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ÅRSREDOVISNING

2022-01-01-2022-12-31

för

Bracco Imaging Scandinavia AB
556681-8497

Årsredovisningen omfattar: **Sida**

Förvaltningsberättelse	1-2
Resultaträkning	3
Balansräkning	4-5
Rapport över förändringar i eget kapital	6
Kassaflödesanalys	7
Noter	8-16

FASTSTÄLLELSEINTYG

Undertecknad verkställande direktör i Bracco Imaging Scandinavia AB intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 15/6 2023. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Göteborg den 15/6 -2023

Staffan Rosén

20230502022143

ÅRSREDOVISNING

2022-01-01-2022-12-31

för

Bracco Imaging Scandinavia AB
556681-8497

Årsredovisningen omfattar:	**Sida**
Förvaltningsberättelse	1-2
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Bracco Imaging Scandinavia AB
556681-8497

ÅRSREDOVISNING
FÖR BRACCO IMAGING SCANDINAVIA AB

Styrelsen och verkställande direktören för Bracco Imaging Scandinavia AB avger härmed årsredovisning för räkenskapsåret 2022-01-01-2022-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning
Bolagets huvudsakliga verksamhet består av att sälja och distribuera kontrastmedel och medicinteknisk utrustning. Bolaget fokuserar på bilddiagnostik och finns i alla modaliteter för bildanalys med ett brett spektrum av produkter. En del av bolagets framgång ligger i förmågan att förse kunden med en lösning, snarare än att enbart sälja en produkt. Till exempel utgör vetenskapliga utbildningar en viktig del av bolagets verksamhet till syfte att stödja kunderna.

Verksamheten bedrivs i Sverige, Norge, Danmark och Finland. Företaget har sitt säte i Göteborg.

Ägarförhållanden
Bolaget är sedan 1 september 2010 ett helägt dotterbolag till Bracco Imaging Holding BV (34.143.391) med säte i Nederländerna. Moderbolaget i hela koncernen är Bracco Imaging SpA (00825120157), Milano, Italien.

Väsentliga händelser under räkenskapsåret
Bracco Imaging Scandinavia (BIS) AB har under 2022 utökat verksamheten mot segmentet Nuklearmedicin, som tillför ytterligare bredd till företagets produktportfölj. Helhetslösningen för myokardperfusion inom PET/CT har från 2022 stått för den främsta tillväxten inom bolaget. Då covid-restriktioner fortfarande lät gälla under årets första kvartal har detta inneburit besparingar inom främst marknadsaktiviteter, som inte varit möjliga att genomföra under årets första månader. Försäljningen av medicinteknik inom segment kardiologi/katetrar har under året sett en nedåtgående trend. Detta ledde till att segmentet inte nådde sin fulla potential, jämfört med budget. Inom läkemedelssegmenten röntgen/CT och MR har det däremot varit en uppåtgående trend pga nya kontrakt som lett till ökad omsättning

Utveckling av verksamhet, ställning och resultat

(Tkr)	2022	2021	2020	2019	2018
Nettoomsättning	144 947	118 447	120 633	122 364	106 457
Rörelseresultat	12 635	11 343	7 591	5 159	1 568
Resultat e. finansiella poster	11 273	9 465	7 881	4 864	872
Balansomslutning	97 674	90 726	93 183	86 471	88 105
Soliditet [1]	47,5%	63,3%	60,2%	57,7%	52,4%
Avkastning på eget kapital [2]	24,3%	16,5%	14,1%	10,5%	1,9%
Avkastning på totalt kapital [3]	17,3%	13,2%	10,4%	7,0%	4,0%
Medelantal anställda	12	11	11	11	9

[1] Justerat eget kapital / Balansomslutning. Med justerat eget kapital avses eget kapital + obeskattade reserver med avdrag för uppskjuten skatteskuld.

[2] Årets resultat före skatt / Justerat Eget kapital

[3] (Resultat efter finansiella intäkter och kostnader + räntekostnader) / Balansomslutning

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Väsentliga risker och osäkerhetsfaktorer
Bolagets huvudsakliga kundbas består av offentliga sjukhus vilka under de senaste åren har blivit mycket priskänsliga. Bolagets framgångar har sin grund i att bibehålla starka relationer med kunderna och erbjuda mervärde i all service samt att optimera lagernivåerna, vilket möjliggör att företaget kan utestänga flertalet riskfaktorer. Ytterligare föreligger inga direkta kreditrisker då den offentliga vården har statligt stöd.
Företaget bedriver verksamhet på flera olika geografiska marknader och i olika valutor och är därigenom exponerad för valutarisk. Exponeringen för valutarisk härrör huvudsakligen från betalningsflöden i utländsk valuta, så kallad transaktionsexponering samt från omräkning av balansposter i utländsk valuta. Företagets in- och utflöden består av SEK, DKK, NOK och EUR, och företaget påverkas därmed av förändringar i dessa valutakurser.

I och med långsiktiga kontrakt med flertalet kunder, i form av redan upphandlade anbud, har bolaget säkrat finansiella resurser. Detta gör att styrelsen anser att bolaget har goda förutsättningar att hantera verksamhetens risker med framgång.

Förväntad framtida utveckling
Marknaden för företagets produkter och tjänster utgör en viktig del i den utvecklade världens sjukvård. Utvecklingen och efterfrågan i marknaden går i linje med företagets marknadserbjudande och marknadstillväxten spås bli svag men stabil. Det mesta tyder på att marknaden för bolagets produkter kommer finnas kvar långt fram i tiden.

Till följd av ökade inköpspriser som konsekvens av ökad inflation och händelser i omvärlden, vidtar bolaget åtgärder för att upprätthålla marginaler och minska negativ påverkan på bolagets framtida utveckling.

Efter granskning ser styrelsen att bolaget har tillräckliga resurser för att fortsätta sin operativa verksamhet inom en överskådlig framtid. I enlighet därmed antas fortlevnadsprincipen vid utarbetandet av årsredovisningen och bokslut.

Resultatdisposition
Förslag till dispositioner beträffande vinst (kr)

Till årsstämmans förfogande står följande vinstmedel:

Balanserat resultat	37 300 188
Årets resultat	8 956 026
	46 256 214

Styrelsen föreslår att

till aktieägarna utdelas (1 000 aktier * 12 000 per aktie)	12 000 000
i ny räkning balanseras	34 256 214

Styrelsens yttrande över den föreslagna vinstutdelningen
Styrelsen anser att förslaget är förenligt med försiktighetsregeln i 17 kap. 3 § Aktiebolagslagen enligt följande redogörelse: Styrelsens uppfattning är att vinstutdelningen är försvarlig med hänsyn till de krav verksamhetens art, omfattning och risk ställer på det egna kapitalet, bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Beträffande företagets resultat och ställning i övrigt hänvisas till efterföljande resultat-och balansräkning, rapport över förändringar i eget kapital, kassaflödesanalys samt noter. Alla belopp uttrycks i tusentals svenska kronor där ej annat anges.

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Bracco Imaging Scandinavia AB
556681-8497

RESULTATRÄKNING
(Tkr)

	Not	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Rörelsens intäkter			
Nettoomsättning	4, 5	144 947	118 447
Övriga rörelseintäkter		6 178	3 726
		151 125	**122 173**
Rörelsens kostnader			
Handelsvaror	5	-93 541	-75 917
Övriga externa kostnader	6,7	-29 367	-20 735
Personalkostnader	8	-13 837	-12 505
Avskrivningar av materiella och immateriella anläggningstillgångar		-1 745	-1 673
Rörelseresultat		**12 635**	**11 343**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande intäkter	9	4 273	1 068
Nedskrivningar av finansiella anläggningstillgångar och kortfristiga placeringar			-436
Räntekostnader och liknande kostnader	10	-5 635	-2 510
Resultat efter finansiella poster		**11 273**	**9 465**
Resultat före skatt		**11 273**	**9 465**
Skatt på årets resultat	11	-2 316	-2 051
ÅRETS RESULTAT		**8 957**	**7 414**

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Bracco Imaging Scandinavia AB
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BALANSRÄKNING

(Tkr)

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	12	3 660	3 413
		3 660	**3 413**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	13	311	311
Andelar hos intresseföretag	14	1	1
Uppskjuten skattefordran	15		16
Summa anläggningstillgångar		**3 972**	**3 741**
Omsättningstillgångar			
Varulager m m			
Färdiga varor och handelsvaror		23 581	24 116
		23 581	**24 116**
Kortfristiga fordringar			
Kundfordringar		34 081	24 800
Övriga fordringar		751	422
Förutbetalda kostnader och upplupna intäkter		536	433
		35 368	**25 655**
Kassa och bank	18	**34 753**	**37 214**
Summa omsättningstillgångar		**93 702**	**86 985**
SUMMA TILLGÅNGAR		**97 674**	**90 726**

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Bracco Imaging Scandinavia AB
556681-8497

BALANSRÄKNING

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	16	100	100
		100	**100**
Fritt eget kapital			
Balanserad vinst eller förlust		37 300	49 886
Årets resultat		8 957	7 414
	20	**46 257**	**57 300**
Summa eget kapital		**46 357**	**57 400**
Kortfristiga skulder			
Leverantörsskulder		3 077	1 707
Skulder till koncernföretag		31 955	18 176
Aktuella skatteskulder		1 125	980
Övriga kortfristiga skulder		8 081	6 436
Upplupna kostnader och förutbetalda intäkter	17	7 079	6 027
		51 317	**33 326**
SUMMA EGET KAPITAL OCH SKULDER		**97 674**	**90 726**

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Bracco Imaging Scandinavia AB
556681-8497

RAPPORT ÖVER FÖRÄNDRINGAR I EGET KAPITAL

(Tkr)

	Bundet eget kapital	*Fritt eget kapital*		
	Aktie-kapital	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2021	**100**	**49 823**	**6 163**	**56 086**
Disposition av föregående års resultat		6 163	-6 163	
Årets resultat			7 414	7 414
Utdelningar		-6 100		-6 100
Aktieägartillskott				
Utgående balans per 31 december 2021	**100**	**49 886**	**7 414**	**57 400**

	Bundet eget kapital	*Fritt eget kapital*		
	Aktie-kapital	Balanserad vinst eller förlust	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2021	**100**	**49 886**	**7 414**	**57 400**
Disposition av föregående års resultat		7 414	-7 414	
Årets resultat			8 957	8 957
Årets resultat				
Transaktioner med ägare:				
Utdelningar		-20 000		-20 000
Aktieägartillskott				
Summa transaktioner med aktieägare		**-20 000**		**-20 000**
Utgående balans per 31 december 2021	***100***	***37 300***	***8 957***	***46 357***

Bracco Imaging Scandinavia AB
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KASSAFLÖDESANALYS

(Tkr)	Not	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Den löpande verksamheten			
Rörelseresultat		12 635	11 343
Justeringar för poster som inte ingår i kassaflödet:			
Avskrivningar		1 745	1 673
Realisationsförlust		56	0
Erhållen ränta		278	130
Betald inkomstskatt		-2 155	-1 373
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**12 559**	**11 773**
Kassaflöde från förändringar i rörelsekapital			
Minskning(+)/ökning(-) av varulager		21	1 649
Minskning(+)/ökning(-) av kundfordringar		-9 058	-1 451
Minskning(+)/ökning(-) av övriga kortfristiga fordringar		-432	-325
Minskning(-)/ökning(+) leverantörsskulder		15 377	-5 753
Minskning(-)/ökning(+) av övriga kortfristiga skulder		1 224	82
Kassaflöde från den löpande verksamheten		**19 691**	**5 975**
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-2 152	-1 366
Försäljning av materiella anläggningstillgångar		0	0
Utbetalt aktieägartillskott		0	-331
Kassaflöde från investeringsverksamheten		**-2 152**	**-1 697**
Finansieringsverksamheten			
Utbetald utdelning		-20 000	-6 100
Kassaflöde från finansieringsverksamheten		**-20 000**	**-6 100**
Årets kassaflöde		**-2 461**	**-1 822**
Likvida medel vid årets början		**37 214**	**39 036**
Likvida medel vid årets slut	18	**34 753**	**37 214**

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NOTER

Not 1 Allmän information

Bracco Imaging Scandinavia AB med organisationsnummer 556681-8497 är ett aktiebolag registrerat i Sverige med säte i Göteborg. Adressen till huvudkontoret är Drakegatan 6, vån 7, 412 50 Göteborg. Företagets verksamhet omfattar försäljning och distribuering av kontrastmedel och medicinteknisk utrustning.

Moderföretag i den största koncernen som Bracco Scandinavia AB är dotterföretag till är Bracco Imaging SpA, med säte i Milano, Italien. Moderföretag i den minsta koncernen som Bracco Imaging Scandinavia AB är dotterföretag till är Bracco Imaging Holding BV, med säte i Nederländerna.

Ingen koncernredovisning har upprättats med stöd av Årsredovisningslagen 7 kap. 2 § punkt 1.

Not 2 Redovisningsprinciper och värderingsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("K3").

Intäkter
Intäkter redovisas till det verkliga värdet av den ersättning som erhållits eller kommer att erhållas, med avdrag för mervärdeskatt, rabatter, returer och liknande avdrag.

Bracco Imaging Scandinavia ABs intäkter består i huvudsak av försäljning av kontrastmedel och medicinsk utrustning.

Varuförsäljning
Intäkter från försäljning av varor redovisas när varorna levererats och äganderätten har överförts till kunden, varmed samtliga villkor nedan är uppfyllda:
• företaget har överfört de väsentliga risker och fördelar som är förknippade med varornas ägande,
• företaget inte längre har något sådant engagemang i den löpande förvaltningen som vanligtvis förknippas med ägande och utövar inte heller någon reell kontroll över de sålda varorna,
• inkomsten kan beräknas på ett tillförlitligt sätt,
• det ekonomiska fördelar som är förknippade med transaktionen sannolikt kommer att tillfalla företaget, och
• de utgifter som uppkommit eller som förväntas uppkomma till följd av transaktionen kan beräknas på ett tillförlitligt sätt.

Leasingavtal
Ett finansiellt leasingavtal är ett avtal enligt vilket de ekonomiska risker och fördelar som förknippas med ägandet av en tillgång i allt väsentligt överförs från leasegivaren till leasetagaren. Övriga leasingavtal klassificeras som operationella leasingavtal. Samtliga leasingavtal hos Bracco Imaging Scandinavia AB redovisas enligt reglerna för operationell leasing.

Leasetagare
Leasingavgifter vid operationella leasingavtal kostnadsförs linjärt över leasingperioden, såvida inte ett annat systematiskt sätt bättre återspeglar användarens ekonomiska nytta över tiden.

Utländsk valuta

Företagets redovisningsvaluta är svenska kronor (SEK).

Omräkning av poster i utländsk valuta
Vid varje balansdag räknas monetära poster i utländsk valuta om till balansdagens kurs. Icke-monetära poster, som värderas till historiskt anskaffningsvärde i en utländsk valuta, räknas inte om. Valutakursdifferenser redovisas i rörelseresultatet eller som finansiell post utifrån den underliggande affärshändelsen, i den period de uppstår, med undantag för transaktioner som utgör säkring och som uppfyller villkoren för säkringsredovisning av kassaflöden eller av nettoinvesteringar.

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Ersättningar till anställda
Ersättningar till anställda i form av löner, bonus, betald semester, betald sjukfrånvaro m m samt pensioner redovisas i takt med intjänandet. Beträffande pensioner och andra ersättningar efter avslutad anställning klassificeras dessa som avgiftsbestämda eller förmånsbestämda pensionsplaner. Företaget har endast avgiftsbestämda pensionsplaner. Det finns inga övriga långfristiga ersättningar till anställda.

Avgiftsbestämda planer
För avgiftsbestämda planer betalar företaget fastställda avgifter till en separat oberoende juridisk enhet och har ingen förpliktelse att betala ytterligare avgifter. Företagets resultat belastas för kostnader i takt med att förmånerna intjänas vilket normalt sammanfaller med tidpunkten för när premier erläggs.

Inkomstskatter
Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt
Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Värderingen av uppskjuten skatt baseras på hur företaget, per balansdagen, förväntar sig att återvinna det redovisade värdet för motsvarande tillgång eller reglera det redovisade värdet för motsvarande skuld. Uppskjuten skatt beräknas baserat på de skattesatser och skatteregler som har beslutats före balansdagen.

Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats direkt mot eget kapital. I sådana fall ska även skatten redovisas direkt mot eget kapital.

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Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde efter avdrag för ackumulerade avskrivningar och eventuella nedskrivningar.

Anskaffningsvärdet består av inköpspriset och utgifter som är direkt hänförliga till förvärvet för att bringa den på plats och i skick att användas. Tillkommande utgifter inkluderas endast i tillgången eller redovisas som en separat tillgång, när det är sannolikt att framtida ekonomiska fördelar som är förknippade med posten kommer att tillfalla företaget och att anskaffningsvärdet för densamma kan mätas på ett tillförlitligt sätt. Alla övriga kostnader för reparationer och underhåll samt tillkommande utgifter redovisas i resultaträkningen i den period då de uppkommer.

Avskrivningar på materiella anläggningstillgångar kostnadsförs så att tillgångens anskaffningsvärde, eventuellt minskat med beräknat restvärde vid nyttjandeperiodens slut, skrivs av linjärt över dess bedömda nyttjandeperiod. Om en tillgång har delats upp på olika komponenter skrivs respektive komponent av separat över dess nyttjandeperiod. Avskrivning påbörjas när den materiella anläggningstillgången kan tas i bruk. Materiella anläggningstillgångars nyttjandeperioder uppskattas till:

Maskiner och andra tekniska anläggningar:	
Inventarier, verktyg och installationer	5 år

Bedömda nyttjandeperioder och avskrivningsmetoder omprövas om det finns indikationer på att förväntad förbrukning har förändrats väsentligt jämfört med uppskattningen vid föregående balansdag. Då företaget ändrar bedömning av nyttjandeperioder omprövas även tillgångens eventuella restvärde.

Borttagande från balansräkningen
Det redovisade värdet för en materiell anläggningstillgång tas bort från balansräkningen vid utrangering eller avyttring, eller när inte några framtida ekonomiska fördelar väntas från användning eller utrangering/avyttring av tillgången eller komponenten. När tillkommande utgifter räknas in i anskaffningsvärdet (se ovan) tas det redovisade värdet på de delar som byts ut bort från balansräkningen.

Den vinst eller förlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen är skillnaden mellan vad som eventuellt erhålls, efter avdrag för direkta försäljningskostnader, och tillgångens redovisade värde. Den realisationsvinst eller realisationsförlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen redovisas i resultaträkningen som en övrig rörelseintäkt eller övrig rörelsekostnad.

Nedskrivningar av materiella anläggningstillgångar
Vid varje balansdag analyserar företaget de redovisade värdena för materiella anläggningstillgångar och för att fastställa om det finns någon indikation på att dessa tillgångar har minskat i värde. Om så är fallet, beräknas tillgångens återvinningsvärde för att kunna fastställa värdet av en eventuell nedskrivning. Där det inte är möjligt att beräkna återvinningsvärdet för en enskild tillgång, beräknas återvinningsvärdet för den kassagenererande enhet till vilken tillgången hör.

Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärdet. Verkligt värde med avdrag för försäljningskostnader är det pris som företaget beräknar kunna erhålla vid en försäljning mellan kunniga, av varandra oberoende parter, och som har ett intresse av att transaktionen genomförs, med avdrag för sådana kostnader som är direkt hänförliga till försäljningen. Vid beräkning av nyttjandevärde diskonteras uppskattat framtida kassaflöde till nuvärde med en diskonteringsränta före skatt som återspeglar aktuell marknadsbedömning av pengars tidsvärde och de risker som förknippas med tillgången. För att beräkna de framtida kassaflödena har företaget använt budget och prognoser för de kommande fem åren.

Om återvinningsvärdet för en tillgång (eller kassagenererande enhet) fastställs till ett lägre värde än det redovisade värdet, skrivs det redovisade värdet på tillgången (eller den kassagenererande enheten) ned till återvinningsvärdet. En nedskrivning har omedelbart kostnadsföras i resultaträkningen.

Vid varje balansdag gör företaget en bedömning om den tidigare nedskrivningen inte längre är motiverad. Om så är fallet återförs nedskrivningen delvis eller helt. Då en nedskrivning återförs, ökar tillgångens (den kassagenererande enhetens) redovisade värde. Det redovisade värdet efter återföring av nedskrivning får inte överskrida det redovisade värde som skulle fastställts om ingen nedskrivning gjorts av tillgången (den kassagenererande enheten) under tidigare år. En återföring av en nedskrivning redovisas direkt i resultaträkningen.

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Andelar i koncernföretag
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Andelar i intresseföretag och gemensamt styrda företag
Andelar i intresseföretag och gemensamt styrda företag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. Utdelning från andelar i intresseföretag och gemensamt styrda företag redovisas som intäkt i resultaträkningen.

Finansiella instrument
En finansiell tillgång eller finansiell skuld redovisas i balansräkningen när företaget blir part till instrumentets avtalsenliga villkor. En finansiell tillgång bokas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången upphör, regleras eller när företaget förlorar kontrollen över den. En finansiell skuld, eller del av finansiell skuld, bokas bort från balansräkningen när den avtalade förpliktelsen fullgörs eller på annat sätt upphör.

Vid värdering efter det första redovisningstillfället värderas omsättningstillgångar enligt lägsta värdets princip, dvs. det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kortfristiga skulder värderas till nominellt belopp.

Varulager
Varulager värderas till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Anskaffningsvärdet beräknas genom tillämpning av först- in-först-ut-metoden (FIFU). Nettoförsäljningsvärde är försäljningsvärdet efter avdrag för beräknade kostnader som direkt kan hänföras till försäljningstransaktionen.

I anskaffningsvärdet ingår utgifter för inköp, tillverkning samt andra utgifter för att bringa varorna till deras aktuella plats och skick. I anskaffningsvärdet för en egentillverkad tillgång ingår, utöver sådana kostnader som direkt kan hänföras till produktionen av tillgången, en skälig andel av indirekta tillverkningskostnader.

Likvida medel
Likvida medel inkluderar kassamedel och disponibla tillgodohavanden hos banker och andra kreditinstitut samt andra kortfristiga likvida placeringar som lätt kan omvandlas till kontanter och är föremål för en obetydlig risk för värdefluktuationer. För att klassificeras som likvida medel får löptiden inte överskrida tre månader från tidpunkten för förvärvet.

Aktieägartillskott
Aktieägartillskott som en ägare lämnar redovisas som en ökning av andelens redovisade värde. Aktieägartillskott som en ägare erhåller redovisas direkt i fritt eget kapital.

Kassaflödesanalys
Kassaflödesanalysen visar företagets förändringar av företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar.

Not 3 Viktiga uppskattningar och bedömningar

Viktiga källor till osäkerhet i uppskattningar
Nedan redogörs för de viktigaste antagandena om framtiden, och andra viktiga källor till osäkerhet i uppskattningar per balansdagen, som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under nästa räkenskapsår.

Rabatter
Företaget gör avsättningar för kommande rabattutbetalningar på den svenska och finska marknaden. Vid redovisningen av rabatterna föreligger bedömningar kring storleken på de rabatter som bolaget kommer återkrävas i framtiden varmed det skulle kunna få väsentlig påverkan på redovisningen vid en felaktig bedömning.

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Not 4 Nettoomsättningens fördelning

Nettoomsättning per verksamhetsgren	2022	2021
Försäljning läkemedel	81 358	58 135
Försäljning medicinteknisk utrustning	63 589	60 312
Summa	**144 947**	**118 447**

Nettoomsättning per geografisk marknad	2022	2021
Sverige	46 511	44 820
Finland	14 135	14 118
Norge	28 166	25 141
Danmark	56 135	34 368
Summa	**144 947**	**118 447**

Not 5 Uppgift om inköp och försäljning inom samma koncern

	2022	2021
Inköp	99,1%	99,9%
Försäljning	0,0%	0,0%

Not 6 Upplysning om ersättning till revisorn

	2022	2021
Deloitte AB		
revisionsuppdrag	160	160
Summa	**160**	**160**

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskningen av årsredovisningen och bokföringen, styrelsens och verkställande direktörens förvaltning samt arvode för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

Not 7 Leasingavtal

Operationella leasingavtal - leasetagare
Företaget är leasetagare genom operationella leasingavtal avseende bilar. Summan av årets kostnadsförda leasingavgifter avseende operationella leasingavtal uppgår till 1 414 tkr (968 tkr). Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal förfaller enligt följande:

Förfallotidpunkt:	2022	2021
Inom ett år	832	964
Senare än ett år men inom fem år	1 304	1 262
Summa	**2 136**	**2 226**

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Not 8 Antal anställda, löner, andra ersättningar och sociala kostnader

	2022		2021	
Medeltalet anställda	Antal anställda	Varav antal män	Antal anställda	Varav antal män
	12	4	11	5
Totalt	**12**	**4**	**11**	**5**

	2022-12-31	2021-12-31
Fördelning ledande befattningshavare per balansdagen		
styrelseledamöter	2	2
andra personer i företagets ledning inkl VD	1	1
Totalt	**3**	**3**

	2022		2021	
Löner, andra ersättningar m m	Löner och andra ersättningar	Soc kostn (varav pensions-kostnader)	Löner och andra ersättningar	Soc kostn (varav pensions-kostnader)
	10 166	3 243 (1 000)	9 030	2 916 (955)
Totalt	**10 166**	**3 243** **(1 000)**	**9 030**	**2 916** **(955)**

	2022		2021	
Löner och andra ersättningar fördelade mellan styrelse-ledamöter och anställda	Styrelse och VD (varav tantiem och dylikt)	Övriga anställda	Styrelse och VD (varav tantiem och dylikt)	Övriga anställda
	1 708 (592)	8 458 (1 457)	1 428 (394)	7 602 (945)
Totalt	**1 708** **(592)**	**8 458** **(1 457)**	**1 428** **(394)**	**7 602** **(945)**

Not 9 Övriga ränteintäkter och liknande intäkter

	2022	2021
Kursdifferenser	4 273	1 068
Summa	**4 273**	**1 068**

Not 10 Räntekostnader och liknande kostnader

	2022	2021
Räntekostnader	-11	-9
Kursdifferenser	-5 607	-2 504
Övrigt	-17	3
Summa	**-5 635**	**-2 510**

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Not 11 Skatt på årets resultat

	2022	2021
Aktuell skatt	-2 300	-2 012
Uppskjuten skatt	-16	-39
Skatt på årets resultat	**-2 316**	**-2 051**

Avstämning årets skattekostnad

	2022	2021
Redovisat resultat före skatt	11 272	9 465
Skatt beräknad med skattesats 20,6 %	-2 322	-1 950
Skatteeffekt av ej avdragsgilla kostnader	-28	-129
Skatteeffekt av ej skattepliktiga intäkter	50	67
Summa	**-2 300**	**-2 012**
Årets redovisade skattekostnad	**-2 300**	**-2 012**

Not 12 Inventarier, verktyg och installationer

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	17 689	16 323
Inköp	2 189	1 366
Försäljningar/utrangeringar	-342	0
Utgående ackumulerade anskaffningsvärden	**19 536**	**17 689**
Ingående avskrivningar	-14 276	-12 603
Försäljningar/utrangeringar	145	0
Årets avskrivningar	-1 745	-1 673
Utgående ackumulerade avskrivningar	**-15 876**	**-14 276**
Utgående redovisat värde	**3 660**	**3 413**

Not 13 Andelar i koncernföretag

Ingående anskaffningsvärden	747	416
Lämnade aktieägartillskott	0	331
Utgående ackumulerade anskaffningsvärden	**747**	**747**
Årets nedskrivningar	0	-436
Utgående ackumulerade nedskrivningar	**-436**	**-436**
Utgående redovisat värde	**311**	**311**

Företagets innehav av andelar i koncernföretag

Företagets namn	Kapital-andel	Rösträtts-andel	Antal andelar	Redovisat värde 2022-12-31	Redovisat värde 2021-12-31
Bracco Imaging Baltics OU	100%	100%	0	311	311
Summa				**311**	**311**

Företagets namn	Org.nr	Säte	Eget Kapital	Resultat
Bracco Imaging Baltics OU	11 296 372	Tallin	267	-70

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Not 14 Andelar hos intresseföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärde	1	1
Utgående ackumulerade anskaffningsvärden	**1**	**1**
Utgående redovisat värde	1	1

Not 15 UppskjutenSkatt

	2022-12-31	2021-12-31
Uppskjuten skattefordran		
Inventarier, verktyg, installationer	0	16
Upplupna kostnader och förutbetalda intäkter	0	0
Summa uppskjuten skattefordran		**16**

Uppskjutna skattefordringar värderas till högst det belopp som sannolikt kommer att återvinnas baserat på innevarande och framtida skattepliktiga resultat.

Skattesatsen för beräkning av uppskjuten skatt uppgår till 20,6%.

Not 16 Aktiekapital

Aktiekapitalet består av 1 000 st A-aktier med ett kvotvärde om 100 kr.

Not 17 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Upplupna semesterlöner	512	483
Upplupna sociala avgifter	112	100
Förutbetalda intäkter	769	1 481
Rabattåterbetalningar	3 382	1 921
Upplupen kostnad bonus	1 879	1 280
Upplupen kostnad revision	170	150
Övriga poster	255	612
Summa	**7 079**	**6 027**

Not 18 Likvida medel i kassaflödet

	2022-12-31	2021-12-31
Disponibla tillgodohavanden hos banker och andra kreditinstitut	34 753	37 214
Summa	**34 753**	**37 214**

Not 19 Händelser efter balansdagen

Efter balansdagen har bolaget ingått ett nytt avtal med den finska grossisten avseende övergång till konsignationslager i Finland. Från och med maj månad har bolaget utökat det geografiska området till att nu även inkludera Island. Till detta så har marknadsföringsgodkännande erhållits på den svenska och danska marknaden för den, för bolaget, nya produkten inom Nuklearmedicin. Marknadsföringsgodkännandet innebär möjligheten att aktivt sälja produkten i de två länderna.

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Bracco Imaging Scandinavia AB
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Not 20 Disposition av företagets vinst

Förslag till dispositioner beträffande vinst (Kr)

Till årsstämmans förfogande står följande vinstmedel:

Balanserat resultat	37 300 188
Årets resultat	8 956 026
	46 256 214

Styrelsen föreslår att

till aktieägarna utdelas	12 000 000
i ny räkning balanseras	34 256 214

Göteborg den 31/5 -2023

Enrico Tettamanti
Styrelsens ordförande

Angelo Gaiani

Staffan Rosén
Verkställande Direktör

Vår revisionsberättelse har avgivits den 12 juni 2023

Deloitte AB

Linn Palmgren
Auktoriserad revisor

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Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Bracco Imaging Scandinavia AB
organisationsnummer 556681-8497

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Bracco Imaging Scandinavia AB för räkenskapsåret 2012-01-01 - 2022-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Bracco Imaging Scandinavia ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Bracco Imaging Scandinavia AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

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- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Bracco Imaging Scandinavia AB för räkenskapsåret 2012-01-01 - 2022-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Bracco Imaging Scandinavia AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

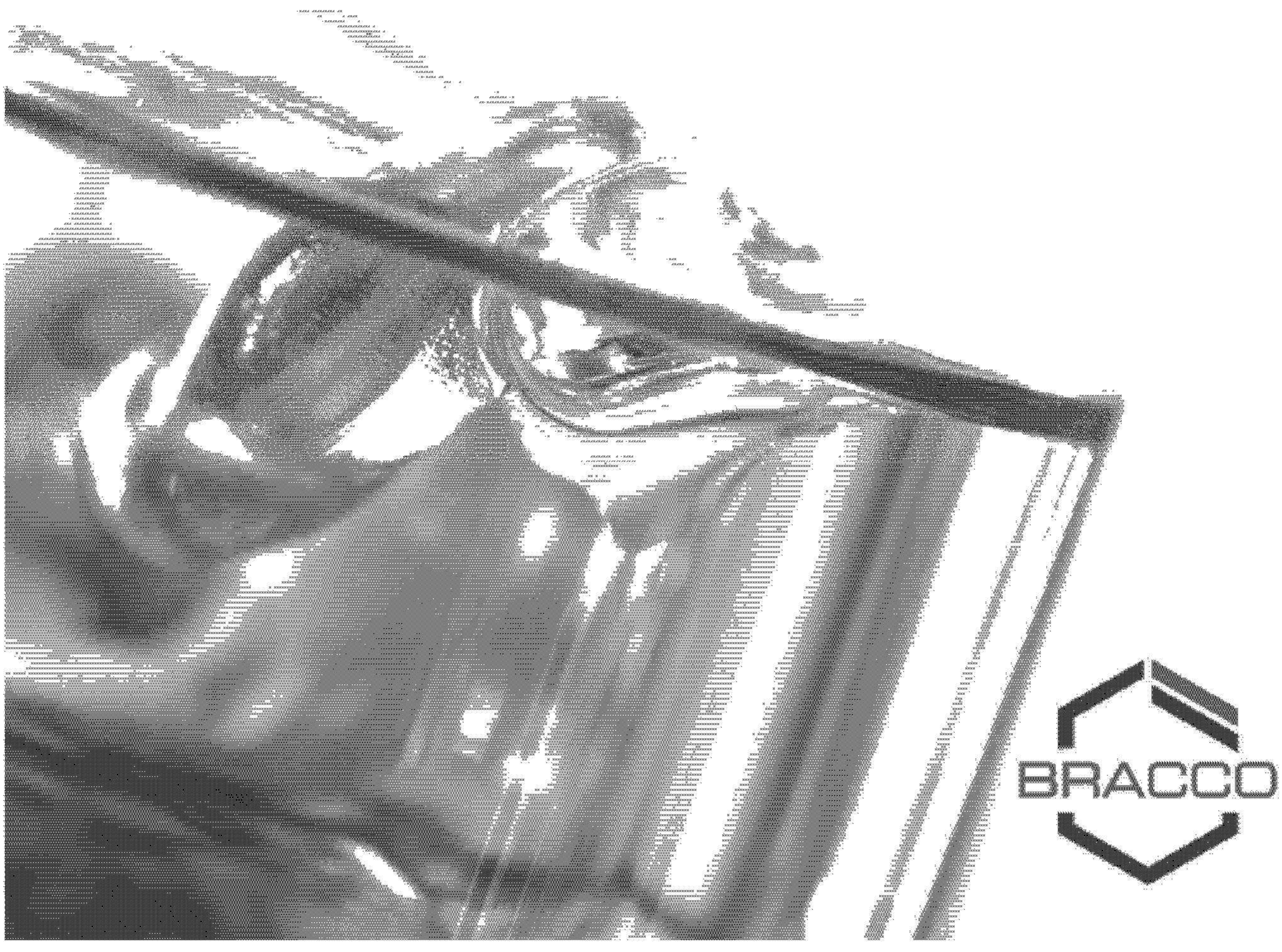
Kalmar den 12 juni 2023

Deloitte AB

Linn Palmgren
Auktoriserad revisor

BRACCO S.p.A.

ANNUAL REPORT 2022



BRACCO S.p.A.

Registered office in Via Folli 50, Milan (Italy)
Share capital €104,000,000 fully paid-in
Milan-Monza-Brianza-Lodi Companies Register number and Tax Code: 00825120157
Chamber of Commerce Business Register: MI - 348182

Disclaimer
The "Business outlook" section of this document contains forward-looking statements about future events and the operating, economic and financial performance of Bracco S.p.A. and the Bracco Group. By their very nature, such forward-looking statements contain an element of risk and uncertainty.

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BRACCO GROUP

DIRECTORS' REPORT

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CORPORATE BODIES

At the date of preparing the present Annual Report, the governing bodies of Bracco S.p.A., the group Parent with sole shareholder, are as follows:

Board of Directors	
Chairman and Chief Executive Officer	Diana Bracco
Directors	Gemma Bracco
	Fulvio Renoldi Bracco
	Mario Cattaneo
	Emma Marcegaglia
	Angelo Provasoli
	Alberto Santa Maria
	Alessandro Spada
	Veronica Squinzi
Board of Statutory Auditors	
Chairman	Angelo Casò
Statutory Auditors	Luca Giovanni Bonanno
	Matteo Caratozzolo
	Paolo Golia
	Cecilia Elena Mottola
Independent Auditors	Deloitte & Touche S.p.A.

OVERVIEW

To our Shareholders,

The year 2022 was characterized by a high degree of instability and uncertainty, with strong tensions on the global macroeconomic front. The factors influencing economic trends in the past year were: (i) escalation of the Russian-Ukrainian conflict, which also revealed the fragility of the European energy market with a consequent surge in related prices, (ii) shortages and difficulties in sourcing raw materials due to the strong upsurge in demand, (iii) transport congestion and (iv) rising inflation. All this dampened those tangible signs of growth that had been slowly consolidating in the early part of the year after overcoming the critical phase of the Covid-19 crisis.

In this context, the Group's market sector nevertheless confirmed an upward trend, fuelled by the steady growth in demand for outpatient and diagnostic services, also because of the need of healthcare facilities to recoup the backlog of procedures accumulating during the pandemic.

Although the Medical Technologies and traditional Imaging segments enjoyed a particularly successful commercial performance, steep increases in the price of raw materials and energy products along with other inflationary effects had a heavy bearing on the Group's production costs and, therefore, on the overall results for the year.

Against this backdrop, financial year 2022 ended with net sales revenue of euro 1,782.5 million, operating profit of euro 122 million, with a margin of 6.8%, and net profit of euro 36.6 million; costs for research and development and medical-scientific activities amounted to euro 147.3 million, while net financial debt stood at euro 665.4 million at the end of the reporting period.

Sales for 2022 were up 5.4% year-on-year, supported by favourable exchange rate trends, particularly the US dollar's appreciation against the euro.

With reference to the Imaging business, the Group's principal market of North America reported revenue for the year, excluding Axumin® sales, of euro 570 million, an increase of 21.6%, or 8.4% at constant exchange rates, across all product lines.

Operations in China, the Group's second largest market, generated euro 179.6 million in revenue, corresponding to growth of 13.5%, or 5.6% at constant exchange rates.

Results in Europe were also good, with sales climbing by 6.3% to euro 302.9 million.

Rest of World sales totalled euro 141 million, up 16.4% at constant exchange rates, mainly driven by growth in Brazil and Mexico.

With regard to Axumin®, an agent primarily marketed in the United States for positron emission tomography (PET) procedures on patients with suspected prostate cancer recurrence, this suffered a more drastic and faster decline in sales than expected, after competing higher-tech products entered the market. Sales of this product slumped to euro 86.9 million, reporting a 60.5% decline (-64.8% at constant exchange rates).

The Medical Technologies business also confirmed signs of strong growth in 2022; revenue of euro 354.1 million was 9.7% higher at constant exchange rates than in the previous year.
In particular, sales of injectors and related consumables for cardiovascular procedures, accounting for around 65% of overall segment revenue, reported an increase of 11%, while systems for radiological procedures grew by 7.7%.

Centro Diagnostico Italiano also enjoyed a good recovery in turnover, after suffering more than the Group's other businesses from the effects of the Covid-19-related health emergency in the previous two years; 2022 ended with revenue of euro 134.6 million, up 7% from the previous year.

The Group's industrial activities operated at full capacity and on a continuous basis, guaranteeing the on-time supply of products to the market, while production costs suffered from the steep price increases for utilities and raw materials (above all iodine); the various investment projects intended to increase site capacity proceeded according to schedule.

In 2022, sales, marketing and medical-scientific support activities resumed on a continuous basis and in person, unlike in the previous year when they had been managed digitally on a remote basis, especially in the first part of the year due to the pandemic.
R&D programs also returned to normal and saw the achievement of important objectives, such as (i) the start of the registration process in the United States for the new biomolecular rhPSMA agent used in diagnosing prostate cancer (ii) the recruitment of the first patients for the clinical development of this product and its therapeutic indication, and (iii) the start of the clinical trial for the development of a new molecular imaging product to visualize the FAP protein, a protein present in most solid tumours.
R&D activities in the Medical Technologies business focused on the design of a new platform for managing cardiology procedures, and the development of a new radiology injector and integrated information systems.

The collaboration with the French company Guerbet S.A. involving Gadopiclenol (trade name Vueway®), a new-generation high-relaxivity macrocyclic contrast agent for Magnetic Resonance Imaging procedures, proceeded with success; in September 2022, the Federal Drug Administration (FDA) approved the product for marketing in the United States, followed by its market launch in February 2023. Meanwhile, activities continued to transfer technology in order to manufacture Gadopiclenol at the Group's Ceriano Laghetto site.

Another important event in the year was the signing of the agreement with the Japanese company Eisai Co. Ltd for the dissolution of the Bracco-Eisai Co Ltd joint venture on 31 March 2023; on that date, Bracco took over the 49% minority interest of the Japanese partner for consideration of approximately euro 1.2 million, and renamed the company Bracco Japan Ltd. The agreement envisages a gradual transfer of the commercial and distribution activities carried out by Eisai to Bracco Japan, which will become fully autonomous as from 1 April 2024.

During the second half of the year, it was decided to discontinue the programs of Heart Leaflet Technologies Inc. (HLT) to develop a percutaneous myocardial valve, and in December 2022, the related intellectual property rights were transferred to a US company for consideration of USD 20 million. HLT's results are therefore presented in a separate line of the statement of profit or loss ("Profit (loss) from discontinued operations"), which reports a total net expense of euro 31.7 million.

The Group's EBITDA in 2022 amounted to euro 306.3 million, with a margin of 17.2%, down from the previous year (20.9%) due to the contraction in Axumin® sales and the increase in production costs.

No particular critical situations arose on the financial front, with the healthy level of cash flow generated by operations making it possible to finance the major investments made during the year in the Group's production sites and the dividend distribution. The revaluation of cash balances denominated in foreign currencies (mainly the US dollar) and the positive mark-to-market of financial instruments helped reduce the Group's net debt to euro 665.4 million from euro 719.4 million at the end of 2021.

Regarding exchange rate trends, the average euro/dollar exchange rate during 2022 was 1.05, reflecting a major strengthening of the US dollar against the European currency (+11% versus 2021). This strengthening, also driven by inflation, contributed positively to the Group's results.

In 2022 we reached an important milestone: the 95th anniversary of the birth of our Group. One of the many initiatives organized was the birth of the Bracco Digital Historical Archive. A unique bilingual website with innovative storytelling, engaging podcasts and hundreds of videos, photos and unpublished documents to

discover. An incredible journey through time, divided into 5 sections - Family, Company, Innovation, Sustainability and Culture.

Investing in corporate heritage is a strategic driver and something that makes the company unique and inimitable: heritage reinforces corporate identity and culture, cements people's sense of belonging and engagement, and provides a compass for the work of the future.

As we know, history shapes the future, and having memory of past events is an indispensable ingredient in order to be able to strive for change and continuous improvement.

FINANCIAL HIGHLIGHTS

(€/000)	**2022**	**2021 restated [3]**	**% Change**
Sales revenue	1,782,470	1,691,176	*5.4%*
EBITDA [1]	306,314	354,194	*-13.5%*
% sales	*17.2%*	*20.9%*	
Operating profit	122,020	233,985	*-47.9%*
% sales	*6.8%*	*13.8%*	
Profit before tax	107,176	204,372	*-47.6%*
% sales	*6.0%*	*12.1%*	
Profit from continuing operations	68,349	142,638	*-52.1%*
% sales	*3.8%*	*8.4%*	
Profit for the year	36,603	130,495	*-72.0%*
% sales	*2.1%*	*7.7%*	

(€/000)	**31-Dec-2022**	**31-Dec-2021**	**Change**
Net invested capital	**1,706,121**	1,622,877	83,244
Equity	**1,040,700**	903,520	137,180
of which attributable to non-controlling interests	**29,168**	29,828	(660)
Net financial debt	**665,421**	719,357	(53,935)

(€/000)	**2022**	**2021**	**% Change**
Capital expenditure [2]	144,668	150,210	-3.69%
R&D expenses	147,305	161,525	-8.80%
Employees (at year end)	3,647	3,730	-2.23%

[1] EBITDA is defined as earnings for the reporting period before amortization, depreciation and impairment, finance income and costs, write-downs and revaluations of equity investments and income taxes.

[2] Capital expenditure refers to additions to Property, plant and equipment and Intangible assets, excluding leased assets.

[3] During 2022, the programs of Heart Leaflet Technologies Inc. (HLT) to develop a percutaneous myocardial valve were discontinued. the results of these activities, for 2022 and the previous year, have been classified in "Profit (loss) from discontinued operations".

MACROECONOMIC SCENARIO

Global economic activity slowed in 2022 as a consequence of Russia's invasion of Ukraine and the ongoing pandemic in China. The signs of rising inflation and commodity supply bottlenecks, already apparent in the second half of 2021, were exacerbated by war and further increases in energy and consumer product prices. Most advanced economy central banks pre-empted the normalization of monetary policies expected in 2023 by introducing restrictive measures after more than a decade of actions to support economic growth.

The US economy was impacted by a sharp first-half slowdown: GDP declined by 1.6% in the first three months of the year, following exceptional 5.9% growth in 2021.
Against a backdrop of rising inflation, peaking at 9.1% in June, the Federal Reserve initiated a series of monetary policy interventions, including a sharp hike in interest rates, which increased by 4.25% over the course of the year. Despite this forceful intervention, the North American economy recovered strongly in the second half of the year, during which GDP growth was estimated to be near on 3% and unemployment close to historic lows.

The Chinese economy was affected by the worsening epidemiological situation in the first part of the year, while lockdowns in some of the largest urban areas, ordered in March and continuing for most of the spring, together with turmoil in the real estate sector, led to an abrupt slowdown in economic activity. GDP growth plunged from 8.1% in 2021 to 3% in the year just ended.
In contrast with the stance of western central banks, China's central bank took multiple steps to support the economy, loosening monetary policy with a 15 bp cut in interest rates (from 3.80% to 3.65%)

In the Eurozone, economic activity grew in the first half of the year, only to stagnate in the second half, affected above all by rising energy prices and heightened uncertainty. Inflation rose steadily throughout 2022, reaching an all-time high in October of more than 10%.
The Governing Council of the European Central Bank reacted by initiating a series of actions to counter inflation, including by raising the official benchmark interest rates from 0% to 2.5% in just six months starting from July.
Despite the restrictive monetary policies, Eurozone growth is estimated to have increased by 3.5% in 2022, regardless of a difficult second half of the year.

In Italy, GDP growth was higher than expected at an estimated 3.9%, supported by domestic demand. According to Bank of Italy estimates, economic activity weakened in the fourth quarter, due to persistently high energy prices and the waning of the recovery in sectors hardest hit by the pandemic (trade, transport and hospitality services).

Unemployment data are positive: the growth of permanent jobs continued, supported by numerous transformations of temporary contracts activated during 2021. The unemployment rate estimated in December was a historic low of 7.8%: the decline reflects the reduction in the working-age population, not offset by changes in the participation rate, which reported a marginal increase only in the over-50 age group.

GROUP PERFORMANCE AND RESULTS

Introduction

The comments on operating performance provided below refer to the reclassified statement of profit or loss, which best represents the Group's key results.

The intermediate result represented by EBITDA is a measure used by the Group to monitor and assess operating performance and is not defined as an accounting measure by international accounting standards. Therefore, the method applied by the Group to determine it may not be consistent or comparable with that adopted by other industry players. EBITDA can be reconciled with the Operating profit reported in the consolidated statement of profit or loss by simply reclassifying line items shown on the face of this statement, in particular those relating to depreciation, amortization and impairment of property, plant and equipment and intangible assets.

During 2022, the programs of Heart Leaflet Technologies Inc. (HLT) to develop a percutaneous myocardial valve were discontinued and the related intellectual property rights were transferred to a US company in December for USD 20 million; the results of these activities, for 2022 and the previous year, have been classified in "Profit (loss) from discontinued operations".

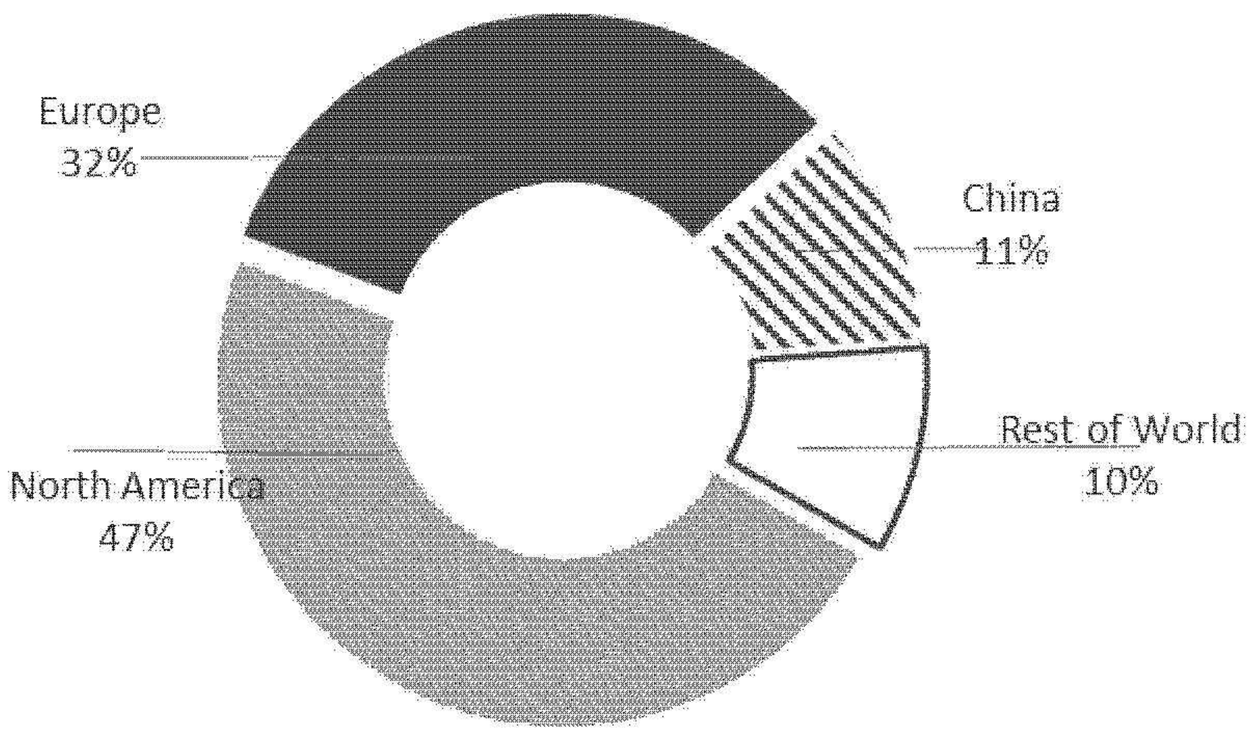
Net debt is determined as the algebraic sum of: Bank debt (non-current and current portion), Financial debt and liabilities (non-current and current portion), Current and non-current financial assets and Cash and cash equivalents. Please refer to Note 41 "Net financial debt" for the reconciliation with the amount required for presentation by the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138).

GROUP SALES PERFORMANCE

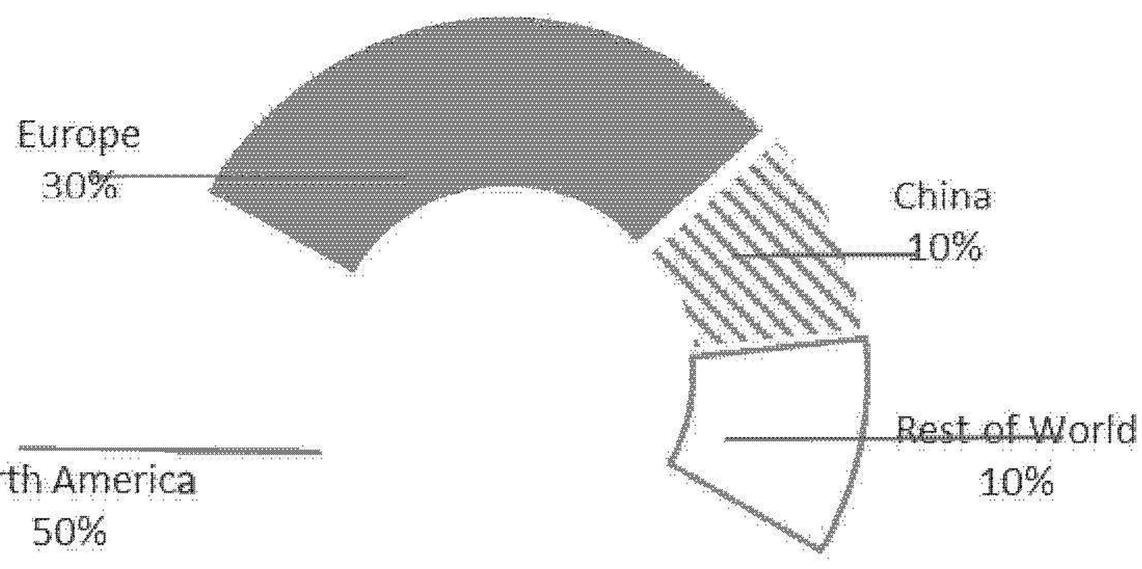
The breakdown of 2022 sales by geographical area and business, compared with the previous year, is as follows:

SALES BY GEOGRAPHICAL AREA

2022 – *Euro 1,782.5 million*

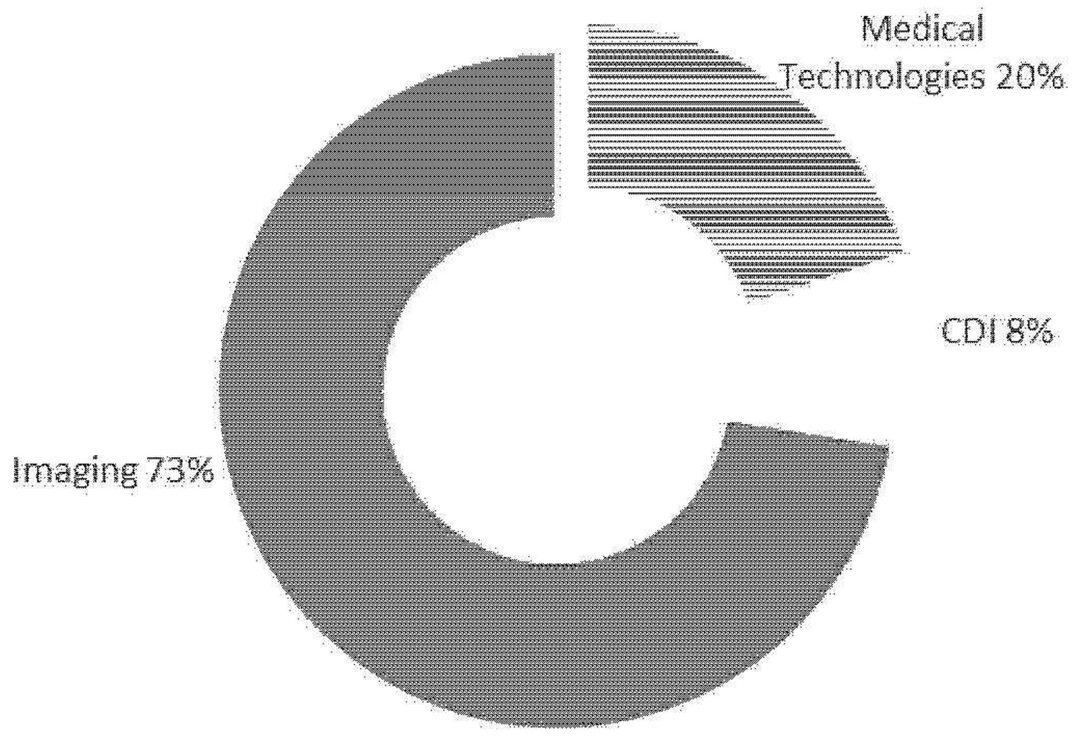


2021 – *Euro 1,691.2 million*

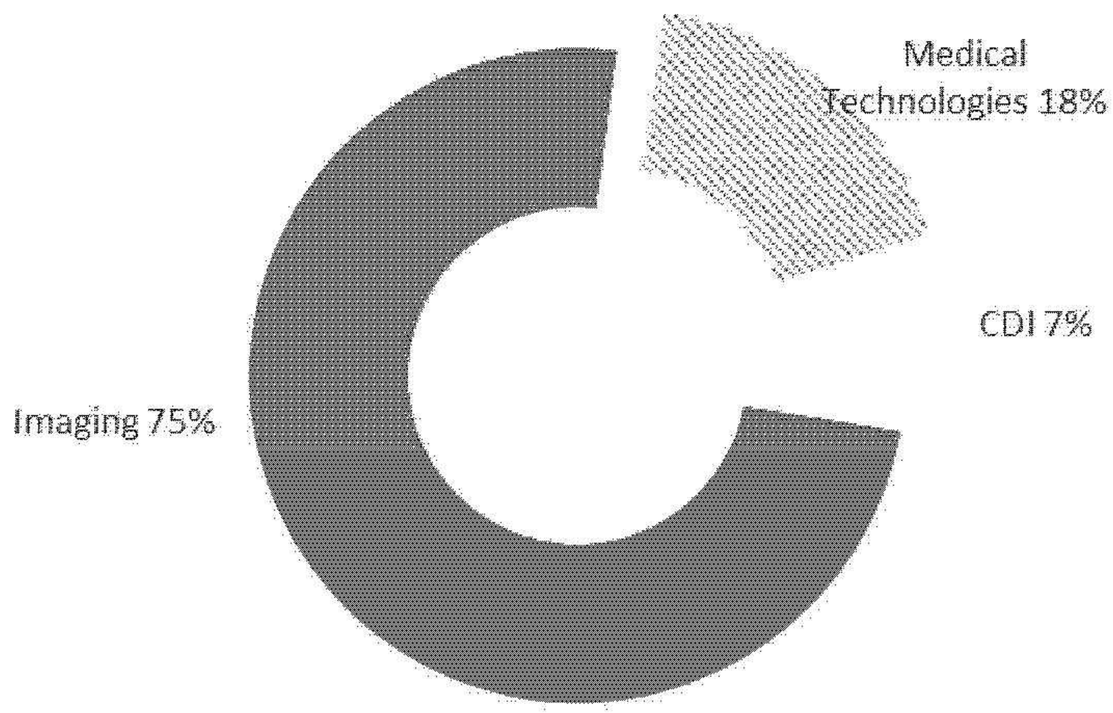


SALES BY BUSINESS

2022 – Euro 1,782.5 million



2021 – Euro 1,691.2 million



Financial year 2022 ended with overall sales of euro 1,782.5 million, up 5.4% on the previous year (in line with the previous year at constant exchange rates).

(€/000)	**2022**	**%**	**2021**	**%**	**Change**	**%**
Imaging	1,293,278	**72.6%**	1,261,702	*74.6%*	31,576	*2.5%*
Medical Technologies	354,638	**19.9%**	303,752	*18.0%*	50,886	*16.8%*
Centro Diagnostico Italiano	134,554	**7.5%**	125,722	*7.4%*	8,832	*7.0%*
Total	**1,782,470**	***100.0%***	**1,691,176**	***100.0%***	**91,294**	***5.4%***

(€/000)	**2022**	**%**	**2021**	**%**	**Change**	**%**
North America	845,498	**47.4%**	838,014	*49.6%*	7,484	*0.9%*
Europe	577,006	**32.4%**	539,112	*31.9%*	37,894	*7.0%*
China	190,036	**10.7%**	167,028	*9.9%*	23,008	*13.8%*
Rest of World	169,928	**9.5%**	147,022	*8.7%*	22,907	*15.6%*
Total	**1,782,470**	**100.0%**	**1,691,176**	***100.0%***	**91,294**	***5.4%***

I. IMAGING AGENTS

Market trend

During 2022, the market for Imaging Agents confirmed the expansionary trend that had already begun in 2021, after the previous year's decline in the face of the Covid-19 pandemic.

The increase in average age and therefore life expectancy is leading to a growing need for preventive diagnosis and monitoring of chronic diseases, with a consequent growth in the number of diagnostic procedures and therefore in the use of Imaging Agents, products that are vital for managing serious diseases.

The individual geographical areas experienced differing trends depending on the occurrence of the various "waves" of the pandemic, but they grew significantly overall, even in places like China, which suffered significant impacts even in 2022.

The Group's operating segments cumulatively saw a major increase in volumes, albeit with significantly different growth rates between the various modalities.

Contrast agents for X-Ray/CT procedures increased by 4% on 2021, those for MRI procedures by 7%, and those for Ultrasound procedures by more than 16%, thus all returning to pre-Covid levels.

More modest increases were recorded for oncological Nuclear Medicine PET (Positron Emission Tomography) procedures, where growth was only 2% after new products came onto the market.

The sector of automatic contrast agent injection systems and related consumables made good progress, posting strong growth, since the purchase of these devices is not strictly linked to general trends.

Sales by geographical area

(€/000)	**2022**	**2021**	**Change**	
North America	662,486	693,930	(31,444)	*-4.5%*
Europe	308,826	290,349	18,478	*6.4%*
China	179,574	158,207	21,366	*13.5%*
Rest of World	142,392	119,216	23,176	*19.4%*
Total	**1,293,278**	**1,261,702**	**31,576**	***2.5%***

The North American market posted particularly satisfactory results for "traditional" Imaging Agents, which recorded revenue of euro 570 million (+8.4% at constant exchange rates), thanks to the general increase in volumes, in part fuelled by the main competitor's temporary shortage of products and by the initial positive impacts of sales price increases. However, the aforementioned major slump in Axumin® sales led to a 15% contraction in overall sales in this market, at constant exchange rates.

In China, the Group's second largest market, 2022 performance was affected by the continuing pandemic and the various lockdowns implemented on several occasions throughout the country; the year nonetheless closed with 5.6% growth at constant exchange rates, driven by (i) the core Non-Ionics segment (+3.5%), despite the penalization of Iopamidol following its inclusion in the Volume Based Procurement bidding procedure[1], (ii) the Ultrasound segment (+5.4%) and (iii) Magnetic Resonance products (+22.2%).

Revenue growth in Europe was also good (+6.2% at constant exchange rates), driven by increased volumes in the Imaging Agents market; the performance in Italy, Germany, Great Britain, and Eastern Europe was particularly positive.

[1] drug procurement rules, designed to promote local generic substitutes, thus reducing market prices.

Rest of World sales rose by 16.4% (at constant exchange rates), with particularly significant contributions from South Korea (+9.1%) and Latin America (+38.7%); positive growth was also recorded in Japan (+8.3%), albeit restrained by the annual price cuts ordered by the local authorities.

Sales by Modality

(€/000)	**2022**	**2021**	**Change**	
X-ray/CT scan	739,590	649,201	90,389	*13.9%*
Nuclear	249,051	350,601	(101,549)	*-29.0%*
MRI	168,781	146,598	22,182	*15.1%*
Ultrasound	123,894	103,111	20,783	*20.2%*
Other	11,963	12,192	(229)	*-1.9%*
Total	**1,293,278**	**1,261,702**	**31,576**	***2.5%***

The core products of Non-Ionic contrast agents for X-ray/CT procedures saw a 7.3% increase in sales at constant exchange rates; the most important geographical markets were North America, China, Italy and France.

The Nuclear Medicine segment, in which the Group operates mainly in the North American market, was affected by the steep contraction of Axumin®, only partially offset by the good results of Kinevac® (+35.9%) and CardioGen® (+5.6%).

The MRI segment, with sales of euro 168.8 million, achieved year-on-year growth of 7.1%, reflecting increases by both ProHance® (+8.4%) and MultiHance® (+6.9%).
The markets displaying the most positive signs were, once again, North America, China and France.

Ultrasound sales climbed 20.1% on the previous year to reach euro 123.9 million; in particular, Lumason® continued to grow successfully in North America (+21.7%), accompanied by growth in China (+5.4%) and Europe (+7.2%).

II. MEDICAL TECHNOLOGIES

During 2022, the Medical Technologies segment strengthened its steady expansion of injection systems and medical devices, both for diagnostics (+15.2%) and cardiovascular surgery (+17.8%).

This growth, at constant exchange rates, came from all the major markets: Europe +7.8%, North America +13.1% and Asia, where positive results were achieved in China (+9.9%).

(€/000)	**2022**	**2021**	**Change**	
North America	182,910	144,183	38,727	*26.9%*
Europe	133,599	123,132	10,466	*8.5%*
Rest of World	38,130	36,437	1,693	*4.6%*
Total	**354,638**	**303,752**	**50,886**	***16.8%***

(€/000)	**2022**	**2021**	**Change**	
Cardiovascular	216,700	183,847	32,853	*17.9%*
Radiology	137,938	119,905	18,033	*15.0%*
Total	**354,638**	**303,752**	**50,886**	***16.8%***

The Cardiovascular segment saw marked development in North America (+16.2%) and Europe (+8.3%), partly due to the increase in sales prices; in the Radiology segment, however, growth was driven by increased volumes in the North American market (+8.6%) and in European countries (+7.2%).

Production activities in 2022 were affected by the congestion of transportation routes from Asian markets to North America and the sharp increase in purchase prices of some materials (plastics, resins, components); the effects on product availability were partly mitigated by careful supply chain management.

III. CENTRO DIAGNOSTICO ITALIANO

After a 2021 marked by the strong resumption of operations in the second half of 2021 following the easing of Covid-19 restrictions and the efforts to strengthen the CDI presence in the Milan and Lombardy area, 2022 saw a gradual consolidation of services provided and the launch of new initiatives.

In terms of revenues, FY2022 closed with more moderate but still positive growth.

(€/000)	**2022**	**2021**	**Change**	
Private patients	28,068	28,086	(18)	*-0.1%*
Medical benefit plans	55,900	52,568	3,332	*6.3%*
Institutions and companies	14,415	14,352	63	*0.4%*
National health service	36,171	30,716	5,455	*17.8%*
Total	**134,554**	**125,722**	**8,832**	***7.0%***

FY2022 posted turnover of euro 134.6 million, up 7% on the previous year despite being affected by the decline in Covid-19-related services (swabs, serological tests), consistent with the evolution of the pandemic.

Different trends characterized the various types of business, in particular:

- services requested through health and insurance plans, which are closely linked to employee healthcare benefits, posted 6.3% growth in revenue, confirming themselves as a useful vehicle for ensuring greater accessibility to care and for alleviating the costs of private health care borne by patients;
- services accredited with the Italian national health service saw a 17.8% increase, partly due to the difficulties of public facilities in catching up with those outpatient services that had been postponed during the pandemic;
- services for paying customers and businesses reported stable results.

REVIEW OF GROUP RESULTS

(€/000)	2022	2021 restated	Change	
Net revenue	**1,782,470**	**1,691,176**	**91,294**	**5.4%**
Purchases and change in inventories	(489,508)	(376,350)	(113,158)	30.1%
Employee costs	(401,963)	(384,907)	(17,056)	4.4%
Services	(557,781)	(554,522)	(3,259)	0.6%
Other income (expense)	(26,904)	(21,203)	(5,701)	26.9%
EBITDA	**306,314**	**354,194**	**(47,880)**	**-13.5%**
% Net revenue	*17.2%*	*20.9%*		
Depreciation, amortization, impairment/impairment reversals	(184,294)	(120,210)	(64,083)	53.3%
Operating profit	**122,020**	**233,985**	**(111,964)**	**-47.9%**
% Net revenue	*6.8%*	*13.8%*		
Equity investment adjustments	(247)	(874)	627	-
Net finance costs	(14,597)	(28,739)	14,141	-49.2%
Profit before tax	**107,176**	**204,372**	**(97,196)**	**-47.6%**
% Net revenue	*6.0%*	*12.1%*		
Income tax	(38,827)	(61,734)	22,907	-37.1%
Profit from continuing operations	**68,349**	**142,638**	**(74,290)**	**-52.1%**
Loss from discontinued operations	(31,746)	(12,143)		
Profit for the year	**36,603**	**130,495**	**(93,892)**	**-72.0%**

EBITDA amounted to euro 306.3 million (17.2% of revenue), down by euro 47.9 million on 2021; the drop in profitability is attributable to the sharp reduction in Axumin® sales, the increase in raw material prices (iodine first and foremost) and in utility costs, and higher commercial costs following the resumption of full operations with the lifting of the Covid-19 restrictions affecting 2021.

Production activities were carried out efficiently, ensuring continuous and on-time deliveries to the markets; greater absorption of site capacity and improved yields only partially offset the significant increase in production costs caused by the sharp prices rises for electricity and steam (+euro 11 million) and raw materials (+euro 44 million).

The utility crisis has given strong impetus to the Group's energy transition program; among the various initiatives launched in 2022 was the Group's membership of the "Renewability" consortium for renewable energy generation, whose objective is to invest in photovoltaic parks in Italy, due to be built during 2023.

In 2022, sales, marketing and medical-scientific support activities returned to being carried out in person, unlike in the previous year when they had been mainly managed via digital platforms, especially in the first part of the year.

Investment in R&D amounted to euro 147.3 million. Among the activities of the various R&D programs, progress was made in registering the rhPSMA product for the indication of prostate cancer; also with reference to rhPSMA, other initiatives are underway to recruit patients for the trial of its therapeutic indication. Also worth mentioning is the start of the trial in Italy of a molecular imaging product for the visualization of the FAP protein, which is present in most solid tumours.

In the Medical Technologies area, work continued on developing new-generation automatic administration systems and integrated solutions for device and software optimization in order to offer ever more advanced tools for managing records and image acquisition.

A strong focus on spending, the introduction of special measures to control costs, and some one-off items made it possible to keep operating costs in line with the previous year, on a constant exchange rate basis, and thus absorb the growing inflationary pressures.

As already mentioned, in September 2022 the Federal Drug Administration gave its approval to the US marketing of Gadopiclenol, developed in collaboration with Guerbet S.A., while activities are in progress to transfer technology in order to manufacture this contrast agent directly in the Group's plants.

Operating profit came to euro 122 million, reporting a decrease from euro 234 million in 2021, partly reflecting higher amortization and depreciation and the impairment of certain tangible and intangible assets that showed evidence of impairment during the year. Testing of the recoverable value of these assets revealed the need to recognize overall impairment losses of euro 53 million, of which euro 50 million related to Axumin®.

Net finance costs came to euro 14.6 million in 2022, after decreasing by euro 14.1 million on the previous year, which had been affected by non-recurring charges related to refinancing transactions.

Lastly, as already mentioned, during 2022, the programs of Heart Leaflet Technologies Inc. (HLT) to develop a percutaneous myocardial valve were discontinued and the related intellectual property rights were transferred to a US company for USD 20 million; the results of these activities, for 2022 and the previous year, have been classified in a separate line at the foot of the statement of profit or loss. The net costs of the HLT business amounted to euro 31.7 million in 2022 (euro 12.1 million in 2021).

The Group's profit for 2022 was euro 36.6 million, versus euro 130.5 million in 2021.

REVIEW OF THE GROUP'S STATEMENT OF FINANCIAL POSITION

Reclassified statement of financial position

(€/000)	**31-Dec-2022**	**31-Dec-2021**	**Change**
Net fixed assets	1,478,808	1,495,997	(17,189)
Assets held for sale	0	4,490	(4,490)
Net working capital	316,106	264,498	51,608
Provisions and other liabilities	(88,793)	(142,108)	53,315
Net invested capital	**1,706,121**	**1,622,877**	**83,244**
Total equity	1,040,700	903,520	137,180
of which attributable to non-controlling interests	*29,168*	*29,828*	*(660)*
Net financial debt	665,421	719,357	(53,935)
Total equity and sources of finance	**1,706,121**	**1,622,877**	**83,245**

Net invested capital reported an overall increase of euro 83.2 million at the end of 2022, determined by the changes discussed below.

Net fixed assets

The main changes in this aggregate, which decreased by euro 17.2 million, were:

Increases:

- additions of euro 144.7 million to property, plant and equipment and intangible assets;
- recognition of euro 21 million in right-of-use assets under IFRS 16;
- revaluations of euro 45 million due to exchange rate changes (mainly involving the US dollar).

Decreases:

- amortization and depreciation charges for the year of euro 131.3 million;
- net impairment of euro 53 million against intangible assets and property, plant and equipment.

Major investments continued in 2022 mainly in production, including a medium-term plan to expand the capacity of the Group's sites. The main investments in the year concerned the Italian plants in Torviscosa and Ceriano Laghetto and the Swiss plant in Geneva. In particular, the project to expand production capacity at the Ceriano Laghetto plant to 3,000 tonnes/year from the previous 2,400 tonnes/year was completed, while work started at Torviscosa to expand capacity to 2,000 tonnes/year, with the interim target of 1,400 tonnes expected to be completed and already operational by the second half of 2023.

During the year around euro 26 million was invested in renovating the Group's historic location in Via Egidio Folli 50, Milan, to create its new headquarters offices.

The CDI Group continued to invest in the opening of new centres in the Milan area, in enlarging existing ones, as well as in usual upgrades of its technology platform.

Net working capital

Net working capital, which reports a year-on-year increase of euro 51.6 million at the end of 2022, is composed as follows:

(€/000)	**31-Dec-2022**	**31-Dec-2021**	**Change**
Inventories	404,653	352,232	52,421
Trade receivables	210,567	231,350	-20,783
Other current receivables and assets	111,135	72,884	38,250
Current assets	**726,355**	**656,466**	**69,889**
Trade payables	238,043	235,413	2,630
Other current payables and liabilities	172,206	156,555	15,651
Current liabilities	**410,249**	**391,968**	**18,281**
Net working capital	**316,106**	**264,498**	**51,608**

The change in net working capital, primarily reflecting the increased value of inventories, is consistent with the rise in the price of the Group's factors of production. Exchange rate differences generated a net increase of around euro 7.6 million.

Net financial debt

(€/000)	**31-Dec-2022**	**31-Dec-2021**	**Change**
Cash and cash equivalents	177,989	379,496	(201,507)
Third-party current financial assets	24,820	14,350	10,470
Third-party current financial liabilities	(126,884)	(388,312)	261,428
Short-term net financial debt	**75,925**	**5,534**	**70,391**
Non-current debt and financial liabilities	(673,757)	(627,384)	(46,373)
Non-current financial assets	32,118	0	32,118
Non-current net financial debt	**(641,639)**	**(627,384)**	(14,255)
Net financial debt before IFRS 16 lease liabilities	**(565,714)**	**(621,850)**	**56,136**
IFRS 16 lease liabilities	(99,708)	(97,507)	(2,201)
Net financial debt	**(665,421)**	**(719,357)**	**53,935**

The year 2022 closed with net financial debt of euro 665.4 million, down euro 53.9 million on its level at the beginning of the year.

The healthy level of cash flow generated by operations in 2022, amounting to euro 206 million, made it possible to finance the major investments carried out in the year. The revaluation of cash balances denominated in foreign currencies (mainly US dollars) and the positive mark-to-market of financial instruments made it possible to absorb the dividend distributed to the shareholder and to reduce the Group's net debt.

REVIEW OF THE PERFORMANCE OF THE GROUP PARENT BRACCO S.p.A.

In 2022, the Company reported euro 50.9 million in net income from equity investments, euro 34 million in profit before tax and euro 37 million in profit for the year versus euro 30.8 million in 2021.

(€/000)	2022	2021	% Change
Income from equity investments	51,000	49,001	4.1%
(Impairment) revaluation of equity investments	(84)	(2,800)	-97.0%
Net income from equity investments	**50,917**	**46,201**	**10.2%**
Other revenue and income	5,448	3,408	59.8%
Employee costs	(5,017)	(5,673)	-11.6%
Other operating costs	(14,357)	(14,088)	1.9%
Depreciation and amortization	(2,257)	(2,787)	-19.0%
Net finance income/(costs)	(761)	17	-4636.5%
Profit before tax	**33,973**	**27,078**	**25.5%**
Income tax	3,044	3,783	-19.5%
Profit for the year	**37,017**	**30,860**	**19.9%**

Net income from equity investments in 2022 consisted of: (i) a dividend of euro 49 million received from the subsidiary Bracco Imaging S.p.A., (ii) a dividend of euro 2 million received from the subsidiary Claude Montana B.v. and (iii) fair value adjustments to some of the Company's minor equity investments.

Other revenue and income showed an improvement on the previous year due to the introduction of a procedure to allocate to Group companies, through the subsidiary Bracco Imaging S.p.A., a portion of head office costs (so-called "management costs") that pertain to the activities of governance, coordination and support carried out by certain functions within Bracco S.p.a. for the benefit of subsidiaries.

The Company's net financial debt amounted to euro 77.9 million at the end of 2022, compared with euro 88 million at the beginning of the year.

(€/000)	**31-Dec-22**		**31-Dec-21**
Cash and cash equivalents	8,210		10,562
Third-party current financial assets	30,225		62,537
Current financial liabilities with ultimate parent	-		-
Third-party current financial liabilities	(59,492)		(120,163)
Short-term net financial debt	**(21,057)**		**(47,064)**
Non-current net debt and financial liabilities	(43,999)		(30,079)
Net financial debt before IFRS 16 lease liabilities	**(65,056)**		**(77,143)**
IFRS 16 lease liabilities	(12,826)		(10,896)
Net financial debt	**(77,882)**		**(88,039)**

The Company had 47 employees at 31 December 2022, 3 fewer than at the end of 2021.

RESEARCH AND DEVELOPMENT

R&D is a strategic priority for Bracco and an essential part of its continuous growth process.

The Group is one of the globe's key players able to offer advanced products and solutions serving different imaging modalities. Research programs are focused on developing highly innovative molecules and diagnostic technologies to manage procedures for a wide spectrum of particularly important diseases ever more efficiently.

With diagnostics and therapy in constant evolution, like their mutual interaction, it is important to develop increasingly personalized treatments.

The Group conducts research activities at its facilities in Geneva (Switzerland), Colleretto Giacosa, in the province of Turin (Italy), Oxford (UK) and Monroe in New Jersey (US), supported by local and international partnerships with top universities, hospitals and research bodies.

The Group's research facilities are working on product innovation projects in the fields of MRI diagnostics, and micro-bubble diagnostics and therapy for Ultrasound procedures, and to develop innovative agents for applications in oncological imaging in fluorescence-guided surgery and Nuclear Medicine. Significant progress has also been made in the development of new software, new medical devices for injecting contrast agents, and hardware technologies for fluorescence imaging.

In the field of Magnetic Resonance Imaging, during 2022 the collaboration with Guerbet S.A. was consolidated for the development of new indications and the extension of the Gadopiclonol product to new geographies.

R&D activities in the field of Ultrasonography are mainly focused on two projects:

- the first involves the development of a phospholipid micro-bubble for molecular imaging applications, specifically to recognize growth factor receptors and therefore neoangiogenesis. This solution is intended to significantly improve the diagnosis and therapy of cancer patients and those affected by severe inflammatory conditions. Clinical trials started in July 2022.
- the second project aims to use micro-bubbles as "resonators" to weaken the biological barriers that limit the penetration of drugs, making it possible to direct therapies of various kinds more effectively to specific target organs.

Important investments are being made in the field of Nuclear Medicine; in 2022, the regulatory package for the new molecular imaging product (F18-rh-PSMA7) for the diagnosis of prostate cancer recurrence using a PET procedure was finalized, for which a registration application has been submitted to the US Federal Drug Administration; development of the same product for the diagnosis of primary prostate cancer in high-risk patients was also completed.

At the same time, clinical activities are continuing for new indications of the product currently marketed (Axumin®) in order to diagnose brain metastases and multiple myeloma. At the same time, development work has continued on using a PSMA-based molecule, featuring a different type of isotope, in the treatment of prostate cancer.

The Group's commitment to fluorescence-guided surgery has also continued. The constant search for imaging systems capable of providing useful information in real time and guiding the surgeon in a type of "augmented reality" is of fundamental importance in the most advanced surgical procedures. Thanks to the use of new molecular entities capable of selectively accumulating in diseased areas, as well as highly sensitive cameras, it is possible to better identify and differentiate the tissue to be removed from that to be kept intact.

Various product development activities are underway in this field, accompanied by hardware and software research. In particular, pre-clinical development activities were completed in 2022 for a new fluorescent contrast agent capable of highlighting cancerous lesions characterized by an overexpression of integrins, an oncological marker of diagnostic and therapeutic interest.

R&D in the Medical Technologies area focused on the design of a new platform to manage cardiology procedures and related consumables, and on the development of a new radiology injector and integrated IT systems, which are expected to be launched between late 2023 and first half of 2024.

In addition, the Group has recently established a line of research involving Artificial Intelligence (more specifically Machine Learning) with the aim of creating solutions that work in synergy with current and future imaging agents. The specific goals include (i) improving the quality of diagnostic information compared to present; (ii) greater efficiency by reducing the workload of radiologists and speeding up the processes of acquiring information and writing reports; (iii) increasing organizational flexibility through tools that facilitate the flow of information using web and mobile platforms; (iv) optimizing the dose of contrast agent administered to the patient.

Last but not least are the Group's investments in research into production equipment, involving the evaluation of methods and technologies in order to identify sustainable solutions that guarantee continuous improvement of processes with a strong focus on the environment.

In 2022, the Group incurred euro 147.3 million in costs for R&D and related activities, equating to around 8.3% of revenue.

GROUP PERSONNEL

Headcount

The Group's workforce numbered 3,647 at 31 December 2022, a net decrease of 83 from a year earlier, of whom 70 due to the closure of the subsidiary Heart Leaflet Technologies Inc.

The year-end headcount is broken down as follows:

BY CATEGORY	2022	2021	Change
Senior managers	250	221	29
Middle managers	629	656	(27)
White-collar employees	2,132	2,155	(23)
Blue-collar employees	636	698	(62)
Total headcount	**3,647**	**3,730**	**(83)**

BY GEOGRAPHICAL AREA	2022	2021	Change
Italy	1,399	1,370	29
Rest of Europe	813	840	(27)
North America	877	946	(69)
Rest of World	558	574	(16)
Total headcount	**3,647**	**3,730**	**(83)**

The transformation and change project known as the BraccoPeopleWay was implemented in 2022 as a fully-fledged roadmap to develop and transform the main human resources processes, through training, development and change projects; the initiative focuses on defining the Group's identity, in terms of values and conduct.

Actions also continued in 2022 to enable employees to work in the best possible conditions during the period of emergency.

The Smart Working mode has been formalized by issuing specific global guidelines for all Group employees, where local regulations so permit.

ENVIRONMENT AND SAFETY

All Bracco Group companies participate in the Responsible Care program and the SusChem Italy Technology Platform, both initiatives promoted by Federchimica (the federation of the Italian chemical industry) to strengthen the competitiveness of the European chemical industry by defining innovation and development priorities with a view to sustainability.

Attention to quality, the environment and the protection of workers' health and safety has led the Bracco Group to voluntarily adopt, at its Italian production sites, integrated environmental and safety management systems, certified according to ISO 14001 and ISO 45001 international standards. In addition, the sites of E-Z-EM in Montreal (Canada), BIPSO in Singen (Germany) and Bracco Suisse in Geneva (Switzerland) were also certified ISO 14001 during the year. The certification program will continue in 2023, leading to the ISO 14001 certification of the Bracco-Sine site in Shanghai (China).

Aware of the influence it has on the economic and social well-being of the places in which it operates, the Group considers compliance with the principles of ethics, fairness and transparency an essential requirement for its growth.

All the Group's production units are committed to increasing the quantity of renewable energy purchased; the Ceriano Laghetto site, one of the most energy-intensive sites, gets its electricity and steam from a high-efficiency co-generation plant.

The Group's Italian sites are ISO 50001 certified and are investing in energy efficiency, through annual and multi-year programs, with implications also for the operations of the foreign sites.

Particular attention is paid to the separate collection and recovery of materials, facilitating the recycling of those containing plastic, wood, paper, aluminium, iron and raw materials that can be put back on the market in a process typical of the circular economy, considered one of the keys to relaunching the European and world economies.

Great attention is paid to the recycling of raw materials such as organic solvents and iodine using new systems and processes. In addition, a new drying plant that exploits energy that would otherwise be lost at the Ceriano Laghetto site has drastically reduced the quantity of bio-sludge sent to landfills and lowered the volume of groundwater consumed, thus contributing to achievement of the Group's objectives.

Circular economy, use of fewer resources, energy efficiency and use of energy from renewable sources are the cornerstones of the environmental Sustainability Plan that will guide the Group to carbon neutrality in coming years.

One of the initiatives adopted for continuous improvement, and to spread knowledge of best practices throughout the Group, is the BRACCO HSE AWARDS scheme, now in its sixth edition, and in response to which over one hundred projects have been presented. This program aims to reward the best sustainability projects proposed by employees concerning environment, health and safety.

The Group continues to pay the utmost attention to occupational health and safety, as well as continuing to implement the measures adopted to tackle the Covid-19 pandemic, and has initiated an annual audit plan that covers all Group sites according to the level of risk assessed.

Ongoing training is one of the ways to develop staff awareness of health and safety issues. The Group's HSE department defines specific annual training programs for its production sites and other locations.

OBSERVATIONS ON FINANCIAL PROFILE AND BUSINESS CONTINUITY

MAIN RISKS AND UNCERTAINTIES

In compliance with the provisions of art. 2428 of the Italian Civil Code, as amended by art. 1 of Italian Legislative Decree 32 of 2 February 2007, the main risks and uncertainties to which the Group is exposed are described below.

Based on the approach developed in collaboration with the Corporate Internal Audit department, the Group identifies and periodically measures the risks to which it is potentially exposed, including those arising from the constant change in external conditions and the development of the business-market relationship, mapping the organizational, regulatory, operational and strategic actions taken to mitigate such risks to an acceptable level according to quantitative and qualitative parameters.

During 2022, the Group's management continued to monitor and keep under control the effects of the Covid-19 emergency, concentrating its efforts on identifying both the main impacts on the business and suitable measures to contain the risks identified, not only directly affecting the health and safety of workers, but also with respect to all possible impacts on the business such as delays or extra costs related to logistics and the supply of raw materials or to regulatory and legislative changes.

In any case, the situation seems to have finally stabilized and returned to normal during 2022.

The risks and uncertainties considered to be most significant are described below.

Strategic risks

Reputational risk

The Group's success on the market is linked to the image and reputation of its name and of the people who work at all its sites. Reputation is considered synonymous with credibility, conscious choices and conduct, reliability of published information, integrity and honouring of commitments, respect and trust by all the stakeholders. This obviously depends on many factors, including the quality of products and production processes, as well as the ability to comply with the highest safety standards dictated by regulatory authorities or to respond promptly to any operational crisis that could threaten personal health and safety, environmental stewardship, the integrity of information and corporate assets. Maintaining a high reputation has always been a priority for the Group, confirmed in the revision of its Code of Ethics and the policies and guidelines, as well as in BraccoPeopleWay, a fully-fledged roadmap to develop and transform the main human resources processes, involving the management of training and change projects in 2022 and in the years to come.

External risks

International and economic context

During 2022, as all the world economy's big players (Europe, the US, South America, Japan and Korea) stabilized their management of the pandemic, China instead enforced heavy lockdowns to counter the spread of the virus. Despite this, major pandemic waves hit the country until the beginning of 2023, when there was a marked reversal in the strategy followed by the Chinese government, to the point of resuming the issuing of entry visas for foreigners in March 2023.

In relations with other Western countries, the increasingly fierce competition with the US is heavily modifying the existing order and balances, severely exacerbated by the war between Russia and Ukraine and by the events in Taiwan, which are helping create a very complex international scenario and which, in the course of 2022, has rekindled great interest in the question of NATO post-Cold War enlargement to the East.

The conflict between Russia and Ukraine, which began on 24 February 2022, is having important consequences at a global level, not only for the serious humanitarian crisis that has ensued, but also for the heavy economic repercussions on global markets, which have been immediately reflected in the increased cost of certain raw materials such as oil and gas, as well as in steep drops in equity prices on the world's major stock markets.

The Bracco Group has no direct operations in Ukraine and Russia and has no direct suppliers of raw materials or production sites located there. However, the outcome of the conflict is still uncertain and it cannot be ruled out that an escalation in hostilities could have unpredictable repercussions on other neighbouring countries, resulting in more direct impacts.

In short, after the pandemic, the war in Ukraine caused another major shock to the global economy in 2022, fuelling inflation, magnifying the energy and food crisis, slowing global trade and reshaping geopolitical scenarios. Inflation currently appears to be the most worrying risk, which, in addition to reducing real wealth, has adversely impacted the recent recovery of consumer confidence. In the Eurozone, inflation reached its highest level since the birth of the monetary union, hitting peaks of 10% and above during the course of 2022.

High inflation is a major concern for the industry globally in 2023. Indeed, although its impact is expected to gradually diminish over the course of the year, there are signs that inflationary pressure in some markets will be more persistent than assumed.

In addition, increasingly alarming signs of problems in the banking sector have been emerging during the first few months of 2023. Some recent defaults in the US and the bailouts of Swiss institutions, together with the coordinated intervention of major central banks to provide liquidity to the global credit system, seem to be heralding a paradigm shift. For monetary policy, it is not only the end of the "easy money"

era, but also the beginning of a new one, as yet without a precise name, but which could be defined as a "hard money" era, which would exacerbate the semi-permanent increases in input costs, already lasting for longer than originally expected.

In the meantime, there is still strong upward pressure on interest rates from central banks in an effort to lower prices. Europe is also looking for alternative solutions to fill the gap left by Russia in energy supplies, while the final implications of the US-China trade and technology war and its ultimate repercussions on the world economic system and, first and foremost, on Europe are still unknown.

Climate change

After experiencing the worst drought in half a century in the summer of 2022, European governments face an even more severe crisis in early 2023, which is already causing major disruption and threatens to cause devastating problems for agriculture, industry and individuals this coming summer.

A report published by World Weather Attribution - an international institute that brings together scientists from leading universities and specialist centres - finds that droughts in the northern hemisphere have become twenty times more likely due to the greenhouse effect, warning that as the Earth heats up, periods of extreme water shortages will become increasingly frequent. The updated map provided by the European Union's Copernicus program identifies four countries most in difficulty: Spain, Italy, Germany and France.

Bracco believes it is essential to combine economic growth with sustainability, and strategic business choices with environmental stewardship. The Group pursues a model of sustainable and socially responsible growth in all its activities, capable of creating value for the business and for the community in which it operates, with the goal of promoting the circular economy and increasing its share of electricity used from renewable energy sources. An important energy efficiency milestone reached in 2022 was the renewal of ISO 50001:2018 certification for the sites in Ceriano Laghetto, Colleretto Giacosa, and Torviscosa (Spin), as well as for the Milan headquarters. Receipt of this certification attests to the Group's strategic commitment to sustainability.

People, Innovation and Planet are the fields of action defined in the Sustainability Report. The United Nations Sustainable Development Goals (SDGs) for 2030 also highlight Bracco's contribution to 11 of the 17 Goals.

In particular, with reference to the Planet, the Group has fully embraced sustainable transformation, investing in the best available technologies. New opportunities for the circular economy are being promoted and responsible best practices are being strengthened along the entire value chain. As mentioned before, increasingly efficient forms of energy use are being sought and efforts are being made to reduce emissions and waste generation. Furthermore, the Group is committed to a carbon-

neutral policy by investing in photovoltaic plants for self-generation, as well as migrating to green sources such as bio-methane and hydrogen, until such time as the Group is able to acquire energy from renewable sources alone.

Social factors

The data published by various sources concerning society and work are now unambiguous: voluntary resignations affect 60% of businesses, involving thousands of positions mainly in the IT and digital, production, and sales and marketing areas.

Those choosing to change jobs are mainly younger employees mostly employed in companies in Northern Italy. The trigger of this so-called "great resignation", which started in the United States at the beginning of 2021 and is rapidly spreading in Italy as well, is not only the pursuit of better economic conditions, but above all the search for a job that safeguards well-being and the desire to be able to manage time at work while maintaining a better work-life balance.

According to several studies by leading strategy consultancies, more than 40% of workers worldwide intend to change jobs in the coming months, 53% of employers say they have higher voluntary turnover than in previous years, and 64% expect the problem to continue, or get worse. In addition, it was found that very often, those who quit their jobs do not yet have a new job in hand. This is the hallmark of this new phenomenon, which, unlike in previous cycles of downturn and recovery, is leading people to take a real "leap of faith".

In general, the turnover rate has risen sharply over the past year, with businesses experiencing great difficulty in being able to motivate, engage and retain people internally.

The need to attract and retain talent has always been one of the Group's priorities, however, and it is now strongly committed to implementing adequate retention plans, which start with an in-depth analysis of the organizational situation and seek to carefully gauge employee satisfaction. The strong competition being faced, however, requires new strategies, which go beyond continuous training plans. A focus on sustainability and the business's concrete commitment to social issues have become equally important selection criteria, as have flexibility and economic stability. Factors such as specific bonuses linked to particular (corporate and personal) objectives, transparency in corporate communication and the presence of inclusive leadership that enhances the ability and uniqueness of employees are also increasingly appreciated.

Risks related to management of IT resources and data security

The situation imposed by the Covid-19 emergency has had significant repercussions in the area of IT risks. Today's smart-working modes are much more frequent and numerous, thanks to the availability of alternative and essential tools that allow workers to be fully operational even remotely.

However, as is known, remote working requires company IT systems to interface with external IT infrastructures (web and networks), therefore increasing the exposure of systems to potential risks in terms of both data availability, integrity and confidentiality, and access to and efficiency of IT systems.

The level of attention and monitoring has therefore increased during the pandemic, even though the Group has long had disaster recovery and IT business continuity systems that ensure immediate replication of the main systems on workstations.

In addition, the active security of data and business applications is guaranteed by multiple levels of physical and logical protection at both server and client level. The systems and procedures undergo an annual VAPT (Vulnerability Assessment and Penetration Test) and additional periodic IT security audits by leading external firms. The outcome of these tests and audits has always shown the Group's IT systems to be adequately protected. With regard to potential IT fraud, the Group has introduced, with outside assistance, an ongoing training program for employees in order to raise their awareness about the correct use of the IT resources and applications assigned to them.

Risks related to changes in the pharmaceutical sector's legal and regulatory framework

New government guidelines and regulatory measures in this regard, as well as any new decisions by the regulatory agencies (AIFA - EMA - FDA - PMDA) and, more generally, changes in the specific legislative framework context or the length of new product authorization processes, could have a significant impact on the Group's operations, financial results and condition.

In fact, the pharmaceutical sector features a high degree of local, national and international regulation, with an impact on activities at all levels. Most of the Group's sales are to public entities or other forms of insurance and to private facilities. While this situation protects the Group from general economic trends, it also exposes it to the consequences of local legislative measures to control public healthcare spending.

One such measure certainly worth mentioning is the pay-back regulation in Italy relating to drugs and medical devices. More specifically, the Decree issued by Italy's Minister of Health on 6 July 2022, adopted in agreement with the Minister of the Economy and Finance, certified the overrun of the medical devices spending cap for the years 2015-2018 for the purposes of pay-back by health service suppliers, thus initiating such procedures on a retroactive basis for the first time. The subsidiary Bracco Imaging Italia S.r.l. has decided to appeal against this decree, as did almost all of the companies

concerned, and subsequently also challenged three regional resolutions (Tuscany, Molise and Abruzzo) whose pay-back values were deemed unrealistic. In addition, on 30 March 2023, a Decree-Law was issued on the subject, which provides for the allocation of a fund for the partial coverage of the deficit of the Autonomous Regions and Provinces for the period 2015-2018, so as to reduce the pay-back demand made to supplier companies. Specifically, the Italian government has stipulated that for companies that have not appealed pay-back demands, or for those that waive them, the amount due is reduced by 52%. The situation is being closely and constantly monitored by the competent corporate functions; however, it is not possible to predict the effect that changes in the legal and regulatory environment might have on the Group's business and the industrial sector in which it operates.

Compliance risks

All of the Group's operational and commercial activities, both in Italy and abroad, are carried out in compliance with the rules and regulations applicable in the countries in which it operates, including the national and international regulations and technical standards applicable to the pharmaceutical sector, governing the research and development, production, distribution and scientific information of pharmaceutical products. The Group implements a policy of constantly monitoring regulatory developments in all the markets in which it operates, through dedicated organizational teams at headquarters and local unit level, in order to coordinate ever more effectively and have information to identify and promptly adopt the most appropriate response strategies.

With reference to Italian Legislative Decree 231/2001 on the administrative liability of legal persons, the Group's Italian companies have adopted an Organization, Management and Control Model that is constantly updated to reflect the most recent regulatory changes in this area (further details can be found in the later section of this document entitled "Actions to defend against corporate criminal liability under Italian Legislative Decree 231/2001").

With regard to anti-corruption, a specific operational and behavioural policy has been implemented that defines the measures necessary to mitigate risks of bribery and corruption. The same solution has been adopted to manage business conduct in the field of competition and antitrust compliance in general. Furthermore, as regards anti-terrorism, a policy has been implemented to monitor and manage transactions with counterparties residing in countries under sanctions or embargoes.

Finally, when choosing business partners (whether suppliers or consultants, wholesalers or distributors), particular attention is paid to the selection process, through checks and due diligence designed to evaluate the ethical and reputational reliability of the potential partner.

Commodity risk

The most hotly debated price increase during 2022 concerned "dear energy". The factors behind these trends can be ascribed to (i) the sharp increase in demand, (ii) the ongoing war between Ukraine and Russia and the resulting international geopolitical tensions, and (iii) the ecological transition.

In practice, there were two phases during 2022, the first of which ran from the beginning of the year until early March, during which a huge surge in prices, mainly caused by the war, was witnessed. The second phase, which lasted from the beginning of March until the end of the year, on the other hand, saw the general commodity index oscillate laterally or decline as the war in Eastern Europe stabilized and widespread expectations emerged that the global economic cycle would cool. The latter is a consequence of the war, but above all of the progressive and marked tightening of monetary policies by almost all major central banks in developed countries. It is very likely that the trend seen in the second phase of 2022 will continue in 2023, as a result of the increasingly evident signs of a global economic slowdown. However, the risk of commodity price rises still remains in the event that the war in Ukraine were to escalate or spread further.

Exchange rate fluctuation risks

The events of the war have also affected the currency market.

2022 was the year of the US dollar, driven first by its traditional role as a "haven" in geopolitical and military crises, and then by the Federal Reserve's faster actions than other central banks to readjust interest rates to the new global inflationary environment.

By the end of September, the US currency had appreciated by more than 20% on its level at the beginning of 2022; however, from the start of the fourth quarter, the dollar began to decline, mainly reflecting market expectations stabilizing around 5% for the target Fed Funds rate at the end of the current monetary policy cycle.

The two main Asian currencies, namely the Japanese Yen and the Chinese Renmimbi, were particularly weak during the year; the yen was negatively affected by the fact that the Bank of Japan, the only one of the major developed country central banks, did not change its policy of zero rates and yield control (0-0.25% from short maturities up to 10 years), while the renmimbi was particularly impacted by the Chinese government's strict zero-Covid policies resulting in repeated stoppages of economic activity.

As for the 2023 outlook for the major currencies, analysts expect the US dollar to stabilize/weaken against the euro, mainly due to the gradual narrowing of the interest rate gap between the US and the Eurozone.

The Group manufactures and distributes its products on international markets and settles its business transactions in various currencies, primarily the US dollar.

The Group has arranged hedges (using financial instruments found on the market, such as forward contracts and options) in order to mitigate exchange rate risks on transactions carried out in currencies other than the euro. However, there is no certainty as to the terms and conditions under which similar hedges may be arranged in the future.

Risks related to funding requirements

The Group expects to meet its obligations in respect of maturing debt and capital expenditure programs thanks to cash generated by its operations, readily available liquidity and access to credit markets.

The Group's policy is to keep its available liquidity in demand or short-term bank deposits or readily liquidated money market instruments, and to split these deposits and investments between a suitable number of leading banks, with the primary purpose of ensuring that such investments can be readily liquidated.

Operational risks

Production disruption risks

The Group's manufacturing activities are, by their very nature, exposed to potential risks of disruption, which, if significant or for long periods of time - due, for example, to natural disasters, epidemics, fires, revocation of production permits/licences, plant or machinery malfunction, exceptional disruption in the supply of raw materials or energy - could have adverse consequences on the continuity and regularity of sales.

More generally, in order to mitigate the effects of production disruptions, the Group adopts a policy of safeguarding its assets, through machinery maintenance programs and suitable automatic fire detection and extinguishing systems. In addition, the Group has taken out All Risk insurance on its buildings, which provides cover against risks of direct and indirect damage. Finally, the Group constantly monitors the availability of raw materials and maintains an adequate level of stocks to cope with any difficulties in procuring supplies.

Production process risks

The Group owns factories that both produce active ingredients and transform them into finished products. The Group also outsources the latter activity to third-party manufacturers under specific production agreements.

The production sites are equipped with suitable facilities and qualified personnel, in accordance with industry standards, to ensure that the production process complies with Good Manufacturing Practices.

The Group's ability to meet its obligations to customers therefore depends on its ability to achieve

required levels of output and quality standards and on third-party manufacturers properly fulfilling their contractual obligations.

Supply chain risks

The Group is exposed to the risk of an unintentional and sudden interruption in the supply of a specific item, which may depend on factors external or internal to the supplier with whom a supply contract is in place. Should all or part of the goods supplied under some of the current manufacturing agreements cease, for whatever reason, there is no certainty that the remaining manufacturers would be able to absorb the production quota of the manufacturer in breach or with whom the relationship has ceased, nor can there be any certainty as to the immediate availability in the market of alternative manufacturers.

At the time of preparing the current report, AIFA (Italy's national drug agency) warns not only of possible drug "shortages" in Italy, i.e. difficulty or impossibility for the patient to find them (a phenomenon that may be caused by various problems, all of which, however, attributable to the marketing permit holder, such as, for example unavailability of active ingredients, production issues, regulatory measures, unexpected increase in demand for a given drug, or health emergencies), but also of possible drug "unavailability", caused not by production-related issues but by disruptions in the distribution chain.

Unavailability, as opposed to shortages, generally does not occur uniformly across the country and is due to market distortions often linked to the dynamics of the distribution chain. In these cases, therefore, the drug, although present at the marketing permit holder's warehouses, is not available at regional warehouses, hospitals and/or pharmacies.

Of particular note in the US were the serious repercussions of the shortage that affected some of GE Healthcare's leading imaging products.

In April 2022, in a letter to its customers, GE Healthcare identified and acknowledged this problem, arising as a result of the various Covid-19 lockdowns in China, which had effectively halted production at the relevant manufacturing facility in Shanghai (China). In general, the Covid-19 global crisis has required paying great attention to the management of key suppliers. Actions taken in past months to mitigate the risk of supply disruptions have included scouting new suppliers and defining back-up strategies for the current ones considered most at risk, monitored during this period through systematic due diligence and specific audit activities.

In order to minimize this risk, where possible, the Group diversifies its sources of supply, and reviews the economic and financial solidity of all its suppliers, as well as their ethical and reputational

compliance, periodically updating this review in order to avoid relations with parties deemed unsuitable and to gauge its exposure to possible insolvency risks by its chosen suppliers.

Product distribution risks

The Group markets its products in the various world markets both through its own subsidiaries and through a series of agreements with third-party licensees and distributors.

Should third parties cease to be able to comply with contractual provisions in terms of distribution, for whatever reason, due to internal or external events, there could be a temporary shortage of the product on the market.

Moreover, should some of these agreements be terminated prematurely, the transfer of activities to the Group or to a different partner could entail temporary losses of market share due to delays, difficulties in terms of the transition to new regulators or marketing authorizations, with possible negative impacts on the Group's operating results and financial condition.

These risks are mitigated by carefully reviewing the financial solidity as well as the ethical-reputational compliance of all distributors, updating this review periodically, and by drafting contracts that provide for suitable notice periods in the event of early termination by one of the parties.

Supply chain disruption

The strong upturn in the market has led to profound changes in the supply chain and sales channels used to date. Besides the general increase in costs, other important issues are the availability of transport to distribute products and the prompt fulfilment of commitments undertaken. In this context, partners and routes considered most at risk continue to be monitored specifically. A number of "what if" scenarios have been developed to identify further ways to mitigate this risk.

Product liability risks

Like any pharmaceutical market player, the Group could be exposed to the risk of claims for damages caused by its products, despite strict compliance with the relevant legislation. In order to mitigate this potential liability, the Group has taken out insurance cover for all its products currently sold or under development, the maximum amount of which is deemed sufficient and whose adequacy is constantly monitored with the support of market analyses and studies conducted by leading insurance brokers.

ACTIONS TO DEFEND AGAINST CORPORATE CRIMINAL LIABILITY UNDER ITALIAN LEGISLATIVE DECREE 231/2001

Bracco S.p.A., the group Parent, has adopted the "Organization, Management and Control Model" under Italian Legislative Decree 231/2001 and has a collegial Supervisory Body tasked with monitoring the Model's actual implementation and submitting proposals for revisions and updates.

The actions taken respond to the Company's commitment to act fairly and transparently in the management of its business activities and also serve to protect its image and the interests of all those who work in its name and on its behalf.

In carrying out its duties the Supervisory Body is assisted by the Corporate Internal Audit department, tasked with providing support in revising the Model and in verifying the compliance of business operations in areas "sensitive" to the risk of offences defined under Italian Legislative Decree 231/2001 and identified in the Model.

During 2022, the Supervisory Body received the results of risk assessment activities concerning the latest regulatory changes in the area of non-cash payment instruments. The Model is scheduled to be updated in the course of 2023.

The Supervisory Body received the reports of the relevant Departments, examined the results of the controls carried out and received updates on the progress of action plans agreed with the competent functions. The Supervisory Body received six-monthly reports from the relevant departments, from which no critical issues or shortcomings in the application of the Model have emerged.

It should also be noted that Italian Legislative Decree no. 24 of 10 March 2023 has been published in the Official Gazette in implementation of Directive (EU) 2019/1937 of the European Parliament on the protection of persons who report breaches of Union law. The provisions of this Decree take effect from 15 July 2023. The Supervisory Body has had the opportunity to discuss with Corporate Internal Audit and the other internal functions involved in the process, the possible impacts of these new regulations, which should not in any case entail significant changes in the current approach of the Group Policy.

Finally, the Supervisory Body met periodically with the Board of Statutory Auditors to coordinate and exchange information, and reported every six months to the group Parent's Board of Directors on the results of its work and the adequacy and effective functioning of the Model.

ACTIONS TO IMPLEMENT DATA PROTECTION LEGISLATION

Bracco S.p.A., the group Parent, complies with all obligations regarding personal data protection and specifically acts in accordance not only with the provisions of Regulation (EU) no. 2016/679 of the European Parliament and of the Council of 27 April 2016 ("GDPR") on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC, but also with the provisions of Italian Legislative Decree 196/2003 as amended by Legislative Decree 101/2018, containing provisions that update national legislation for the GDPR.
The Company has a Data Protection Officer ("DPO"), in accordance with the provisions of art. 37-39 of the GDPR.

The Company also keeps and updates electronic registers of processing activities (art. 30, para. 3, GDPR) and carries out data protection impact assessments (art. 35 GDPR) where a type of processing, particularly using new technologies, is likely to result in a high risk to the rights and freedoms of natural persons.

During 2022, the Group adopted a new Data Protection Guideline, which replaces the previous guidelines issued in February 2019 and implements in detail the Data Protection Program of 2021.

The Group has also consistently ensured that processing carried out on its behalf by third parties is entrusted to providers that present sufficient guarantees that they will put in place adequate technical and organizational measures so that the processing meets GDPR requirements, by making appropriate data processing agreements ("DPAs") with such parties, in accordance with the provisions of art. 28, para. 3 GDPR. The Group has monitored and verified the activities of its main data processing suppliers. The Group has ensured that the legal rights of data subjects (art. 15 et seq. GDPR) are administered on an ongoing basis.

BUSINESS OUTLOOK

The first months of the year have confirmed a general situation of high economic and geopolitical uncertainty and price volatility.

The budget reflects (i) consolidation of the Group's competitive position, (ii) a positive contribution from the actions underway to increase sales prices, (iii) intensification of the effect of price increases on production costs, (iv) intensification of sales and marketing activities, also to prepare for the market launch of new products, and (v) continuation of major research programs.
The additional deterioration in industrial costs will translate into a fresh contraction in margins.

Projects will continue at the production sites to expand production capacity and improve yields; energy is expected to be sourced from solar parks during 2023, thus contributing to the economic efficiency and decarbonization objectives pursued by the Group.
To this end, on 1 January 2023, the subsidiary Bracco Imaging S.p.A. took over from E.ON Business Solutions S.r.l. the co-generation plant for the production of electrical and thermal energy already serving the Ceriano Laghetto site.

On 31 March 2023, the Japanese joint venture Bracco-Eisai Co., Ltd. was terminated, with Bracco's simultaneous acquisition of the minority stake held by Eisai Co., Ltd. (49%); from 1 April 2023, the company changed its name to Bracco Japan Ltd.

One particularly significant event after the end of the reporting period occurred on May 25, 2023 with the FDA's granting of marketing approval in the United States for our new rhPSMA product (under the trade name POSLUMA). This outstanding achievement is the result of our internal research and allows us to look forward with renewed enthusiasm to the development of our business in the Nuclear Medicine segment of oncology.

No situations or particular strains on the Group's financial structure are currently foreseen that could jeopardize business continuity: the cash flow generated during the current year will be able to finance the Group's investment plans.

Finally, it is noted that sales revenue in the initial months of 2023 has been in line with budget.

OTHER INFORMATION

TREASURY SHARES

Currently, Bracco S.p.A., the group Parent, holds 20,000,000 treasury shares with a total par value of euro 10,400,000, corresponding to 10% of its share capital. These shares are recorded in the financial statements at their purchase cost of euro 146.3 million, accounted for as a direct reduction of equity, as required by IAS/IFRS.

It should also be noted that Bracco S.p.A., the group Parent, does not hold any shares in ultimate parent companies either directly or indirectly.

RELATED PARTY TRANSACTIONS

Related party transactions do not qualify as either atypical or unusual since they are part of the normal course of business by Group companies. Such transactions are conducted on an arm's length basis, taking account of the nature of the goods and services supplied.

Information on related party transactions is presented in the Explanatory Notes to the Consolidated Financial Statements at 31 December 2022.

SECONDARY LOCATIONS AND BASIC CORPORATE INFORMATION

The list of secondary locations and basic corporate information about the legal entities making up the Group can be found in Appendix A of the Explanatory Notes to the Consolidated Financial Statements.

FINANCIAL RISK MANAGEMENT

The management of financial risks is discussed in the Explanatory Notes to the Consolidated Financial Statements.

To our Shareholders,

The year has ended with a profit after tax of euro 37,017,032; pursuant to article 2427, para. 1, no. 22-septies of the Italian Civil Code, the Board of Directors proposes that the Shareholders' Meeting of Bracco S.p.A. approves the financial statements, carries forward the entire profit for 2022 and approves the distribution of a dividend of euro 0.085 to each of the 180,000,000 shares, for a total of euro 15,300,000.00 to be drawn from retained earnings.

The proposed dividend distribution takes into account the Company and Group's capabilities in terms of earnings, capital and finance and is consistent with their investment plans.

On behalf of the Board of Directors
The Chairman and Chief Executive Officer

Diana Bracco

BRACCO GROUP

CONSOLIDATED FINANCIAL STATEMENTS

(€/000)	***Notes***	**2022**	**2021 Restated[1]**
REVENUE	***8***	**1,782,470**	**1,691,176**
Other income	*9*	24,452	15,627
Changes in inventories of purchased and produced goods		48,657	14,628
Purchase of raw materials and goods for production and resale	*10*	(538,165)	(390,978)
Employee costs	*11*	(401,963)	(384,907)
Other operating costs	*12*	(609,137)	(591,352)
Depreciation, amortization and impairment	*13*	(184,294)	(120,210)
Operating profit		122,020	233,985
Gains (losses) on non-current financial assets	*14*	(247)	(874)
Finance income	*15*	93,972	45,745
Finance costs	*16*	(108,570)	(74,484)
Profit before tax		107,176	204,372
Income tax	*17*	(38,827)	(61,734)
Profit for the year from continuing operations		68,349	142,638
Profit (loss) from discontinued operations	5	(31,746)	(12,143)
Profit for the year		36,603	130,495
Attributable to:			
Owners of the Company		29,400	124,311
Non-controlling interests		7,203	6,184

(1) Please refer to note 5 "SIGNIFICANT EVENTS IN THE REPORTING PERIOD".

(€/000)	*Notes*	2022	2021 Restated [1]
Profit for the year		**36,603**	**130,495**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss			
Movements in reserve for actuarial gains (losses) on employee benefits		40,318	17,911
Total (a)		***40,318***	***17,911***
Items of other comprehensive income that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations		58,228	74,023
Change in FV of derivative financial instruments designated as cash flow hedges		36,897	3,508
Change in FV of FVTOCI financial assets		(662)	(418)
Total (b)		***94,463***	***77,113***
Total other comprehensive income (a+b)	*18*	***134,781***	***95,024***
Total comprehensive income for the year		**171,384**	**225,519**
Attributable to:			
Owners of the Company		164,840	217,584
Non-controlling interests		6,544	7,935

(1) Please refer to note 5 "SIGNIFICANT EVENTS IN THE REPORTING PERIOD".

(€/000)	*Notes*	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*19*	806,567	761,571
Investment property	*20*	3,813	3,533
Goodwill	*22*	210,627	212,902
Other intangible assets	*21*	429,969	490,480
Financial assets	*23*	59,950	27,739
Other assets	*24*	20,026	26,980
Deferred tax assets	*31*	67,905	83,167
Total non-current assets		1,598,858	1,606,372
CURRENT ASSETS			
Inventories	*25*	404,653	352,232
Trade receivables	*26*	210,567	231,350
Financial assets	*27*	26,081	15,115
Other receivables and assets	*28*	111,135	72,884
Cash and cash equivalents	*29*	177,989	379,496
Total current assets		930,425	1,051,077
Assets held for sale		-	4,490
TOTAL ASSETS		**2,529,283**	**2,661,939**
LIABILITIES			
EQUITY			
Share capital	*32*	104,000	104,000
Reserves	*32*	878,132	645,381
Profit for the year	*32*	29,400	124,311
Equity attributable to owners of the Company		1,011,532	873,692
Non-controlling interests	*32*	29,168	29,828
Total equity		1,040,700	903,520
NON-CURRENT LIABILITIES			
Borrowings from banks and other lenders	*34*	673,757	627,381
Other financial liabilities	*34*	74,971	75,286
Employee benefit obligations	*33*	41,372	95,825
Deferred tax liabilities	*31*	99,510	108,168
Other liabilities	*37*	20,115	26,751
Total non-current liabilities		909,725	933,411
CURRENT LIABILITIES			
Borrowings from banks and other lenders	*34*	126,884	389,311
Other financial liabilities	*34*	25,207	22,221
Trade payables	*36*	238,043	235,413
Provisions for risks and charges	*35*	15,727	21,511
Other liabilities	*37*	142,928	125,872
Current tax liabilities	*38*	30,069	30,680
Total current liabilities		578,858	825,009
Liabilities directly associated with assets held for sale		-	-
TOTAL LIABILITIES		**2,529,283**	**2,661,939**

CONSOLIDATED STATEMENT OF CASH FLOWS

	(€/000)	Note	2022	2021 Restated
A	**Cash flow from operating activities**			
	Profit for the year including share of non-controlling interests		36,603	130,495
	Adjustments for non-cash items:			
	Depreciation and amortization		131,349	118,616
	Finance income/costs	15-16	14,597	26,144
	Taxes		53,727	61,747
	Impairment losses, net of reversals, on property, plant and equipment, intangible assets, equity investments, other financial assets	13	52,709	4,117
	Profit (loss) from discontinued operations	5	31,746	12,143
	Change in deferred tax liabilities and deferred tax assets		(15,171)	(4,295)
	Net change in provisions for risks and charges		1.686	(3,064)
	Net change in employee benefit obligations		(2,950)	10,528
	Other non-current assets/liabilities		(1,934)	2,256
	Cash flow from working capital:			
	Change in inventories		(37,574)	(7,776)
	Change in trade receivables/payables		29,671	(24,164)
	Change in other current assets/liabilities		(86,181)	(58,245)
	Net cash (outflow) from operating activities (A)		**207,279**	**268,502**
B	**Cash flow from investing activities**			
	Property, plant and equipment	19	(110,492)	(142,163)
	Intangible assets	21	(34,176)	(8,043)
	Equity investments and financial instruments	23	1,028	(2,152)
	Business combinations	7	0	(7,494)
	Net cash (outflow) from investing activities (B)		**(143,640)**	**(159,851)**
C	**Cash flow from financing activities**			
	Net proceeds from (repayment of) bank debt and other borrowings and other financial liabilities	34	(215,581)	22,927
	Repayment of lease liabilities		(21,601)	(19,190)
	Finance costs paid/income received		(10,823)	(25,818)
	Dividends paid to:			
	* owners of the Company	32	(27,000)	(48,600)
	* non-controlling interests		(7,205)	(11,429)
	Net cash (outflow) from financing activities (C)		**(282,210)**	**(82,111)**
D	**Net cash flow from discontinued operations/assets held for sale**		7,487	(13,817)
	Net cash (outflow) from discontinued operations/assets held for sale (D)		**7,487**	**(13,817)**
E	**Net cash flow for the year (A + B + C + D)**		**(211,084)**	**12,723**
F	**Cash and cash equivalents at beginning of year**		**379,496**	**344,686**
G	**Effect of exchange rate changes and IFRS 9 on cash and cash equivalents**		**9,577**	**22,087**
	Cash and cash equivalents at end of year (E + F + G)		**177,989**	**379,496**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€/000)	Share capital	Treasury shares	Legal reserve	Revaluation reserves	Other reserves: Treasury shares reserve	Other reserves: Valuation reserves	Other reserves: Fair value reserves	Other reserves: Other reserves	Retained earnings	Profit for the year	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2021	**104,000**	**(146,332)**	**20,800**	**9,736**	**146,332**	**(22,283)**	**5,147**	**(130,575)**	**589,355**	**128,529**	**704,708**	**33,322**	**738,030**
Allocation of profit for 2020													
- Profits carried forward	-	-	-	-	-	-	-	-	128,529	(128,529)	-	-	-
- Dividends	-	-	-	-	-	-	-	-	(48,600)	-	**(48,600)**	(11,429)	**(60,029)**
Total comprehensive income for 2021	-	-	-	-	-	20,489	515	72,269	-	124,311	**217,584**	7,935	**225,519**
Balance at 31 December 2021	**104,000**	**(146,332)**	**20,800**	**9,736**	**146,332**	**(1,794)**	**5,662**	**(58,306)**	**669,284**	**124,311**	**873,692**	**29,828**	**903,520**

(€/000)	Share capital	Treasury shares	Legal reserve	Revaluation reserves	Other reserves: Treasury shares reserve	Other reserves: Valuation reserves	Other reserves: Fair value reserves	Other reserves: Other reserves	Retained earnings	Profit for the year	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2022	**104,000**	**(146,332)**	**20,800**	**9,736**	**146,332**	**(1,794)**	**5,662**	**(58,306)**	**669,284**	**124,311**	**873,692**	**29,828**	**903,520**
Allocation of profit for 2021													
- Profits carried forward	-	-	-	-	-	-	-		124,311	(124,311)	-	-	-
- Dividends	-	-	-	-	-	-	-		(27,000)		**(27,000)**	(7,205)	**(34,205)**
Total comprehensive income for 2022	-	-	-	-	-	76,487	47	58,906	-	29,400	**164,840**	6,544	**171,385**
Balance at 31 December 2022	**104,000**	**(146,332)**	**20,800**	**9,736**	**146,332**	**74,693**	**5,710**	**600**	**766,595**	**29,400**	**1,011,532**	**29,168**	**1,040,700**

BRACCO GROUP

EXPLANATORY NOTES

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EXPLANATORY NOTES

1. GENERAL INFORMATION

Bracco S.p.A. (the "group Parent") is a joint-stock company incorporated in Italy at the Milan-Monza-Brianza-Lodi Companies Register. The address of the registered office is Via Folli, 50 - Milan.

As group Parent, Bracco S.p.A. has prepared the consolidated financial statements of the Bracco Group (the "Group") for the year ended 31 December 2022.

The main activities of the group Parent and its subsidiaries are described in the Directors' Report.

The present consolidated financial statements are expressed in thousands of euros. Foreign companies are consolidated in accordance with the principles indicated in the following notes.

The consolidated financial statements will be presented to the Board of Directors on 29 May 2023 and have been audited by Deloitte & Touche S.p.A., the firm responsible for auditing the accounts of the group Parent and the Group's principal companies.

2. BASIS OF PREPARATION

a) ACCOUNTING STANDARDS USED TO PREPARE THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Bracco Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and already adopted by the European Union as at the reporting date. The term IFRS includes all International Financial Reporting Standards, International Accounting Standards (IAS), all interpretations of the IFRS Interpretations Committee (formerly IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Union and contained in the relevant EU Regulations.

IFRSs have been applied consistently for all Group companies and to all reporting periods presented in this document.

The consolidated financial statements have been prepared under the historical cost convention, modified as required for the valuation of investment property and certain financial instruments, and on a going concern basis. The Directors have considered the going concern basis of accounting to be appropriate because, in their opinion, no uncertainties have emerged in relation to events or circumstances which, taken individually or collectively, might cast doubt upon the business's ability to meet its obligations in the foreseeable future and, in particular, over the next 12 months.

b) STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements have the following structure and content:

Consolidated statement of profit or loss

The consolidated statement of profit or loss has been prepared using a format that classifies revenue and costs by nature and shows intermediate results for Operating Profit and Profit before Tax in order to best represent the performance of continuing operations.

Consolidated statement of comprehensive income

The consolidated statement of comprehensive income includes the profit (loss) for the year and income and expenses, grouped by like categories and which, under IFRS, are accounted for directly in equity.

Consolidated statement of financial position

The consolidated statement of financial position presents assets, liabilities and equity separately from one another, with assets and liabilities classified as current or non-current.

Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method. Cash and cash equivalents reported in the statement of cash flows reflect the corresponding balance presented in the statement of financial position at the reporting date. Cash flows in foreign currencies are translated at the average exchange rate for the reporting period.

Consolidated statement of changes in equity

The consolidated statement of changes in equity includes the total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests, amounts relating to transactions with owners and the effect of any changes in accounting policies. The statement reconciles the balance for each component of equity at the beginning and at the end of the reporting period.

Each significant line item reported in the above financial statements is cross-referenced to the subsequent Explanatory Notes in which the relevant information is provided, along with details of its composition and changes since the previous reporting period.

c) SCOPE OF CONSOLIDATION

The consolidated financial statements of the Bracco Group include the annual results of Bracco S.p.A., the group Parent, and of its direct and indirect subsidiaries, taken from the financial statements approved, or in the process of being approved, by their respective Boards of Directors, appropriately adjusted, where necessary, to bring them

into line with the IAS/IFRS accounting standards adopted by the Group to prepare its consolidated financial statements.

Subsidiaries are defined as companies over which the Group has control by virtue of having all of the following:

- decision-making power, i.e. the ability to direct the relevant activities of the investee, i.e. those activities that have a significant influence on the investee's results;
- the right to variable (positive or negative) returns from its involvement with the investee;
- the ability to use its decision-making power to affect the amount of the returns from its investment in the subsidiary.

The financial statements of subsidiaries are consolidated from the date on which control is acquired until the date such control ceases. The share of equity and share of profit or loss attributable to non-controlling interests are shown separately within the statement of financial position, statement of profit or loss and statement of comprehensive income, respectively.

There were no changes in the scope of consolidation during the reporting period.

A complete list of subsidiaries is provided in Appendix 1: Scope of consolidation - list of companies consolidated on a line-by-line basis.

3. PRINCIPLES OF CONSOLIDATION

The criteria adopted for consolidation are as follows:

a. Assets and liabilities, income and expenses reported in financial statements consolidated on a line-by-line basis are combined in the Group's financial statements, regardless of the size of the investment. In addition, the carrying amount of each investment is eliminated against the investor's portion of investee equity;
b. Payables/receivables, costs/revenue between consolidated companies and profits/losses arising from intragroup transactions are eliminated. Also eliminated are dividends and impairment of investments recognized in individual financial statements;
c. Closing inventories of products purchased from Group companies are adjusted for the intragroup margins they contain, since not yet realized with third parties;
d. Gains realized on the intragroup sale of intangible assets and property, plant and equipment are eliminated, net of amortization/depreciation recognized on those gains;
e. The share of any non-controlling interests in equity and profit for the period is presented separately within the consolidated statement of financial position and consolidated statement of profit or loss respectively;
f. If the disposal of an investee results in a loss of control, any goodwill attributable to the investee is taken into account when determining the gain or loss on disposal;

g. In the case of equity interests acquired subsequent to the acquisition of control, any difference between the acquisition cost and the corresponding portion of net assets acquired is recognized in equity; similarly, the effects of the disposal of non-controlling interests without loss of control are recognized in equity.

Individual financial statements expressed in foreign currencies are prepared in the currency of the primary economic environment in which the company operates (functional currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in euros, which is the group Parent's functional currency and the presentation currency of the consolidated financial statements.

Items in the statement of financial position denominated in currencies other than the euro are translated using closing exchange rates at the reporting date. Items in the statement of profit or loss are translated using the relevant average exchange rate for the reporting period.

The exchange rate differences resulting from the translation of opening equity at current closing rates and the same translated at prior year closing rates, as well as the difference between profit or loss translated at average exchange rates and that expressed at current closing rates, are allocated to the "Foreign exchange translation reserve" within equity.

The main exchange rates used to translate the local currency financial statements of the Group's foreign companies into euros are set out in the following table:

	31 December 2022		31 December 2021	
	Average	**Closing**	**Average**	**Closing**
USD	1.053	1.067	1.183	1.133
CHF	1.005	0.985	1.081	1.033
JPY	138.027	140.660	129.877	130.380
GBP	0.853	0.887	0.860	0.840
CAD	1.370	1.444	1.483	1.439
CNY	7.079	7.358	7.628	7.195
HKD	8.245	8.316	9.193	8.833
BRL	5.440	5.639	6.378	6.310
KRW	1358.073	1344.090	1354.057	1346.380
SGD	1.451	1.430	1.589	1.528
SEK	10.630	11.122	10.147	10.250
CZK	24.566	24.116	25.641	24.858
PLN	4.686	4.681	4.565	4.597
MXN	21.187	20.856	23.985	23.144

Business combinations and common control transactions

Business combinations involving the acquisition of control of an entity are accounted for using the acquisition method, in accordance with IFRS 3 - Business Combinations. Acquisition cost is measured as the acquisition-date

fair value of assets acquired, liabilities assumed and equity instruments issued. The identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at their acquisition-date fair value, except for deferred tax assets and liabilities, employee benefit assets and obligations, and assets held for sale, which are recognized in accordance with the relevant accounting standards.

If the acquisition cost is higher than the fair value of the identifiable net assets acquired, the difference is recognized as goodwill under intangible assets. If the acquisition cost is less than the fair value of the identifiable net assets acquired, the difference is recognized as income directly in profit or loss, but only after assessing that the fair values of the net assets acquired and the acquisition cost have been measured correctly. Incidental transaction costs are recognized in profit or loss as incurred.

The acquisition-date measurement of non-controlling interests can be either at fair value or as a proportion of the value of the acquiree's recognized net assets. The choice of measurement method is made on a transaction-by-transaction basis.

Any contingent consideration under a business combination agreement is recognized at its acquisition-date fair value as part of the consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent changes in this fair value that qualify as measurement period adjustments are recorded in goodwill on a retrospective basis. Changes in fair value that qualify as measurement period adjustments are those that originate from additional information, about facts and circumstances that existed at the acquisition date, obtained during the measurement period (which cannot exceed a period of one year from the acquisition date).

In the case of business combinations achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at fair value at the date control is obtained and any resulting gain or loss is recognized in profit or loss. Any amounts relating to the previously held equity interest that have been recognized through other comprehensive income are reclassified to profit or loss as if the equity interest had been sold.

If a business combination involves entities or groups under common control (common control transaction) and it is determined that:

- all of the combining entities or businesses are ultimately controlled by the same party both before and after the business combination;
- control is not transitory;
- there is no significant influence on future cash flows after the transfer for all the parties involved;

then the transaction is accounted for at existing values and not as a "business combination" (i.e. not at fair value).

In particular, if the transaction qualifies as a common control one, the accounting treatment requires the buyer to recognize the acquired assets consistently with the amounts recorded in the consolidated financial statements of the group in which the financial statements of the parties to the transaction are consolidated. If the transfer values

are higher than those recorded in the consolidated financial statements common to the parties, the excess is eliminated by reducing the acquiring group's equity.

Similarly, the accounting treatment adopted for the financial statements of the selling group requires that any difference between the transaction price and the pre-existing carrying amount of the assets transferred shall be recognized in equity.

4. ACCOUNTING POLICIES AND PRINCIPLES

The accounting policies and principles adopted to prepare the present consolidated financial statements are unchanged since the previous year, and are described below:

PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that its use will generate future economic benefits and if its cost can be measured reliably. Assets are recognized at purchase or production cost, including directly attributable incidental expenses.

Borrowing costs directly attributable to the purchase, construction or production of qualifying assets that require a significant period of time before they are ready for use are capitalized as part of the cost of those assets.

Costs incurred after purchase are capitalized only if they increase the future economic benefits of the asset to which they refer. All other costs are recognized in profit or loss as incurred.

If significant parts of individual items of property, plant and equipment have different useful lives, the components identified are recognized and depreciated separately.

Depreciation is charged, on a straight-line basis, over the estimated useful lives of the assets, which are reviewed annually; any changes in depreciation policy are applied prospectively. Depreciation of an asset begins when it is available for use.

The estimated useful lives of the main categories of property, plant and equipment are as follows:

Asset	Years
Buildings	38
Plant and machinery	10 – 20
Equipment	3
Other assets	4 – 9

Land is not depreciated as it has an indefinite useful life.

Leasehold improvements are classified under Property, plant and equipment according to the nature of the cost incurred. The depreciation period is determined as the shorter of the lease term or the period expected to benefit from the improvements.

Assets recognized under Property, plant and equipment are derecognized on disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from their use or disposal. Any gain or loss, recognized in profit or loss, is calculated as the difference between the net disposal proceeds and the net carrying amount of the derecognized assets.

Property, plant and equipment are subject to impairment testing, as described in the section "Impairment of assets" and the results of which are reported in Note 22 "Goodwill". Impairment losses may be reversed at a later date.

Rights of use

The Group uses property, plant and equipment in the conduct of its business that is held through leases (including property letting agreements). At the date of entering into a lease agreement, the Group assesses whether the agreement is, or contains, a lease. The Group recognizes an asset for the right to use the asset and a liability arising from all lease arrangements where it is a lessee, except for short-term leases (of 12 months or less) and leases of low-value assets (defined under Group policy as assets worth less than euro 10,000 when new). Leases for which the latter exemption has been applied mainly refer to computers, printers, telephones, other electronic devices and small items of equipment. In the case of these exemptions, the Group recognizes the related payments as operating costs on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of future payments at the lease commencement date. The discount rate applied to future lease payments is calculated taking into account the cost of funding (determined by reference to the Group parent's credit lines) over different time periods (1-3 years, 3-5 years, more than 5 years), credit spread (calculated on the basis of parameters relating to the financial position of the company for which the calculation is made) and LIBOR.

The present value of the lease liability includes the following payments:

- fixed payments, less any lease incentives received;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the lease commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, only if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease early, if the lease term allows an early termination option and if this termination option is reasonably certain to be exercised.

Subsequent to initial recognition, the carrying amount of the lease liability is increased for accrued interest (using

the effective interest method) and reduced for payments made under the lease agreement.

The Group remeasures the value of the lease liability (and adjusts the value of the corresponding right-of-use asset) if:

- the lease term changes or there is a change in the assessment of whether a purchase option will be exercised or not; in this case the lease liability is restated by discounting the new lease payments at the revised discount rate;
- there is a change in the measurement of the lease payments as a result of changes in indices or rates, in which case the lease liability is restated by discounting the new lease payments at the original discount rate (unless the lease payments have changed as a result of fluctuations in interest rates, in which case a revised discount rate must be used);
- a lease agreement has been modified and the modification does not qualify for separate recognition. In such cases the lease liability is restated by discounting the new lease payments at the revised interest rate.

The right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date and any initial direct costs. The right-of-use asset is presented less accumulated depreciation and impairment losses.

Lease-related incentives (e.g. rent-free periods) are recognized as part of the initial value of the right-of-use asset and the lease liability over the lease term.

The right-of-use asset is depreciated on a systematic basis over the shorter of the lease term and the remaining useful life of the underlying asset. If the lease agreement transfers ownership of the related asset or the cost of the right of use reflects the Group's intention to exercise the purchase option, the related right-of-use asset is depreciated over the useful life of that asset. Depreciation begins from the lease commencement date.

The Group applies IAS 36 - Impairment of Assets in order to identify the presence of any impairment losses.

Variable lease payments that do not depend on an index or a rate are not included in the value of the lease liability or that of the right-of-use asset. The related payments are accounted for on an accrual basis and classified in the statement of profit or loss under "Other operating costs".

INVESTMENT PROPERTY

Investment property has been recognized at its deemed cost on the IFRS transition date (1 January 2005), corresponding to its fair value based on its condition at that date, less subsequent accumulated depreciation and impairment losses. Fair value was determined on the basis of specific appraisals commissioned from a leading independent firm of valuers.

The surplus value arising from this appraisal was credited, upon IAS/IFRS transition, directly to an equity reserve, net of the related tax effect.

Costs incurred after purchase are capitalized only if they increase the future economic benefits of the asset to which they refer. All other costs (including borrowing costs directly attributable to the acquisition, construction or production of the asset) are recognized in profit or loss when incurred.

Subsequent to the transition date, the Group has elected to adopt the cost model of accounting.

Depreciation is determined, on a straight-line basis, according to the estimated useful life of the property.

The land component is not depreciated.

GOODWILL

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. More details can be found in the earlier note on "Business combinations and common control transactions".

Goodwill arising on the acquisition of subsidiaries is recognized separately and, after initial recognition, is not amortized but tested for impairment at least annually. This test is described in the paragraph on "Impairment of assets".

For the purpose of the impairment test, goodwill is allocated, from its acquisition date, to each cash-generating unit ("CGU") that is expected to benefit from the synergies of the business combination.

On transferring control of a previously acquired business, the gain or loss on disposal takes into account the corresponding residual value of any previously recognized goodwill.

Goodwill related to investments in associates is included in the carrying amount of such investments.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are initially recognized at cost, while those acquired through a business combination are recognized at their acquisition-date fair value. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful lives and tested for impairment whenever there are indications of possible impairment. The amortization period and amortization method for a finite-life intangible asset are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either at an individual level or at the level of the cash-generating unit to which they are allocated.

An intangible asset is derecognized upon disposal (i.e. on the date the buyer obtains its control) or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss.

Research and development costs

Expenditure on research is fully expensed to profit or loss in the period it is incurred, as required by IAS 38. IAS 38 also establishes that development costs can be capitalized if the technical and commercial feasibility of the related activity to be developed and sold can be demonstrated. Research and development activities can also involve the entering into of partnership agreements, which provide for advance payments, payments upon reaching contractual milestones or reimbursement of costs for activities carried out. If such agreements entail payment obligations for the use of active ingredients or access to specific technologies, an intangible asset will be recognized for the amounts paid provided there is a business plan that foresees their full recoverability and even if further development work is required for the product to become commercially viable; the assumptions and hypotheses that led to the recognition of these assets are periodically reviewed in order to assess their recoverability over time. If the agreement specifically provides for the reimbursement of research and development activities, this cost is recognized in profit or loss.

Other intangible assets

Purchased or internally-generated finite-life intangible assets are recognized as assets in accordance with IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be measured reliably.

These assets are recognized at purchase or production cost and amortized on a straight-line basis over their estimated useful lives.

Finite-life intangible assets are also tested for impairment annually or whenever there is an indication that the asset may be impaired.

Other intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually. The test is described in the following paragraph on "Impairment of assets" and in Note 22 "Goodwill", which presents the results of first and second level tests and the related sensitivity analyses.

IMPAIRMENT OF ASSETS

At each reporting date, property, plant and equipment, intangible assets and goodwill are reviewed in order to identify the existence of any evidence of impairment. If such evidence is identified, the recoverable amount of these assets is estimated and any impairment loss relative to carrying amount is recognized in profit or loss. An

intangible asset with an indefinite useful life, such as goodwill, is not amortized but is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.

The recoverable amount of indefinite-life assets is calculated by estimating the future cash flows to be derived from continuing use of the assets and applying a discount rate that reflects the specific risks (Discounted Cash Flow - DCF method). In the case of goodwill and indefinite-life assets whose cash flows are not largely independent of those deriving from other assets or groups of assets, this calculation is made by assessing the recoverable amount of the CGUs to which they are allocated.

In determining value in use, expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, considering the period of the investment and the risks specific to the asset. Value in use is determined net of the tax effect, applying a post-tax discount rate, which produces largely equivalent values to those obtained by discounting pre-tax cash flows at a pre-tax discount rate. An impairment loss is recognized in profit or loss when the asset's carrying amount exceeds its recoverable amount. If the reasons for a previously recognized impairment loss cease to exist, the carrying amount of the asset, with the exception of goodwill, is reinstated through profit or loss; however, the increased carrying amount cannot exceed the net carrying amount that this asset would have had if no impairment had been recognized and it had been depreciated/amortized instead.

The main assumptions used by management to estimate value in use relate to discount rate (WACC), growth rate (g), and expected changes in revenue and operating costs during the period used for the calculation as well as for prospective cash flows. The growth rates adopted are based on growth forecasts for the relevant industrial sector. Changes in selling prices are based on past experience and future market expectations, also considering recent fluctuations in the inflation rate, where available. The discount rate used to discount future cash flows is the post-tax weighted average cost of capital (WACC), reflecting current market assessments and determined using: the risk-free rates for the relevant CGU, the Beta, the Equity Risk Premium and the cost of capital.

The risk-free rates are assumed to be equal to the yield on government bonds of the countries in which the CGU operates.

The values of the Equity Risk Premium and Beta are determined in accordance with best practices, which take into account, for the Equity Risk Premium, the specific risks of the market and the macroeconomic situation, and for Beta, which measures the systematic risk of a financial asset, the specific risks of the market in which the Group operates.

The cost of debt is determined in line with the Group's existing financing costs.

The recoverable amount also includes the terminal value of the income flows, which is calculated as the average normal income expected to be generated in perpetuity. The Group prepares operating cash flow forecasts based on the business plan drawn up by the Directors of the group Parent.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset or financial liability is recognized in the consolidated financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument (i.e. on the trade date).

Financial assets are classified, at initial recognition, as financial assets at amortized cost or at fair value through other comprehensive income or at fair value through profit or loss, based on both the business model adopted by the Group and the contractual cash flow characteristics of the instrument.

The Group's business model for managing financial assets refers to the way in which the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

For the purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments);
- financial assets at fair value through other comprehensive income without recycling accumulated gains and losses on derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or at fair value through profit or loss, based on both the business model adopted by the Group and the contractual cash flow characteristics of the instrument.

For the purposes of subsequent measurement, financial liabilities are classified into two categories:

- financial liabilities at amortized cost;
- financial liabilities at fair value through profit or loss.

Financial assets at amortized cost

This category mainly consists of trade receivables, other receivables and financial receivables.

Financial assets at amortized cost are held with the objective of collecting contractual cash flows, with their contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are initially recognized at fair value, less any transaction costs, and subsequently measured at amortized cost using the effective interest method and subject to impairment testing.

Gains and losses on derecognition, modification or impairment of the asset are recognized in profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI) - debt instruments

This category mainly consists of debt instruments held by the Group and not classified as held for trading.

Financial assets at fair value through other comprehensive income are assets held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and whose contractual cash flows give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in the fair value of these financial assets are recognized in other comprehensive income, as are impairment adjustments, without reducing the related carrying amount.

When the financial asset is derecognized (e.g., upon sale), the cumulative gains and losses previously recognized in equity (excluding impairment and foreign exchange gains and losses to be recognized in profit or loss) are recycled to profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI) - equity instruments

This category mainly consists of equity investments that are irrevocably designated as at FVTOCI upon initial recognition.

Gains and losses on these financial assets will never be recycled to profit or loss. The Group may transfer the cumulative gain or loss within equity at the date of the instrument's disposal. Equity instruments designated at fair value through other comprehensive income are not subject to impairment. Dividends on such investments are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss (FVTPL)

This category mainly consists of: securities, investments in other companies and financial assets designated at fair value through profit or loss upon initial recognition.

Financial assets classified at fair value through profit or loss are:

- financial assets with cash flows that are not exclusively represented by payments of principal and interest;
- financial assets held for trading, having been acquired or held primarily for the purpose of selling or repurchasing them in the near term;
- debt instruments designated upon initial recognition under the fair value option in IFRS 9 if this election eliminates, or significantly reduces, an accounting mismatch;
- derivative instruments, including embedded derivatives, held for trading or not designated as effective hedging instruments.

These financial assets are initially recognized at fair value, with subsequent gains and losses arising from changes in their fair value recognized in profit or loss.

Impairment of financial assets

At each reporting date, the Group recognizes a loss allowance for expected credit losses on: trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income and all other assets within the scope of the impairment test.

In accordance with IFRS 9, the Group applies an impairment model based on the determination of expected credit losses (ECL) using a forward-looking approach. Basically, the model requires:

- expected losses to be recognized on an ongoing basis and updated at the end of each reporting period to reflect changes in the financial instrument's credit risk;
- expected losses to be measured on the basis of all reasonably obtainable information about past events, current conditions and forecasts of future economic conditions.

The Group recognizes the amount of expected losses (or revaluations) required to adjust the credit loss allowance at the reporting date as an impairment loss (or impairment reversal) through profit or loss.

No changes have been made during the current reporting period in the estimation methods or significant assumptions used to measure impairment losses on financial assets.

Cash and cash equivalents

This category comprises demand or overnight deposits, as well as short-term, highly liquid financial investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities at amortized cost

This category mainly comprises loans, trade payables, lease liabilities and debt instruments.

Financial liabilities other than derivative instruments are recognized when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost, using the effective interest method.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition as at fair value through profit or loss.

Financial liabilities are classified as "held for trading" when they are incurred with the intention of repurchasing them in the near term. This category also includes derivative financial instruments entered into by the Group that do not qualify for IFRS 9 hedge accounting.

Gains or losses on liabilities at fair value through profit or loss are recognized in profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever any of the following conditions occur:

- the contractual right to receive cash flows from the asset has expired;
- the Group has transferred substantially all risks and rewards associated with the asset, either by transferring its rights to receive cash flows from the asset or by assuming a contractual obligation to pay the cash flows received to one or more recipients under an arrangement that meets the conditions specified in IFRS 9;
- the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has transferred its control.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another to the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

A derivative is a financial instrument or other contract:

- whose value changes in response to changes in a variable (called the "underlying"), such as an interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or other variable;
- that requires no initial net investment, or one that is less than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- that is settled at a future date.

Derivatives are classified as financial assets or liabilities depending on whether they have a positive or negative fair value and are measured at fair value through profit or loss, except for those designated as hedging instruments.

Derivatives measured at fair value through profit or loss and those designated as hedging instruments (which qualify for hedge accounting) are classified as current or non-current according to their maturity date and the Group's intention to hold them until maturity.

In accordance with IFRS 9, derivative financial instruments are accounted for using hedge accounting only when:

- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship, the Group's risk management objectives and the strategy for undertaking the hedge;
- an economic relationship is identified between the hedged item and the hedging instrument.

Such derivative instruments are measured at fair value.

Depending on the type of hedge, the following accounting treatments apply:

- fair value hedge: if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss from subsequent changes in the fair value of the hedging instrument is recognized in profit or loss. The hedging gain or loss on the hedged item adjusts the carrying amount of the hedged asset or liability and is also recognized in profit or loss;
- cash flow hedge: if a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognized asset or liability or a highly probable future transaction, the effective portion of the change in fair value of the hedging instrument is recognized directly in other comprehensive income, while the ineffective portion is recognized immediately in profit or loss. Amounts recognized directly in other comprehensive income are reclassified to profit or loss in the same period that the hedged item affects profit or loss.

When a hedging instrument matures or is sold, terminated early, exercised, or no longer meets the conditions to be designated as a hedge, hedge accounting is discontinued: fair value adjustments accumulated in equity remain suspended in equity until the hedged item affects profit or loss. Subsequently, they are reclassified to profit or loss in the periods that the asset acquired or liability assumed affects profit or loss. If the hedged item is no longer expected to have an impact on profit or loss, the cumulative fair value adjustments recognized in equity are immediately reclassified to profit or loss.

Purchases and sales of derivative financial instruments are accounted for on the settlement date.

The foreign currency risk of an intragroup monetary item (e.g. a payable/receivable between two subsidiaries) qualifies as a hedged item in the consolidated financial statements if it results in an exposure to foreign exchange gains or losses that are not fully eliminated on consolidation in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates.

Offsetting of financial assets and liabilities

The Group offsets financial assets and financial liabilities when:

- there is a legally enforceable right to set off the amounts recognized in the financial statements; and
- there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Transfer of receivables

Receivables transferred as a result of factoring transactions are derecognized only if the risks and rewards of ownership have been substantially transferred to the recipient. Receivables transferred with and without recourse that do not meet the aforesaid condition continue to be recognized in the Group's financial statements even though they have been legally transferred. In this case, a financial liability for the same amount is recognized as a liability for the advance received.

INVENTORIES

Inventories are measured at the lower of purchase or production cost and net realizable value. Cost is determined

using the weighted average cost method and includes direct materials and, where applicable, direct labour, production overheads and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated net of an allowance for obsolete and slow-moving items as well as product sales risks, if any. Net realizable value is the best estimate of the selling price less estimated costs of completion and estimated costs necessary to make the sale.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale when it is expected that their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the sale must be considered highly probable and the asset must be available for immediate sale in its present condition. The first condition is met when the Group has made a commitment to make the sale, which is expected to be completed within twelve months from the date of being classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

In accordance with IAS/IFRS, non-current assets classified as held for sale are presented as follows:

- in two separate lines of the statement of financial position: "Assets held for sale" and "Liabilities directly associated with assets held for sale";
- in a separate line of the statement of profit or loss: "Profit (loss) from discontinued operations".

EMPLOYEE BENEFIT OBLIGATIONS

The Group provides various forms of defined benefit and defined contribution pension plans, in line with local conditions and practices in the countries in which it operates.

Premiums paid for defined contribution plans are recognized in profit or loss to the extent accrued during the reporting period.

Defined benefit pension plans, which include statutory severance benefits payable to Italian employees under art. 2120 of the Italian Civil Code, are based on the working life of employees and the remuneration received over a predetermined period of service. In particular, the liability representing employee benefits under defined benefit plans is recognized at its actuarial value.

Actuarial techniques must be used to account for defined benefit plans; this involves estimating the amount of benefits accrued by employees in exchange for their service in the current and past periods and discounting these benefits to determine the present value of the Group's obligations. The Group employs actuarial experts to determine the present value of the obligation. The "Projected Unit Credit Method" is used to determine this value and sees each period of employee service as giving rise to an additional unit of benefit entitlement: the actuarial liability must therefore be quantified on the basis of only the number of years of service vested at the valuation date; therefore, the total liability is normally readjusted on the basis of the ratio between the years of service vested at the valuation date and the total number of years of service vesting at the time the benefit is expected

to be paid. In addition, the method considers future salary increases for whatever reason (inflation, promotions, collective contract renewals, etc.), up to the time employment is terminated.

The cost of defined benefit plans accrued in the reporting period, recorded in the statement of profit or loss under employee costs and finance costs, is equal to the sum of the average present value of the entitlements accrued by employees for their current service, and the annual interest accrued on the present value of the Group's obligations at the beginning of the reporting period, calculated using the discount rate applied to future outlays in order to estimate the liability at the end of the previous reporting period. The annual discount rate adopted is assumed to be equal to the period-end market rate for zero coupon bonds with a maturity equal to the average residual duration of the obligation. Actuarial gains and losses due to changes in actuarial assumptions and adjustments based on past experience are debited or credited to equity through the statement of comprehensive income in the period in which they arise. If the calculation of the amount to be recognized in the statement of financial position results in an asset, the amount recognized is limited to the present value of the economic benefits available in the form of reimbursements or curtailments in future contributions to the plan.

As from 1 January 2007, Italy's Finance Act and related implementing decrees made important changes to the rules governing employee statutory severance benefits to be applied by Italian-registered companies. These include a requirement for employees to decide where the benefits accruing after this date will be paid. In particular, employees can elect for statutory severance benefits accruing after this date to be paid into selected pension schemes or to be kept within the company (which then pays them into a treasury account set up by INPS, Italy's national social security agency). In light of these changes, statutory severance benefit is treated as a defined benefit plan only for the amounts vested before 1 January 2007, and as a defined contribution plan thereafter.

Provisions

Provisions for risks and charges represent probable liabilities of uncertain amount and/or timing arising from past events, the settlement of which will entail an outflow of financial resources.

Provisions are recognized only when there is a legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision represents the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at the end of each reporting period and adjusted to represent the current best estimate.

Changes in estimates are reflected in profit or loss in the period in which the change occurred.

Assets and liabilities, the risk of which is considered only possible, are not recognized in the financial statements, but adequate disclosure is provided.

Translation of foreign currency transactions and balances

Receivables and payables originally expressed in a foreign currency are translated into euros at exchange rates

applying on the original transaction date. Exchange rate differences realized upon collection and settlement of foreign currency receivables and payables are recognized in profit or loss. Income and expenses relating to foreign currency transactions are recorded at exchange rates applying on the original transaction date.

Revenue recognition

Revenue is recognized to the extent that control of an asset is transferred, it is probable that the economic benefits will flow to the Group and its amount can be measured reliably.

Sales revenue is realized under a business model involving the supply of contrast agents, medical devices and injectors, and royalties are recognized as distinct performance obligations. Bracco recognizes such revenue when control of the asset is transferred to the end customer.

Revenue is recognized net of any adjusting items.

The basic steps for the recognition of contractual performance obligations involve:

- identifying the contract with the customer;
- identifying the performance obligations contained in the contract;
- determining the transaction price;
- allocating the transaction price to the performance obligations contained in the contract.

Revenue from royalties is recognized when its amount can be reliably determined and it is probable that the economic benefits will flow to the Group.

Cost recognition

Costs and expenses are recognized in the financial statements on an accrual basis.

Finance income and costs

Finance income and costs are recognized in profit or loss on an accrual basis.

In particular, interest income and expense are recognized on an accrual basis, based on the amount financed and the effective interest rate applicable, which represents the rate that discounts estimated future cash receipts/payments over the expected life of the financial asset/liability to the carrying amount of the financial asset or to the amortized cost of the financial liability.

Government grants

Government grants for research are recognized in profit or loss upon approval by the provider.

Government grants received for the construction/purchase of property, plant and equipment are recognized as income in profit or loss on a straight-line basis over the useful life of the assets being funded. The related grants are accounted for as deferred income under liabilities.

Taxes

Taxes for the reporting period consist of the sum of current and deferred taxes.

Current taxes are based on taxable income for the reporting period. Taxable income may differ from the result

reported in the statement of profit or loss due to positive and negative items that will be taxable or deductible in other periods and also excludes amounts that will never be taxable or deductible. The current tax liability is calculated using rates in force at the reporting date.

Provisions for taxes that may arise on the transfer of retained earnings of subsidiaries are only recognized where there is an actual intention to transfer such earnings.

Deferred taxes are taxes that are expected to be paid or recovered on temporary differences between the carrying amount of assets and liabilities reported in the financial statements and the corresponding tax base used to compute taxable income and are determined using the tax rates expected to apply, under the respective laws of the countries in which the Group operates, in the periods in which the temporary differences will be recovered or settled.

Deferred tax liabilities are recognized using the global liability method. They are calculated on all temporary differences arising between the tax base of an asset or liability and their carrying amount in the consolidated financial statements, except for goodwill that is not deductible for tax purposes and differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future. Deferred tax assets are recognized to the extent it is probable that taxable income will be available in the future against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred taxes on subsidiaries' reserves of undistributed retained earnings are recognized to the extent that their distribution is expected or probable. No taxes are recognized on the retained earnings of subsidiaries if the Group does not expect them to be distributed, or such distribution is not probable in the foreseeable future.

Deferred taxes are recognized directly in profit or loss, except for those relating to items recognized directly in other comprehensive income, in which case the related deferred taxes are also recognized in other comprehensive income.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and if they relate to taxes owed to the same taxation authority and the company intends to settle the current tax assets and liabilities on a net basis.

On 24 February 2022, the Board of Directors of Bracco S.p.A. adopted a resolution to renew its participation for the three-year period 2022/2024 as head of the domestic tax consolidation scheme, under art. 117/129 of the Italian Tax Code, together with its subsidiaries Bracco Imaging S.p.A., Bracco Imaging Italia S.r.l., Spin S.p.A. and Bracco Real Estate S.r.l..

Companies participating in the domestic tax consolidation transfer their taxable income or tax loss to the consolidating company. If participating companies transfer taxable income to the consolidating company, the latter will recognize a receivable in their regard, equal to the corresponding liability for IRES (Italian corporate

income tax); conversely, if participating companies transfer tax losses to the consolidating company, the latter will recognize a payable in their regard, equal to IRES on the portion of the loss actually offset at group level.

DIVIDENDS

Dividends are accounted for when the right to their receipt is established, which corresponds to the date of the resolution under which they are declared by the shareholders in general meeting.

OTHER INFORMATION

The Group has decided not to adopt IFRS 8 - Operating Segments and IAS 33 - Earnings per Share as Bracco S.p.A., the group Parent, does not fall within the scope of mandatory application of these standards (i.e. companies with listed shares or which file their financial statements with a securities commission for the purpose of issuing ordinary shares in a public market).

USE OF ESTIMATES

Preparation of the financial statements and related notes under IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in profit or loss in the reporting period in which the estimate is revised if the revision affects only that period, or also in subsequent reporting periods if the revision affects both current and future periods.

The following is a summary of the critical estimates and assumptions about the future made by management in the process of applying the Group's accounting policies and that may have a significant effect on the amounts recognized in the consolidated financial statements or may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Rights of use

IFRS 16 has introduced a new definition of a lease and a criterion based on control (right of use) of an asset to distinguish lease agreements from service agreements, identifying as discriminating factors: the identification of the asset, the right to replace it, the right to obtain substantially all the economic rewards arising from use of the asset and, lastly, the right to direct the use of the asset underlying the lease.

As a result of adopting this standard since 1 January 2019, the statement of profit or loss reports depreciation of right-of-use assets, determined on the basis of defined lease term, judgements concerning the probability of renewal, and the finance costs pertaining to the lease liability. This process requires management to exercise a high degree of judgement.

In assessing the lease term, the Group examines various elements of the contract such as: the possibility of extending the term, the option to terminate the lease early, the notice period and how onerous or how reasonably

certain any of the above options might be exercised, based on historical factors and any strategic plans of the Group.

The lease liability is initially measured at the present value of future payments at the lease commencement date. The discount rate applied to future lease payments is calculated taking into account the cost of funding (determined by reference to the group Parent's credit lines) over different time periods (1-3 years, 3-5 years, more than 5 years), credit spread (calculated on the basis of parameters relating to the financial position of the company for which the calculation is made) and LIBOR.

Credit loss allowance

The credit loss allowance reflects the Group's estimate of losses on customer receivables.

The estimate of the credit loss allowance is based on expected losses, determined by past experience with similar receivables, current and historical past due amounts, bad debts and collections, close monitoring of credit quality and projected economic and market conditions.

Recoverable amount of non-current assets

Non-current assets include Property, plant and equipment, Investment property, Intangible assets, Goodwill and Financial assets. The Group periodically reviews the carrying amount of non-current assets held for use in the business and of assets held for sale, when facts and circumstances warrant such a review. This review is carried out using estimated future projections, timing and attainable market share, based on the latest business plans, of the expected cash flows from the use or sale of the asset and appropriate discount rates to calculate the present value. Since these are estimates regarding future events, whose very nature is uncertain and variable, they reflect outcomes that may not occur or that may occur at different times or in different ways to those expected. When the carrying amount of a non-current asset is impaired, the Group recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds its recoverable amount through use or sale, determined with reference to the Group's most recent plans. More information about the method adopted is provided in the note on "Impairment of assets".

Deferred tax assets and liabilities

The Group recognizes current and deferred tax assets and liabilities according to the regulations in force in the countries in which it operates. The recognition of taxes requires estimates and assumptions to be used in interpreting tax rules (to transactions carried out during the reporting period) and their effect on the taxation of individual companies and the Group. In addition, the recognition of deferred tax assets and liabilities requires the use of estimates regarding the prospective taxable income of individual Group companies, its evolution and the tax rates actually applicable. This process is carried out by examining transactions and their tax profiles, including with the support, where necessary, of external specialists for the various issues involved and by simulating prospective income scenarios and testing their sensitivity.

Pension plans

Some of the Group's employees enjoy pension plans that offer retirement benefits based on their salary history

and years of service.

Calculations of the costs and liabilities associated with these plans are based on estimates made by actuaries using a combination of statistical-actuarial factors, including statistical data relating to past years and forecasts of future costs. Mortality and retirement rates, assumptions about future trends in discount rates, salary growth rates and inflation rates are also considered in making the estimates. These estimates may differ materially from the actual results, due to changes in economic and market conditions, increases or decreases in retirement rates and the lifespan of plan participants.

Long-term incentive plans

The Group has a long-term incentive plan in place: the award of incentives is subject to the achievement of defined performance objectives and of specific market or internal results related to incentive plan eligibility; the financial and economic impacts of the plans have been estimated on the basis of the best possible estimates and information available at the measurement date.

Contingent liabilities

The Group is subject to legal and tax disputes involving a variety of issues under the jurisdiction of different states. Given the uncertainties surrounding these issues, it is difficult to predict whether and to what extent they will give rise to a financial outlay.

Lawsuits and litigation against the Group may arise from complex and difficult legal issues, which may be subject to varying degrees of uncertainty, including the facts and circumstances surrounding each lawsuit, jurisdiction and different applicable laws. In the normal course of business, the Group consults with its legal advisors and tax and environmental experts as necessary. The Group recognizes a liability for litigation when it considers that a financial outlay is probable and when the amount of resulting losses can be reasonably estimated. In the case of contingent liabilities deemed possible, this fact is disclosed in the notes to the financial statements.

Climate change

Climate change is the main threat to humanity; according to many analyses, the risk of climate action failure will undoubtedly remain one of the top three global risks for years to come.

The process of decarbonization and electrification of the global economy is underway on a worldwide scale and, in line with the requirements of the Paris Agreement, is crucial for achieving the "Net Zero" goal, which should make it possible to avoid serious consequences.

Bracco believes it is essential to combine economic growth with sustainability, and strategic business choices with environmental stewardship. The Group pursues a model of sustainable and socially responsible growth in all its activities, capable of creating value for the business and for the community in which it operates, with the goal of promoting the circular economy and increasing its share of electricity used from renewable energy sources.

The Group's aim is to embrace sustainable transformation by investing in the best available technologies, by promoting new opportunities for the circular economy and strengthening responsible best practices throughout the value chain. To consolidate its commitment to ESG issues, the Group has developed a set of qualitative-

quantitative objectives with respect to the main ESG aspects. The objectives, defined within a Sustainability Plan, will unfold over the medium to long term. They include, among others, the commitment to become carbon neutral by investing in photovoltaic plants for self-generation, as well as migrating towards green sources such as bio-methane and hydrogen, until such time as the Group is able to acquire energy from renewable sources alone.

In line with IAS 1, the consequences in terms of investments, costs and cash flows have been taken into account when preparing the financial statements, in line with the progress of the roadmap of the process itself (e.g. by revising the useful life of assets scheduled for replacement, adjusting impairment tests to take into account the impact on investment flows, etc.).

It is possible that in the future, the carrying amount of assets or liabilities recognized in the Group's financial statements may be subject to different impacts as the climate change management strategy evolves. These aspects are being monitored by a team set up specifically to examine in detail the impact of emissions reduction projects.

As part of the impairment testing activities, as defined by IAS 36, the Group has performed a sensitivity test to assess whether the carbon neutrality objective could have an impact on the recoverable value of assets. This test has not revealed any evidence of impairment. This was a preliminary test that will be gradually incorporated into the Group's accounting measurement processes as the actions required by the long-term objectives take an increasingly concrete shape.

IAS 16 and 38 define the rules for capitalizing costs. Costs, including those for developing new solutions that reduce consumption, are capitalized when they meet the requirements of the two standards. The useful life of property, plant and equipment, as well as that of intangible assets, is determined in a manner consistent with the Group's strategic objectives and business plan.

IAS 37 acknowledges the possibility that previously recognized provisions for future events may be used faster than expected, requiring the original provisions to be revised. Climate change and associated legislation may require these estimates to be revised involving the recording of previously unrecognized liabilities, for which specific disclosures should be made. Lastly, in 2022 the Group undertook initiatives geared towards the production of green energy, including joining, through its subsidiary Bracco Imaging Spa, the "Renewability" consortium for renewable energy generation. This consortium intends to invest in photovoltaic parks located in Italy that are expected to be developed and commissioned during 2023 and thereafter.

Again with the aim of making the Group's energy consumption more efficient, the subsidiary Bracco Imaging S.p.A. has signed an agreement with E.ON Business Solutions S.r.l. to take over, through the company American Husky III S.r.l., the co-generation plant for the production of electrical and thermal energy serving the Ceriano Laghetto site.

NEW ACCOUNTING STANDARDS

IFRS accounting standards, amendments and interpretations applied from 1 January 2022

The following IFRS accounting standards, amendments and interpretations have been applied for the first time by the Group as from 1 January 2022:

- On 14 May 2020, the IASB published the following amendments:
  - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without resulting in changes to the provisions of the standard.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the amendments are intended to disallow the deduction from the cost of an item of property, plant and equipment of any proceeds from selling items produced during the asset's test phase. Such sales proceeds and related costs will therefore be recognized in profit or loss.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that when estimating whether a contract is onerous, all costs directly attributable to that contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (e.g. for direct material used in the production process), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g. allocation of the depreciation charge for the machinery used in fulfilling the contract).
  - **Annual Improvements 2018-2020**: amendments have been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The adoption of these amendments has had no impact on the Group's consolidated financial statements.

IFRS accounting standards, amendments and IFRIC interpretations endorsed by the European Union, not yet mandatorily applicable and not early adopted by the Group

- On 18 May 2017, the IASB published **IFRS 17 Insurance Contracts** which is intended to replace IFRS 4 Insurance Contracts.

The objective of the new standard is to ensure that a reporting entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed this standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contract, including reinsurance contracts, that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability between entities in this industry.

The new standard measures an insurance contract on the basis of a General Model or a simplified version of it, called the Premium Allocation Approach ("PAA").

- On 9 December 2021, the IASB published **"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"**. The amendment is a transition option relating to comparative information about financial assets presented at the first-time application date of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for users of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17.
- On 12 February 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2"** and **"Definition of Accounting Estimates - Amendments to IAS 8**". These amendments are designed to improve the accounting policy disclosures so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.
- On 7 May 2021, the IASB published **"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"**. The document clarifies how deferred taxes should be accounted for on certain transactions that generate assets and liabilities of equal amounts, such as leases and decommissioning obligations.

All these amendments are effective from 1 January 2023. Management does not expect the adoption of these amendments to have a material effect on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the date of this document, the European Union had not yet completed the process of endorsing the amendments and standards described below.

- On 23 January 2020, the IASB published **"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"** and on 31 October 2022 it published "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"**. These documents aim to clarify how to classify payables and other liabilities as current or non-current. The amendments are effective from 1 January 2024, although earlier application is permitted.

The Group does not expect the adoption of these amendments to have a material effect on its consolidated financial statements.

- On 22 September 2022, the IASB published **"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"**. The document requires a seller-lessee to measure the lease liability arising from a sale and leaseback transaction in such a way that it does not recognize any gain or loss that relates to the right of use it retains. The amendments will apply as of 1 January 2024, but earlier application is permitted.

  The Group does not expect the adoption of these amendments to have a material effect on its consolidated financial statements.

5. SIGNIFICANT EVENTS IN THE REPORTING PERIOD

HLT divestment

During 2022, the programs of Heart Leaflet Technologies Inc. (HLT) to develop a percutaneous myocardial valve were discontinued and the related intellectual property rights were transferred to a US company in December for USD 20 million; the results of these activities, for 2022 and the previous year, have been classified in "Profit (loss) from discontinued operations". The net costs of HLT operations were euro 31.7 million in 2022 (euro 12.1 million in 2021).

This transaction qualifies as a Discontinued Operation, in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, and is presented as a separate line item within these financial statements, namely "Profit (loss) from discontinued operations".

IFRS 5 also requires that the statement of profit or loss for the comparative reporting period be restated for the sake of comparability of the scope of the continuing and discontinued operations between the two reporting periods, but does not require the comparative figures in the statement of financial position at 31 December 2021 to be reclassified.

The table below provides details of the 2022 and 2021 financial results of the HLT business:

(€/million)	**2022**	**2021**
Employee costs	(11.9)	(9.4)
Other operating costs	(7.0)	(6.6)
Net gains, depreciation and amortization	17.8	(1.1)
Impairment of property, plant and equipment and intangible assets	(38.0)	-
Income taxes	7.4	5.1
Total	**(31.7)**	**(12.1)**

Macroeconomic context

During the year, the signs of rising inflation and commodity supply bottlenecks, already apparent in the second half of 2021, were exacerbated by the war between Russia and Ukraine and further increases in energy and consumer product prices. The Group's core markets witnessed differing monetary policy trends and measures.

The US economy was impacted by a sharp first-half slowdown: GDP declined in the first three months of the year, following exceptional growth in 2021. Against a backdrop of rising inflation, a series of monetary policy interventions were initiated, and the North American economy rebounded strongly in the second half of the year, during which GDP growth was estimated to be near on 3% and unemployment close to historic lows.

The Chinese economy suffered from the worsening epidemiological situation in the first part of the year, which led to a sharp slowdown in economic activity.

In the Eurozone, economic activity grew in the first half of the year, only to stagnate in the second half, affected above all by rising energy prices and heightened uncertainty. Inflation rose steadily throughout 2022, reaching an all-time high in October of more than 10%.

The effects of these macroeconomic scenarios and their impacts on the sector in which the Group operates can be seen in the significant increase in raw material and energy costs, in the increased value of inventories, in the growth in interest rates and discounting rates, and, finally, in the budget and plan scenarios used for the purpose of assessing the recoverable value of recognized assets.

Impacts of the Russia-Ukraine conflict

The Bracco Group has no direct operations in Ukraine and Russia and has no direct suppliers of raw materials or production sites located there. However, the outcome of the conflict is still uncertain and it cannot be ruled out that an escalation in hostilities could have unpredictable repercussions on other neighbouring countries, resulting in more direct impacts. The Group has continued to supply the Russian market, given the intrinsic nature of the business involving high-profile clinical diagnostic procedures designed to manage major diseases. Sales of Euro 0.6 million achieved in Russia in 2022 were nonetheless of a negligible amount.

6. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to different types of risk: market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk, some of which are mitigated using derivative instruments.

MARKET RISKS

Foreign exchange risk

Foreign exchange risk arises from both trade and financial flows.

As regards trade flows, a significant portion of revenue is denominated in currencies other than the euro. On the cost front, part of the purchases of raw materials, finished goods and services is also denominated in currencies other than the unit of account.

The main exchange rates affecting the Group are:

- Euro/US Dollar: in relation to trade and financial transactions in US dollars on the North American market and vice versa;
- Euro/Japanese Yen: in relation to trade and financial transactions carried out by Group companies on the Japanese market and vice versa.

Accordingly, the Group has deemed it appropriate to make use of derivative financial instruments to manage its risks arising from core business managed in currencies other than the euro, in particular the US dollar and Japanese yen as mentioned above.

The objective is to reduce the potentially negative impact on corporate cash flows as a result of unfavourable movements in foreign exchange rates.

Hedging activities focus on risks that, due to their size or implied riskiness (volatility), may have a significant impact on business profitability.

Risks related to US dollar transactions are managed by hedging the cash flow forecast in the budget. The economic objective of the hedge is measured against the budgeted exchange rate.

For transactions denominated in other currencies, foreign exchange risk is hedged on a transaction-by-transaction basis except for transactions in currencies with limited impact on business profitability. In this regard, we report that the Group is not exposed to foreign exchange risk arising from transactions denominated in Russian roubles.

In managing foreign exchange risk, the Group uses both options and forward sales/purchases. These instruments, aimed at hedging the risk of exchange rate fluctuations, are "simple" to manage and to calculate their fair value ("Plain Vanilla" instruments).

The counterparties to these contracts are leading financial institutions, with no speculative activity envisaged.

As required by IFRS 7, the Group prepares a sensitivity analysis that measures, for each class of financial instruments, the estimated impact on profit or loss and the statement of financial position of "+/-10%" changes in the exchange rates reported at 31 December 2022, assuming that all other variables remain equal. This analysis is for illustrative purposes only, as in reality these changes rarely occur in isolation.

For the purposes of exchange rate sensitivity analysis, account has been taken of the risk that can arise from any financial instruments denominated in a currency other than the euro. Consequently, translation risk has also been taken into account.

The results of the sensitivity analysis are summarized below and show the impact, net of tax, on profit or loss and the statement of financial position that would be caused by a 10% increase/decrease in the exchange rates reported at 31 December 2022 and 31 December 2021:

Impact on profit or loss

(€/000)	**31 December 2022**		**31 December 2021**	
	-10%	**+10%**	**-10%**	**+10%**
US dollars	21,494	(21,120)	28,287	(24,634)
Other currencies	12,319	(11,063)	(3,845)	3,099
Total	**33,814**	**(32,184)**	**24,442**	**(21,534)**

Impact on statement of financial position

(€/000)	**31 December 2022**		**31 December 2021**	
	-10%	**+10%**	**-10%**	**+10%**
US dollars	(7,169)	15,287	(9,405)	9,368
Other currencies	-	-	-	-
Total	**(7,169)**	**15,287**	**(9,405)**	**9,368**

Interest rate risk

The interest rate risk to which the Group is exposed is mainly on long-term financial debt, carrying both fixed and variable rates.

Fixed-rate debt exposes the Group to a fair value risk.

Variable-rate debt exposes the Group to interest rate volatility risk (cash flow risk).

The management objective is to reduce the impact that a shift in the interest rate curve could have on the business's cash flows. In particular, the objective is to define the correct mix between fixed-rate net debt and variable-rate net debt, in order to reduce the effects of shifts in interest rates, while minimizing the costs of protecting against such events according to the hedging instruments selected.

The Group's net unhedged variable-rate debt at 31 December 2022 represented 18.2 % of the total.

In managing interest rate risk, the Group can use options, interest rate swaps (IRS) or forward rate agreements (FRA).

The counterparties to these contracts are leading financial institutions, with no speculative activity envisaged.

The following sensitivity analysis shows the effects on consolidated profit or loss and statement of financial position if spot interest rates at 31 December 2022 and 31 December 2021 were to increase/decrease by 1 b.p., assuming that all other variables remained equal and ignoring hedging derivatives.

Impact on profit or loss

(€/000)	**31 December 2022**		**31 December 2021**	
	-1.00%	**+1.00%**	**-1.00%**	**+1.00%**
Euro	4,644	(4,644)	6,282	(6,282)
Total	**4,644**	**(4,644)**	**6,282**	**(6,282)**

Impact on statement of financial position

(€/000)	**31 December 2022**		**31 December 2021**	
	-1.00%	**+1.00%**	**-1.00%**	**+1.00%**
Euro	(11,778)	8,156	(13,642)	14,652
Total	**(11,778)**	**8,156**	**(13,642)**	**14,652**

Price risk

Some of the Group's plants are subject to ETS regulation and therefore purchase and use EUA certificates to offset CO2 emissions. The increased price volatility of these certificates has prompted the decision to take out commodity forward purchase agreements.

The aim of these agreements is to minimize the impact of the price volatility of such certificates.

There is an economic relationship between the hedged items and the hedging instruments, with commodity forward purchase prices mirroring the terms of highly probable future transactions.

The Group has established a hedging ratio of 1:1 for the hedging relationships, as the hedged risk related to commodity forward purchase price is identical to the components of the hedged risk. To test hedge effectiveness, the Group uses a method based on identifying a hypothetical derivative and comparing changes in the fair value of the hedging instruments with changes in the fair value of the hedged items.

Hedges may become ineffective due to:

- differences in the timing of cash flows generated by the underlying hedged items and the hedging instruments;
- different ratios related to the underlying item's hedged risk and the hedging instruments;

- different impact of counterparty risk on fair value movements by hedging instruments and underlying items;
- changes in the expected cash flows for the underlying hedged items and hedging instruments.

The following sensitivity analysis shows the effects on consolidated profit or loss and statement of financial position if commodity prices at 31 December 2022 and 31 December 2021 were to increase/decrease by 10 b.p., assuming that all other variables remained equal.

Impact on profit or loss

(€/000)	**31 December 2022**		**31 December 2021**	
	-10%	**+10%**	**-10%**	**+10%**
commodity	-	-	-	-
Total	**-**	**-**	**-**	**-**

Impact on statement of financial position

(€/000)	**31 December 2022**		**31 December 2021**	
	-10%	**+10%**	**-10%**	**+10%**
commodity	(60)	60	(239)	239
Total	**(60)**	**60**	(239)	239

There is no impact on profit or loss as the hedging activity follows cash flow hedge accounting rules.

CREDIT RISK

Credit risk represents the Group's exposure to potential losses arising from the failure of either trade or financial counterparties to discharge their obligations. This risk arises primarily from factors of a typically economic-financial nature, or from the possibility that a counterparty may default, as well as from factors of a more strictly technical-commercial or administrative-legal nature (i.e. disputes over the nature/quality of the goods/services supplied, the interpretation of the terms of contracts, supporting invoices, etc.). In order to control this risk, the Group has adopted suitable tools to constantly monitor the status of collections and promptly undertake actions for recovery.

Receivables are presented in the financial statements net of the credit loss allowance; this net balance is considered to represent the fair value of trade receivables. Further details can be found in Note 26 "Trade receivables".

The following tables show the ageing of trade receivables at 31 December 2022 and 31 December 2021:

(€/000)	**Amount at 31 December 2022**	**of which not past due**	**of which: past due**			
			1-3 months	**not past due**	**1-3 months**	**not past due**
Trade receivables - Europe	92,091	76,375	10,856	4,971	(708)	597
Trade receivables - North America	67,993	56,223	9,090	1,819	1,663	(802)
Trade receivables - Rest of world	50,483	45,127	5,038	345	(4)	(23)
Total trade receivables from third parties	**210,567**	**177,725**	**24,984**	**7,135**	**951**	**(228)**

(€/000)	**Amount at 31 December 2021**	**of which not past due**	**of which: past due**			
			1-3 months	**not past due**	**1-3 months**	**not past due**
Trade receivables - Europe	93,934	81,187	8,325	3,482	326	614
Trade receivables - North America	96,093	73,030	23,471	511	170	(1,089)
Trade receivables - Rest of world	41,324	35,518	5,585	74	23	122
Total trade receivables from third parties	**231,351**	**189,735**	**37,381**	**4,067**	**519**	**(353)**

LIQUIDITY RISK

The Group's exposure to liquidity risk may arise from difficulty in obtaining financing to support operating activities in a timely and adequate manner to fund those activities.

The Group's cash flows, funding requirements and liquidity are constantly monitored with the objective of guaranteeing effective and efficient management of financial resources, in order to satisfy the needs arising from operations, investments and debt repayments on their due dates.

The following table presents the Group's undiscounted financial obligations by contractual maturity bands, considering the "Worst case scenario" and the earliest date on which repayment might be requested.

		31 December 2022				
(€/000)	**Reported amount**	**Total**	< 1 year	1 - 2 years	2 - 5 years	>5 years
Bank debt	799,213	822,313	133,341	77,333	611,484	156
Borrowings from other lenders	1,428	1,431	621	798	12	-
Financial payables for derivatives	470	470	470	-	-	-
Trade payables	238,043	238,043	238,043	-	-	-
Total	**1,039,154**	**1,062,257**	**372,475**	**78,131**	**611,496**	**156**

		31 December 2021				
(€/000)	**Reported amount**	**Total**	< 1 year	1 - 2 years	2 - 5 years	>5 years
Bank debt	1,014,659	1,028,439	391,925	65,841	570,442	231
Borrowings from other lenders	1,035	1,075	129	838	107	-
Financial payables for derivatives	996	996	996	-	-	-
Trade payables	235,413	235,413	234,413	-	-	-
Total	**1,252,103**	**1,265,922**	**628,463**	**66,679**	**570,548**	**231**

As shown in the following table, the Group has sufficient financial resources available to meet its obligations falling due within one year, being able to rely on available liquidity, undrawn committed credit lines and cash generated from its own and its subsidiaries' core business.

(€/000)	**31 December 2022**	**31 December 2021**
Cash and cash equivalents	177,989	379,496
Financial assets at FVTPL	37,555	24,121
Financial assets at FVTOCI	10,484	12,667
Undrawn committed credit lines	239,500	100,000
Total	**465,528**	**516,284**

FAIR VALUE MEASUREMENT

IFRS 13 requires assets and liabilities recognized in the statement of financial position to be classified according to a hierarchy that reflects the significance of the inputs used in measuring fair value.

Financial instruments are classified according to the following fair value measurement hierarchy:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly (e.g. prices) or indirectly (e.g. derived from prices); and
- **Level 3** fair value measurements are those derived by applying valuation techniques whose inputs for assets or liabilities are not based on observable market information (unobservable inputs).

The following tables show financial assets and liabilities according to their classification in the fair value hierarchy:

(€/000)		**31 December 2022**			
Description	*Instrument*	Level 1	Level 2	Level 3	Total
Equity investments	*FVTPL*	8,015		14,045	22,060
Financial assets-FVTOCI	*Bonds*	10,484			10,484
Other financial assets	*FVTPL*		15,495		15,495
Cash flow hedging derivatives	*Forward CFH*		4,514		4,514
Cash flow hedging derivatives	*Interest Rate Swap*		46,879		46,879
Fair value derivatives	*Forward FV*		321		321
Cash flow hedging derivatives	*Commodity swap*		212		212

(€/000)		**31 December 2021**			
Description	*Instrument*	Level 1	Level 2	Level 3	Total
Equity investments	*FVTPL*	10,998		10,730	21,728
Financial assets-FVTOCI	*Bonds*	12,677			12,677
Other financial assets	*FVTPL*		2,393		2,393
Cash flow hedging derivatives	*Forward CFH*		1,504		1,504
Cash flow hedging derivatives	*Interest Rate Swap*		1,755		1,755
Fair value derivatives	*Forward FV*		(358)		(358)
Cash flow hedging derivatives	*Commodity swap*		743		743

Fair value of financial assets and liabilities and calculation models used

The table below analyses the fair value of assets and liabilities according to the methods and calculation models used to determine this fair value.

Financial assets for which the fair value cannot be objectively determined are not presented.

The fair value of "Bank debt" and "Borrowings from other lenders" has been calculated on the basis of the interest rate curve at the reporting date.

The fair value of financial instruments quoted in an active market is based on market price at the reporting date. The market price for financial assets is the bid price, and the ask price for financial liabilities. The fair value of financial instruments not quoted in an active market and of derivative instruments is determined using standard market valuation models and techniques, using observable market inputs.

No fair values have been calculated for trade receivables, trade payables or other financial assets because their carrying amounts are a reasonable approximation of fair value.

Similarly, the fair value of borrowings from other lenders is considered not to differ significantly from carrying amount.

(€/000)	**Reported amount 31.12.2022**	**Mark to Market Fair Value**	**Mark to Model Fair Value**	**Notes**
Bank debt	799,213	-	883,219	*34*
Borrowings from other lenders	1,428	-	1,428	*34*
Derivatives designated as cash flow hedges:				
- Forwards	4,514	-	4,514	*30*
- Interest rate swaps	46,879	-	46,879	*29*
- Commodity swaps	212	-	212	*29*
Derivatives designated as fair value hedges:				
- Forwards	(470)	-	(470)	*30*
- Forwards	1,003	-	1,003	*30*

OTHER INFORMATION

In completion of the disclosures about financial risks, the following tables present a reconciliation between the classes of financial assets and liabilities reported in the Group's consolidated statement of financial position and the categories used by IFRS 7 and IFRS 9 to identify financial assets and liabilities.

Financial instruments reported in the Statement of Financial Position at 31 December 2022

Financial instruments – Liabilities at 31 December 2022	Instruments at amortized cost	Instruments at FVTPL	Instruments at FVTOCI	Amount reported at 31 December 2022
Borrowings from other lenders	1,428	-	-	1,428
Trade payables	238,043	-	-	238,043
Other current liabilities	113,117	-	-	113,117
Other non-current liabilities	10,657	-	-	10,657
Payables for derivative contracts	-	470	-	470
Bank debt	799,213	-	-	799,213
Total	**1,162,458**	**470**	**-**	**1,162,928**

Financial instruments – Assets at 31 December 2022	Instruments at amortized cost	Instruments at FVTPL	Instruments at FVTOCI	Amount reported at 31 December 2022
Equity investments	-	22,060	-	22,060
Non-current financial and other assets	41,173	-	-	41,173
Trade receivables	210,567	-	-	210,567
Other current receivables and assets	-	-	-	-
Current financial assets	-	-	10,484	10,484
Cash and cash equivalents	177,989	-	-	177,989
Derivative instruments	-	15,495	-	15,495
Total	**429,729**	**37,555**	**10,484**	**477,768**

Financial instruments reported in the Statement of Financial Position at 31 December 2021

(€/000)

Financial instruments – Liabilities at 31 December 2021	Instruments at amortized cost	Instruments at FVTPL	Instruments at FVTOCI	Amount reported at 31 December 2021
Borrowings from other lenders	1,035	-	-	1,035
Trade payables	235,413	-	-	235,413
Other current liabilities	101,436	-	-	101,436
Other non-current liabilities	21,337	-	-	21,337
Payables for derivative contracts	-	996	-	996
Bank debt	1,014,659	-	-	1,014,659
Total	**1,373,880**	**996**	**-**	**1,374,876**

(€/000)

Financial instruments – Assets at 31 December 2021	Instruments at amortized cost	Instruments at FVTPL	Instruments at FVTOCI	Amount reported at 31 December 2021
Equity investments	-	21,728	-	21,728
Non-current financial and other assets	16,048	-	-	16,048
Trade receivables	231,350	-	-	231,350
Other current receivables and assets	-	-	-	-
Current financial assets	-	-	12,677	12,677
Cash and cash equivalents	379,496	-	-	379,496
Derivative instruments	-	2,393	-	2,393
Total	**626,894**	**24,121**	**12,677**	**663,692**

Income and expense generated by financial instruments in 2022

(€/000)

Income and expense generated by financial instruments – 2022	From interest	From fair value changes	From equity reserve	Exchange gains and losses	Amount reported at 31 December 2022
Instruments at amortized cost	(16,685)	-	-	29,864	13,179
Instruments at FVTPL	50	7,492	-	-	7,542
Instruments at FVTOCI	413	-	-	-	413
Total	**(16,222)**	**7,492**	**-**	**29,864**	**21,134**
Other income and expense	-	-	-	-	(35,732)
Total net finance income and costs					**(14,598)**

Income and expense generated by financial instruments in 2021

(€/000)

Income and expense generated by financial instruments – 2021	From interest	From fair value changes	From equity reserve	Exchange gains and losses	Amount reported at 31 December 2021
Instruments at amortized cost	(17,033)	-	-	3,584	(13,449)
Instruments at FVTPL	50	(14,046)	-	-	(13,997)
Instruments at FVTOCI	413	-	-	-	413
Total	**(16,570)**	**(14,046)**	**-**	**3,584**	**(27,033)**
Other income and expense	-	-	-	-	(1,770)
Total net finance income and costs					**(28,803)**

7. BUSINESS COMBINATIONS

There are no activities to report for 2022.

At the end of 2021, the Group had acquired, through its subsidiary C.D.I. Centro Diagnostico Italiano S.p.A., 100% of Centro Medico SME Diagnostica per Immagini S.r.l., a company based in Varese, for consideration of euro 8.0 million, plus euro 0.8 million to offset the net debt position at the time of closing.

The excess of the acquisition price over the fair value of the net assets acquired was recognized as goodwill, amounting to euro 7,743 thousand.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

8. REVENUE

Revenue amounts to euro 1,782,470 thousand at 31 December 2022, reflecting a net increase of euro 91,294 thousand from 31 December 2021.

(€/000)	**2022**	**%**	**2021 restated**	**%**	**Change**	**%**
North America	845,498	**47.4%**	838,014	*49.6%*	7,484	*0.9%*
Europe	577,006	**32.4%**	539,112	*31.9%*	37,894	*7.0%*
China	190,036	**10.7%**	167,028	*9.9%*	23,008	*13.8%*
Rest of World	169,928	**9.5%**	147,022	*8.7%*	22,907	*15.6%*
Total	**1,782,470**	**100.0%**	**1,691,176**	***100.0%***	**91,294**	***5.4%***

The breakdown by business segment is as follows:

(€/000)	**2022**	**%**	**2021 restated**	**%**	**Change**	**%**
Imaging Agents	1,293,278	**72.6%**	1,261,702	*74.6%*	31,576	*2.5%*
Medical Technologies	354,638	**19.9%**	303,752	*18.0%*	50,886	*16.8%*
Centro Diagnostico Italiano	134,554	**7.5%**	125,722	*7.4%*	8,832	*7.0%*
Total	**1,782,470**	***100.0%***	**1,691,176**	***100.0%***	**91,294**	***5.4%***

With regard to the Imaging business, the core products of Non-ionic contrast agents for X-ray/CT procedures saw a 7.3% increase in sales at constant exchange rates.

The Nuclear Medicine segment was affected by the steep contraction in Axumin®, only partially offset by the good results achieved by Kinevac® (+35.9%) and CardioGen® (+5.6%).

The MRI segment, with sales of euro 168.8 million, achieved year-on-year growth of 7.1%.

Ultrasound sales climbed 20.1% on the previous year to reach euro 123.9 million.

The Medical Technologies business drove forward its steady expansion of the installed base of injection systems and medical devices, both for diagnostics (+15.2%) and cardiovascular surgery (+17.8%).

Centro Diagnostico Italiano settled back to more moderate but still positive growth in 2022 after the strong upturn in business recorded in 2021 following the gradual easing of covid-related restrictions.

More information about business performance can be found in the Directors' Report.

9. OTHER INCOME

This amounts to euro 24,452 thousand, having increased by euro 8,824 thousand on 2021, and can be broken down as follows:

(€/000)	2022	2021 restated	Change
Miscellaneous revenue	22,589	15,345	7,244
Re-charges of research costs	-	129	(129)
Research grants	1,402	135	1,267
Other minor items of income	461	18	443
Total	**24,452**	**15,627**	**8,824**

The increase in "Miscellaneous revenue" includes euro 4.8 million to recognize the tax credit granted to so-called "energy-intensive" and "gas-intensive" businesses, based on energy and gas expenses incurred in 2022.

"Research grants" reflect non-refundable research grants received by the subsidiary Bracco Imaging S.p.A.

10. PURCHASE OF RAW MATERIALS AND GOODS FOR PRODUCTION AND RESALE

These purchases amount to a total of euro 538,165 thousand (euro 390,978 thousand in 2021), detailed as follows:

(€/000)	2022	2021	Change
Purchase of raw materials and goods for production and resale:			
- Raw materials and goods	310,736	216,084	94,652
- Finished products	149,973	111,976	37,997
- Packing material and packaging	34,672	33,852	820
- Ancillary and consumable materials	27,468	18,862	8,606
- Other purchases and incidental expenses	15,316	10,204	5,112
Total	**538,165**	**390,978**	**147,187**

Purchases of raw materials and goods for production and resale absorbed a higher share of revenue than in the previous year due to the increased cost of raw materials (above all iodine).

11. EMPLOYEE COSTS

Employee costs are broken down as follows:

(€/000)	2022	2021 restated	Change
Wages and salaries	308,597	290,199	18,397
Social contributions	70,363	61,914	8,449
Cost of defined benefit plans	12,284	10,797	1,487
Other employee-related costs	10,719	21,996	(11,277)
Total	**401,963**	**384,907**	**17,056**

The "Cost of defined benefit plans" refers to provisions for post-employment benefits. Further information can be found in Note 33 "Employee benefit obligations".

"Other employee-related costs" include the long-term incentive plans that the Group has in place, with the aim of motivating management to create value over time by achieving economic and financial performance objectives and new product development milestones.

The plans vest over a period of between 1 and 4 years, with payment of incentives subject to the achievement of performance targets for:

- Cumulative EBITDA, Net financial position/EBITDA ratio and Equity Value
- Turnover and new product development milestones.

Accounting for the effects of long-term incentive plans in the year ended 31 December 2022 has resulted in releasing euro 9.2 million in provisions after missing plan targets linked to BED Group performance and recognizing euro 1.7 million in provisions for other plans with different scopes and conditions (euro 7.1 million in provisions recognized in 2021).

The number of employees as of 31 December 2022 and 31 December 2021 is broken down below:

	Headcount 2022	Headcount 2021	Change
Senior managers	250	221	29
Middle managers	629	656	(27)
White-collar employees	2,132	2,155	(23)
Blue-collar employees	636	698	(62)
Total	**3,647**	**3,730**	**(83)**

The decrease in headcount is mainly attributable to discontinuation of the operations of HLT Inc. which had employed 78 people at 31 December 2021.

The average number of employees is shown below:

	Headcount 2022	Headcount 2021	Change
Senior managers	229	215	14
Middle managers	649	640	9
White-collar employees	2,160	2,117	44
Blue-collar employees	666	694	(27)
Total	**3,705**	**3,665**	**39**

12. OTHER OPERATING COSTS

These amount to euro 609,137 thousand at 31 December 2022, having increased by euro 17,785 thousand on 2021, and are broken down as follows:

(€/000)		2022	2021 restated	Change
Indirect taxes, duties and levies:				
- Indirect taxes, duties and levies		33,575	25,540	8,035
- Cash flow hedging		2,095	742	1,353
- Other charges		12,767	8,804	3,963
- Provisions and other charges		2,551	1,540	1,011
	(A)	**50,988**	**36,626**	**14,362**
Services and use of third-party assets:				
- Subcontract work		110,455	113,228	(2,773)
- Maintenance costs		45,803	39,125	6,678
- Promotions, advertising and marketing		53,783	45,669	8,116
- Trials, scientific advice and research		33,812	57,659	(23,849)
- Canteen and other personnel expenses		11,017	10,897	121
- Royalty expense		11,961	29,789	(17,829)
- Utilities		45,128	31,603	13,527
- Directors' and Statutory Auditors' fees		6,824	5,084	1,742
- Business trips and travel		18,992	11,072	7,919
- Insurance		9,051	7,920	1,131
- Agent commissions, social contributions and expense claims		1,355	1,151	205
- Other costs		68,897	65,561	3,337
- Rental costs		9,005	6,890	2,115
- Advisory services		105,568	106,111	(543)
- Transport		26,129	22,764	3,366
	(B)	**557,780**	**554,522**	**3,258**
Losses on disposal of fixed assets				
- Losses on disposal of fixed assets		368	203	165
	(C)	**368**	**203**	**165**
Total	(A)+(B)+(C)	**609,136**	**591,352**	**17,784**

The largest upward changes are found in "Utilities" mainly due to price increases and in "Business trips and travel" following their post-Covid-19 resumption.

"Indirect taxes, duties and levies" include euro 1.5 million as the cost incurred by Bracco Imaging Italia Srl to pay back the national spending cap overrun on the purchase of medical devices for the years 2015 to 2018, as well as euro 8.9 million for the cost of non-deductible VAT incurred by Centro Diagnostico Italiano.

"Cash flow hedging", amounting to euro 2,095 thousand, reflects the net charges to account for financial derivative hedging instruments, net of positive exchange rate differences realized on US-dollar receivables and payables, hedged in accordance with the hedge accounting method.

"Other charges" include euro 3.1 million, most of which due to the estimated charge for the years 2019 to 2022 for sharing the cost of paying back the medical devices spending cap overrun in the Italian market through Bracco Imaging Italia Srl.

"Trials, scientific advice and research" have decreased mainly due to the reduction of activities in the Oncology-PET (BED) area and to the reimbursement of expenses to register lomeprolo in the American market.

The decrease in "Royalty expense" is a direct reflection of the performance of Axumin®.

13. DEPRECIATION, AMORTIZATION, IMPAIRMENT AND IMPAIRMENT REVERSALS

This line item amounts to euro 184,294 thousand, up by euro 64,084 thousand on 2021. The following table presents a breakdown of this line item by class of assets:

(€/000)	**2022**	**2021 restated**	**Change**
Amortization of finite-life intangible assets	49,018	44,312	4,707
Depreciation of owned property, plant and equipment	60,727	50,309	10,419
Depreciation of investment property	225	225	-
Depreciation of leased property, plant and equipment	21,379	22,622	(1,244)
Impairment losses and (impairment reversals)	52,945	2,742	50,203
Total	**184,294**	**120,210**	**64,084**

"Impairment losses and (impairment reversals)" mainly reflect the following impairment losses:

- euro 50.3 million against the finite-life intangible asset known as "Technology Axumin®", included in the Oncology PET (BED) CGU, more details about which can be found in Note 22. Goodwill;
- euro 2.8 million against an indefinite-life asset included in the Oncology PET (BED) CGU;
- euro 0.8 million against property, plant and equipment.

14. GAINS (LOSSES) ON NON-CURRENT FINANCIAL ASSETS

These report a net loss of euro 247 thousand in 2022, as shown in the table below:

(€/000)	**2022**	**2021**	**Change**
Gains (losses) on equity investments	(247)	(874)	627
Total	**(247)**	**(874)**	**627**

"Gains (losses) on equity investments" include:

- a negative fair value adjustment of euro 650 thousand against the purchase price of the investment in Polarean Imaging plc., based on the market price (GBP 0.56 per share) as at 31 December 2022;

- a negative fair value adjustment of euro 84 thousand against the investment in Federation Innovation Network;
- dividend receipts of euro 500 thousand from the investment in Humanitas S.p.A.

Further information can be found in Note 23 "Non-current financial assets".

15. FINANCE INCOME

This amounts to euro 93,972 thousand, having increased by euro 48,227 thousand on 2021, and is broken down as follows:

(€/000)		2022	2021	Change
Other finance income				
Interest income from current securities		462	463	(1)
Interest income on bank deposits		1,420	1,073	348
Miscellaneous finance income		649	319	330
	(A)	**2,531**	**1,854**	**677**
Income from derivative instruments				
Income from currency hedging derivatives		22,999	3,148	19,851
Income from interest rate derivatives		760	466	294
Mark-to-market valuation of currency and interest rate derivatives		1,643	517	1,126
	(B)	**25,402**	**4,131**	**21,271**
Exchange gains				
Realized positive exchange differences		62,443	39,281	23,162
Net unrealized positive exchange differences		3,597	479	3,118
	(C)	**66,040**	**39,760**	**26,280**
Total	**(A)+(B)+(C)**	**93,972**	**45,745**	**48,227**

"Finance income and costs" include transactions related to foreign exchange hedging derivatives on notional amounts for cash pooling and short-term trade transactions. Income and expenses related to cash flow hedges of US dollar trade transactions are recorded in "Other income" and "Other operating costs" respectively.

16. FINANCE COSTS

These amount to euro 108,570 thousand, having increased by euro 34,086 thousand on 2021, and are broken down as follows:

(€/000)		2022	2021	Change
Interest expense and other finance costs				
Interest on loans and borrowings		7,992	8,962	(970)
Bank interest expense		82	117	(35)
Lease liability interest expense (IFRS 16)		2,723	2,702	21
Fees		2,420	6,261	(3,841)
Interest cost on defined benefit plans net of expected returns on plan assets		727	1,138	(411)
Other finance costs		2,506	1,218	1,288
	(A)	**16,450**	**20,398**	**(3,948)**
Exchange losses				
Realized negative exchange differences		59,544	34,767	24,777
Net unrealized negative exchange differences		6,160	1,409	4,751
	(B)	**65,704**	**36,176**	**29,528**
Expenses from derivative instruments				
Interest rate swap expenses		55	781	(726)
Fair value hedging derivative expenses		22,776	12,453	10,323
Negative fair value adjustment, expenses and mark to market of currency hedges		3,585	4,676	(1,091)
	(C)	**26,416**	**17,910**	**8,506**
Total	**(A)+(B)+(C)**	**108,570**	**74,484**	**34,086**

The decrease in "Fees" is primarily due to the recognition in the previous year of euro 3.6 million in costs upon releasing the amortized cost of the five-year loan taken out in 2019 after it was repaid early.

See Note 34 "Financial debt and liabilities" for information about "Interest on loans and borrowings".

The change in currency hedging derivatives is attributable to general exchange rate fluctuations.

17. INCOME TAXES

Income taxes for the years ended 31 December 2022 and 2021 are analysed below:

(€/000)		**2022**	**2021**	**Change**
Italian corporation taxes for year (IRES/IRAP)		8,364	8,010	354
Foreign company corporation taxes for the year		45,363	58,554	(13,191)
Total income taxes for year	*(A)*	*53,727*	*66,564*	*(12,837)*
Total deferred tax liabilities	*(B)*	*(12,831)*	*3,497*	*(16,328)*
Total deferred tax assets	*(C)*	*(2,069)*	*(8,327)*	*6,257*
Total	**(A)+(B)+(C)**	**38,827**	**61,734**	**(22,907)**

The theoretical tax rate and effective tax rate and the corresponding theoretical and effective tax charges are reconciled below:

	2022		**2021**	
	Amount	**%**	**Amount**	**%**
Profit before tax	107,176		204,372	
Tax calculated at current Italian tax rate	25,722	24.0%	49,049	24.0%
Difference arising from foreign company tax rates and loss-making companies	2,797	2.6%	912	0.4%
Non-resident CFC taxes (Italy) and distributable earnings	4,530	4.2%	13,364	6.5%
Patent Box	(1,687)	-1.6%	(4,434)	-2.2%
Other net changes	5,283	4.9%	921	0.5%
Italian regional business tax (IRAP) calculated on a basis other than profit before tax	2,182	2.0%	1,921	0.9%
Total effective taxes in statement of profit or loss	**38,827**	**36.2%**	**61,734**	**30.2%**

The "Patent box" refers to the subsidiary Bracco Imaging S.p.a. in relation to the relief introduced by art. 1, paragraphs 37-45, Italian Law 190 of 23 December 2014, which allows a deduction for the direct use of intangible assets; based on the provisions contained in the "Growth Decree" (Italian Legislative Decree 34 of 30 April 2019, converted into Law 58 of 28 June 2019), the Company has opted for self-liquidation of the benefit for the purposes of determining the eligible income in the event of directly using intangible assets.

18. OTHER COMPREHENSIVE INCOME

This reports a balance of euro 134,781 thousand at 31 December 2022 (versus euro 95,024 thousand at 31 December 2021) and reflects the recognition in equity of:

- items that will not be reclassified subsequently to profit or loss:

  - actuarial gains related to defined benefit plans of euro 40,318 thousand, net of tax;

- items that may be reclassified subsequently to profit or loss:

  - unrealized gains on cash flow hedges, of which euro 3,202 thousand in gains on currency hedges, euro 34,099 thousand in gains on interest rate hedges and euro 404 thousand in losses on commodity swaps, presented net of euro 11,651 thousand in tax effects;

  - unrealized losses of euro 662 thousand on the fair value measurement of the FVTOCI financial instrument, presented net of euro 209 thousand in tax effects;

  - foreign exchange differences of euro 58,228 thousand arising from the translation of financial statements in foreign currencies.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

19. PROPERTY, PLANT AND EQUIPMENT

The following tables present a breakdown of this balance and the movements therein during 2022 and 2021:

(€/000)	31 December 2022			31 December 2021		
(Net carrying amount)	**Historical cost**	**Accumulated depreciation**	**Net carrying amount**	**Historical cost**	**Accumulated depreciation**	**Net carrying amount**
Land	31,381	-	31,381	31,225	-	31,225
Industrial buildings	380,882	(183,295)	197,587	359,824	(163,181)	196,643
Plant	614,050	(327,544)	286,506	538,832	(306,790)	232,042
Industrial machinery and equipment	305,326	(237,852)	67,474	270,758	(211,568)	59,190
Other assets	82,004	(61,812)	20,192	78,357	(57,480)	20,877
Advances and assets under construction	203,427	-	203,427	221,594	-	221,594
Total	**1,617,070**	**(810,503)**	**806,567**	**1,500,590**	**(739,019)**	**761,571**

The following tables show the historical cost and accumulated depreciation of each class of asset for the years ended 31 December 2022 and 31 December 2021.

(Historical cost)	01 January 2022	Additions	Disposals	Impair-ment	Reclassif-ication	Exchange differences	31 December 2022
Land	31,225	-	-	-	-	156	31,381
Industrial buildings	359,824	17,479	4,029	753	4,881	3,480	380,882
Plant	538,832	20,206	1,575	-	55,650	937	614,050
Industrial machinery and equipment	270,758	22,728	10,128	-	15,326	6,642	305,326
Other assets	78,357	6,752	4,434	91	(24)	1,444	82,004
Advances and assets under construction	221,594	70,626	15,789	(2,463)	(78,888)	3,421	203,427
Total historical cost	**1,500,590**	**137,791**	**35,955**	**(1,619)**	**(3,055)**	**16,080**	**1,617,070**

(Accumulated depreciation)	01 January 2022	Depreciation	Disposals	Impair-ment	Reclassif-ication	Exchange differences	31 December 2022
Industrial buildings	163,181	23,407	4,066	-	(852)	1,622	183,295
Plant	306,790	28,783	1,575	-	(7,151)	698	327,544
Industrial machinery and equipment	211,568	21,357	7,505	-	8,569	3,865	237,852
Other assets	57,480	8,561	5,043	-	(297)	1,111	61,812
Total accumulated depreciation	**739,019**	**82,108**	**18,189**	**-**	**269**	**7,296**	**810,503**
(Net carrying amount)	**761,571**		**17,766**	**(1,619)**	**(3,324)**	**8,782**	**806,567**

(Historical cost)	01 January 2021	Additions	Disposals	Impair-ment	Reclassif-ication	Exchange differences	Change in scope of consolidation	31 December 2021
Land	31,034	-	-	-	-	191	-	31,225
Industrial buildings	324,637	10,334	844	500	17,553	7,354	1,291	359,824
Plant	490,308	19,355	163	-	26,304	3,010	19	538,832
Industrial machinery and equipment	229,274	24,840	4,401	-	11,176	9,816	54	270,758
Other assets	67,135	10,098	2,690	-	901	2,576	338	78,357
Advances and assets under construction	186,301	95,672	1,066	2,242	(61,043)	3,972	-	221,594
Total historical cost	**1,328,689**	**160,299**	**9,164**	**2,742**	**(5,109)**	**26,919**	**1,702**	**1,500,590**

(Accumulated depreciation)	01 January 2021	Depreciation	Disposals	Impair-ment	Reclassif-ication	Depreciation	Change in scope of consolidation	31 December 2021
Industrial buildings	137,396	23,163	240	-	27	2,823	12	163,181
Plant	281,559	23,985	142	-	-	1,388	-	306,790
Industrial machinery and equipment	189,836	18,866	4,019	-	-	6,885	-	211,568
Other assets	49,617	8,066	2,238	-	(27)	2,050	12	57,480
Total accumulated depreciation	**658,408**	**74,080**	**6,639**	**-**	**-**	**13,146**	**24**	**739,019**
(Net carrying amount)	**670,281**		**2,525**	**2,742**	**(5,109)**	**13,773**	**1,678**	**761,571**

Movements in property, plant and equipment in 2022 report total additions of euro 137,791 thousand (euro 160,299 thousand in 2021) and mainly comprise investments to increase production capacity at the Ceriano Laghetto and Geneva sites, as well as for projects to improve efficiency and expand production capacity at the Torviscosa site. In particular, the project to expand production capacity at the Ceriano Laghetto plant to 3,000 tonnes/year from the previous 2,400 tonnes/year was completed, while work started at Torviscosa to expand capacity to 2,000 tonnes/year, with the interim target of 1,400 tonnes completed and already operational by the second half of 2023.

Reclassifications mainly include the assets of HLT Inc, more information about which can be found in Note 5.

"Plant" also includes the investment to construct a gas co-generation plant supplied by E.on Business Solutions over a period planned through until 2035. The corresponding debt is recorded in Note 37 "Other current and non-current liabilities". At year-end the Group exercised its option to purchase this co-generation plant effective as of 1 January 2023.

Disposals include the "Roberto de Silva" Theatre sold for zero consideration in 2022 to the Municipality of Rho by the company Bracco Real Estate, accompanied by an increase in the value of inventories for urbanization rights recognized by the Municipality of Rho and use the previously recognized provision for risks.
The Group's property, plant and equipment are not subject to ownership restrictions or collateral security, with the exception of the Torviscosa plant owned by Spin S.p.A., which carries a lien in favour of Medio Credito Friuli-

Venezia Giulia.

Impairment reversals of euro 2,463 thousand refer to machinery classified as assets under construction and were recognized upon disappearance of the circumstances leading to the impairment in the previous year.

Movements in right-of-use assets accounted for in accordance with IFRS 16 are presented in the following tables for the years ended 31 December 2022 and 31 December 2021:

(Historical cost)	01 January 2022	Additions	Disposals	Impairment	Reclassif-ication	31 December 2022
Industrial buildings	125,986	15,530	3,142	(1,841)	563	137,096
Other assets	20,804	4,730	1,787	22	475	24,244
Total historical cost	**146,790**	**20,260**	**4,929**	**(1,819)**	**1,038**	**161,340**

(Accumulated depreciation)	01 January 2022	Depreciation	Disposals	Reclassif-ication	Exchange differences	31 December 2022
Industrial buildings	43,961	15,552	3,235	(143)	19	56,154
Other assets	10,964	5,292	2,513	(25)	266	13,984
Total accumulated depreciation	**54,925**	**20,844**	**5,748**	**(168)**	**285**	**70,138**
(Net carrying amount)	**91,865**		**(819)**	**(1,651)**	**753**	**91,202**

(Historical cost)	01 January 2021	Additions	Disposals	Impair-ment	Reclassif-ication	Change in scope of consolidation	31 December 2021
Industrial buildings	111,622	9,331	717	-	4,459	1,291	125,986
Other assets	15,167	7,251	2,301	-	567	120	20,804
Total historical cost	**126,789**	**16,582**	**3,018**	**-**	**5,026**	**1,411**	**146,790**

(Accumulated depreciation)	01 January 2021	Depreciation	Disposals	Reclassif-ication	Exchange differences	Change in scope of consolidation	31 December 2021
Industrial buildings	27,654	15,428	240	-	1,107	12	43,961
Other assets	7,705	4,831	1,875	-	291	12	10,964
Total accumulated depreciation	**35,359**	**20,259**	**2,115**	**-**	**1,398**	**24**	**54,925**
(Net carrying amount)	**91,430**		**903**	**-**	**3,628**	**1,387**	**91,865**

The main categories of leased assets impacted by the standard are buildings and motor vehicles.

20. INVESTMENT PROPERTY

The following tables summarize the movements over the two reporting periods in historical cost, accumulated depreciation and net carrying amount.

(€/000)	31 December 2022			31 December 2021		
(Net carrying amount)	**Historical cost**	**Accumulated depreciation**	**Net carrying amount**	**Historical cost**	**Accumulated depreciation**	**Net carrying amount**
Land	1,280	-	**1,280**	1,280	-	**1,280**
Non-industrial buildings	6,586	(4,053)	**2,533**	6,080	(3,827)	**2,253**
Total	**7,866**	**(4,053)**	**3,813**	**7,360**	**(3,827)**	**3,533**

(Historical cost)	**01 January 2022**	**Additions**	**Disposals**	**Reclass.**	**Exchange diff.**	**31 December 2022**
Land	1,280	-	-	-	-	1,280
Non-industrial buildings	6,080	51	-	455	-	6,586
Total historical cost	**7,360**	**51**	**-**	**455**	**-**	**7,866**

(Accumulated depreciation)	**01 January 2022**	**Depreciation**	**Disposals**	**Reclass.**	**Exchange diff.**	**31 December 2022**
Non-industrial buildings	3,827	225	-	-	-	4,053
Total accumulated depreciation	**3,827**	**225**	**-**	**-**	**-**	**4,053**
(Net carrying amount)	**3,533**			**455**	**-**	**3,813**

(Historical cost)	**01 January 2021**	**Additions**	**Disposals**	**Reclass.**	**Exchange diff.**	**31 December 2021**
Land	1,280	-	-	-	-	1,280
Non-industrial buildings	6,080	-	-	-	-	6,080
Total historical cost	**7,360**	**-**	**-**	**-**	**-**	**7,360**

(Accumulated depreciation)	**01 January 2021**	**Depreciation**	**Disposals**	**Reclass.**	**Exchange diff.**	**31 December 2021**
Non-industrial buildings	3,602	225	-	-	-	3,827
Total accumulated depreciation	**3,602**	**225**	**-**	**-**	**-**	**3,827**
(Net carrying amount)	**3,758**			-	-	**3,533**

Rental income from the property amounted to euro 434 thousand in 2022 (euro 413 thousand in 2021).

This line item includes the purchase of the "C.I.D." (Information and Documentation Centre) in Torviscosa, a building adjacent to the production site, housing an auditorium, a museum and the Marinotti Tower.

The building is on gratuitous loan to the Municipality of Torviscosa.
Despite the uncertainties surrounding the real estate market, there is no evidence that investment property is impaired at 31 December 2022.

21. INTANGIBLE ASSETS

Intangible assets amount to euro 429,969 thousand at the end of 2022, broken down as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Industrial patents and intellectual property rights	19,508	15,097
Concessions, licences, trademarks and similar rights	19,750	15,705
Customer list	3,760	6,251
Other intangible assets	347,926	408,678
Intangibles in progress	39,026	44,749
Total	**429,969**	**490,480**

Movements in intangible assets over 2022 and 2021 are detailed in the following tables:

(Historical cost)	**01 January 2022**	**Additions**	**Disposals**	**Impair-ment**	**Reclass.**	**Exchange diff.**	**Change in scope of consolid-ation**	**31 December 2022**
Industrial patents and intellectual property rights	209,138	15,612	-	2,849	(8,767)	7,232	-	220,366
Concessions, licences, trademarks and similar rights	175,644	1,472	3,462	-	10,970	3,947	-	188,571
Customer list	116,772	-	-	-	(7,087)	6,297	-	115,982
Other intangible assets	561,088	2,348	747	51,715	491	30,667	-	542,132
Intangibles in progress	44,749	14,879	-	-	(22,601)	1,998	-	39,026
Total historical cost	**1,107,391**	**34,311**	**4,208**	**54,564**	**(26,994)**	**50,141**	**-**	**1,106,076**

(Accumulated amortization)	**01 January 2022**	**Amortiz-ation**	**Disposals**	**Impair-ment**	**Reclass.**	**Exchange diff.**	**Change in scope of consolid-ation**	**31 December 2022**
Industrial patents and intellectual property rights	194,041	903	-	-	(592)	6,506	-	200,858
Concessions, licences, trademarks and similar rights	159,939	7,293	3,477	-	1,718	3,347	-	168,821
Customer list	110,521	2,895	-	-	(7,087)	5,892	-	112,221
Other intangible assets	152,410	37,926	598	-	(655)	5,124	-	194,207
Total accumulated amortization	**616,911**	**49,017**	**4,075**	**-**	**(6,616)**	**20,869**	**-**	**676,107**
(Net carrying amount)	**490,480**		**134**	**54,564**	**(20,378)**	**29,272**	**-**	**429,969**

(Historical cost)	01 January 2021	Additions	Disposals	Impair-ment	Reclass.	Exchange diff.	Change in scope of consolid-ation	31 December 2021
Industrial patents and intellectual property rights	191,277	1,268	-	-	8,483	8,110	-	209,138
Concessions, licences, trademarks and similar rights	173,697	2,137	-	-	(7,966)	7,716	60	175,644
Customer list	107,844	-	-	-	-	8,928	-	116,772
Other intangible assets	519,507	3,121	2	-	1,137	37,218	107	561,088
Intangibles in progress	42,319	1,605	19	-	(1,039)	1,883	-	44,749
Total historical cost	**1,034,644**	**8,131**	**21**	**-**	**615**	**63,855**	**167**	**1,107,391**

(Accumulated amortization)	01 January 2021	Amortiz-ation	Disposals	Impair-ment	Reclass.	Exchange diff.	Change in scope of consolid-ation	31 December 2021
Industrial patents and intellectual property rights	183,410	1,775	-	-	1,430	7,426	-	194,041
Concessions, licences, trademarks and similar rights	149,250	5,619	-	-	(1,453)	6,523	-	159,939
Customer list	99,513	2,648	-	-	3	8,357	-	110,521
Other intangible assets	112,467	34,268	5	-	23	5,657	-	152,410
Total accumulated amortization	**544,640**	**44,310**	**5**	**-**	**3**	**27,963**	**-**	**616,911**
(Net carrying amount)	**490,004**		**16**	**-**	**612**	**35,892**	**167**	**490,480**

The additions over the year mainly refer to:

- euro 8,000 thousand in advances aimed at obtaining the right to market the Gadopiclenol product in the United States;

- euro 3,180 thousand in advances aimed at obtaining the right to access the quantities of electricity produced by the Renewability S.c.a.rl. consortium, which the Group joined in 2022. The Group also has a commitment for a residual amount of euro 7,567 thousand under a contract reserving a portion of photovoltaic plant exploitation rights;

- about euro 15 million in investments for the concession of rights to use assets included in the "Oncology-PET (BED)" CGU;

- investments in information systems to develop and enhance centralized accounting and business process software.

Impairment losses of euro 54,564 thousand recognized in the year relate mainly to the Oncology PET (Blue Earth Diagnostics) CGU; see Note 22. Goodwill.

Once again in 2022, the Group confirmed its strong commitment to research and development, in which it invested a total of approximately euro 147.3 million (euro 161.5 million in 2021), equating to some 8.2% of revenue, which, since not qualifying for capitalization, has been recognized in profit or loss for the year in accordance with the

accounting standards adopted.

The intangible assets recorded in the financial statements mainly consist of amounts arising from the Group's acquisitions in previous years of the companies Blue Earth Diagnostics, Surgvision, E-Z-EM Inc., Bipso G.m.b.H. and Acist Inc.

They also include the allocation of the merger deficit arising in 2006 to certain intangible assets of Bracco Diagnostics Inc., a US subsidiary.

Exchange differences are mainly attributable to US dollar fluctuations, particularly with regard to Blue Earth Diagnostics.

"Intangibles in progress" include the valuation of intangible assets of the company Surgvision.

As discussed in "Significant events during the year", following the decision to discontinue the operations of HLT Inc. during the year, the related "Intangible assets in progress" were reclassified as discontinued operations and written down in full.

Trademarks relate to the following products currently marketed in the USA:

Trademark	Modality
Isovue	X-ray/CT scan
Gastrografin	X-ray/CT scan
Prohance	Magnetic resonance
Kinevac	Nuclear medicine
CardioGen	Nuclear medicine

In addition, there are a number of trademarks for "injectable ionic" and "radio-pharmaceutical" product families.

In addition to the above, intangible assets include the following assets:

i. Industrial patents and intellectual property rights

Industrial patents and know-how acquired from third parties. These rights are amortized on a straight-line basis over their expected useful lives, which vary between three and eight years depending on the circumstances.

ii. Concessions, licences, trademarks and similar rights

Distribution and marketing rights acquired from third parties. These rights are amortized on a straight-line basis over their expected useful lives, which vary between five and ten years depending on the circumstances.

iii.Customer list

This comprises the customer portfolio resulting from the Group's past acquisitions.

iv.Other intangible assets

These mainly consist of computerized document management systems serving research and development activities and other assets allocated as a result of acquisitions in previous years.

v.Intangibles in progress

This line item reports internal and external costs incurred in creating an intangible asset, for which full ownership of the right has not yet been acquired (in the case of patents, trademarks, etc.) or concerning projects that have not yet been completed (in the case of development costs).

22. GOODWILL

Goodwill amounts to euro 210,627 thousand at 31 December 2022 (euro 212,902 thousand at 31 December 2021).

Movements in goodwill for the years ended 31 December 2022 and 31 December 2021, divided by CGU, are set out in the following tables:

(€/000)	01 January 2022	Increases	Decreases	Reclassif-ication	Change in scope of consolid.	Exchange differences	31 December 2022
X-RAY/CT scan	120,654	-	-	-	-	2,153	**122,807**
Magnetic Resonance Imaging (MRI)	12,744	-	-	-	-	306	**13,050**
Oncology PET (Blue Earth Diagnostics)	23,669	-	-	-	-	1,464	**25,133**
Heart Leaflet Technologies	8,532	-	-	(9,229)	-	697	**-**
Medical Technologies	37,303	-	-	-	-	2,334	**39,637**
Centro Diagnostico Italiano	10,001	-	-	-	-	-	**10,001**
Total	**212,902**	**-**	**-**	**(9,229)**	**-**	**6,954**	**210,627**

(€/000)	01 January 2021	Increases	Decreases	Reclassif-ication	Change in scope of consolid.	Exchange differences	31 December 2021
X-RAY/CT scan	70,242	-	-	46,565	-	3,847	**120,654**
X-RAY/CT scan - EZEM core	46,565	-	-	(46,565)	-	-	**-**
Magnetic Resonance Imaging (MRI)	12,744	-	-	-	-	-	**12,744**
Oncology PET (Blue Earth Diagnostics)	21,845	-	-	-	-	1,824	**23,669**
Heart Leaflet Technologies	7,875	-	-	-	-	657	**8,532**
Medical Technologies	34,432	-	-	-	-	2,871	**37,303**
Centro Diagnostico Italiano	2,251	-	-	7	7,743	-	**10,001**
Total	**195,953**	**-**	**-**	**7**	**7,743**	**9,199**	**212,902**

Identifying the CGUs

In accordance with the requirements of IAS 36, the Group has identified its cash-generating units (CGUs) as the smallest identifiable group of assets capable of generating cash inflows that are largely independent of those from other assets or groups of assets included in the consolidation. In identifying the CGUs, account has been taken of their organizational structure, type of business and the manner in which control is exercised over their operations.

Impairment of assets

The following tables show the total assets allocated to each of the CGUs identified, including the amount of goodwill and indefinite-life intangible assets attributed to each (at 31 December 2022 and 31 December 2021):

	2022		
(€/million) CGU	Total assets (*)	of which goodwill	of which indefinite-life intangible assets (**)
X-RAY/CT scan	608.8	122.8	-
Magnetic Resonance Imaging (MRI)	49.1	13.0	-
Ultrasound (CEUS)	128.3	-	-
Cardiology PET and other nuclear	27.1	-	-
Oncology PET (Blue Earth Diagnostics)	356.1	25.1	287.7
Medical Technologies	120.5	39.6	-
Heart Leaflet Technologies	-	-	-
SurgVision	18.0	-	17.9
Real Estate	46.4	-	-
Centro Diagnostico Italiano	96.6	10.0	-
Total assets	**1,451.0**	**210.6**	**305.6**

(*) total property, plant and equipment, investment property, goodwill and other intangible assets

(**) assets under development

	2021		
(€/million) CGU	Total assets (*)	of which goodwill	of which indefinite-life intangible assets (**)
X-RAY/CT scan	575.0	120.7	-
Magnetic Resonance Imaging (MRI)	49.6	12.7	-
Ultrasound (CEUS)	108.2	-	-
Cardiology PET and other nuclear	22.0	-	-
Oncology PET (Blue Earth Diagnostics)	400.0	23.7	257.8
Medical Technologies	109.2	37.3	-
Heart Leaflet Technologies	36.6	8.5	24.5
SurgVision	18.1	-	17.9
Real Estate	50.0	-	-
Centro Diagnostico Italiano	99.7	10.0	-
Total assets	**1,468.5**	**212.9**	**300.2**

(*) total property, plant and equipment, investment property, goodwill and other intangible assets
(**) assets under development

As previously mentioned, all the CGUs identified have been examined in order to verify the existence of any indications of possible impairment.

In accordance with IAS 36, even in the absence of trigger events, management has verified, with the assistance of an independent firm of valuers, that the recoverable amount of CGU assets that include goodwill is not lower than their carrying amount.

Under the above standard, the recoverable amount is determined as the higher of fair value and value in use. Management has made its own assessments at 31 December 2022 using value in use.

For the purposes of impairment testing, value in use is determined in accordance with the requirements of IAS 36, also taking into account ESMA guidelines.

The value in use of the CGUs has been determined by discounting cash flow forecasts derived from the consolidated 2023-2027 Business Plan, except for those CGUs that, being in a start-up phase, require a longer explicit planning period to capture the full expected cash flow picture, adjusted, if necessary, by execution risk factors.

The key assumptions used in performing the impairment test are as follows:

CGU	Growth rate "g"	WACC 2022	WACC 2021
X-RAY/CT scan	2.1%	8.5%	7.1%
Magnetic Resonance Imaging (MRI)	2.1%	8.7%	7.2%
Oncology PET (BED)	0.0%	9.8%	9.0%
Heart Leaflet Technologies (HLT)	n/a	n/a	33.7%
SurgVision	0.0%	10.4%	9.0%
Medical Technologies	0.0%	8.5%	7.7%
Centro Diagnostico Italiano	1.7%	7.7%	6.2%

The financial projections underlying the impairment test have been formulated based on latest market data, where available, medium-term macroeconomic forecasts and expected trends in the Group's markets of operation with specific reference to the technologies used, and supplemented by specific business assumptions developed by management about positioning and specificity of the products sold. The main assumptions used to project the future cash flows presented in the business plan relate to sales margins, sales quantities, price trends and operating expenses. Production costs are anticipated to increase due to inflation, which will be counterbalanced by the economies of scale expected from the capital expenditure plans. Research and development costs are expected to be in line with their past level, serving both existing technologies and the development of new applications.

A sensitivity analysis has been performed for all the CGUs tested for impairment in order to identify the maximum change in the values of the basic assumptions that would make the recoverable amount of the CGU equal to carrying amount: this break-even analysis has not revealed any problem areas.

In addition to this, as mentioned in "Use of Estimates," an additional Group-level sensitivity analysis was carried out in relation to carbon neutrality targets; again, no critical issues were found.

X-RAY/CT

At 31 December 2022, the "X-RAY/CT" CGU includes:

- goodwill of euro 122.8 million, equating to 58% of the Group's total goodwill;
- intangible and tangible assets totalling euro 486 million, equating to 39% of the Group's total intangible and tangible assets.

In the presence of goodwill, a valuation has been prepared to support management in verifying that the recoverable amount of the assets attributed to the CGU was not lower than their carrying amount.

The WACC of 8.5%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate is higher than the one used at 31 December 2021 mainly due to the rise in relevant rates.

Long-term growth was assumed to be in line with the expected inflation rate in the geographical areas in which the CGU operates, in other words 2.1%.

The plan covered a time horizon from 2023 to 2027. Terminal value was estimated by assuming revenues and EBITDA Margin would be equal to the average of revenues and EBITDA Margin forecast for the period 2023-2027. The plan assumed a gradual growth in revenues and average margins.

On the basis of the known information, the recoverable amount is well above the value of the recognized assets and, at present, no changes can be reasonably foreseen in the basic assumptions that would reduce the recoverable amount below the carrying amount.

Lastly, a break-even sensitivity test was performed to determine the value of WACC and percentage change in EBITDA estimated in the Terminal Value that would, with all other operating and financial conditions being equal, make the recoverable amount of the CGU equal to its carrying amount. In the case of the X-Ray CGU, the break-even WACC would be 8.9%. Although the change in EBITDA estimated in Terminal Value appears to be a sensitive variable, the test did not reveal any significant critical issues.

Magnetic Resonance Imaging (MRI)

At 31 December 2022, the "Magnetic Resonance Imaging (MRI)" CGU includes:

- goodwill of euro 13 million, equating to 6% of the Group's total goodwill;
- intangible and tangible assets totalling euro 36 million, equating to 3% of the Group's total intangible and tangible assets.

In the presence of goodwill, a valuation has been prepared to support management in verifying that the recoverable amount of the assets attributed to the CGU was not lower than their carrying amount.

The WACC of 8.7%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate is higher than the one used at 31 December 2021 mainly due to the rise in relevant rates.

Long-term growth was assumed to be in line with the expected inflation rate in the geographical areas in which the CGU operates, in other words 2.1%.

The plan covered a time horizon from 2023 to 2027. Terminal value was estimated by assuming revenues and EBITDA Margin would be equal to the average of revenues and EBITDA Margin forecast for the period 2023-2027. The plan assumed a significant increase in revenues over the planning period, while the EBITDA Margin was expected to stabilize.

On the basis of the known information, the recoverable amount is well above the value of the recognized assets and, at present, no changes can be reasonably foreseen in the basic assumptions that would reduce the

recoverable amount below the carrying amount.

Lastly, a break-even sensitivity test was performed to determine the value of WACC and the percentage change in EBITDA estimated in the Terminal Value that would, with all other operating and financial conditions being equal, make the recoverable amount of the CGU equal to its carrying amount. In the case of the MRI CGU, the break-even WACC would be 25.9%, while the corresponding reduction in EBITDA estimated in Terminal Value would have to be of an irrational amount.

This test therefore did not reveal any critical issues.

Ultrasound (CEUS)

At 31 December 2022, the "Ultrasound (CEUS)" CGU includes:

- intangible and tangible assets totalling euro 128.3 million, equating to 10.3% of the Group's total intangible and tangible assets.

Management has reviewed whether there are indications of possible impairment of the assets allocated to this CGU, with particular reference to finite-life property, plant and equipment and intangible assets.

This review has not revealed any indications of impairment and so no impairment test has been carried out.

Cardiology PET and other nuclear

At 31 December 2022, the "Cardiology PET and other nuclear" CGU includes:

- intangible and tangible assets totalling euro 27.1 million, equating to 2% of the Group's total intangible and tangible assets.

Management has reviewed whether there are indications of possible impairment of the assets allocated to this CGU.

This review has not revealed any indications of impairment.

Oncology PET (BED)

At 31 December 2022, the "Oncology PET (BED)" CGU includes:

- goodwill of euro 25.1 million, equating to 12% of the Group's total goodwill;
- intangible and tangible assets totalling euro 331 million, equating to 30% of the Group's total intangible and tangible assets. Intangible assets also include euro 287.7 million in intangible assets whose useful life is indefinite seeing as they are currently under development.

In the presence of goodwill and indefinite-life intangible assets, a valuation has been prepared to support management in verifying that the recoverable amount of the assets attributed to the CGU was not lower than their carrying amount.

The test was carried out both at the CGU level and at the level of the specific individual asset known as "Technology Axumin®" following the occurrence of a trigger event during the year, namely the Axumin product's underperformance compared with management expectations. This led to the recognition of euro 50.3 million in impairment against the Axumin asset as a result of the specific impairment test.

The WACC of 9.8%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate was higher than the one used at 31 December 2021, mainly due to the rise in relevant market rates. The explicit period of the plan covered a longer time horizon than five years, namely from 2023 to 2034, since the various products related to this CGU are still in the start-up phase and the market launch and related revenues are expected only in the medium term. Furthermore, the risk related to the ongoing development process was taken into account, by adjusting cash flows to reflect the need to complete additional stages in the clinical approval process before obtaining approval for sale. A different probability of success was identified for each of the solutions currently under development, also derived from industry-specific articles and studies on the success rates of newly developed drugs at different stages of the approval process. No correction factor, however, was applied to Axumin Prostate since this product is already on the market.

Terminal value was estimated by assuming revenues and EBITDA Margin as equal to those expected for the last year of the explicit period and a conservative long-term growth rate of zero.

The plan envisages a significant increase in revenues, particularly following the market launch of Rh-PSMA.

Management estimates that Rh-PSMA, a new diagnostic agent capable of highly accurate detection of possible prostate cancer, due to be launched on the market in 2023, will generate the majority of BED's revenues in the planning period. The main assumptions underlying the expected results of the new Rh-PSMA products are the expected receipt of FDA marketing approval in the first half of 2023 and simultaneous market launch, and the admission in the second half of 2023 to pass-through payment status, i.e. the mechanism that allows for a special reimbursement status for the drug and continuity with current regulatory practices.

With regard to the other products in the portfolio, the main assumptions related to the gradual reduction in the volume of Axumin Prostrate and the start of sales of other Axumin applications over the planning period.

With reference to the overall cash-generating unit, the impairment test confirmed the carrying amount.

The break-even sensitivity test also revealed no critical issues. In fact, in the case of the Oncology-PET CGU (BED), the break-even WACC would be 22.2% and, to be significant, EBITDA would have to take on values that are not

reasonably foreseeable at present.

However, the Group has recognized an impairment loss of euro 50.3 million against the value of "Technology Axumin®", a finite-life intangible asset, for the reasons discussed earlier. The residual net book value of the asset was euro 147 million as of 31 December 2022.

Medical Technologies

At 31 December 2022, the "Medical Technologies" CGU includes:

- goodwill of euro 39.6 million, equating to 19% of the Group's total goodwill;
- intangible and tangible assets totalling euro 80.9 million, equating to 7% of the Group's total intangible and tangible assets.

In the presence of goodwill and indefinite-life intangible assets, a valuation has been prepared to support management in verifying that the recoverable amount of the assets attributed to the CGU was not lower than their carrying amount.

The WACC of 8.5%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate is higher than the one used at 31 December 2021 mainly due to the rise in relevant rates. Long-term growth was prudently assumed to be zero.

The plan covered a time horizon from 2023 to 2027. Terminal value was estimated by assuming revenues and EBITDA Margin would be equal to the average of revenues and EBITDA Margin forecast for the period 2023-2027. The plan assumed a gradual growth in revenues and average margins.

Lastly, a break-even sensitivity test was performed to determine the value of WACC and the percentage change in EBITDA estimated in the Terminal Value that would, with all other operating and financial conditions being equal, make the recoverable amount of the CGU equal to its carrying amount. In the case of the Medical Technologies CGU, the break-even WACC would be 23.3%, while the corresponding reduction in EBITDA estimated in Terminal Value would have to be of an irrational amount.

On the basis of the known information, the recoverable amount is well above the value of the recognized assets and, at present, no changes can be reasonably foreseen in the basic assumptions that would reduce the recoverable amount below the carrying amount.

Heart Leaflet Technologies (HLT)

With regard to the “Heart Leaflet Technologies” (HLT) CGU, please refer to the note on "Significant events in the reporting period".

SurgVision

At 31 December 2022, the "SurgVision" CGU includes:

- intangible and tangible assets totalling euro 18 million, equating to 1% of the Group's total intangible and tangible assets. The CGU's intangible assets include euro 17.9 million in assets under development with an indefinite useful life.

In the presence of indefinite-life intangible assets, a valuation has been prepared to support management in verifying that the recoverable amount of the assets attributed to the CGU was not lower than their carrying amount.

The WACC of 10.4%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate was higher than the one used at 31 December 2021, mainly due to the rise in relevant market rates.

The explicit period of the plan covered a longer time horizon, namely from 2023 to 2032, as the business is still in a start-up phase and expected to generate revenue only in the medium term.

Terminal value was estimated by assuming revenues and EBITDA Margin as equal to those expected for the last year of the explicit period and a conservative long-term growth rate of zero.

Sales of the device for oncological surgical procedures, which can be used by employing different contrast agents already present on the market, are expected to start in 2023. The plan envisages that the device will initially be marketed for the surgical treatment of certain types of cancer, the application for which has already been approved by the FDA for the US market and does not require approval for the European market.

Based on the known facts, the recoverable amount was higher than the value of the recognized assets; however, the sensitivity test showed that the recoverable amount of this CGU's assets was particularly sensitive to the plan's variables, which by their nature could be subject to changes, even of significant size, depending on the stage of development of the project as a whole and its ability to arrive on the market. Any changes to the existing plan could make it difficult to fully recover the amount of recognized assets.

Real Estate

At 31 December 2022, the "Real Estate" CGU includes:

- intangible and tangible assets totalling euro 46.4 million, equating to 4% of the Group's total intangible and tangible assets.

In line with previous years, the Group has verified that there was no impairment of the assets in the Real Estate

CGU. In particular, recoverable value was determined on the basis of the value in use of the principal assets, as specifically appraised by a leading independent firm of valuers. No critical issues were revealed as a result of this work.

Centro Diagnostico Italiano

At 31 December 2022, the "Centro Diagnostico Italiano" CGU includes:

- goodwill of euro 10 million, equating to 5% of the Group's total goodwill;
- intangible and tangible assets totalling euro 86.6 million, equating to7% of the Group's total intangible and tangible assets.

In the presence of goodwill, a valuation has been prepared to support management in verifying that the recoverable amount of the assets attributed to the CGU was not lower than their carrying amount.

The WACC of 7.7%, used for this valuation, was higher than the one used at 31 December 2021 mainly due to the rise in relevant market rates.

Long-term growth was assumed to be in line with the expected long-term inflation rate in Italy, in other words 1.7%.

The plan covered a time horizon from 2023 to 2027. Terminal value was estimated by assuming that revenues would grow at the long-term growth rate and that EBITDA Margin would be equal to the average EBITDA Margin forecast for the period 2023-2027. The plan assumed a gradual growth in revenues and stable average margins.

On the basis of the known information, the recoverable amount is above the value of the recognized assets and, at present, no changes can be reasonably foreseen in the basic assumptions that would reduce the recoverable amount below the carrying amount.

Lastly, a break-even sensitivity test was performed to determine the value of WACC and the percentage change in EBITDA estimated in the Terminal Value that would, with all other operating and financial conditions being equal, make the recoverable amount of the CGU equal to its carrying amount. In the case of the CDI CGU, the break-even WACC would be 11.4%. In addition, simulating reductions of between 24% and 28% in EBITDA estimated in Terminal Value, no critical issues emerged.

23. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets amount to euro 59,950 thousand at 31 December 2022 (euro 27,739 thousand in 2021), comprised as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Equity investments	22,060	21,728
Other financial receivables	5,772	6,011
Financial receivables for cash flow hedging derivatives (IRS)	32,118	-
Total	**59,950**	**27,739**

More details about "Financial receivables for cash flow hedging derivatives (IRS)" can be found in Note 30 "Derivative financial instruments".

Equity investments in other companies are detailed as follows:

(€/000)	**Type of share**	**% owned**	**31 December 2022**	**31 December 2021**
Other companies				
Humanitas S.p.A.	Unlisted	2.53%	3,697	3,695
Bioindustry Park Silvano Fumero S.p.A.	Unlisted	17.44%	2,040	2,040
Halo Industry S.p.A.	Unlisted	15.00%	2,257	2,257
Sofinnova Telethon Found	Unlisted	9.25%	3,650	2,650
Polarean Imaging plc	Listed	7.80%	10,348	10,998
Other minor investments	Unlisted	-	68	86
Total			**22,060**	**21,728**

Changes in the value of these equity investments over the last two years are set out in the following tables:

(€/000)	**01 January 2022**	**Movements in the year**		**(Impairment) revaluation through profit or loss**	**(Impairment) through equity**	**31 December 2022**
		Increases	**Decreases**			
Other companies						
Humanitas S.p.A.	3,697	-	-	-	-	3,697
Bioindustry Park Silvano Fumero S.p.A.	2,040	-	-	-	-	2,040
Halo Industry S.p.A.	2,257	-	-	-	-	2,257
Sofinnova Telethon Found	2,650	1,000	-	-	-	3,650
Polarean Imaging plc	10,998	-	-	(650)	-	10,348
Other minor investments	86	80	-	(98)	-	68
Total	**21,728**	**1,080**	**-**	**(748)**	**-**	**22,060**

(€/000)	01 January 2021	Movements in the year		(Impairment) revaluation through profit or loss	(Impairment) through equity	31 December 2021
		Increases	Decreases			
Other companies						
Humanitas S.p.A.	3,595	102				3,697
Bioindustry Park Silvano Fumero S.p.A.	2,023	17	-	-	-	2,040
Halo Industry S.p.A.	2,473	-	-	(216)	-	2,257
Sofinnova Telethon Found	800	2,000	-	(150)	-	2,650
Polarean Imaging plc	9,245	2,953	-	(1,200)	-	10,998
Other minor investments	90	20	-	(24)	-	86
						-
Total	**18,229**	**5,089**	**-**	**(1,590)**	**-**	**21,728**

In detail:

- Polarean Imaging plc: the fair value of the shares held has been adjusted to their market value at 31 December 2022 (GBP 0.56 per share), as already described in the note on "Gains (losses) on non-current financial assets".
- Sofinnova Telethon Fund: additional shares worth a total of euro 1,000 thousand have been purchased in this fund. Depending on possible future investments by the fund, the Group could subscribe up to euro 5.5 million in additional shares. The fair value of the equity investment is determined with reference to the fund's equity; the latest valuation confirms the carrying amount.
- Renewability Scarl: on 6 September 2022, the Group, through the subsidiary Bracco Imaging Spa, paid euro 5 thousand to subscribe to one share in Renewability S.C.a.r.l.. This consortium intends to invest in photovoltaic parks located in Italy that are expected to be developed and commissioned during 2023. On 10 October 2022, the parties signed an agreement under which a portion of the plants' total production capacity was reserved for the Company, against payment of euro 10,746 thousand in consideration. As of 31 December 2022, euro 3,180 thousand of this consideration had been paid and recorded in fixed assets.
- Halo Industry S.p.A.: the value of the investment includes euro 1,650 thousand (unchanged since 31 December 2021) for a 15% interest in the share capital of Halo Industry S.p.A., and euro 707 thousand (euro 707 thousand at 31 December 2021) for the call option on the shares in Halo Industry S.p.A. currently held by Friulia S.p.A., based on agreements between the shareholders, as illustrated below. In accordance with IFRS 9, the valuation of equity investments is presented in the above tables net of a fair value adjustment of euro 101 thousand, unchanged from the previous year.

The Group's share of the company's equity is valued at euro 1,999 thousand (based on the company's latest available financial statements). Halo Industry S.p.A.'s main objective is the management of a latest generation membrane chlor-alkali plant, which became operational in 2017.

A shareholders' agreement was signed at the time of forming Halo Industry S.p.A. with the purpose of defining the relationship between them. This agreement was revised on 10 October 2019. The new arrangements assigned call and put options over the shares held by Friulia S.p.A., exercisable from 1 January 2021 until 30 September 2024 and from 1 January 2022 until 30 September 2024, respectively, at a price equal to the outlay incurred by Friulia S.p.A. to subscribe to its shares, plus a return on capital equal to 6-month Euribor plus a spread.

"Other financial receivables", amounting to euro 5,772 thousand, include euro 2,850 thousand for a loan granted to Halo Industry S.p.A. against a future share capital increase of euro 3,000 thousand, which was approved by the Board of Directors in its meeting of 1 August 2016; as of January 2018, the loan became interest-bearing, with interest accruing at an annual rate of 1.5%.

In accordance with IFRS 9, the loan is presented net of a fair value adjustment of euro 150 thousand, unchanged from the previous year.

24. OTHER NON-CURRENT ASSETS

These amount to euro 20,026 thousand at 31 December 2022 (euro 26,980 thousand at 31 December 2021).

	31 December 2022			31 December 2021		
(€/000)	**Total**	**1-5 years**	**>5 years**	**Total**	**1-5 years**	**>5 years**
Other non-current assets	20,026	20,026	-	26,980	26,980	-
Total	**20,026**	**20,026**	**-**	**26,980**	**26,980**	**-**

The balance mainly refers to costs incurred by the Group for the continued transfer of nuclear medicine technology to new production sites in the United States.

25. INVENTORIES

Inventories are broken down as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Raw materials	121,977	95,405
Semi-finished products	27,832	24,119
Finished products	254,671	232,484
Advances	173	224
Total	**404,653**	**352,232**

Inventories are presented net of the writedown allowance for euro 16,056 thousand (euro 13,804 thousand in

2021).

The increase is mainly due to the rise in raw material prices and the growth in the Group's production costs.

The inventory writedown allowance is recognized to take into account obsolete and slow-moving items, as well as product sales risks.

The following tables shows movements in the inventory writedown allowance during 2022 and 2021.

(€/000)	01 January 2022	Increases	Uses	Reclassif-ications	Exchange differences	31 December 2022
Inventory writedown allowance	13,804	1,908	-	-	344	16,056
Total	**13,804**	**1,908**	**-**	**-**	**344**	**16,056**

(€/000)	01 January 2021	Increases	Uses	Reclassif-ications	Exchange differences	31 December 2021
Inventory writedown allowance	15,704	1,247	3,713	-	566	13,804
Total	**15,704**	**1,247**	**3,713**	**-**	**566**	**13,804**

26. TRADE RECEIVABLES

These amount to euro 210,567 thousand at 31 December 2022, having decreased by euro 20,783 thousand since 31 December 2021, and are broken down as follows:

(€/000)	31 December 2022	31 December 2021
Trade receivables	210,567	231,350
Total	**210,567**	**231,350**

Trade receivables are presented net of the credit loss allowance for euro 8,891 thousand (euro 8,443 thousand at 31 December 2022). In calculating the Expected Credit Loss, the Group has made estimates/judgements about the extent of credit realization, including by analysing the historical default rates observed for each individual customer over a three-year period. These default rates have then been adjusted for a forecast estimate that reflects forward-looking country risk (i.e. the probability that the economic scenario will get worse). The application of the Expected Credit Loss model is not considered to produce materially different results from those calculated using the Incurred Loss model.

Movements in the credit loss allowance for 2022 and 2021 are as follows:

(€/000)	01 January 2022	Increases	Uses	Exchange differences	31 December 2022
Credit loss allowance	8,443	740	(495)	203	8,891
Total	**8,443**	**740**	**(495)**	**203**	**8,891**

(€/000)	01 January 2021	Increases	Uses	Exchange differences	31 December 2021
Credit loss allowance	7,299	1,508	(597)	233	8,443
Total	**7,299**	**1,508**	**(597)**	**233**	**8,443**

During the year, transactions involving the non-recourse factoring of receivables from hospitals amounted to euro 9,220 thousand (euro 8,822 thousand in 2021).

The terms of the factoring arrangements provide that the credit risk, the risk of late payment and the interest rate risk are entirely transferred to the financial counterparty.

27. CURRENT FINANCIAL ASSETS

These amount to euro 26,081 thousand at 31 December 2022 (euro 15,115 thousand at 31 December 2021) and are broken down as follows:

(€/000)	31 December 2022	31 December 2021
Financial assets at FVTOCI	10,484	12,677
Financial receivables for derivative contracts	15,495	2,393
Other financial receivables	102	45
Total	**26,081**	**15,115**

"Financial assets at FVTOCI" refer to a bond issued by the European Investment Bank (EIB) at a fixed rate of 4.125% and maturing on 15 April 2024. It has been measured at fair value through other comprehensive income (FVTOCI) at 31 December 2022, with the change in fair value recorded in the "FVTOCI financial assets reserve" (see Note 32.iv "Other reserves").

"Financial receivables for derivative contracts" mainly refer to the positive fair value measurement of derivative contracts and interest rate swaps, as described in more detail in Note 30 "Derivative financial instruments".

28. OTHER CURRENT RECEIVABLES AND ASSETS

Other receivables are broken down as follows:

(€/000)	**31 December 2022**	**31 December 2021**
VAT credit	34,222	19,114
Prepaid expenses	18,887	16,315
Other tax receivables	36,363	21,795
Advances to suppliers	10,877	5,952
Cash flow hedges	4,726	2,016
Other receivables	6,060	7,693
Total	**111,135**	**72,884**

"Other tax receivables" include the tax credit recognized during the year for so-called "energy-intensive" and "gas-intensive" businesses, about which more information is provided in Note 9 "Other income".

29. CASH AND CASH EQUIVALENTS

This balance is made up as follows at 31 December 2022:

(€/000)	**31 December 2022**	**31 December 2021**
Bank and postal deposits	159,853	265,848
Cash on hand	304	215
Time deposits	17,832	113,433
Total	**177,989**	**379,496**

Changes in the Group's indebtedness are also described in Note 34 "Financial debt and liabilities" and Note 41 "Net financial debt", as well as being presented in the consolidated statement of cash flows.

Time deposits, which are readily available, refer to restricted current accounts denominated in South Korean won, maturing at different dates during 2023, for euro 8,184 thousand (equivalent to KRW 11 billion) and in Chinese renminbi, maturing at different dates in 2023, for euro 9,649 thousand (equivalent to CNY 71,000 thousand).

Bank and postal deposits refer to the balances on current accounts repayable on demand, and include euro 119,694 thousand (euro 207,150 thousand in 2021) denominated in currencies other than the euro (mainly US dollars).

30. DERIVATIVE FINANCIAL INSTRUMENTS

During the year and in line with previous years, Bracco S.p.A., the group Parent, continued to apply its financial risk management policy, with particular reference to exchange rate and interest rate risks, in order to minimize their potential impact on its cash flow and net result for the year. The derivative instruments used are of a "plain

vanilla" kind, arranged with the sole purpose of hedging.

The Group reduces its counterparty risk by working with leading institutions.

These instruments are recorded in the following line items within the statement of financial position:

- cash flow hedge derivatives with a positive fair value: "Other current receivables and assets", "Current financial assets" and "Non-current financial assets"
- cash flow hedge derivatives with a negative fair value: "Other current liabilities" and "Current financial liabilities"
- trading derivatives with a positive fair value: "Current financial assets"
- trading derivatives with a negative fair value: "Current financial liabilities"

Derivatives outstanding at 31 December 2022 and 2021 are analysed as follows:

(€/000)	**31 December 2022**			**31 December 2021**		
	Notional amount	**Positive fair value**	**Negative fair value**	**Notional amount**	**Positive fair value**	**Negative fair value**
Cash flow hedges						
Exchange risk						
Forward contracts	149,215	4,514	-	122,644	1,504	-
Interest risk						
Interest rate swaps	450,000	46,879	-	450,000	1,755	-
Price risk						
Commodity swaps	572	212	-	1,650	743	-
Total cash flow hedges	599,787	51,605	-	574,294	4,002	-
FVTPL						
Exchange risk:						
Forward contracts	213,402	-	(470)	116,320	-	(996)
Forward contracts	85,402	791	-	93,507	638	-
Interest risk:						
Interest rate swaps	-	-	-	-	-	-
Total FVTPL	298,804	791	(470)	209,827	638	(996)
Total financial instruments and derivatives - Assets (liabilities)	**898,591**	**52,396**	**(470)**	**784,121**	**4,640**	**(996)**

The fair value of derivative financial instruments has been calculated considering market inputs at the reporting date and adopting valuation models widely used in financial markets in line with the requirements of IFRS 13 (calculation of DVA-Debit Valuation adjustments or CVA-Credit Valuation adjustments).

Cash flow hedges and FVTPL

It is the Group's policy to adopt hedge accounting for:

- exchange risk hedges of US dollar trade flows (cash flow hedges);
- interest rate risk hedges (cash flow hedges);
- hedges of commodity risks (cash flow hedges);
- exchange risk hedges of foreign currency cash flows (FVTPL);
- exchange risk hedges of foreign currency trade receivables and payables (FVTPL).

If hedge accounting is not applied, gains or losses arising from the derivative financial instrument's fair value measurement are recognized immediately in profit or loss.

As regards the nature of the instruments in place at the reporting date, the main transactions are described below:

Financial year 2022

Cash flow hedge derivatives

"Forward contracts" consist of US dollar forward sale contracts for a notional amount of USD 149,215 thousand at a weighted average exchange rate of USD 1.0455 and maturing at different dates up to December 2023.

Fair value derivatives

These consist of forward purchase and sale contracts outstanding at 31 December 2022:

- with a negative fair value of euro 470 thousand, consisting of contracts that hedge foreign currency cash pooling accounts and mature at different dates up to June 2023;
- with a positive fair value of euro 791 thousand, consisting of contracts that hedge the Group's internal transactions and short-term trade transactions and mature at different dates up to June 2023.

Cash flow hedge derivatives

- *Interest Rate Swaps*

These consist of hedging contracts with a total notional amortizing value of euro 450,000 thousand, maturing on 29 September 2026, which provide for the quarterly receipt of a fixed rate against a quarterly payment (or receipt, depending on the trend in interest rates) of a variable 3-month Euribor rate.

- *Commodity Swaps*

"Commodity swaps" consist of forward purchase contracts of CO2 certificates with a notional value of euro 572 thousand maturing in March 2023.

Financial year 2021

Cash flow hedge derivatives

"Forward contracts" consisted of 15 US dollar forward sale contracts for a notional amount of USD 138,480 thousand at a weighted average exchange rate of 1.1291 and maturing at different dates up to December 2022.

FVTPL derivatives

These consisted of forward purchase and sale contracts outstanding at 31 December 2021,

- with a negative fair value of euro 996 thousand, consisting of contracts that hedged the Group's internal transactions and short-term trade transactions and matured at different dates up to December 2022;
- with a positive fair value of euro 428 thousand, consisting of contracts that hedge the Group's internal transactions and short-term trade transactions and mature at different dates up to December 2022.

Cash flow hedge derivatives

- *Interest Rate Swaps*

These consisted of hedging contracts with a total notional amortizing value of euro 450,000 thousand, maturing on 29 September 2026, which provide for the quarterly receipt of a fixed rate against a quarterly payment (or receipt, depending on the trend in interest rates) of a variable 3-month Euribor rate.

- *Commodity Swaps*

"Commodity swaps" consisted of forward purchase contracts of CO2 certificates with a notional value of euro 1,650 thousand and different maturities up to March 2023.

31. DEFERRED TAX ASSETS AND LIABILITIES

The consolidated statement of financial position at 31 December 2022 reports euro 99,510 thousand in deferred tax liabilities (euro 108,168 thousand at 31 December 2021) and euro 67,905 thousand in deferred tax assets (euro 83,167 thousand at 31 December 2021), which refer to the individual consolidated companies. The net balance of deferred tax assets and deferred tax liabilities is as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Deferred tax assets	67,905	83,167
Deferred tax liabilities	99,510	108,168
Net deferred tax liabilities	(31,605)	(25,001)

When recognizing deferred tax assets, Group companies have critically assessed whether the conditions exist to recover these assets in the future, on the basis of updated strategic plans and relevant tax planning. The balance

also includes euro 930 thousand for "Losses recoverable against corporate income tax", arising from the carry-forward of prior tax losses of Bracco S.p.A., the group Parent, as well as deferred tax assets recognized for carry-forward losses of Acist Inc, in North America which are expected to be recovered in future years.

Deferred taxes on subsidiaries' reserves of undistributed retained earnings are recognized to the extent that their distribution is expected or probable. No taxes are recognized on the retained earnings of subsidiaries if the Group does not expect them to be distributed, or such distribution is not probable in the foreseeable future.

The following tables present the movements during the years ended 31 December 2022 and 31 December 2021 in deferred tax assets and deferred tax liabilities according to type.

(€/000)	**31 December 2022**	**31 December 2021**
Deferred tax assets on:		
Property, plant and equipment and intangible assets	218	(2,009)
Net current assets/liabilities	37,119	32,850
Employee benefit obligations	3,902	11,627
Provisions for risks	2,653	2,233
Other	24,012	38,466
Total	**67,905**	**83,167**
Deferred tax liabilities on:		
Property, plant and equipment and intangible assets	85,037	98,383
Net current assets/liabilities	12,253	0
Employee benefit obligations	4,321	(17)
Provisions for risks	(470)	0
Other	(1,654)	9,802
Total	**99,510**	**108,168**
Net deferred tax liabilities	(31,605)	(25,001)

Movement in net deferred taxes

(€/000)	**2022**	**2021**
Net deferred tax liabilities at 1 January	(25,001)	(22,500)
(Debits) Credits to income/expenses	14,900	5,150
(Debits) Credits to assets/liabilities	(24,763)	(5,270)
Reclassifications for discontinued operations	5,726	0
Exchange differences	(2,467)	(2,381)
Net deferred tax liabilities at 31 December	(31,605)	(25,001)

32. EQUITY

The composition of and movements in the Group's equity for the years ended 31 December 2022 and 31 December 2021 are reported in the consolidated statement of changes in equity.

The following tables reconcile the equity and profit reported by Bracco S.p.A., the group Parent, with those reported in the consolidated financial statements:

(€/000)	**31 December 2022 Equity**	**31 December 2021 Equity**
Bracco S.p.A.	**507,768**	**497,661**
Results for year/effect of consolidation	553,502	424,696
Dividends paid to non-controlling interests	(7,205)	(11,429)
Elimination of intragroup margins	(65,587)	(59,613)
Goodwill recognized upon consolidation	64,509	64,509
Other consolidation journal entries	(12,287)	(12,304)
Consolidated Bracco Group	**1,040,700**	**903,520**

(€/000)	**31 December 2022 Profit/(loss)**	**31 December 2021 Profit/(loss)**
Bracco S.p.A.	**37,017**	**30,860**
Results for year/effect of consolidation	55,211	141,229
Dividends distributed by subsidiaries	(51,000)	(49,000)
Reinstatement of impairment of investments in subsidiaries	-	2,800
Elimination of intragroup margins	(4,642)	4,496
Other consolidation journal entries	17	110
Consolidated Bracco Group	**36,603**	**130,495**

i. Share capital

At 31 December 2022, the share capital of Bracco S.p.A., the group Parent, amounts to euro 104,000 thousand, unchanged from 31 December 2021, and is fully subscribed and paid in; it consists of 200,000,000 ordinary shares with a par value of euro 0.52 each.

ii. Treasury shares

These are unchanged from the previous year at euro 146,332 thousand (20,000,000 shares with a par value of

euro 10,400 thousand), and represent 10% of share capital. The shares were purchased during 2000 further to a resolution adopted by the Shareholders' Meeting on 10 May 2000.

Treasury shares for which the legally required reserve has been set up, as indicated in the following note, are deducted directly from equity, as required by IAS 32.

iii. Legal reserve

At 31 December 2022, this reserve amounts to euro 20,800 thousand, unchanged from the previous year and equating to one-fifth of share capital, in compliance with Italian law.

iv. Other reserves

These consist of the following reserves:

Revaluation reserves

Reserve under Law 413/1991

At 31 December 2022, this reserve amounts to euro 1,433 thousand, the same as at 31 December 2021. It corresponds to the monetary revaluation of fixed assets resulting from application of Italian Law 413/1991. As required by Law 311/2004, a 4% substitute tax has been paid on this reserve (accounted for in profit or loss).

Reserve under Law 342/2000

At 31 December 2022, this reserve amounts to euro 8,303 thousand, the same as at 31 December 2021. It corresponds to the monetary revaluation of fixed assets resulting from application of Italian Law 342/2000. As required by Law 311/2004, a 4% substitute tax has been paid on this reserve (accounted for in profit or loss).

Treasury shares reserve under art. 2357 (Italian Civil Code)

At 31 December 2022, this reserve amounts to 146,332 thousand, the same as at 31 December 2021 and equating to the value of treasury shares purchased under the resolution adopted by the Shareholders' Meeting on 10 May 2000.

Valuation reserves

(€/000)	**01 January 2022**	Increases/ (Decreases)	Movement in distributable portion of deemed cost reserve	Deferred taxes	**31 December 2022**
Fair value (deemed cost) reserve	13,071	-	(47)	-	13,023
Reserve for FVTOCI financial assets	898	(871)	-	209	236
Reserve for actuarial gains (losses)	(19,137)	53,736	-	(13,437)	21,162
Hedging reserve for derivative instruments	3,374	48,548	-	(11,651)	40,271
Total	**(1,794)**	**101,413**	**(47)**	**(24,879)**	**74,692**

(€/000)	**01 January 2021**	Increases/ (Decreases)	Movement in distributable portion of deemed cost reserve	Deferred taxes	**31 December 2021**
Fair value (deemed cost) reserve	13,586	-	(515)	-	13,071
Reserve for FVTOCI financial assets	1,316	(551)	-	133	898
Reserve for actuarial gains (losses)	(37,049)	21,087	-	(3,175)	(19,137)
Hedging reserve for derivative instruments	(136)	4,624	-	(1,114)	3,374
Total	**(22,283)**	**25,160**	**(515)**	**(4,156)**	**(1,794)**

Fair value (deemed cost) reserve

This reserve relates to the recognition upon first-time adoption of IAS/IFRS of the fair value (deemed cost) measurement of land, property and plant of Bracco S.p.A. (since transferred to Bracco Real Estate S.r.l.), Spin S.p.A. and Centro Diagnostico Italiano S.p.A..

Reserve for FVTOCI financial assets

This reserve relates to unrealized gains resulting from fair value adjustments to FVTOCI financial assets (this reserve may reverse to profit or loss).

Reserve for actuarial gains (losses)

At 31 December 2022, the "Reserve for actuarial gains (losses)" reflects the actuarial components, net of deferred taxes, relating to the valuation of defined benefit plans, charged directly to equity (this reserve will not reverse to profit or loss).

Hedging reserve for derivative instruments

This reserve refers to cash flow hedges. Specifically, it relates to unrealized gains and losses, net of related tax effects, resulting from the fair value adjustment of financial instruments designated as hedging instruments (this reserve may reverse to profit or loss).

(€/000)	**01 January 2022**	Transfers to profit or loss	Change in fair value	**31 December 2022**
Hedging reserve - Exchange rate	953	(1,118)	4,317	4,152
Hedging reserve - Interest rate	1,856		34,100	35,956
Hedging reserve - Commodities	565		(402)	163
Total	**3,374**	**(1,118)**	**38,015**	**40,271**

Distributable fair value reserves

These relate to the difference between depreciation recalculated on the fair value of assets and depreciation calculated using the accounting standards in force before the transition to IAS/IFRS.

Other reserves

"Other reserves" mainly refer to the foreign exchange translation reserve.

The movement in the period reflects the effect of changes in the exchange rate of currencies other than the euro (mainly the US dollar) when translating the financial statements of companies included in the scope of consolidation (this reserve will reverse to profit or loss upon deconsolidation of the related subsidiaries).

v. Retained earnings

At 31 December 2022, these amount to euro 766,595 thousand, with the changes occurring during the year mainly reflecting the carry-forward of 2021 profit (euro 124,311 thousand) and the distribution of dividends declared by Bracco S.p.A. (euro 27,000 thousand).

vi. Non-controlling interests

Non-controlling interests in equity are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Centro Diagnostico Italiano S.p.A.	7,500	7,177
Bracco-Eisai Co. Ltd	3,067	3,406
Shanghai Bracco Sine Pharmaceutical Corp. Ltd	18,601	19,245
Total	**29,168**	**29,828**

The percentages held by non-controlling interests, unchanged from the previous year, are as follows:

	31 December 2022	**31 December 2021**
Centro Diagnostico Italiano S.p.A.	11%	11%
Bracco-Eisai Co. Ltd	49%	49%
Shanghai Bracco Sine Pharmaceutical Corp. Ltd.	30%	30%

Bracco Eisai Co. Ltd.

As required by the relevant accounting standards (IFRS 12), the company's summarized financial information is presented below.

Bracco Eisai Co. Ltd	**31 December 2022** *Yen/000*	**31 December 2021** *Yen/000*
Current assets	1,551,144	1,927,342
Non-current assets	238,354	330,767
Current liabilities	(511,667)	(897,924)
Non-current liabilities	(397,005)	(448,290)
Group share	**449,221**	**465,066**
Share of non-controlling interests	**431,605**	**446,829**
Total revenue	3,615,619	3,623,390
Total costs	(3,552,586)	(3,743,736)
Net profit (loss)	**63,033**	**(120,346)**
Group share	**32,147**	**(61,376)**
Share of non-controlling interests (NCI)	**30,886**	**(58,970)**
Other comprehensive income attributable to the Group	-	-
Other comprehensive income attributable to NCI	-	-
Total other comprehensive income	**-**	**-**
Comprehensive income attributable to the Group	**32,147**	**(61,376)**
Comprehensive income attributable to NCI	**30,886**	**(58,970)**
Total comprehensive income	**63,033**	**(120,346)**
Net cash (outflow) from operating activities	(391,777)	(1,561)
Net cash (outflow) from investing activities	8,797	18,947
Net cash (outflow) from financing activities	-	-
Net cash flow	**(382,980)**	**17,386**

Bracco-Eisai Co. Ltd was established under an arrangement between the Group and EISAI Co. Ltd., entered into in November 1990 and renewed in 2014 until 2024. At 31 December 2022, its share capital was 51% owned by Bracco Imaging Holding B.V. and 49% by EISAI Co. Ltd. During 2022 the parties signed an agreement to dissolve the Bracco-Eisai Co Ltd joint venture on 31 March 2023; on that date, Bracco took over the 49% minority interest of the Japanese partner for consideration in the order of euro 1.2 million, and renamed the company Bracco Japan Ltd. The agreement envisages a gradual transfer of the commercial and distribution activities carried out by Eisai to Bracco Japan, which became fully autonomous as from 1 April 2024. Until 31 March 2023, the company was governed by a Board of Directors composed of 5 members, 3 of whom are appointed by Bracco, including the Chairman, who was the company's legal representative.

At 31 December 2022, based on the terms of the contract and the agreements between the parties, the Group considers the company to be a subsidiary within the meaning of IFRS 10. In particular, the Group exercised control

both - but not only - by virtue of the powers granted to the Board of Directors, which was responsible for defining the sales strategy and budget, and through the presence of Bracco in specific governing bodies responsible for supervising operations and production activities.

As a result, the Group was exposed to variable returns from its involvement with the subsidiary and had the ability to influence those returns.

Shanghai Bracco Sine Pharmaceutical Corp. Ltd.

As required by the relevant accounting standards (IFRS 12), the company's summarized financial information is presented below.

Shanghai Bracco Sine Pharmaceutical Corp. Ltd.	**31 December 2022** *Cny/000*	**31 December 2021** *Cny/000*
Current assets	688,712	675,305
Non-current assets	218,744	243,322
Current liabilities	(343,550)	(334,095)
Non-current liabilities	(110,007)	(125,095)
Group share	**317,729**	**321,606**
Share of non-controlling interests	**136,170**	**137,831**
Total revenue	1,199,373	1,153,653
Total costs	(1,034,696)	(985,244)
Net profit	**164,677**	**168,409**
Group share	**115,274**	**117,886**
Share of non-controlling interests (NCI)	**49,403**	**50,523**
Other comprehensive income attributable to the Group	-	-
Other comprehensive income attributable to NCI	-	-
Total other comprehensive income	**-**	**-**
Comprehensive income attributable to the Group	**115,274**	**117,886**
Comprehensive income attributable to NCI	**49,403**	**50,523**
Total comprehensive income	**164,677**	**168,409**
Net cash (outflow) from operating activities	225,299	228,692
Net cash (outflow) from investing activities	(10,650)	(41,811)
Net cash (outflow) from financing activities	(180,809)	-
Net cash flow	**33,840**	**186,881**

Shanghai Bracco Sine Pharmaceutical Corp. Ltd was established on 19 December 2001 under an arrangement between Shanghai Sine Laboratories and Bracco Diagnostics Asia Pte. Ltd., with the primary purpose of manufacturing and marketing contrast agents in China.

Its share capital is currently 30% owned by Shanghai Sine Laboratories and 70% by Bracco Diagnostics Asia Pte. Ltd. The company is governed by a Board of Directors composed of 5 members, 3 of whom are appointed by the Group.

On 18 December 2017, the agreement with the local partner was renewed under the same terms and conditions, extending the joint venture arrangement until December 2037.

Centro Diagnostico Italiano

As required by the relevant accounting standards (IFRS 12), the summarized financial information of the Centro Diagnostico Italiano group is presented below.

Centro Diagnostico Italiano Group	**31 December 2022** *€/000*	**31 December 2021** *€/000*
Current assets	32,988	28,822
Non-current assets	99,697	103,770
Current liabilities	(42,985)	(46,076)
Non-current liabilities	(26,491)	(21,276)
Group share	**56,256**	**58,064**
Share of non-controlling interests	**6,953**	**7,176**
Total revenue	135,161	126,372
Total costs	(132,335)	(125,273)
Net profit	**2,826**	**1,099**
Group share	**2,515**	**978**
Share of non-controlling interests (NCI)	**311**	**121**
Other comprehensive income attributable to the Group	(150)	(73)
Other comprehensive income attributable to NCI	(9)	(9)
Total other comprehensive income	**(159)**	**(82)**
Comprehensive income attributable to the Group	**2,365**	**905**
Comprehensive income attributable to NCI	**302**	**112**
Total comprehensive income	**2,667**	**1,017**
Net cash (outflow) from operating activities	19,759	9,308
Net cash (outflow) from investing activities	(13,840)	(28,239)
Net cash (outflow) from financing activities	(7,082)	18,246
Net cash flow	**(1,163)**	**(685)**

Centro Diagnostico Italiano S.p.A., the parent company of the Centro Diagnostico Italiano group, was established on 25 March 1971, with the main purpose of managing healthcare facilities and centres for illness prevention, diagnosis and treatment. Its activities are carried out exclusively within Italy.

Its share capital, fully paid-up and unchanged since the previous year, amounts to euro 5,200 thousand, of which 88.96% is owned by Bracco S.p.A., the group Parent.

33. EMPLOYEE BENEFIT OBLIGATIONS

Group companies provide post-employment benefits to their employees both directly and through contributions to funds outside the Group.

The ways in which these benefits are provided and distributed vary depending on the legal, fiscal and economic conditions of the countries in which the Group companies operate.

Defined contribution plans

Group companies pay contributions to public and/or private insurance institutions in accordance with legal or contractual obligations or on a voluntary basis. All their obligations are discharged by paying the contributions. The cost for the year is recognized in Employee costs according to the service rendered by the employee during the reporting period.

Defined benefit plans

The Group manages various defined benefit plans in which benefits are defined on the basis of length of service, salary or other factors depending on the rules of each plan. Defined benefit plans may be unfunded or wholly or partly funded by contributions by companies and, sometimes their employees, paid into an entity or fund that is legally separate from the reporting entity providing the employee benefits. Defined benefit plans further divide into plans whose actuarial gains and losses are recognized directly in equity (pension plans and termination benefits) and other long-term employee benefit plans whose actuarial gains and losses are recognized directly in profit or loss.

The Group's liability for defined benefit plans is determined actuarially using the "projected unit credit" method and recognized, net of the fair value of any plan assets, in "Employee benefit obligations".

The Group's defined benefit net deficit at 31 December 2022 was euro 41,372 thousand (euro 95,825 thousand in 2021). The decrease is mainly due to the actuarial effect. Defined benefit obligations (DBO) and defined benefit plan assets are analysed as follows:

(€/000)	**DBO**	**Assets**	**(Deficit)/Surplus at 31 December 2022**
Pension funds – USA	(113,338)	129,656	16,318
Pension funds – Germany	(32,214)	70	(32,144)
Other long-term benefits	(1,142)	-	(1,142)
Pension funds - Switzerland	(31,571)	30,924	(646)
Statutory severance benefit - Italy	(10,627)	-	(10,627)
Total plans	***(188,892)***	***160,651***	***(28,242)***
Other funded and unfunded plans	(13,130)	-	(13,130)
Total defined benefit plans	**(202,022)**	**160,651**	**(41,372)**

(€/000)	**DBO**	**Assets**	**(Deficit)/Surplus at 31 December 2021**
Pension funds – USA	(150,878)	146,615	(4,263)
Pension funds – Germany	(48,485)	95	(48,390)
Other long-term benefits	(1,137)	-	(1,137)
Pension funds - Switzerland	(44,218)	34,514	(9,704)
Statutory severance benefit - Italy	(13,101)	-	(13,101)
Total plans	***(257,819)***	***181,224***	***(76,595)***
Other funded and unfunded plans	(19,230)	-	(19,230)
Total defined benefit plans	**(277,049)**	**181,224**	**(95,825)**

Pension plans

Where pension plans are funded, contributions are paid into a separate fund that independently manages the plan assets. The funds envisage contributions by employees and employers depending on the requirements of the legislation or regulations in force in each country.

The main pension plans operated by the Group are those in the United States, Germany and Switzerland. The analyses and prior year comparative figures required by the amendment to IAS 19 are provided below in order to provide complete information about these plans.

Pension plans USA

The Group's US companies have a defined benefit plan covering Bracco Diagnostics Inc. and Acist Medical Systems Inc.

The plan, known as the Bracco Retirement Plan, does not require the assets serving the plan to be specifically allocated to each participating company. As a result, the Group has always adopted the policy of determining the net liability and costs of the plan on the basis of an allocation, generally agreed with the actuary and mainly based on the number of each company's employees participating in the plan. The allocation method is agreed annually by the companies when preparing the budget.

The comparative figures at 31 December 2022 and 31 December 2021 for the US companies' pension plans are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Present value of defined benefit obligation (A)	(113,338)	(150,879)
Fair value of plan assets (B)	129,656	146,615
Net pension plan assets (obligation) USA (A-B)	**16,318**	**(4,264)**

Movements in the defined benefit obligations during the year are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
At 1 January	150,879	137,334
Current service cost	5,387	5,440
Interest expense	4,586	3,808
Actuarial losses (gains)	(52,604)	(3,753)
Exchange differences	9,056	11,670
Benefits paid	(3,966)	(3,620)
At 31 December	**113,338**	**150,879**

Changes in the fair value of pension plan assets are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
At 1 January	146,615	118,116
Expected return	4,333	3,176
Increase (decrease) in value of assets	(28,946)	15,129
Administrative expenses	(261)	*(211)*
Contributions paid in	3,039	4,238
Exchange differences	8,843	9,789
Benefits paid	(3,966)	(3,620)
At 31 December	**129,657**	**146,615**

The assets servicing the pension plans consist mainly of equity instruments and bonds issued by third parties, invested as follows at 31 December 2022:

	31 December 2022
Shares	67%
Bonds	26%
Other financial instruments	7%
Total	**100%**

The US retirement plan's investment strategy consists primarily of purchasing and holding instruments listed on regulated markets. No plan assets are held in the Group's financial instruments or instruments held by the Group.

The Group estimates that in 2023 it will incur service costs of approximately euro 3,664 thousand and net interest costs of approximately euro 918 thousand for its US pension plans.

Defined benefit plans Germany

The liability for the pension plans of Bracco Imaging Deutschland G.m.b.H. and BIPSO G.m.b.H. amounts to euro 33,286 thousand (2021: euro 49,527 thousand). The plans are almost entirely unfunded in accordance with market practice in Germany.

(€/000)	**31 December 2022**	**31 December 2021**
At 1 January	**49,527**	**42,722**
Current service cost	3,068	2,696
Interest expense	441	433
Actuarial losses (gains)	(18,779)	4,654
Benefits paid	(972)	(978)
At 31 December	**33,286**	**49,527**

The Group estimates that in 2023 it will incur service costs of approximately euro 1,670 thousand and net interest costs of approximately euro 1,209 thousand for its German pension plans.

Other long-term employee benefits

At 31 December 2022 there are three plans that qualify as other long-term employment plans, all of which in Germany and all unfunded. The total liability for these plans is euro 1,142 thousand at 31 December 2022 (euro 1,137 thousand at 31 December 2021).

Pension plans Switzerland

Group companies operate defined benefit plans for employees in Switzerland. The total net liability and the related values at 31 December 2022 and 2021 of Swiss company pension plans are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
Present value of defined benefit obligation (A)	(31,571)	(44,218)
Fair value of plan assets (B)	30,924	34,514
Net pension plan obligation Switzerland (A-B)	**(646)**	**(9,704)**

Movements in the defined benefit obligations during the year are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
At 1 January	44,218	45,814
Current service cost	2,072	2,502
Interest expense	137	78
Actuarial losses (gains)	(12,639)	(1,732)
Exchange differences	1,152	303
Benefits paid	(3,369)	(2,748)
At 31 December	**31,571**	**44,217**

Changes in the fair value of pension plan assets are as follows:

(€/000)	**31 December 2022**	**31 December 2021**
At 1 January	**34,513**	**28,193**
Expected return	110	53
Increase (decrease) in value of assets	(3,909)	*5,958*
Contributions paid in	2,033	1,869
Exchange differences	1,699	1,287
Benefits paid	(3,522)	(2,847)
At 31 December	**30,925**	**34,513**

The companies in Switzerland are members of three collective pension funds, whose assets are invested as follows:

	31 December 2022
Shares	34%
Bonds	28%
Real Estate	25%
Other financial instruments	13%
Total	**100%**

The Group estimates that in 2023 it will incur service costs of approximately euro 1,671 thousand and net interest costs of approximately euro 47 thousand for its Swiss pension plans.

Italian statutory severance benefits

As already mentioned in the section on accounting policies, following the amendments introduced by Italian Law 296 of 27 December 2006 (the "2007 Finance Act") and subsequent implementing decrees and regulations, only the liability for accrued statutory severance benefits remaining within the employer are valued for IAS 19 purposes, since amounts accrued as from 1 January 2007 are paid into a separate entity (supplementary pension funds or INPS funds, depending on the choice made by employees during the first half of 2007). As a result of these payments (which qualify as defined contributions), Bracco Imaging S.p.A. and Spin S.p.A. no longer have any obligations related to the future service of employees.

Movements in this obligation over the year are summarized in the following table:

(€/000)	**31 December 2022**	**31 December 2021**
At 1 January	**13,101**	**14,534**
Current service cost	112	272
Interest expense	115	43
Actuarial losses (gains)	(1,727)	(720)
Benefits paid	(974)	(1,027)
Transfers (to)/from group companies	-	-
At 31 December	**10,627**	**13,101**

The Group estimates that in 2023 it will incur service costs of approximately euro 109 thousand and interest costs of approximately euro 402 thousand for this benefit.

PRINCIPAL RISKS

The pension plans operated by the Group carry exposure to a number of risk factors. Liabilities and costs are subject to the following variables, to varying degrees from plan to plan: life expectancy of members, future rates of salary growth and future rates of inflation. Another variable to consider when determining the amount of the obligation is the discount rate, determined by reference to market yields of AA corporate bonds. For funded plans, there is also a risk that financial returns will be lower than expected returns and that additional employer contributions will be required.

Assumptions and sensitivity analysis

The discount rates used to value the obligation are defined on the basis of the yield curves of high-quality fixed income securities (AA rating) for which the amounts and maturities correspond to the amounts and maturities of the estimated benefit payments.

The main financial and demographic assumptions adopted by the actuary in determining the reported amounts are as follows:

	Germany	**Italy**	**Switzerland**	**USA**
Assumptions at 31 December 2022				
Discount rate	3.70%	3.90%	2.20%	5.30%
Rate of salary increase	3.25%	3.20%	1.15%	0.00%
Rate of price inflation	2.40%	2.30%	1.25%	3.00%

A 0.25% increase or decrease in the inflation rate and discount rate used, with all other variables remaining equal, would have the following effect on the obligation:

(€/000)	**Germany**	**Italy**	**Switzerland**	**USA**
Sensitivity of assumptions				
- 0.25% discount rate	340	189	1,523	5,730
+ 0.25% discount rate	(2,160)	(184)	(1,434)	(5,396)
- 0.25% inflation rate	(76)	(114)	(253)	307
+ 0.25% inflation rate	77	116	300	(360)

Actual contributions and payments for the current year and the actuary's best estimate of the expected contribution to these pension plans, including benefits paid directly to employees in the case of unfunded plans, are as follows:

(€/000)	**Germany**	**Italy**	**Switzerland**	**USA**
Contributions and payments				
Actual 2022	972	976	3,176	4,492
Expected 2023	1,095	637	2,562	4,492

Other funded and unfunded plans

Further information can be found in Note 11 "Employee costs".

34. FINANCIAL DEBT AND LIABILITIES

These amount to euro 900,819 thousand at 31 December 2022 versus euro 1,114,199 thousand at 31 December 2021, analysed as follows:

	31 December 2022				**31 December 2021**			
(€/000)	**Total**	**<1 year**	**1-5 years**	**>5 years**	**Total**	**<1 year**	**1-5 years**	**>5 years**
Bank debt	799,213	126,265	672,797	151	1,014,659	388,187	626,245	227
Borrowings from other lenders	1,428	619	809	-	1,035	128	907	-
Financial liabilities for derivative contracts	470	470	-	-	996	996	-	-
Total financial liabilities	*801,113*	*127,354*	*673,608*	*151*	*1,016,692*	*389,311*	*627,154*	*227*
Lease liabilities (IFRS 16)	99,706	24,738	59,523	15,446	97,507	22,221	62,054	13,232
Total	**900,819**	**152,091**	**733,131**	**15,597**	**1,114,199**	**411,532**	**689,208**	**13,459**

i. Bank debt and credit facilities

The following table shows the main bank debt and credit facilities to which the Group is exposed:

€/000	Type	Total lines	Drawn down	Term	Maturity
Bank debt					
	amortized	450,000	450,000	5 years	2026
	amortized	100,000	15,789	5 years	2023
	amortized	60,000	60,000	5 years	2027
	amortized	30,000	30,000	2 years	2023
	amortized	30,000	7,613	4 years	2023
	amortized	10,000	10,000	4 years	2026
	amortized	20,000	3,000	7 years	2023
	amortized	20,000	20,000	5 years	2027
	amortized	17,500	16,625	5 years	2027
	amortized	10,000	10,000	4 years	2025
	amortized	10,000	4,013	3 years	2023
	amortized	10,000	5,512	5 years	2025
	amortized	10,000	10,000	5 years	2027
	amortized	3,000	565	15 years	2025
	amortized	600	485	4 years	2025
	Schuldschein	100,000	100,000	4 years	2025
	uncommitted	239,500	27,000		-
Bank credit facilities					
	committed revolving	90,000		3 years	2023
	committed revolving	60,000	18,000	5 years	2027
	committed revolving	30,000		3 years	2024
	committed revolving	20,000		5 years	2027
	committed revolving	20,000	-	5 years	2023
	committed revolving	20,000	-	5 years	2027
	committed revolving	15,000	10,000	2 years	2023
	committed revolving	12,500	-	3 years	2025

During 2021 the Group had repaid in advance the five-year loan for euro 440 million, taken out in 2019 to finance the acquisition of Blue Earth Diagnostics. As a result of the renegotiation, euro 3.6 million was recognized in finance costs in 2021 to reverse the effects of accounting for the loan at amortized cost.

At the same time, the Group entered into a new credit agreement for euro 450 million with an ultimate maturity in 2026. The loan will be repaid in uneven annual instalments starting from 2024 and does not envisage any financial covenants.

The Schuldschein-type loan is an ESG-linked instrument whose pricing mechanism is linked to the growing use of renewable energy at Bracco production sites.

Financial covenants, where applicable, have been fully complied with as at 31 December 2022.

The covenant parameters are essentially two:

- leverage ratio, given by the ratio between EBITDA and net financial position;
- interest coverage ratio, given by the ratio of EBITDA to net finance costs.

ii. Borrowings from other lenders

"Borrowings from other lenders" refer to a number of loans granted through financial institutions by public entities.

iii. Financial liabilities for derivative contracts

These reflect the valuation of derivative contracts with negative fair values, as already described in Note 30 "Derivative financial instruments".

iv. Lease liabilities (IFRS 16)

These refer to liabilities arising under lease agreements with the exception of short-term leases (ie. those with a term of 12 months or less) and low-value asset leases (defined under Group policy as those for assets worth less than euro 10,000 when new).

The lease liability is initially measured at the present value of future payments at the lease commencement date. The discount rate applied to future lease payments is calculated taking into account the cost of funding (determined by reference to the group Parent's credit lines) over different time periods (1-3 years, 3-5 years, more than 5 years), credit spread (calculated on the basis of parameters relating to the financial position of the company for which the calculation is made) and LIBOR.

Further information can be found in the paragraph on "Rights of use".

35. PROVISIONS FOR RISKS AND CHARGES

These amount to euro 15,728 thousand at 31 December 2022, having decreased by euro 5,783 thousand since 31 December 2021, and can be broken down as follows:

(€/000)	01 January 2022	Increases	Decreases	Reclassif-ications	Exchange differences	31 December 2022
Provisions for risks and charges	21,511	4,469	(8,118)	(2,250)	115	15,728
Total provisions for risks and charges	**21,511**	**4,469**	**(8,118)**	**(2,250)**	**115**	**15,728**

(€/000)	01 January 2021	Increases	Decreases	Reclassif-ications	Exchange differences	31 December 2021
Provisions for risks and charges	24,433	1,483	(4,654)	110	139	21,511
Total provisions for risks and charges	**24,433**	**1,483**	**(4,654)**	**110**	**139**	**21,511**

The main changes in the provisions in 2022 were:

- a net increase of euro 2,903 thousand, primarily reflecting a decrease of euro 193 thousand, used by the subsidiary Bracco Imaging Italia Srl to pay the hospital spending reimbursement for 2021 on 23 November 2022, and an increase of euro 3,100 thousand to provide for the estimated charge for the years 2019 to 2022 for sharing the cost of paying back the spending cap overrun on medical devices, also relating to the subsidiary Bracco Imaging Italia Srl;
- a reclassification of liabilities for various disputes to "Other current liabilities";
- release of euro 2,000 thousand during 2022 following the positive outcome of litigation against which provisions for risks had been set aside in previous years;
- use of euro 5,200 thousand to cover the costs of the free-of-charge sale of the "Roberto de Silva" theatre to the Municipality of Rho by Bracco Real Estate in 2022.

36. TRADE PAYABLES

These amount to euro 238,043 thousand at 31 December 2022, having increased by euro 2,630 thousand since 31 December 2021, and can be broken down as follows:

(€/000)	31 December 2022	31 December 2021
Trade payables to third parties	238,043	235,413
Total	**238,043**	**235,413**

Trade payables originate from transactions involving the purchase of goods and services.

The carrying amount of trade and other payables approximates their amortized cost.

37. OTHER CURRENT AND NON-CURRENT LIABILITIES

These amount to euro 163,043 thousand at 31 December 2022, having increased by euro 7,076 thousand since 31 December 2021, and can be broken down as follows:

	31 December 2022				31 December 2021			
(€/000)	**Total**	**<1 year**	**1-5 years**	**>5 years**	**Total**	**<1 year**	**1-5 years**	**>5 years**
Employees	65,485	65,485	-	-	68,645	68,645	-	-
Accrued expenses	18,154	18,154	-	-	16,157	16,157	-	-
Cash flow hedges	-	-	-	-	-	-	-	-
Social security institutions	5,041	5,041	-	-	5,321	5,321	-	-
VAT payable	4,483	4,483	-	-	3,498	3,498	-	-
Deferred income	16,647	7,190	9,458	-	10,194	4,781	5,414	-
Other payables	53,233	42,575	10,658	-	48,807	27,470	21,337	-
Total	**163,043**	**142,928**	**20,116**	**-**	**152,622**	**125,872**	**26,751**	**-**

Payables to "Employees" mainly refer to accrued and unpaid remuneration such as holidays and bonuses.

"Other payables" include the debt for the investment in building the gas-fired co-generation plant supplied by E.on Business Solutions. At year-end, the Group exercised its option to purchase this co-generation plant effective as of 1 January 2023. This debt will be extinguished in 2023.

Payables to "Social security institutions" refer to amounts owed by employer and employees on wages and salaries for December 2022.

With reference to Bracco S.p.A., the group Parent, under paragraph 1 of article 157 of Italian Legislative Decree 34/2020, after 28 February 2022 tax periods up to 2016 can be considered closed for the purposes of direct and indirect taxes, with such periods no longer assessable by the Italian Revenue Service.

38. CURRENT TAX LIABILITIES

These amount to euro 30,069 thousand at 31 December 2022, having decreased by euro 611 thousand since 31 December 2021, and can be broken down as follows:

	31 December 2022	**31 December 2021**
Current tax liabilities	30,069	30,680
Total	**30,069**	**30,680**

"Current tax liabilities" also include payables for tax litigation, the payable for CFC substitute tax and the current payable for substitute tax (euro 301 thousand) on the realignment of tax bases to the statutory amounts reported in the financial statements, as permitted by Italian Legislative Decree 104/2020.

OTHER INFORMATION

39. CONTINGENT LIABILITIES

The Group has received a claim from Genus Medical Technologies LLC, a US company, concerning the marketing of bartered products for which, based on the factual circumstances, management believes there is no legal basis. The Group will continue to monitor developments in the case.

40. RELATED PARTY TRANSACTIONS

i. Remuneration of directors, statutory auditors and key management personnel

Emoluments paid to members of the Board of Directors amounted to euro 2,765 thousand in 2022.

The members of the group Parent's Board of Directors are:

- Diana Bracco
- Gemma Bracco
- Fulvio Renoldi Bracco
- Mario Cattaneo
- Emma Marcegaglia
- Angelo Provasoli
- Alberto Santa Maria
- Alessandro Spada
- Veronica Squinzi

The remuneration of the members of the Board of Statutory Auditors amounted to euro 241 thousand; the members of the Board of Statutory Auditors are:

- Angelo Casò (Chairman)
- Luca Giovanni Bonanno
- Matteo Caratozzolo
- Paolo Golia
- Cecilia Elena Mottola

ii. Fees of the independent auditors

The fees of the independent auditors Deloitte & Touche S.p.A. incurred by Bracco S.p.A., the group Parent, consist of:

- euro 85 thousand (euro 84 thousand in 2021) for the annual statutory audit of the accounts;
- euro 74 thousand (euro 82 thousand in 2021) for other audit services.

iii. Transactions with other related parties

Transactions with related parties, as defined by IAS 24, referred to professional services concerning matters of a strategic nature (Studio Legale Associato Santa Maria: euro 1,617 thousand), office leases (Magnolia S.p.A.: euro 475 thousand) and donations (Fondazione Bracco: euro 1,754 thousand).

41. NET FINANCIAL DEBT

Net financial debt at 31 December 2022 is analysed as follows:

(€/000)	**31-Dec-22**	**31-Dec-21**	**Change**
Cash and cash equivalents	177,989	379,496	(201,507)
Current third-party financial assets	24,820	14,350	10,470
Current third-party financial liabilities	(126,884)	(388,312)	261,428
Short-term net financial debt	**75,925**	**5,534**	**70,391**
Non-current borrowings from banks and other lenders	(673,757)	(627,384)	(46,373)
Non-current financial assets	32,118	0	32,118
Non-current net financial debt	**(641,639)**	**(627,384)**	**(14,255)**
Net financial debt before IFRS 16 lease liabilities	**(565,714)**	**(621,850)**	**56,136**
IFRS 16 lease liabilities	(99,708)	(97,507)	(2,201)
Net financial debt	**(665,421)**	**(719,357)**	**53,935**

Net debt is determined as the algebraic sum of: Bank debt (non-current and current portion), Financial debt and liabilities (non-current and current portion), Current and non-current financial assets and Cash and cash equivalents.

The following table reconciles the Group's net financial debt to the amount required for presentation by the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 (reference ESMA32-382-1138):

(€/000)	**31-Dec-22**	**31-Dec-21**	**Change**
Net financial debt – as reported above	**(665,421)**	**(719,357)**	**53,935**
Adjustments to exclude:			
Non-current financial assets	32,118	-	32,118
Adjusted net financial debt	**(697,539)**	**(719,357)**	**21,817**

42. EVENTS AFTER THE REPORTING PERIOD

The first months of the year have confirmed a general situation of high economic and geopolitical uncertainty and price volatility.

The budget reflects (i) consolidation of the Group's competitive position, (ii) a positive contribution from the actions underway to increase sales prices, (iii) intensification of the effect of price increases on production costs, (iv) intensification of sales and marketing activities, also to prepare for the market launch of new products, and (v) continuation of major research programs.

The additional deterioration in industrial costs will translate into a fresh contraction in margins.

Projects will continue at the production sites to expand production capacity and improve yields; energy is expected to be sourced from solar parks during 2023, thus contributing to the economic efficiency and decarbonization objectives pursued by the Group.

To this end, on 1 January 2023, the subsidiary Bracco Imaging S.p.A. took over from E.ON Business Solutions S.r.l. the co-generation plant for the production of electrical and thermal energy already serving the Ceriano Laghetto site.

On 31 March 2023, the Japanese joint venture Bracco-Eisai Co., Ltd. was terminated, with Bracco's simultaneous acquisition of the minority stake held by Eisai Co., Ltd. (49%); from 1 April 2023, the company changed its name to Bracco Japan Ltd.

One particularly significant event after the end of the reporting period occurred on May 25, 2023 with the FDA's granting of marketing approval in the United States for our new rhPSMA product (under the trade name POSLUMA). This outstanding achievement is the result of our internal research and allows us to look forward with renewed enthusiasm to the development of our business in the Nuclear Medicine segment of oncology.

No situations or particular strains on the Group's financial structure are currently foreseen that could jeopardize business continuity: the cash flow generated during the current year will be able to finance the Group's investment plans.

Finally, it is noted that sales revenue in the initial months of 2023 has been in line with budget.

The present consolidated financial statements are being presented for approval of the Shareholders' Meeting of Bracco S.p.A. further to the meeting of the Board of Directors on 29 May 2023.

On behalf of the Board of Directors

The Chairman and Chief Executive Officer

Diana Bracco

Appendix 1. Scope of consolidation - list of companies consolidated on a line-by-line basis

	Registered office	Currency	% interest 2022	% interest 2022	Share capital
Group Parent					
Bracco S.p.A.	Milan (Italy)	EUR	Group Parent	Group Parent	Share capital EUR 104,000 thousand
Installation of electrical and technical systems					
American Husky III S.r.l.	Milan (Italy)	EUR	100%	100%	Share capital EUR 50 thousand
Companies engaged in commercial activities					
Acist Asia Pte Ltd.	Singapore	SGD	100%	100%	SGD 150 thousand
Acist Europe B.V	Heerlen (Netherlands)	EUR	100%	100%	EUR 18.2 thousand
Acist Japan Inc.	Tokyo (Japan)	JPY	100%	100%	Share capital and share premium JPY 58,881 thousand
Bracco Imaging Italia S.r.l.	Milan (Italy)	EUR	100%	100%	EUR 10,000 thousand
Bracco Imaging Deutschland GmbH	Constance (Germany)	EUR	100%	100%	Share capital EUR 2,000 thousand
Bracco International B.V.	Amsterdam (Netherlands)	EUR	100%	100%	EUR 107 thousand
Bracco Diagnostics Inc.	Delaware (USA)	USD	100%	100%	Share capital USD 1, share premium USD 44,496 thousand
Bracco U.K. Ltd.	Oxford (Great Britain)	GBP	100%	100%	Share capital GBP 2, share premium GBP 3,499,998
Bracco Österreich GmbH	Vienna (Austria)	EUR	100%	100%	Share capital EUR 1,200 thousand
Bracco Far East Ltd.	Hong Kong	HKD	100%	100%	Share capital HKD 6,240 thousand
Bracco Imaging Europe B.V.	Amsterdam (Netherlands)	EUR	100%	100%	Authorized share capital EUR 100 thousand, capital subscribed and paid in EUR 20 thousand, share premium EUR 7,380 thousand
Bracco Imaging France S.A.S.	Massy (France)	EUR	100%	100%	Share capital EUR 7,000 thousand
Bracco Imaging Korea Ltd.	Seoul (South Korea)	KRW	100%	100%	Share capital KRW 773,200 thousand
Bracco Imaging do Brasil Importação e Distribução de Medicamentos Ltda.	Duque de Caxias (Rio de Janeiro - Brazil)	BRL	100%	100%	Share capital BRL 159,477 thousand
Bracco Imaging Scandinavia AB	Goteborg (Sweden)	SEK	100%	100%	Share capital SEK 100 thousand, share premium SEK 36,000 thousand
Bracco Imaging Czech s.r.o	Prague (Czech Republic)	CZK	100%	100%	Share capital CZK 3,700 thousand, share premium CZK 192,300 thousand
Bracco Imaging Polska Sp. z.o.o.	Warsaw (Poland)	PLN	100%	100%	Share capital PLN 700 thousand
Bracco Imaging Slovakia s.r.o	Bratislava (Slovakia)	EUR	100%	100%	Share capital EUR 300 thousand, share premium EUR 2,500 thousand
Bracco Imaging México S.A. DE C.V.	Tlalpan (Mexico City - Mexico)	MXN	100%	100%	Share capital MXN 130,029 thousand
Bracco Imaging Medical Technologies (Shanghai) Co., Ltd.	Shanghai (China)	CNY	100%	100%	Share capital CNY 1,269 thousand
Blue Earth Diagnostics Inc	Delaware (USA)	USD	100%	100%	Share capital USD 1
Companies engaged in production activities					
Spin S.p.A.	Milan (Italy)	EUR	100%	100%	EUR 25,000 thousand
BIPSO G.m.b.H.	Singen (Germany)	EUR	100%	100%	Share capital EUR 26 thousand, share premium EUR 61,892 thousand
Companies engaged in production and commercial activities					
Bracco-Eisai Co. Ltd.	Tokyo (Japan)	JPY	51%	51%	Share capital JPY 340,000 thousand
Shanghai Bracco Sine Pharmaceutical Corp. Ltd.	Shanghai (China)	USD	70%	70%	Share capital USD 13,260 thousand
E-Z-EM Canada Inc.	Montreal (Quebec – Canada)	CAD	100%	100%	Share capital CAD 5,459 thousand

Companies engaged in research activities					
Blue Earth Therapeutics Ltd	Oxford (Great Britain)	USD	100%	100%	Share capital USD 139, share premium 30,000 thousand
HLT Inc.	Minnesota (USA)	USD	100%	100%	Share capital USD 1, share premium USD 25,514 thousand
Bracco Injeneering S.A.	Lausanne (Switzerland)	CHF	100%	100%	Share capital CHF 6,000 thousand, share premium CHF 9,107 thousand
SurgVision GmbH	Munich (Germany)	EUR	100%	100%	Share capital EUR 25 thousand, share premium EUR 20,659 thousand
Companies engaged in research and commercial activities					
Blue Earth Diagnostics Ltd	Oxford (Great Britain)	USD	100%	100%	Share capital USD 29,210 thousand, share premium USD 1,222 thousand
Companies engaged in research, production and commercial activities					
Acist Medical Systems Inc.	Delaware (USA)	USD	100%	100%	Share capital and share premium USD 309,360 thousand
Bracco Suisse S.A.	Cadempino (Switzerland)	CHF	100%	100%	Share capital CHF 45,000 thousand, share premium CHF 11,254 thousand
Bracco Imaging S.p.A.	Milan (Italy)	EUR	100%	100%	Share capital EUR 102,900 thousand
Investment holding companies					
Bracco AMT Inc.	Delaware (USA)	USD	100%	100%	Share capital and share premium USD 284,735 thousand
Claude Montana B.V.	Amsterdam (Netherlands)	EUR	100%	100%	Share capital EUR 20 thousand, share premium EUR 3,500 thousand
Bracco Imaging Holding B.V.	Amsterdam (Netherlands)	EUR	100%	100%	Share capital EUR 20 thousand, share premium EUR 289,947 thousand
Bracco Diagnostics Asia Pte Ltd	Singapore	SGD	100%	100%	Share capital SGD 20,916 thousand
Bracco USA Inc.	Delaware (USA)	USD	100%	100%	Share capital USD 1, share premium USD 162,448 thousand
E-Z-EM Inc.	Delaware (USA)	USD	100%	100%	Share capital USD 1, share premium USD 58,787 thousand
Dafri G.m.b.H.	Munich (Germany)	EUR	100%	100%	Share capital EUR 1,250 thousand, share premium EUR 68,000 thousand
Bracco Horizons Ltd	Oxford (Great Britain)	USD	100%[1]	100%[1]	Share capital USD 36, share premium USD 489,969 thousand
Real estate companies					
Bracco RE S.r.l.	Milan (Italy)	EUR	100%	100%	Share capital EUR 10,000 thousand
3023354 Canada Inc.	Montreal (Quebec – Canada)	CAD	100%	100%	Share capital CAD 100
Companies engaged in production activities (dormant companies)					
Bracco Imaging Baltics OÜ	Tallinn (Estonia)	EUR	100%	100%	Share capital EUR 72 thousand
Blue Earth Diagnostics Ireland Ltd	Dublin (Ireland)	EUR	100%	100%	Share capital EUR 500
Bracco Imaging (Shanghai) Co., Ltd.	Shanghai (China)	CNY	100%	100%	Share capital CNY 1,000 thousand
Companies that provide healthcare services					
C.D.I. Centro Diagnostico Italiano S.p.A.	Milan (Italy)	EUR	89%	89%	Share capital EUR 5,200 thousand
Bionics S.r.l	Milan (Italy)	EUR	100%	100%	Share capital EUR 5,000 thousand
Centro medico SME-Diagnostica per immagini S.r.l.	Varese (Italy)	EUR	-	100%	Share capital EUR 21 thousand

[1] Key Managers own shares without voting and dividend rights.