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ÅRSREDOVISNING

2021-01-01 - 2021-12-31

för

Bracco Imaging Scandinavia AB
556681-8497

Årsredovisningen omfattar: **Sida**

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Resultaträkning	3
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Kassaflödesanalys	7
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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, 2022 Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Göteborg den 15/6 - 2022

Staffan Rosén

20220622344400

ÅRSREDOVISNING

2021-01-01 - 2021-12-31

för

Bracco Imaging Scandinavia AB
556681-8497

Årsredovisningen omfattar: **Sida**

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ÅRSREDOVISNING FÖR BRACCO IMAGING SCANDINAVIA AB

Styrelsen och verkställande direktören för Bracco Imaging Scandinavia AB avger härmed årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31.

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 2021, mot bakgrund av Covid-19, vidtagit fortsatta åtgärder för att minimera eller eliminera påverkan på bolagets verksamhet. Detta har under året främst låtit gälla besparingar inom marknadsaktiviteter, som inte varit möjliga att genomföra under året. Försäljningen av läkemedel inom segment MR, och medicinteknik inom segment kardiologi, har under året varit ansatt av vikande undersökningsantal. Detta ledde till att segmenten inte nådde sin fulla potential, jämfört med innan pandemin och budget. BIS marknadsandelar, i Norden, har överlag hållits intakta under pandemin.

Utveckling av verksamhet, ställning och resultat

(Tkr)	2021	2020	2019	2018	2017
Nettoomsättning	118 447	120 633	122 364	106 457	99 549
Rörelseresultat	11 343	7 591	5 159	1 568	2 243
Resultat e. finansiella poster	9 465	7 881	4 864	872	1 957
Balansomslutning	90 726	93 183	86 471	88 105	58 981
Soliditet [1]	63,3%	60,2%	57,7%	52,4%	16,1%
Avkastning på eget kapital [2]	16,5%	14,1%	10,5%	1,9%	22,3%
Avkastning på totalt kapital [3]	13,2%	10,4%	7,0%	4,0%	6,3%
Medelantal anställda	11	11	11	9	8

[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 kriget i Ukraina och efterföljande omvärldshändelser, 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	49 886 341
Årets resultat	7 413 847
	57 300 188

Styrelsen föreslår att

till aktieägarna utdelas (1 000 aktier * 20 000 per aktie)	20 000 000
i ny räkning balanseras	37 300 188

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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RESULTATRÄKNING
(Tkr)

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Rörelsens intäkter			
Nettoomsättning	4, 5	118 447	120 633
Övriga rörelseintäkter		3 726	766
		122 173	**121 399**
Rörelsens kostnader			
Handelsvaror	5	-75 917	-76 245
Övriga externa kostnader	6,7	-20 735	-23 673
Personalkostnader	8	-12 505	-12 305
Avskrivningar av materiella och immateriella anläggningstillgångar		-1 673	-1 585
Rörelseresultat		**11 343**	**7 591**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande intäkter	9	1 068	2 065
Nedskrivningar av finansiella anläggningstillgångar och kortfristiga placeringar		-436	0
Räntekostnader och liknande kostnader	10	-2 510	-1 775
Resultat efter finansiella poster		**9 465**	**7 881**
Resultat före skatt		**9 465**	**7 881**
Skatt på årets resultat	11	-2 051	-1 718
ÅRETS RESULTAT		**7 414**	**6 163**

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BALANSRÄKNING

(Tkr)

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	12	3 413	3 720
		3 413	**3 720**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	13	311	416
Andelar hos intresseföretag	14	1	1
Uppskjuten skattefordran	15	16	55
Summa anläggningstillgångar		**3 741**	**4 192**
Omsättningstillgångar			
Varulager m m			
Färdiga varor och handelsvaror		24 116	26 123
		24 116	**26 123**
Kortfristiga fordringar			
Kundfordringar		24 800	23 302
Övriga fordringar		422	54
Förutbetalda kostnader och upplupna intäkter		433	476
		25 655	**23 832**
Kassa och bank	18	**37 214**	**39 036**
Summa omsättningstillgångar		**86 985**	**88 991**
SUMMA TILLGÅNGAR		**90 726**	**93 183**

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BALANSRÄKNING

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	16	100	100
		100	**100**
Fritt eget kapital			
Balanserad vinst eller förlust		49 886	49 823
Årets resultat		7 414	6 163
	20	**57 300**	**55 986**
Summa eget kapital		**57 400**	**56 086**
Kortfristiga skulder			
Leverantörsskulder		1 707	844
Skulder till koncernföretag		18 176	24 463
Aktuella skatteskulder		980	341
Övriga kortfristiga skulder		6 436	3 836
Upplupna kostnader och förutbetalda intäkter	17	6 027	7 613
		33 326	**37 097**
SUMMA EGET KAPITAL OCH SKULDER		**90 726**	**93 183**

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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 2020	**100**	**46 043**	**3 780**	**49 923**
Disposition av föregående års resultat		3 780	-3 780	
Årets resultat			6 163	6 163
Aktieägartillskott				
Utgående balans per 31 december 2020	**100**	**49 823**	**6 163**	**56 086**

	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
Årets resultat				
Transaktioner med ägare:				
Utdelningar		-6 100		-6 100
Aktieägartillskott				
Summa transaktioner med aktieägare		**-6 100**		**-6 100**
Utgående balans per 31 december 2021	**100**	**49 886**	**7 414**	**57 400**

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KASSAFLÖDESANALYS

(Tkr)	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Den löpande verksamheten			
Rörelseresultat		11 343	7 591
Justeringar för poster som inte ingår i kassaflödet:			
Avskrivningar		1 673	1 585
Realisationsförlust		0	18
Erhållen ränta		130	19
Erlagd ränta		0	-72
Betald inkomstskatt		-1 373	-1 186
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**11 773**	**7 955**
Kassaflöde från förändringar i rörelsekapital			
Minskning(+)/ökning(-) av varulager		1 649	-4 795
Minskning(+)/ökning(-) av kundfordringar		-1 451	241
Minskning(+)/ökning(-) av övriga kortfristiga fordringar		-325	371
Minskning(-)/ökning(+) leverantörsskulder		-5 753	1 100
Minskning(-)/ökning(+) av övriga kortfristiga skulder		82	-872
Kassaflöde från den löpande verksamheten		**5 975**	**4 000**
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-1 366	-1 309
Försäljning av materiella anläggningstillgångar			335
Utbetalt aktieägartillskott		-331	
Kassaflöde från investeringsverksamheten		**-1 697**	**-974**
Finansieringsverksamheten			
Utbetald utdelning		-6 100	0
Kassaflöde från finansieringsverksamheten		**-6 100**	
Årets kassaflöde		**-1 822**	**3 026**
Likvida medel vid årets början		**39 036**	**36 010**
Likvida medel vid årets slut	18	**37 214**	**39 036**

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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	2021	2020
Försäljning läkemedel	58 135	60 238
Försäljning medicinteknisk utrustning	60 312	60 395
Summa	**118 447**	**120 633**

Nettoomsättning per geografisk marknad	2021	2020
Sverige	44 820	42 374
Finland	14 118	14 375
Norge	25 141	25 419
Danmark	34 368	38 465
Summa	**118 447**	**120 633**

Not 5 Uppgift om inköp och försäljning inom samma koncern

	2021	2020
Inköp	99,9%	99,7%
Försäljning	0,0%	0,0%

Not 6 Upplysning om ersättning till revisorn

	2021	2020
Deloitte AB		
revisionsuppdrag	160	130
Summa	**160**	**130**

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 968 tkr (960 tkr). Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal förfaller enligt följande:

Förfallotidpunkt:	2021	2020
Inom ett år	964	849
Senare än ett år men inom fem år	1 262	854
Summa	**2 226**	**1 703**

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

	2021		2020	
Medeltalet anställda	**Antal anställda**	**Varav antal män**	**Antal anställda**	**Varav antal män**
	11	5	11	6
Totalt	**11**	**5**	**11**	**6**

	2021-12-31	2020-12-31
Fördelning ledande befattningshavare per balansdagen		
styrelseledamöter	2	2
andra personer i företagets ledning inkl VD	1	1
Totalt	**3**	**3**

	2021		2020	
Löner, andra ersättningar m m	**Löner och andra ersättningar**	**Soc kostn (varav pensions-kostnader)**	**Löner och andra ersättningar**	**Soc kostn (varav pensions-kostnader)**
	9 030	2 916 (955)	9 413	2 585 (879)
Totalt	**9 030**	**2 916 (955)**	**9 413**	**2 585 (879)**

	2021		2020	
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**
	1 428 (394)	7 602 (945)	1 282 (240)	8 131 (1 368)
Totalt	**1 428 (394)**	**7 602 (945)**	**1 282 (240)**	**8 131 (1 368)**

Not 9 Övriga ränteintäkter och liknande intäkter

	2021	2020
Kursdifferenser	1 068	2 065
Summa	**1 068**	**2 065**

Not 10 Räntekostnader och liknande kostnader

	2021	2020
Räntekostnader	-9	-3
Kursdifferenser	-2 504	-1 683
Övrigt	3	-89
Summa	**-2 510**	**-1 775**

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Not 11 Skatt på årets resultat

	2021	2020
Aktuell skatt	-2 012	-1 528
Uppskjuten skatt	-39	-190
Skatt på årets resultat	**-2 051**	**-1 718**

Avstämning årets skattekostnad

	2021	2020
Redovisat resultat före skatt	9 465	7 878
Skatt beräknad med skattesats 20,6 %	-1 950	-1 686
Skatteeffekt av ej avdragsgilla kostnader	-129	-58
Skatteeffekt av ej skattepliktiga intäkter	67	217
Summa	**-2 012**	**-1 527**
Årets redovisade skattekostnad	**-2 012**	**-1 527**

Not 12 Inventarier, verktyg och installationer

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	16 323	15 349
Inköp	1 366	1 309
Försäljningar/utrangeringar	0	-335
Utgående ackumulerade anskaffningsvärden	**17 689**	**16 323**
Ingående avskrivningar	-12 603	-11 118
Försäljningar/utrangeringar	0	100
Årets avskrivningar	-1 673	-1 585
Utgående ackumulerade avskrivningar	**-14 276**	**-12 603**
Utgående redovisat värde	**3 413**	**3 720**

Not 13 Andelar i koncernföretag

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

Företagets innehav av andelar i koncernföretag

Företagets namn	Kapital-andel	Rösträtts-andel	Antal andelar	Redovisat värde 2021-12-31	Redovisat värde 2020-12-31
Bracco Imaging Baltics OU	100%	100%	0	311	416
Summa				**311**	**416**

Företagets namn	Org.nr	Säte	Eget Kapital	Resultat
Bracco Imaging Baltics OU	11 296 372	Tallin	311	-105

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Not 14 Andelar hos intresseföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärde	1	1
Utgående ackumulerade anskaffningsvärden	**1**	**1**
Utgående redovisat värde	**1**	**1**

Not 15 UppskjutenSkatt

	2021-12-31	2020-12-31
Uppskjuten skattefordran		
Inventarier, verktyg, installationer	16	39
Upplupna kostnader och förutbetalda intäkter	0	16
Summa uppskjuten skattefordran	**16**	**55**

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

	2021-12-31	2020-12-31
Upplupna semesterlöner	483	674
Upplupna sociala avgifter	100	151
Förutbetalda intäkter	1 481	2 412
Rabatttåterbetalningar	1 921	2 504
Upplupen kostnad bonus	1 280	1 686
Upplupen kostnad revision	150	150
Övriga poster	612	36
Summa	**6 027**	**7 613**

Not 18 Likvida medel i kassaflödet

	2021-12-31	2020-12-31
Disponibla tillgodohavanden hos banker och andra kreditinstitut	37 214	39 036
Summa	**37 214**	**39 036**

Not 19 Händelser efter balansdagen

Bolaget följer noga utvecklingen av kriget i Ukraina och efterföljande omvärldshändelser, men har i dagsläget inte påverkats direkt av det som sker. Efter balansdagen har bolagat startat upp försäljning inom segmentet Nuklear. Segmentet tillför ytterligare bredd till bolagets produktportfölj, och innebär en ökning i nettoförsäljning från 2022.

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Not 20 Disposition av företagets vinst

Förslag till dispositioner beträffande vinst (Kr)

Till årsstämmans förfogande står följande vinstmedel:

Balanserat resultat	49 886 341
Årets resultat	7 413 847
	57 300 188

Styrelsen föreslår att

till aktieägarna utdelas	20 000 000
i ny räkning balanseras	37 300 188

Göteborg den 1/6 -2022

Enrico Tettamanti
Styrelsens ordförande

Frédéric Tridon

Staffan Rosén
Verkställande Direktör

Vår revisionsberättelse har avgivits den 7 juni 2022

Deloitte AB

Erik Wiklund
Auktoriserad revisor

9332015/22

Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Bracco Imaging Scandinavia AB
organisationsnummer 556681-8497

20221004001141

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Bracco Imaging Scandinavia AB för räkenskapsåret 2021-01-01 - 2021-12-31.

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 2021 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 2021-01-01 - 2021-12-31 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.

Göteborg den 7 juni 2022

Deloitte AB

Erik Wiklund
Auktoriserad revisor

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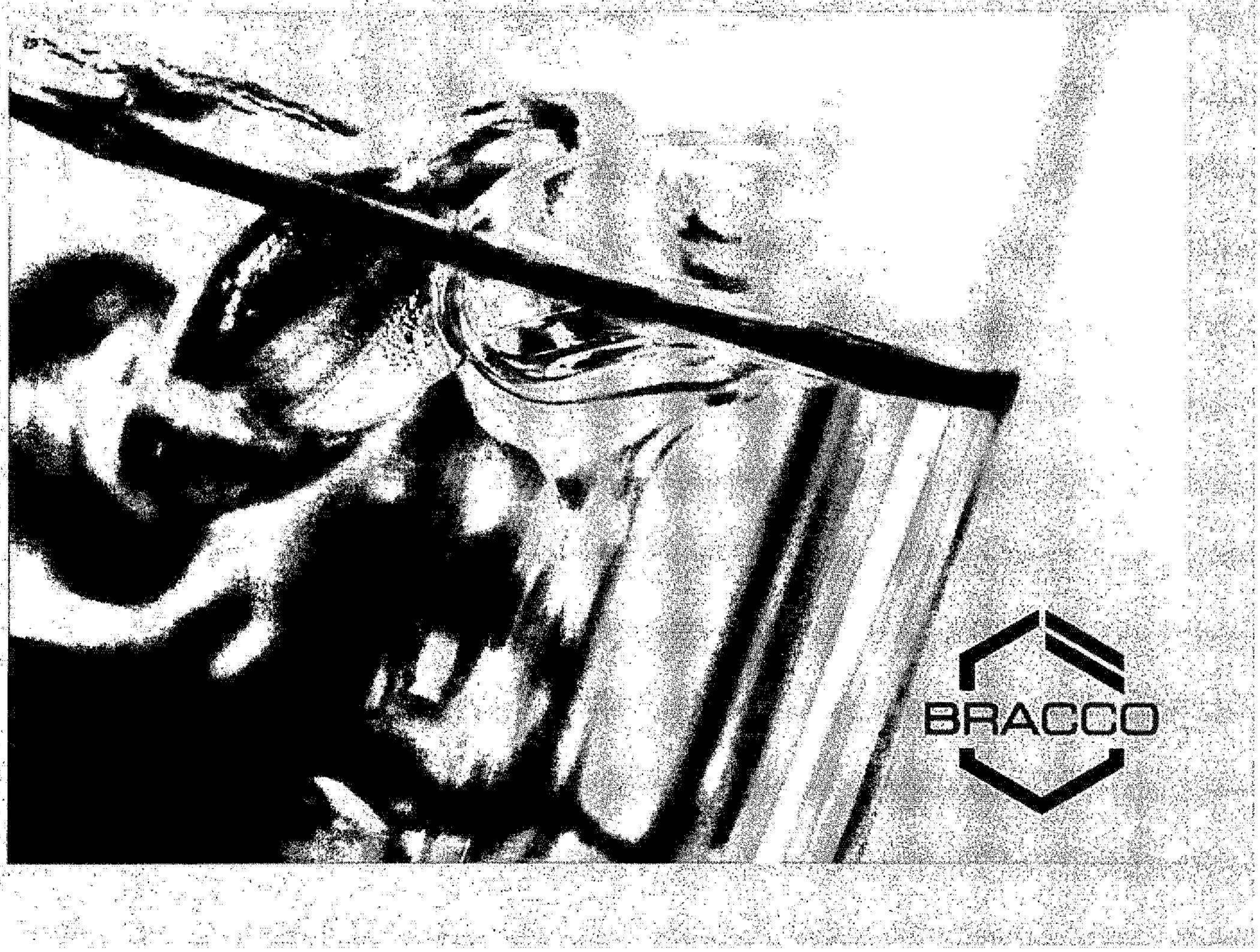
BRACCO S.p.A.

ANNUAL REPORT 2021



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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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
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.

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OVERVIEW

To our Shareholders,

The year just ended was marked by continuation of the serious Covid-19 health emergency and consequent maintenance of restrictions on freedom of movement in order to stem the infection's spread.

Greater and more effective experience in managing the pandemic and, above all, the progress of the mass vaccination campaigns launched at the end of 2020, created a more confident climate in tackling the crisis and permitted a gradual easing of restrictions, thus easing the uncertainty, volatility and instability overshadowing the previous year.

As a result, there was a marked recovery in consumption and economic performance, even if significant inflationary trends began to appear from the summer on.

The strong and rapid growth in demand was not matched on the supply side, due to shortages of certain raw materials, primary parts and skilled labour; this, combined with transport congestion and speculative behaviour, generated a sharp increase in prices.

Even the Group's market sector showed strong signs of recovery: healthcare facilities, which in 2020 had duly reorganized their internal processes and operational workflows in view of the virus, reported a strong upsurge in demand for outpatient and diagnostic services, also as a result of having to catch up on those procedures postponed in 2020 because of the pandemic.

Against this backdrop, financial year 2021 ended with net sales revenue of euro 1,689.8 million, operating profit of euro 216.8 million, with a margin of 12.8%, and net profit of euro 130.5 million; costs for research and development and medical-scientific activities amounted to euro 163.3 million, while net financial debt stood at euro 719.6 million at the end of the reporting period.

In general terms, the Group's 2021 financial results were characterized by a significant increase in turnover, by a level of operating costs still not back to normal due to the persistence, especially in the first part of the year, of pandemic-related restrictions and by strong inflationary pressures.

The core business of Imaging Agents saw solid growth in volumes and a favourable trend in sales prices, resulting in a healthy increase in sales not only on the previous year (+16.9% or +18.9% at constant exchange rates) but also on pre-pandemic levels.

In North America, the Group's main market, revenue for the year, excluding Axumin® sales, amounted to euro 468.8 million, representing an increase across all segments of 10.7%, or 14.4% at constant exchange rates.

Operations in China generated euro 154.7 million in revenue, corresponding to growth of 31.3%, or 27.3% at constant exchange rates.
Good results were also achieved in Europe, where revenue climbed by 8.5% to euro 283.5 million.
Sales in the Rest of World grew by 11.2% at constant exchange rates to euro 121.2 million.

Axumin®, an agent for positron emission tomography (PET) scans of patients with suspected recurrent prostate cancer and primarily marketed in the United States, reported sales of euro 220.0 million in 2021, reflecting growth of 43.5% (48.5% at constant exchange rates) thanks to its continued clinical success and increased sales prices.

The Medical Technologies business also reported a strong recovery in 2021 after the pandemic-related market downturn in 2020; revenue of euro 303.2 million was 18.1% higher at constant exchange rates than in the previous year.
In particular, sales of injectors and related consumables for cardiovascular procedures, accounting for around 60% of overall revenue, reported an increase of 17.5%, while the segment of systems for radiological procedures grew by 19%.

Centro Diagnostico Italiano, which in the previous year had felt the effects of the health emergency more than the Group's other businesses, also saw a decisive recovery in turnover; it closed 2021 with revenue of euro 125.7 million, up 26.7% on the previous year and 3.6% higher than the pre-pandemic level.

The Group's manufacturing activities operated at full capacity and on a continuous basis, while costs suffered from the steep abrupt rise in the price of utilities and certain parts; the various investment projects to expand capacity at the different sites continued according to schedule.

In the first part of the year, the enduring restrictions on travel and organization of events meant that sales and marketing activities continued to be managed using digital platforms and solutions, with the usual methods of interaction resumed later in the year.

R&D programs also slowed due to the reduced availability of scientific facilities and institutes and difficulties in patient enrolment. A number of important milestones were nonetheless achieved in 2021, such as the conclusion of clinical trials for the new biomolecular agent for use in oncological-prostatic procedures and the submission of the related dossier to the American FDA for registration, confirmed towards the end of the year.

The recovery in sales and easing of the crisis situation allowed the Group to remove all the extraordinary strict controls on expenditure adopted in 2020.

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The good trading results, the positive revenue mix and a trend in costs still not entirely back to normal resulted in a 2021 EBITDA of euro 338.5 million, representing a 20.0% margin, substantially in line with the previous year, which had nonetheless benefited from a significant reduction in costs.

On the financial front, the amount of cash generated from operations was consistent with the trend in earnings, making it possible to finance the year's major investments, mainly focused on the Group's production sites; the Group's net financial debt stood at euro 719.6 million at the end of 2021, compared with euro 727 million a year earlier.

Mention should also be made of the important collaboration agreement signed at the end of 2021 by the subsidiary Bracco Imaging S.p.A. and the French company Guerbet SA, for Gadopiclenol, a new-generation, high-relaxivity macrocyclic contrast agent for MRI procedures.
The product is currently under registration and the first regulatory authorizations are expected in early 2023, first in the United States and then in the European Union.
As part of this global collaboration, Bracco and Guerbet will market the product independently under separate brand names and collaborate on manufacturing, as well as research and development of new indications.

Finally, a brief word about exchange rates: during 2021 the average euro/dollar exchange rate was 1.18, reflecting an appreciation of the European currency by around 4% on 2020. This appreciation was particularly evident in the first half of the year on the back of optimism generated by progress in vaccination campaigns and improvement in the global macroeconomic situation.

FINANCIAL HIGHLIGHTS

(€/000)	2021	2020	% Change
Sales revenue	1,689,832	1,440,641	*17.3%*
EBITDA [1]	338,484	285,738	*18.5%*
% sales	*20.0%*	*19.8%*	
Operating profit	216,769	156,256	*38.7%*
% sales	*12.8%*	*10.8%*	
Profit before tax	187,093	146,244	*27.9%*
% sales	*11.1%*	*10.2%*	
Profit for the year	130,495	132,253	*-1.3%*
% sales	*7.7%*	*9.2%*	

(€/000)	31-Dec-21	31-Dec-2020	Change
Net invested capital	**1,623,106**	1,465,031	158,075
Equity	**903,520**	738,030	165,490
of which attributable to non-controlling interests	**29,828**	33,322	(3,494)
Net financial debt	**719,586**	727,001	(7,415)

(€/000)	2021	2020	% Change
Capital expenditure [2]	150,210	158,648	-5.32%
R&D expenses	161,525	141,500	14.15%
Employees (at year end)	3,730	3,587	3.99%

[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, increases in provisions, gains/losses on disposal of non-current assets and income taxes. As from 2021 the depreciation of motor vehicles falling under the scope of IFRS 16 has been recorded in "Depreciation and amortization" while in 2020 it was classified in "Employee costs"; the 2020 figure has been reclassified accordingly.

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

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MACROECONOMIC SCENARIO

The international economy reported a strong widespread recovery in 2021, also thanks to progress in managing the health crisis. In the first part of the year, a rapid and unexpected rebound in demand resulted in a delayed supply-side adjustment with consequent bottlenecks and significant growth in inflation. The resurgence of the pandemic with new variants and persistent shortages of raw materials and intermediate inputs prompted a general slowdown in the second half of the year. Global trade is estimated to have grown by 10.8%.

The US economy saw estimated growth in the region of 5.6%, despite a third-quarter slowdown due to the effects of the pandemic and shortages of resources.
The extraordinary growth in demand for goods was reflected in a particularly sharp rise in inflation (7% in December 2021). However, the long-term expectations inferred from financial markets have remained firmly fixed at values consistent with the Federal Reserve's target.
In view of the ongoing recovery and sustained growth in employment, the US central bank has started to pare back its monetary accommodation in order to normalize monetary policy.

In China, GDP is estimated to have grown by 8.1%, despite the government's strict measures to combat the spread of the pandemic, and the resulting disruption to global supply chains. In this context, the Chinese Central Bank has implemented a further series of moderately expansionary measures, such as a cut in reserves requirement ratios and a lowering of key interest rates on retail loans and on the interbank market.

In the euro area, the rise in infections, with the consequent reintroduction of stricter containment measures towards the end of the year, and persistent supply shortages, prompted a marked economic slowdown in the last quarter of 2021. The area's GDP growth is estimated at 5.1%.
Inflation reached its highest level since the birth of the monetary union (5% in December 2021), suffering above all from exceptional hikes in energy prices. The European Central Bank has reiterated that monetary policy will remain expansionary and that, in view of the high degree of uncertainty, it will maintain flexibility and optionality in the conduct of monetary policy in response to developments in the macroeconomic environment.

GDP growth in Italy was above the euro area average, at an estimated 6.3%, with quarterly cyclical trends in line with European ones.
Capital investment and industrial output lost momentum in the latter part of the year, whilst bank credit conditions remained relaxed throughout 2021.
Employment figures are positive and on the rise: more permanent staff are being hired while the use of wage subsidies is on the decline.

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, impairment/impairment reversals and provisions and gains and losses on disposal of non-current assets.

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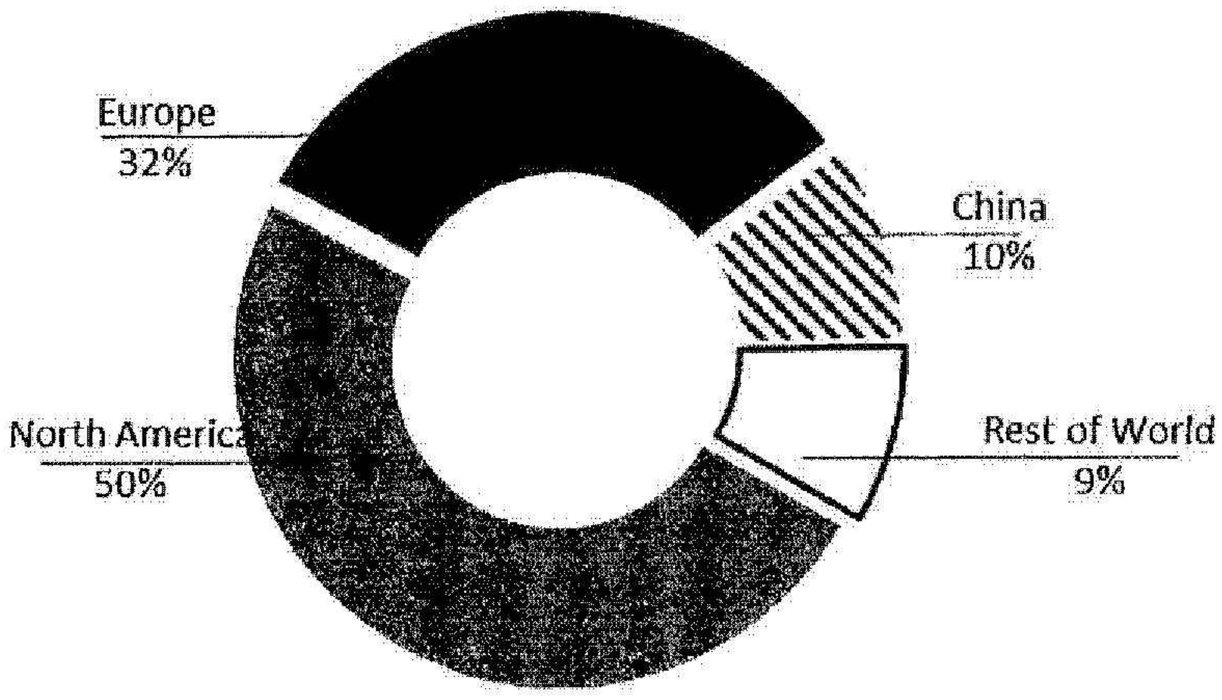
GROUP SALES PERFORMANCE

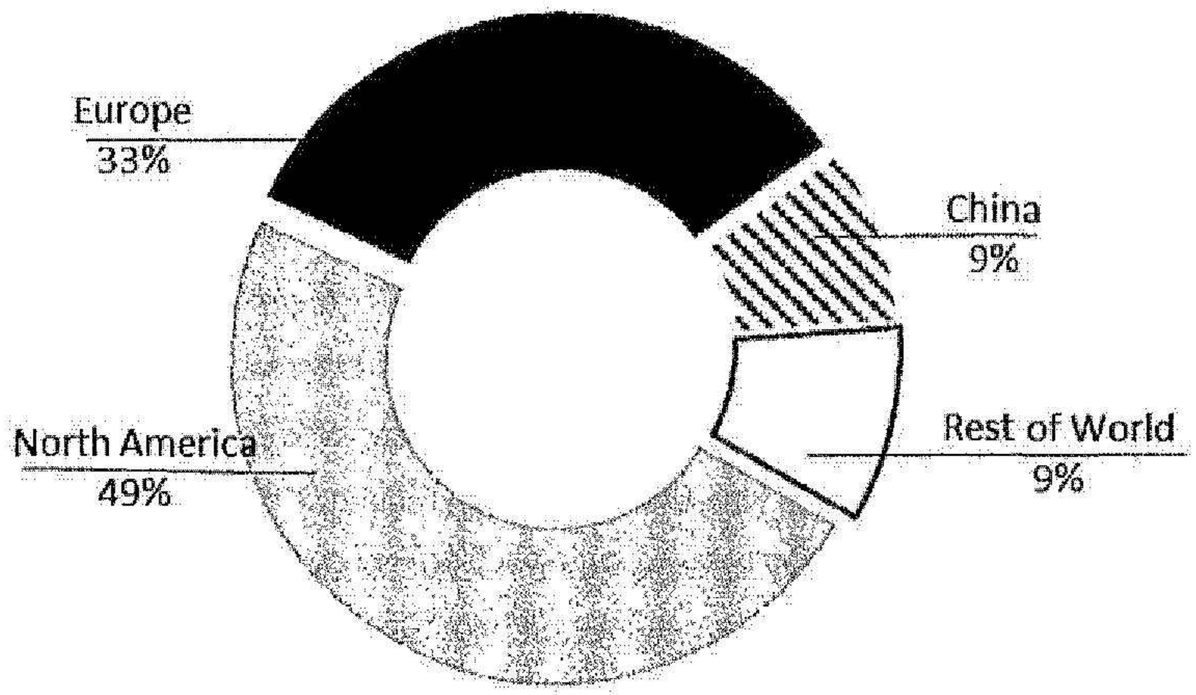
The breakdown of 2021 sales by geographical area and business, compared with the previous year, is as follows:

SALES BY GEOGRAPHICAL AREA

2021

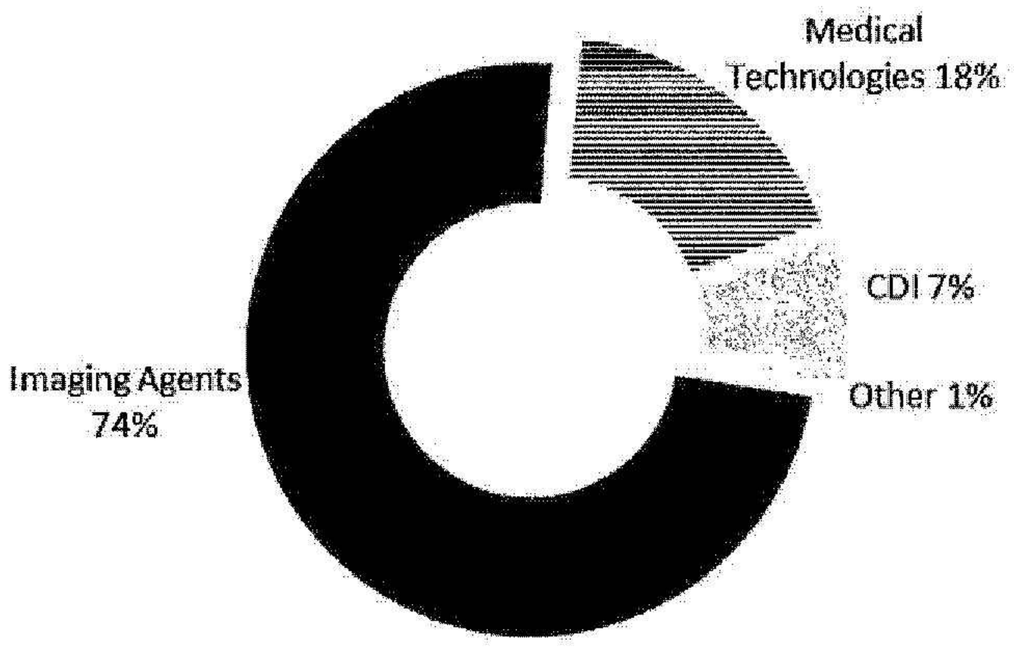


2020



SALES BY BUSINESS

2021



2020

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Financial year 2021 ended with overall revenue of euro 1,689.8 million, up 17.3% on the previous year (+19.2% at constant exchange rates).

(€/000)	**2021**	**%**	**2020**	**%**	**Change**	**%**
North America	837,966	*49.6%*	701,170	*48.7%*	136,796	*19.5%*
Europe	539,112	*31.9%*	476,569	*33.1%*	62,543	*13.1%*
China	167,028	*9.9%*	126,243	*8.8%*	40,785	*32.3%*
Rest of World	145,726	*8.6%*	136,659	*9.5%*	9,067	*6.6%*
Total	**1,689,832**	***100.0%***	**1,440,641**	***100.0%***	**249,191**	***17.3%***

(€/000)	**2021**	**%**	**2020**	**%**	**Change**	**%**
Imaging Agents	1,248,167	*73.9%*	1,067,656	*74.1%*	180,511	*16.9%*
Medical Technologies	303,202	*17.9%*	261,139	*18.1%*	42,063	*16.1%*
Centro Diagnostico Italiano	125,722	*7.4%*	99,243	*6.9%*	26,479	*26.7%*
Other	12,741	*0.8%*	12,603	*0.9%*	138	*1.1%*
Total	**1,689,832**	***100.0%***	**1,440,641**	***100.0%***	**249,191**	***17.3%***

I. IMAGING AGENTS

Market trend

During 2021, the Imaging Agents market resumed the growth trend displayed in the years preceding the Covid-19 pandemic.

The recognized merit of diagnostic procedures, together with their high profile in managing medical conditions of particular clinical significance, were important factors behind the market recovery.

The individual geographical areas all enjoyed significant growth, albeit at different paces depending on the timing of the various new "waves" of the pandemic.

The Group's different operating segments saw increased volumes, with significantly higher values even than in 2019.

In particular, procedures with contrast agents for X-Rays/CT recorded an increase of 12.9%, those for MRI 9.1% and those with Ultrasound over 30%; the latter procedures were those most affected in 2020 by the pandemic.

Even larger increases were recorded for oncological Nuclear Medicine PET ("Positron Emission Tomography") procedures, which, serving clinical needs that cannot be deferred, reported growth of 24.8%.
The sector of automatic injection systems for contrast agents also saw a significant increase, even though their purchase is not strictly linked to current trends.

Sales by geographical area

(€/000)	**2021**	**2020**	**Change**	
North America	687,783	575,758	112,025	*19.5%*
Europe	284,449	262,225	22,224	*8.5%*
China	158,207	120,551	37,656	*31.2%*
Rest of World	117,728	109,121	8,607	*7.9%*
Total	**1,248,167**	**1,067,656**	**180,511**	***16.9%***

The North American market grew by 23.5% at constant exchange rates thanks to higher volumes across all "traditional" segments (Ultrasound +47.0 %, X-Ray/CT +19.4% and MRI (+8.8%) and to strong growth by Axumin®. Kinevac®, however, reported a decline (-6.4%) due to supply chain problems.

China, the Group's second most important market, turned in an excellent performance (+27.3%) thanks to continued growth of the radiology market, where sales of X-ray/CT products climbed by 24.2%, and to performance in the Ultrasound segment, whose revenue increased by 37.4%.

Revenue growth in Europe was more moderate (+8.5%), supported by a satisfactory increase in volumes and the pricing strategies adopted in the German market. Particularly positive performances were recorded in France (+14.4%) and Italy (+17.3%).

Revenue in the Rest of World rose by 11.2%, with particularly strong performances in Japan (+8.6% despite the price cut), South Korea (+6.9%) and Latin America (+ 48.5%).

Sales by Modality

(€/000)	**2021**	**2020**	**Change**	
X-ray/ CT	647,857	573,888	73,969	*12.9%*
Nuclear	350,601	280,985	69,616	*24.8%*
MRI	146,598	134,332	12,266	*9.1%*
Ultrasound	103,111	78,451	24,660	*31.4%*
Total	**1,248,167**	**1,067,656**	**180,511**	***16.9%***

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Core products of non-ionic contrast agents for X-ray/CT procedures saw a 14.1% increase in sales at constant exchange rates.
The most important geographical markets were North America, China, Italy and France.

The Nuclear Medicine market, in which the Group operates mainly in North America, benefited from the strong results of Axumin® and the healthy performance of Cardiogen®, partially offset by the downturn for Kinevac®.

The MRI segment, with revenue of euro 146.9 million, achieved constant exchange rate growth of 11.1%. Prohance® reported a 14.8% growth in volumes, while that for Multihance® was 6.7%.

The markets displaying the most positive signs were the North American and European ones.

Ultrasound revenue climbed to euro 103.1 million, reflecting 31.1% constant exchange rate growth on the previous year. In particular, Lumason® continued to record exceptionally strong growth in the United States (+47.0%), accompanied by growth in China (+37.6%) and Europe (+3.9%).

II. MEDICAL TECHNOLOGIES

During 2021, the Medical Technologies segment strengthened its steady expansion of injection systems and medical devices, both for diagnostics (+19.0%) and cardiovascular surgery (+17.5%).

This growth was seen across all major markets: Europe +13.1%, North America +23.6% and Asia, with particularly positive results achieved in China (+56.4%).

(€/000)	2021	2020	Change	
North America	144,183	120,437	23,746	*19.7%*
Europe	123,132	108,430	14,702	*13.6%*
Rest of World	35,887	32,272	3,615	*11.2%*
Total	**303,202**	**261,139**	**42,063**	***16.1%***

(€/000)	2021	2020	Change	
Cardiovascular	183,847	159,541	24,306	*15.2%*
Radiology	119,355	101,598	17,757	*17.5%*
Total	**303,202**	**261,139**	**42,063**	***16.1%***

The Cardiovascular segment saw a marked recovery in North America (+24.0%) and Europe (+12.7%), also thanks to the increase in sales prices; the same trend was evident in the Radiology segment with significant growth in European countries (+13.8%) and in the North American market (+23.0%).

Starting in the second half of the year, production activities were affected by congestion on transport routes and the abrupt increase in purchase prices of some materials (plastics, resins, parts); the effects on product availability were mitigated by meticulous supply chain management.

R&D 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 in the second half of 2022.

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III. CENTRO DIAGNOSTICO ITALIANO

In 2021, despite restrictions related to the health emergency, the operations of CDI returned to pre-pandemic levels; at the same time, it continued to expand and strengthen its presence in the Milan and Lombardy area with the opening of two new centres (Bicocca-Milan and San Rocco al Porto -Lodi) and the acquisition of Centro Medico SME - Diagnostica per Immagini S.r.l. in Varese, finalized in December 2021.

The resumption of operations was ensured by a huge organizational effort involving the adoption of strict prophylactic and prevention procedures to protect the health and safety of all employees, operators and patients; this endeavour entailed non-recurring costs in excess of euro 4 million.

	2021	2020	Change	
Private patients	28,086	22,162	5,924	*26.7%*
Medical benefit plans	52,568	39,096	13,472	*34.5%*
Institutions and companies	14,352	10,213	4,139	*40.5%*
National health service	30,716	27,772	2,944	*10.6%*
Total	**125,722**	**99,243**	**26,479**	***26.7%***

The year 2021 closed with turnover of euro 125.7 million, a year-on-year increase of 26.7% across all types of customers/services; in particular:

- services accredited with the Italian national health service saw a 12.4% increase, partly due to the difficulties of public facilities in providing outpatient services because of the resources absorbed to care for Covid patients and roll out vaccination campaigns;
- services for paying customers increased by 28.0% for the same reasons;
- services requested through health plans and insurance, which are closely linked to employee healthcare benefits, posted a 36% growth in revenue, partly due to a reduction in remote working relative to 2020.

REVIEW OF GROUP RESULTS

(€/000)	2021	2020	Change	
Net revenue	**1,689,832**	**1,440,641**	**249,191**	**17.3%**
EBITDA	**338,484**	**285,738**	**52,746**	**18.5%**
% Net revenue	*20.0%*	*19.8%*		
Depreciation, amortization, impairment/impairment reversals, provisions/other charges	(121,715)	(129,482)	7,767	-6.0%
Operating profit	**216,769**	**156,256**	**60,513**	**38.7%**
% Net revenue	*12.8%*	*10.8%*		
Equity investment adjustments	(874)	4,598	(5,472)	-
Net finance costs	(28,802)	(14,610)	(14,192)	97.1%
Profit before tax	**187,093**	**146,244**	**40,849**	**27.9%**
% Net revenue	*11.1%*	*10.2%*		
Income tax	(56,598)	(13,991)	(42,607)	304.5%
Profit for the year	**130,495**	**132,253**	**(1,758)**	**-1.3%**

The Group's EBITDA for 2021 amounted to euro 338.5 million, representing a 20.0% margin on sales versus 19.8% in the previous year; the improvement in EBITDA, both in absolute and margin terms, is attributable to the positive sales mix in terms of markets and products and a level of operating activities that is not yet back to normal.

Production activities were carried out efficiently, guaranteeing continuous and punctual deliveries to the markets; the greater absorption of site capacity and improved yields made it possible to mitigate the significant increase in production costs, primarily due to sharp rises in electricity and steam prices, and extra maintenance costs linked to the start-up of the new lines installed.

In the first few months of the year, continuing restrictions on travel and events organization meant that sales and marketing and medical-scientific activities were primarily managed via digital platforms, ensuring continuous and productive relations with customers and the scientific world; with the gradual relaxation of these measures, the usual methods of interaction were then resumed.

The various R&D programs also slowed down in the first part of the year due to the lack of availability of testing facilities and problems in patient enrolment. Progress in the main programs included the filing in December of the registration dossier for FDA approval in the US of a new biomolecular agent for PET procedures used in diagnosing prostate cancer.

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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 optimally managing records and image acquisition.

The Group's employee incentive policies and reward systems, which had been scaled back last year in light of the pandemic, were also fully reactivated.

Operating profit came to euro 216.8 million, up euro 60.5 million on 2020 (+42.4% at constant exchange rates).

Net finance costs of euro 28.8 million in 2021 reflected one-off transactions (euro 8.1 million) involved in refinancing the debt raised in 2019 to acquire Blue Earth Diagnostics as well as time-value adjustments against hedging transactions.

Fair value adjustments of euro 0.9 million were recognized in 2021 against the value of equity investments, mainly to align the carrying amount of the interest in Polarean Imaging Plc to market value.

Income taxes amounted to euro 56.6 million (30.3% of profit before tax), versus euro 14 million in 2020 (9.6% of profit before tax); the previous year had benefited from the recognition of deferred tax assets on prior-year losses of the Medical Technologies business.

The Group's profit for 2021 was euro 130.5 million, versus euro 132.2 million in 2020.

REVIEW OF THE GROUP'S STATEMENT OF FINANCIAL POSITION

Reclassified statement of financial position

(€/000)	31-Dec-2021	31-Dec-2020	Change
Net fixed assets	1,523,205	1,402,300	120,905
Assets held for sale	4,490	0	4,490
Net working capital	264,499	235,698	28,801
Provisions and other liabilities	(169,088)	(172,967)	3,879
Net invested capital	**1,623,106**	**1,465,031**	**158,075**
Total equity	903,520	738,030	165,490
of which attributable to non-controlling interests	*29,828*	*33,322*	*(3,494)*
Net financial debt	719,586	727,001	(7,415)
Total equity and sources of finance	**1,623,106**	**1,465,031**	**158,075**

Net invested capital reported an overall increase of euro 158.1 million at the end of 2021, determined by the changes discussed below.

Net fixed assets

The main changes in this aggregate, which increased by euro 120.9 million, were:

Increases:

- additions of euro 150.2 million to property, plant and equipment and intangible assets;
- recognition of euro 15.7 million in right-of-use assets under IFRS 16;
- net increase of euro 3.4 million in equity investments and financial assets, as the combined effect of purchases and fair value adjustments for the period mainly to the interest held in Polarean Imaging plc;
- additional receivables of euro 5.2 million mainly for the transfer of Nuclear medicine and Ultrasound technology to new production sites;
- exchange rate differences of euro 58.8 million;
- change in the scope of consolidation for euro 9.6 million due to the recognition of provisional goodwill and other assets related to the acquisition of Centro Medico SME - Diagnostica per Immagini S.r.l. by Centro Diagnostico Italiano.

Decreases were attributable to amortization and depreciation charges for the year of euro 118.6 million.

As already mentioned, the Group's major investment projects continued in 2021 and were mainly focused on production, including a medium-term plan to expand the capacity of the Group's sites.

In particular, the main investments concerned the Italian plants in Torviscosa and Ceriano Laghetto, involving expansion of the production of active ingredients for Non-Ionic products, and the site in Geneva, Switzerland,

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dedicated to the manufacture of Ultrasound contrast agents and whose new production line is awaiting approval by the regulatory authorities.

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

Assets held for sale

The assets classified in this category refer to a real estate complex located in Via Folli, Milan, expected to be sold in the next few months.

Net working capital

Net working capital, which reports a year-on-year increase of euro 28.8 million at the end of 2021, is composed as follows:

(€/000)	**31-Dec-2021**	**31-Dec-2020**	**Change**
Inventories	352,232	334,163	18,069
Trade receivables	231,350	184,027	47,323
Other current receivables and assets	72,884	59,713	13,171
Current assets	**656,466**	**577,903**	**78,563**
Trade payables	235,413	211,054	24,359
Other current payables and liabilities	156,554	131,151	25,403
Current liabilities	**391,967**	**342,205**	**49,762**
Net working capital	**264,499**	**235,698**	**28,801**

The change in net working capital, particularly reflecting the increase in trade receivables and inventories, is consistent with the growth in the Group's turnover. Exchange rate differences generated a net reduction of around euro 1.1 million.

Net financial debt

(€/000)	31-Dec-2021	31-Dec-2020	Change
Cash and cash equivalents	379,496	344,686	34,810
Third-party current financial assets	15,115	17,040	(1,925)
Third-party current financial liabilities	(389,311)	(235,315)	(153,996)
Short-term net financial debt	**5,300**	**126,413**	**(121,110)**
Non-current net debt and financial liabilities	(627,381)	(757,852)	130,471
Net financial debt before IFRS 16 lease liabilities	**(622,081)**	**(631,439)**	**9,361**
IFRS 16 lease liabilities	(97,507)	(95,558)	(1,949)
Net financial debt	**(719,588)**	**(726,997)**	**7,412**

The year 2021 closed with net financial debt of euro 719.6 million, down euro 7.4 million on its level at the beginning of the year.

The healthy level of cash flow generated by operations in 2021, amounting to euro 254.6 million, made it possible to finance not only the major investments in the year but also the distribution of dividends to shareholders.

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

In 2021, the Company reported euro 46.2 million in net income from equity investments, euro 27.1 million in profit before tax and euro 30.9 million in profit for the year versus euro 56.4 million in 2020.

(€/000)	2021	2020	% Change
Income from equity investments	49,001	49,002	0.0%
(Impairment) revaluation of equity investments	(2,800)	22,000	-112.7%
Net income from equity investments	**46,201**	**71,002**	**-34.9%**
Other revenue and income	3,408	3,348	1.8%
Employee costs	(5,673)	(5,026)	12.9%
Services and use of third-party assets	(12,602)	(12,122)	4.0%
Depreciation and amortization	(2,787)	(2,440)	14.2%
Other operating costs	(1,486)	(1,234)	20.4%
Finance income	4,526	2,602	74.0%
Finance costs	(4,509)	(3,393)	32.9%
Profit before tax	**27,078**	**52,735**	**-48.7%**
Income tax	3,783	3,679	2.8%
Profit for the year	**30,860**	**56,415**	**-45.3%**

Net income from equity investments in 2021 consisted of: (i) a dividend of euro 49 million received from the subsidiary Bracco Imaging S.p.A. and (ii) an impairment loss of euro 2.8 million recognized against the value of the investment in Bracco R.E. S.r.l. for fair value adjustments to some of the real estate activities managed by this company.

In 2020, this item had included the revaluation of the investment in the US subsidiary Bracco Advance Medical Technologies Inc. by euro 32.5 million, to reinstate its original value after the reasons for the previously recognized impairment loss ceased to exist.

The Company's operating costs were substantially in line with the previous year.

The Company's net financial debt at the end of 2021 stood at euro 88.0 million, compared with euro 74.2 million at the beginning of the year.

(€/000)	**31-Dec-21**	**31-Dec-20**
Cash and cash equivalents	10,562	6,933
Third-party current financial assets	62,537	63,710
Current financial liabilities with ultimate parent	-	-
Third-party current financial liabilities	(120,077)	(87,611)
Short-term net financial debt	**(46,978)**	**(16,968)**
Non-current net debt and financial liabilities	(30,079)	(38,151)
Net financial debt before IFRS 16 lease liabilities	**(77,057)**	**(55,119)**
IFRS 16 lease liabilities	(10,981)	(19,122)
Net financial debt	**(88,039)**	**(74,241)**

The Company had 50 employees at 31 December 2021, 5 fewer than at the end of 2020.

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RESEARCH AND DEVELOPMENT

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

The Group is one of the globe's key players for its ability 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 range of particularly important clinical conditions in an ever more optimal fashion.

Diagnostics and therapy are in constant evolution, as is their mutual interaction, a circumstance that confirms the importance of developing 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, of Ultrasound procedures using microbubbles for diagnostics and therapy, and of Nuclear Medicine to develop innovative agents for use in oncological imaging.

During 2021 clinical development began of a new molecule for use in MRI with high organic-gadolinium stability; as already noted in pre-clinical trials, the initial data collected confirm that the molecule provides a significantly superior diagnostic performance to that of other solutions currently available on the market.

R&D activities in the field of Ultrasonography are mainly focused on two projects:
- the first involves the development of a phospholipid microbubble for molecular imaging applications, specifically for the recognition of endothelial growth factor receptors and therefore of neoangiogenesis. This solution is intended to significantly improve the diagnosis and therapy of oncological patients and those affected by severe inflammatory conditions;

- the second project aims to use microbubbles as "resonators" for weakening the biological barriers that limit the penetration of drugs, making it possible to convey therapies of various kinds more effectively towards specific target organs.

Important investments are concentrated in the field of Nuclear Medicine; in 2021 clinical development was successfully completed of the new molecular imaging product (F18-rh-PSMA7) used in diagnosing prostate cancer recurrence with PET procedures and for which an application for registration has been submitted to the US Federal Drug Administration; meanwhile, the development of the same product for the diagnosis of primary prostate cancer in high-risk patients is nearing completion.

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. Development activities have been initiated in tandem for the use of the PSMA-based molecule, featuring a different type of isotope, in the treatment of prostate cancer.

The Group's commitment to fluorescence-guided surgery has continued with the identification of new molecular entities capable of selectively accumulating in diseased areas. Various product development activities are being carried out in this field, accompanied by hardware and software research.

In addition, development activities continued, through the subsidiary Heart Leaflet Technologies Inc. (HLT), for a third-generation transcatheter aortic valve with more advanced technical features and a fully automated positioning system, for which large-scale clinical trials are expected to begin in 2022.

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 in the second half of 2022.

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 2021, the Group incurred euro 161.5 million in costs for R&D and related activities, equating to around 10% of revenue.

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GROUP PERSONNEL

Headcount

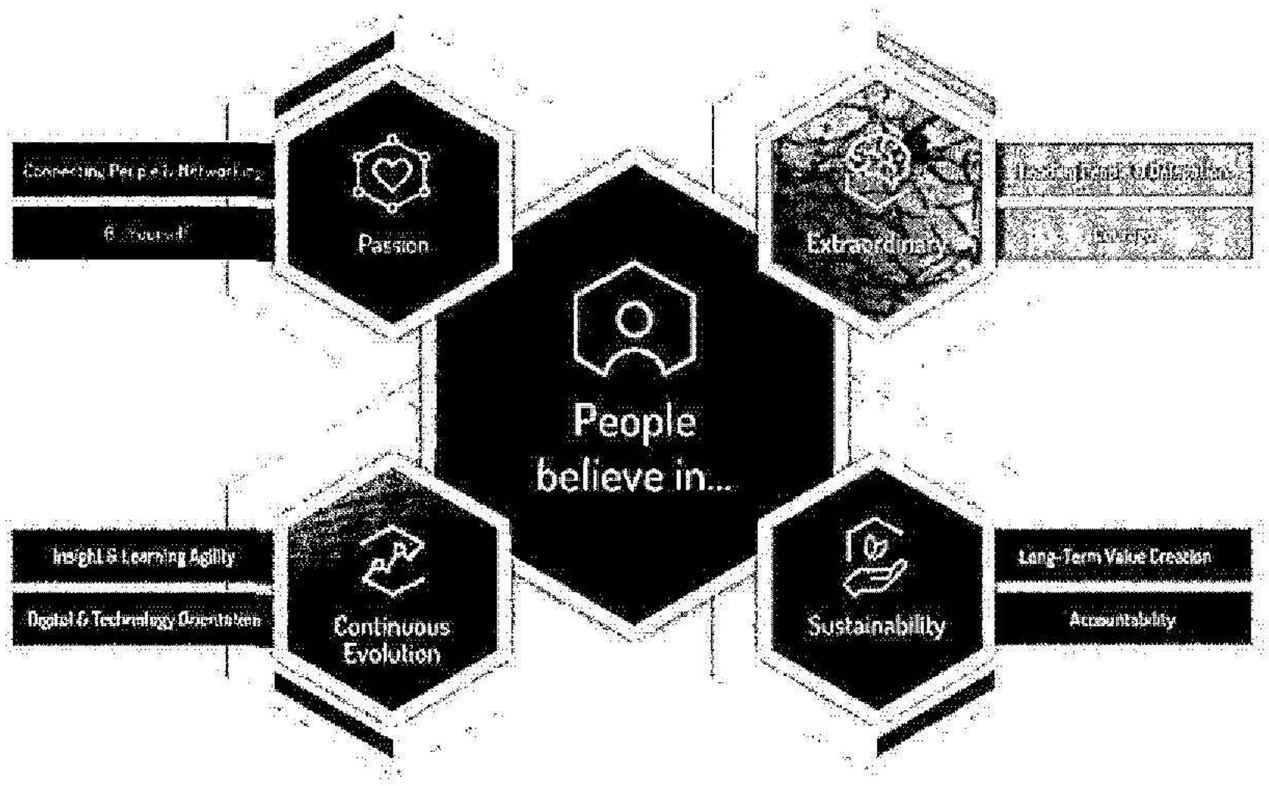
The Group's workforce numbered 3,730 at 31 December 2021, a net increase of 143 from a year earlier. The main changes during the year related to a strengthening of the workforce within the Italian production units and CDI's centres as well as at the head office to support the continuous growth of the business and pursuit of the Group's strategic development goals.

The year-end headcount is broken down as follows:

BY CATEGORY	2021	2020	Change
Senior managers	221	209	12
Middle managers	656	623	33
White-collar employees	2,155	2,055	100
Blue-collar employees	698	700	(2)
Total headcount	**3,730**	**3,587**	**143**

BY GEOGRAPHICAL AREA	2021	2020	Change
Italy	1,370	1,310	60
Rest of Europe	840	828	12
North America	946	908	38
Rest of World	574	541	33
Total headcount	**3,730**	**3,587**	**143**

The year 2021 saw the birth of BraccoPeopleWay, a fully-fledged roadmap to develop and transform the main human resources processes, involving training, development and change projects; in this initial phase, the focus was on defining the Group's identity, in terms of values and conduct.



In October, the model was officially launched with a communication campaign translated into more than 10 languages to reach the entire Bracco Group.

The training, development and change processes forming part of the BraccoPeopleWay will get underway in 2022.

As already mentioned, actions continued in 2021 to enable employees to work in the best possible conditions during the Covid-19 emergency.

In general, the Smart Working mode has been formalized by issuing specific global guidelines for all Group employees, in line with the various local regulations.

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 the ISO 14001 and BS OHSAS 18001 international standards.

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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 purchase of 100% renewable-energy; the Ceriano Laghetto site, one of the most energy-intensive sites, gets its electricity and steam from a high-efficiency cogeneration plant.

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.

One of the initiatives fostering continuous improvement and increased awareness of best practices throughout the Group, is the BRACCO HSE AWARDS scheme which seeks to reward the best sustainability projects initiated by employees in the areas of environment, health and safety.

The Group's special attention to occupational health and safety has been even more apparent in its actions to tackle the Covid-19 pandemic, such as: the immediate provision at all the Group's operating sites of personal protective equipment, medical supplies, assistance to the sales force and technicians working in hospitals, voluntary screening campaigns with antigenic swabs, redesign of the work flows within all the sites, together with web-based training activities and mass roll-out of remote working, where possible.

Ongoing training is one of ways to develop staff awareness in the fields of health and safety protection. 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 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 dynamic 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.

With the outbreak of the Covid-19 emergency during 2020, the Group's management has focused on assessing the main impacts on the business and on identifying appropriate measures to mitigate the consequent direct risks, such as those affecting workers' health and safety, production stoppages, delays in or extra costs for logistics, slowdowns in the receipt of customer orders, and indirect risks linked to containing the virus, such as legislative and regulatory changes, problems associated with the use of remote-working, fraud and cyberattacks, delays in managing critical data and information, and deterioration in employee performance and motivation.

These mitigating actions, cemented during 2021, have made it possible to effectively counter and contain the emergence of the main Covid-related risks and to guarantee business continuity.

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 issued to govern the management of social media by employees.

This issue therefore receives the utmost attention in the form of strong organizational controls and a reputational risk monitoring system that aims to minimize ex ante the causes of risk and ex post the

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reputational damage that could occur, including by constantly and periodically analysing information published in the media.

External risks

International context

International economic performance has continued to be heavily impacted by the fight against the Covid-19 pandemic. Nonetheless, global GDP returned to pre-pandemic levels during 2021, although output and employment gaps remained in many countries.

However, recovery has been uneven and heavily influenced by vaccine uptake, public support, and the rapid resurgence of many economic activities.

At the time of drafting this document, the conflict between Russia and Ukraine is substantially altering existing relationships and equilibria and is serving to create a very delicate and complex international situation. The Group is not directly exposed to risks associated with the escalation of the Russia-Ukraine conflict, as it does not source any materials or supplies from these countries nor does it have any existing commercial exposures.

The economy does, however, offer some grounds for optimism: after the most acute phase of the pandemic, not only does the recovery appear to be robust, with a strong rebound in productivity, but also America has the tools for adequately facing the challenge posed by volatile energy prices.

Climate change

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

Bracco believes it is essential to unite 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 the share of electricity used from renewable energy sources. An important energy efficiency milestone reached in 2021 was the achievement 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.

Risks related to management of IT resources and data security

The situation inflicted by the Covid-19 emergency has had significant repercussions in the area of IT risks. With the restrictions on personal movement, where possible, employees have worked remotely, thanks to the availability of alternative instruments that are essential for being able to ensure high standards and full control over the work performed.

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 system 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 how to use the IT resources and applications assigned correctly.

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

Any new guidelines and regulatory measures issued in this area by governments, as well as any new decisions by the regulatory agencies (AIFA - EMA - FDA - PMDA) and, more generally, changes in the specific regulatory context could have a significant impact on the Group's operations, financial results and condition. It is not possible to predict the effect that such future change in legislative policies 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".

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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 of antitrust 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.

Risks related to general economic conditions

The Group's operating results and financial condition are related to the various factors that affect the global macroeconomy.

In 2020, the health emergency impacted demand for the Group's products: initially due to the postponement of non-urgent diagnostic procedures, and subsequently as a result of implementing sanitization protocols with a consequent reduction in the number of procedures performed.

In 2021, the widespread and effective vaccination campaigns and successful reorganization of healthcare systems benefited a recovery in the Group's sales activities. However, the appearance of new variants of the virus with consequent new restrictions could lead to a renewed set of adverse circumstances.

At the moment, however, the real disruptive factor is the shock on the commodities market, which is causing a lot of market instability. Raw material prices have risen on average by around 30%, with this volatility destined to continue, fuelled by tensions between Europe and Russia and compounded by the energy crisis in China and the impact on the supply chain of the changes in progress.

In this context, inflation appears to be the most worrying risk, which in addition to reducing real wealth, could adversely impact the recent recovery of consumer confidence. This is a very worrying picture, also in view of the current monetary policy outlook that sees central banks, the Fed in particular, ready to raise interest rates in order to combat inflation.

Commodity risk

The price increase that caused most discussion towards the end of 2021 concerned "dear energy". The factors underlying this trend can be traced back to (i) the sharp increase in gas demand, (ii) energy demand linked to climatic conditions, (iii) the current war between Ukraine and Russia and the consequent international geopolitical tensions, and (iv) the green transition.

A mix of factors, therefore, that has had heavy repercussions capable of threatening economic recovery worldwide.

In order to mitigate the effects, the Group set up a "Commodity Committee" some time ago, representing the main departments involved in managing this risk. The Committee's purpose is to analyse the various

scenarios and periodic reports, as well as to propose short- and medium-term hedging solutions capable of managing the related risks.

Exchange rate fluctuation risks

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 through cash inflows from 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 appropriate 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.

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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 there is a supply contract. Should all or part of the supplies envisaged in 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.

The Covid-19 global crisis has required considerable attention to be paid to the management of key suppliers. Various actions to mitigate the risk of interruption of supplies have been taken from the outset, through scouting new suppliers and defining back-up strategies for the current ones considered most at risk, monitored during these months through systematic due diligence and specific audit activities. Generally speaking, during 2021 no particular impact or critical issues were reported in the procurement processes managed.

However, any suspension, reduction or interruption of supply relationships could have a negative impact on the Group's business, operating results and financial condition.

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 selected 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

Due to the abrupt recovery of the market, there have been 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 mitigations of 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 on the market and those 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 PROTECT AGAINST CORPORATE CRIMINAL LIABILITY UNDER ITALIAN LEGISLATIVE DECREE 231/2001

The Company 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 2021 the Model was updated to include offences related to tax, influence peddling and organized waste trafficking, while offences involving fraud in public procurement and contraband were deemed not to

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be relevant. The subsequent assessment and measurement of the relevant risks has confirmed that existing controls are appropriate.

The Supervisory Body received reports on a six-monthly basis from the relevant departments, in order to review activities carried out during the period and the correct application of the business process controls in place. In general, the information received did not reveal any facts, critical issues or shortcomings that could affect compliance with the Model.

The Supervisory Body has been kept constantly updated about management of the Covid-19 emergency and the measures adopted by the Company to prevent and control infection in compliance with the various Italian government decrees.

During 2021, the Supervisory Body was not notified of any violations of the Organization, Management and Control Model or of any potentially relevant facts.

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

During 2022, it will be decided whether to update the Model after assessing the relevance of the latest crimes added to the list of Law 231 predicate offences by Italian Law 184 of 8 November 2021, including those relating to non-cash payment instruments, receipt of stolen goods, money laundering and the use of money, goods or benefits of illegal origin, as well as self-laundering; the scope of application of these new offences has also been extended to cases of reusing money originating from negligent offences and no longer only from non-negligent offences.

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 Bracco Group has a single Data Protection Officer ("DPO"), in accordance with the provisions of art. 37, par. 2 of the GDPR.

The Company also keeps and updates electronic registers of processing activities (art. 30, par. 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 2021, the Company adopted and published a new version of its global Data Protection Program, as well as implementing new contractual models that designate data processors (art. 4 par. 8 GDPR), based on the standard contractual clauses approved on 4 June 2021 by the European Commission, pursuant to art. 28 par. 7 GDPR, (Decision 2021/915/EU) and - for data transferred outside the European Union - pursuant to art. 46 par. 2 (c) GDPR (Decision 2021/914/EU).

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BUSINESS OUTLOOK

The uncertainty affecting the macroeconomic scenario at the beginning of 2022, caused by the enduring pandemic, the steady increase in energy commodity prices and inflationary trends in general, has been further exacerbated by the start of armed conflict between Russia and Ukraine.

The Group has responded by immediately instigating a series of initiatives aimed at identifying measures to mitigate new emerging risks and optimize spending, in order to ensure that 2022 budget objectives are met. The Budget envisages consolidation of the Group's competitive position, an intensification of commercial and marketing activities, also in preparation for the launch of new products on the market, and a continuation of important research projects; the production sites will continue to be involved in projects to expand production capacity and improve efficiency.

No situations or particular strains on the Group's financial structure are currently expected 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 revenue in the initial months of 2022 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 2021.

BRANCH OFFICES AND BASIC CORPORATE INFORMATION

The list of branch offices 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.

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To our Shareholders,

The year has ended with a profit after tax euro 30,860,401; pursuant to article 2427, par. 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 2021 and approves the distribution of a dividend of euro 0.15 to each of the 180,000,000 shares, for a total of euro 27,000,000.00 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

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(€/000)	*Notes*	2021	2020
REVENUE	*8*	**1,689,832**	**1,440,641**
Other income	*7*	16,971	18,698
Changes in inventories of purchased and produced goods		14,628	49,814
Purchase of raw materials and goods for production and resale	*10*	(390,978)	(370,159)
Employee costs	*11*	(394,335)	(351,096)
Other operating costs	*12*	(597,634)	(502,160)
Depreciation, amortization, impairment/impairment reversals, provisions/other charges	*13*	(121,715)	(129,482)
Operating profit		**216,769**	**156,256**
Gains (losses) on non-current financial assets	*14*	(874)	4,598
Finance income	*15*	45,745	57,794
Finance costs	*16*	(74,547)	(72,404)
Profit before tax		**187,094**	**146,244**
Income tax	*17*	(56,598)	(13,991)
Profit for the year from continuing operations		**130,496**	**132,253**
Profit (loss) from discontinued operations		0	0
Profit for the year		**130,496**	**132,253**
Attributable to:			
Owners of the Company		124,311	128,388
Non-controlling interests		6,184	3,865

(€/000)	*Notes*	2021	2020
Profit for the year		**130,495**	**132,253**
Items of OCI not reclassifiabile to profit or loss			
Actuarial gains (losses) on employee benefits		17,911	(2,015)
Total (a)		***17,911***	***(2,015)***
Items of OCI reclassifiable to profit or loss			
Foreign exchange differences on translation of foreign operations		74,023	(76,936)
Change in FV of derivative financial instruments designated as cash flow hedges		3,508	(188)
Change in FV of financial assets at FVOCI		(418)	(250)
Total (b)		***77,113***	***(77,374)***
Total other comprehensive income (a+b)	*18*	***95,024***	***(79,389)***
Total comprehensive income for the year		**225,519**	**52,864**
Attributable to:			
Owners of the Company		223,768	49,693
Non-controlling interests		1,751	3,171

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(€/000)	*Notes*	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*19*	761,571	670,281
Investment property	*20*	3,533	3,758
Goodwill	*22*	212,902	195,953
Other intangible assets	*21*	490,480	490,004
Financial assets	*23*	27,739	23,363
Other assets	*24*	26,980	18,941
Deferred tax assets	*31*	83,167	75,362
Total non-current assets		1,606,372	1,477,662
CURRENT ASSETS			
Inventories	*25*	352,232	334,163
Trade receivables	*26*	231,350	184,027
Financial assets	*27*	15,115	17,040
Other receivables and assets	*28*	72,884	59,713
Cash and cash equivalents	*29*	379,496	344,686
Total current assets		1,051,077	939,629
Assets held for sale	*19*	4,490	0
TOTAL ASSETS		**2,661,939**	**2,417,291**
LIABILITIES			
EQUITY			
Share capital	*32*	104,000	104,000
Reserves	*32*	645,381	472,320
Profit for the year	*32*	124,311	128,388
Equity attributable to owners of the Company		873,692	704,708
Non-controlling interests	*32*	29,828	33,322
Total equity		903,520	738,030
NON-CURRENT LIABILITIES			
Borrowings from banks and other lenders	*34*	627,381	757,852
Other financial liabilities	*34*	75,286	76,938
Employee benefit obligations	*33*	95,825	104,471
Deferred tax liabilities	*31*	108,168	97,862
Provisions for risks and charges	*35*	0	0
Other liabilities	*37*	26,751	21,563
Total non-current liabilities		933,411	1,058,686
CURRENT LIABILITIES			
Borrowings from banks and other lenders	*34*	389,311	235,313
Other financial liabilities	*34*	22,221	18,620
Trade payables	*36*	235,413	211,054
Provisions for risks and charges	*35*	21,511	24,433
Other liabilities	*37*	125,872	101,226
Current tax liabilities	*38*	30,680	29,928
Total current liabilities		825,009	620,574
Liabilities directly associated with assets held for sale			
TOTAL LIABILITIES		**2,661,939**	**2,417,291**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€/000)	Notes	2021	2020
A Cash flow from operating activities			
Profit for the year including share of non-controlling interests		130,495	132,253
Adjustments for non-cash items:			
Depreciation and amortization		118,616	120,402
Finance income/costs	15-16	26,144	14,610
Taxes		61,747	44,320
Impairment/adjustment of property, plant and equipment, intangible assets, equity investments, other financial assets	13	4,117	(2,894)
Change in deferred tax liabilities and deferred tax assets		(4,295)	(31,831)
Net change in provisions for risks and charges		(3,064)	4,205
Net change in employee benefit obligations		10,528	8,809
Other non-current assets/liabilities		2,256	(2,969)
Cash flow from net working capital:			
Change in inventories		(7,776)	(43,874)
Change in trade receivables/payables		(24,164)	19,136
Change in other current assets/liabilities		(59,919)	(42,394)
Net cash (outflow) from operating activities (A)		**254,685**	**219,773**
B Cash flow from investing activities			
Property, plant and equipment	19	(142,163)	(151,014)
Intangible assets	21	(8,043)	(7,728)
Equity investments and financial instruments	23	(2,152)	(5,261)
Cash flow for business combinations (*)	7	(7,494)	-
Net cash (outflow) from investing activities (B)		**(159,851)**	**(164,003)**
C Cash flow from financing activities			
Net proceeds from (repayment of) bank debt and other borrowings	34	22,927	89,672
Repayment of lease liabilities		(19,190)	(16,592)
Finance costs/income (**)		(25,818)	(11,818)
Dividends paid to:			
* owners of the Company	32	(48,600)	(48,600)
* non-controlling interests		(11,429)	-
Net cash (outflow) from financing activities (C)		**(82,111)**	**12,662**
D Net cash flow for the year (A + B + C)		**12,723**	**68,432**
E Cash and cash equivalents at beginning of year		**344,686**	**283,313**
F Effect of exchange rate changes and IFRS 9 on cash and cash equivalents		**22,087**	**(7,059)**
Cash and cash equivalents at end of year (D + E + F)		**379,496**	**344,686**
(*) net of cash and cash equivalents acquired			
(**) of which paid		(9,133)	(8,425)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

					Other reserves								
(€/000)	Share capital	Treasury shares	Legal reserve	Revaluation reserves	Treasury shares reserve	Valuation reserves	Fair value 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 2020	**104,000**	**(146,332)**	**20,800**	**9,736**	**146,332**	**(19,684)**	**4,996**	**(54,328)**	**495,594**	**142,546**	**703,659**	**30,174**	**733,833**
Allocation of profit for 2019													
- Profits carried forward									142,546	(142,546)	-		0
- Dividends									(48,600)		(48,600)		(48,600)
Other movements									(185)	141	(44)	(23)	(67)
Total comprehensive income for 2020						(2,599)	151	(76,247)	-	128,388	49,693	3,171	52,864
Balance at 31 December 2020	**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**

					Other reserves								
(€/000)	Share capital	Treasury shares	Legal reserve	Revaluation reserves	Treasury shares reserve	Valuation reserves	Fair value 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**

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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 2021.

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 present consolidated financial statements were approved by the Board of Directors on 9 May 2022 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. The estimates and assumptions involved in preparing the consolidated financial statements have also taken into account actual and potential impacts arising from the Covid-19 pandemic.

b) STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

During the current reporting period, the Group revised the presentation of figures in its financial statements for the sake of greater clarity. Accordingly, for the sake of consistent comparison with the prior year, some of the previously presented figures for 2020 have been restated/reclassified. It should be noted that the differences are not material.

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.

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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.

The main changes in the scope of consolidation during year are summarized below:

Mergers

Bracco Research Usa Inc. was merged into Bracco Diagnostics Inc.

New company formation

The following companies were formed during 2021:

- Blue Earth Therapeutics Ltd based in Oxford (GB), which will be used to develop the therapeutics business;
- Bracco Imaging (Shanghai) Co., Ltd based in Shanghai (China).

Business combinations/Change in scope of consolidation

On 2 December 2021, the Group 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.

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 separate 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 an investee is sold resulting in a loss of control, any goodwill allocable 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 sale 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 statements of financial position denominated in currencies other than the euro are translated using closing exchange rates at the reporting date. Income statement items 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

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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 2021		31 December 2020	
	Average	Closing	Average	Closing
USD	1.183	1.133	1.142	1.227
CHF	1.081	1.033	1.071	1.080
JPY	129.877	130.380	121.846	126.490
GBP	0.860	0.840	0.890	0.899
CAD	1.483	1.439	1.530	1.563
CNY	7.628	7.195	7.875	8.023
HKD	9.193	8.833	8.859	9.514
BRL	6.378	6.310	5.894	6.374
KRW	1354.057	1346.380	1345.577	1336.000
SGD	1.589	1.528	1.574	1.622
SEK	10.147	10.250	10.485	10.034
CZK	25.641	24.858	26.455	26.242
PLN	4.565	4.597	4.443	4.560
MXN	23.985	23.144	24.519	24.416

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 at their historical carrying amounts determined by reference to cost. If the transfer values are higher than the historical values, the excess is eliminated by reducing the acquiring group's equity.

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

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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 holding company'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;

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- 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.

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.

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 is 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.

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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.

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 must 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.

IMPAIRMENT OF ASSETS

At each reporting date, property, plant and equipment and intangible assets 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 the value in use refer to discount rate (WACC), growth rate (g), and expected changes in revenue and operating costs during the period used for the calculation. 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, 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.

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The Group's business model for managing financial assets refers to how 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, at fair value through other comprehensive income or at fair value through profit or loss if they are held for sale or designated at fair value upon first-time recognition.

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 (FVOCI) - 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, except for interest income calculated using the effective interest method, exchange differences and impairment losses.

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 (FVOCI) - equity instruments

This category mainly consists of equity investments that are irrevocably designated as at FVOCI 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

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.

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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

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, a financial instrument or commodity price, a foreign exchange rate, a price or rate index, a credit rating or other variable;
- that requires an initial net investment of zero, or less than would be required for contracts with 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

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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 (or disposal group) 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 (and disposal groups) 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.

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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.

Contingent assets and liabilities 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.

Revenue is recognized net of any adjusting items.

Sales of goods and services are recognized when the Group has fulfilled its contractual performance obligations, the fundamental steps of which 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.

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

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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. e 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 Stock Exchange Commission in order to issue ordinary shares in a public market).

CLIMATE CHANGE

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

Bracco believes it is essential to unite 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 the share of electricity used from renewable energy sources. An important energy efficiency milestone reached in 2021 was the achievement 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.

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 provides a new definition of a lease with the introduction of 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 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.

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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, 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 assignment of rewards is subject to the achievement of defined performance targets and of specific market or internal results related to incentive plan eligibility; the financial and economic impacts of the plan 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. If a financial outlay is possible but its amount cannot be determined, this fact is disclosed in the notes to the financial statements.

NEW ACCOUNTING STANDARDS

IFRS accounting standards, amendments and interpretations applied from 1 January 2021

The following IFRS accounting standards, amendments and interpretations have been applied for the first time by the Group as from 1 January 2021:

- On 31 March 2021, the IASB issued an amendment entitled **"Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)"** under which it extends by one year the period of application of the amendment issued in 2020, which provided lessees with the practical expedient exempting Covid-19-related rent concessions from being accounted for as if they were lease modifications as defined by IFRS 16. Therefore, lessees that elected to apply this expedient in the 2020 financial year accounted for the effects of rent concessions directly in profit or loss on the effective date of the concession. The 2021 amendment, which is only available to entities that previously adopted the 2020 amendment, applies from 1 April 2021, with earlier adoption permitted.

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

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- On 27 August 2020, in light of the reform on interbank interest rates such as IBOR, the IASB published "**Interest Rate Benchmark Reform - Phase 2**" which contains amendments to the following standards:

  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

  All amendments became effective on 1 January 2021.

  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 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 work), 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.

All these amendments are effective from 1 January 2022. 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"**. The document aims to clarify how to classify payables and other liabilities as current or non-current. The amendment is effective from 1 January 2023, although earlier application is permitted.

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

- 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. The amendments will apply as of 1 January 2023, 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.

- 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. The amendments will apply as of 1 January 2023, but earlier application is permitted.

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

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5. SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Impact of Covid-19 and other events

During 2021, the pandemic-induced emergency situation was managed using the procedures established in 2020 according to the status and progress of the pandemic. In particular, all the recommendations of the relevant health authorities, as well as the legal measures issued from time to time, were fully complied with.

Since 15 October 2021 and in accordance with legislation coming into force on that date, access to workplaces in Italy has been dependent upon the presentation of a valid "green pass" or medical certificate attesting vaccination exemption, verification of which is formally checked at the point of access. These rules have been subsequently amended by new legal measures issued in the period between year end and beginning of the new year.

The preventive measures adopted by the Group have ensured that its operations have been managed without disruption throughout the pandemic; even customer services have been provided without any disruption, including through remote working.

The Group has continued to monitor the areas most sensitive to the variability and uncertainty created by the emergency. On the whole, the pandemic did not have a significant impact on the results for 2021 or on any financial items.

In the second half of the year, growing inflationary pressures emerged along with problems in sourcing raw materials in several sectors, some of which related to the Group's business. These developments have been closely monitored in order to reduce problems related to supply chains or to an increase in the cost of some production factors.

The Group continues to monitor the situation as it evolves in order to guarantee the necessary resources to assure business and operational continuity. Note 42. "Events after the reporting period" also contains further information in this regard.

Collaboration agreement with Guerbet

In late 2021, negotiations between Bracco S.p.A., the group Parent, and Guerbet SA of France drew to a successful close with the signing of a global collaboration agreement for Gadopiclenol.

The product, which is in process of being registered, is a new-generation, high-relaxivity macrocyclic contrast agent for MRI procedures and contains lower doses of gadolinium than other contrast agents currently available on the market.

The first regulatory authorizations are expected from late 2022 to early 2023 in the United States and in the second quarter of 2023 in the European Union, after which product registration will be extended to other key markets.

As part of this global collaboration, Bracco and Guerbet will market the product independently under separate brand names and collaborate on manufacturing, as well as research and development for future indications.

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.

For this reason, 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.

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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 2021, 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 2021 and 31 December 2020:

Impact on profit or loss

(€/000)	**31 December 2021**		**31 December 2020**	
	-10%	**10%**	**-10%**	**10%**
US dollar	28,287	(24,634)	10,507	(8,969)
Other currencies	(3,845)	3,099	2,664	(2,866)
Total	**24,442**	**(21,534)**	**13,171**	**(11,834)**

Impact on statement of financial position

(€/000)	**31 December 2021**		**31 December 2020**	
	-10%	**10%**	**-10%**	**10%**
US dollar	(9,405)	9,368	(7,117)	6,418
Other currencies	-	-	-	-
Total	**(9,405)**	**9,368**	**(7,117)**	**6,418**

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 2021 represented 21.5 % 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 2021 and 31 December 2020 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 2021**		**31 December 2020**	
	-1.00%	**1.00%**	**-1.00%**	**1.00%**
Euro	6,282	(6,282)	7,467	1,157
Total	**6,282**	**(6,282)**	**7,467**	**1,157**

Impact on statement of financial position

(€/000)	**31 December 2021**		**31 December 2020**	
	-1.00%	**1.00%**	**-1.00%**	**1.00%**
Euro	(13,642)	14,652	-	-
Total	**(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 over the last 12 months has prompted the decision to take out commodity forward purchase agreements.

The aim of these agreements, in place since 2021, 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:

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- 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 2021 and 31 December 2020 were to increase/decrease by 10 b.p., assuming that all other variables remained equal.

Impact on profit or loss

(€/000)	**31 December 2021**		**31 December 2020**	
	-10%	**10%**	**-10%**	**10%**
commodity	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

Impact on statement of financial position

(€/000)	**31 December 2021**		**31 December 2020**	
	-10%	**10%**	**-10%**	**10%**
commodity	(239)	239	N/A	N/A
Total	**(239)**	**239**	N/A	N/A

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 the end of the 2021 and 2020 reporting periods:

(€/000)	Amount at 31 December 2021	of which:	of which: past due			
		not past due	1-3 months	3-6 months	6-9 months	9-12 months
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	**231,350**	**189,736**	**37,381**	**4,068**	**519**	**(353)**

(€/000)	Amount at 31 December 2020	of which:	of which: past due			
		not past due	1-3 months	3-6 months	6-9 months	9-12 months
Trade receivables - Europe	76,493	64,151	7,112	4,339	265	626
Trade receivables - North America	68,603	64,750	4,871	802	59	(1,878)
Trade receivables - Rest of world	38,931	35,847	1,005	721	663	694
Total trade receivables from third parties	**184,027**	**164,747**	**12,988**	**5,863**	**987**	**(557)**

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, with references to the related notes shown for each type of obligation.

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		31 December 2021					
(€/000)	**Reported amount**	**Total**	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Notes
Bank debt	1,014,659	1,028,439	391,925	65,841	570,442	231	34
Borrowings from other lenders	1,035	1,075	129	838	107	-	34
Bond issue	-						34
Financial payables for derivative contracts	996	996	996	-	-		30
Financial payables for IRS derivative contracts							30
Trade payables	235,413	235,413	235,413				36
Total	**1,252,103**	**1,265,922**	**628,463**	**66,679**	**570,548**	**231**	

		31 December 2020					
(€/000)	**Reported amount**	**Total**	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Notes
Bank debt	891,032	928,325	143,098	149,109	635,808	309	34
Borrowings from other lenders	1,113	1,116	141	848	127	-	34
Bond issue	100,343	103,170	103,170	-	-	-	34
Financial payables for derivative contracts	675	675	675	-	-	-	30
Financial payables for IRS derivative contracts	-	-	-	-	-	-	30
Trade payables	211,053	211,053	211,053	-	-	-	36
Total	**1,204,216**	**1,244,339**	**458,137**	**149,958**	**635,935**	**309**	

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 2021**	**31 December 2020**
Cash and cash equivalents	379,496	344,686
Financial assets at FVTPL	24,121	21,028
Financial assets at FVTOCI	12,667	12,009
Undrawn committed lines	100,000	112,000
Total	**516,285**	**489,724**

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 2021**			
Description	*Instrument*	Level 1	Level 2	Level 3	Total
Equity investments	*Fair value through profit or loss*	10,998		10,730	21,728
Financial assets-FVTOCI	*Bonds*	12,677			12,677
Other financial assets	*Fair value through profit or loss*		1,381		1,381
Cash flow hedging derivatives	*Forwards*		1,504		1,504
Cash flow hedging derivatives	*Interest Rate Swaps*		1,755		1,755

(€/000)		**31 December 2020**			
Description	*Instrument*	Level 1	Level 2	Level 3	Total
Equity investments	*Fair value through profit or loss*	12,842	5,387		18,229
Financial assets-FVTOCI	*Bonds*	12,009			12,009
Other financial assets	*Fair value through profit or loss*		351		351
Cash flow hedging derivatives	*Forwards*		(75)		(75)
Cash flow hedging derivatives	*Interest Rate Swaps*		2,098		2,098

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.

Equally, in the case of finance lease liabilities and borrowings from other lenders, their fair value is considered not to differ significantly from carrying amount.

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(€/000)	Reported amount 31.12.2021	Mark to Market Fair Value	Mark to Model Fair Value	Notes
Bank debt	1,014,659		1,038,217	*34*
Borrowings from other lenders	1,035		1,072	*34*
Derivatives designed as cash flow hedges:				
- Forwards	1,504		1,504	*30*
- Interest rate swaps	1,755		1,755	*29*
Derivatives designated as fair value hedges:				*30*
- Forwards	(996)		(996)	*30*
- Forwards	1,381		1,381	*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 2021

(€/000)

Financial instruments - Liabilities at 31 December 2021	**Financial liabilities according to IFRS 9 classification**			
	Instruments at amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through OCI	Amount reported at 31 December 2021
Borrowings from other lenders	1,035	-	-	1,035
Bond issue	-	-	-	-
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	**Financial assets according to IFRS 9 classification**			
	Instruments at amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through OCI	Amount reported at 31 December 2021
Equity investments	-	21,728	-	21,728
Non-current financial assets 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**

Financial instruments reported in the Statement of Financial Position at 31 December 2020

(€/000)

Financial instruments - Liabilities at 31 December 2020	**Financial liabilities according to IFRS 9 classification**			
	Instruments at amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through OCI	Amount reported at 31 December 2020
Borrowings from other lenders	1,113	-	-	1,113
Bond issue	100,343	-	-	100,343
Trade payables	211,053	-	-	211,053
Other current liabilities	80,805	-	-	80,805
Other non-current liabilities	21,563	-	-	21,563
Payables for derivative contracts	-	675	-	675
Bank debt	891,032	-	-	891,032
Total	**1,305,909**	**675**	**-**	**1,306,584**

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(€/000)

Financial instruments - Assets at 31 December 2020	**Financial assets according to IFRS 9 classification**			
	Instruments at amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through OCI	Amount reported at 31 December 2020
Equity investments	-	18,229	-	18,229
Non-current financial assets and other assets	16,048	-	-	16,048
Trade receivables	184,027	-	-	184,027
Other current receivables and assets	47,646	-	-	47,646
Current financial assets	2,232	351	12,009	14,592
Cash and cash equivalents	344,687	-	-	344,687
Derivative instruments	-	2,448	-	2,448
Total	**594,640**	**21,028**	**12,009**	**627,677**

Income and expense generated by financial instruments in 2021

(€/000)

Income and expense generated by financial instruments - FY 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 fair value through profit or loss	50	(14,046)	-	-	(13,997)
Instruments at fair value through OCI	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)**

Income and expense generated by financial instruments in 2020

(€/000)

Income and expense generated by financial instruments - FY 2020	From interest	From fair value changes	From equity reserve	Exchange gains and losses	Amount reported at 31 December 2020
Instruments at amortized cost	(12,208)	-	-	2,161	(10,047)
Instruments at fair value through profit or loss	45	805	-	-	850
Instruments at fair value through OCI	413	-	-	-	413
Total	**(11,750)**	**805**	**-**	**2,161**	**(8,784)**
Other income and expense	-	-	-	-	(5,826)
Total net finance income and costs					**(14,610)**

7. BUSINESS COMBINATIONS

On 2 December 2021, the Group 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 a 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 provisional fair value of the net assets acquired has been recognized as goodwill, amounting to euro 7,743 thousand. This goodwill is justified above all by the expected earnings stream from integrating the company into the CDI Group as well as by the benefits of projected run-rate synergies. The purchase price allocation process is currently in progress, as permitted by the relevant accounting standard.

The asset and liability values and the resulting surplus provisionally allocated to Goodwill are shown in the following table:

	Value of assets and liabilities acquired	Allocation of excess purchase price	Acquisition-date value of assets and liabilities acquired
		Purchase Price Allocation	Provisional Fair Value
Inventories	5		5
Trade and other receivables	264		264
Trade and other payables	(343)		(343)
Net working capital (A)	**(74)**	**0**	**(74)**
Property, plant and equipment (including IFRS16)	1,678		1,678
Intangible assets	167		167
Goodwill		7,743	7,743
Fixed assets (B)	**1,845**	**7,743**	**9,588**
Italian statutory severance benefit	(26)		(26)
Provisions recorded as liabilities (C)	**(26)**	**0**	**(26)**
Cash and cash equivalents (D)	1,306	0	1,306
Loans and other financial liabilities (including IFRS16)	(1,994)	0	(1,994)
Adjusted equity (A+B+C+D+E)	**1,057**	**7,743**	**8,800**

Purchase price	**8,800**

For accounting purposes, the acquisition date has been taken as 31 December 2021 and so no profit or loss figures have been included in the Group's consolidated financial statements.

If Centro Medico SME Diagnostica per Immagini S.r.l. had been consolidated from 1 January 2021, it would have contributed euro 3,085 thousand to the Group's total revenue and euro 971 thousand to its profit.

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NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

8. REVENUE

Revenue amounts to euro 1,689,832 thousand at 31 December 2021, reflecting a net increase of euro 249,191 thousand from 31 December 2020.

(€/000)	2021	%	2020	%	Change	%
North America	837,966	*49.6%*	701,170	*48.7%*	136,796	*19.5%*
Europe	539,112	*31.9%*	476,569	*33.1%*	62,543	*13.1%*
China	167,028	*9.9%*	126,243	*8.8%*	40,785	*32.3%*
Rest of World	145,726	*8.6%*	136,659	*9.5%*	9,067	*6.6%*
Total	**1,689,832**	***100.0%***	**1,440,641**	***100.0%***	**249,191**	17%

The breakdown by business segment is as follows:

(€/000)	2021	%	2020	%	Change	%
Imaging Agents	1,248,167	*73.9%*	1,067,656	*74.1%*	180,511	*16.9%*
Medical Technologies	303,202	*17.9%*	261,139	*18.1%*	42,063	*16.1%*
Centro Diagnostico Italiano	125,722	*7.4%*	99,243	*6.9%*	26,479	*26.7%*
Other	12,741	*0.8%*	12,603	*0.9%*	138	*1.1%*
Total	**1,689,832**	***100.0%***	**1,440,641**	***100.0%***	**249,191**	***17.3%***

The core business of Imaging Agents reported a solid growth in volumes and favourable trend in sales prices, generating a healthy increase in sales not only on the previous year (+16.9% or +18.9% at constant exchange rates) but also on pre-pandemic levels.

Sales of Blue Earth Diagnostics' Axumin® product, concentrated in the United States, amounted to euro 220 million with a significant year-on-year increase of euro 66.7 million (+48.5%) due to the raising of prices (+23.8%) and higher volumes (+24.7%).

The Medical Technologies business also reported a strong recovery and growth in 2021 after the pandemic-related market downturn in 2020. Revenue of euro 303.2 million was 18.1% higher at constant exchange rates than in the previous year.

In particular, sales of injectors and related consumables for cardiovascular procedures recorded a 17.5% increase, while the segment of systems for radiological procedures grew by 19%.

Centro Diagnostico Italiano, which operates in the Milan area and specializes in outpatient services, diagnostic imaging and laboratory services, was the Group's business most affected by the health emergency in 2020; it closed 2021 with a 26.7% year-on-year increase in revenue to euro 125.7 million.

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

9. OTHER INCOME

This amounts to euro 16,971 thousand, having decreased by euro 1,727 thousand on 2020, and can be broken down as follows:

(€/000)	2021	2020	Change
Miscellaneous revenue	13,567	12,814	754
Re-charges of research costs	129	95	34
Royalty income	1,344	1,460	(116)
Research grants	135	437	(302)
Other minor items of income	1,795	3,892	(2,097)
Total	**16,971**	**18,698**	**(1,727)**

"Miscellaneous revenue" in 2021 includes income of approximately euro 3,000 thousand arising from the effect of lower rebates applied to ordinary production (non-Covid-19) in 2020 of the subsidiary Centro Diagnostico Italiano S.p.A. as well as Covid-19-related government grants of approximately euro 1,000 thousand received by some of the Group's American companies.

"Research grants" reflect the receipt of non-refundable research grants 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 390,978 thousand (euro 370,159 thousand in 2020), detailed as follows:

(€/000)	2021	2020	Change
Purchase of raw materials and goods for production and resale:			
- Raw materials and goods for production and resale	216,084	205,498	10,586
- Finished products	111,976	109,344	2,632
- Packing material and packaging	33,852	29,576	4,276
- Ancillary and consumable materials	18,862	16,982	1,880
- Other purchases and incidental expenses	10,204	8,760	1,444
Total	**390,978**	**370,159**	**20,819**

The purchase of raw materials and goods for production and resale accounts for basically the same proportion of revenue in both reporting periods.

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11. EMPLOYEE COSTS

Employee costs are broken down as follows:

(€/000)	**2021**	**2020**	**Change**
Wages and salaries	297,893	264,470	33,423
Social contributions	62,372	55,342	7,030
Cost of defined benefit plans	11,190	9,127	2,063
Other employee-related costs	22,879	22,157	723
Total	**394,335**	**351,096**	**43,239**

The "Cost of defined benefit plans" refers to provisions for post-employment benefits. Further information can be found in Note 34 "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 2 and 5 years, with payment of incentives subject to the achievement of performance targets for:

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

Recognition of the effects of the long-term incentive plans has resulted in employee costs of euro 7.1 million at 31 December 2021 (euro 4.3 million in 2020).

It should be noted that prior year Employee costs have been adjusted to exclude motor vehicle depreciation, now reclassified to Depreciation and amortization for the sake of consistent classification with 2021.

The number of employees as of 31 December 2021 and 31 December 2020 is broken down below:

	Headcount 2021	**Headcount 2020**	**Change**
Senior managers	221	209	12
Middle managers	656	623	33
White-collar employees	2,155	2,055	100
Blue-collar employees	698	700	(2)
Total	**3,730**	**3,587**	**143**

The average number of employees is shown below:

	Headcount 2021	Headcount 2020	Change
Senior managers	215	210	5
Middle managers	640	621	19
White-collar employees	2,117	2,056	61
Blue-collar employees	694	704	(10)
Total	**3,665**	**3,591**	**74**

12. OTHER OPERATING COSTS

These amount to euro 597,634 thousand at 31 December 2021, having increased by euro 95,473 thousand on 2020, and are broken down as follows:

(€/000)	2021	2020	Change
Indirect taxes, levies and association fees:			
- Indirect taxes, levies and association fees	17,644	15,728	1,916
- Cash flow hedges	742	232	510
- Other charges	16,359	20,025	(3,666)
- Other minor amounts	1,540	1,903	(363)
(A)	**36,285**	**37,888**	**(1,603)**
Services and use of third-party assets:			
- Subcontract work	113,228	92,879	20,349
- Maintenance costs	39,460	35,972	3,488
- Promotions, advertising and marketing	45,693	30,915	14,778
- Experiments, scientific advice and research	61,898	49,557	12,341
- Canteen and other personnel expenses	10,897	7,996	2,901
- Royalty expense	29,789	23,224	6,565
- Utilities	31,727	20,979	10,748
- Directors' and Statutory Auditors' fees	5,177	5,077	100
- Business trips and travel	11,131	8,658	2,473
- Insurance	7,929	7,002	927
- Agent commissions, social contributions and expense claims	1,151	1,034	117
- Other costs	66,357	59,674	6,683
- Rental costs	7,095	7,927	(832)
- Consultants	106,768	88,048	18,720
- Transport	22,847	24,770	(1,923)
(B)	**561,146**	**463,713**	**97,433**
Losses on disposal of fixed assets			
- Losses on disposal of fixed assets	203	559	(356)
(C)	**203**	**559**	**(356)**
Total (A)+(B)+(C)	**597,634**	**502,160**	**95,473**

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Costs for services and use of third-party assets have increased by euro 97,433 thousand, reflecting:

- higher costs for subcontract work, including for site preparation and qualification of the new rh-PSMA product, and for the increase in Axumin production volumes®;
- the resumption, in the second half of the year, of marketing and sales promotion activities and research and development projects that had slowed considerably in the previous year;
- the increased cost of utilities, due to steep rises in the price of electricity and steam;
- higher consultant costs for specialist and technical medical services, related to the increase in the volume of medical activities by the subsidiary Centro Diagnostico Italiano S.p.A. compared with 2020, as well as consulting costs related to new product development projects;
- higher maintenance costs related to the start-up of new lines.

Royalty expense has increased due to higher volumes of Axumin®.

13. DEPRECIATION, AMORTIZATION, IMPAIRMENT AND IMPAIRMENT REVERSALS, PROVISIONS AND OTHER CHARGES

This line item amounts to euro 121,715 thousand, down by euro 7,767 thousand on 2020. The following table presents a breakdown of depreciation and amortization by class of assets:

(€/000)	**2021**	**2020**	**Change**
Amortization of finite-life intangible assets	44,312	50,058	(5,746)
Depreciation of owned property, plant and equipment	50,896	48,404	2,492
Depreciation of investment property	225	225	-
Depreciation of leased property, plant and equipment and leasehold improvements	23,183	21,715	1,468
Impairment losses and impairment reversals	2,742	1,201	1,541
Increases in provisions and other charges	357	7,879	(7,521)
Total	**121,715**	**129,482**	**(7,767)**

Information about "Increases in provisions" can be found in Note 35 "Provisions for risks and charges".

"Impairment losses and impairment reversals" report euro 2,742 thousand in impairment of property, plant and equipment. Further information can be found in Note 20 "Property, plant and equipment".

"Increases in provisions and other charges" in 2020 mainly referred to provisions for the best estimate of losses on future transactions by the Real Estate business.

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

These report a net loss of euro 874 thousand in 2021, as shown in the table below:

(€/000)	**2021**	**2020**	**Change**
Gains (losses) on equity investments	(874)	4,598	(5,472)
Total	**(874)**	**4,598**	**(5,472)**

"Gains (losses) on equity investments" mainly include:

- a negative fair value adjustment of euro 1,200 thousand against the purchase price of the investment in Polarean Imaging plc., based on the market price (GBP 0.565 per share) as at 31 December 2021;

- a negative fair value adjustment of euro 158 thousand against the investments in Sofinnova and Consorzio CRB;

- dividend receipts of euro 500 thousand relating to 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 45,745 thousand, having decreased by euro 12,049 thousand on 2020, and is broken down as follows:

(€/000)	**2021**	**2020**	**Change**
Other finance income			
Interest income from current securities	463	458	5
Interest income on bank deposits	1,073	1,326	(253)
Miscellaneous finance income	319	821	(502)
(A)	**1,854**	**2,605**	**(751)**
Income from derivative instruments			
Income from currency hedging derivatives	3,148	9,496	(6,348)
Income from interest rate hedging derivatives	466	313	153
Mark-to-market valuation of currency and interest rate derivatives	517	2,026	(1,509)
(B)	**4,131**	**11,835**	**(7,704)**
Exchange gains			
Positive exchange differences	39,759	43,354	(3,595)
(C)	**39,759**	**43,354**	**(3,595)**
Total (A)+(B)+(C)	**45,745**	**57,794**	**(12,049)**

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"Finance income and costs" include transactions related to foreign exchange hedging derivatives on notional 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 74,547 thousand, having increased by euro 2,143 thousand on 2020, and are broken down as follows:

(€/000)		2021	2020	Change
Interest expense and other finance costs				
Interest on loans and borrowings		8,962	10,467	(1,505)
Bank interest expense		117	34	83
Lease liability interest expense (IFRS 16)		2,765	2,792	(27)
Fees		6,261	3,001	3,260
Interest cost on defined benefit plans net of expected returns on plan assets		1,138	1,162	(24)
Other finance costs		1,218	2,725	(1,507)
	(A)	**20,461**	**20,181**	**280**
Expenses from derivative instruments				
Interest rate swap expenses		7,957	781	7,176
Fair value hedging derivative expenses		5,277	9,074	(3,797)
Negative fair value adjustment of currency hedging derivatives		4,676	1,176	3,500
	(B)	**17,910**	**11,031**	**6,879**
Exchange losses				
Negative exchange differences		36,176	41,193	(5,017)
	(C)	**36,176**	**41,192**	**(5,017)**
Total	**(A)+(B)+(C)**	**74,547**	**72,404**	**2,143**

"Fees" include euro 3.6 million in expense arising on the early repayment of the five-year loan taken out in 2019 for the acquisition of BED, and reflect the difference between the nominal value of the debt repaid and its amortized cost recognized in the financial statements (see Note 34 "Financial debt and liabilities").

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

"Interest rate swap expenses" of euro 7,957 thousand include euro 5 million in expense for the early termination of IRS taken out to hedge the above five-year loan (see Note 30 "Derivative financial instruments").

17. INCOME TAXES

Income taxes for the years ended 31 December 2021 and 2020 are analysed below:

(€/000)		2021	2020	Change
Italian corporation taxes for year		8,010	13,546	(5,536)
Foreign company corporation taxes for year		53,738	32,793	20,945
Total income taxes for year	*(A)*	*61,748*	*46,339*	*15,409*
Recognition of deferred taxes		11,089	5	11,084
Reversal of deferred taxes		(7,592)	(4,028)	(3,564)
Total deferred tax liabilities	*(B)*	*3,497*	*(4,023)*	*7,520*
Recognition of deferred taxes		(9,642)	3,244	(12,886)
Reversal of deferred taxes		995	(31,569)	32,564
Total deferred tax assets	*(C)*	*(8,647)*	*(28,325)*	*19,678*
Total	**(A)+(B)+(C)**	**56,598**	**13,991**	**42,607**

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

(€/000)	2021 Amount	2021 %	2020 Amount	2020 %
Profit before tax	187,093		146,247	
Italian corporation tax calculated at the current tax rate	44,902	24.0%	35,099	24.0%
Foreign company tax rate difference	(4,466)	-3.1%	(3,191)	-2.2%
Loss-making companies	4,389	3.0%	3,059	2.1%
Non resident CFC tax (Italy)	13,364	9.1%	7,558	5.2%
Substitute tax Italy net of recalculated deferred taxes	0	0.0%	(1,257)	-0.9%
Patent Box	(4,434)	-3.0%	(4,380)	-3.0%
Other net changes	921	0.6%	(24,323)	-16.6%
Italian regional business tax calculated on different base to profit before tax	1,921	1.3%	1,425	1.0%
Total effective taxes in statement of profit or loss	**56,598**	**38.7%**	**13,991**	**9.6%**

CFC (Controlled Foreign Corporation) tax refers to Italian corporation tax (IRES) calculated by the subsidiary Bracco Imaging S.p.A. on the 2021 income of Bracco Imaging Holding B.V., which is taxed for the sake of transparency in Italy.

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,

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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 case of direct use of intangible assets.

18. OTHER COMPREHENSIVE INCOME

This reports a balance of euro 95,024 thousand at 31 December 2021 (versus a negative balance of euro 79,389 thousand at 31 December 2020) 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 17,911 thousand, net of tax;

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

  - unrealized gains of euro 3,508 thousand on cash flow hedges of exchange rates, interest rates and commodity prices;

  - unrealized losses of euro 418 thousand on the fair value measurement of the financial instrument at FVOCI;

  - foreign exchange differences of euro 74,023 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 2021 and 2020:

(€/000)	31 December 2021			31 December 2020		
(Net carrying amount)	**Historical cost**	**Accumulated depreciation**	**Net carrying amount**	**Historical cost**	**Accumulated depreciation**	**Net carrying amount**
Land	31,225	-	31,225	31,034	-	31,034
Industrial buildings	359,824	(163,181)	196,643	324,637	(137,396)	187,241
Plant	538,832	(306,790)	232,042	490,308	(281,559)	208,749
Industrial machinery and equipment	270,758	(211,568)	59,190	229,274	(189,836)	39,438
Other assets	78,357	(57,480)	20,877	67,135	(49,617)	17,518
Advances and assets under construction	221,594	-	221,594	186,301	-	186,301
Total	**1,500,590**	**(739,019)**	**761,571**	**1,328,689**	**(658,408)**	**670,281**

The following tables show the historical cost and accumulated depreciation of each class of asset for the years ended 31 December 2021 and 31 December 2020.

(Historical cost) €/000	01 January 2021	Additions	Disposals	Impairment	Reclassification	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	160,298	9,165	2,742	(5,109)	26,917	1,702	1,500,590

(Accumulated depreciation) €/000	01 January 2021	Depreciation	Disposals	Impairment	Reclassification	Exchange differences	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		2,526	2,742	(5,109)	13,771	1,678	761,571

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(Historical cost) €/000	01 January 2020	Additions	Disposals	Impairment	Reclassification	Exchange differences	Change in scope of consolidation	31 December 2020
Land	31,059	-	-	-	-	(25)	-	31,034
Industrial buildings	311,196	15,228	1,304	1,500	4,525	(3,509)	-	324,637
Plant	403,865	26,464	71	-	60,996	(947)	-	490,308
Industrial machinery and equipment	221,128	17,746	5,187	-	4,790	(9,204)	-	229,274
Other assets	63,214	8,073	1,935	-	(17)	(2,201)	-	67,135
Advances and assets under construction	148,929	111,048	1,053	-	(70,978)	(1,646)	-	186,301
Total historical cost	1,179,391	178,559	9,550	1,500	(684)	(17,532)	-	1,328,689

(Accumulated depreciation) €/000	01 January 2020	Depreciation	Disposals	Impairment	Reclassification	Exchange differences	Change in scope of consolidation	31 December 2020
Industrial buildings	116,704	22,239	402	-	29	(1,174)	-	137,396
Plant	262,795	18,558	20	-	787	(561)	-	281,559
Industrial machinery and equipment	179,095	21,139	3,816	-	(8)	(6,574)	-	189,836
Other assets	45,083	8,187	1,280	-	(820)	(1,554)	-	49,617
Total accumulated depreciation	603,677	70,123	5,518	-	(12)	(9,864)	-	658,409
(Net carrying amount)	575,714		4,032	1,500	(672)	(7,668)	-	670,281

Movements in property, plant and equipment in 2021 report total additions of euro 160,298 thousand (euro 178,559 thousand in 2020) 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.

"Plant" also includes euro 8,026 thousand to construct a gas cogeneration plant supplied by E.on Business Solutions, payment of which is deferred over 15 years ending in December 2035. The corresponding debt is recorded in Note 37 "Other current and non-current liabilities".

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" of euro 2,742 thousand mainly refers to the impairment of machinery classified as assets under construction relating to production lines whose activation is being evaluated by the Group.

"Reclassifications" include an amount of euro 4,490 thousand relating to buildings of the Real Estate business, which at 31 December 2021 were the subject of a preliminary sale agreement. This amount has been reclassified from "Assets under construction" to "Assets held for sale".

"Change in scope of consolidation" includes the amounts related to the newly acquired Centro Medico SME-Diagnostica per immagini S.r.l., as described in Note 8 "Business combinations".

Movements in the right-of-use assets accounted for in accordance with IFRS 16 are presented in the following tables for the years ended 31 December 2021 and 31 December 2020:

(Historical cost) €/000	01 January 2021	Additions	Disposals	Impairment	Reclassification	Exchange differences	Change in scope of consolidation	31 December 2021
Land	-	-	-	-	-	-	-	-
Industrial buildings	111,622	9,331	717	-	-	4,459	1,291	125,986
Plant	-	-	-	-	-	-	-	-
Industrial machinery and equipment	-	-	-	-	-	-	-	-
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) €/000	01 January 2021	Depreciation	Disposals	Impairment	Reclassification	Exchange differences	Change in scope of consolidation	31 December 2021
Industrial buildings	27,654	15,428	240	-	-	1,107	12	43,961
Plant	-	-	-	-	-	-	-	-
Industrial machinery and equipment	-	-	-	-	-	-	-	-
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

(Historical cost) €/000	01 January 2020	Additions	Disposals	Impairment	Reclassification	Exchange differences	Change in scope of consolidation	31 December 2020
Land	-	-	-	-	-	-	-	-
Industrial buildings	102,917	12,631	1,205	-	-	(2,721)	-	111,622
Plant	-	-	-	-	-	-	-	-
Industrial machinery and equipment	-	-	-	-	-	-	-	-
Other assets	12,727	4,470	1,406	-	-	(624)	-	15,167
Total historical cost	115,644	17,101	2,611	-	-	(3,345)	-	126,789

(Accumulated depreciation) €/000	01 January 2020	Depreciation	Disposals	Impairment	Reclassification	Exchange differences	Change in scope of consolidation	31 December 2020
Industrial buildings	13,718	14,883	364	-	-	(583)	-	27,654
Plant	-	-	-	-	-	-	-	-
Industrial machinery and equipment	-	-	-	-	-	-	-	-
Other assets	4,066	4,646	724	-	(5)	(278)	-	7,705
Total accumulated depreciation	17,784	19,529	1,088	-	(5)	(861)	-	35,359
(Net carrying amount)	97,860		1,523	-	5	(2,484)	-	91,430

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

Motor vehicle depreciation is recorded in "Depreciation and amortization" in the statement of profit or loss; having been previously classified in Employee costs, the prior year comparative has been restated accordingly.

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 2021			31 December 2020		
(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	6080	(3,827)	**2,253**	6,080	(3,602)	**2,478**
Total	**7,360**	**(3,827)**	**3,533**	**7,360**	**(3,602)**	**3,758**

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(Historical cost) *€/000*	01 January 2021	Additions	Disposals	Exchange differences	31 December 2021
Land	1,280	-	-	-	1,280
Non-industrial buildings	6,080	-	-	-	6,080
Total historical cost	**7,360**	**-**	**-**	**-**	**7,360**

(Accumulated depreciation) *€/000*	01 January 2021	Depreciation	Disposals	Exchange differences	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**

(Historical cost) *€/000*	01 January 2020	Additions	Disposals	Exchange differences	31 December 2020
Land	1,280	-	-	-	1,280
Non-industrial buildings	6,080	-	-	-	6,080
Total historical cost	**7,360**	**-**	**-**	**-**	**7,360**

(Accumulated depreciation) *€/000*	01 January 2020	Depreciation	Disposals	Exchange differences	31 December 2020
Non-industrial buildings	3,377	225	-	-	3,602
Total accumulated depreciation	**3,377**	**225**	**-**	**-**	**3,602**
(Net carrying amount)	**3,983**		**-**	**-**	**3,758**

Rental income from the property amounted to euro 413 thousand in 2021 (euro 411 thousand in 2020).

Despite the uncertainties surrounding the real estate market, there is no evidence that investment property is impaired at 31 December 2021.

In compliance with the disclosure required by art. 10 of Law 72/1983, it is reported that the revaluation carried out in previous years under Law 413/1991 of assets still owned by the Group at 31 December 2021 has been fully depreciated.

21. INTANGIBLE ASSETS

Intangible assets amount to euro 490,480 thousand at the end of 2021, broken down as follows:

(€/000)	31 December 2021	31 December 2020
Industrial patents and intellectual property rights	15,097	7,867
Concessions, licences, trademarks and similar rights	15,705	24,447
Customer list	6,251	8,331
Other intangible assets	408,678	407,040
Intangibles in progress	44,749	42,319
Total	**490,480**	**490,004**

Movements in intangible assets over 2021 and 2020 are detailed in the following tables:

(Historical cost) €/000	01 January 2021	Additions	Disposals	Impairment	Reclassif-ication	Exchange differences	Change in scope of consolidation	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) €/000	01 January 2021	Amortization	Disposals	Impairment	Reclassif-ication	Exchange differences	Change in scope of consolidation	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**

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(Historical cost) *€/000*	01 January 2020	Additions	Disposals	Impairment	Reclassif-ication	Exchange differences	Change in scope of consolidation	31 December 2020
Industrial patents and intellectual property rights	195,413	-	8	-	-	(4,128)	-	191,277
Concessions, licences, trademarks and similar rights	178,357	3,093	300	-	1,013	(8,466)	-	173,697
Customer list	117,060	-	-	-	-	(9,216)	-	107,844
Other intangible assets	557,132	3,377	21	-	99	(41,080)	-	519,507
Intangibles in progress	43,351	1,512	-	-	(440)	(2,104)	-	42,319
Total historical cost	**1,091,313**	**7,982**	**329**	**-**	**672**	**(64,994)**	**-**	**1,034,644**

(Accumulated amortization) *€/000*	01 January 2020	Amortization	Disposals	Impairment	Reclassif-ication	Exchange differences	Change in scope of consolidation	31 December 2020
Industrial patents and intellectual property rights	185,891	1,363	0	-	-	(3,844)	-	183,410
Concessions, licences, trademarks and similar rights	149,684	5,828	62	-	(16)	(6,184)	-	149,250
Customer list	100,424	7,594	0	-	-	(8,505)	-	99,513
Other intangible assets	81,319	35,273	10	-	16	(4,131)	-	112,467
Total accumulated amortization	**517,318**	**50,058**	**72**	**-**	**-**	**(22,664)**	**-**	**544,640**
(Net carrying amount)	573,995		257	-	672	(42,330)	-	490,004

The additions over the year to "Other intangible assets" mainly refer to investments in information systems to develop and enhance centralized accounting and business process software.

The Group has capitalized these costs and is amortizing them on a straight-line basis over a period of five years.

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, HLT Inc., 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.

Like at 31 December 2020, "Intangibles in progress" reflect the valuation of intangible assets relating to the start-up of HLT Inc. and Surgvision.

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.

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).

Like at 31 December 2020, "Intangibles in progress" mainly reflect the value of intangible assets relating to the start-up of HLT Inc. and Surgvision.

Once again in 2021, the Group confirmed its strong commitment to research and development, in which it invested a total of approximately euro 161.5 million (euro 141.5 million in 2020), equating to some 10% 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.

22. GOODWILL

Goodwill amounts to euro 212,902 thousand at 31 December 2021 (euro 195,953 thousand at 31 December 2020).

Movements in goodwill for the year ended 31 December 2021, divided by CGU, are set out in the following table:

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(€/000)	01 January 2021	Increases	Decreases	Reclassif-*ication*	Change in scope of consolidation	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 Tecnologies	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.

For a better representation of how management assesses the recoverability of goodwill recognized in the Bracco Group's consolidated financial statements, the "X-RAY/CT" CGU and "X-RAY/CT - EZEM core" CGU have been combined into a single "X-RAY/CT" CGU. For presentation purposes, this reclassification has been made with reference to the balances at 1 January 2021. As this is an aggregation of existing CGUs, it does not distort the overall results of impairment testing compared with those produced under the previous CGU structure.

Impairment of assets

The following table shows the total assets allocated to each of the CGUs identified, including the amount of goodwill and indefinite-life intangible assets attributed to each:

(€/million) CGU	2021 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 Tecnologies	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 2021 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, as well as the most recent guidance and recommendations following the Covid-19 pandemic.

The value in use of the CGUs has been determined by discounting cash flow forecasts derived from the consolidated 2022-2026 Business Plan, except for those CGUs that, being in a start-up phase, require a longer explicit forecast 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:

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CGU	Growth rate "g"	WACC 2021	WACC 2020
X-RAY/CT scan	2%	7.1%	7.1%
Magnetic Resonance Imaging (MRI)	2%	7.2%	7.1%
Oncology PET(BED)	0%	9%	9.5%
Heart Leaflet Technologies (HLT)	0%	33.7%	35.5%
SurgVision	0%	9.0%	8.6%
Medical Technologies	0%	7.7%	15.5%
Centro Diagnostico Italiano	1.7%	6.2%	8.0%

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.

With reference to the WACC of the CGUs in a start-up phase, considering the underlying peculiarities of the businesses, the WACC for HLT includes a correction for risk, while risk related to Surgvision has been reflected by adjusting the expected cash flows.

A sensitivity analysis has been performed for the 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.

X-RAY/CT

At 31 December 2021, the "X-RAY/CT" CGU includes:

- goodwill of euro 120.7 million, equating to 67% of the Group's total goodwill;
- intangible and tangible assets totalling euro 454.3 million, equating to 36% 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 7.1%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate is in line with that used at 31 December 2020.

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.

As reported above, in order to better represent the way in which management assesses the recoverability of assets recognized in the Bracco Group's consolidated financial statements, starting from 2021, the "X-Ray/CT" and "X-Ray/CT - EZEM Core" CGUs have been combined into a single CGU called "X-RAY/CT". If the test had been carried out using the same criteria as in the previous year (for the two formerly separate "X-Ray/CT" and "X-Ray/CT-EZEM Core" CGUs), no impairment losses would have emerged.

Magnetic Resonance Imaging (MRI)

At 31 December 2021, the "Magnetic Resonance Imaging (MRI)" CGU includes:

- goodwill of euro 12.7 million, equating to 6% of the Group's total goodwill;
- intangible and tangible assets totalling euro 36.9 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 7.2%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates and is basically in line with that used at 31 December 2020.

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.

Ultrasound (CEUS)

At 31 December 2021, the "Ultrasound (CEUS)" CGU includes:

- intangible and tangible assets totalling euro 108.2 million, equating to 8.6% 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

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has not revealed any indications of impairment and so no impairment test has been carried out.

Cardiology PET and other nuclear

At 31 December 2021, the "Cardiology PET and other nuclear" CGU includes:

- intangible and tangible assets totalling euro 22 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 2021, the "Oncology PET (BED)" CGU includes:

- goodwill of euro 23.7 million, equating to 11% of the Group's total goodwill;
- intangible and tangible assets totalling euro 376.3 million, equating to 30% of the Group's total intangible and tangible assets. Intangible assets also include euro 257.8 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 WACC of 9.0%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. This rate is basically in line with that used at 31 December 2020 (9.5%).

Since some of this CGU's activities are still in a start-up phase, the related revenue stream is only expected in the medium term. Accordingly, a multi-year plan covering a longer explicit forecast period was used for the impairment test; in particular, the plan assumes the full commercial viability of the rh-PSMA modality and the possibility of extending procedures applicable to Axumin®. Development activities are at an advanced stage of progress for both applications.

The impairment test fully confirms the carrying amount; the results of sensitivity analysis are also positive.

Medical Technologies

At 31 December 2021, the "Medical Technologies" CGU includes:

- goodwill of euro 37.3 million, equating to 18% of the Group's total goodwill;

- intangible and tangible assets totalling euro 71.9 million, equating to 6% 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 7.7%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. The rate used at 31 December 2020 (15.5%) included a risk correction factor, which has been excluded at 31 December 2021 in view of the unit's positive business performance in recent years.

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)

At 31 December 2021, the "Heart Leaflet Technologies (HLT)" CGU includes:

- goodwill of euro 8.5 million, equating to 4% of the Group's total goodwill;
- intangible and tangible assets totalling euro 28.1 million, equating to 2% of the Group's total intangible and tangible assets. The CGU's intangible assets include euro 24.5 million in assets under development with an indefinite useful life.

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 33.7%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates. The change in this rate compared with that used at 31 December 2020 (35.5%) is mainly due to normal variations attributable to market parameters.

Considering that this business is still in a start-up phase and that its revenue stream is expected only in the long term, for impairment testing purposes a multi-year plan was used with a longer explicit forecast period, whose uncertainties are reflected in the use of a significantly higher WACC than the other CGUs and in the adoption of correcting factors, including evaluation of the probability of the project's success.

Since this is a project under development over a long-term period, even though the recognized values are largely confirmed, if the plan's assumptions were to change, it is not possible to rule out that impairment losses, even of a material amount, could emerge against the assets currently recognized for this CGU.

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SurgVision

At 31 December 2021, the "SurgVision" CGU includes:

- intangible and tangible assets totalling euro 18.1 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 9%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates.

Considering that this business is still in a start-up phase and its revenue stream is expected only in the long term, for impairment testing purposes a multi-year plan was used with a longer explicit forecast period. The discount rate used does not reflect the uncertainties associated with the business as these are already taken into account in the multi-year plan, which includes corrective factors to reduce the forecast cash flows and that reflect the risks of execution and success.

The impairment test confirms the carrying amount.

The sensitivity analysis showed that the recoverable amount of this CGU's assets is particularly sensitive to the plan's variables, depending on the outcome of the product development process. Were there to be significant changes to the existing plan, it could be difficult to recover part of the assets allocated to this CGU.

Real Estate

At 31 December 2021, the "Real Estate" CGU includes:

- intangible and tangible assets totalling euro 50.0 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 fair value of the assets as specifically appraised by a leading independent firm of valuers. For some assets, for which the relevant market values were available, the latter were compared with the carrying amount, resulting in the recognition of euro 500 thousand in impairment (Note 19 "Property, plant and equipment").

Centro Diagnostico Italiano

At 31 December 2021, 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 89.7 million, equating to 7% 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 6.2%, used for this valuation, was determined by weighting the WACC of each country in which the CGU operates.

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.

23. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets amount to euro 27,739 thousand at 31 December 2021 (euro 23,363 thousand in 2020), comprised as follows:

(€/000)	**31 December 2021**	**31 December 2020**
Equity investments	21,728	18,229
Other financial receivables	6,011	5,134
Total	**27,739**	**23,363**

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Equity investments in other companies are detailed as follows:

(€/000)	Type of share	% owned	31 December 2021	31 December 2020
Other companies				
Humanitas S.p.A.	Unlisted	2.53%	3,595	3,595
Bioindustry Park Silvano Fumero S.p.A.	Unlisted	17.44%	2,040	2,023
Halo Industry S.p.A.	Unlisted	15.00%	2,257	2,473
Sofinnova Telethon Fund	Unlisted	9.25%	2,650	800
Polarean Imaging plc	Listed	7.80%	10,998	9,245
Other minor investments	Unlisted		188	90
Total			**21,728**	**18,229**

Changes in the value of these equity investments over the last two years are set out in the following tables:

(€/000)	01 January 2021	Movements in the year		(Reductions) increases in FV through profit or loss	31 December 2021
		Increases	Decreases		
Other companies					
Humanitas S.p.A.	3,595	-	-	-	3,595
Bioindustry Park Silvano Fumero S.p.A.	2,023	17	-	-	2,040
Halo Industry S.p.A.	2,473	-	-	(216)	2,257
Sofinnova Telethon Fund	800	2,000	-	(150)	2,650
Polarean Imaging plc	9,245	2,951	-	(1,200)	10,998
Other minor investments	90	121	-	(24)	188
Total	**18,229**	**5,089**	**-**	**(1,590)**	**21,728**

(€/000)	01 January 2020	Movements in the year		(Reductions) increases in FV through profit or loss	31 December 2020
		Increases	Decreases		
Other companies					
Humanitas S.p.A.	3,595	-	-	-	3,595
Bioindustry Park Silvano Fumero S.p.A.	2,023	-	-	-	2,023
PHS Technologies Group LLC	1,873	-	-	(1,873)	-
Halo Industry S.p.A.	2,473	-	-	-	2,473
Sofinnova Telethon Fund	1,000	500	-	(700)	800
Polarean Imaging plc	-	2,514	-	6,731	9,245
Other minor investments	90	65	-	(65)	90
Total	**7,460**	**3,079**	**-**	**4,093**	**18,229**

In detail:

1. Polarean Imaging plc: another 4,166,666 shares have been purchased for a total value of GBP 2,500 thousand (corresponding to euro 2,953 thousand at the purchase date). Following this purchase, the Group now owns around 7.8% of the company's share capital. This company is listed on the London Stock Exchange and so the

fair value of the shares held has been adjusted to their market value at 31 December 2021 (GBP 0.565 per share).

- Sofinnova Telethon Fund: additional shares worth a total of euro 2,000 thousand have been purchased in this fund. Depending on possible future investments by the fund, the Group could subscribe up to euro 8.5 million in additional shares. Following fair value adjustment, the amount of the investment has been reduced by euro 150 thousand; the fair value has been determined with reference to the fund's equity.

- Halo Industry S.p.A.: the value of the investment includes euro 1,650 thousand (unchanged since 31 December 2020) for a 15% interest in the share capital of Halo Industry S.p.A., and euro 707 thousand (euro 923 thousand at 31 December 2020) 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 has a value of euro 2,141 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 6,011 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.

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24. OTHER NON-CURRENT ASSETS

These amount to euro 26,980 thousand at 31 December 2021 (euro 18,941 thousand at 31 December 2020).

	31 December 2021			31 December 2020		
(€/000)	**Total**	**between one and five years**	**more than five years**	**Total**	**between one and five years**	**more than five years**
Other non-current assets	26,980	26,980	-	18,941	18,941	-
Total	**26,980**	**26,980**	**-**	**18,941**	**18,941**	**-**

The balance mainly refers to costs incurred by the Group for the continued transfer in the United States and Switzerland of technology pertaining to nuclear medicine and X-rays/computed tomography to new production sites.

25. INVENTORIES

Inventories are broken down as follows:

(€/000)	**31 December 2021**	**31 December 2020**
Raw materials	95,405	98,036
Semi-finished products	24,119	20,445
Finished products	232,484	215,375
Advances	224	306
Total	**352,232**	**334,163**

Inventories are presented net of the writedown allowance for euro 13,804 thousand (euro 15,704 thousand in 2020).

The inventory writedown allowance is recognized to take into account obsolete and slow-moving items, as well as product sales risks.

The following tables show movements in the inventory writedown allowance during 2021 and 2020.

(€/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**

(€/000)	01 January 2020	Increases	Uses	Reclassif-ications	Exchange differences	31 December 2020
Inventory writedown allowance	11,549	6,293	1,442	(156)	(540)	15,704
Total	**11,549**	**6,293**	**1,442**	**(156)**	**(540)**	**15,704**

26. TRADE RECEIVABLES

These amount to euro 231,350 thousand at 31 December 2021, having increased by euro 47,323 thousand since 31 December 2020, and are broken down as follows:

(€/000)	31 December 2021	31 December 2020	Change
Trade receivables	231,350	184,027	47,323
Total	**231,350**	**184,027**	**47,323**

The increase for the year reflects the growth in turnover in certain sectors, as already mentioned, together with the effect of translating financial statements in foreign currencies using a different euro-dollar exchange rate to the previous year.

Trade receivables are presented net of the credit loss allowance for euro 8,443 thousand (euro 7,299 thousand at 31 December 2020). 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 2020 and 2021 are as follows:

(€/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**

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(€/000)	01 January 2020	Increases	Uses	Exchange differences	31 December 2020
Credit loss allowance	8,165	165	(812)	(219)	7,299
Total	**8,165**	**165**	**(812)**	**(219)**	**7,299**

During the year, transactions involving the non-recourse factoring of receivables from hospitals amounted to euro 8,822 thousand (euro 7,534 thousand in 2020).

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 15,115 thousand at 31 December 2021 (euro 17,040 thousand at 31 December 2020) and are broken down as follows:

(€/000)	31 December 2021	31 December 2020
Financial assets at FVTOCI	12,677	12,009
Financial receivables for derivative contracts	2,393	2,448
Other financial receivables	45	2,583
Total	**15,115**	**17,040**

"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. As this is a financial asset, it has been measured at fair value through other comprehensive income (FVTOCI) at 31 December 2021, 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 2021	31 December 2020	Change
VAT credit	19,114	17,110	2,004
Prepaid expenses	16,315	12,033	4,282
Other tax receivables	21,795	21,370	425
Advances to suppliers	5,952	7,169	(1,217)
Accrued income	-	34	(34)
Cash flow hedges	2,016	-	2,016
Other receivables	7,693	1,997	5,696
Total	**72,884**	**59,713**	**13,171**

29. CASH AND CASH EQUIVALENTS

This balance is made up as follows at 31 December 2021:

(€/000)	31 December 2021	31 December 2020
Bank and postal deposits	265,849	259,484
Cash on hand	215	215
Time deposits	113,433	84,987
Total	**379,497**	**344,686**

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 refer to restricted current accounts denominated in South Korean won, maturing at different dates during 2022, for euro 11,884 thousand (equivalent to KRW 16 billion) and in US dollars, maturing at different dates in January 2022, for euro 101,549 thousand (equivalent to USD 115,015 thousand).

Bank and postal deposits refer to the balances on current accounts repayable on demand, and include euro 265,849 thousand (euro 241,508 thousand in 2020) denominated in currencies other than the euro (mainly US dollars).

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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" and "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 2021 and 2020 are analysed as follows:

(€/000)	31 December 2021			31 December 2020		
	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Cash flow hedges						
Exchange risk						
Forward contracts	122,644	1,504	-	88,308	-	(75)
Interest risk						
Interest rate swaps	450,000	1,755	-	-	-	-
Price risk						
Commodity swaps	1,650	743	-	-	-	-
Total cash flow hedges	574,294	4,002	-	88,308	-	(75)
FVTPL						
Exchange risk:						
Forward contracts	116,320	-	(996)	95,995	-	(675)
Forward contracts	93,507	638	-	24,085	350	-
Interest risk:						
Interest rate swaps	-	-	-	440,000	2,098	-
Total FVTPL	209,827	638	(996)	560,080	2,448	(675)
Total financial instruments and derivatives - Assets (liabilities)	**784,120**	**4,640**	**(996)**	**648,388**	**2,448**	**(750)**

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);
- 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:

Cash flow hedge derivatives

"Forward contracts" consist 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 consist of forward purchase and sale contracts outstanding at 31 December 2021,

- with a negative fair value of euro 996 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;
- with a positive fair value of euro 638 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 consist of hedging contracts with a total notional amortizing value of euro 450,000 thousand, maturing on 29 June 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 1,650 thousand and different maturities up to March 2023.

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Cash flow hedge derivatives

"Forward contracts" consisted of 8 US dollar forward sale contracts for a notional amount of USD 108,179 thousand at a weighted average exchange rate of 1.2250 and maturing at different dates up to June 2021.

Fair value derivatives

These consisted of forward purchase and sale contracts outstanding at 31 December 2020:

- with a negative fair value of euro 675 thousand, consisting of contracts that hedge the Group's internal transactions and short-term trade transactions and mature at different dates up to December 2021;
- with a positive fair value of euro 350 thousand, consisting of contracts that hedge the Group's internal transactions and short-term trade transactions and mature at different dates up to December 2021.

Fair value derivatives - Interest Rate Swaps

These consisted of hedging contracts with a total notional amortizing value of euro 440,000 thousand, maturing on 27 June 2024, 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.

31. DEFERRED TAX ASSETS AND LIABILITIES

The consolidated statement of financial position at 31 December 2021 reports euro 108,168 thousand in deferred tax liabilities (euro 97,862 thousand at 31 December 2020) and euro 83,167 thousand in deferred tax assets (euro 75,362 thousand at 31 December 2020), which refer to the individual consolidated companies. The net balance of deferred tax assets and deferred tax liabilities is as follows:

(€/000)	**31 December 2021**	**31 December 2020**	**Change**
Deferred tax assets	83,167	75,362	7,805
Deferred tax liabilities	(108,168)	(97,862)	(10,305)
Total	**(25,001)**	**(22,500)**	**(2,501)**

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 "Losses recoverable against corporate income tax" arising from the carry-forward of prior tax losses of Bracco S.p.A., the group Parent, and the subsidiary Bracco Imaging S.p.A., 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 2021 and 31 December 2020 in deferred tax assets and deferred tax liabilities according to type.

(€/000)		01 January 2021	(Debits) Credits to profit or loss	Reclassif-ications	(Debits) Credits through OCI	Exchange differences	31 December 2021
Deferred tax assets							
- Hedging reserve for derivative instruments		-	-	(418)	(982)	-	(1,400)
- Depreciation and FV deemed cost		132	(28)	(2,105)	-	-	(2,001)
- Elimination of intragroup margins		24,081	(1,663)	-	-	1,466	23,884
- Defined benefit plans		12,880	(391)	209	(3,422)	681	9,956
- Other deferred tax assets		38,270	10,729	2,110	(823)	2,442	52,728
Total	**(A)**	**75,362**	**8,647**	**(204)**	**(5,227)**	**4,589**	**83,167**
Deferred tax liabilities							
- Depreciation and FV deemed cost		97,759	(5,021)	(2,201)	-	7,192	97,729
- Defined benefit plans		(272)	-	209	43	-	(20)
- Hedging reserve for derivative instruments		418	-	(418)	-	-	-
- Other deferred tax liabilities		(43)	8,518	2,206	-	(222)	10,459
Total	**(B)**	**97,862**	**3,497**	**(204)**	**43**	**6,970**	**108,168**
Total net deferred tax assets (deferred tax liabilities)	**(A)-(B)**	**(22,500)**	**5,150**	**-**	**(5,270)**	**(2,381)**	**(25,001)**

(€/000)		01 January 2020	(Debits) Credits to profit or loss	Reclassif-ications	(Debits) Credits through OCI	Exchange differences	31 December 2020
Deferred tax assets							
- Depreciation and FV deemed cost		2	(21)	150	-	-	132
- Elimination of intragroup margins		18,867	6,213	-	-	(999)	24,081
- Defined benefit plans		11,820	(179)	693	844	(298)	12,880
- Other deferred tax assets		20,445	22,312	(1,918)	(75)	(2,494)	38,270
Total	**(A)**	**51,134**	**28,325**	**(1,075)**	**769**	**(3,791)**	**75,362**
Deferred tax liabilities							
- Depreciation and FV deemed cost		109,928	(4,168)	212	(26)	(8,187)	97,759
- Defined benefit plans		(231)	8	-	(49)	-	(272)
- Hedging reserve for derivative instruments		556	-	-	(138)	-	418
- Other deferred tax liabilities		1,026	137	(1,287)	12	70	(43)
Total	**(B)**	**111,279**	**(4,023)**	**(1,075)**	**(201)**	**(8,117)**	**97,862**
Total net deferred tax assets (deferred tax liabilities)	**(A)-(B)**	**(58,915)**	**3,334**	**-**	**1,007**	**6,038**	**(48,536)**

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32. EQUITY

The composition of and movements in the Group's equity for the years ended 31 December 2021 and 31 December 2020 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:

	31 December 2021	31 December 2020
(€/000)	**Equity**	**Equity**
Bracco S.p.A.	**497,661**	**515,371**
Results for year/effect of consolidation	424,696	230,897
Dividends paid to non-controlling interests	(11,429)	0
Elimination of intragroup margins	(59,613)	(60,333)
Goodwill recognized on consolidation	64,509	64,509
Other consolidation entries	(12,304)	(12,414)
Consolidated Bracco Group	**903,520**	**738,030**

	31 December 2021	31 December 2020
(€/000)	**Profit/(loss)**	**Profit/(loss)**
Bracco S.p.A.	**30,860**	**56,415**
Results for year/effect of consolidation	141,229	162,077
Dividends distributed by subsidiaries	(49,000)	(49,000)
Reinstatement of impairment of investments in subsidiaries	2,800	(22,000)
Elimination of intragroup margins	4,496	(16,055)
Other consolidation entries	110	816
Consolidated Bracco Group	**130,495**	**132,253**

i.Share capital

At 31 December 2021, the share capital of Bracco S.p.A., the group Parent, amounts to euro 104,000 thousand, unchanged from 31 December 2020, 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 2021, 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 2021, this reserve amounts to euro 1,433 thousand, the same as at 31 December 2020. 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 2021, this reserve amounts to euro 8,303 thousand, the same as at 31 December 2020. 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 2021, this reserve amounts to 146,332 thousand, the same as at 31 December 2020 and equating to the value of treasury shares purchased under the resolution adopted by the Shareholders' Meeting on 10 May 2000.

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Valuation reserves

Valuation Reserve *(€/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)**

Valuation Reserve *(€/000)*	**01 January 2020**	Increases / (Decreases)	Movement in distributable portion of deemed cost reserve	Deferred taxes	**31 December 2020**
Fair value (deemed cost) reserve	13,737	0	(151)	-	13,586
Reserve for FVTOCI financial assets	1,566	(345)	-	95	1,316
Reserve for actuarial gains (losses)	(35,039)	(2,772)	-	762	(37,049)
Hedging reserve for derivative instruments	52	(268)	6	74	(136)
Total	**(19,684)**	**(3,384)**	**(145)**	**931**	**(22,283)**

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 2021, 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).

Hedging Reserve *(€/000)*	**01 January 2021**	Transfers to profit or loss	Change in fair value	**31 December 2021**
Hedging reserve - Exchange rate	(136)	(6)	1,095	953
Hedging reserve - Interest rate	-	-	1,856	1,856
Hedging reserve - Commodities	-	-	565	565
Total	**(136)**	**(6)**	**3,516**	**3,374**

Distributable fair value reserves

These relate to the difference between depreciation recalculated on the fair value of assets and depreciation calculated in accordance with Italian GAAP.

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 2021, these amount to euro 669,306 thousand, with the changes occurring during the year mainly reflecting the carry-forward of 2020 profit (euro 128,529 thousand) and the distribution of dividends declared by Bracco S.p.A. (euro 48,600 thousand).

vi. Non-controlling interests

Non-controlling interests in equity are as follows:

(€/000)	**31 December 2021**	**31 December 2020**
Centro Diagnostico Italiano S.p.A.	7,177	7,049
Bracco-Eisai Co. Ltd	3,406	4,089
Shanghai Bracco Sine Pharmaceutical Corp. Ltd	19,245	22,184
Total	**29,828**	**33,322**

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The percentages held by non-controlling interests, unchanged from the previous year, are as follows:

	31 December 2021	31 December 2020
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 2021** *Yen/000*	**31 December 2020** *Yen/000*
Current assets	1,927,342	1,843,862
Non-current assets	330,767	354,737
Current liabilities	(897,924)	(710,853)
Non-current liabilities	(448,290)	(431,940)
Group share	**465,066**	**538,461**
Share of non-controlling interests	**446,829**	**517,345**
Total revenue	3,623,390	3,324,236
Total costs	(3,743,736)	(3,573,453)
Net loss	**(120,346)**	**(249,217)**
Group share	**(61,376)**	**(127,101)**
Share of non-controlling interests	**(58,970)**	**(122,116)**
Other comprehensive income attributable to the Group	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Total other comprehensive income	**-**	**-**
Comprehensive income attributable to the Group	**(61,376)**	**(127,101)**
Comprehensive income attributable to non-controlling interests	**(58,970)**	**(122,116)**
Total comprehensive income	**(120,346)**	**(249,217)**
Net cash (outflow) from operating activities	(1,561)	(14,382)
Net cash (outflow) from investing activities	18,947	(70,490)
Net cash (outflow) from financing activities	-	-
Net cash flow	**17,386**	**(84,872)**

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. Its share capital is currently 51% owned by Bracco Imaging Holding B.V. and 49% by EISAI Co. Ltd.

The company is governed by a Board of Directors composed of 5 members, 3 of whom are appointed by Bracco, including the Chairman, who is the company's legal representative.

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 exercises control both - but not only - by virtue of the powers granted to the Board of Directors, which is 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 is exposed to variable returns from its involvement with the subsidiary and has 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 2021** *Cny/000*	**31 December 2020** *Cny/000*
Current assets	675,305	789,763
Non-current assets	243,322	229,480
Current liabilities	(334,095)	(288,142)
Non-current liabilities	(125,095)	(137,865)
Group share	**321,606**	**415,265**
Share of non-controlling interests	**137,831**	**177,971**
Total revenue	1,153,653	927,455
Total costs	(985,244)	(790,922)
Net profit	**168,409**	**136,533**
Group share	**117,886**	**95,573**
Share of non-controlling interests	**50,523**	**40,960**
Other comprehensive income attributable to the Group	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Total other comprehensive income	**-**	**-**
Comprehensive income attributable to the Group	**117,886**	**95,573**
Comprehensive income attributable to non-controlling interests	**50,523**	**40,960**
Total comprehensive income	**168,409**	**136,533**
Net cash (outflow) from operating activities	228,692	47,449
Net cash (outflow) from investing activities	(41,811)	(49,686)
Net cash (outflow) from financing activities		-
Net cash flow	**186,881**	**(2,237)**

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.

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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 2021** *€/000*	**31 December 2020** *€/000*
Current assets	28,822	31,490
Non-current assets	103,770	90,499
Current liabilities	(46,076)	(34,143)
Non-current liabilities	(21,276)	(23,771)
Group share	**58,064**	**57,027**
Share of non-controlling interests	**7,176**	**7,048**
Total revenue	126,372	99,980
Total costs	(125,273)	(103,012)
Net profit (loss)	**1,099**	**(3,032)**
Group share	**978**	**(2,698)**
Share of non-controlling interests	**121**	**(334)**
Other comprehensive income attributable to the Group	(73)	(38)
Other comprehensive income attributable to non-controlling interests	(9)	(5)
Total other comprehensive income	**(82)**	**(43)**
Comprehensive income attributable to the Group	**905**	**(2,737)**
Comprehensive income attributable to non-controlling interests	**112**	**(339)**
Total comprehensive income	**1,017**	**(3,075)**
Net cash (outflow) from operating activities	9,308	15,339
Net cash (outflow) from investing activities	(28,239)	(21,420)
Net cash (outflow) from financing activities	1,104	(1,774)
Net cash flow	**(17,827)**	**(7,855)**

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. In this instance, they discharge all their obligations through payment of 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, 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 2021 was euro 95,825 thousand (euro 104,471 thousand in 2020). Defined benefit obligations (DBO) and defined benefit plan assets are analysed as follows:

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(€/000)	DBO	Assets	(Deficit)/Surplus at 31 December 2021
Pension plans - USA	(150,878)	146,615	(4,263)
Pension plans - Germany	(50,759)	95	(50,664)
of which other long-term benefits	*(1,137)*	-	*(1,137)*
Pension plans - Switzerland	(44,218)	34,514	(9,704)
Statutory severance benefit - Italy	(13,101)	-	(13,101)
Total plans	***(258,956)***	***181,224***	***(77,730)***
Other funded and unfunded plans	(18,093)	-	(18,093)
Total defined benefit plans	**(277,049)**	**181,224**	**(95,825)**

(€/000)	DBO	Assets	(Deficit)/Surplus at 31 December 2020
Pension plans - USA	(137,334)	118,116	(19,218)
Pension plans - Germany	(44,031)	132	(43,900)
of which other long-term benefits	*(1,083)*	-	*(1,083)*
Pension plans - Switzerland	(45,814)	28,193	(17,621)
Statutory severance benefit - Italy	(14,534)	-	(14,534)
Total plans	***(241,714)***	***146,441***	***(95,273)***
Other funded and unfunded plans	(9,198)	-	(9,198)
Total defined benefit plans	**(250,912)**	**146,441**	**(104,471)**

i. 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 2021 and 31 December 2020 for the US companies' pension plans are as follows:

(€/000)	**31 December 2021**	**31 December 2020**
Present value of defined benefit obligation (A)	150,878	137,334
Fair value of plan assets (B)	146,615	118,116
Net obligation for pension plans USA - (A-B)	**4,263**	**19,218**

Movements in the defined benefit obligations during the year are as follows:

(€/000)	**31 December 2021**	**31 December 2020**
At 1 January	137,334	130,119
Current service cost	5,440	4,634
Interest expense	3,808	4,233
Actuarial losses (gains)	(3,753)	12,892
Exchange differences	11,670	(11,610)
Benefits paid	(3,620)	(2,933)
At 31 December	**150,879**	**137,334**

Changes in the fair value of pension plan assets are as follows:

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(€/000)	31 December 2021	31 December 2020
At 1 January	118,116	112,798
Expected return	3,176	3,658
Increase (decrease) in value of assets	15,129	10,466
Administrative expenses	(211)	
Contributions paid in	4,238	4,202
Exchange differences	9,789	(10,075)
Benefits paid	(3,620)	(2,933)
At 31 December	**146,615**	**118,116**

The assets servicing the pension plans consist mainly of equity instruments and bonds issued by third parties, invested as follows at 31 December 2021:

	31 December 2021
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 2022 it will incur service costs of approximately euro 5,718 thousand and net interest costs of approximately euro 63 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 50,759 thousand (2020: euro 44,031 thousand). The plans are almost entirely unfunded in accordance with market practice in Germany.

(€/000)	31 December 2021	31 December 2020
At 1 January	**44,031**	**39,972**
Current service cost	2,619	2,206
Interest expense	433	491
Actuarial losses (gains)	4,654	1,801
Benefits paid	(978)	(439)
At 31 December	**50,759**	**44,031**

The Group estimates that in 2022 it will incur service costs of approximately euro 2,804 thousand and net interest costs of approximately euro 432 thousand for its German pension plans.

Pension plans Switzerland

Group companies operate defined benefit plans for employees in Switzerland. The total net liability and the related values at 31 December 2021 and 2020 of Swiss company pension plans are as follows:

(€/000)	31 December 2021	31 December 2020
Present value of defined benefit obligation (A)	44,218	45,814
Fair value of plan assets (B)	34,514	28,193
Net obligation for pension plans Switzerland - (A-B)	**9,704**	**17,621**

Movements in the defined benefit obligations during the year are as follows:

(€/000)	31 December 2021	31 December 2020
At 1 January	45,814	49,058
Current service cost	2,502	2,943
Interest expense	78	168
Actuarial losses (gains)	(1,732)	(1,044)
Exchange differences	303	208
Past service cost	-	-
Benefits paid	(2,748)	(5,518)
At 31 December	**44,217**	**45,814**

Changes in the fair value of pension plan assets are as follows:

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(€/000)	31 December 2021	31 December 2020
At 1 January	**28,193**	**31,501**
Expected return	53	120
Increase (decrease) in value of assets	5,958	*184*
Contributions paid in	1,869	1,756
Exchange differences	1,287	151
Benefits paid	(2,847)	(5,518)
At 31 December	**34,513**	**28,193**

The companies in Switzerland are members of three collective pension funds, whose assets are invested as follows:

	31 December 2021
Shares	34%
Bonds	28%
Real estate	25%
Other financial instruments	13%
Total	**100%**

The Group estimates that in 2022 it will incur service costs of approximately euro 2,427 thousand and net interest costs of approximately euro 25 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 2021	31 December 2020
At 1 January	**14,534**	**14,746**
Current service cost	272	233
Interest expense	43	65
Actuarial losses (gains)	(720)	323
Benefits paid	(1,027)	(746)
Transfers (to)/from group companies	-	(87)
At 31 December	**13,101**	**14,534**

The Group estimates that in 2022 it will incur service costs of approximately euro 100 thousand and interest costs of approximately euro 113 thousand for this benefit.

ii. Other long-term employee benefits

At 31 December 2021 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 1,137 thousand at 31 December 2021 (euro 1,083 thousand at 31 December 2020).

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:

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	Germany	Italy	Switzerland	USA
Assumptions at 31 December 2021				
Discount rate	0.90%	0.90%	0.25%	2.80%
Rate of salary increase	1.84%	2.71%	0.90%	3.00%
Rate of price inflation	2.10%	1.90%	1.00%	2.25%

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	1,571	582	2,322	6,109
+ 0.25% discount rate	(3,393)	(554)	(2,172)	(5,752)
- 0.25% inflation rate	(1,064)	(336)	(419)	327
+ 0.25% inflation rate	(871)	348	528	(384)

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 2021	978	1,027	2,919	4,238
Expected 2022	948	1,037	2,749	4,238

iii. Other funded and unfunded plans

Further information can be found in Note 11 "Employee costs".

34. FINANCIAL DEBT AND LIABILITIES

These amount to euro 1,114,199 thousand at 31 December 2021 versus euro 1,088,725 thousand at 31 December 2020, analysed as follows:

	31 December 2021				31 December 2020			
(€/000)	Total	within one year	between one and five years	more than five years	Total	within one year	between one and five years	more than five years
Bank debt	1,014,659	388,187	626,245	227	891,034	134,157	756,574	303
Borrowings from other lenders	1,035	128	907	-	1,114	140	974	-
Bond issue	-	-	-	-	100,343	100,343	-	-
Financial liabilities for derivative contracts	996	996	-	-	676	676	-	-
Total financial liabilities	*1,016,692*	*389,311*	*627,154*	*227*	*993,167*	*235,313*	*757,549*	*303*
Lease liabilities (IFRS 16)	97,507	22,221	62,054	13,232	95,558	18,620	21,665	55,273
Total	**1,114,199**	**411,532**	**689,208**	**13,459**	**1,088,725**	**253,933**	**779,214**	**55,576**

i. Bank debt and credit facilities

The following table shows the main bank loans 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	36,842	5 years	2023
	amortized	60,000	60,000	2 years	2022
	amortized	30,000	30,000	3 years	2023
	amortized	30,000	15,135	4 years	2023
	amortized	20,000	7,600	7 years	2023
	amortized	10,000	10,000	4 years	2025
	amortized	10,000	8,005	3 years	2023
	amortized	10,000	7,509	5 years	2025
	amortized	3,000	778	15 years	2025
	amortized	600	600	5 years	2025
	Schuldschein	120,000	120,000	5 years	2025
	Schuldschein	100,000	100,000	4 years	2025
	uncommitted	114,500	113,000		
Bank credit facilities					
	committed revolving	90,000	20,000	3 years	2023
	committed revolving	30,000		3 years	2024
	committed revolving	20,000	20,000	5 years	2023
	committed revolving	15,000	15,000	2 years	2023

During 2021 the Group 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 has been recognized in finance costs 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 include 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.

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Financial covenants, where applicable, have been fully complied with as at 31 December 2021.

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 loan for a total of euro 499 thousand granted by the Italian Ministry of Economic Development, disbursed through Mediocredito Italiano (on 14 October 2015 for euro 381 thousand, on 23 March 2017 for euro 18 thousand and on 9 January 2018 for euro 100 thousand), in relation to an experimental development project known as "New sustainable processes for the production of contrast agents for diagnostic imaging". It is repayable in deferred annual instalments, the last of which due on 27 December 2024; the interest rate applied is 0.5% per annum.
  A total of euro 63 thousand was repaid during the reporting period, taking the balance at 31 December 2021 to euro 189 thousand;

- a loan originally for euro 607 thousand from the Italian Ministry of Education, Universities and Research, disbursed through Mediocredito Centrale (on 16 January 2019), in relation to a "Project for the recovery of iodine through environmentally friendly strategies". The loan is repayable in twice-yearly deferred instalments, the last of which due on 31 December 2022; the interest rate applied is 0.25% per annum.
  A total of euro 77 thousand was repaid during the reporting period, taking the balance at 31 December 2021 to euro 77 thousand;

- a loan originally for euro 95 thousand from Finpiemonte disbursed through Banca Intesa (on 16 February 2021) in relation to an R&D project entitled "FLIMAG - New molecular probes for fluorescence-guided surgical imaging". It is repayable in deferred quarterly instalments, the last of which due on 30 June 2025; the interest rate applied is 3-month Euribor plus a spread of 1.5%.
  A total of euro 12 thousand was repaid during the reporting period, taking the balance at 31 December 2021 to euro 83 thousand;

- a loan originally for euro 15 thousand from SIMEST disbursed through BNL (on 30 April 2021) to develop a promotional initiative in Vietnam. It is repayable in six-monthly instalments, the last of which due on 23 March 2025; the interest rate applied is 0.055% per annum.
  The balance at 31 December 2021 is euro 15 thousand.

iii. Bond issue

The "Bond issue" of euro 100,343 thousand reported at 31 December 2020 referred to a single bond loan that was repaid in full at its maturity in 2021.

iv. 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".

v. 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 21,511 thousand at 31 December 2021, having decreased by euro 2,922 thousand since 31 December 2020, and can be broken down as follows:

(€/000)	01 January 2021	Increase in provisions	Uses	Reclassif-ications	Exchange differences	31 December 2021
Litigation provision	4,995	-	-	-	-	4,995
Product warranty and returns provision	1,560	337	(745)	52	116	1,320
Other provisions	17,878	1,146	(3,909)	58	23	15,196
Total provisions for risks and charges	**24,433**	**1,483**	**(4,654)**	**110**	**139**	**21,511**

(€/000)	01 January 2020	Increase in provisions	Uses	Reclassif-ications	Exchange differences	31 December 2020
Litigation provision	4,995	-	-	-	-	4,995
Product warranty and returns provision	1,782	295	(383)	-	(134)	1,560
Other provisions	11,254	7,679	(3,992)	3,039	(102)	17,878
Total provisions for risks and charges	**18,031**	**7,974**	**(4,375)**	**3,039**	**(236)**	**24,433**

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The main changes in the provisions in 2021 were:

- a decrease of approximately euro 2.3 million for costs incurred in connection with a provision established last year for voluntary participation in environmental schemes to offset CO2 emissions;
- a decrease of euro 715 thousand for the release to profit or loss of the amounts set aside in previous years for co-participation in the overrun of Italy's Hospital Pharmaceutical Budget following a revision of the estimates;
- the use of euro 376 thousand to pay the overrun of hospital expenditure in Italy for the year 2020;
- an increase of about euro 1 million to provide for the best estimate of penalties under a supply contract.

36. TRADE PAYABLES

These amount to euro 235,413 thousand at 31 December 2021, having increased by euro 24,360 thousand since 31 December 2020, and can be broken down as follows:

(€/000)	**31 December 2021**	**31 December 2020**	**Change**
Trade payables to third parties	235,413	211,054	24,359
Total	**235,413**	**211,054**	**24,359**

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 152,623 thousand at 31 December 2021, having increased by euro 29,834 thousand since 31 December 2020, and can be broken down as follows:

(€/000)	31 December 2021				31 December 2020			
	Total	within one year	between one and five	more than five years	Total	within one year	between one and five	more than five years
Employees	68,645	68,645	-	-	47,379	47,379	-	-
Accrued expenses	16,157	16,157	-	-	12,200	12,146	54	-
Cash flow hedges	-	-	-	-	75	75	-	-
Social security institutions	5,321	5,321	-	-	4,922	4,922	-	-
VAT payable	3,498	3,498	-	-	4,325	4,325	-	-
Deferred income	10,194	4,781	5,414	-	4,948	3,950	998	-
Other payables	48,807	27,470	21,337	-	48,941	28,429	20,512	-
Total	**152,623**	**125,872**	**26,751**	**-**	**122,789**	**101,226**	**21,563**	**-**

Payables to employees mainly refer to accrued and unpaid remuneration such as holidays and bonuses.

"Other payables" include the liability for the investment in construction of a gas-fired cogeneration plant supplied by E.on Business Solutions, with payment deferred over 15 years by December 2035, as already described in the note on "Property, plant and equipment".

Payables to social security institutions refer to amounts owed by employer and employees on wages and salaries for December 2021.

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 2015 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 30,680 thousand at 31 December 2021, having increased by euro 752 thousand since 31 December 2020, and can be broken down as follows:

(€/000)	31 December 2021	31 December 2020	Change
Current tax liabilities	30,680	29,928	752
Total	**30,680**	**29,928**	**752**

"Current tax liabilities" also include the payable for tax litigation of the subsidiary Bracco Imaging Spa with the Italian Revenue Service, 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.

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OTHER INFORMATION

39. CONTINGENT LIABILITIES

There are no contingent liabilities to report.

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 2,768 thousand in 2021.

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

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 84 thousand (euro 84 thousand in 2020) for the annual statutory audit of the accounts;
- euro 82 thousand (euro 46 thousand in 2020) for other audit services.

iii. Transactions with other related parties

Transactions with related parties, as defined by IAS 24, not represented by direct and indirect subsidiaries, referred to professional services concerning matters of a strategic nature (Studio Legale Associato Santa Maria: euro 63

thousand), office leases (Magnolia S.p.A.: euro 1,020 thousand) and donations (Fondazione Bracco: euro 644 thousand).

41. NET FINANCIAL DEBT

Net financial debt at 31 December 2021 is analysed as follows:

(€/000)	**31 December 2021**	**31 December 2020**
Cash and cash equivalents	379,496	344,686
Current financial assets	15,115	17,040
Current borrowings from banks and other lenders	(389,311)	(235,313)
Short-term net financial debt	**5,300**	**126,413**
Non-current borrowings from banks and other lenders	(627,381)	(757,852)
Net financial debt before IFRS 16 lease liabilities	**(622,081)**	**(631,439)**
IFRS 16 lease liabilities	(97,507)	(95,558)
Net financial debt	**(719,588)**	**(726,997)**

Net financial 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 financial assets and Cash and cash equivalents.

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42. EVENTS AFTER THE REPORTING PERIOD

The uncertainty affecting the macroeconomic scenario at the beginning of 2022, caused by the enduring pandemic, the steady increase in energy commodity prices and inflationary trends in general, has been further exacerbated by the start of armed conflict between Russia and Ukraine.

The Group has responded by immediately instigating a series of initiatives aimed at identifying measures to mitigate new emerging risks and optimize spending, in order to ensure that 2022 budget objectives are met.

The Budget envisages consolidation of the Group's competitive position, an intensification of commercial and marketing activities, also in preparation for the launch of new products on the market, and a continuation of important research projects; the production sites will continue to be involved in projects to expand production capacity and improve efficiency.

No situations or particular strains on the Group's financial structure are currently expected 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 revenue in the initial months of 2022 has been in line with budget.

The present consolidated financial statements have been proposed for approval of the Shareholders' Meeting of Bracco S.p.A. by the Board of Directors in its meeting on 9 May 2022.

On behalf of the Board of Directors

The Chairman and Chief Executive Officer

Diana Bracco

2022100400217

Appendix 1. Scope of consolidation - list of companies consolidated on a line-by-line basis

	Registered office	Currency	%Interest 2020	%Interest 2021	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 12,499,998
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%	Share capital USD 139, share premium 15,000 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 474,969 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 B.V.	Amsterdam (Netherlands)	EUR	100%	100%	Authorized share capital EUR 2,269 thousand, Share capital subscribed and paid in EUR 453,780
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%	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.