 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), which comprise the consolidated statement of financial position as at 31. December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1. January 2022 to 31. December 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report/combined management report (report on the position of the company and of the group) of Eckert & Ziegler Strahlen- und Medizintechnik AG for the financial year from 1. January 2022 to 31. December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in section “OTHER INFORMATION”.

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

— the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at 31. December 2022, and of its financial performance for the financial year from 1. January 2022 to 31. December 2022, and
— the accompanying combined management report as a whole provides an appropriate view of the group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those parts of the combined management report listed in section “OTHER INFORMATION”.

Pursuant to § 322 (3) sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) letter (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1. January 2022 to 31. December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters to be disclosed in our auditor’s report:

1. Impairment of the Goodwill
2. Valuation of provisions for restoration obligations and provisions for disposal obligations

1. IMPAIRMENT OF THE GOODWILL

Matter

In the consolidated financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG as at 31. December 2022, the goodwill in the amount EUR 43.1 million (10.3 % of the total assets) is reported under “non-current assets”.

Goodwill is allocated to the smallest identifiable cash-generating units at the level, at which the goodwill is monitored for internal management purposes, 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 the Eckert & Ziegler Strahlen- und Medizintechnik AG on goodwill can be found in Note 25 of the notes to the consolidated financial statements.

Auditor’s Response and Observations

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 the 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

Matter

In the consolidated financial statements of the Eckert & Ziegler Strahlen- und Medizintechnik AG as at 31 December 2022, the item “Other non-current provisions” of EUR 62.0 million includes EUR 33.1 million of provisions for restoration obligations. In addition, EUR 26.0 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 EUR 4.6 million of these provisions are recognised under “Other current provisions”.

Subsidiaries of the 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 the 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 39 of the notes to the consolidated financial statements.

Auditor's Response and Observations

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 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 executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the Disclosures to the EU Taxonomy in the Section 5.1 of the combined management report,
- the separately published non-financial statement referred to in Section 5.2 of the combined management report,
- the separately published statement on corporate governance referred to in Section 5.5 of the combined management report,
- the other parts of the annual report, except for the audited consolidated financial statements and combined management report as well as our auditor's report, 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 on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report, or our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have deter-mined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and mis-appropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are 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 as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

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

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

— identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

— obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) 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 audit opinion on the effectiveness of these systems.
— evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
— conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
— evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the group's position it provides.

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

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT, PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 (3A) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report (hereinafter the “ESEF documents”) contained in the electronic file „391200EUDABLUKXCKG48-2022-12-31-de.zip“ and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with Ger-man legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1. Januar 2022 to 31. Dezember 2022 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report/combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

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

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

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

Auditor’s Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

OTHER MATTER — USE OF THE AUDITOR’S REPORT

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format — including the versions to be published in the German Federal Gazette — are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

NOTE ON THE SUPPLEMENTARY AUDIT

We issue this opinion on the consolidated financial statements and the combined management report as well as on the electronic rendering of the consolidated financial statements and the combined management report, which were submitted for audit for the first time, contained in the file "391200EUDABLUKXCKG48-2022-12-31-en.zip" and prepared for disclosure purposes, based on our audit, which was completed on 29 March 2023, and our supplementary audit, which was completed on 14 April 2023, and related to the submission of the ESEF documents for the first time.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the consolidated general meeting on 1 June 2022. We were engaged by the supervisory board on 28 November 2022. We have been the group auditor of the Eckert & Ziegler Strahlen- und Medizintechnik AG without interruption since the financial year 2014.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Alexey Nekhin.

Berlin, 29 March 2023/ Limited to the changes identified in the Note on the supplementary audit: 14 April 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

Pfeiffer
Wirtschaftsprüfer

Nekhin
Wirtschaftsprüfer

SEPARATE FINANCIAL STATEMENTS OF ECKERT & ZIEGLER AG

INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 December 2022

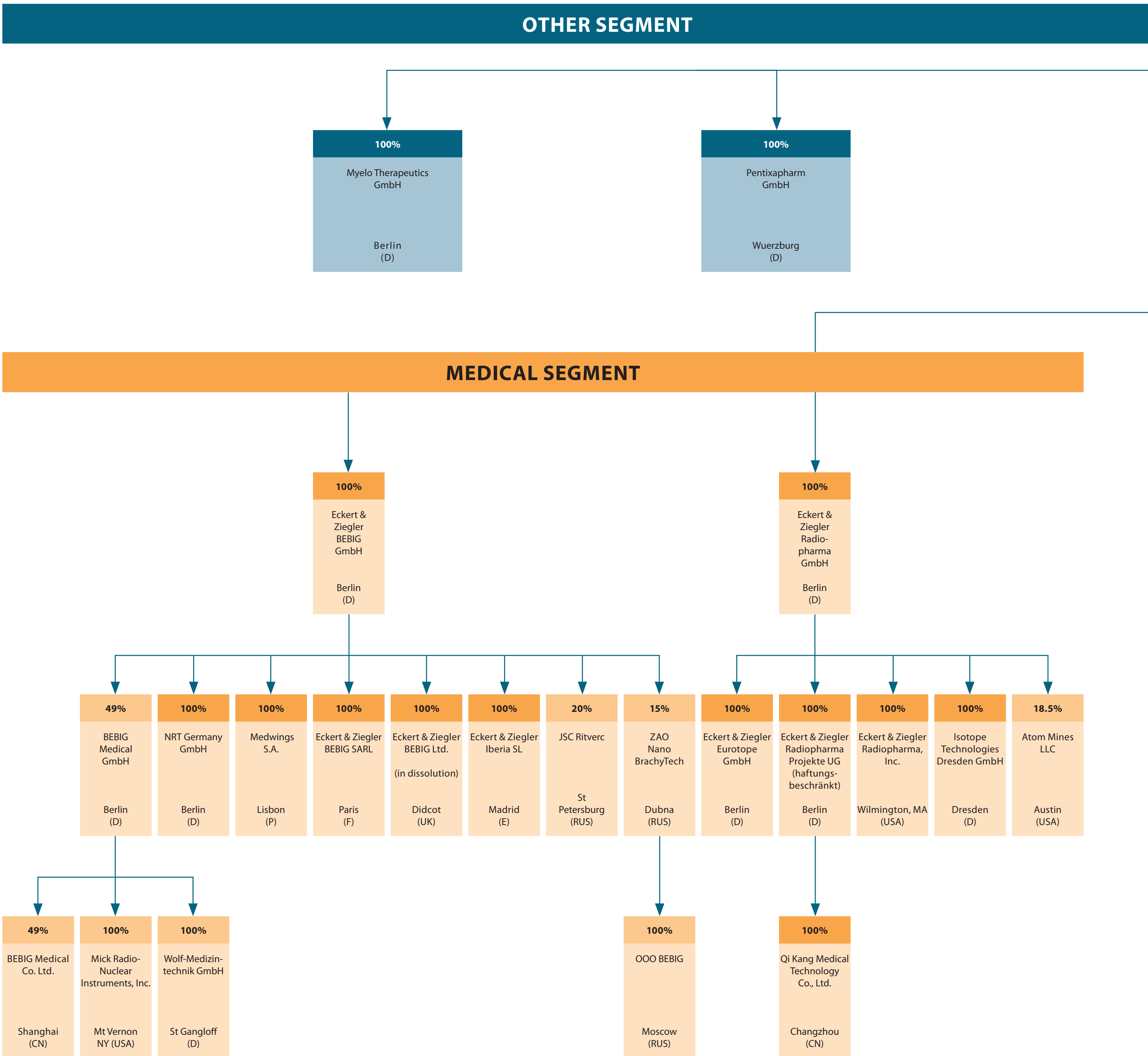
		2021 € thousand	**2022** € thousand
1	Revenue	7,904	9,205
2	Other operating income	335	121
		8,239	**9,326**
3	Personnel expenses		
a)	Wages and salaries	–4,237	–5,143
b)	Social insurance contributions and expenses for pensions and other employee benefits	–496	–583
	thereof for pensions: €14 thousand (previous year: €14 thousand)		
		–4,733	**–5,726**
4	Amortisation/depreciation of intangible non-current assets and property, plant and equipment	–295	–378
5	Other operating expenses	–6,189	–5,585
6	Income from profit transfer agreements	24,059	21,641
7	Income from participations	8,524	16,239
	thereof from affiliated companies: €13,500 thousand (previous year: €6,741 thousand)		
8	Other interest and similar income	0	49
9	Depreciation on financial assets	0	–4,697
10	Expenses from loss transfers	0	–6,116
11	Interest and similar expenses	–88	–125
12	Income taxes	–6,804	–5,722
13	Net income after taxes	22,713	18,906
14	**Net profit for the year**	**22,713**	**18,906**
15	Profit carried forward from the previous year	0	0
16	**Unappropriated profit**	**22,713**	**18,906**
	Appropriation of retained earnings:		
17	Unappropriated profit	22,713	18,906
18	Dividend*	–10,378	–10,398
19	Allocation to retained earnings*	–12,335	–8,508
20	**Profit carried forward to the following year**	**0**	**0**

** subject to the approval of the shareholders*

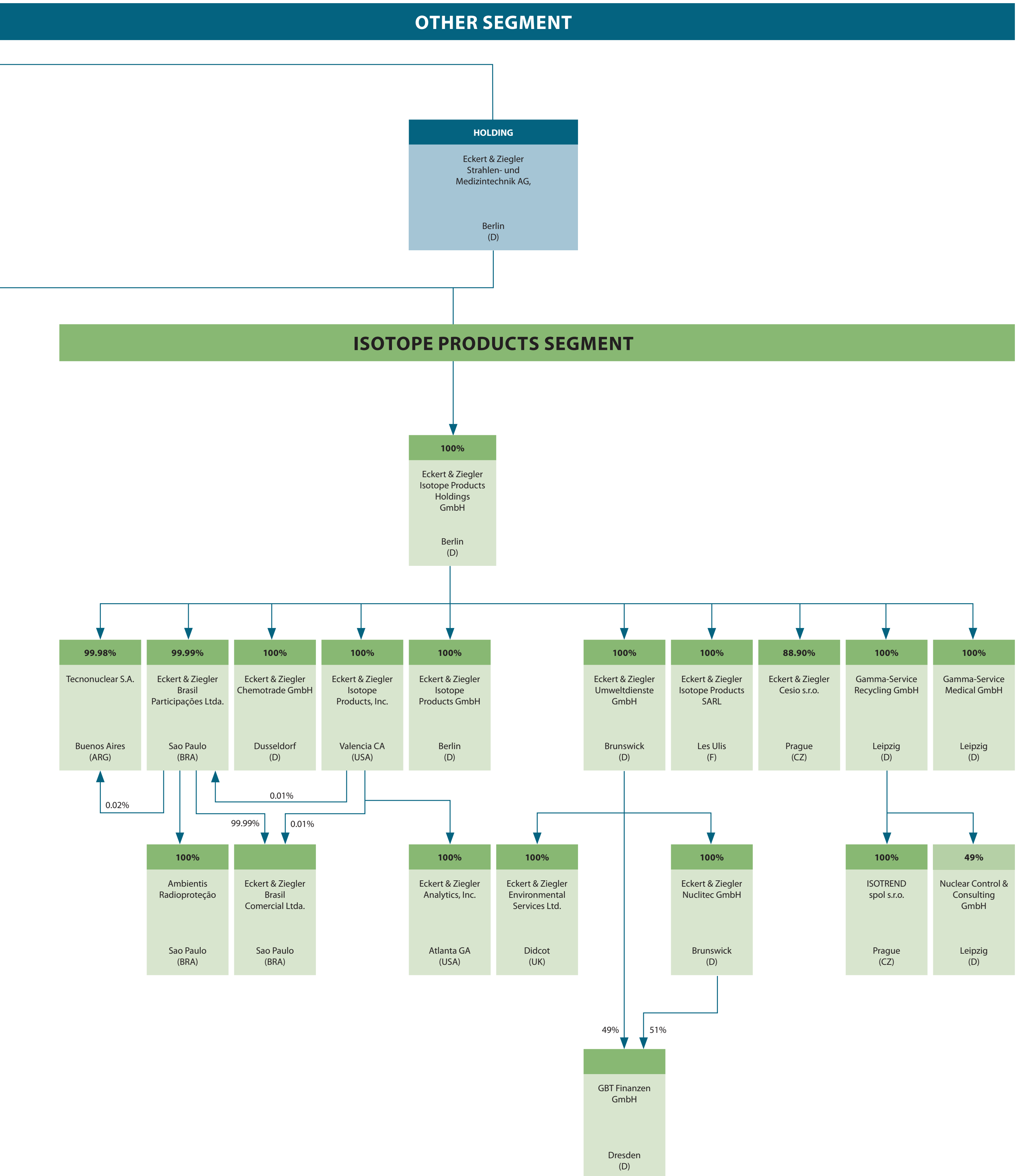
BALANCE SHEET AS AT 31 DECEMBER 2022

	31.12.2021 € thousand	**31.12.2022** € thousand
Assets		
A. Non-current assets		
I. Intangible assets		
1 Licenses acquired against payment, industrial property rights and similar rights and assets, as well as licenses for such rights and assets	456	493
2 Advance payments made	133	83
	589	**576**
II. Property, plant and equipment		
1 Land, land-type rights and buildings	745	762
2 Other plant and equipment	434	499
3 Advance payments made	91	510
	1,179	**1,771**
III. Financial assets		
1 Interests in affiliated companies	103,667	121,665
2 Participations	276	276
	103,943	**121,941**
	105,711	**124,288**
B. Current assets		
I. Receivables and other assets		
1 Trade receivables	0	1
2 Receivables from affiliated companies	24,059	21,645
3 Other assets	548	2,426
	24,607	**24,072**
II. Securities classified as current assets	803	0
III. Balances with financial institutions	9,759	3,273
	35,169	**27,345**
E. Prepaid expenses	**218**	**102**
	141,098	**151,735**
Liabilities		
A. Equity		
I. Subscribed capital	21,172	21,172
less treasury shares	–416	–377
Issued capital	20,756	20,795
II. Capital reserves	68,110	65,119
III. Retained earnings		
other retained earnings	19,370	31,643
IV. Unappropriated surplus	22,713	18,906
	125,949	**136,463**
B. Special item for allocations to non-current assets	**57**	**39**
C. Provisions		
1 Provisions for pensions and similar obligations	272	266
2 Tax provisions	1,505	595
3 Other provisions	3,302	3,252
	5,079	**4,113**
D. Liabilities		
1 Trade payables	254	146
2 Liabilities to affiliated companies	8,646	10,712
3 Other liabilities	1,113	262
(thereof for taxes: €82 thousand; previous year: €63 thousand)		
(thereof in connection with social security: €4 thousand; previous year: €10 thousand)		
	10,013	**11,120**
	141,098	**151,735**

CORPORATE STRUCTURE (AS OF DECEMBER 31, 2022)



Consolidated companies
Investment valued at-equity


OTHER SEGMENT
HOLDING
Eckert & Ziegler Strahlen- und Medizintechnik AG,
Berlin (D)
ISOTOPE PRODUCTS SEGMENT
100%
Eckert & Ziegler Isotope Products Holdings GmbH
Berlin (D)
99.98%
Tecnonuclear S.A.
Buenos Aires (ARG)
99.99%
Eckert & Ziegler Brasil Participações Ltda.
Sao Paulo (BRA)
100%
Eckert & Ziegler Chemotrade GmbH
Dusseldorf (D)
100%
Eckert & Ziegler Isotope Products, Inc.
Valencia CA (USA)
100%
Eckert & Ziegler Isotope Products GmbH
Berlin (D)
100%
Eckert & Ziegler Umweltdienste GmbH
Brunswick (D)
100%
Eckert & Ziegler Isotope Products SARL
Les Ulis (F)
88.90%
Eckert & Ziegler Cesio s.r.o.
Prague (CZ)
100%
Gamma-Service Recycling GmbH
Leipzig (D)
100%
Gamma-Service Medical GmbH
Leipzig (D)
0.02%
0.01%
99.99%
0.01%
100%
Ambientis Radioproteção
Sao Paulo (BRA)
Eckert & Ziegler Brasil Comercial Ltda.
Sao Paulo (BRA)
100%
Eckert & Ziegler Analytics, Inc.
Atlanta GA (USA)
100%
Eckert & Ziegler Environmental Services Ltd.
Didcot (UK)
100%
Eckert & Ziegler Nuclitec GmbH
Brunswick (D)
100%
ISOTREND spol s.r.o.
Prague (CZ)
49%
Nuclear Control & Consulting GmbH
Leipzig (D)
49%
51%
GBT Finanzen GmbH
Dresden (D)

FINANCIAL CALENDAR

March 30, 2023	Annual Report 2022
May 11, 2023	Quarterly Report I/2023
June 7, 2023	Annual General Meeting 2023
June 15–16, 2023	Berenberg Pan-European Discovery Conference, Portugal
August 10, 2023	Quarterly Report II/2023
November 14, 2023	Quarterly Report III/2023
November 27–29, 2023	Equity Forum, Frankfurt

Subject to changes

IMPRINT

PUBLISHER
Eckert & Ziegler
Strahlen- und Medizintechnik AG

DESIGN
Ligaturas GmbH – Reportdesign,
Hamburg, Germany

PHOTOS
Bernhard Ludewig
Wolf Lux

PRINT
SDL Druck, Berlin

CONTACT

Eckert & Ziegler
Strahlen- und Medizintechnik AG

Robert-Rössle-Straße 10
13125 Berlin, Germany
www.ezag.com

Karolin Riehle
Investor Relations

T + 49 30 94 10 84 – 0
F + 49 30 94 10 84 – 112
info@ezag.de

ISIN DE0005659700
WKN 565970

KEY FIGURES

		Change versus previous year	2019	2020	2021	**2022**
Revenue and net income						
Revenue	€ million	+23%	178.5	176.1	180.4	222.3
EBITDA	€ million	–3%	43.2	42.8	57.0	55.5
Depreciation/amortisation	€ million	+14%	11.1	10.7	9.6	11.0
EBIT	€ million	–6%	32.1	32.1	47.4	44.5
EBIT margin	%		18%	19%	26%	20%
Tax rate	%		28%	31%	25%	31%
Net profit for the year after taxes and minority interests	€ million	–15%	22.0	22.6	34.5	29.3
Earnings per share (undiluted)	thousand	–16%	1.07	1.03	1.67	1.41
Cash flow						
Cash flow from operating activities	€ million	+1%	40.4	34.9	33.9	34.3
Liquid assets as at 31 December	€ million	–12%	78.9	87.5	93.7	82.7
Balance sheet						
Equity	€ million	+10%	139.4	146.4	192.5	212.1
Total assets	€ million	+20%	274.2	289.4	347.7	416.8
Equity ratio	%		51%	51%	55%	51%
Net liquidity (liquidity minus loan liabilities)	€ million	–31%	79.0	88.6	87.9	60.3
Employees						
Number of employees on annual average		+13%	778	798	840	946
Number of employees on 31 December		+13%	825	828	866	976
Key stock figures						
Average number of shares in circulation	in millions	0%	20.5	20.6	20.7	20.8
Book value per share as at 31 December	€	+10%	6.8	7.1	9.3	10.2
Dividend*	€	0%	0.42	0.45	0.50	0.50

** Dividend for 2022 to be proposed by the company to the Annual General Meeting*

Figures for 2019 adjusted to account for the stock split in 2020 www.ezag.com

Eckert & Ziegler
Strahlen- und Medizintechnik AG
Robert-Rössle-Str. 10
13125 Berlin, Germany