

REMUNERATION REPORT

2021



Eckert & Ziegler
Contributing to saving lives

REMUNERATION REPORT

Main features of the remuneration system

This remuneration report shows the remuneration system previously used. As of 2022 a new remuneration system has been introduced and implemented in the Executive Board contracts. The existing contracts are protected under § 26 j of the Introductory Act to the Stock Corporation Act (EAGAktG).

The Executive Board remuneration system is designed to provide an incentive for the long-term successful development of the Company. A key aspect of the remuneration system is that, in addition to fixed compensation components, variable compensation components with a multi-year assessment basis are also agreed, so that the members of the Executive Board participate appropriately in both positive and negative developments.

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

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

Profit-sharing bonuses are variable remuneration components and are usually measured on a multi-year basis. This is based on a percentage of cumulative EBIT or net profit generated in the direct area of responsibility, observed over a defined period of multiple years. Partial payments are made annually after approval of the annual financial statements; final settlement is made at the end of the defined period. It is also possible to agree on variable remuneration elements that are based only on an annual evaluation of successes and thus either on the achievement of specific targets or on a percentage share of annual profit. The variable components are subject to upper limits in terms of amount. In fiscal year 2021, no use was made of the option to reclaim variable compensation components.

No severance payments have been agreed on in the event of premature or regular termination of a member's term on the Executive Board. However, post-contractual non-competition clauses were agreed for Dr. Haselmann and Dr. Helmke, according to which 50% of their average monthly compensation over the last year is to be paid over a period of one year after termination of the employment relationship as compensation for the prohibition of employment in the industry.

The members of the Supervisory Board receive a fixed annual remuneration of € 18,000. The Chairman receives a fixed annual remuneration of € 36,000 and the Deputy Chairman, € 24,000. Since July 1st, 2021, the members of the remuneration committee received an additional fixed annual remuneration of € 5,000. An audit committee was established effective June 2nd, 2021. The Chairman of the audit committee receives additional fixed annual remuneration of € 16,000 for his activities, while the other members each receive a fixed amount of € 8,000 for their committee activities.

If membership of the Supervisory Board or its committees does not last a complete fiscal year, the respective member shall receive the remuneration on a pro rata temporis basis.

In addition to fixed annual remuneration, members of the Supervisory Board receive € 1,000 for each meeting they attend. The remuneration of the Supervisory Board is always paid in the following year.

The following table shows the compensation granted and owed to each current or former member of the Executive Board and Supervisory Board by the Company and by the companies of the same Group. Remuneration is granted if it actually accrues to the board member and is therefore transferred to his or her assets. Remuneration is owed if the Company has a legal obligation to the board member that is due but not yet fulfilled. If such compensation is not yet due, it is a promised compensation.

Total remuneration of the Executive Board

The following table shows the total remuneration and the remuneration components of the Executive Board members:

Information on the Total Remuneration and Remuneration Components								
Name of the Member, Position	Fixed Remuneration Components in €		Variable Remuneration Components in €		Pension Expense in €	Total Remuneration in €	Relative Share of Variable Remuneration in Total Remuneration in %	Relative Share of Fixed Remuneration in Total Remuneration in %
	Base Salary	Other Ancillary benefits	Short-term (≤ 1 Y.)	Long-term (> 1 Y.)				
	Dr. Andreas Eckert, Chairman of the Executive Board	300,000	40,752					
Dr. Harald Hasselmann, Executive Board Member	216,360	42,195		250,000		508,555	49.16	50.84
Dr. Lutz Helmke, Executive Board Member	210,000	42,395		200,000	1.800	454,195	44.03	55.57

Under the terms of his contract, the Chairman of the Executive Board, Dr. Andreas Eckert, was granted share-based remuneration in addition to the agreed fixed salary, which was earned over several years and accrued to him in 2021. This share-based remuneration amounts to € 2,763,518 and is included in Dr. Eckert's long-term variable remuneration.

Dr. Helmke has concluded a company pension contract with Allianz Lebensversicherungs AG via the group contract of Eckert & Ziegler AG, using the implementation method of a direct insurance policy with deferred compensation. The payments made to the insurance company by Dr. Helmke (monthly deferred compensation amounting to € 370) are included in his basic salary. Eckert & Ziegler AG subsidizes this insurance premium with a monthly payment of € 150 (€ 1,800 per year).

Dr. Edgar Löffler is a former member of the Executive Board. Following his retirement in 2016, he receives monthly pension payments from a provident fund. In fiscal year 2021, his pension benefits amounted to € 55,017.86. As the claim to benefits from the company pension scheme in the implementation mode of a provident fund is directed against the employer, Dr. Löffler's pension payments are first transferred to Eckert & Ziegler AG and then paid to Dr. Löffler after deduction of income tax.

The long-term development of the Company is ensured by structuring the variable compensation in the form of participation in Group EBIT for the Chairman of the Executive Board and in Group net income excluding the contribution of the segment for which the respective Executive Board member is responsible, as well as in net income of the segment for which the respective Executive Board member is responsible for the other Executive Board members.

In agreement with the Supervisory Board, Dr. Hasselmann and Dr. Helmke receive their remuneration for their Executive Board activities from the subsidiaries Eckert & Ziegler BEBIG GmbH and Eckert & Ziegler Radiopharma GmbH respectively. Eckert & Ziegler BEBIG GmbH and Eckert & Ziegler Radiopharma GmbH are third parties within the meaning of Section 162 (2) No. 1 of the German Stock Corporation Act (AktG). The compensation granted to Dr. Hasselmann and Dr. Helmke by third parties can be seen in the above table. The compensation promised to Dr. Hasselmann and Dr. Helmke by third parties amounts to € 250,000 and € 300,000 and includes the advance payment for the long-term variable compensation for fiscal year 2021.

Due to the good economic situation of the company, the Supervisory Board saw no need to reduce the remuneration of the Executive Board.

The following table contains information on the applied performance criteria. In the legacy contracts, no target values had yet been set for the performance criteria used to measure variable remuneration; only maximum amounts for the variable remuneration components were agreed. In 2021, the variable remuneration achieved in 2020 was paid out. As the variable remuneration measured in 2020 was higher than the maximum possible down payment, the maximum remuneration was paid to the Executive Board members in each case.

Starting 2022, the performance criteria will be adjusted in connection with the new Executive Board contracts. The target achievement values in the following table (maximum amount) will be paid out in 2022.

Information on the applied Performance Criteria					
Name of the Member, Position	Description of the Performance Criteria	Relative Weighting of the Performance Criteria	Information on the Performance Targets		Target achievement value in €
			a) Minimum Target	a) Target Value	a) Measured Performance
			b) Corresponding Remuneration	b) Corresponding Remuneration	b) Corresponding Remuneration
Dr. Andreas Eckert Chairman of the Executive Board	Since 2011, the long-term variable remuneration consists of a percentage share in the Group's EBIT accumulated over a five-year period (subsequently three-year periods) amounting to 1.67%. An annual installment is paid on the long-term variable compensation. The long-term variable remuneration is limited to a total of €2.5 million (for 5 years) and €1.5 million (for 3 years). The annual progress payment may not exceed €500 thousand. The new three-year period started in fiscal 2019 and ends in 2021. The Group's EBIT for fiscal year 2021 amounts to €47.45 million.	100%	a) The minimum target along with the corresponding remuneration was not specified.	a) Target value along with the corresponding remuneration was not set	a) 792,415
			b) 500,000	b) 500,000	b) 500,000
Dr. Harald Hasselmann Member of the Executive Board	The long-term variable remuneration consists of two parts: A) percentage participation in the average net income of the Therapy segment, calculated for each of the last three financial years at a rate of 2%. An annual installment payment is made on the long-term variable remuneration. The annual advance payment may not exceed €150 thousand. The new three-year period began in the 2020 financial year. The average net income of the Therapy segment in fiscal year 2021 is €8.9 million.	60%	a) The minimum target along with the corresponding remuneration was not specified.	a) Target value along with the corresponding remuneration was not set	a) 178,000
			b) 150,000	b) 150,000	b) 150,000
	B) percentage share in the average net income of the remaining segments (excluding the Therapy segment), calculated for each of the last three financial years at a rate of 1%. An annual installment is paid on the long-term variable annual installment payment is made on the long-term variable compensation. The annual installment payment may not exceed €100 thousand. The new three-year period began in fiscal 2020. The average consolidated net income excluding the Therapy segment in the financial year 2021 is €20.35 million.	40%	a) The minimum target along with the corresponding remuneration was not specified.	a) Target value along with the corresponding remuneration was not set	a) 203,500
			b) 100,000	b) 100,000	b) 100,000
Dr. Lutz Helmke Member of the Executive Board	The long-term variable remuneration consists of two parts: A) percentage participation in the net income of the Radiopharma segment accumulated over a three-year period (2019–2021), amounting to 2%. An annual down payment is made on the long-term variable compensation. The annual down payment may not exceed €250 thousand. The net income for the Radiopharma segment in fiscal year 2021 amounts to €13.96 million.	83.33%	a) The minimum target along with the corresponding remuneration was not specified.	a) Target value along with the corresponding remuneration was not set	a) 279,160
			b) 250,000	b) 250,000	b) 250,000
	B) percentage participation in the net income of the remaining segments (excluding the Radiopharma segment) accumulated over a three-year period (2019–2021) in the amount of 0.5%. An annual advance payment is made on the long-term variable remuneration. The annual advance payment may not exceed €50 thousand. The net income for the remaining segments in fiscal year 2021 amounts to €20.57 million.	16.67%	a) The minimum target along with the corresponding remuneration was not specified.	a) Target value along with the corresponding remuneration was not set	a) 102,845
			b) 50,000	b) 50,000	b) 50,000

The vertical comparison pursuant to Section 162 (1) sentence 2 no. 2 AktG is presented below. In the fiscal year 2021, only one annual change is reported for all three comparative figures (remuneration of board members, earnings performance of the company and average remuneration of employees). The vertical comparison for all three variables will be built up successively over a five-year period from 2021 to 2025.

Disclosure on the Comparison of Remuneration pursuant to Sec. 162 (1) Sentence 2 No. 2 AktG	
Change from previous year in %	2020/2021
Change in Remuneration of Members of Governing Bodies	
Dr. Andreas Eckert, Chairman of the Executive Board	329.19
Dr. Harald Hasselmann, Member of the Executive Board	35.72
Dr. Lutz Helmke, Member of the Executive Board	0.21
Prof. Dr. Wolfgang Maennig, Chairman of the Supervisory Board	2.50
Prof. Dr. Helmut Grothe, Vice Chairman of the Supervisory Board	3.45
Albert Rupprecht, Member of the Supervisory Board	31.25
Dr. Edgar Löffler, Member of the Supervisory Board	41.18
Jutta Ludwig, Member of the Supervisory Board	23.53
Frank Perschmann, Member of the Supervisory Board (since 29.05.2019)	166.67
Revenue Development of the Corporation	
Net Income EZAG according to HGB (stand alone)	30.19
Net Income E&Z Group	50.88
EBIT E&Z Group	40.85
Average Remuneration of Employees	
Employees of the German Companies	3.87

The share-based remuneration already described above, which Dr. Eckert earned over several years, leads to a one-time special effect regarding the rate of change. With regard to the development of the Company's earnings, in addition to the legally required key figure "net income," we also report on consolidated net income and consolidated EBIT, because these performance criteria form the basis for measuring the variable remuneration of the members of the Executive Board.

The following table shows the shares promised and granted to Dr. Eckert:

Information on the Shares Granted or Promised				
Name of the Member, Position	Informationen on FY 2021			
	Opening Balance	Change		Closing Balance
	Shares promised at the beginning of the FY	Shares promised in the FY	Shares granted in the FY	Shares granted or promised at the end of the FY
Dr. Andreas Eckert Chairman of the Executive Board	19,200 shares	9,600 shares	28,800 shares	0

Total remuneration of the Supervisory Board

The following table contains details of the remuneration granted and owed to current Supervisory Board members in 2021. The remuneration granted relates to Supervisory Board activities in the 2020 financial year.

Information on Remuneration Granted and Owed to Current and Former Members of the Supervisory Board						
Members of the Supervisory Board	Fixed Remuneration Components in €		Variable Remuneration Components in €	Total Remuneration in €	Relative Share of Variable Remuneration in Total Remuneration in %	Relative Share of Fixed Remuneration in Total Remuneration in %
	Fixed Remune- ration	Attendance Fee	Committee Activities			
Prof. Dr. Wolfgang Maennig (Chairman)	36,000	5,000		41,000	0%	100%
Prof. Dr. Helmut Grothe (Vice Chairman)	24,000	6,000		30,000	0%	100%
Albert Rupprecht	15,000	6,000		21,000	0%	100%
Dr. Edgar Löffler	15,000	6,000	3,000	24,000	13%	88%
Jutta Ludwig	15,000	6,000		21,000	0%	100%
Frank Perschmann	15,000	6,000	3,000	24,000	13%	88%
Total	120,000		6,000	161,000		

The remuneration committee of the Supervisory Board consists of Dr. Edgar Löffler and Mr. Frank Perschmann. In addition to the remuneration committee, the Supervisory Board has established an audit committee in 2021. The members of this committee are Prof. Dr. Helmut Grothe, Mr. Albert Rupprecht, Dr. Edgar Löffler and Mr. Frank Perschmann. The need to form further committees, in particular a nomination committee, is not considered to be a priority by the Supervisory Board due to the small number of Supervisory Board members and the company's specific circumstances. All the duties of these committees are therefore performed by the Supervisory Board as a whole.

AUDITOR'S REPORT

To Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin

Audit Opinion

We have formally audited the remuneration report of Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, for the fiscal year from January 1 to December 31, 2021, to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

According to our assessment, the accompanying remuneration report complies, in all essential aspects, with the disclosures pursuant to § 162 (1) and (2) AktG. Our audit opinion does not cover the content of the compensation report.

Basis for the Audit Opinions

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and IDW Auditing Standard: The Audit of the remuneration report in accordance with Section 162 (3) AktG (IDW PS 870). Our responsibility under that provision and standard is further described in the "Auditor's Responsibility" section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW QS 1). We have complied with the professional duties pursuant to the Wirtschaftsprüferordnung (German Auditors' Code) and the professional statutes for auditors/sworn accountants, including the requirements for independence.

Responsibility of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of Section 162 AktG. Furthermore, they are responsible for internal controls they deem necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in all material respects in the remuneration report and to express an opinion thereon in an audit report.

We planned and performed our audit to obtain evidence about the formal completeness of the compensation report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did not verify the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the compensation report.

Dealing with any Misleading Representations

In correlation with our audit, we have a responsibility to read the remuneration report in the light of knowledge obtained in the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such a misleading representation exists, we are required to report that fact. We have nothing to report in this context.

Berlin, 29 March 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Pfeiffer
Wirtschaftsprüfer
[Public Auditor]

signed Nekhin
Wirtschaftsprüfer
[Public Auditor]

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