

Metall Zug Group

Annual Report 2020

Quality Competence Innovative strength

Metall Zug comprises five Business Units:

- Wire Processing*
- Medical Devices*
- Infection Control*
- Technologycluster & Infrastructure*
- Others (Belimed Life Science, Gehrig Group)*

The pursuit of innovation and quality at Metall Zug, together with the commitment to operational efficiency and sustainability, underpin the day-to-day work in the business units. Its dedicated employees worldwide, its leading-edge products and associated services form the basis for the business success of Metall Zug. The Group companies' ranges thus contribute to their customers' success.



The Metall Zug Group

Metall Zug, a group of industrial companies headquartered in Zug, comprised five Business Units and had a workforce of around 3 000 at the end of 2020.

The holding company Metall Zug AG is listed in the Swiss Reporting Standard of SIX Swiss Exchange in Zurich (type B registered shares: securities number 3 982 108, ticker symbol METN).

Wire Processing



Schleuniger Group

The Schleuniger Group develops, produces and distributes semiautomatic and fully automatic machines for the processing of all types of wires and cables. The spectrum of applications ranges from cutting and stripping to crimping, sealing, twisting, tinning and printing through to quality control and process and test automation. In addition, Schleuniger offers software packages to optimize machine efficiency and utilization for complex applications and connect high-quality, traceable data along the entire process chain.

Medical Devices



Haag-Streit Group

The Haag-Streit Group develops, produces and distributes high-quality products and services for diagnosis and surgery, mainly in the fields of ophthalmology and surgical microscopy. The Group's other activities cover applications in the fields of pulmonology and measuring instruments.

Infection Control



Belimed

The Belimed Infection Control Group is one of the leading global suppliers of innovative cleaning, disinfection and sterilization solutions, which are mainly used in hospitals.

Technologycluster & Infrastructure



Technologycluster & Infrastructure

The Technologycluster & Infrastructure Business Unit is developing V-ZUG's original site in the city of Zug with the aim of creating a technology cluster in Zug North that will serve various needs of modern urban development.

Others



Belimed Life Science

Belimed Life Science supplies innovative cleaning, disinfection and sterilization systems and solutions, primarily for use in the pharmaceutical industry.

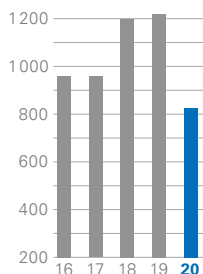


Gehrig Group AG

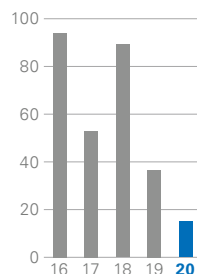
Gehrig Group AG is a leading supplier of professional appliances and integrated solutions for the hotel and catering industry, care homes and hospitals in Switzerland. Its product offering ranges from dishwasher and cooking technology to cleaning agents and care systems and is rounded out by a nationwide customer service operation which is available seven days a week.

Key figures at a glance

Gross sales
in CHF million

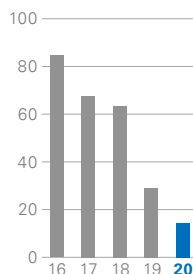


Operating result
(EBIT)
CHF million



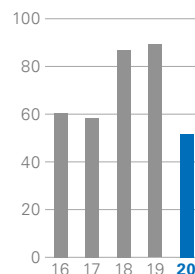
Net income

in CHF million

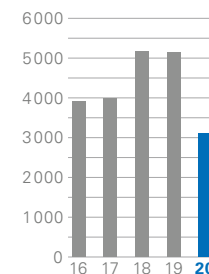


Investments

in CHF million



Employees



Mettl Zug Group

in CHF million

Performance

	2020 ¹⁾	2019	2018	2017	2016
Gross sales	826.3	1 219.8	1 199.9	959.2	960.6
Personnel expenses	-365.8	-491.4	-472.2	-393.0	-358.6
Research and development	-71.8	-106.7	-98.0	-85.9	-81.2
Operating result (EBIT)	15.5	38.8	89.3	53.0	94.1
Financial result	4.4	4.2	-3.5	30.4	10.3
Taxes	-4.0	-10.6	-16.9	-16.6	-19.8
Net income	14.3	29.2	63.6	67.7	84.9
Sales development in %	-32.3	1.7	25.1	-0.1	3.5
of which foreign currency effect in %	-1.7	-0.4	0.4	0.1	0.2
of which acquisition and divestment effect in %	1.0	2.7	21.4	0.8	0.4
of which effect of V-ZUG Group spin-off in %	-23.8				
Organic sales growth in %	-7.8	-0.6	3.3	-1.0	2.9
Cash flow from operating activities	60.2	56.9	88.0	90.1	95.4
in % of gross sales	7.3	4.7	7.3	9.4	9.9

Invested capital

	2020 ¹⁾	2019	2018	2017	2016
Total assets	635.2	1 083.1	1 108.2	1 187.7	1 152.7
Current assets	316.7	605.4	681.6	842.0	827.7
in % of total assets	49.9	55.9	61.5	70.9	71.8
Net cash position ²⁾	67.6	151.0	221.7	525.1	543.0
in % of total assets	10.6	13.9	20.0	44.2	47.1
Non-current assets	318.5	477.8	426.6	345.6	324.9
in % of total assets	50.1	44.1	38.5	29.1	28.2
Total liabilities	152.3	320.6	339.8	268.1	266.4
in % of total assets	24.0	29.6	30.7	22.6	23.1
Shareholders' equity	482.9	762.5	768.4	919.6	886.3
in % of total assets	76.0	70.4	69.3	77.4	76.9
Investments	46.1	89.3	86.9	58.2	60.8
Employees (FTE)	3 090	5 165	5 204	4 015	3 919

Mettl Zug AG

in CHF million

	2020	2019	2018	2017	2016
Total assets	915.5	975.0	961.2	858.3	779.3
Total liabilities	601.2	635.5	622.7	523.6	458.8
Shareholders' equity	314.4	339.5	338.4	334.7	320.5
Net income	8.0	32.4	38.1	40.6	35.5
Dividend in CHF per type B registered share	17.00 ³⁾	74.02 ⁴⁾	70.00	70.00	70.00

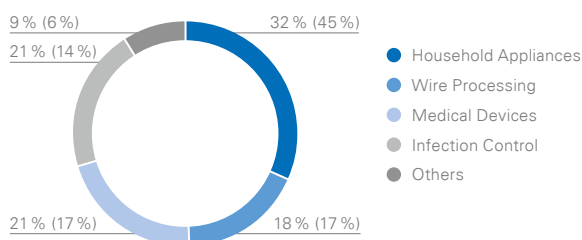
¹⁾ The V-ZUG Group was spun-off on June 25, 2020. Therefore, the 2020 figures are not comparable with the previous year.

²⁾ The calculation of the net cash position can be found in Note 28, page 87.

³⁾ According to the proposal of the Board of Directors to the General Meeting of Shareholders.

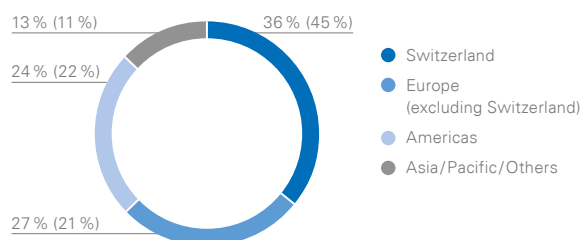
⁴⁾ Includes a cash dividend of CHF 17.00 as well as a stock dividend of CHF 57.02.

Gross sales by Business Unit, in %



(Previous year in brackets)

Net sales to third parties by region, in %



(Previous year in brackets)

Business Units

in CHF million	2020	2019	2018	2017	2016
Household Appliances					
Gross sales ¹⁾	261.9 ²⁾	551.7 ³⁾	593.5	587.4	599.2
Operating result (EBIT)	12.9 ²⁾	29.6 ³⁾	48.3	65.4	76.8
Employees (FTE)	0 ²⁾	1 940 ³⁾	2 102	2 039	1 989
Wire Processing					
Gross sales	150.4	207.8	222.3	180.5	158.2
Operating result (EBIT)	-6.0	9.8	28.9	22.3	22.8
Employees (FTE)	862	942	913	750	677
Medical Devices					
Gross sales	169.8	209.6	182.3 ⁴⁾		
Operating result (EBIT)	-4.4	16.5	21.6 ⁴⁾		
Employees (FTE)	928	964	973		
Infection Control⁵⁾					
Gross sales ¹⁾	178.0	187.4	203.6	193.4	206.1
Operating result (EBIT)	8.9	0.9	-10.5	-34.2	-6.3
Employees (FTE)	990	1 002	1 186	1 197	1 222
Technology Cluster & Infrastructure					
Gross sales	0.0	0.0 ³⁾			
Operating result (EBIT)	5.2	-12.5 ³⁾			
Employees (FTE)	22	14 ³⁾			
Others					
Gross sales ¹⁾	75.7	76.4 ³⁾			
Operating result (EBIT)	-1.1	-5.4 ³⁾			
Employees (FTE)	288	303 ³⁾			

¹⁾ Includes sales with other Business Units.

²⁾ The V-ZUG Group, which formed the Household Appliances Business Unit, was spun off effective June 25, 2020.

³⁾ The segmentation was reworked following the spin-off of the V-ZUG Group and the previous years figures were adjusted accordingly.

⁴⁾ The Haag-Streit Group was acquired in 2018. The financial year thus includes the consolidation period of March 1, 2018 to December 31, 2018.

⁵⁾ The years up to and including 2018 include the business activities of Belimed Life Science, which has been part of the Other reporting segment since January 1, 2019.

CONTENTS

Key figures at a glance 5

Group Report

Letter to Shareholders	8
Share Information	11
Strategy	13
Wire Processing	14
Medical Devices	18
Infection Control	22
Others	26
Technologycluster & Infrastructure	30
Sustainability and Corporate Social Responsibility	34
Group Structure	39
Corporate Governance	40

Compensation Report 53

Financial Report 58

Consolidated Income Statement	59
Consolidated Balance Sheet	60
Consolidated Statement of Cash Flows	62
Changes in Shareholders' Equity	63
Notes to the Consolidated Financial Statements	64
Report of the Statutory Auditor on the Consolidated Financial Statements	88

Annual Financial Statements Metall Zug AG

Income Statement	92
Balance Sheet	93
Notes to the Annual Financial Statements	94
Proposal for the Appropriation of Available Earnings	97
Report of the Statutory Auditor	98

Addresses 101

First step in the transformation process implemented through V-ZUG spin-off. Various Business Units impacted by COVID-19. Turnaround at Infection Control confirmed.

Metall Zug has completed an important step in the implementation of its strategy by spinning off V-ZUG. The changed Metall Zug generated gross sales of CHF 826.3 million in 2020. Adjusted for the effect of the V-ZUG spin-off, sales were down 7.8 % on the previous year. The operating result (EBIT) stood at CHF 15.5 million and net income came to CHF 14.3 million.

Dear Shareholders

Metall Zug is evolving from a corporate industrial group into a holding company of industrial enterprises with the potential to generate added value. Metall Zug achieved its first milestone in this context with the spin-off of V-ZUG in 2020. As anchor shareholder, Metall Zug AG continues to hold an approx. 30 % stake in V-ZUG.

Stronger Focus

Following the V-ZUG spin-off, Metall Zug and its industrial Business Units are essentially active in two market segments: the Haag-Streit Group, Belimed Infection Control and Belimed Life Science in medical technology, and the Schleuniger Group in wire processing.

In addition, Tech Cluster Zug gives Metall Zug an attractive site of some 60 000 m² in the city of Zug. Over the next few years, this site is destined to play a significant role in the newly diversified Zug Nord district as regards urban development and industrial innovation.

Varied Effects of COVID-19

The changed Metall Zug posted gross sales of CHF 826.3 million in the 2020 financial year (previous year: CHF 1 219.8 million). Adjusted for the effect of the V-ZUG spin-off of CHF 289.9 million (–23.8 %), the currency effect of –1.7 % and the acquisition effect of 1 %, the year-on-year decline in sales amounted to 7.8 %.

The measures to combat COVID-19 had varying impacts on the individual Business Units. Belimed Life Science managed to increase its sales while those at Belimed Infection Control fell only slightly. The Medical Devices and Wire

Processing Business Units on the other hand experienced a clear decline in sales and thus recorded negative operating results. The Technology Cluster & Infrastructure Business Unit was barely affected by COVID-19 and was thus able to proceed with all its construction projects as scheduled even during the pandemic.

Metall Zug posted an operating result (EBIT) of CHF 15.5 million (previous year: CHF 38.8 million). Adjusted for the effect of the V-ZUG spin-off of CHF 25.9 million (EBIT of the Household Appliances Business Unit in the second half of 2019) and the gain on property transactions of CHF 5.8 million in 2020, the adjusted operating result was CHF 15.5 million down on the previous year (CHF 51.1 million). The previous year's adjusted operating result takes account of the provisions for ground remediation work at the Zug site totaling CHF 13.1 million and the release of a value adjustment on a building in Germany (CHF 0.8 million).

The financial result amounted to CHF 4.4 million (previous year: CHF 4.2 million) and net income to CHF 14.3 million (previous year: CHF 29.2 million incl. the contribution of the Household Appliances Business Unit).

Strong Cash Flow from Operating Activities

Metall Zug generated cash flow from operating activities of CHF 60.2 million in the reporting year. This represents a year-on-year improvement of CHF 46.5 million (previous year: CHF 56.9 million or CHF 13.7 million when adjusted for the CHF 43.2 million in cash flow recorded by the Household Appliances Business Unit in the second half of 2019), which is primarily attributable to the significant reduction in net working capital, achieved particularly by reducing receivables and by active inventory management.

The net cash position came to CHF 67.6 million as at December 31, 2020.

Acquisitions Strengthen Business Units

Metall Zug has strengthened the position of both the Wire Processing and Medical Devices Business Units by making important strategic acquisitions.

The Haag-Streit Group rounded out its offering by purchasing a majority stake in VRmagic Holding AG. The additional technological competency of VRmagic in the fields of digital image processing and virtual reality allows the Haag-Streit Group to strengthen its position in the market in relation to its product offering and development expertise.

Schleuniger set up Cirris Inc. (USA), effective September 2020. The newly founded Cirris Inc. then essentially took over the business of Cirris Systems Corp. Cirris is an established brand in North America and a leading provider of cable and wire harness testing equipment. This acquisition enables the Schleuniger Group to expand its range of testing solutions.

Medical Devices and Wire Processing Affected by COVID-19 Measures

In 2020, the Medical Devices Business Unit posted gross sales of CHF 169.8 million (previous year: CHF 209.6 million). In 2020, because of the COVID 19 measures, all important exhibitions and trade shows were cancelled. The absence of these trade events contributed significantly to the 19.0 % decline in sales. This sales decline led to a negative operating result of CHF –4.4 million (previous year: CHF 16.5 million).

No cutbacks were made to R&D investments so as not to jeopardize the medium- to long-term goals. These investments fill the innovation pipeline and ensure sustainable growth over the coming years.

In addition to the consequences of COVID-19, the continuing slump in demand in the automotive industry had an adverse effect on the Schleuniger Group's sales.

The Wire Processing Business Unit posted gross sales of CHF 150.4 million (previous year: CHF 207.8 million). It was not possible to offset this 27.6 % drop in sales with cost-cutting measures, thus leading to an operating result of CHF –6.0 million (previous year: CHF 9.8 million).

Belimed Infection Control Confirms Turnaround

The results achieved by the Infection Control Business Unit confirm that the decision taken in 2018 to split the Belimed Group into Infection Control and Life Science was correct.

The Business Unit posted gross sales of CHF 178.0 million (previous year: CHF 187.4 million) and an operating result of CHF 8.9 million (previous year: CHF 0.9 million) in the reporting year. Even leaving aside one-time effects from property transactions (CHF 5.8 million), Belimed Infection Control generated a positive operating result.

Potential of Tech Cluster Zug Becomes Visible

The Tech Cluster Zug is being created on V-ZUG's main site in the city of Zug. It is intended to exploit the as yet untapped potential of this site and make it visible in the form of income from property.

A letter of intent has been signed with SHL Medical AG for the development of the 'Südtor' building lot, where a combined production and office building is to be built for SHL Medical. Furthermore, a letter of intent for the construction and sale of a high-rise office block was concluded with VZ Depository Bank AG in February 2021. The building is eventually meant to serve as VZ Depository Banks new headquarters.

These two projects have moved the development of the Technology Cluster Zug forward earlier than planned.

New Reporting Segment 'Others'

Due to the spin-off of V-ZUG, the former Belimed Life Science Business Unit, Gehrig Group AG and the Corporate reporting segment (Metall Zug AG) were grouped together in the new reporting segment 'Others', effective January 1, 2020.

The reporting segment posted gross sales of CHF 75.7 million in the reporting year (previous year: CHF 76.4 million) and an operating result of CHF –1.1 million (previous year: CHF –11.1 million).

Belimed Life Science demonstrated in 2020 that it is fully capable of holding its own in the market as an independent entity by significantly boosting its sales and recording a positive operating result.

Gehrig Group's sales and operating result fell due to COVID-19 and the related measures, especially in the hotel and catering sector.

Successful Spin-Off of V-ZUG

The shares of V-ZUG Holding AG were listed and traded on SIX Swiss Exchange for the first time on June 25, 2020. Under the spin-off, shareholders of Metall Zug AG were allocated one registered share of V-ZUG Holding AG per type A registered share and 10 registered shares per type B registered share. Metall Zug continues to hold an approx. 30 % stake in V-ZUG as a long-term investment.

The Household Appliances Business Unit generated gross sales of CHF 261.9 million in the first half of the financial year. Operating income (EBIT) for the first semester came to CHF 12.9 million. As of July 1, 2020, only the anticipated proportional net income of the V-ZUG Group is disclosed in the Metall Zug income statement as part of the financial result.

Sustainability as Part of the Strategy

Metall Zug views sustainability as a strategic, intrinsically motivated priority. All those in positions of responsibility act with a view to success and in line with the Metall Zug values: any success can only really be counted as such if it is sustainable and has been achieved with due respect for society and without tarnishing the reputation of the company in question and the Metall Zug Group as a whole.

Moreover, a team from Metall Zug AG has been helping the Business Units to formulate and implement their sustainability strategies since fall 2018. The implementation and progress of measures is assessed according to a set of key

performance indicators and regularly reviewed by a steering committee made up of the CEOs of the Business Units and the Senior Management of Metall Zug. In 2020, key figures were gathered for all the Swiss sites for the first time.

Lowering CO₂ emissions is a key element of the sustainability strategy of Metall Zug, whose medium-term vision is carbon-neutral production. Initially, CO₂ neutrality is to be achieved for the Tech Cluster Zug.

To additionally motivate the Business Units to take sustainable business decisions, the main production companies have signed up to a contractually agreed internal CO₂ levy since 2018. By the end of 2020, CHF 2 million raised from this internal levy had been paid into a fund tasked with investing these proceeds in additional climate protection measures that are as local and closely aligned with the group's intentions as possible.

Various projects are currently being planned or implemented.

Dividend Proposal

The Board of Directors is proposing to the General Meeting of Shareholders of April 30, 2021, that a cash dividend be distributed in the unchanged amount of CHF 1.70 gross per type A registered share and CHF 17.00 gross per type B registered share.

Acknowledgments

The COVID-19 situation called for additional commitment, flexibility and creativity in dealing with this new environment. On behalf of the Board of Directors, I would like to thank our employees most sincerely for their response and for all the hard work they put into serving our customers worldwide every day.

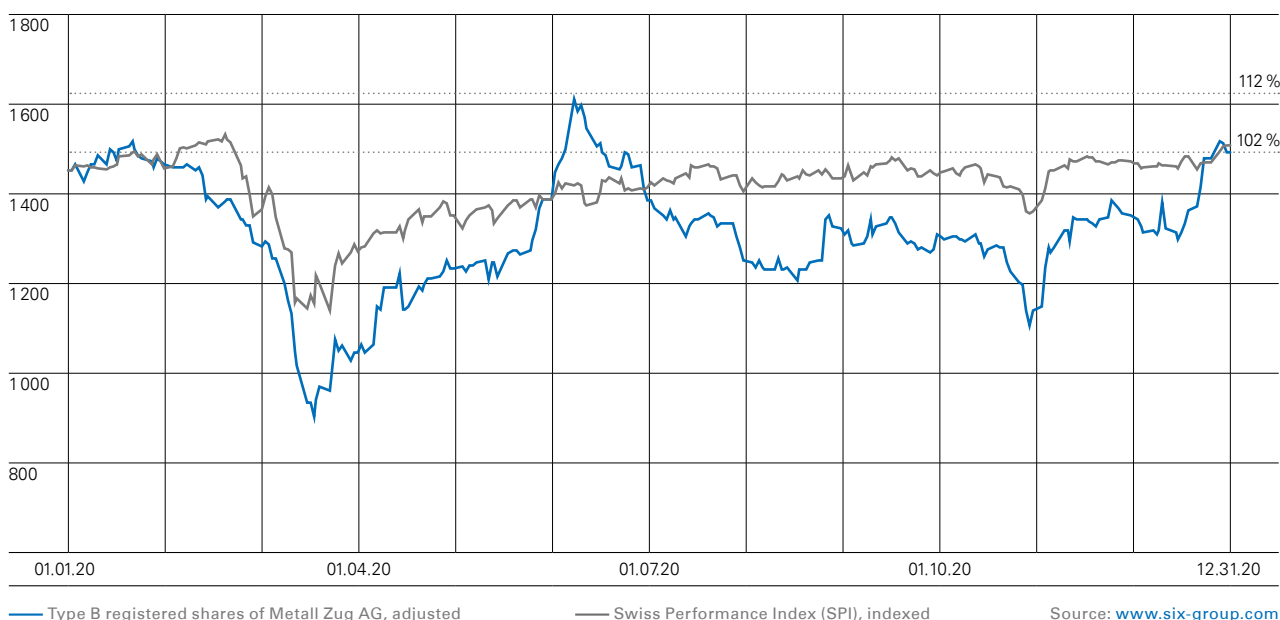
My gratitude also goes to our customers and our business partners for their loyalty and many years of excellent cooperation, and naturally to you, dear shareholders, for your continuing trust and allegiance to our company.

Martin Wipfli
Chairman of the Board of Directors

Share Information

Metall Zug AG has two categories of shares. The type A registered shares (Swiss securities number 209 262) are not listed, the type B registered shares are listed in the Swiss Reporting Standard of SIX Swiss Exchange in Zurich (Swiss securities number 3 982 108, ticker symbol METN).

Performance of type B registered shares



The Board of Directors is proposing to the General Meeting of Shareholders of April 30, 2021, that a cash dividend be distributed in the amount of CHF 1.70 gross per type A registered share and CHF 17.00 gross per type B registered share.

The proposed dividend for the 2020 financial year corresponds to the cash dividend approved for distribution for the 2019 financial year.

If the general meeting accepts this proposal, a total of CHF 7.7 million (previous year: CHF 7.7 million) will be paid out to shareholders. No dividend is to be paid for treasury shares held by Metall Zug AG.

Important dates

April 30, 2021
General Meeting of Shareholders

May 6, 2021
Payment of dividend

August 16, 2021
Publication of half-year results

Number of shares

	2020	2019	2018	2017	2016
Type A registered shares par value CHF 2.50	1948640	1948640	1948640	1948640	1948640
Type B registered shares par value CHF 25.00	255 136	255 136	255 136	255 136	255 136

Figures per type A registered share

in CHF

Net income	3.19	6.52	14.16	15.08	19.08
Cash flow from operating activities	13.38	12.64	19.56	20.02	21.21
Shareholders' equity	107.31	169.45	170.75	204.36	196.95
Dividend	1.70 ¹⁾	7.40 ²⁾	7.00	7.00	7.00

Figures per type B registered share

in CHF

Net income	31.93	65.18	141.59	150.77	190.77
Cash flow from operating activities	133.79	126.36	195.60	200.19	212.08
Shareholders' equity	1 073.10	1 694.52	1 707.53	2 043.56	1 969.52
Dividend	17.00 ¹⁾	74.02 ²⁾	70.00	70.00	70.00
Dividend yield (in %) ³⁾	1.13	3.40	2.80	1.89	2.16
Total shareholder return (in %) ⁴⁾	2.99	-10.00	-30.47	16.27	32.87
Stock market price ⁵⁾ High	1 653	1 986	2 635	2 902	2 274
Low	888	1 294	1 574	2 132	1 608
At year-end	1 500	1 473	1 689	2 497	2 189

Total market capitalization⁶⁾

in CHF million	At year-end	675	981	1 125	1 663	1 458
----------------	-------------	-----	-----	-------	-------	-------

¹⁾ According to the proposal of the Board of Directors to the General Meeting of Shareholders

²⁾ The amount includes a cash dividend of CHF 1.70 per type A registered share or CHF 17.00 per type B registered share as well as a stock dividend of CHF 5.70 per type A registered share or CHF 57.02 per type B registered share. This stock dividend corresponds to an allocation of 1 V-ZUG Holding AG registered share per type A registered share (10 V-ZUG Holding AG registered shares per type B registered share) at book value.

³⁾ Proposed or approved dividend divided by the stock market price at year-end.

⁴⁾ Year-on-year change in closing stock market price plus the previous year's approved dividend divided by the previous year's closing price. Calculated for 2020 on the basis of the stock market prices adjusted for the spin-off of V-ZUG Holding AG (factor 0.67568).

⁵⁾ Figures adjusted for the spin-off of V-ZUG Holding AG (factor 0.67568). The factor is calculated on the basis of the stock market price following the spin-off (CHF 1 500) divided by the price before the spin-off (CHF 2 220) per type B registered share.

⁶⁾ Conversion of type A registered shares (at a ratio of 1:10) on the basis of the year-end share price applicable to type B registered shares. The years 2016 to 2019 have been calculated at the closing price at the time (without adjustment for V-ZUG Holding AG).

Strategy

Metall Zug AG is a listed Swiss industrial holding company with an entrepreneurial family as its main shareholder. Metall Zug adopts a decidedly long-term perspective. With the focus of its Business Units and holdings on industrial enterprises with premium and precision products in attractive markets, Metall Zug creates sustainable added value for its shareholders.

The Metall Zug Group is a holding company of industrial enterprises with the potential to generate added value. The Business Units are largely able to implement their strategies independently and act with speed. This gives the Metall Zug Group and its Business Units great strategic flexibility and allows them to make the most of their growth potential.

Going forward, Business Units may be hived off, allowing Metall Zug to confine itself to the role of strategic anchor shareholder. This process of making Business Units independent may result in shares in these Business Units being distributed to the shareholders of Metall Zug AG. If need be, the Business Units will be turned into directly listed companies. Metall Zug AG will continue to hold a significant ownership interest in the independent Business Units and ensure that business development is synonymous with long-term value creation.

Entrepreneurial Freedom and Independence

Metall Zug achieves an optimum balance between conservative financial policies and entrepreneurial ambition. Thanks to its financial strength and conscious diversification, Metall Zug is able to act autonomously and make independent decisions – even during economically difficult periods.

Economies of Diversity

Metall Zug taps into the diversity of its Business Units and holdings as a source of innovation, benchmarks and best practice. The entrepreneurial freedom and clear focus of those units and holdings is a key element in its success. The Group companies each have their own market presence – including their own, independent brands.

Business Development and Growth

The Business Units and holdings seek to achieve sustainable and profitable growth by delivering innovation and high-quality products and services, as well as by extending the offering along the value chains of their customers.

Investment opportunities for external growth are primarily being sought within the existing Business Units.

Driven by Value, Aiming for Success

All those in positions of responsibility act with a view to success and in line with the Metall Zug values: any success can only really be counted as such if it is sustainable and has been achieved with due respect for society and without tarnishing the reputation of the Metall Zug Group as a whole.

Development of Real Estate

Metall Zug develops its real estate to create optimal conditions for the industrial activities of its business units and holdings and is developing the original V-ZUG main site in the city of Zug with the aim of creating a technology cluster in Zug North.

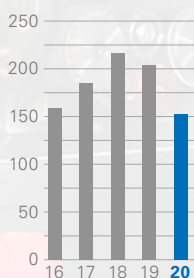
The development of the site aims to incorporate the various needs of modern urban development. An ecosystem of innovative technologies and services, with diverse networking opportunities between users, is to be created.

A key element of Metall Zug's sustainability strategy is the reduction of CO₂ emissions. In an initial phase, CO₂ neutrality is to be achieved for the Tech Cluster Zug.

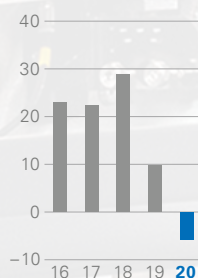


Wire Processing

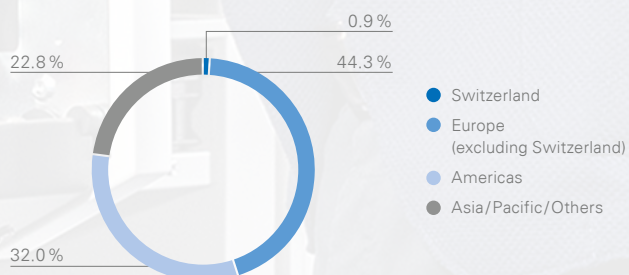
Gross sales
in CHF million



Operating result (EBIT)
in CHF million



Net sales to third parties by region, in %



The Schleuniger Group, a global technology company and leading provider of solutions to the wire processing and testing industry, forms the Wire Processing Business Unit. Schleuniger products are used wherever highly precise connections, maximum productivity, traceable data and connected value chains play a central role. In addition, its subsidiary DilT AG is an important player in the area of digitization and the industrial Internet of Things (IoT) in the markets it serves.

The majority of the Schleuniger Group's customers are suppliers to the automotive, entertainment and information industries and the communications sector. Its extensive solutions portfolio includes semi- and fully automatic machines for the manufacture of sophisticated applications, customized process and test automation solutions, plus peripherals and test devices, tools, software for connecting data along the entire process chain and service products covering the entire spectrum of wire processing and testing.

Schleuniger has around 900 employees and 40 trainees on three continents.

Wire Processing					
in CHF million	2020	2019	2018	2017	2016
Gross sales	150.4	207.8	222.3	180.5	158.2
Sales development in %	-27.6	-6.5	23.2	14.1	5.4
of which foreign currency effect in %	-2.5	-0.8	1.2	4.4	1.8
of which acquisition effect in %	2.1	0.0	12.5	0.1	1.0
Organic sales growth in %	-27.2	-5.7	9.5	9.6	2.6
Net sales to third parties	146.6	201.4	214.5	175.7	153.5
Switzerland	1.3	1.9	2.6	0.9	1.1
Europe (excluding Switzerland)	65.0	86.6	95.4	75.5	52.2
Americas	46.9	71.1	71.1	60.9	56.3
Asia/Pacific/Others	33.4	41.8	45.4	38.4	44.0
Operating result (EBIT)	-6.0	9.8	28.9	22.3	22.8
in % of gross sales	-4.0	4.7	13.0	12.4	14.4
in % of net sales to third parties	-4.1	4.9	13.5	12.7	14.9

The 2020 Financial Year

The Wire Processing Business Unit posted gross sales of CHF 150.4 million in the reporting year (previous year CHF 207.8 million). Adjusted for currency effects of –2.5 % and the 2.1 % impact of acquiring the activities of Cirris Systems Corp. (USA), the organic decline in sales came to 27.2 %.

Despite successfully realizing its “Best in Test” strategy with a portfolio of more than 100 000 test systems and claiming a leading position in testing, Schleuniger’s financial year was overshadowed by the slump in the automotive industry that began back in 2019. With the exception of the Process Automation segment and China market region, all other Schleuniger segments experienced a decrease in sales. As a result, the automotive supply industry’s share of the Business Unit’s sales was lower than in the previous year. However, this segment remains the Business Unit’s key sales market, offering good growth opportunities over the medium to longer term.

In addition to the market weakness mentioned above, the crisis triggered by the coronavirus and the worldwide closures of a large number of automotive production plants for several months had a negative impact on the Schleuniger Group in the 2020 financial year. Consequently, Schleuniger’s service business also came under pressure.

EBIT came to CHF –6.0 million (previous year: CHF 9.8 million). The introduction of short-time work and the measures taken to reduce costs were unable to make up for the decrease in sales and thus also in gross profit.

Best in Test: Leading Position in Testing Strengthened

The “Best in Test” strategy made another leap forward in the last financial year. The acquisition of Cirris Systems, based in Salt Lake City (USA), enabled the Schleuniger Group to set an important strategic focus. By making the company part of an alliance with the previously acquired subsidiaries adaptronic Prüftechnik GmbH in Wertheim (Germany) and Schleuniger Test Automation GmbH in Jettingen (Germany), Schleuniger is now able to offer solutions for trends such as e-mobility, self-driving and data traceability that meet the growing demands for quality transparency across all industries. In the automotive industry especially, where high demands are placed on testing assemblies and wire harnesses in the interests of safety, Schleuniger has thus placed itself in a good position to flourish in this promising future business.

The three companies in the Testing Alliance complement each other in terms of product, service, industry segments and geographical coverage. Whereas Schleuniger Test Automation GmbH is one of the leading providers of automated testing systems, adaptronic primarily focuses on customizable platforms and Cirris concentrates on standard testing systems. Thanks to the newly formed alliance, Cirris, adaptronic and Schleuniger Test Automation can now offer their customers complementary product lines ranging from standard products right through to tailored testing solutions. Customers therefore have a single point of contact for practically all their testing needs.

Cooperation with TechSpeed

The Schleuniger Group has also signed a strategic cooperation agreement with TechSpeed sp.j. (Katowice, Poland) and begun distributing TechSpeed's line of taping and bundling machines for wires and wire harnesses in all markets that are covered by Schleuniger sales and service organizations.

Newly Developed Products

With the newly developed MegaTransfer S7 the Schleuniger Group has created a future-proof processing platform for customers interested in the field of e-mobility. The only one of its kind on the market, the platform is also suitable for other high-voltage applications in other industries. Thanks to its outstanding degree of innovation coupled with high demand, it was possible to sell the modular machine platform for processing high-voltage cables to three customers even before it was fully developed. Schleuniger came up with another highly modern production system in the 2020 financial year: the new PowerTransfer system, which forms part of the TransferLine range and will go on sale from 2021. With innovative technical functions, state-of-the-art digitization features and options that can be configured according to customer needs, the PowerTransfer satisfies the latest market requirements.

Furthermore, the Schleuniger Group has made two of its tried-and-tested automatic cut and strip machines even more precise, efficient, customer-friendly and safe. The new PowerStrip 9580 and MegaStrip 9680 come in a variety of basic configurations and are based on a modular machine design that can be retrofitted at any time. The machines, designed at the Thun (Switzerland) site, can thus be very easily integrated into the production processes of individual customers and just as easily adapted to their specific production requirements.

With the product enhancements for wire ferrule processing and welding stations on CrimpCenters in 2020/21, Schleuniger is continuing to pursue its strategy of growth not just inside the automotive sector and of expanding its market reach. The rollout of the up to 14 % more efficient SP models in the existing 3 and 6 series, which included harmonizing the standard options to guarantee optimum internal throughput times, is a step in this direction.

The service business is being driven forward via the available interactive catalog of parts. In addition, with the newly developed SealLoader 4000, Schleuniger has been able to launch a seal loading station featuring world-beating seal application technology that can also be used on other providers' cut, strip & terminate machines.

Change at the Management

Christoph Schüpbach left the Schleuniger Group at the end of September 2020, after more than 11 years as the head of the Schleuniger Group. He is succeeded by Michael Weis, former CEO EMEA of the Systems division of KUKA AG, a global player. He has many years of experience in the automotive industry.

Good Position in Interesting Markets

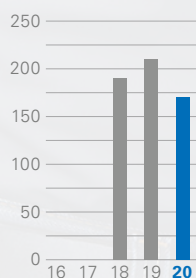
The Schleuniger Group will forge ahead with its digitization strategy in 2021. Schleuniger aims to establish itself as a global industry benchmark with its new automation solutions, enhancements in product and testing, and focus on innovative technology.

Schleuniger intends to further expand its market presence beyond the automotive sector, focus on added-value technologies and bring customer-specific, extensible and fully automated machines and solutions to market.

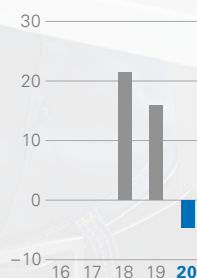
Medical Devices



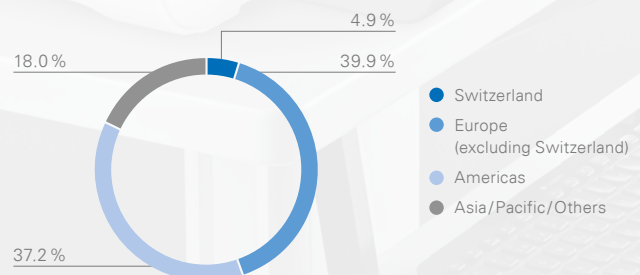
Gross sales
in CHF million



Operating result (EBIT)
in CHF million



Net sales to third parties by region, in %



The Haag-Streit Group's core business lies in medical technology, with a focus on ophthalmology, microsurgery (microscopes for use in ophthalmology, neurology and ENT), plastic surgery and dental surgery.

The Haag-Streit Group's business operations are divided into two Business Areas:

Diagnostics Business Area

The Diagnostics Business Area of the Haag-Streit Group manufactures equipment for use in a variety of settings. Haag-Streit AG, known to eye doctors around the globe under the brand name "Haag-Streit Diagnostics", became the undisputed industry leader thanks to its slit lamps. Haag-Streit is also number 2 in the perimetry market for diagnosing glaucoma. Haag-Streit has consistently improved and expanded its position in optical biometry, where it also ranks in the top third of market players.

Surgical Business Area

Haag-Streit Surgical GmbH & Co. KG produces surgical microscopes. It concentrates on developing, producing, marketing, distributing and servicing operating microscopes and accessories such as integrated diagnostic and optical coherence tomographs (iOCTs) for use in ophthalmological, neurological and other settings.

Practice equipment for eye specialists and ERP systems for opticians round out the offering of the two Business Areas along with industrial high-precision measuring instruments and tension gauges. Optical elements and systems are manufactured for Haag-Streit and other companies at Ettingen in Switzerland. Clement Clarke International (UK) manufactures innovative medical instruments that improve inhalation techniques. The Mini-Wright peak flow meter by Clement Clark is seen as the "Gold Standard" in asthma management.

The Haag-Streit Group employs a workforce of over 950 worldwide, including around 35 trainees.

Medical Devices

in CHF million	2020	2019	2018¹⁾
Gross sales	169.8	209.6	182.3
Sales development in %	-19.0	15.0	n/a
of which foreign currency effect in %	-2.9	-0.8	n/a
of which acquisition effect in %	3.6	17.9	n/a
Organic sales growth in %	-19.7	-2.1	n/a
Net sales to third parties	166.7	204.9	178.5
Switzerland	8.1	7.4	6.6
Europe (excluding Switzerland)	66.5	68.1	60.7
Americas	62.1	90.6	74.6
Asia/Pacific/Others	30.0	38.9	36.6
Operating result (EBIT)	-4.4	16.5	21.6
in % of gross sales	-2.6	7.9	11.8
in % of net sales to third parties	-2.7	8.1	12.1

¹⁾ The Haag-Streit Group was acquired in 2018. The financial year thus includes the consolidation period of March 1, 2018 to December 31, 2018.

The 2020 Financial Year

In 2020, the Medical Devices Business Unit posted gross sales of CHF 169.8 million (previous year: CHF 209.6 million). Adjusted for the currency effect of –2.9 % and the acquisition effect of 3.6 %, the decline in organic growth came to –19.7 %. Sales in both the Diagnostics Business Area and the Surgical Business Area were lower than the prior-year level.

All of the major exhibitions and trade fairs were cancelled in 2020 due to the COVID-19 measures. This is where the majority of decisions to buy are made. The absence of these industry events was a major contributing factor to the drop in sales, especially in the USA.

Access to hospitals was restricted as a result of COVID-19. Diagnostic examinations and surgical procedures were largely postponed. The quality and durability of Haag-Streit products means that customers can partly delay renewing their devices. Many have put their procurement plans on the back burner in this uncertain environment. Moreover, hospital budgets have been channeled into treating COVID-19 and this has had a negative impact on Haag-Streit's sales.

To limit the loss in earnings resulting from the fall in sales, Haag-Streit made significant cost savings in all areas, with the exception of R&D, thanks to restructuring measures and short-time work. However, these steps were not enough to offset the loss occasioned by the much lower sales. The operating result (EBIT) came to CHF –4.4 million (previous year: CHF 16.5 million).

Despite the drop in sales, Haag-Streit not only refrained from making cutbacks to R&D investments, it actually increased them year on year so as not to jeopardize its medium- to long-term goals. In this way, Haag-Streit aims to fill its innovation pipeline and ensure sustainable growth over the coming years.

Market Launch of the Eyestar 900

Haag-Streit was able to present the new [Eyestar 900](#) in various countries during the reporting year. This device will be available in certain defined markets from 2021.

The new, state-of-the-art Eyestar 900 is based on swept-source technology that enables both precise measurement and topographic assessment of the front and back corneal surface and the anterior chamber, including the lens, as well as imaging of all these structures. It also performs the well-known cornea-to-retina biometric measurements of the entire eye.

Imaging of the entire anterior chamber, including the lens, allows eye specialists to verify each measurement and easily identify anatomical anomalies, while corneal topographic maps and pachymetry data enable eye doctors to optimize their surgical plans and review patients' suitability for procedures.

The Eyestar 900 is fully automated and its efficient, easy-to-delegate workflow guarantees all users reliable measurements. It is powered by EyeSuite, an intuitive software tool that enables seamless integration of the device into any practice environment.

The Chair Ergonomically Optimized for the Ophthalmic Surgeon

Chronic musculoskeletal disorders among eye specialists are on the rise. Haag-Streit USA collaborated with Michael E. Snyder, M.D. of the Cincinnati Eye Institute and other specialists to solve the specific issues ophthalmic surgeons face. The result is a new ergonomically optimized chair, designed especially for ophthalmologists. The Haag-Streit [Surgical Chair](#) considers every aspect of the ophthalmologist's experience in the surgical suite and maximizes comfort. The innovative chair offers height and seat adjustability for perfect hip and leg alignment, thus promoting better posture.

Focused and Harmonized Processes

The "One Haag-Streit" project, launched at the start of 2020, aims to establish uniform processes across all businesses and operating entities, especially in relation to development, IT and certification. It involves focusing processes and eliminating duplication.

In parallel with this journey toward greater efficiency and harmonization, the rollout of uniform, cloud-based IT solutions to all Group companies got underway and new security standards were introduced. Additionally, the ERP systems throughout the Group are being synchronized and placed on the same footing.

Acquisition of Majority Stake in VRmagic

Haag-Streit acquired 77 % of the shares in VRmagic Holding AG (Germany) effective August 1, 2020. The remaining 23 % of the shares are held by VRmagic employees.

VRmagic is a pioneer in virtual and augmented reality technology for medical training. The solutions developed by VRmagic permit a realistic and dynamic simulation of examinations of and operations on the eye. With the Eyesi® product group, the company is the global market leader in training ophthalmologists and has particular expertise in developing camera systems for highly precise optical tracking. The development and manufacture of cameras for industrial and scientific image processing has been a second core activity of VRmagic since 2003.

The coronavirus situation especially meant that VRmagic's training systems were in demand globally. One advantage is that they can be operated by individuals or ophthalmology students completely on their own, another that they enable even rare diseases to be reproduced realistically.

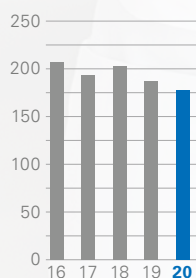
The acquisition of a majority stake in VRmagic has allowed the Haag-Streit Group to round out its offering for ophthalmologists in the key field of training. Thanks to the additional technological competency of VRmagic in the fields of digital image processing and virtual reality, the Haag-Streit Group is continuing to expand its leading position.

"The Slit Lamp Exam": An Educational Video Series

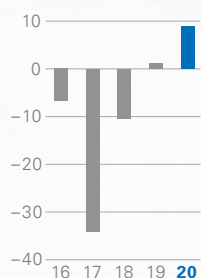
In 2020, Haag-Streit unveiled a [series of training videos](#) that explains the slit lamp, its controls and how to operate it, the functional principles, the optical phenomena it utilizes, plus various illumination techniques and examination methods. These educational videos allow training in the use of a slit lamp to take place anytime, anywhere.

Infection Control

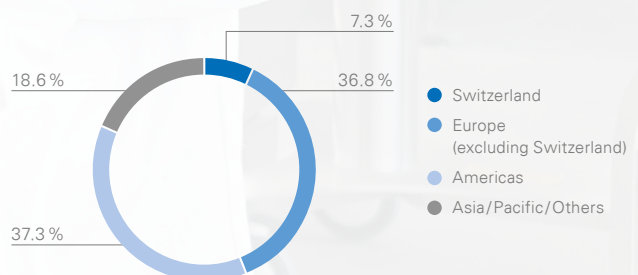
Gross sales
in CHF million



Operating result (EBIT)
in CHF million



Net sales to third parties by region, in %



Belimed AG is a leading provider of medical and surgical instrument sterilization, disinfection, and cleaning product and service solutions. The company, headquartered in Zug (Switzerland), has branch offices in 9 countries worldwide and is represented in over 80 countries thanks to a strong network. For more than 50 years, Belimed has been continually evolving its technology-driven portfolio and seeking innovative ways to improve reliability, efficiency, and sustainability in sterile processing departments.

Belimed employees are engineers of confidence: they listen to their customers and find the right solutions for their challenges, while at the same time creating optimal conditions for improving their overall work environment. The company's sterile workflow solutions cover the complete spectrum from planning and design to market-leading equipment and consumables right through to professional servicing and data connectivity options. Belimed also provides education and training opportunities for customers.

Belimed's focus is to instill living, breathing, confidence within its customers; empowering them to advance medical care and protect the lives of patients and staff.

Belimed Infection Control has around 1 000 employees worldwide.

Infection Control					
in CHF million	2020	2019	2018¹⁾	2017¹⁾	2016¹⁾
Gross sales	178.0	187.4	203.6	193.4	206.1
Sales development in %	-5.0	-8.0	5.3	-6.1	3.9
of which foreign currency effect in %	-3.8	-0.9	1.1	0.2	0.0
of which acquisition & divestment effect in %	-0.1	0.0	0.0	0.1	0.7
Organic sales growth in %	-1.1	-7.1	4.2	-6.4	3.2
Net sales to third parties	164.5	170.4	197.3	188.1	201.4
Switzerland	12.0	7.9	11.6	16.1	18.4
Europe (excluding Switzerland)	60.6	57.2	77.3	73.6	80.4
Americas	61.3	70.4	73.0	65.3	66.3
Asia/Pacific/Others	30.6	34.9	35.4	33.1	36.3
Operating result (EBIT)	8.9	0.9	-10.5	-34.2	-6.3
in % of gross sales	5.0	0.5	-5.1	-17.7	-3.1
in % of net sales to third parties	5.4	0.5	-5.3	-18.2	-3.1

¹⁾ The years up to and including 2018 include the business activities of Belimed Life Science, which has been part of the Other reporting segment since January 1, 2019.

The 2020 Financial Year

Belimed Infection Control generated gross sales of CHF 178.0 million in the reporting year (previous year: CHF 187.4 million). Adjusted for the currency effect of -3.8 % and the divestment effect of 0.1 %, this translates into an organic decline in sales of 1.1 %.

The COVID-19 pandemic resulted in negative market growth of 5–10 % in 2020. Belimed gained further market share. The slight decrease in sales in the USA and China was partially offset by strong growth in Europe.

The COVID-19 hygiene measures severely restricted access to customers' business premises in 2020 or even made it impossible. Although this had an adverse effect on service sales, this area of the business nevertheless achieved growth.

The consumables business (cleaning and disinfection solutions) was hardest hit by the COVID-19 pandemic as fewer surgical instruments had to be processed because fewer operations were being performed. However, the drop in sales was not as high as the market decline in this area. Therefore, Belimed was able to gain market share in the reporting year with its Belimed Protect cleaning solutions.

At CHF 8.9 million, the operating result (EBIT) improved on the previous year (CHF 8.0 million). The operating result (EBIT) includes a one-time effect of CHF 5.8 million from the sale of a property in Mühldorf (Germany), and one-time additional revenue from the 2016 sale of the former production facility in Ballwil. Even without these extraordinary effects, Belimed Infection Control recorded a positive operating result that exceeds the prior-year figure.

Organizationally Aligned for Positive Growth

Belimed ramped up the organization's customer-centric focus in the reporting year. The individual companies are directly responsible for local, profitable growth and customer satisfaction in their own country and markets. They are also responsible for implementing the business processes so as to achieve this. The individual areas concentrate on optimizing their business processes and customer-centric value propositions.

Service Concept to Ensure Availability and Optimize Operating Costs.

In Belimed Prevent™ services, Belimed has created a comprehensive portfolio of services covering preventive maintenance, operational services and life cycle management. The aim of these services is to enhance the performance of Belimed machines and their components, reduce downtime and create value for customers over the entire life cycle of their equipment, thereby allowing them to concentrate on their core business.

Digital Upgrade Creates Added Value for Customers

Digitization is a driving force behind innovation in the processing of medical devices. Belimed's washer-disinfectors produce around two million data points per hygiene cycle, including program selection, chemical dosing quantities, temperature, water volumes, times and water conductivity. The challenge lies in providing the customer with a meaningful insight into this data while separating the essential from the non-essential.

Belimed Connect produces reliable real-time data on all Belimed machines, enabling customers to maintain paperless quality records and providing service technicians with diagnostic data. Belimed can monitor and analyze the equipment data on-site in order to assess the machine's performance and the statistical information, and thus identify problem areas in good time.

From 2021, Belimed will be providing customers and its own service organization with 24/7, global remote access to all machine data via a cloud application. This digital offering will be subscription based. Belimed also has a direct remote access option through which initial diagnoses can be made and machine errors remedied.

By pursuing digitization, Belimed is positioning itself as a leading provider of service excellence whose hallmark is high data transparency across the entire machine life cycle.

Belimed Strengthens Brand Presence

Belimed Infection Control revamped its brand presence in the reporting year. The “engineers of confidence” message encapsulates the Belimed brand promise: instilling trust and confidence in all its customers is paramount. Together with its clientele, Belimed protects the lives of patients and medical staff.

This message is supported by a new visual language and a reworked brand presence.

Sustainability as Part of the Brand Promise

Belimed’s sustainability strategy covers every area of the business – from its production facilities and supply chains to the innovative technologies used in Belimed equipment right through to the lifecycle approach of its comprehensive service plans.

Belimed conducted multi-criteria analyses for a wide variety of stakeholders to help identify and prioritize key sustainability topics from both a customer and company viewpoint. Analytical techniques such as cost-benefit analyses and environmental impact analyses have shown which sustainability concepts promise to deliver the greatest benefit to stakeholders, and which ones can realistically be achieved.

By making a commitment to sustainability and developing energy-efficient equipment, Belimed addresses both the challenges and the growing demand for sustainable solutions. And as a welcome side-effect, Belimed’s range of products and services helps tackle rising costs within the healthcare system.

Belimed Infection Control Adds Value during the COVID-19 Pandemic

Belimed supported its customers during the COVID-19 pandemic in a variety of ways. For example, hospital beds must be cleaned and disinfected. Proper hospital bed cleaning is an important safety step in the infection control process in any hospital, especially given the shorter occupation times and the increase in multi-resistant germs. The Belimed [WD750](#) is particularly reliable when it comes to disinfecting mattresses. The WD 750 is ideally suited to reprocessing hospital beds of varying construction.

The automated system wins out over manual cleaning procedures in terms of hygiene, cost-effectiveness and efficiency. The WD750 is able to run validated processes and clearly control functional sequences while achieving a consistently high quality. The reproducibility of the processes delivers significant added value in terms of patient health compared with manual procedures.

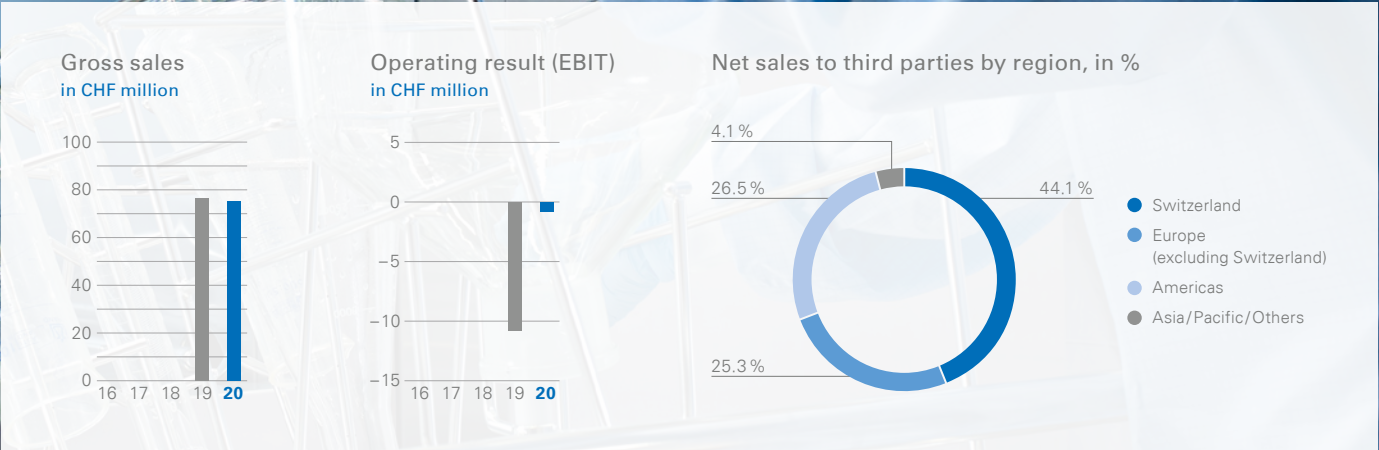
Turnaround Confirmed

By posting a positive operating result, even disregarding the extraordinary effects, Infection Control has confirmed its turnaround in a difficult market environment. Belimed employees’ very agile, customer-focused and cost-conscious reaction to the new work situation had a significant impact on the result.

Belimed Infection Control’s market is and remains attractive. Having further boosted its brand profile, Belimed is now in a good position to generate profitable growth in 2021.



Others



Due to the spin-off of V-ZUG on June 25, 2020, the former Belimed Life Science Business Unit, Gehrig Group AG and the Corporate reporting segment (Metall Zug AG) were grouped together in the new reporting segment "Others", effective January 1, 2020. The reporting segment posted gross sales of CHF 75.7 million in the reporting year (previous year: CHF 76.4 million) and an operating result of CHF –1.1 million (previous year: CHF –11.1 million).

Others		
in CHF million	2020¹⁾	2019¹⁾
Gross sales	75.7	76.4
Sales development in %	–0.9	n/a
of which foreign currency effect in %	–0.3	n/a
of which acquisition effect in %	0.0	n/a
Organic sales growth in %	–0.6	n/a
Net sales to third parties	74.1	75.4
Switzerland	32.6	41.6
Europe (excluding Switzerland)	18.7	26.9
Americas	19.6	5.8
Asia/Pacific/Others	3.1	1.2
Operating result (EBIT)	–1.1	–11.1
in % of gross sales	–1.4	–14.5
in % of net sales to third parties	–1.4	–14.7

¹⁾ The segmentation was reworked in 2020 following the spin-off of the V-ZUG Group. To ensure comparability, the 2019 figures were adjusted accordingly.

Gehrig Group

Gehrig Group generated gross sales of CHF 31.1 million in the reporting year (previous year: CHF 40.5 million). The year-on-year decline in sales was primarily caused by the COVID-19 measures in the hotel and catering sector. Hotels, restaurants and bars in Switzerland were closed in the first half of 2020 and again at the end of the year. The sector was adversely affected by the COVID-19 measures in the intervening months too, with guest numbers down. This had a direct impact on Gehrig Group and its business. However, thanks to rigorous cost-cutting measures, the operating result dipped only slightly into negative territory.

Key Service Provider during COVID-19

Despite the lockdown in spring 2020, Gehrig Group's customer service organization remained available to clients nationwide throughout the entire period. Gehrig Group and its 90 technicians made a valuable contribution, mainly in the care, retirement home and healthcare sectors.

Undeterred by the difficult operating conditions resulting from the coronavirus hygiene measures, Gehrig Group continued to support its customers with existing and new products and established and expanded services. Even when international supply chains were disrupted, Gehrig Group's supplier network enabled it to maintain reliable deliveries of the care and hygiene products – including disinfectants, sanitizers, cleaning agents and, especially, touch-free dispensers – required by customers for their coronavirus protection concepts.

Ordering by App and Touch-Free Payment

As a pioneer in the industry, Gehrig Group helped tourism and hospitality establishments implement their hygiene concept with a new, straightforward solution: one that enables guests to order and pay touch-free using their mobile phone, without having to download an app. Partners in the solution named "yoordi" include TWINT and POS system providers. It is designed for use in both a take-away and in-house setting and is quick to set up. Due to COVID, touch-free ordering and payment is particularly appreciated at this time.

Real-life Hygiene Concepts: an Example from Gehrig Group

In these times of COVID, many establishments can no longer let customers fetch their own cutlery from communal containers, but having glove-wearing staff hand it over is very resource-intensive. Gehrig Group has come up with new product concepts for the hygienic, automated distribution of cutlery, all of which meet the requirements of Swiss businesses.

The CPM-600 automatic cutlery packaging system is very compact, easy to use, and affordable even for small-to-medium-sized businesses. As well as using an automated process to package cutlery hygienically and cleanly, it satisfies ecological criteria in relation to the actual packaging. The CPM-600 packaging system can process up to 600 cutlery sets per hour, sealing them inside hygienic, splash-proof paper bags. It provides a valuable service in retirement homes, community organizations, schools, nurseries and play groups, among others.

Connectivity Adds Value for Customers

Gehrig Group also makes it possible to manage whole pools of equipment in hotel and restaurant kitchens. In "GG+ connect" it has created a platform that is brand neutral, scalable and can be used across sites to manage suitable appliances, such as those of its own brand GEHRIG.

"GG+ connect" lets customers keep an eye on their entire equipment pool. Important operating data, including machine utilization and operating costs, is available at all times and can be evaluated. For example, "GG+ connect" notifies the customer that detergent levels are low and automatically prepares a new order. Error messages are sent to them on request in the form of push messages, revealing the possible causes of the error and giving tips on how to fix it.

Belimed Life Science

The Belimed Life Science Group supplies innovative cleaning, disinfection and sterilization systems and solutions, primarily for use in the pharmaceutical industry.

Belimed Life Science posted gross sales of CHF 44.6 million, a significant rise on the previous year (CHF 36.0 million). Its market position for sterilizers was strengthened by several large orders, especially in the USA. Thanks to the continuing high demand for retrofits, upgrades and modifications in the financial year, the order intake and sales targets for retrofit services were exceeded.

Belimed Life Science demonstrated in 2020 that spinning it off as an independent company was the right strategic step to take, and that it is now back on track for success. Following on from the previous year's clearly negative operating result, sweeping process improvements and the decision to focus on project business enabled Belimed Life Science to post a positive operating result.

Impact of COVID-19

The economic environment in which Belimed Life Science operates was dominated by the global COVID-19 pandemic in 2020. This led, among other things, to the establishment of local vaccine production capacities. Consequently, Belimed Life Science experienced increased demand for its solutions. More and more customers are interested in short delivery times. The return to Europe from Asia of the pharma supply chain for active ingredient production is also likely to bring about a medium-term rise in demand.

Increased Efficiency

The process of restructuring the organization continued without interruption in the reporting year. This helped make the order handling process much more efficient, with throughput times being shortened by more than 20 % on average. For example, the throughput times for washers were lowered from 10 months to an average 6.5 months, and for sterilizers from 7 months to an average 6 months.

To increase flexibility, component production at the Sulgen (CH) site was expanded in the reporting year on a project-driven basis.

Following improvements in cost transparency, targeted measures improved the margin on all products.

Belimed Life Science will continue to pursue this path toward increased efficiency, as well as further reducing the complexity of order handling and simplifying interactions with customers.

Innovative Solutions for Customers

The modern B-Touch user interface allows the systems to be operated intuitively and safely. Short reaction times and clear symbols give operators confidence and reduce the risk of operator errors. The new B-Touch control panel was also integrated into the BST range of sterilizers in 2020 and has been well received by the market.

The innovative technology launched the previous year that uses 3D scanners to digitally record the items to be washed has proved very popular. Belimed prepares the digital data to the extent required to ensure the wash racks can be optimally designed to accommodate the customer's items so as to guarantee a reproducible and efficient washing process. As a result, it can offer customers even more added value by developing made-to-measure wash racks for them.

Acceptance Tests Go Digital

The worldwide travel restrictions due to the COVID-19 pandemic have meant that customers were no longer able to conduct on-site acceptance tests. By promptly replacing them with virtual factory acceptance tests (FATs) via remote systems, Belimed was nevertheless able to carry out these FATs quickly and efficiently. This resulted in a higher acceptance among customers and made a huge contribution to improving customer relations in general.

Belimed Life Science was chosen as the preferred supplier by major pharma key accounts, enabling the drawing up of quotes for these customers also to be simplified.

An architectural rendering of a modern, multi-story residential or commercial building. The building features a light green facade with numerous balconies, each equipped with glass railings and small potted plants. The windows are large and rectangular, some with white frames. The building is situated on a city street with a wide road, yellow lane markings, and a sidewalk. Pedestrians are visible walking on the sidewalk, and a few cars are parked or driving on the street. In the background, other buildings and a distant mountain range are visible under a clear sky.

Technologycluster & Infrastructure

Metall Zug combined the tasks and responsibility for the development of the various industrial sites, the establishment of the Tech Cluster in Zug and other planned infrastructure tasks under the Technologycluster & Infrastructure Business Unit. As the client representative of V-ZUG, the Business Unit also assumes various tasks in connection with V-ZUG real estate development projects.

The Business Unit's main tasks include the further industrial development of the site in the city of Zug, together with the establishment of a tech cluster in Zug.

The rental income earned is declared as "other operating income". The operating result (EBIT) came to CHF 5.2 million (previous year: CHF –12.5 million; this figure includes provisions of CHF 10.0 million for ground remediation work at the Zug site and the extraordinary effect of a compensation payment of CHF 6.0 million to V-ZUG.)

Building a Tech Cluster in Zug

The aim of the "Tech Cluster Zug" (TCZ) multi-generational project is to create a viable urban area combining production, research and development, commercial and residential properties on a site with limited space. The TCZ development plan came into legal effect on October 25, 2018.

TCZ creates public added value by strengthening Zug as a location for industry beyond the site itself. In addition, innovative, future-proof solutions ensure its sustainability. TCZ sees itself as an "urban laboratory" dedicated to continuous transformation and optimization. In other words, the site could become a flagship for both the canton and city of Zug.

Transforming a large industrial site that is still being used for production calls for a long-term horizon and constant adjustments to the changing conditions and opportunities. On top of that, the future industrial and commercial users of the site each come with their own specific requirements and must therefore be involved as partners in the planning process. A development plan that allows for maximum flexibility was thus drawn up together with the authorities.

Now that V-ZUG has been spun off from the Metall Zug, the steps required to transform the Tech Cluster Zug were contractually agreed with V-ZUG in the reporting year. This includes the return of the spaces rented by V-ZUG, along with the necessary easements in relation to the overall development of the Tech Cluster.

SHL Medical AG Plans a Combined Production and Office Building at Tech Cluster Zug

A letter of intent was signed with the industrial company SHL Medical AG in November 2020 for the construction and use of a new building in the southern part of the Tech Cluster Zug. The intention is to create a combined production and office building. SHL Medical plans to manufacture drug delivery systems for the pharma industry at this site from 2025.

The SHL Medical Group designs, develops and manufactures advanced drug delivery systems such as autoinjectors, pen injectors and inhaler systems. The SHL Medical Group also manufactures a range of products for the healthcare and med-tech industries.

Four teams of architects have been invited to submit design and development plans. This procedure should be completed by spring 2021, meaning that a preliminary project can be presented by mid-2021. SHL Medical is expected to be able to move into the building at the end of 2024.

The landowner Urban Asset Zug AG, a member of the Metall Zug, will develop and construct the new building and rent out the space to SHL Medical through a long-term tenancy agreement.

High-rise Office Block for VZ Depository Bank

There are plans to build two high-rise buildings on another plot of land in the Tech Cluster, known as the 'ZUGORAMA' lot. The CreaTowers project, comprising CreaTowers East with a max. building height of 40 m, CreaTowers West with a max. building height of 60 m and a communal underground parking garage, is to be realized in two phases. Strategically, CreaTowers West is to be designed as a residential high-rise. Services are to be located in the plinth base. However, the first phase will involve the construction of the new CreaTowers East.

CreaTowers East is intended to serve as an office building for VZ Depository Bank, which will require space here to provide services in the fast-growing fintech sector and for new IT solutions for processing banking services. VZ Depository Bank intends to buy the CreaTowers East building, together with a narrow plot of land measuring around 700m² under the floor area of the building. Urban Asset Zug AG will retain control of the external areas. The basement space will also remain the property of Urban Asset Zug AG. An easement with the right to erect a construction below ground will be established. According to the timetable, the project should get underway by summer 2021 with the launching of an architecture competition.

The Technologycluster & Infrastructure Business Unit carried out the following projects in the reporting year:

Coworking Spaces with Westhive AG

V-ZUG moved its spare parts warehouse to a new location in Hünenberg in canton Zug in 2019. The storage area covering approx. 2200m², which was no longer needed by V-ZUG, is to be converted and rented long-term to the company Westhive for its coworking concept. The preliminary project was completed in fall 2020.

Westhive rents out coworking space to start-ups, companies and freelancers, thus building an innovation ecosystem. The company was founded in November 2017 and opened its first coworking space in Zurich in April 2018. Westhive now offers coworking desks with a full-service infrastructure at five locations throughout Switzerland.

Multi-Energy Hub for a Green Energy Supply

The existing infrastructure at the Tech Cluster Zug is being completely renewed with the aim of converting it to a climate-neutral supply. Not only solar energy, but also waste heat, ground water and lake water are to be used as sources of energy.

There are plans to position a power station (i.e., a multi-energy hub) mid-site for the exchange of all energy and media flows as of 2022/2023.

Work on constructing the site network required for the Multi-Energy Hub Zug project progressed in the reporting year. In this connection, contaminated areas of the site are being cleaned-up ahead of time. Provisions were set aside for this purpose in the 2019 financial year.

Major components of the Multi-Energy Hub project will be in place by 2022. The entire site, including any connected third-party customers, will then switch to a carbon-neutral energy supply from the 2022/2023 heating period.

Tomorrow's Parking Garage: Mobility Hub Zug Nord

The Mobility Hub Zug Nord will see the creation of a multi-functional building featuring numerous hallmarks of a smart parking garage. For example, charging stations for electric cars and e-scooters will be available to users.

The construction permit was granted in January 2020, and work immediately got underway. The groundbreaking ceremony took place in mid-October 2020, attended by a small number of people and adhering to strict COVID-19 hygiene measures. Construction work on the Mobility Hub Zug Nord, with just under 600 parking spaces, is proceeding according to plan. The parking garage and integrated HandwerkStadt Zug shop and bistro is scheduled to open in mid-2022. Rental agreements at market prices have already been concluded for 75 % of the available space.

This project will free up circulation and interim use areas on the Tech Cluster site which can then be developed as planned.

Conversion of Belimed AG Buildings in Sulgen (Switzerland)

The existing buildings on Belimed's Sulgen site are being renovated in stages and adapted for new uses and in line with fire protection and safety regulations. The office tower renovation was completed in 2019. Planning for conversion of the production facilities commenced in the reporting year. The refurbishment work will be carried out in stages while operations continue and is expected to last until at least 2022.

Pi Project: Wooden High-Rise in the City of Zug

Preliminary planning work on the Pi construction project, in collaboration with general contractor Implenia Schweiz AG, is about to be completed. The Pi Project to build an inner-city residential tower block is all about constructing affordable housing in Zug. The innovative wooden structure features a number of sophisticated, technical innovations. New technical solutions are being tried out in large-scale trials.

In the reporting year, letters of intent were concluded with the GEWOBA housing cooperative, the V-ZUG Pension Fund and the V-ZUG Welfare Fund for the acquisition of condominium leasehold interests.

Buildings for the Industrial Transformation of V-ZUG

A vertical factory is being constructed for V-ZUG in connection with the renewal of the V-ZUG infrastructure and the transformation of its main site into a Tech Cluster.

The new press shop offering space for two servo transfer presses, each with a press power of 1 000 tonnes, and for a fully automated tool storeroom was built in 2019. An additional floor was added to the press shop in 2020 to accommodate V-ZUG's surface technology, toolmaking and tool design operations.

The load bearing structure and envelope for this extra floor were erected in just six weeks. The almost 40 m span of this wooden building makes it unique. At a length of 90 m, the column-free construction has an area the size of a soccer field. Most of the spruce and pinewood used in the building was sourced in the region. A total of 1650 m³ of timber was used. Using timber as the main building material cuts greenhouse gas emissions by about two-thirds compared with a steel building. The savings amount to approx. 800 tonnes of CO₂. A photovoltaic system with a peak power of 400 kWp was installed on the saw-tooth roof.

By building a wooden extension and installing a photovoltaic system, Metall Zug is emphasizing the high sustainability targets set for the entire Tech Cluster Zug.

The Buran project involves the construction of a new refrigerator factory for V-ZUG Kühltechnik AG. A new production plant has been built on a 16 975 m² site in Sulgen (Switzerland). The building was completed in mid-2020 and handed over to V-ZUG. V-ZUG Kühltechnik AG is expected to commence operations there at the end of 2021.

Zephyr West is the final new building in the industrial transformation of V-ZUG in the northern part of the Tech Cluster site in Zug. Urban Asset Zug AG will hold the building rights to construct the building with the intention of then letting it to V-ZUG at cost rent. The new building will mainly contain offices and testing space. The leasehold agreement between V-ZUG Infra AG, as landowner, and Urban Asset Zug AG was signed at the end of 2020.

Organizational Adjustments

V-ZUG Immobilien AG was renamed Urban Assets Zug AG, effective mid-June 2020.

The two companies V-ZUG Infra AG and V-ZUG Assets AG were transferred out of the Technologycluster & Infrastructure Business Unit and integrated into the Household Appliances Business Unit, which was spun off together with V-ZUG Holding AG on June 25, 2020.

Sustainability and Corporate Social Responsibility

As an industrial manufacturing group, Metall Zug is aware of the responsibility it bears toward its employees, society and the environment. Operating in a responsible and sustainable manner has been deeply ingrained in the Group's strategy for many years. Based on a relevance or 'materiality' matrix, Metall Zug has defined four focus topics. The Business Units implement concrete projects within the framework of these focus topics. Since 2020, progress has been measured using a set of key performance indicators.

Sustainability as Part of the Corporate Strategy

Metall Zug views sustainability as a strategic, intrinsically motivated priority. All those in positions of responsibility act with a view to success and in line with the Metall Zug values: any success can only really be counted as such if it is sustainable and has been achieved with due respect for society and without tarnishing the reputation of the company in question and the Metall Zug Group as a whole.

With regard to durable and resource-saving products, environmentally friendly and material-efficient production, responsible procurement and logistics, and as a committed employer, Metall Zug aims to assume a pioneering role.

Embraced by the Organization

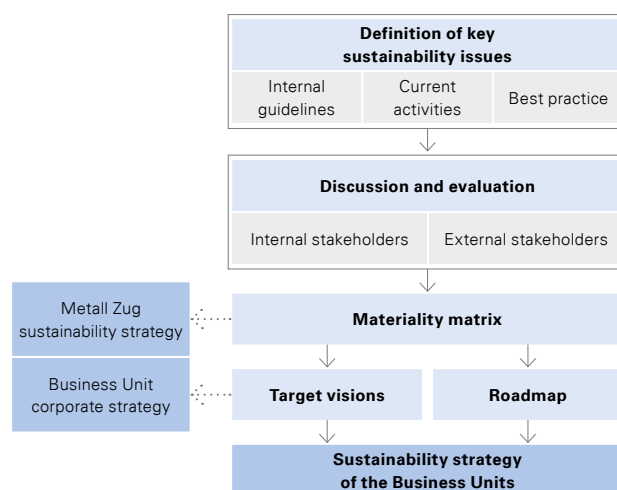
Metall Zug's Business Units have strived for many years to make their daily business activities as sustainable as possible. Metall Zug AG set up a Sustainability team in fall 2018 to support the Business Units, with the aim of making sure these ambitions are broadly embraced within the Group, firming up the sustainability strategies, and implementing, measuring and communicating action for sustainability in a more targeted fashion. The Business Units for their part have each nominated a member of Senior Management and a project team to define and implement goals and measures.

A steering committee made up of the CEOs of the Business Units and the CFO of Metall Zug meets regularly to approve the measures that need to be taken to achieve the sustainability targets and monitor the progress made in implementing them. The steering committee met twice in 2020.

Systematic Approach

The 14 key sustainability issues at each entity were analyzed together with a consultant and assessed from the point of view of both internal and external stakeholders.

The materiality matrix per Business Unit resulting from this process, covering the entire spectrum of sustainability issues, serves as a basis for strategy. By involving employees from every Business Unit, strategic thrusts were defined and a catalog of measures drawn up. These packages of measures are directed in particular at four focus topics: products & services, employees, climate & energy, and society & value creation. The concrete measures for the individual Business Units were recorded in a Roadmap 2023 for the years ahead.



Each Business Unit drew up a materiality matrix following the discussion with internal and external stakeholders. A consolidated materiality matrix was produced at the Metall Zug level.

The materiality matrix forms the basis for the sustainability targets and sustainability strategy, and also for their implementation. Four focus topics were determined from the total of 14 issues identified as relevant. Priority is given in the initiatives to safe and resource-efficient products, employee motivation and development, energy management and reducing greenhouse gas emissions. For Metall Zug, the regional contribution is just as important as economic performance. All Business Units have developed an appropriate strategy and associated measures to achieve the sustainability targets set for 2023.

Sustainability Targets 2023

Metall Zug has set the following sustainability targets to be achieved by 2023:

Employees:

- Vision “Develop a skilled workforce”: Investments in continuing professional development and the training of apprentices remain stable or increase. 40 % of leadership positions are to be filled by internal candidates, with due regard for gender equality.
- Vision “Satisfied employees”: Employee satisfaction can be improved.
- Vision “Zero work-related accidents” Reduce the number of cases and compensated days for work-related accidents to at least 20 % below the SUVA (Swiss National Accident Insurance Trust) average.
- Vision “Safe leisure time”: Reduce the number of cases and compensated days for non-work-related accidents to 10% below the actual average.

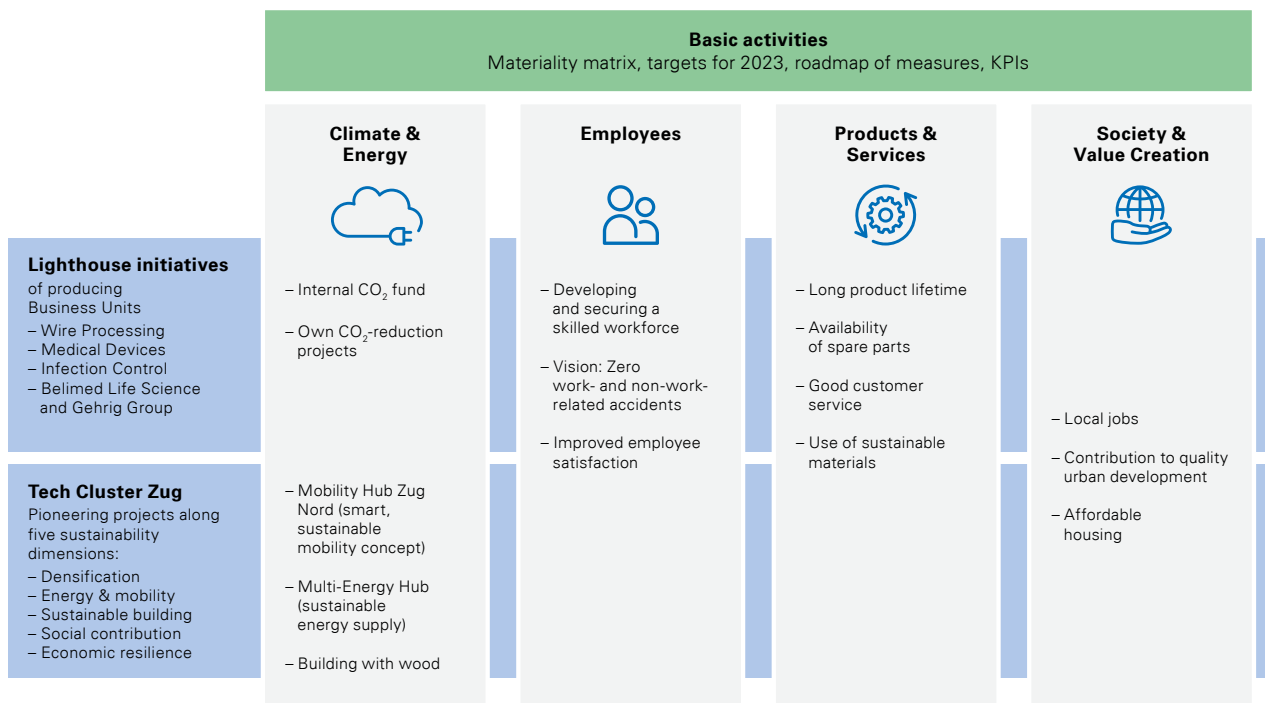
Climate & Energy:

- Metall Zug’s production sites in Switzerland are carbon-neutral in Scope 1 (heating and operating power, own vehicles) and Scope 2 (electricity) and Scope 3 (business air travel) in the 2019–2023 period. Carbon neutrality is achieved using the ‘cascade’ approach: 1. Avoid, 2. Reduce, 3. Compensate, 4. Remove.

Products & Services:

- A complete life cycle analysis is conducted for a selected product (top seller). The life cycle analysis encompasses raw material extraction and processing, production, transport, use and disposal. The findings serve as input for product development and help bring about improvements in relation to useful life, reuse and recycling.
- 90 % of own packaging material produced from renewable materials (wood, cardboard, biogenic material) is used.
- Supplier management incorporates material aspects of the sustainability strategy. The major logistics contractors must submit an annual CO₂ report.

In addition, “lighthouse initiatives” have been defined in order to set clear priorities. These are meant to develop a broad appeal both inside and outside the company and create intrinsic motivation leading to long-lasting engagement.



Internal CO₂ Fund

Continuously lowering CO₂ emissions is a key element of Metall Zug's sustainability strategy. The Swiss manufacturing companies in the Metall Zug Group have signed a target agreement with the federal government in which they commit to continually reducing CO₂ emissions.

To additionally motivate the Business Units to take sustainable business decisions, the main production companies have signed up to a contractually agreed internal CO₂ levy since 2018. At CHF 120 per tonne of carbon dioxide, the Group's own levy corresponds to the maximum rate set by the Swiss

Parliament in the CO₂ Act. The proceeds from the CO₂ levy flow into a common fund and are earmarked for investment in additional climate protection measures that are as local and closely aligned with the company's intentions as possible. Since the introduction of the internal levy effective 2018, the Business Units have paid around CHF 2.0 million into the fund in a gradually expanding scope. V-ZUG continues to contribute to the CO₂ fund even following its spin-off in mid-2020.

Ecological and social objectives have been added to the application forms for investments.

CO₂ emissions covered by the internal CO₂ levy in t CO₂-eq

Business Unit	2018 ¹⁾	2019 ¹⁾	2020 ²⁾
Wire Processing	363	217	432
Medical Devices	n/a	259	331
Infection Control	501	125	499
Others	n/a	415	198
Total	864	1016	1460

¹⁾ Production units in Switzerland, gradually included in Scope 1

²⁾ Production units in Switzerland in Scope 1, 2 and 3

Internal CO₂-reduction Projects

The money held in the CO₂ fund is to be distributed to proprietary projects to reduce CO₂. Potentially eligible projects are:

- Additional costs for the Zephyr Hangar West timber building for V-ZUG
- Conversion of heating to renewable energy at Schleuniger AG in Thun
- Photovoltaic system at Spectros AG (Ettingen, Switzerland)
- EV charging stations at the Tech Cluster Zug site

Climate Protection Projects to Reduce CO₂

In addition to the internal reduction projects, the remaining greenhouse gas emissions are to be compensated for using monies from the CO₂ fund. The production sites in Switzerland have gradually signed up to the CO₂ fund since 2018 and have paid a levy on their emissions to an increasing extent in Scope 1 (heating and operating power, own vehicles). The CO₂ emissions for the years 2018/2019 will now be compensated for retroactively to the same extent by means of certificates corresponding to 10 000 t of greenhouse gases (including V-ZUG).

The Swiss production sites will achieve carbon neutrality in accordance with the GHG Protocol in Scope 1 (heating and operating power, own vehicles), Scope 2 (electricity) and Scope 3 (business air travel) from 2020 onward by means of compensation. Further production sites outside Switzerland will also become carbon-neutral by 2023.

Key Performance Indicator Set

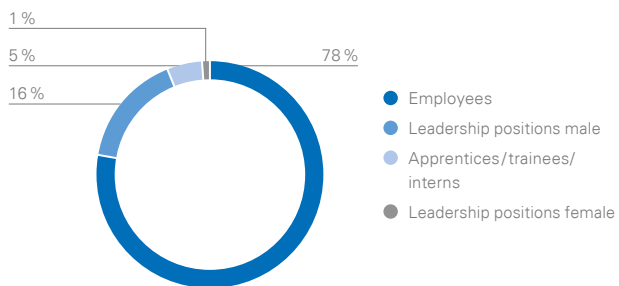
The implementation and progress of measures is assessed according to a set of key performance indicators (KPIs) and regularly reviewed by a steering committee made up of the CEOs of the Business Units and the Senior Management of Metall Zug.

In 2020, key figures were gathered for all the Swiss sites for the first time. The KPI set is gradually to be expanded to include every site in the Group by 2023. This set of indicators also serves as a framework for future measures and as a yardstick for progress made.

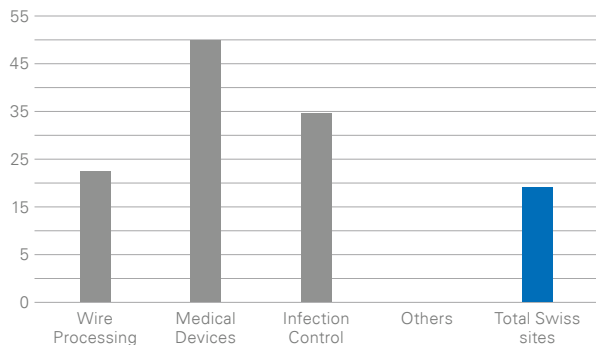
Selection of Sustainability KPIs for Swiss Sites

Employees

Number of employees: 1 075

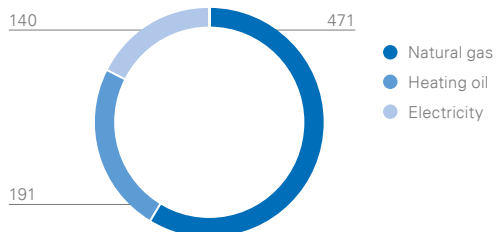


Share of leadership positions occupied by internal employees

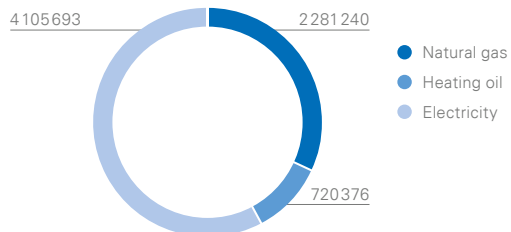


Climate and energy

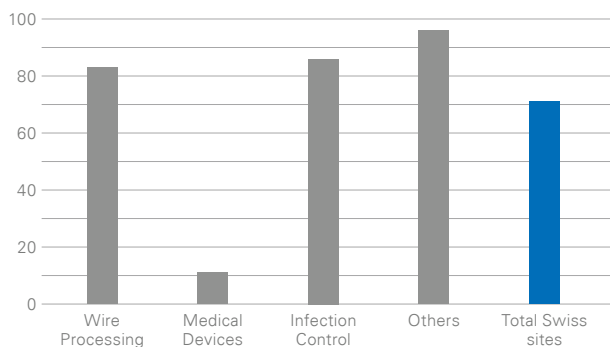
CO₂ emissions by heating and power consumption in CO₂-eq



Heating and power consumption in kWh



Share of packaging material from renewable materials in %



Group Structure

Operational organization of the Metall Zug Group (as at December 31, 2020)

Metall Zug Group Zug

Wire Processing

Schleuniger AG Thun

Schleuniger GmbH (DE)
Schleuniger Test Automation GmbH (DE)
Schleuniger, Inc. (US)
Schleuniger Japan Co., Ltd. (JP)
Schleuniger Trading (Shanghai) Co., Ltd. (CN)
Schleuniger Machinery (Tianjin) Co., Ltd. (CN)
Schleuniger S. de RL. de CV. (MX)
adaptronic Prüftechnik GmbH (DE)
DiIT GmbH (DE)
Cirris inc. (US)

Medical Devices

Haag-Streit Holding AG Köniz

Haag-Streit AG (CH)	Möller-Wedel Verwaltung GmbH (DE)
Haag-Streit Deutschland GmbH (DE)	Möller-Wedel Beteiligungen GmbH (DE)
Haag-Streit Surgical GmbH & Co KG (DE)	Clement Clarke (Holdings) Ltd. (UK)
Haag-Streit UK Ltd. (UK)	Clement Clarke International Ltd. (UK)
Haag-Streit USA Inc. (US)	John Weiss & Son, Ltd. (UK)
Haag-Streit Far East Ltd. (CN)	VRmagic Holding AG (DE)
Spectros AG (CH)	
HS Doms GmbH (DE)	
IPro GmbH EDV für Augenoptiker (DE)	
Möller-Wedel Optical GmbH (DE)	

Infection Control

Belimed AG Zug

Belimed GmbH (DE)
Belimed GmbH (AT)
Belimed SAS (FR)
Belimed B.V. (NL)
Belimed d.o.o. (SI)
Belimed Ltd. (UK)
Belimed, Inc. (US)
Belimed Medical Equipment (Shanghai) Co., Ltd. (CN)

Other

Metall Zug AG, Zug (CH)
Belimed Life Science AG (CH),
Belimed Life Science d.o.o (SI)
Gehrig Group AG (CH)

Technologycluster & Infrastructure

Tech Cluster Zug AG Zug

Urban Assets Zug AG (CH)

Corporate Governance

All information in this Corporate Governance Report refers to the situation as at December 31, 2020, or to the 2020 reporting year, unless stated otherwise. The Metall Zug Group complies with all the legal and regulatory requirements for corporate governance in Switzerland that the Group is subject to, including the principles of the "Swiss Code of Best Practice for Corporate Governance" (Swiss Code) issued by *economiesuisse*.

This Corporate Governance Report refers to the Metall Zug AG Articles of Association of May 5, 2017, and the Organizational Regulations of September 1, 2019. No material changes occurred between December 31, 2020, and the publication date of this Annual Report, other than the facts disclosed herein. The content, order and numbering of the following chapters are in line with those of the "Directive on Information relating to Corporate Governance" issued by SIX Swiss Exchange on June 20, 2019.

1 Group Structure and Shareholders

1.1 Group Structure

The operational group structure is illustrated on page 39 of this annual report. The management organization of the Metall Zug Group is generally based on decentralized responsibility.

The holding company, Metall Zug AG, headquartered in Zug, is the sole listed fully-consolidated company in the Group. The type B registered shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange, Zurich (securities number: 3982 108, ISIN CH0039821084). More detailed information on Metall Zug AG, including its stock market capitalization, is available on pages 11 and 12 of this Annual Report. The list of consolidated companies and their subsidiaries is shown in the Financial Report (see pages 69 and 70) and includes the material investments. This list also includes the main non-fully consolidated investments, including the 30 % stake in the publicly listed V-ZUG Holding AG.

Together with its subsidiaries, V-ZUG Holding AG was spun off from the Metall Zug Group on June 25, 2020, and listed on the SIX Exchange as an independent entity. Compared to the former Household Appliances Business Unit, the V-ZUG Group as it is now constituted under the umbrella of V-ZUG Holding AG differs as follows: Gehrig Group AG remains in the Metall Zug Group as a wholly owned subsidiary of Metall Zug AG and was not made part of the V-ZUG Group; Gehrig

Group AG forms part of the "Other" reporting segment of the Metall Zug Group, together with Belimed Life Science AG, Belimed Life Science d.o.o. and Metall Zug AG. In addition, the two companies previously belonging to the Technology-cluster & Infrastructure Business Unit, V-ZUG Infra AG and MZ Infra AG (renamed V-ZUG Assets AG on December 29, 2020), became part of the V-ZUG Group. As at the end of 2020, the Metall Zug Group's Technologycluster & Infrastructure Business Unit consists of the two companies Tech Cluster Zug AG and Urban Assets Zug AG (formerly V-ZUG Immobilien AG).

The V-ZUG spin-off took the form of a distribution of 4500000 of the total 6428571 registered shares of V-ZUG Holding AG ("V-ZUG shares") as a stock dividend: every shareholder of Metall Zug AG received an extraordinary stock dividend in the form of V-ZUG shares based on the number of registered shares of Metall Zug AG held by them. The V-ZUG shares were allocated in proportion to the respective par value: each type A Metall Zug registered share conferred entitlement to one V-ZUG share, and each type B Metall Zug registered share conferred entitlement to ten V-ZUG shares. Metall Zug AG currently holds 30.27 % of V-ZUG Holding AG.

1.2 Significant Shareholders

All the significant shareholders with voting rights in excess of 3 % who are known to Metall Zug AG as at December 31, 2020, are listed in the Financial Report (see page 82) under Note 20 ("Significant Shareholders"). Elisabeth Buhofer and Heinz M. Buhofer together with the Buhofer Trust I, a fixed-interest trust according to the law of Liechtenstein, own a total of 67.5 % of the voting rights in Metall Zug AG. By means of the Buhofer Trust I, alongside Elisabeth Buhofer and Heinz M. Buhofer, Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki also indirectly have a participating interest in Metall Zug AG.

In the reporting year, a disclosure notification was made on April 1, 2020, pursuant to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of June 19, 2015 (Financial Market Infrastructure Act), and the corresponding regulations. Further details of this and earlier disclosure notifications can be found on the website of the disclosure office, i.e. www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html.

1.3 Cross-shareholdings

There are no cross-shareholdings in excess of 5 % of capital or voting rights with any other party.

2 Capital Structure

2.1 Capital

The structure of the share capital and the ordinary capital is described in the Financial Report (see page 82) under Note 21 ("Shares").

2.2 Authorized and Conditional Capital

Metall Zug AG does not have any authorized or conditional capital.

2.3 Changes in Capital

Information on the changes in capital in the last two reporting years is set out in the Financial Report (see page 63) under "Changes in Shareholders' Equity". Information on the changes in capital in 2018 can be found on page 64 of the Annual Report 2019 under "Changes in Shareholders' Equity".

2.4 Shares and Participation Certificates

Detailed information on the shares of Metall Zug AG (number of shares, type and par value) is available in the Financial Report (see page 82) under Note 21 ("Shares").

The type A registered shares with a par value of CHF 2.50 are not listed. The type B registered shares with a par value of CHF 25.00 are listed on the Swiss Reporting Standard segment of SIX Swiss Exchange, Zurich (securities number: 3982108, ISIN CH0039821084). Dividend entitlement is in proportion to the share capital held. Each share entitles the holder to one vote.

Metall Zug AG has not issued any participation certificates.

2.5 Profit Sharing Certificates

Metall Zug AG has not issued any profit sharing certificates.

2.6 Limitations on Transferability and Nominee Registrations

In relation to the company, only those registered in the share register are recognized as shareholders. In accordance with Art. 10 of the Articles of Association, the transferability of registered shares is restricted as follows:

Acquirers of registered shares (of types A and B) are registered in the share register as shareholders with the right to vote, provided that:

- the recognition of an acquirer as a shareholder, according to the information available to the company, does not or could not prevent the company and/or its subsidiaries from providing the evidence required by law regarding the composition of its shareholder group and/or beneficial owners. The company particularly reserves the right to refuse entry in the share register if the acquirer does not prove that he is not a foreign non-resident pursuant to the Federal Act of December 16, 1983, on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents (ANRA) and if the company considers such registration could obstruct, threaten or prevent the provision of statutory evidence regarding Swiss control of the company, and
- they expressly declare that they have acquired the shares in their own name and for their own account.

In addition, the transfer of registered shares of type A is subject to approval by the Board of Directors in each instance. Approval can be denied for good cause. This includes:

- keeping away buyers who operate a business that competes with the purpose of the company, who have a participating interest in such a business or who are employed by such a business;
- to ensure that the company remains independent based on the voting-rights-related control of the group of current registered shareholders. Usually, spouses and descendants of the current circle of shareholders must be admitted;
- to acquire or to hold shares on behalf of third parties or in the interests of third parties.

Approval can also be denied without giving reasons, provided that the Board of Directors acquires the type A shares (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted.

In financial year 2020, the company did not refuse transfers or approve any exceptions for type A registered shares or type B registered shares.

Metall Zug AG does not provide registration of nominees. To date, no need has been expressed by shareholders for registration of this kind. For the procedure and conditions for canceling the restrictions on transferability, see section 6.2 of this Corporate Governance report.

2.7 Convertible Bonds and Options

Metall Zug AG does not have any outstanding convertible bonds or options.

3 Board of Directors

3.1 Members of the Board of Directors

Since the General Meeting of Shareholders of April 24, 2020, which in compliance with the Ordinance on Measures to Combat the Coronavirus (COVID-19) took place without the shareholders being physically present, the Board of Directors has comprised six members. In accordance with the term limits set down in the Articles of Association, Marga Gyger did not stand for reelection. An overview of the members in the reporting year, providing information on nationality, age, function, first election and term of office, is available on pages 44 to 46. All current members of the Board of Directors are non-executive with the exception of Heinz M. Buhofer, who assumed the office of ad interim CEO of the Household Appliances Business Unit, i.e. the V-ZUG Group, from September 1, 2019, to August 31, 2020.

With the exception of Heinz M. Buhofer as mentioned, the members of the Board of Directors did not belong to the Senior Management of Metall Zug AG nor to the Senior Management of a Group company in the three financial years preceding the reporting year, and they do not have any significant business connections with Metall Zug AG or the Metall Zug Group.

3.2 Other Activities and Vested Interests

Apart from the functions mentioned, none of the members of the Board of Directors has a permanent management or advisory function for an important interest group, nor an official function or political post.

3.3 Number of Permitted Additional Mandates (Board of Directors)

	Members of the Board of Directors and of Senior Management
Mandates in listed companies	5
Mandates in other, non-listed legal entities with compensation	15
Mandates in non-profit or charitable legal entities (e.g. associations and other charitable, social, cultural or sports organizations, professional or industry associations, foundations, trusts and pension schemes) outside the Metall Zug Group	10

In accordance with Art. 25e of the Articles of Association, the number of permitted activities of the members of the Board of Directors and of Senior Management in the top supervisory or management bodies of legal entities that are obliged to be entered in the Commercial Register or in a correspond-

ing foreign register, and which are not controlled by the company or do not control the company, is restricted as follows: Mandates are deemed to be mandates in the highest governance body of a legal entity. Mandates in a number of different legal entities under uniform control count as a single mandate. Insofar as the company holds an ownership interest in another company and a member of the Board of Directors or of Senior Management holds a mandate in such company on the instruction of and in the interests of the company, such a mandate does not count as an additional mandate. The figures above are cumulative; the mandate at Metall Zug has not been taken into account. In calculating the number of mandates, a chairmanship counts double.

Members of the Board of Directors are elected by the General Meeting of Shareholders, on an individual basis and for a period of one year in each case. They may be reelected at any time but must step down upon reaching the age of 70, i.e. on the date of the subsequent General Meeting of Shareholders. This does not apply to members of the Board of Directors who have been involved with the Metall Zug Group for less than six years at that time. They may be elected for up to nine years (Art. 18 of the Articles of Association). Details of when each member was first elected to the Board of Directors can be found on pages 44 to 46.

The Chairman of the Board of Directors, the members of the Human Resources and Compensation Committee and the independent representatives are elected directly by the General Meeting of Shareholders for a term of one year (Art. 16a and 18 of the Articles of Association).

3.5 Internal Organizational Structure

According to the law, the Board of Directors holds the highest decision-making power and specifies, among other things, the organizational, financial-planning-related and accounting-related directives that Metall Zug AG and the Metall Zug Group undertake to comply with. Decisions are made by the entire Board of Directors with the Board of Directors being assisted by the following two committees: the Audit Committee and the Human Resources and Compensation Committee. The latter is assigned all the duties and responsibilities imposed on compensation committees by the Ordinance of November 20, 2013, against Excessive Remuneration in Listed Companies Limited by Shares (ERCO). The Board of Directors of Metall Zug AG is responsible for overall supervision and exerts an influence on the strategic direction of the individual Business Units and subsidiaries, allocates the financial resources, appoints the members of Senior Management, and is involved in the staffing of further top executive positions. It is supported in these tasks by the Audit Committee, the Human Resources and Compensation Committee

and the Senior Management. The Board of Directors may issue guidelines and recommendations to the subsidiaries for the purpose of realizing a coherent business policy.

The temporary V-ZUG project team set up by the Board of Directors effective September 1, 2019 (to act as strategic management for the Household Appliances Business Unit and steering committee for the V-ZUG Group spin-off), was dissolved on May 19, 2020, and its powers transferred back to the newly elected Board of Directors of V-ZUG Holding AG. The V-ZUG project team comprised Martin Wipfli, Jürg Werner and Oliver Riemenschneider (Chairman of the Board of Directors of V-ZUG Holding AG). In his capacity as ad interim CEO of V-ZUG, Heinz M. Buhofer was a regular guest at the meetings of the V-ZUG project team.

The Board of Directors of Metall Zug AG has delegated responsibility for the day-to-day management of the business of Metall Zug AG to the Senior Management and responsibility for the Business Units to the respective Business Unit heads (Boards of Directors of the respective highest-ranking subsidiaries and the Senior Managements of the respective Business Units). In the reporting year, the Board of Directors met for four ordinary meetings. The ordinary meetings typically lasted half a day or a full day. In addition, the Board of Directors met for two workshops or special meetings at which selected topics relating to the strategy of the Metall Zug Group and its Business Units were addressed. The agenda items for the meetings of the Board of Directors are specified by the Chairman and prepared by the Secretary together with the Senior Management and the subsidiaries. Every member of the Board of Directors and every member of the Senior Management is entitled to request the summoning of a meeting, upon specification of the meeting's purpose. As a rule, the members of the Board of Directors receive the invitation to the meeting no later than ten days prior to the meeting of the Board of Directors, along with the documentation that allows them to prepare for the discussion of the agenda items. Furthermore, the Board of Directors regularly takes decisions by circular vote.

Audit Committee

The Audit Committee met four times in the reporting year. It makes an independent assessment of the quality of the annual financial statements and discusses these with Senior Management and the external auditors. The Audit Committee proposes to the Board of Directors whether the financial statements may be recommended for submission to the General Meeting of Shareholders. The Audit Committee nominates the internal auditors, determines the organization of the internal audit department, assigns tasks to it and forwards its reports to the entire Board of Directors. It sets up the audit plan, defines the audit scope for internal and external auditing and evaluates the cooperation between internal and external auditors and their effectiveness. The Audit Committee assesses the efficiency of the internal control system considering risk management and evaluates compliance with laws, regulations and accounting standards as well as adherence to internal rules and directives. It also assesses the external auditors' performance and their remuneration. The Audit Committee ensures that the external auditors are independent and assesses the compatibility of their auditing function with any advisory mandates. Since the General Meeting of Shareholders of April 24, 2020, the Audit Committee comprises Heinz M. Buhofer, Chairman, and Martin Wipfli. Marga Gyger (former Member of the Board of Directors) and Dominik Berchtold (Member of the Board of Directors) are no longer members of the Audit Committee. Sandra Emme (Member of the Board of Directors) took part in two meetings as a guest. The external auditors and internal auditors generally participate in the meetings of the Audit Committee. While the external and internal auditors and the CFO took part in all the meetings, other members of the Board of Directors and of Senior Management were represented as required for selected agenda items.

Board of Directors



Martin Wipfli (CH) b. 1963
Chairman of the Board of Directors since
September 1, 2019 (non-executive)



Dominik Berchtold (CH) b. 1971
Member of the Board of Directors
(non-executive)



Heinz M. Buhofer (CH) b. 1956
Member of the Board of Directors
(executive function at V-ZUG from
September 1, 2019, to August 31, 2020,
otherwise non-executive)



Sandra Emme (DE & CH) b. 1972
Member of the Board of Directors
(non-executive)



Claudia Pletscher (CH) b. 1974
Member of the Board of Directors
(non-executive)



Peter Terwiesch (DE & CH) b. 1966
Member of the Board of Directors
(non-executive)

Martin Wipfli (CH) b. 1963

Attorney-at-law, University of Bern

- Chairman of the Board of Directors since September 1, 2019 (non-executive)
- First elected as Member of the Board of Directors: 2010
- Elected until: General Meeting of Shareholders 2021

Professional background:

Managing Partner of Baryon AG, Zurich, since 1998.

Previous operational activities for the Metall Zug Group:

None

Other functions within the Metall Zug Group:

Chairman of the Board of Directors of Tech Cluster Zug AG and Urban Assets Zug AG (from March 2020); Member of the Audit Committee (Chairman until April 2020); Chairman of the Board of Directors of Haag-Streit Holding AG (until May 2020); Chairman of the V-ZUG project team (until May 2020)

Activities in governing and supervisory bodies:

Chairman of the Board of Directors of Elma Electronic AG, Wetzikon and of nebag ag, Zurich; Member of the Board of Directors of Zug Estates Holding AG, Zug, and of other non-listed companies.

Political offices:

Head of the Municipal Council of Feusisberg.

Dominik Berchtold (CH) b. 1971

Master's degree in business management, University of Fribourg, Switzerland

- Member of the Board of Directors (non-executive)
- First elected as Member of the Board of Directors: 2019
- Elected until: General Meeting of Shareholders 2021

Professional background:

Founder and CEO of ViAir AG, Zug, since 2019; CEO of the Zehnder Group, Gränichen, 2013–2018 (2013–2014 designated CEO); CFO of the Zehnder Group, 2008–2012; Director of Business Development Zehnder Group, 2006–2008.

Previous operational activities for the Metall Zug Group:

None

Other functions within the Metall Zug Group:

Member of the Audit Committee (until April 2020).

Activities in governing and supervisory bodies:

Chairman of the Board of Directors of ViAir AG, Zug; member of the Offering Board, Viessmann Group, Allendorf (DE).

Heinz M. Buhofer (CH) b. 1956

lic. oec. HSG, University of St. Gallen

- Member of the Board of Directors (executive function) at V-ZUG from September 1, 2019, to August 31, 2020, otherwise non-executive), Chairman of the Board of Directors from 2013 to August 31, 2019
- First elected as Member of the Board of Directors: 1997
- Elected until: General Meeting of Shareholders 2021

Professional background and current and previous**operational activities for the Metall Zug Group:**

CEO a.i. V-ZUG AG, Zug, and Household Appliances Business Unit (from September 1, 2019 to August 31, 2020); member of the Board of Directors of Zug Estates Holding AG, Zug, 2012–2018 (Chairman until 2014); Chief Executive Officer of Metall Zug AG, 2002–2008; various operational functions at the former Group company MZ-Immobilien AG, Zug, 1984–1997.

Other functions within the Metall Zug Group:

Chairman of the Human Resources and Compensation Committee; Chairman of the Audit Committee (since April 2020); member of the Board of Directors of Belimed Life Science AG; member of the Board of Directors of Belimed AG; member of the Board of Directors Tech Cluster Zug AG and Urban Assets Zug AG.

Activities in governing and supervisory bodies:

Member of the Board of Directors of WWZ AG, Zug.

Sandra Emme (DE & CH) b. 1972

Master of Arts in Business and International Management, University of Bremen

- and Ecole Supérieure de Commerce, Marseille
- Member of the Board of Directors (non-executive)
- First elected as Member of the Board of Directors: 2019
- Elected until: General Meeting of Shareholders 2021

Professional background:

Industry Leader Cloud Enterprise Google, Zurich, since April 2019; lecturer in leading digital business transformation at IMD Business School, Lausanne, since 2015; various executive positions with Google, Zurich, 2011–2019; co-founder and online marketing consultant Swixpert Ltd., Feusisberg, 2009–2011; co-founder and business development director of SoftThinks USA Inc., 2001–2008; co-founder and business development director of AS Media Sarl., Marseille, 1997–2000.

Previous operational activities for the Metall Zug Group:

None

Activities in governing and supervisory bodies:

Member of the Board of Directors of Belimo Holding AG, Hinwil.

Claudia Pletscher (CH) b. 1974

Master's degree in law, Universities of Bern and Poitiers, MBA from Henley Business School (UK)

- Member of the Board of Directors (non-executive)
- First elected as Member of the Board of Directors: 2019
- Elected until: General Meeting of Shareholders 2021

Professional background:

Head of Development and Innovation and a member of the extended Executive Management Board of Swiss Post Ltd., Bern, 2014 to 2020; various executive positions with IBM (Switzerland), 2003 to 2014.

Previous operational activities for the Metall Zug Group:
None

Activities in governing and supervisory bodies:

Member of the Board of Directors of SwissSign Group AG, Opfikon; member of the Patronage Committee of the Swissdec Association, Lucerne; member of the Digital Advisory Board of the University of Zurich; member of the Digital Advisory Board of V-ZUG Holding AG, Zug; Chair of the RIVA DIGITAL Association, Zurich

Peter Terwiesch (DE & CH) b. 1966

Doctorate in technical sciences (electrical engineering), Swiss Federal Institute of Technology (ETH)

- Member of the Board of Directors (non-executive)
- First elected as Member of the Board of Directors: 2010
- Elected until: General Meeting of Shareholders 2021

Professional background:

President of the Process Automation Division and member of the Group Executive Committee of the ABB Group, Zurich, since 2015; CEO of ABB AG, Germany, 2011–2014; Chief Technology Officer of ABB Group, Zurich, 2005–2011; Head of ABB Automation GmbH Germany, 2003–2005; Head of the Industrial Division of ABB Switzerland, 2001–2002 and Head of ABB Corporate Research Limited, Switzerland, 1999–2001.

Other functions within the Metall Zug Group: Member of the Human Resources and Compensation Committee.

Activities in governing and supervisory bodies:

Several mandates in companies within the ABB Group.

Marga Gyger (DE & CH) b. 1945

(left the Board of Directors on April 24, 2020)

Graduate of the Foreign Studies and Interpreter Institute of the Johannes Gutenberg University, Mainz

- Member of the Board of Directors until April 24, 2020 (non-executive)
- First elected as Member of the Board of Directors: 2011
- Elected until: General Meeting of Shareholders 2020 (in accordance with the term limits set down in the Articles of Association, Marga Gyger did not stand for reelection)

Professional background:

Corporate Consultant of Franke Artemis Management AG, Aarburg, since 2010; CEO of Franke Coffee Systems, Aarburg, 2004–2010, and member of the Expanded Group Management of Franke Group, 2007–2010; managing director of various Franke Coffee Systems companies in Switzerland and Germany, 1994–2003.

Previous operational activities for the Metall Zug Group:
None

Other functions within the Metall Zug Group:

Member of the Board of Directors of Gehrig Group AG (Chairwoman until 2016); Member of the Audit Committee (until April 24, 2020).

Activities in governing and supervisory bodies:

Member of the Board of Directors of Novelteak AG, Baar, and Novamem AG, Zurich.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee met three times in the reporting year and held three additional ordinary meetings and two extraordinary meetings by telephone conference. As well as performing the duties and responsibilities assigned to the Compensation Committee under the ERCO, the Human Resources and Compensation Committee develops the principles of corporate governance, which are then submitted to the Board of Directors for approval. This also includes periodic revision of the composition and size of the Board of Directors and its committees and of the Board of Directors of each subsidiary. In addition, the Committee proposes to the Board of Directors qualified candidates for the various bodies and also submits proposals to the Board of Directors regarding the compensation of the Board of Directors and Senior Management. It further develops and reviews the objectives and principles of human resources policy for approval by the Board of Directors, prepares the appointment of members of Senior Management and approves selected personnel decisions. Finally, it reviews the basic structures in the area of the pension fund with regard to the scope and content of benefits, reviews the annual appraisal of the members of Senior Management of Metall Zug AG as well as the CEOs of the Business Units, and keeps itself informed about employee development and HR succession planning. The Human Resources and Compensation Committee comprises Heinz M. Buhofer, Chairman, and Peter Terwiesch. The CFO attends the Human Resources and Compensation Committee meetings as a regular guest, except for topics related to himself.

3.6 Definition of Areas of Responsibility

Metall Zug AG announced in 2019 that it intends to move away from being an industrial group of companies and instead to confine itself to the role of strategic anchor shareholder in the form of a holding company with a diversified portfolio of substantial investments. This can mean Business Units being given legal autonomy and independence in implementing their strategies. This transformation will take several years to complete. In this context, the group and organizational structure is to be adapted gradually, with the spin-off of V-ZUG Holding AG representing a first step in this direction. In 2019, various responsibilities assigned to the CEO of Metall Zug AG were also transferred to the Boards of Directors of the respective principal companies of the Business Units.

The definition of areas of responsibility for the Board of Directors and Senior Management is based on the Organizational Regulations of September 1, 2019, the current version of which is available (in German) at www.metallzug.ch/en/ueber-uns/corporate-governance. In addition, there is a set of guidelines in force (Group Governance Guidelines of June 25, 2020) which governs the organization of the Group as resolved by the Board of Directors, the areas of responsibility and duties of the Senior Management of Metall Zug AG and of the Boards of Directors and Senior Managements of the Business Units and subsidiaries. These Group Governance Guidelines also govern fundamental compliance aspects which apply to the entire Metall Zug Group. They also form the legal basis for the issuing of further sets of rules within the Metall Zug Group and refer to these. The Group Governance Guidelines are supplemented by a comprehensive competency matrix, which defines the responsibilities and powers of the various bodies at the Metall Zug AG level and the Business Unit level within the Metall Zug Group in general and for different business cases. To the extent that existing regulations at Business Unit or subsidiary level have not yet been adapted in line with the Organizational Regulations and the Group Governance Guidelines, the latter prevail.

The Board of Directors delegates the management of the business of Metall Zug AG to the Senior Management, whose responsibilities are essentially restricted to matters concerning Metall Zug AG. Moreover, the Senior Management is also responsible for all aspects of the Metall Zug Group in connection with investor relations and compliance, accounting and controlling, risk management, internal auditing and M&A activities in accordance with section 4.2 of the Organizational Regulations. The Board of Directors has delegated conduct of the business of the Business Units to the respective Senior Managements (Boards of Directors of the respective highest-ranking subsidiaries of the Business Units, and Senior Managements of the respective Business Units). With regard to the Business Units, the management structure is thus based on the formation of areas of responsibility with wide business management powers and business responsibility. The Chairman of the Board of Directors of the respective highest-ranking subsidiaries and the CEO of a Business Unit will, as a rule, represent the respective Business Unit vis-a-vis the Board of Directors of Metall Zug AG. Within each Business Unit, management generally takes place along reporting lines.

3.7 Information and Control Instruments vis-a-vis Senior Management

Detailed governance and management information is produced semi-annually in the Metall Zug Group in the form of separate financial statements (income statement, balance sheet and statement of cash flows) of the individual subsidiaries and in the form of consolidated financial statements of the Business Units and the Metall Zug Group. These are submitted to both the Audit Committee and the Board of Directors and commented on in detail by the Senior Management. Depending on the size and the risks of the business, separate financial statements may also be produced either monthly or quarterly. The results are prepared for each Business Unit and are consolidated for the Metall Zug Group. In each case, results are compared to the prior-year period and to the budget. The achievability of budgets is reviewed several times a year on the basis of forecasts. The heads of the Business Units submit regular reports on results and on the progress of budget achievement to the Board of Directors of the respective highest-ranking subsidiary of the Business Unit and to the Senior Management of Metall Zug AG. The members of the Board of Directors of Metall Zug AG and of the respective highest-ranking subsidiary receive, on a monthly basis, the key figures and written comments on other aspects of the operations of the Business Units and on the relevant market environment. In addition, key figures and brief commentaries on the course of business at the level of the Metall Zug Group are provided to the Board of Directors on a monthly basis along with a rolling three-month forecast. At meetings of the Board of Directors, the Senior Management and the Business Unit heads provide comprehensive information about the course of business in the Business Units and the Group.

The internal auditors conducted four audits in the reporting year. The results of each audit are discussed in detail with the respective companies and Business Units, and the key measures are agreed. The Chairman of the Board of Directors, members of the Audit Committee, members of Senior Management, and other line managers of the head of the audited unit receive a copy of each audit report. In addition, the reports and the key measures agreed are discussed by the Audit Committee. The internal audit unit is administratively subordinated to the CFO, but reports on functional issues to the Chairman of the Audit Committee.

The Metall Zug Group has put in place an appropriate system for monitoring and managing the risks associated with the company's activities. Risk management is a structured process that basically comprises all hierarchical levels and involves risk identification, risk analysis, risk management and risk reporting. The Business Unit heads are responsible for monitoring and managing their risks at an operational level. In all Business Units, certain persons are assigned responsibility for significant individual risks. These persons are responsible for taking concrete measures to manage these risks and for monitoring their implementation. On behalf of the Audit Committee, a risk report is drawn up at regular intervals (generally once a year) for submission to the Board of Directors.

In terms of insurance, the companies in the Metall Zug Group enjoy risk-compatible cover in line with the industry and are insured appropriately against operational risks such as damage to property, business interruption and third-party liability.

In terms of business risks, the Metall Zug Group deals with interest-rate and currency risks in addition to those set out under the risk management system above. Currency risks are basically evaluated on a decentralized basis by the Business Units and hedged on a case-by-case basis. As a rule, hedging transactions are approved by the CFO in line with the applicable regulations.

4 Senior Management

4.1 Members of Senior Management

Daniel Keist, CFO, is the sole member of the Senior Management of Metall Zug AG; since April 1, 2020, he has additionally taken on the responsibilities of the CEO. Jürg Werner stepped down as CEO and left the Senior Management on March 31, 2020, to take early retirement. All Business Unit heads report to the Board of Directors of the main company of their respective Business Unit (Belimed AG, Haag-Streit Holding AG, Schleuniger AG, Tech Cluster Zug AG, and in the "Other" reporting segment to the Board of Directors either of Belimed Life Science AG or Gehrig Group AG). Information on the nationality, age and function of the members of Senior Management in the reporting year is set out in section 4.2.

4.2 Other Activities and Vested Interests

The following disclosures concern other activities and vested interests of the members of the Senior Management of Metall Zug AG. Apart from the functions mentioned, none of the members of Senior Management has a permanent management or advisory function for an important interest group, nor an official function or political post.



Daniel Keist (CH) b. 1957

lic. oec. HSG, University of St. Gallen
CFO of Metall Zug AG since January 1, 2013
and also acting CEO since April 1, 2020.

Professional background:

Forbo Holding AG, Head of Corporate Center and member of the Executive Board, 2007–2012; SIX Swiss Exchange, Head of Admissions and member of the Group Executive Board, 2003–2007; Ernst & Young AG, Corporate Finance/Head of Capital Markets, partner, 2001–2003; Selecta Group, Director of Strategy and Business Development, from 2000 CFO, member of the Executive Board, 1998–2001; UBS, Corporate Finance Advisory Switzerland, Co-Head of "Investment Banking Equity and Advisory", 1984–1998; Sulzer AG, Controller, 1982–1984.

Activities in governing and supervisory bodies:

Member of the Regulatory Board of SIX Exchange Regulation AG; member of the Board of Directors of Transmission Technology Holding AG, Zug (forteq Group).

Dr. Jürg Werner (CH) b. 1956

(left the Senior Management effective
March 31, 2020)

Doctorate in technical sciences,
Swiss Federal Institute of Technology (ETH) Zurich,
postgraduate degree in business management.
CEO of Metall Zug AG from June 1, 2012 to March 31, 2020.

Professional background:

CEO of V-ZUG AG, 2010–2013; COO of V-ZUG AG, 2010;
Head of Development V-ZUG AG and Member of
the Executive Board, 1996–2009; Head of Fire Detector
Development at Cerberus AG, 1989–1996; researcher
at Bell Communications Research Inc., USA, 1987–1989;
scientific assistant Swiss Federal Institute of Technology
ETH Zurich, 1981–1987.

Activities in governing and supervisory bodies:

Chairman of the Board of the Swiss Association
for Standardization (SNV); member of the DIN Presidial
Board; member of the Industrial Advisory Board
of the Department of Mechanical and Process Engineering,
ETH Zurich, of the Advisory Board of ZHAW Life Sciences
and Facility Management and of the Swiss Academy
of Technical Sciences (SATW).

**4.3 Number of Permitted Additional
Mandates (Senior Management)**

The number of permitted activities of the members of Senior Management in the top supervisory or management bodies of legal entities corresponds to the rules for members of the Board of Directors, which are explained in section 3.3 of this Corporate Governance Report. Members of Senior Management generally require the approval of the Board of Directors before taking up external mandates.

4.4 Management Contracts

Metall Zug AG has not concluded any management contracts with third parties.

**5 Compensations, Shareholdings and Loans:
Compensation Report**

For disclosures regarding compensation, please refer to the separate Compensation Report published on p. 52 et seq.

6 Shareholders' Participation

6.1 Voting Rights and Representation Restrictions

All shareholders may attend the General Meeting of Shareholders in person to exercise their rights or act at the General Meeting of Shareholders through written proxy to a duly authorized person, who is also a shareholder, or the independent representative. However, this remains subject to any extraordinary legal provisions or orders of the authorities, particularly those based on Ordinance 3 on Measures to Combat the Coronavirus (COVID-19).

The independent representative is obliged to exercise the voting rights transferred to him by the shareholders in accordance with their instructions. Pursuant to Art. 16a of the Articles of Association, the Board of Directors ensures that shareholders have the opportunity to

- submit instructions to the independent representative on every motion relating to agenda items mentioned in the invitation to the meeting,
 - submit general instructions to the independent representative regarding unannounced motions and new agenda items,
 - submit proxies and instructions electronically,
- whereas the Board of Directors sets the rules for the procedure and deadlines for the electronic submission of proxies and instructions.

6.2 Statutory Quorums

In addition to the instances stated in Article 704 of the Swiss Code of Obligations (CO), resolutions on

- the restriction of the transferability of registered shares and the easing or cancellation of such restriction;
- the dissolution of the company by liquidation

require the approval of at least two-thirds of the votes of the shares represented and the absolute majority of the share par value represented.

In all other instances, the General Meeting of Shareholders of Metall Zug AG adopts resolutions and holds elections by the majority of votes validly cast (excluding blank and invalid ballot papers) unless otherwise provided by law or the Articles of Association.

6.3 Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by the Board of Directors or, where necessary, by the external auditors. The liquidators are also entitled to convene a general meeting.

6.4 Agenda Items

In principle, items are placed on the agenda in compliance with the legal provisions. Shareholders representing shares with a par value of at least one million Swiss francs may request in writing, and upon specification of the motion, inclusion of an item in the agenda within 50 days prior to the general meeting unless the company sets a different deadline by means of publication. The written request must be accompanied by a statement issued by a bank, confirming that the shares are deposited until after the General Meeting of Shareholders.

6.5 Entries in the Share Register

Only those registered shareholders who are listed in the share register as shareholders with the right to vote on a given cut-off date may exercise the right to vote at the General Meeting of Shareholders. The company's Articles of Association, issued on May 5, 2017, do not contain any rules regarding the cut-off date. It is determined by the Board of Directors and generally fixed for a date a few days prior to the General Meeting of Shareholders. The cut-off date is published along with the invitation to the General Meeting of Shareholders in the Swiss Official Gazette of Commerce (SOGC). There are no exceptions to the cut-off date rule.

7 Changes of Control and Defense Measures

7.1 Duty to Make an Offer

The duty to make a public offer to purchase in accordance with Articles 135 and 163 of the Financial Market Infrastructure Act has been waived (opting out) in accordance with Art. 6 of the Articles of Association.

7.2 Clauses on Changes of Control

In the event of a change of control, Metall Zug AG is not obliged to make any additional payments for the benefit of members of the Board of Directors, members of Senior Management or any other executives.

8 Auditors

8.1 Duration of the Mandate and Term of Office of the Lead Auditor

Auditors: Ernst & Young AG, Zug.

Duration of mandate: since 2006.

Lead auditor: Christoph Michel.

Assumption of office of the lead auditor: 2020.

8.2 Auditing Fees

In the reporting year, the independent auditors, in particular Ernst & Young AG, charged Metall Zug AG, or the Metall Zug Group respectively, TCHF 945 for services related to the audit of the annual financial statements of Metall Zug AG and its subsidiaries, as well as for services related to the audit of the consolidated financial statements of the Metall Zug Group.

8.3 Additional Fees

The independent auditors charged Metall Zug AG, or the Metall Zug Group respectively, additional fees of approximately TCHF 134, of which TCHF 75 was for audit-related additional services and TCHF 59 for tax consulting services.

8.4 Informational Instruments pertaining to the External Audit

The external auditors are elected by the General Meeting of Shareholders for a period of one year. The lead external auditor is replaced at the latest after seven years. The Audit Committee is responsible for evaluating the external auditors. At least once a year, the members of the Audit Committee receive from the external auditors a summary of the audit results including suggestions for improvements or other findings developed by the external auditors in the scope of their audit activities. The lead external auditor is invited to all meetings of the Audit Committee. In 2020, he took part in all four meetings of the committee. The Audit Committee assesses the performance of the external auditors on the basis of the documents, reports and presentations issued by the external auditors. In doing so, the Audit Committee evaluates the quality, relevance and contribution toward improving transparency on the basis of the statements and documentation made available by the external auditors. In addition, the committee seeks the opinion of the CFO. The amount of fees charged by the external auditors is reviewed and compared with the auditing fees of other comparable Swiss industrial companies on a regular basis. Further information on the external auditors, in particular the amount of auditing fees, and fees charged by the

external auditors for additional services outside the agreed audit scope can be found in sections 8.2 and 8.3 of this Corporate Governance Report. The Audit Committee takes care to ensure that the fees for services that fall outside the agreed audit scope do not exceed a reasonable amount, in order to safeguard the independence of the external auditors.

9 Information Policy

Metall Zug AG and the Metall Zug Group pursue a transparent information policy toward the public and the financial markets. Metall Zug AG communicates openly and regularly with shareholders, the capital market and the general public. The CFO and Head of Corporate Communications & Investor Relations serve as direct points of contact.

Shareholders receive a hard copy of the annual report and the half-year report if explicitly requested. Full versions of the annual report and half-year report are available online at www.metallzug.ch/en/investoren/geschaeftsberichte-praesentationen. A media and analysts conference is held at least once a year.

Media releases are issued when an important event occurs. Current media releases and the media releases published in the last few years can be accessed at www.metallzug.ch/en/medien/medienmitteilungen. The financial calendar is available at www.metallzug.ch/en/investoren/kalender and general information about Metall Zug AG and the Metall Zug Group can be found at www.metallzug.ch/en/.

At www.metallzug.ch/en/news-service, interested persons can subscribe to a mailing list to receive ad hoc releases and further company information. The contact details for queries regarding Investor Relations can be found at www.metallzug.ch/en/kontakt.

Compensation Report

Compensation Report

The Compensation Report describes the compensation principles and governance framework for compensation to the Board of Directors and Senior Management of Metall Zug AG in financial year 2020. It has been prepared in accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares of November 20, 2013, (ERCO), and the principles of the Swiss Code of Best Practice for Corporate Governance (Swiss Code) issued by *economiesuisse*.

General

The members of the Board of Directors and members of Senior Management of Metall Zug AG are entitled to compensation commensurate with their activities, and to the usual social insurance as well as reimbursement of the expenses incurred in the interests of the company. The following report for financial year 2020 is based on the revised Compensation Regulations of June 19, 2020 (valid from May 1, 2020).

The Group's compensation policy provides an adequate basis for the performance-based remuneration and motivation of the employees and managers in line with the market. The compensation system does not provide for any long-term incentive in the form of compensation components that are deferred, vested or blocked for a number of years or share-based compensation dependent upon the attainment of medium- or longer-term goals. The Board of Directors decided against such a long-term incentive and aims to align the interests of managers with those of the company by other means.

In accordance with Art. 25d of the Articles of Association, pensions and other post-employment benefits are only paid to the members of Senior Management and members of the Board of Directors by pension funds (including insurance companies, collective foundations or similar second-pillar institutions); the respective benefits and employer contributions are determined by the applicable regulations. In connection with early retirement, the company can provide bridging benefits amounting to no more than 80 % of the fixed compensation of the last financial year before early retirement to the insured persons or pay additional contributions to the pension fund up to the same maximum amount.

Compensation System for the Board of Directors

The members of the Board of Directors receive a fixed compensation for their work as well as a lump-sum reimbursement of business expenses. Members of the Board of Directors who serve as Chairman of the Board of Directors or as chairman or member of a committee or who perform special tasks (e.g. sitting on the Board of Directors of subsidiaries) receive an additional fee for this additional function. The Corporate Governance Report (see pages 40 to 43) lists the additional tasks performed by members of the Board of Directors of Metall Zug AG on committees, their directorships and further functions at Group companies in the reporting year.

The compensation of the Board of Directors is determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors on an annual basis, usually in the first quarter of the year, for the period from the ordinary General Meeting of Shareholders to the ordinary General Meeting of Shareholders of the following year and presented to the General Meeting of Shareholders for approval in accordance with Art. 25c of the Articles of Association.

Compensation System for Senior Management

The compensation of the members of Senior Management consists of a fixed basic salary and a performance-related variable compensation. In addition, the members of Senior Management receive a lump-sum expenses allowance.

The amount of the fixed compensation is determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors, taking into account the fixed component agreed with Senior Management in their employment contracts, in the fourth quarter for the following financial year, with reference to the total amount approved by the General Meeting of Shareholders. Approval of the total amount available for the fixed compensation of the members of Senior Management is given by the General Meeting of Shareholders in accordance with Art. 25c of the Articles of Association for the following calendar year (prospective model).

If an approved total amount for the compensation of the Senior Management is not sufficient to compensate the members appointed after the resolution by the General Meeting of Shareholders until the start of the next approval period, in accordance with Art. 25c of the Articles of Association an additional amount of no more than 40 % of the previously approved total compensation for Senior Management per person is available to the company for the approval period in question.

Variable compensation may not exceed 100 % of the fixed component. In accordance with Art. 25b of the Articles of Association, it is linked to qualitative and quantitative objectives, the structure of which may be determined by the Human Resources and Compensation Committee with full discretion, taking into consideration the function of the member of Senior Management in question.

Depending on the function, the quantitative targets refer to key figures at Group, Business Unit and/or project level. Starting with the budgeted figures, when setting the key performance indicators, the Human Resources and Compensation Committee takes the current environment, the previous year's provisional results and the 'tension' within the budget into account. Achieving the budgeted figures does not entitle the individual to 100 % of the target bonus. The qualitative targets are based on the nature of the work done and how it is performed, the commitment shown and the pursuit of the company's long-term, sustainable development; however, an integrated appraisal that looks beyond quantitative measurement systems is also used.

The employment contracts of the members of Senior Management provided for a target bonus in 2020, which effectively came to between 24 % and 26.7 % of the fixed compensation, depending on their function. In cases of very good performance, the target bonus may be exceeded by no more than 25 % (maximum bonus). As a general rule, the payment of any variable compensation is conditional upon an exemplary performance as well as a positive net result being achieved at Group level after the bonus has been charged to the income statement. In addition, the actual bonus may not exceed the target bonus if the budgeted EBIT at group level has not been achieved.

The amount of the target bonus for Senior Management is determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors before the beginning of a financial year, taking into consideration the target bonus agreed with Senior Management in their employment contracts. The variable compensation for Senior Management for a past financial year is also determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors following presentation of the annual financial statements in the first quarter of the following year on the basis of the achievement of the quantitative and qualitative targets agreed. It is paid out in accordance with Art. 25c of the Articles of Association following approval by the General Meeting of Shareholders (retrospective model).

Capital Participation Programs

Metall Zug AG does not have any participation or option programs and no shares have been assigned to members of the Board of Directors, members of Senior Management or related parties. The Articles of Association do not contain any provisions that would permit the allocation of participation, conversion or option rights.

Details of Compensation

Details of compensation to the Board of Directors and to Senior Management are set out on the following pages. Details of share ownership by the members of the Board of Directors and members of Senior Management are set out under the annual financial statements of Metall Zug AG (see page 96).

Compensation to the Board of Directors

Taking the newly joined members into account, compensation to the Board of Directors in financial year 2020 is largely comparable with the previous year. It should also be noted that Marga Gyger did not stand for reelection at the General Meeting of Shareholders of April 24, 2020, due to the term limits imposed by the Articles of Association and is thus no longer a member of the Board of Directors. The other changes versus the previous year are attributable to the additional tasks taken on by individual members as a result of the direct relationship between the Metall Zug Board of Directors and the Business Units as well as the reduction in Senior Management functions at Metall Zug. The Board of Directors will reduce its compensation in the coming term as a result of the V-ZUG spin-off and propose to the General Meeting of Shareholders of April 30, 2021, a total amount of CHF 1 200 000 for the term of office up to the ordinary General Meeting of Shareholders in 2022; this is lower than the previous year's figure and includes a certain reserve.

No loans or credit facilities were granted to members of the Board of Directors or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities. The lump-sum expense allowances for members of the Board of Directors who are not self-employed, which are based on an expense regulation approved by the tax authorities, are disclosed as compensation in the interests of full and complete transparency even though genuine lump-sum expenses are not required to be disclosed as they do not constitute compensation (the same applies to members of Senior Management below). The Board of Directors comprises non-executive members only, with the exception of Heinz M. Buhofer, who assumed the

office of ad interim CEO at V-ZUG for the period from September 1, 2019, to August 31, 2020. His compensation for this is included in the table below up until June 24, 2020 (date of spin-off of V-ZUG Holding AG), making the total compensation for 2020 slightly higher than the prior-year figure.

The General Meeting of Shareholders of May 3, 2019, approved the total amount of CHF 1 600 000 available for fixed compensation to the members of the Board of Directors for the term of office up to the General Meeting of Shareholders of April 24, 2020. CHF 1 571 673 of this total amount was utilized for compensation to the Board of Directors in the corresponding period.

	2020			2019		
Compensation for the financial year, in CHF	Fixed compensation / fee (gross) ¹⁾	Social contributions ²⁾	Total	Fixed compensation / fee (gross) ¹⁾	Social contributions ²⁾	Total
Martin Wipfli ³⁾ Chairman of the Board of Directors, Member of the Audit Committee	349 903	0	349 903	265 000	0	265 000
Dominik Berchtold ⁴⁾	126 809	6 809	133 618	84 426	4 425	88 851
Heinz M. Buhofer ⁵⁾ Chairman of the Human Resources and Compensation Committee, Chairman of the Audit Committee	436 686	47 218	483 904	545 000	74 992	619 992
Sandra Emme ⁴⁾	126 809	6 809	133 618	84 426	4 425	88 851
Marga Gyger ⁶⁾ (departure on April 24, 2020)	49 885	1 601	51 486	124 494	4 494	128 988
Claudia Pletscher ⁴⁾	126 809	6 809	133 618	84 426	4 425	88 851
Peter Terwiesch Member of the Human Resources and Compensation Committee	133 505	7 172	140 677	126 638	6 638	133 276
Total Board of Directors	1 350 406	76 418	1 426 824	1 314 410	99 399	1 413 809

¹⁾ The declared compensation includes additional fees received for directorships with subsidiary companies and further special tasks. Lump-sum expense allowances are also disclosed as compensation under this heading.

²⁾ Employer contributions to AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance) and any contributions to staff pension schemes.

³⁾ The compensation to Martin Wipfli includes his fees as Chairman of the Board of Directors of Tech Cluster Zug AG, Urban Assets Zug AG (both from March 2020) and Haag-Streit Holding AG (until May 2020) and as Chairman of the V-ZUG project team (until May 2020).

⁴⁾ Dominik Berchtold, Sandra Emme and Claudia Pletscher only received fees in 2019 following their first election to office by the General Meeting of Shareholders of May 3, 2019.

⁵⁾ The compensation to Heinz M. Buhofer includes his fees as a member of the Board of Directors of Belimed Life Science AG, Belimed AG, Tech Cluster Zug AG and Urban Assets Zug AG. Payments made directly by V-ZUG Holding AG up to June 24, 2020 (spin-off date), are also included in the above table. In addition to the payments disclosed above, from June 25, 2020, to September 30, 2020, V-ZUG Holding AG paid out the amount of CHF 152 435 (of which CHF 118 520 was fixed compensation and CHF 33 915 social contributions). The handover to the new V-ZUG CEO took place in September.

⁶⁾ The payments to Marga Gyger include her fee as a member of the Board of Directors of Gehrig Group AG. Payments for the period until her departure from the Board of Directors on April 24, 2020, have been taken into account.

Compensation to Senior Management

Fixed compensation to the members of Senior Management in the reporting period was lower than in the previous year as the CEO Jürg Werner took early retirement and ceased to be a member of Senior Management effective March 31, 2020. Since April 1, 2020, the Senior Management of Metall Zug AG has consisted solely of CFO Daniel Keist, who also takes on the responsibilities of the CEO. Taking this change in the composition of Senior Management into account, compensation remains at a stable level. For financial year 2022, a total amount of CHF 1000000 will be proposed to the General Meeting of Shareholders for the fixed compensation to Senior Management. For the variable compensation to the members of Senior Management for financial year 2020, the Board of Directors will propose to the General Meeting of Shareholders of April 30, 2021, the lower amount of CHF 150000 compared with the previous year (CHF 300000). However, here too it should be noted that Jürg Werner only received variable compensation until he stepped down from the Senior Management of Metall Zug AG on March 31, 2020. The variable compensation reflects the business result of the

Metall Zug Group and the achievement of objectives by the members of Senior Management.

The employment contracts of the members of Senior Management do not provide for any severance payments. The notice period is generally six months. No loans or credit facilities were granted to members of Senior Management or related parties and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities.

The General Meeting of Shareholders of May 3, 2019, approved the total amount of CHF 1500000 available for fixed compensation to the members of Senior Management for financial year 2020. CHF 786087 of this total amount was utilized for fixed compensation to Senior Management in the reporting year. Of the total amount of CHF 300000 approved by the General Meeting of Shareholders of April 24, 2020, for variable compensation to the members of Senior Management for financial year 2019, CHF 291068 was actually paid out.

	2020		2019	
Compensation for the financial year, in CHF	CEO / CFO ¹⁾	Senior Management (total) ²⁾	CEO ¹⁾	Senior Management (total) ³⁾
Fixed compensation (gross)	425000	575000	666667	1477083
Other payments/benefits ⁴⁾	30424	44234	61894	131531
Social contributions ⁵⁾	126179	166853	175686	426646
Total fixed compensation	581603	786087	904247	2035260
Variable compensation (gross)	81633	131633	126633	275177
Social contributions ⁵⁾	4714	7602	7313	15891
Total variable compensation⁶⁾	86347	139325	133946	291068
Total compensation	667950	925322	1038193	2326328

¹⁾ In 2019, the highest compensation amount to a single member of Senior Management was paid to the former CEO Jürg Werner. In 2020, the highest amount went to Daniel Keist who, as CFO and sole member of Senior Management, also took on the responsibilities of the CEO from April 1, 2020.

²⁾ Compensation paid to Jürg Werner is included for the period until his departure from Senior Management (early retirement) on March 31, 2020.

³⁾ Compensation paid to Dirk Hoffmann and Christoph Schüpbach is included for the period until their departure from Senior Management on May 31, 2019.

⁴⁾ Other payments, benefits and compensation (such as company car, supplementary insurance, etc.), and lump-sum expense allowances are disclosed as compensation under this heading. Child and family allowances are not disclosed.

⁵⁾ Employer contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance), daily sickness benefits insurance and accident insurance.

⁶⁾ The variable compensation to the members of Senior Management is generally paid out in May of the following year subject to approval by the Annual General Meeting of Shareholders (on April 30, 2021, for the variable compensation for 2020). The 2020 variable compensation to Jürg Werner was paid out in 2020 subject to approval by the Annual General Meeting of Shareholders. The amounts in the table are disclosed on an accrual basis.

Report of the Statutory Auditor



Ernst & Young Ltd
Gothardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

To the General Meeting of
Metall Zug AG, Zug

Zug, 12 March 2021

Report of the statutory auditor on the compensation report

We have audited the compensation report of Metall Zug AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 53 to 56 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 - 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 - 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended 31 December 2020 of Metall Zug AG complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Simon Balmer
Licensed audit expert

Contents of Financial Report

Financial Report

Consolidated Income Statement	59
Consolidated Balance Sheet	60
Consolidated Statement of Cash Flows	62
Changes in Shareholders' Equity	63
Notes to the Consolidated Financial Statements	64
Report of the Statutory Auditor on the Consolidated Financial Statements	88

Annual Financial Statements Metall Zug AG

Income Statement	92
Balance Sheet	93
Notes to the Annual Financial Statements	94
Proposal for the Appropriation of Available Earnings	97
Report of the Statutory Auditor	98

Addresses	101
------------------	------------

Consolidated Income Statement

in CHF 1000	Notes	2020 ¹⁾	2019
Gross sales		826335	1219841
Sales deductions		-15797	-24117
Net sales	1	810538	1195724
Changes in inventories		-24113	-6227
Other operating revenue	2	21438	11515
Operating revenue		807863	1201012
Cost of materials	3	-265453	-418911
Personnel expenses	4	-365809	-491361
Depreciation on tangible assets	14	-24286	-34345
Amortization on intangible assets	14	-6940	-7714
Impairments	14	-176	713
Other operating expenses	5	-129701	-210619
Operating expenses		-792365	-1162237
Operating income (EBIT)	1	15498	38775
Financial income	7	9203	14645
Financial expenses	7	-11577	-10546
Result of associated companies	15	6785	63
Financial result		4411	4162
Extraordinary expenses	8	-2345	0
Income before taxes		17564	42937
Taxes	9	-4031	-10648
Non-controlling interest	10	779	-3072
Net income		14312	29217
Net income per type A registered share (in CHF)	11	3.19	6.52
Net income per type B registered share (in CHF)	11	31.93	65.18

¹⁾ The V-ZUG Group was spun-off as of June 25, 2020 and until that date fully consolidated. As a consequence, the 2020 figures are not comparable to the previous year. Metall Zug AG continues to hold 30.27% in V-ZUG Holding AG. Accordingly, this stake in V-ZUG Holding AG is valued using the equity method since June 25, 2020 and the respective result is reported under position Result of associated companies.

There is no dilution for 2020 or 2019 with regard to net income per share. Details of the individual items are available in the Notes to the consolidated financial statements as of page 71.

Consolidated Balance Sheet

Assets

in CHF 1000	Notes	12.31.2020 ¹⁾	12.31.2019
Cash and cash equivalents		71 768	152 782
Securities		506	3 224
Trade receivables	12	99 478	177 660
Other receivables		13 141	35 706
Inventories	13	123 739	225 686
Prepaid expenses		8 080	10 315
Current assets		316 712	605 373
Land	14	2 324	2 460
Land and buildings	14	121 856	229 747
Plant and equipment	14	16 329	93 625
Prepayments and assets under construction	14	16 924	54 399
Other tangible assets	14	8 675	21 197
Tangible assets		166 108	401 428
Associated companies	14, 15	116 960	657
Employer's contribution reserves	14, 27	897	21 319
Other financial assets	14	18 482	21 473
Deferred income tax assets	9	415	0
Financial assets		136 754	43 449
Software	14	15 649	32 864
Other intangible assets	14	16	11
Intangible assets		15 665	32 875
Fixed assets		318 527	477 752
Total assets		635 239	1 083 125

¹⁾ The V-ZUG Group was spun-off as at June 25, 2020. As a consequence, the 2020 figures are not comparable to the previous year. Metall Zug AG continues to hold 30.27% in V-ZUG Holding AG. Accordingly, this stake in V-ZUG Holding AG is reported in the position Associated companies and is valued using the equity method since then.

Details of the individual items are available in the Notes to the consolidated financial statements as of page 71.

Liabilities and Shareholders' Equity

in CHF 1 000	Notes	12.31.2020 ¹⁾	12.31.2019
Current financial liabilities	16	299	296
Trade payables		19 510	48 841
Other current liabilities	13, 17, 18	36 353	100 956
Accrued liabilities		40 445	70 184
Current provisions	19	13 996	28 731
Current liabilities		110 603	249 008
Long-term financial liabilities	16	4 354	4 682
Other long-term liabilities	18	3 300	3 832
Long-term provisions	19	34 088	63 070
Non-current liabilities		41 742	71 584
Total liabilities		152 345	320 592
Share capital	21	11 250	11 250
Capital reserves	21	349 004	351 310
Treasury shares	21	-6 027	-6 027
Retained earnings		64 019	334 140
Non-controlling interest		64 648	71 860
Shareholders' equity		482 894	762 533
Total liabilities and shareholders' equity		635 239	1 083 125

¹⁾ The V-ZUG Group was spun-off as of June 25, 2020 and until that date fully consolidated. As a consequence, the 2020 figures are not comparable to the previous year.

Details of the individual items are available in the Notes to the consolidated financial statements as of page 71.

Consolidated Statement of Cash Flows

in CHF 1000	2020 ¹⁾	2019
Net income before non-controlling interests	13533	32289
Financial result, net (excluding result of associated companies)	2374	-4099
Result of associated companies	-6785	-63
Income from sale of fixed assets	-5360	0
Depreciation and amortization	31226	42059
Impairment	176	-713
Net changes in provisions	-1862	5867
Taxes	4031	10648
Other non-cash items ²⁾	4042	-856
Change in trade receivables	20901	-392
Change in other receivables and prepaid expenses	2671	-5869
Change in inventories	24775	7651
Change in trade payables	-5530	-17382
Change in other current liabilities and accrued expenses	-9749	7799
Interest paid	-157	-114
Taxes paid	-14081	-19959
Cash flow from operating activities	60205	56866
Investments in tangible assets	-38144	-79737
Investments in financial assets	-1067	-705
Investments in intangible assets	-7921	-9562
Investments in Group companies, net of cash acquired ³⁾	-26658	-1397
Disposal of Group companies, net of cash disposed ⁴⁾	232	0
Disposals of tangible assets	7735	788
Disposals of financial assets	2580	69414
Disposals of intangible assets	11	400
Interest received	59	70
Dividends received	0	43
Cash flow from investing activities	-63173	-20686
Change in long-term financial liabilities	-300	-10330
Stamp duty on issued shares of V-ZUG Holding AG	-1091	0
Dividend in kind V-ZUG Holding AG (Cash disposed)	-65142	0
Dividend to shareholders of Metall Zug AG	-7620	-31379
Dividend to non-controlling interest holders	-1980	-2005
Cash flow from financing activities	-76133	-43714
Currency translation effects	-1916	-1469
Change in "Net cash and cash equivalents"	-81017	-9003

¹⁾ The V-ZUG Group was spun-off as of June 25, 2020 and until that date fully consolidated. As a consequence, the 2020 figures are not comparable to the previous year. Metall Zug AG continues to hold 30.27% in V-ZUG Holding AG. Accordingly, this stake in V-ZUG Holding AG is valued using the equity method since June 25, 2020 and the respective result is reported under position Result of associated companies.

²⁾ The position Other non-cash items contains the consumption of employer's contribution reserves in the amount of TCHF 1945 and allocations from profit participations of the pension fund of V-ZUG to the employer's contribution reserves in the amount of TCHF 1719. Remaining Other non-cash items mainly relate to changes in inventory valuation reserves.

³⁾ The position Investments in Group companies, net of cash acquired, includes in 2020 the purchase of a 76.9% stake in VRmagic Holding AG, Mannheim (DE) and its subsidiaries and the acquisition of the business activities of Cirris Systems Corp. by Cirris Inc., Salt Lake City (US). Furthermore, TCHF 95 relate to a sales price adjustment of the participation adaptronic Prüftechnik GmbH, Wertheim (DE). In the previous year, this position was related to repurchased non-controlling interests. See Note 26 for more information.

⁴⁾ The position Disposal of Group companies, net of cash disposed, relates in 2020 to the cash flow from the sale of the participation STERIFAST Sterilization & Disinfection Systems, Lda., Boticas (PT).

Information on the composition of "Net cash and cash equivalents" is available in Note 28 (page 87).

Changes in Shareholders' Equity

in CHF 1000	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Accu- mulated Currency Transla- tion Dif- ferences	Total Retained Earnings	Non- con- trolling Interests	Total
Balance on 01.01.2019	11250	351310	-6027	346978	-4159	342819	69038	768390
Dividend				-31379		-31379	-2005	-33384
Purchase of minorities				-3678	-140	-3818	2421	-1397
Other ¹⁾				870		870		870
Currency translation effects				-2535	-1034	-3569	-666	-4235
Net income				29217		29217	3072	32289
Balance on 12.31.2019	11250	351310	-6027	339473	-5333	334140	71860	762533
Balance on 01.01.2020	11250	351310	-6027	339473	-5333	334140	71860	762533
Cash dividend				-7620		-7620	-1980	-9600
Distribution of the shares of V-ZUG Holding AG as dividend in kind		-1215		-253266	-3333	-256599		-257814
Stamp duty on issued shares of V-ZUG Holding AG		-1091						-1091
Acquisitions				-15725		-15725	-3520	-19245
Divestment				728		728		728
Currency translation effects				-164	-5053	-5217	-933	-6150
Net income				14312		14312	-779	13533
Balance on 12.31.2020	11250	349004	-6027	77738	-13719	64019	64648	482894

¹⁾ Contains the impact of a subsequent purchase price adjustment, see Note 14, page 79.

See note 21 (page 82) for more detailed information on treasury shares and note 26 (page 85) for more detailed information on acquisitions.

Notes to the Consolidated Financial Statements

General

The consolidated financial statements of the Metall Zug Group comply with the complete Swiss GAAP FER financial reporting standard currently applicable and are prepared on the basis of historical cost (acquisition cost or production cost) or actual values. The financial year taken as the basis for the consolidated financial statements is equivalent to the calendar year.

The Board of Directors released the consolidated financial statements for publication on March 12, 2021.

Scope of Consolidation

The Group holds more than 50 % of the votes and capital of all consolidated subsidiaries. The acquisition method is applied, i.e. assets and liabilities as well as expenses and income are consolidated at 100 %. Any share of non-controlling interests in net income and shareholders' equity is reported separately. Associated companies in which the Metall Zug Group holds direct or indirect investments of 20 % to 50 % are accounted for using the equity method (proportional equity). Participations below 20 % are not consolidated.

At the time of the initial consolidation, assets and liabilities of the acquired companies and business parts are stated at fair value and in accordance with uniform Group policies. The excess of the acquisition price over the revalued net assets of the acquired companies or business parts is recognized as goodwill. This goodwill is offset against retained earnings without affecting net income. The impact of a theoretical capitalization is presented in the Notes to the Consolidated Financial Statements (see note 14, page 79). The useful life of the goodwill is determined at the time of acquisition. It generally ranges from 3 to 5 years, and up to 20 years in exceptional cases.

Change in presentation

In connection with the spin-off of the V-ZUG Group and the associated omission of the Household Appliances Business Unit, the segmentation of Metall Zug Group was revised in the first half of 2020. The previous Belimed Life Science Business Unit, Gehrig Group AG (previously in the Household Appliances Business Unit) and the Corporate reporting segment (Metall Zug AG) have been combined into a new "Others" Reporting Segment. In addition, two real estate companies previously included in the Technologycluster & Infrastructure Business Unit (V-ZUG Infra AG and MZ Infra AG) were spun off with the V-ZUG Group. Therefore, these companies were no longer assigned to the Technologycluster & Infrastructure Business Unit but to the Household Appliances Business Unit. To ensure comparability, the previous year's segment reporting was restated to the new organization.

Principles of Consolidation

Consolidation Method

Capital consolidation is performed to present the equity of the entire Group. In this context, the acquisition method is applied.

Currency Translation

With regard to currency translation for consolidation purposes, the annual financial statements of the Group companies are translated into Swiss francs according to the current rate method. The exchange rate at the end of the year is applied to assets and liabilities, while the average exchange rate during the period under review is used for income statements and statements of cash flows. Equity is converted on the basis of historical exchange rates, the resulting currency effects are offset against retained earnings without affecting net income.

Exchange Rates into CHF

Income Statement (Average Rate)	2020	2019
1 EUR	1.0705	1.1126
1 USD	0.9386	0.9937
1 GBP	1.2043	1.2684
1 AUD	0.6477	0.6909
1 SGD	0.6805	0.7284
100 CNY	13.6003	14.3881
100 JPY	0.8791	0.9118
100 HKD	12.1017	12.6823
100 MXN	4.3981	5.1617

Balance Sheet (Exchange Rate on 12.31.)	2020	2019
1 EUR	1.0802	1.0854
1 USD	0.8803	0.9662
1 GBP	1.2015	1.2757
1 AUD	0.6795	0.6786
1 SGD	0.6661	0.7183
100 CNY	13.4646	13.8789
100 JPY	0.8540	0.8901
100 HKD	11.3536	12.4084
100 MXN	4.4241	5.1149

Sales and Revenue Recognition

Net sales include the inflow of economic benefits from sales of goods and services within the scope of ordinary business during the period under review. Sales reductions such as discounts, rebates and other concessions as well as payments to third parties such as commissions and any value added tax have been deducted from net sales reported.

Revenues are reported when the significant risks and rewards related to the ownership of products sold to the client (according to the contractual agreement) are transferred. Revenue from services is recognized in the accounting period in which the service is rendered.

In the case of agency transactions, only the value of own services is recognized. Business transactions involving identifiable multiple elements are recognized and valued separately.

Intercompany Transactions

Intercompany receivables, payables and transactions are eliminated for fully consolidated companies. Allowances and value adjustments for intercompany receivables and investments are reversed. The individual Group companies' intercompany profits on inventories and tangible assets are also eliminated.

Principles of Valuation**Securities**

Listed securities and portfolios managed by third parties are recorded at stock market prices at the balance sheet date. Unlisted securities are shown in the balance sheet at acquisition cost less any impairment.

Trade Receivables

In addition to individual value adjustments, general value adjustments of up to 2 % for domestic receivables and up to 5 % for foreign receivables are made according to past experience.

Inventories

Purchased goods are recognized in the balance sheet at acquisition cost, predominantly according to the standard cost method or at market value if lower. Self-produced goods are valued at production costs including indirect production costs or at market value if lower. In addition to individual value adjustments, general value adjustments for general valuation risks are made according to past experience.

Tangible Assets

Tangible assets are recorded at historical costs or at production costs less straight-line depreciation according to the following table. If required from an economic point of view, impairments are recorded to reflect the decrease in value.

Depreciation and Amortization Table

	Years
Industrial, commercial and office buildings	33–50
Residential buildings	50–66
Plant and equipment	5–12
Special tools	3–5
Vehicles	5–10
Other tangible assets	2–8
Software	2–5
Other intangible assets	2–20

Financial Assets

Financial assets are recorded at their acquisition value less necessary impairments. Associated companies are consolidated according to the equity method. The associated companies' share in the result is recorded and shown in the result for the period. Adjustments to the equity of associated companies are recorded in shareholders' equity and do not affect net income.

Associated Companies

Associated Companies are accounted for using the equity method (proportional equity). If the financial information of associated companies are not available at the time of preparation of the consolidated financial statement, the proportion of the net income of the investment is estimated based on the publicly available information at that time. In this case, the adjustments to the published result of the associated companies are accounted for in the following period.

Intangible Assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They are measured at historical cost less straight-line amortization according to the above depreciation and amortization table. Self-developed intangible assets are not capitalized.

Liabilities

Liabilities are measured at their nominal value.

Employee Benefits

The Group provides pension plans for the majority of its personnel in compliance with the respective country-specific legal provisions. The most important companies are located in Switzerland, where pension schemes are organized through independent foundations or collective foundations. These plans cover the economic consequences of old age, death or disability. Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary. In Germany and England, seniority-related pension benefit obligations are established based on actuarial calculations. These pension benefit obligations are partially re-insured.

Changes in the employer's contribution reserves as well as any economic impact of surpluses or deficits of pension schemes on the Group are recorded as personnel expenses. They affect net income.

Income Taxes

Current income taxes are calculated at the prevailing tax rates based on the expected statutory, respectively fiscal result for the period as per commercial law and according to the respective tax assessment rules. They are disclosed under Other current liabilities.

Deferred Taxes

Deferred taxes are calculated on the differences between the Group companies' tax balance sheet and the balance sheet prepared for consolidation purposes, insofar as these deviations affect income tax. The individual Group companies' current or expected tax rates are applied to calculate deferred taxes. Tax loss carryforwards are neither capitalized nor offset against provisions for deferred taxes. Net deferred tax assets from temporary differences are not capitalized except if they arise from the tax impact on intercompany profit elimination.

Provisions

A provision is recognized if the Group has a probable obligation based on past events for which the amount and due date are still uncertain but can be estimated. The provisions position also includes deferred taxes. They are structured according to their maturity, i.e. a distinction is made between current provisions with an expected cash outflow within the next 12 months, and long-term provisions with an expected cash outflow after more than one year. Provisions for guarantees are calculated based on historical data (average of actual costs in recent years).

Contingent Liabilities

Contingent liabilities are assessed according to the probability and scope of future unilateral contributions and costs, and are disclosed in the Notes.

Risk Management**Risk Assessment and Management Process**

Risk assessment and risk control within the Metall Zug Group are based on a standardized four-stage risk management process which includes the following steps:

1. Identification of risks: Every three years, an extensive Group-wide risk identification is conducted. Within the scope of the survey, all business risks are compiled and documented on the basis of standard criteria. The identified risks are analyzed, updated and amended as necessary on an annual basis until the next extensive survey is conducted.
2. Risk analysis: The senior executives of the respective Business Units evaluate the risks identified in step 1 with a view to their probability of occurrence and their impact. When assessing the impact of a risk, both the financial implications and the effect on reputation are considered.
3. Risk control: The Business Units assign risk managers to each individual business risk and risk category who define specific measures and monitor the implementation of these measures.
4. Risk reporting: The Audit Committee and the Board of Directors of Metall Zug AG receives a consolidated risk report on an annual basis.

Country Risks

As a Group that operates globally (share of sales generated abroad: 64.4 %; previous year: 54.8 %) the Metall Zug Group is exposed to risks such as political, financial and societal insecurity in addition to turmoil, terrorism and unrest.

Financial Risk Management

Overall, the Metall Zug Group adopts a conservative and risk-averse approach. The Group's business activities expose it to a variety of financial risks, including those related to currency and interest rate risks. Derivative financial instruments such as foreign exchange, commodity and interest rate contracts may be used to hedge these risks.

The principles of financial risk management are determined at Group level and apply to all Business Units. Besides providing guidance on general financial risk management, the principles also set forth requirements for specific areas such as the management of interest rate, currency and counterparty risks, the use of derivative financial instruments, and the investment policy for excess liquidity.

Liquidity Risks

The Group uses a periodic liquidity planning instrument to monitor liquidity risk and has sufficient cash and cash equivalents and unused credit facilities to meet its liabilities.

On the balance sheet date, cash and cash equivalents and readily marketable securities exceeded financial liabilities by CHF 67.6 million (previous year: CHF 151.0 million). A maturity profile of the financial liabilities is included in Note 16.

In addition, the Group's excellent credit rating would allow it to make efficient use of the financial markets for financing purposes.

Market Risks and Interest Rate Risks

Metall Zug has very low interest-bearing financial liabilities at present. As a result, the Group's interest rate risk arose until 2019 less from its financing structure and volume but more from its interest-bearing assets. The sale of the securities portfolio in 2019 further reduced the interest rate risk.

Metall Zug is exposed to commodity price risks as it requires raw materials such as steel to manufacture its products. The Metall Zug Group hedges the commodity price risk partially by entering into long-term purchasing agreements equivalent to the projected purchasing volumes. In addition, the purchase price for components is partly dependent on the market price of commodities like steel, aluminum, copper and plastics.

Currency Risks

In Switzerland and abroad, the Metall Zug Group generates both sales revenues and costs in foreign currencies. Exchange rate movements therefore have an impact on the consolidated results.

These risks are partly mitigated through the concept known as natural hedging. This involves neutralizing currency risks from cash inflows in a certain currency with cash outflows in the same currency. However, the cash inflows and outflows do not match in size. As a result currency fluctuations can affect the Group's earnings margins, which means that the Group is exposed to a transaction risk. Specifically, the USD/EUR and USD/CHF exchange rates have a significant impact on the currency risks of the group (income in USD, costs in EUR and CHF). This means that the EUR/CHF exchange rate is also a major influencing factor.

In general, most of the transaction risks are systematically hedged, usually for 6–12 months.

Foreign Currencies in the Financial Result

in CHF 1 000	2020	2019
Foreign exchange losses (net)	–329	–1 606
in % of income before taxes	–1.9	–3.7
Change from previous year	1 277	369
Change in % of income before taxes	7.3	0.9

Counterparty Risks from Treasury Activities

Financial transactions are only entered into with counterparties with a high credit rating. Cash and cash equivalents and securities are placed in a variety of counterparties to avoid cluster risks.

Credit Risks

Credit risks for the Group mainly arise from the sale of products and services (risk of default). The customer's financial circumstances are monitored on a permanent basis (wherever this makes sense). It is not customary to require additional collateral. As the Group has a broad customer base, its exposure to individual default risks is low. Specific allowances for doubtful receivables are established for anticipated bad debts. In addition, general provisions for doubtful receivables of maximum 2 % are formed for domestic receivables and maximum 5 % for foreign receivables, which are based on empirical values.

Allowance for Doubtful Receivables

in CHF 1 000	2020	2019
Allowance for doubtful receivables	–4 794	–7 177
in % of trade receivables (gross)	4.6	3.9
Change from previous year	97 ¹⁾	286
Change in % of income before taxes	0.6	0.7

¹⁾ Adjusted for the impact of the acquired VRmagic Group and Cirris Inc. as well as for the spin-off of the V-ZUG Group with a total impact of TCHF 2286.

List of Investments (as at 12.31.2020)

Company	Domicile	Currency	Share Capital	Share of Capital and Votes
Urban Assets Zug AG¹⁾	Zug	CHF	1 000 000	100 %
Tech Cluster Zug AG	Zug	CHF	100 000	100 %
Belimed AG²⁾	Zug	CHF	6 500 000	100 %
Belimed GmbH	Mühldorf am Inn (DE)	EUR	6 135 550	100 %
Belimed d.o.o.	Grosuplje (SI)	EUR	28 000	100 %
Belimed GmbH	Fehring (AT)	EUR	180 000	100 %
Belimed B.V.	J.G. Rotterdam (NL)	EUR	18 151	100 %
Belimed SAS	Sausheim (FR)	EUR	1 650 000	100 %
Belimed Ltd.	Shipley (UK)	GBP	200 000	100 %
Belimed, Inc.	Charleston (US)	USD	3 000 000	100 %
Belimed Medical Equipment (Shanghai) Co.	Shanghai (CN)	CNY	4 223 180	100 %
Belimed Life Science AG	Sulgen	CHF	3 000 000	100 %
Belimed Life Science d.o.o.	Grosuplje (SI)	EUR	7 500	100 %
Schleuniger AG³⁾	Thun	CHF	2 500 000	100 %
Schleuniger GmbH	Radevormwald (DE)	EUR	1 025 000	100 %
Schleuniger Test Automation GmbH	Jettingen (DE)	EUR	26 000	100 %
DilT GmbH	Krailling (DE)	EUR	103 000	100 %
adaptronic Prüftechnik GmbH	Wertheim (DE)	EUR	300 000	60 %
Schleuniger, Inc.	Manchester (US)	USD	200 000	100 %
Cirris, Inc. ⁴⁾	Salt Lake City (US)	USD	0	100 %
Schleuniger S. de R.L. de C.V.	Queretaro (MX)	MXN	3 000	100 %
Schleuniger Japan Co.	Tokyo (JP)	JPY	200 000 000	100 %
Schleuniger Trading (Shanghai) Co.	Shanghai (CN)	CNY	10 863 620	100 %
Schleuniger Machinery (Tianjin) Co., Ltd.	Tianjin (CN)	CNY	20 000 000	100 %
L W Solutions Ltd. ⁵⁾	Pontypridd (UK)	GBP	56 878	20 %

¹⁾ The company was renamed from V-ZUG Immobilien AG to Urban Assets Zug AG in June 2020.

²⁾ In June 2020 Belimed Sauter AG merged with Belimed AG.

³⁾ On January 1, 2020 Schleuniger AG merged with Schleuniger Holding AG which was then renamed Schleuniger AG.

⁴⁾ Cirris, Inc., USA, was founded in June 2020 and acquired the operational activities and the related assets and liabilities of Cirris Systems Corporation, USA, in September 2020.

⁵⁾ Associated company

List of Investments (as at 12.31.2020) – Continued

Company	Domicile	Currency	Share Capital	Share of Capital and Votes
Haag-Streit Holding AG	Köniz	CHF	750000	70 %
Haag-Streit AG	Köniz	CHF	8000000	100 %
Spectros AG	Ettingen	CHF	500000	100 %
Haag-Streit Deutschland GmbH	Wedel (DE)	EUR	500000	100 %
Möller-Wedel Beteiligungen GmbH	Wedel (DE)	EUR	1 510 000	100 %
Haag-Streit Surgical GmbH & Co. KG ⁶⁾	Wedel (DE)	EUR	6 638 000	100 %
Möller-Wedel Optical GmbH	Wedel (DE)	EUR	500000	100 %
Möller-Wedel Verwaltung GmbH	Wedel (DE)	EUR	25000	100 %
HS DOMS GmbH	Saalfeld (DE)	EUR	25000	100 %
IPRO GmbH EDV für Augenoptiker	Leonberg (DE)	EUR	500000	100 %
VRmagic Holding AG ⁷⁾	Mannheim (DE)	EUR	21 050 000	77 %
VRmagic GmbH ⁷⁾	Mannheim (DE)	EUR	33 350	100 %
VRmagic Imaging GmbH ⁷⁾	Mannheim (DE)	EUR	25000	100 %
VRmagic Inc. ⁷⁾	Delaware (US)	USD	100	100 %
Haag-Streit Far East Ltd.	Shanghai (CN)	CNY	500000	100 %
Clement Clarke (Holdings) Ltd.	Harlow (UK)	GBP	7 200 000	100 %
Clement Clarke International Ltd.	Harlow (UK)	GBP	100000	100 %
Haag-Streit UK Ltd.	Harlow (UK)	GBP	1 000	100 %
John Weiss & Son Ltd.	Harlow (UK)	GBP	20000	100 %
Haag-Streit USA, Inc. ⁸⁾	Mason (US)	USD	100	100 %
Gehrig Group AG	Rümlang	CHF	2 000 000	100 %
Hildebrand France S.a.r.l.	La Boisse (FR)	EUR	426 720	100 %
V-ZUG Holding AG⁵⁾	Zug	CHF	1 735 714	30 %

⁵⁾ Associated company

⁶⁾ On January 1, 2020, the German entities Haag-Streit Surgical GmbH and OptoMedical Technologies GmbH merged with Möller-Wedel GmbH & Co. KG, which was then renamed Haag-Streit Surgical GmbH & Co. KG.

⁷⁾ On May 31, 2020, a 76.9 % stake in VRmagic Holding AG, Germany, and its subsidiaries was acquired.

⁸⁾ On January 1, 2020, Reliance Medical Products, Inc. and Haag-Streit USA, Inc. merged with Haag-Streit Holding, Inc., which was then renamed Haag-Streit USA, Inc.

See Note 26 for information on the spun-off V-ZUG Group.

1 Segment Information

As described on page 64, the segmentation of the Metall Zug Group has been revised due to the spin-off of the V-ZUG Group. In order to ensure comparability, the previous year was restated accordingly.

The Business Units of the Metall Zug Group and their business activities are further explained below:

Household Appliances (Until June 25, 2020)	Appliances for kitchen und laundry, as well as services and other products ¹⁾
Wire Processing	Wire processing equipment, test systems, software and services
Medical Devices	Products and services for diagnosis and surgery, mainly in the fields of ophthalmology and microsurgery
Infection Control	Equipment for hospitals, as well as services and consumables
Technologycluster & Infrastructure	Management and development of real estate
Others	– Belimed Life Science: equipment for the pharmaceutical industry and laboratories – Gehrig Group AG: products and services for gastronomy and healthcare – Metall Zug AG: management functions

By Business Unit

	Net Sales to Third Parties		Operating Income (EBIT)	
in CHF 1000	2020	2019	2020	2019
Household Appliances	258629 ²⁾	543626	12915 ²⁾	29579 ³⁾
Wire Processing	146591	201377	–5973	9779
Medical Devices	166738	204919	–4442	16499
Infection Control	164505	170371	8854 ⁴⁾	902
Technologycluster & Infrastructure	–	–	5208	–12541 ⁵⁾
Others	74075	75431	–1069	–11103
Consolidation	–	–	5	5660 ⁵⁾
Total	810538	1195724	15498	38775

	EBIT as % of Net Sales		Contribution to Operating Income (EBIT)	
in percent	2020	2019	2020	2019
Household Appliances	5.0 %	5.4 %	83.3 %	76.3 %
Wire Processing	–4.1 %	4.9 %	–38.5 %	25.2 %
Medical Devices	–2.7 %	8.1 %	–28.7 %	42.6 %
Infection Control	5.4 %	0.5 %	57.1 %	2.3 %
Technologycluster & Infrastructure	–	–	33.6 %	–32.3 %
Others	–1.4 %	–14.7 %	–6.8 %	–28.7 %
Consolidation	–	–	0.0 %	14.6 %
Total	1.9 %	3.2 %	100.0 %	100.0 %

¹⁾ Other products comprise surface technology and specialty products. Both in the reporting year and in the previous year these other products contributed less than 1 % of net sales.

²⁾ For the consolidation period from January 1, 2020 to June 25, 2020.

³⁾ The EBIT of the Household Appliances Business Unit includes the recognition of a provision for ground remediation in the amount of TCHF 3084 in 2019.

⁴⁾ The EBIT of the Infection Control Business Unit 2020 includes the profit from the sale of a property in the amount of TCHF 4238 as well as a compensation related to a value added of an earlier sold property in the amount of TCHF 1518.

⁵⁾ The EBIT of the Technologycluster & Infrastructure Business Unit 2019 includes the formation of a provision for ground remediation in the amount of TCHF 9999 as well as a compensation liability of TCHF 6000 to the Household Appliances Business Unit (V-ZUG AG) in connection with the area transformation in Zug. This is eliminated in the Consolidation line in the amount of TCHF 5700.

Net Sales to Third Parties by Region**2020**

in CHF 1000	Household Appliances ¹⁾	Wire Processing	Medical Devices	Infection Control	Others	Total
Switzerland	234366	1314	8124	11952	32636	288392
Europe (excluding Switzerland)	8461	65022	66503	60593	18731	219310
Americas	7850	46863	62072	61333	19642	197760
Asia/Pacific/Others	7952	33392	30039	30627	3066	105076
Total 2020	258629	146591	166738	164505	74075	810538

2019

in CHF 1000	Household Appliances ²⁾	Wire Processing	Medical Devices	Infection Control	Others ²⁾	Total
Switzerland	482278	1920	7421	7870	41565	541054
Europe (excluding Switzerland)	16744	86607	68072	57213	26902	255538
Americas	25033	71071	90563	70370	5777	262814
Asia/Pacific/Others	19571	41779	38863	34918	1187	136318
Total 2019	543626	201377	204919	170371	75431	1195724

¹⁾ For the period of consolidation from January 1, 2020 to June 25, 2020.²⁾ 2019 restated to the new Segment reporting structure, refer to page 64.**2 Other Operational Income**

In 2020, other operating income of TCHF 21 438 (previous year: TCHF 11 515) includes the profit from the sale of a property in the amount of TCHF 4 238 as well as a compensation related to a value added of an earlier sold property in the amount of TCHF 1 518. Furthermore, TCHF 7 777 (previous year: TCHF 1 165) relate to rental and property management income. The increase to the previous year results from transactions with V-ZUG group companies. Other operating income also includes income from the recharge of research and development services.

3 Cost of Materials

In the year under review, the cost of materials decreased by TCHF 153 458, from TCHF 418 911 to TCHF 265 453. In relation to gross sales it decreased from 34.3 % to 32.1 %. Cash discounts on goods purchased are recorded as cost reductions.

4 Personnel Expenses

in CHF 1000	2020	2019
Wages and salaries	-304970	-398927
Pension contributions	-15851	-27829
Other personnel expenses	-44988	-64605
Total personnel expenses	-365809	-491361

The number of full-time equivalents decreased by 2075 in the reporting year (previous year: decrease of 39) to 3090 (previous year: 5165). This represents a decrease of 40.2 % (previous year: decrease of 0.7 %). The sharp decrease in the num-

ber of employees is on the one hand related to the spin-off of the V-ZUG Group (1 963 full-time equivalents). On the other hand, the full-time equivalents have been adjusted for the effects of short-time work and furloughs. Governmental compensations for short-time work are presented net in the personnel expenses. The compensations received in 2020 amount to TCHF 11 898 (previous year: TCHF 0).

5 Other Operating Expenses

in CHF 1000	2020	2019
Marketing/sales promotion	-17272	-35611
Maintenance and repair	-11451	-31381
Administrative expenses	-53366	-84218
Other costs	-47612	-59409
Total other operating expenses	-129701	-210619

Other operating expenses decreased in the financial year 2020 by TCHF 80 918 mainly because of the spin-off of the V-ZUG Group. In relation to gross sales, other operating expenses decreased from 17.3 % to 15.7 %. Other operating expenses include a net increase of guarantee provisions in the amount of TCHF 1 208 (prior year: release of TCHF 2 657). The expenses continue to include increased costs from various digitization and IT projects as well as non-capitalizable expenditures in relation to the on-going site development in Zug. In 2019, the other operating expenses included the initial recognition of a provision in the amount of TCHF 13 083 for ground remediation work at the main V-ZUG site.

6 Research and Development

Expenses for research and development are included in operating expenses and relate to personnel costs, cost of material, overhead costs and external services. These expenses of TCHF 71 809 decreased compared to the previous year by TCHF 34 922 and were charged as in the past directly to the income statement. The reduction to the previous year mainly results from the spin-off of the V-ZUG Group. Compared to the previous year, expenses for research and development remained unchanged at 8.7 % of gross sales.

7 Financial Result

in CHF 1 000	Notes	2020	2019
Interest income		48	67
Income from securities		314	7 345
Income from financial assets		1 893	1 014
Foreign exchange gains		6 948	6 219
Total financial income		9 203	14 645
Interest expenses		-134	-362
Losses on securities		-452	-948
Expenses from financial assets		-2 854	-503
Other financial expenses		-865	-908
Foreign exchange losses		-7 272	-7 825
Total financial expenses		-11 577	-10 546
Result of associated companies	15	6 785	63
Net financial result		4 411	4 162

Income from securities and losses on securities mainly include the gross reported income and capital gains/losses from securities and in the previous year also from portfolio management. The net financial expense of foreign exchange gains/losses decreased from TCHF -1 606 in the previous year to TCHF -324.

8 Extraordinary Expenses

In April 2020, the Medical Devices Business Unit fell victim to a cyberattack in the U.S., which resulted in an intragroup payment being transferred to a false account. Investigations to identify the perpetrator have so far been unsuccessful. The damage amount of TCHF 2 345 is disclosed in the income statement as an extraordinary expense.

9 Taxes**Expenses****in CHF 1000**

	2020	2019
Current income taxes	-2866	-17303
Deferred income taxes	-1165	6655
Total expenses	-4031	-10648

Liabilities**in CHF 1000**

	12.31.2020	12.31.2019
Current income tax liability	2509	14348
Deferred income tax liability	0	12519
Total liabilities	2509	26867

Assets**in CHF 1000**

	12.31.2020	12.31.2019
Current income tax asset	2854	4199
Deferred income tax asset	415	0
Total assets	3269	4199

Income Taxes 2020**Tax rate****in CHF 1000**

Income before taxes		17564
Weighted average applicable tax rate/calculated taxes	16.9 %	2975
Utilization of previously unrecognized tax loss carry forwards		-2950
Additional unrecognized tax losses		8708
Change of unrecognized temporary differences		3448
Tax effects on investments		-5013
Non-tax deductible expenses/non-taxable income		213
Income tax from prior periods		1061
Tax rate changes		1092
Research and development tax credits		-1810
Other effects		-3693
Reported tax rate / taxes according to the income statement	23.0 %	4031

Income Taxes 2019**Tax rate****in CHF 1000**

Income before taxes		42937
Weighted average applicable tax rate/calculated taxes	20.7 %	8894
Utilization of previously unrecognized tax loss carry forwards		-1701
Additional unrecognized tax losses		4832
Change of unrecognized temporary differences		300
Tax effects on investments		-25
Non-tax deductible expenses/non-taxable income		326
Income tax from prior periods		-572
Tax rate changes		-2546
Other effects		1140
Reported tax rate / taxes according to the income statement	24.8 %	10648

Tax expenses amount to 23.0 % (previous year: 24.8 %) of income before taxes. The weighted average applicable tax rate of 16.9 % is calculated from the income tax rates likely to apply to the income of the individual Group companies in the respective tax jurisdiction, which naturally varies according to the actual earnings figures. The decrease in this calculated tax rate to 16.9 % for the year 2020 from 20.7 % in the previous year is due to the introduction of the tax reform and old-age and survivors' insurance (AHV) financing in Switzerland but also due to changes in weighted earnings of the respective Group companies. The average weighted tax rate for deferred income taxes on temporary differences amounts to 15.9 % (previous year: 18.2 %). The reduction in this tax rate is mainly related to additional tax reductions in 2021 due to the tax reform in Switzerland. The other effects of the 2020 income tax reconciliation include a tax-loss carry back in the USA (COVID-19 measure) in the amount of TCHF 2357. The item also includes the reversal of a provision for potential tax risks in the amount of TCHF 1 765. In the previous year, the position included the effects of an intra-group sale of a brand and the recognition of brand names and patents for tax purposes. The tax expense thereby increased by TCHF 3 400 net. Furthermore, the item included the reversal of a provision for potential tax risks in the amount of TCHF 1 248.

Potential tax reductions resulting from tax loss carry forwards and temporary differences increased 2020 in net terms by TCHF 1 051 to TCHF 78 459 (previous year: increase by TCHF 29 902 to TCHF 77 408). This change includes a decrease of TCHF 6 274 as a result of the spin-off of V-ZUG Group. In the previous year, TCHF 30 862 of the increase came from the above-mentioned recognition of brand names and licenses for tax purposes and TCHF –3 288 from a reduction in deferred tax rates and the expiration of unused tax loss carryforwards. Potential tax reductions are not capitalized due to uncertain recoverability.

10 Result Attributable to Non-controlling Interests

in CHF 1 000	2020	2019
Belimed AG	–	–175
Haag-Streit Holding AG	–1 594	2 050
VRmagic Holding AG	267	–
adaptronic Prüftechnik GmbH	548	1 197
Total result attributable to non-controlling interests	–779	3 072

In 2020, Möller-Wedel Beteiligungen GmbH, Wedel (DE), acquired 76.9 % of VRmagic Holding AG, Mannheim (DE), and its subsidiaries. At the end of 2020, in addition to the resulting 23.1 % non-controlling interest in VRmagic Holding AG, minority stakes of 30 % in Haag-Streit Holding AG, Köniz, and of 40 % in adaptronic Prüftechnik GmbH, Wertheim (DE), are held by third parties (2019: 30 % in Haag-Streit Holding AG and 40 % in adaptronic Prüftechnik GmbH). On March 20, 2019, Metall Zug AG repurchased the 2.76 % non-controlling interest in Belimed AG, Zug, held by the former CEO and current president of the Board of Directors of Belimed AG. Since then, Metall Zug AG has owned the entire 100 % stake in Belimed AG.

11 Net Income per Share

	2020	2019
Issued type A registered shares	1948640	1948640
Average outstanding type A registered shares	1948640	1948640
Issued type B registered shares	255136	255136
Average outstanding type B registered shares	253406	253406
Net income as per income statement (in CHF 1000)	14312	29217
Weighted average number of shares	448270	448270
Net income per type A registered share (in CHF)	3.19	6.52
Net income per type B registered share (in CHF)	31.93	65.18

Net income per share is calculated by dividing the net income by the weighted average of issued shares less the weighted average of treasury shares. The 1948640 type A registered shares correspond to 194864 type B registered shares.

There is no dilution for 2020 or 2019 with regard to net income per share.

12 Trade Receivables

in CHF 1000	12.31.2020	12.31.2019
Gross trade receivables	104272	184837
Allowance for doubtful receivables	-4794	-7177
Total trade receivables	99478	177660

13 Inventories

in CHF 1000	12.31.2020	12.31.2019
Raw materials	23238	34591
Trade goods	36869	57899
Semifinished and finished products	109442	194019
Advance payments to suppliers	426	1015
Specific value adjustments	-28414	-35322
General value adjustments	-17822	-26516
Total inventories	123739	225686

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 20018 (previous year: TCHF 29986).

14 Fixed Assets**Tangible Assets**

in CHF 1000

	Land	Land & Buildings	Plant & Equipment	Prepayments & Assets Under Construction	Other Tangible Assets	Total Tangible Assets
Acquisition costs						
Balance on 01.01.2019	2511	312797	209293	60743	78675	664019
Additions		2413	5660	69063	7056	84192
Disposals		-825	-13912	-78	-6216	-21031
Reclassifications		31872	41265	-75283	733	-1413
Currency translation effects	-51	-1087	-407	-46	-649	-2240
Balance on 12.31.2019	2460	345170	241899	54399	79599	723527
Changes in scope of consolidation		-156362	-203860	-66742	-45925	-472889
Additions		1543	3134	35976	2810	43463
Disposals			-1351	-129	-2074	-3554
Reclassifications		411	3947	-6530	1639	-533
Currency translation effects	-136	-853	-573	-50	-654	-2266
Balance on 12.31.2020	2324	189909	43196	16924	35395	287748
Accumulated depreciation						
Balance on 01.01.2019	0	-108554	-143648	0	-56974	-309176
Depreciation current year		-7848	-18775		-7722	-34345
Impairment					-99	-99
Disposals		802	13750		6021	20573
Reclassifications			172		-80	92
Currency translation effects		177	227		452	856
Balance on 12.31.2019	0	-115423	-148274	0	-58402	-322099
Changes in scope of consolidation		53682	131416		35852	220950
Depreciation current year		-6450	-11882		-5954	-24286
Impairment			-100		-76	-176
Disposals			1241		1891	3132
Reclassifications		-43	526		-414	69
Currency translation effects		181	206		383	770
Balance on 12.31.2020	0	-68053	-26867	0	-26720	-121640
Net book values on 12.31.2019	2460	229747	93625	54399	21197	401428
Net book values on 12.31.2020	2324	121856	16329	16924	8675	166108
Of which land 12.31.2019		50214				
Of which land 12.31.2020		45206				

Financial and Intangible Assets

in CHF 1000	Associated Companies	Employer's Contribution Reserves	Shares in Companies ¹⁾	Long-term Loans and Receivables	Deferred Tax Assets	Total Financial Assets	Intangible Assets
Acquisition costs							
Balance on 01.01.2019	634	20695	18901	6212	0	46442	70723
Additions		624	500	204		1328	12742
Disposals			-313	-21		-334	-1172
Reclassifications				-2654		-2654	1242
Adjustments through income statement	63					63	
Dividend payments	-42					-42	
Currency translation effects	2		-1	-14		-13	-88
Balance on 12.31.2019	657	21319	19087	3727	0	44790	83447
Changes in scope of consolidation	109522	-19269	-1982	-1081		87190	-34822
Additions	5	1719	1023	41		2788	4759
Disposals		-2872	-206	-52		-3130	-18698
Reclassifications					415	415	471
Adjustments through income statement	6785					6785	
Dividend payments							
Currency translation effects	-9			-21		-30	-152
Balance on 12.31.2020	116960	897	17922	2614	415	138808	35005
Accumulated amortization							
Balance on 01.01.2019	0	0	-1497	-262	0	-1759	-43688
Amortization current year							-7714
Value adjustments (net)			418			418	
Disposals							772
Currency translation effects							58
Balance on 12.31.2019	0	0	-1079	-262	0	-1341	-50572
Changes in scope of consolidation				262		262	19418
Amortization current year							-6940
Value adjustments (net)			-975			-975	
Disposals							18687
Currency translation effects							67
Balance on 12.31.2020	0	0	-2054	0	0	-2054	-19340
Net book values on 12.31.2019	657	21319	18008	3465	0	43449	32875
Net book values on 12.31.2020	116960	897	15868	2614	415	136754	15665²⁾

¹⁾ Incl. private-equity investments.²⁾ Of which TCHF 15649 (previous year: TCHF 32864) software. This position contains incurred expenditures of not yet completed projects in the amount of TCHF 92 (previous year: TCHF 8211).

Tangible Assets

In the previous year value adjustments of TCHF 818 were released. These related to the reversal of an impairment on a property, which was disclosed as an asset held for sale in the position other receivables.

Financial Assets**Employer's Contribution Reserves**

In 2020, employer's contribution reserves were reduced by TCHF 19269 as a result of the spin-off of the V-ZUG Group. The additions are related to allocations of profit participations of the pension fund of V-ZUG AG amounting to TCHF 1719. Additionally, employer's contribution reserves of TCHF 2872 were used, whereof TCHF 927 to settle employee contributions. In the previous year, the increase of TCHF 624 consisted of TCHF 457 resulting from allocations and TCHF 167 from interest.

Shares in Companies incl. Private-Equity Investments

With the spin-off of the V-ZUG Group shares in companies of TCHF 1982 were reduced. Value adjustments in the amount of TCHF 975 were increased (previous year: release of TCHF 418) on shares in companies incl. private-equity investments. This relates, as in the previous year, mainly to the financial investment in Schlatter Industries AG.

Long-term Loans and Receivables

As at December 31, 2020, long-term financial assets mainly comprise loans to third parties and deposits to secure rents. In the previous year, fixed-term deposits with a residual maturity of less than one year in the amount of TCHF 2654 were transferred to short-term securities.

Goodwill

The accumulated acquisition values of goodwill recorded in retained earnings amount to TCHF 284234 (previous year: TCHF 264643). Goodwill was increased by TCHF 19591 due to the transactions related to acquisitions and divestments of subsidiaries stated in Note 26. In the previous year, goodwill was reduced by TCHF 870 due to a purchase price adjustment. The theoretical capitalization of goodwill would not have resulted in an impairment in the current year (previous year: TCHF 92). Overall, the capitalization and theoretical amortization of goodwill over a useful life of 3 years would have resulted in an additional amortization of TCHF 86122 (previous year: TCHF 85589). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 29652 (previous year: TCHF 96183).

15 Associated Companies

in CHF 1000	12.31.2020	12.31.2019
V-ZUG Holding AG	116489	–
Others	471	657
Total value of associated companies	116960	657

After the distribution of the shares of V-ZUG Holding AG, Metall Zug AG continues to hold a 30.27 % stake in this company. Metall Zug AG also holds minority investments in other smaller companies which are included in the balance sheet position associated companies.

Since V-ZUG Group's financial data for 2020 were not yet available at the time the consolidated financial statements were prepared, Metall Zug AG's share of V-ZUG Group's net profit is estimated based on the latest publicly available information (analyst information). Metall Zug AG's share of V-ZUG Group's net profit for the second half of 2020 is estimated at TCHF 6962. Any discrepancies between the actual results and these estimates will be accounted for in the 2021 consolidated financial statements. The profit share of the other associated companies amounts to TCHF –177 (previous year: TCHF 63).

16 Current and Long-term Financial Liabilities

in 1 000

Financial Instruments 2020	Foreign Currency (FC)	Term	Amount FC	Amount CHF	Interest Rate
Mortgage with fixed interest rate	EUR	03.31.2036	2 809	3 034	1.0 %
Unsecured bank loans with fixed interest rate	EUR	09.30.2025	1 256	1 357	1.0 % / 2.45 %
Other financial liabilities (various)				262	
Total				4 653	
Of which current financial liabilities				299	

in 1 000

Financial Instruments 2019	Foreign Currency (FC)	Term	Amount FC	Amount CHF	Interest Rate
Mortgage with fixed interest rate	EUR	03.31.2036	2 993	3 248	1.0 %
Unsecured bank loans with fixed interest rate	EUR	09.30.2025	1 331	1 445	1.0 % / 2.45 %
Other financial liabilities (various)				285	
Total				4 978	
Of which current financial liabilities				296	

As collateral for a mortgage of TCHF 3 034 assets with a book value of TCHF 4 954 (previous year: TCHF 5 635) were encumbered.

17 Pension Liabilities

Pension liabilities amount to TCHF 853 (previous year: TCHF 689). They are recorded as other current liabilities.

18 Other Long-term Liabilities

In 2019 a Metall Zug Group company concluded an agreement with V-ZUG AG to compensate for additional expenses due to the site transformation in Zug in the total amount of TCHF 6 000. As at December 31, 2020 the remaining liability amounts to TCHF 4 500, whereof TCHF 1 200 are reported as other current liability and TCHF 3 300 as other long-term liability.

From the acquisition of the business activities of the refrigeration equipment division from AFG Arbonia-Forster Holding AG by V-ZUG AG in 2013 a goodwill totaling TCHF 4 989 remained as at December 31, 2019. Thereof, TCHF 1 300 were reported as other current liability and TCHF 3 689 as other long-term liability. Due to the spin-off of the V-ZUG Group, this goodwill is no longer included in the consolidated balance sheet of Metall Zug AG as at December 31, 2020.

19 Provisions

in CHF 1000	Deferred Taxes	Guarantees	Pension	Restruc- turing	Other	Total
Balance on 01.01.2019	19 176	34 330	19 691	7 303	11 205	91 705
Additions	1 431	21 646	182	719	19 386	43 364
Utilization	-8 086	-22 298	-126	-5 026	-2 295	-37 831
Release		-2 306	-98	-658	-1 990	-5 052
Currency translation effects	-2	-170	4	-123	-94	-385
Balance on 12.31.2019	12 519	31 202	19 653	2 215	26 212	91 801
Of which current provisions		22 621	157	1 482	4 471	28 731
Balance on 01.01.2020	12 519	31 202	19 653	2 215	26 212	91 801
Change in scope of consolidation	-14 098	-25 004			-3 121	-42 223
Additions	1 661	14 015	2 134	3 123	3 445	24 378
Utilization	-497	-12 354	-188	-324	-3 203	-16 566
Release		-513	-4 738	-776	-2 482	-8 509
Reclassifications	415					415
Currency translation effects	0	-147	-797	-16	-252	-1 212
Balance on 12.31.2020	0	7 199	16 064	4 222	20 599	48 084
Of which current provisions		5 779	160	3 849	4 208	13 996

Provisions for guarantees are calculated on the basis of historical data (average of actual costs in recent years).

As at December 31, 2020, restructuring provisions of TCHF 4 222 (previous year: TCHF 2 215) exist. In 2020, a restructuring of a part of a German production facility of the Medical Devices Business Unit was decided, for which a provision of TCHF 2 982 was built. The remaining provisions are still mostly related to the restructuring of the former Life Science Business Area of the Infection Control Business Unit, as communicated in 2017.

As at December 31, 2020, the provision for ground remediation work (part of other provisions) at the main site of V-ZUG and future site of the Technologcluster Zug amounts to TCHF 9 927. The provision was initially recognized in 2019 in the amount of TCHF 13 083 of which TCHF 3 084 was transferred as part of the spin-off of V-ZUG. As part of the preparations for construction work, extensive contamination investigation was carried out in consultation with the Canton of Zug Environment Office. These investigations identified various areas that require remediation. It should be possible to rectify these areas at the same time as the planned construction work. Given the legal remediation obligation and the advanced planning stage for some construction plots, these remediation costs must be provided for. Due to the longer-term remediation process, the remediation provision was discounted with 1.5 %. Whether and, if so, when further remediation costs will incur depends on the realization of further buildings on the site in Zug.

As at December 31, 2020, the other provisions also include the CO₂ fund for the promotion of climate protection measures amounting to TCHF 1 994 (previous year: TCHF 1 354). Furthermore, other provisions include the expected cash outflows related to various legal cases.

20 Significant Shareholders

As at December 31, 2020, the following shareholders own more than 3 % of the total number of votes:

	Type A Registered Shares	Type B Registered Shares	Votes	Votes Previous year
Elisabeth Buhofer und Heinz M. Buhofer ¹⁾	1 482 650	4 222	67.5 %	67.4 %
Shareholder group Stöckli ²⁾	340 794	18 334	16.3 %	16.3 %
Werner O. Weber, indirectly through Wemaco Invest AG	82 000	42 429	5.6 %	5.6 %

¹⁾ For the most part held through Buhofer Trust I, Vaduz, as well as Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, to the extent that they are acting in mutual agreement (Buhofer Trust I).

²⁾ Elisabeth Stöckli Enzmann, Johannes Stöckli, Matthias Stöckli-Aguilar, Helen Jauch-Stöckli, Hubert Stöckli-Hernandez (shareholders' agreement) according to the public notification of April 1, 2020.

21 Shares

Composition of Share Capital					
1 948 640	Type A registered shares at par value CHF	2.50	Swiss securities no. 209 262	CHF	4 871 600
255 136	Type B registered shares at par value CHF	25.00	Swiss securities no. 398 2108	CHF	6 378 400
2 203 776	Votes		Share capital		CHF 11 250 000

No equity instruments were issued in the year under review or in the previous year. Undistributable, statutory or legal reserves amount to TCHF 14 203 (previous year: TCHF 16 733).

Unchanged to prior year, Metall Zug AG holds 1 730 type B treasury shares at an average purchase price of CHF 3 484 as at December 31, 2020.

22 Transactions with Related Parties

For the period from June 25, 2020 to December 31, 2020, group companies sold goods and services to V-ZUG companies in the amount of TCHF 47. In addition, V-ZUG companies were charged TCHF 5 968 for property management, building contractor services and rent by Metall Zug companies. Other services in the amount of TCHF 270 were also provided by Metall Zug companies to V-ZUG companies. V-ZUG companies continue to participate in a CO₂ fund for the promotion of climate protection measures of Metall Zug. The consideration received from V-ZUG companies in this connection amounts to TCHF 435. The receivables of Metall Zug companies from V-ZUG companies from these transactions amount to TCHF 785 as at December 31, 2020.

V-ZUG companies charged TCHF 691 for rent and TCHF 792 for other services to Metall Zug companies. As at December 31, 2020, the liabilities of Metall Zug companies due to V-ZUG companies amount to TCHF 339.

On December 31, 2020, a compensation obligation exists to V-ZUG AG in the amount of TCHF 4 500, of which TCHF 1 200 are short-term. In the second half of 2020, TCHF 1 200 were paid out in this context. Refer to Note 18 for further information.

In 2020, deliveries and services by group companies to members of the Board of Directors and Senior Management of Metall Zug AG totaled TCHF 13 (previous year: TCHF 17). As at December 31, 2020, no accounts receivables result from these transactions (previous year: TCHF 10).

In the previous year, a receivable towards a group company's pension fund for leasehold interests amounted to TCHF 35. Furthermore, project services were rendered in the previous year in favor of this pension fund in the amount of TCHF 15. Due to the spin-off of the V-ZUG Group this pension fund is no longer a related party.

Information on the compensation paid to the Board of Directors and Senior Management is available in the compensation report on pages 55 and 56.

23 Leasing Liabilities

The liabilities from operating leases and rental arrangements that are not shown in the balance sheet are structured as follows, according to maturity:

in CHF 1000	12.31.2020	12.31.2019
up to 1 year	9329	13462
up to 3 years	10475	15610
over 3 years	6283	8371
Total	26087	37443

24 Derivative Financial Instruments

To hedge future cash flows and balance sheet positions in foreign currencies, the following financial instruments are kept, which are presented in line with the underlying transaction.

in CHF 1000	12.31.2020			12.31.2019		
Underlying	Contract Values	Market Values		Contract Values	Market Values	
		Positive	Negative		Positive	Negative
Foreign exchange	51 778	497	-132	187 593	622	-499

25 Contingent Liabilities / Other Off-Balance Sheet Obligations

The carrying amount of trade receivables, fixed-term deposits and properties that are pledged as collateral amount to TCHF 25 242 (previous year: TCHF 27 042). Additionally, the group has long-term purchase commitments of TCHF 5 134 (previous year: TCHF 52 128) and long-term employment contracts of TCHF 681 (previous year: TCHF 651).

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 7 847 was paid in at the end of 2020 (previous year: TCHF 6 634). Furthermore, a contingent liability exists related to the acquisition of the majority stake in VRmagic Holding AG as explained in Note 26. An option agreement exists to purchase the 23.1 % shares remaining with employee shareholders within the next 3 years. Mutual granting of a call or put option was agreed. These can be exercised in January 2023. The purchase price for the remaining minority interests is in the range between TCHF 5 200 and a maximum of TCHF 10 000 and depends on the continued employment of the employee shareholders, the degree of achievement of defined financial goals as well as development goals and any compensation for guarantee and warranty damage that originated before the takeover.

Additionally, Metall Zug AG issued a surety to a bank in the amount of TCHF 200 (previous year: TCHF 0). This surety secures a credit line of a company of which Metall Zug AG holds a minority stake.

A subsidiary of Metall Zug AG signed a contract with V-ZUG AG in 2020, in which it was agreed that V-ZUG AG will participate at the potential value increase of the land in connection with the planned development of the former site of V-ZUG AG for the technology cluster with an amount of maximum TCHF 9 000. The payment is due subsequent to the successful commercialization of three different construction fields.

Furthermore, a subsidiary of Metall Zug AG committed itself towards the City of Zug to invest TCHF 8 000 in affordable housing.

26 Acquisition, Sale and Spin-off of Consolidated Subsidiaries

In addition to the regular cash dividend, and in accordance with the resolution of the general meeting of April 24, 2020, the following consolidated book values of V-ZUG Holding AG and its subsidiaries (V-ZUG Group) were distributed to shareholders in the form of shares in V-ZUG Holding AG, Zug, on June 25, 2020:

in CHF 1 000	Note	V-ZUG Group
Cash and cash equivalents		65 142
Other current assets		151 621
Non-current assets		297 505
Short-term financial liabilities		–
Other current liabilities		– 121 725
Non-current liabilities		– 30 989
Total identifiable net assets		361 554
Minus remaining investment of Metall Zug AG in V-ZUG Holding AG (30.27 %)	15	– 109 440
Recognition of previously eliminated liability due to V-ZUG AG	18	5 700
Distribution in accordance with changes in shareholders' equity		257 814

V-ZUG Holding AG fully owns the following subsidiaries, which are therefore no longer included in the scope of consolidation of Metall Zug AG since June 25, 2020:

– V-ZUG AG, Zug (CH)	– V-ZUG (Changzhou) Special Components Co., Ltd., Changzhou (CN)
– V-ZUG Kühltechnik AG, Arbon (CH)	– V-ZUG Hong Kong Co., Ltd., Hong Kong (HK)
– SIBIRGroup AG, Spreitenbach (CH)	– V-ZUG Singapore Pte. Ltd., Singapore (SG)
– V-ZUG Services AG, Zug (CH)	– V-ZUG Infra AG, Zug (CH)
– V-ZUG Australia Pty. Ltd., Sydney (AU)	– MZ Infra AG, Zug (CH)
– V-ZUG Europe BVBA, Harelbeke-Kortrijk (BE)	
– V-ZUG (Shanghai) Domestic Appliance Co., Ltd., Shanghai (CN)	

V-ZUG Holding AG and its investments as listed above correspond to the Household Appliances Business Unit disclosed in the segment report. The consolidated income statement of Metall Zug AG and the segment result of the Household Appliances Business Unit both contain the result of V-ZUG Holding AG and its subsidiaries until June 25, 2020. Following the distribution in kind, Metall Zug AG continues to hold a 30.27 % stake in V-ZUG Holding AG. This stake in V-ZUG Holding AG is thus valued applying the equity method (proportional equity) since then and is disclosed under Associated companies. See Note 15 for further information.

Möller-Wedel Beteiligungen GmbH, Wedel (DE), which is part of the Medical Devices Business Unit, acquired a 76.9 % stake in VRmagic Holding AG, Mannheim (DE) on May 30, 2020. As part of this transaction, the subsidiaries held by VRmagic Holding AG listed in the list of investments (page 70) were also acquired. The VRmagic Group is specialized in virtual and augmented reality technology in medical education. There is an option agreement for the 23.1 % shares remaining with employee shareholders, which is explained in Note 25.

In addition, Cirris Inc., Salt Lake City (US), was founded in 2020, which took over the operating activities and the related assets and liabilities of Cirris Systems Corporation, Salt Lake City (US), through an asset deal effective September 1, 2020. Cirris Inc. complements the Wire Processing Business Units testing offering with easy-to-use and applicable standard testers, adapters and accessories.

In the above transactions, the following assets and liabilities were taken over on the basis of the full consolidation method on the acquisition date:

in CHF 1000	VRmagic Holding AG and subsidiaries	Cirris Inc.
Cash and cash equivalents	3 776	–
Other current assets	4 933	4 460
Non-current assets	424	3 168
Other current liabilities	– 4 475	– 1 060
Total identifiable net assets	4 658	6 568

The purchase price for the acquisitions amounted to TCHF 30 339 and includes acquisition-related costs of TCHF 161. Furthermore, TCHF 95 were paid related to a subsequent purchase price adjustment of adaptronic Prüftechnik GmbH, Wertheim (DE). The goodwill paid in connection with these transactions totaled TCHF 20 319 and was offset against retained earnings at the time of acquisition considering the portion of minorities of TCHF 4 594 (see Changes in shareholders' equity, page 63).

The sales agreement for the participation STERIFAST Sterilization & Disinfection Systems, Lda., Boticas (PT), was signed during the second half year 2019. The closing of the transaction was in February 2020. In connection with the sale of this participation, outstanding purchase price liabilities to the former owners of STERIFAST in the amount of TCHF 870 were released in 2019 and offset against the goodwill contained in equity. The remaining goodwill of TCHF 728 was recycled through profit or loss at the closing of this transaction.

27 Pension Benefit Obligations

The companies with the most relevant pension plans for the consolidated financial statements are located in Switzerland, where pension schemes are organized through independent foundations or insured pension plans according to Swiss pension law (BVG). Patronage funds are also in place. The purpose of these funds is to provide ex gratia contributions to current and former employees to assist with the economic consequences of old age, disability, death and hardship circumstances.

Employer's Contribution Reserves (ECR)

	Nominal Value	Renounced Use	Balance Sheet	Additions/ Releases	Balance Sheet	Result from ECR or Similar Items in Personnel Expenses	
in CHF 1 000	12.31.2020	12.31.2020	12.31.2020	2020	12.31.2019	2020	2019
Patronage funds / pension schemes	185		185	-183	17 846	1 508	623
Pension plans	712		712	-744	3 473	-1 734	1
Total	897	0	897	-927	21 319	-226	624

Economical Benefit/ Economical Obligation and Pension Benefit Expenses

	Surplus / Deficit According to Pension Plans ¹⁾	Economical Part of the Organization ²⁾	Change or Impact on Net Income in Business Year ³⁾	Contribu- tions for the Period ⁴⁾	Pension Expenses in Personnel Expenses	
in CHF 1 000	12.31.2020	12.31.2020	12.31.2019	2020	2020	2019
Patronage funds/ pension schemes						
Pension plans without surplus/deficit					-16 187	-16 187
Pension plans with deficit	-16 064	-16 064	-19 653	2 793	-2 231	562
Total	-16 064	-16 064	-19 653	2 793	-18 418	-15 625

¹⁾ In the previous year, pension schemes with surpluses of TCHF 3000 and with deficits of TCHF -19 653 existed. The pension schemes with surpluses in the previous year have been split-off with the V-ZUG Group.

²⁾ The economical part of the organization on pension plans with deficits of TCHF 16 064 (previous year: TCHF 19 653), originates mainly from closed defined benefit plans abroad and is recognized in full as a pension provision.

³⁾ In 2020, a total amount of TCHF 2 793 was accounted for in the income statement as a result of the positive change in the economical part (prior year: TCHF 38 positive change). Furthermore, the reduction in economical part contains currency translation adjustments of TCHF 796 which do not affect net income.

⁴⁾ Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 16 166 (previous year: TCHF 26 132) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 2 252 (previous year: TCHF 2 359).

Most pension plans are financed through the employer's and the employee's contributions. Pension contributions are calculated as a percentage of the insured salary.

The V-ZUG AG pension fund allocated profit participations of TCHF 1 719 to the employer's contribution reserves. As a result of the spin-off of the V-ZUG Group the employer's contribution reserves were reduced by TCHF 19 269. In addition, employer's contribution reserves of TCHF 1 945 were used for employer contributions to pension plans. Furthermore, due to a Swiss ordinance on COVID-19, employee contributions amounting to TCHF 927 were paid through employer's contribution reserves. In the previous year, the Welfare Fund of V-ZUG AG allocated TCHF 457 to the employer's contribution reserves. This allocation reduced the pension expenses of V-ZUG AG and therefore of the Metall Zug Group by the respective amount. Together with the interest credited of TCHF 167, the employer's contribution reserves increased by TCHF 624.

Patronage funds can provide ex gratia contributions to current and former employees to assist with the economic consequences of old age, disability, death and hardship circumstances. It is not the companies' intention to obtain an economic benefit from the uncommitted resources of these patronage funds in the foreseeable future. This does not apply to the employer's contribution reserves.

Composition of Pension Expenses

in CHF 1000	2020	2019
Pension contributions at the organization's expense	-18418	-28491
Contributions to pension plans from employer's contribution reserves	-1945	-
Total contributions¹⁾	-20363	-28491
Change in employer's contribution reserves due to allocation, asset development, value adjustment, discounting, interest payments, etc.	1719	624
Contributions and changes in employer's contribution reserves	-18644	-27867
Change in economic benefits for the organization from surplus	-	-
Change in economic liabilities for the organization from deficit	2793	38
Total change in economic impact of surplus/deficit	2793	38
Pension expenses in personnel expenses	-15851	-27829

¹⁾ No extraordinary contributions were agreed upon or paid in the reporting year or in the previous year.

28 Changes in "Net Cash and Cash Equivalents"

The statement of cash flows is based on "Net cash and cash equivalents", which is composed as follows:

in CHF 1000	12.31.2020	12.31.2019
Cash and cash equivalents	71768	152782
Current financial liabilities	-299	-296
Total "Net cash and cash equivalents"	71469	152486
Changes from the previous year	-81017	-9003

The "Net cash" position as described in the group report is calculated as follows:

Total "Net cash and cash equivalents"	71469	152486
Securities	506	3224
Long-term financial liabilities	-4354	-4682
Total "Net cash"	67621	151028

29 Events After the Balance Sheet Date

No events requiring disclosure took place after the balance sheet date.

Report of the Statutory Auditor



Ernst & Young Ltd
Gottthardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

To the General Meeting of
Metall Zug AG, Zug

Zug, 12 March 2021

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements presented on pages 58 to 87 of Metall Zug AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, changes in shareholders' equity and notes to the consolidated financial statements for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



Ernst & Young Ltd
Gothardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Inventory valuation

Risk	<p>Gross carrying amount of inventory and the related value adjustments amount to TCHF 169'975 and TCHF 46'236, respectively.</p> <p>During our audit, we focus on this position, since it is material to the consolidated financial statements and the related value adjustments are based on assumptions that have a significant impact on the consolidated financial statements. Information regarding the valuation of inventory is disclosed under 'Inventories' in the principles of valuation section (page 65) as well as under '12 Inventories' (page 76).</p>
Our audit response	<p>Besides the assessment of the acquisition or production cost of inventory, we evaluated the calculation of the value adjustments and compared management's assumptions with past experience. We examined the aging analysis in order to identify excess inventory. Furthermore, we compared acquisition and production costs with net realizable values and thus analyzed the valuation of inventories. Our audit procedures did not lead to any reservations concerning the measurement of inventory.</p>



Ernst & Young Ltd
Gothardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

Revenue recognition

Risk Revenue from sale of goods is recognized when rights and obligations of ownership of the goods are transferred to the buyer. There are different contractual arrangements that determine the point in time at which the risks and rewards are transferred. Furthermore, a certain degree of judgment is involved in terms of determining when all requirements to recognize revenue are fulfilled, in particular for products that have a long production time of up to several months. Revenue from service contracts is realized over the corresponding term. Details of revenue recognition are disclosed under 'Sales and revenue recognition' (page 65) as well as under '1 Segment Information' (page 71).

Our audit response We analyzed the revenue recognition process from order placement to billing and tested the implemented controls. Among other procedures, we focused on the assessment of the recognition of sales transactions that took place close to the balance sheet date. We evaluated the transactions based on documents, such as contracts and delivery notes. We compared the credit notes in the new financial year with the respective accrual in the reporting year. Moreover, taking into account delivery terms (Incoterms), we assessed whether the rights and obligations were transferred to the customer in the period under review. Our audit procedures did not lead to any reservations relating to the recognition of revenues.

Treatment of the V-ZUG Group spin-off

Risk On 25 June 2020, Metall Zug AG spun-off V-ZUG Holding AG and its subsidiaries in order to be separately listed on the SIX Swiss Exchange. Metall Zug AG continues to hold a significant interest in V-ZUG Holding AG of 30.27% which is accounted for using the equity accounting method. Until the spin-off on 25 June 2020 V-ZUG Group was consolidated as part of the Metall Zug consolidated financial statements. This spin-off is a key audit matter as the spin-off had a significant effect on the consolidated financial statements and required specific disclosures in the notes. Details of this transaction are disclosed under '15 Associated Companies' (page 79) as well as under '26 Acquisition, Sale and Spin-off of Consolidated Subsidiaries' (page 84/85).

Our audit response As part of our audit response we performed audit procedures on the V-ZUG Group consolidated figures as per spin-off date. Also, we checked the mathematical accuracy of the net assets spun-off. Additionally, we assessed the valuation of the new minority interest in V-ZUG Holding AG as financial assets. Furthermore, we assessed the disclosures included in the financial report. Our audit procedures did not lead to any reservations concerning the correct accounting treatment of the spin-off.



Ernst & Young Ltd
Gotthardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Simon Balmer
Licensed audit expert

Income Statement

in CHF	Notes	2020	2019
Dividend income		12 500 000	34 500 000
Other operating revenue		2 764 353	4 082 764
Operating revenue		15 264 353	38 582 764
Personnel expenses		-4 086 614	-5 120 223
Other operating expenses		-1 874 425	-2 073 416
Depreciation		-192 910	-233 789
Operating expenses		-6 153 949	-7 427 428
Operating income (EBIT)		9 110 404	31 155 336
Release of provisions		16 400 000	0
Gain on sales of fixed assets		52 461	0
Extraordinary income		16 452 461	0
Financial income	1	22 126 459	14 399 117
Financial expenses	2	-38 583 910	-13 109 048
Financial result		-16 457 451	1 290 069
Income before taxes		9 105 414	32 445 405
Taxes		-1 056 921	0
Net income		8 048 493	32 445 405

Balance Sheet

Assets

in CHF	Notes	12.31.2020	12.31.2019
Cash and cash equivalents		6657647	45872035
Listed securities		251953	343594
Other receivables third parties		58386	142852
Other receivables subsidiaries		5388	2530414
Accrued expenses third parties		116456	81042
Accrued expenses subsidiaries		0	66400
Current assets		7089830	49036337
Other financial assets		15851786	16010199
Loans to subsidiaries	3	244850000	311035000
Investments	4	535260945	596390563
Associated companies	5	110107025	0
Tangible assets		34569	4651
Intangible assets	6	2335902	2524162
Fixed assets		908440227	925964575
Total assets		915530057	975000912

Liabilities and Shareholders' Equity

Other payables third parties		407823	404163
Other payables subsidiaries		0	593
Accrued liabilities third parties		408990	761300
Accrued liabilities subsidiaries		244604	689000
Current liabilities		1061417	1855056
Provisions		499838180	516238180
Loans from subsidiaries		100265136	117410316
Non-current liabilities		600103316	633648496
Total liabilities		601164733	635503552
Share capital		11250000	11250000
Statutory capital reserves			
Capital contribution reserves		535052	1750052
Statutory profit reserves		5625000	5625000
Voluntary profit reserves		249798352	274143291
Retained earnings			
Retained earnings carried forward		45135524	20310709
Net income		8048493	32445405
Treasury shares	8	-6027097	-6027097
Shareholders' equity		314365324	339497360
Total liabilities and shareholders' equity		915530057	975000912

Notes to the Annual Financial Statements

Metall Zug AG is a company limited by shares and its registered offices are at Industriestrasse 66, Zug, Switzerland.

Financial Reporting Principles Applied in these Financial Statements (as far as these are not specified by law)

The financial statements presented here were prepared in accordance with the provisions on commercial accounting contained in the Swiss Code of Obligations (articles 957–963b CO).

Listed Securities

Listed securities are recorded at stock market prices on the balance sheet date.

Other Financial Assets and Associated Companies

Other financial assets and Associated companies are recorded at acquisition cost less necessary impairments.

Loans to Subsidiaries

Loans to subsidiaries are recorded at their nominal value less necessary impairments.

Tangible Assets

Tangible assets are recorded at acquisition cost less accumulated depreciation permitted for tax purposes and comprise furniture. The straight-line depreciation method is applied on the basis of a useful life of two to five years. If there are indications that tangible assets are overvalued, the book values are reviewed and impaired if necessary.

Intangible Assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. Software is measured at acquisition cost less straight-line amortization over the useful life of three years. Brands are measured at acquisition cost less straight-line amortization over 20 years. If there are indications that intangible assets are overvalued, the book values are reviewed and impaired if necessary.

Provisions

Various provisions are built up to secure the lasting prosperity of the company.

Treasury Shares

Treasury shares are recognized at the time of purchase at acquisition cost as minus items under equity. In the event of a subsequent resale, the gain or loss is directly taken to equity.

Information, Breakdowns and Explanations of Balance Sheet and Income Statement Items

1 Financial Income

in CHF	2020	2019
Income from securities	314 205	8 292 191
Income from financial assets	1 914 830	2 659
Income from release of valuation reserves on loans to subsidiaries	16 615 000	0
Interest income from loans to subsidiaries	3 282 424	6 104 267
Total financial income	22 126 459	14 399 117

2 Financial Expenses

in CHF	2020	2019
Expenses from securities	-591 172	-1 773 049
Impairment on financial assets	-2 854 351	0
Interest expense loans from subsidiaries	-319 935	-335 955
Interest expense third parties	-18 451	-45
Impairment on loans to subsidiaries	0	-8 000 000
Impairment on investments	-34 800 001	-2 999 999
Total financial expenses	-38 583 910	-13 109 048

3 Loans to Subsidiaries

in CHF	12.31.2020	12.31.2019
Loans to subsidiaries, gross	269 650 000	352 450 000
Impairment on loans to subsidiaries	-24 800 000	-41 415 000
Total loans to subsidiaries, net	244 850 000	311 035 000

As at December 31, 2020, subordinations on loans to subsidiaries amount to TCHF 45 200 (previous year: TCHF 38 200).

4 Investments

in CHF	12.31.2020	12.31.2019
Investments	573 060 945	599 390 562
Impairment on investments	-37 800 000	-2 999 999
Total investments, net	535 260 945	596 390 563

Detailed information on the investments of Metall Zug AG, Zug as at December 31, 2020 is available on pages 69 and 70.

5 Associated Companies

After the distribution of 4 500 000 of total 6 428 571 registered shares of V-ZUG Holding AG through a dividend in kind in 2020, Metall Zug AG holds 30.27 % of V-ZUG Holding AG.

6 Intangible Assets

in CHF	12.31.2020	12.31.2019
Software, gross	319 290	319 290
Accumulated amortization	-316 888	-295 328
Software, net	2 402	23 962
Brands, gross	3 334 000	3 334 000
Accumulated amortization	-1 000 500	-833 800
Brands, net	2 333 500	2 500 200
Total intangible assets	2 335 902	2 524 162

Additional Information Required by Law

7 Significant Shareholders

See Note 20 to the consolidated financial statements, page 82.

8 Treasury Shares

As at December 31, 2020, Metall Zug AG holds 1 730 B treasury shares (previous year: 1 730 B treasury shares) at an average purchase price of CHF 3484.

9 Share Ownership by Current Members of the Corporate Bodies

	as at 12.31.2020		as at 12.31.2019	
	Type A Registered Shares	Type B Registered Shares	Type A Registered Shares	Type B Registered Shares
Martin Wipfli , Chairman of the Board of Directors	0	1 375	0	650
Heinz M. Buhofer , Member of the Board of Directors	565 040 ¹⁾	938	563 040 ¹⁾	938
Marga Gyger , Member of the Board of Directors (until April 2020)	0	0	0	0
Peter Terwiesch , Member of the Board of Directors	0	10	0	10
Dominik Berchtold , Member of the Board of Directors	0	10	0	10
Sandra Emme , Member of the Board of Directors	0	10	0	10
Claudia Pletscher , Member of the Board of Directors	0	0	0	0
Daniel Keist , CFO	0	96	0	25
Jürg Werner , CEO (until March 2020)	0	20	0	20

¹⁾ For the most part held through the Buhofer Trust I, Vaduz.

10 Sureties

There are sureties to secure credit lines to Group companies from banks amounting to TCHF 22 854 (previous year: TCHF 30 018).

Furthermore, Metall Zug AG issued a surety to a bank in the amount of TCHF 200 (previous year: TCHF 0). This surety secures a credit line of a company of which Metall Zug AG holds a minority stake.

11 Contingent Liabilities

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 7 847 (previous year: TCHF 6 634) was paid by the end of 2020.

12 Number of Full-time Equivalents

The number of full-time equivalents averaged between 10 and 50 in the year under review (unchanged).

13 Release of Hidden Reserves

In 2020, hidden reserves in the amount of TCHF 16 400 (previous year: TCHF 0) were released.

14 Events After the Balance Sheet Date

No events requiring disclosure took place after the balance sheet date.

Proposal for the Appropriation of Available Earnings

in CHF	12.31.2020	12.31.2019
	Proposal of the Board of Directors	Resolution of the General Meeting of Shareholders
Retained earnings carried forward	45 135 524	20 310 709
Net income	80 484 93	32 445 405
Retained earnings	53 184 017	52 756 114
Distribution of a cash dividend		
for each type A registered share CHF 1.70 gross	3 312 688	3 312 688
for each type B registered share CHF 17.00 gross	4 337 312	4 337 312
Total cash dividend	7 650 000	7 650 000
minus cash dividend on treasury shares ¹⁾	-29 410	-29 410
Retained earnings to be carried forward	45 563 427	45 135 524

¹⁾ As at December 31, 2020, 1 730 type B treasury shares are not entitled to a dividend (previous year: 1 730 type B treasury shares). The share capital entitled to a distribution, and thus the distributed dividend, may vary due to possible changes in the portfolio of treasury shares until the record date of the dividend payment.

Subject to the General Meeting of Shareholders' approval of the Board of Directors' proposal, the dividend will be paid on Thursday, May 6, 2021 (payment date). The last trading date with entitlement to receive the cash dividend is Monday, May 3, 2021. The shares of Metall Zug AG will be traded ex-dividend as of Tuesday, May 4, 2021.

Previous Year's Resolution of an Extraordinary Distribution of a Dividend in Kind for the Execution of the Spin-off of V-ZUG Holding AG

in CHF	12.31.2019
	Resolution of the General Meeting of Shareholders
Voluntary profit reserves carried forward	274 143 291
Transfer from Capital contribution reserves	1 215 000
Total voluntary profit reserves	275 358 291
Distribution dividend in kind	
for each type A registered share 1 registered share V-ZUG Holding AG ¹⁾ net	11 110 964
for each type B registered share 10 registered shares V-ZUG Holding AG ¹⁾ net	14 547 618
Total dividend in kind²⁾	25 658 582
minus dividend in kind on treasury shares ³⁾	-98 643
Voluntary profit reserves to be carried forward	249 798 352

¹⁾ Nominal value per registered share V-ZUG Holding AG: CHF 0.27.

²⁾ The distribution of the dividend in kind was executed at book value according to the balance sheet of Metall Zug AG and amounted to CHF 25 658 582 for 4500 000 registered shares of V-ZUG Holding AG. Thereof from capital contribution reserves: CHF 1 215 000 (corresponded to the nominal value of the 4500 000 registered shares V-ZUG Holding AG distributed).

³⁾ As at December 31, 2019 1 730 type B treasury shares were not entitled to a dividend.

Report of the Statutory Auditor



Ernst & Young Ltd
Gothardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

To the General Meeting of
Metall Zug AG, Zug

Zug, 12 March 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements presented on pages 92 to 97 of Metall Zug AG, which comprise the income statement, balance sheet and notes, for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.



Ernst & Young Ltd
Gottthardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments and loans

Risk	The core business of Metall Zug AG is granting loans to subsidiaries (TCHF 244'850) and holding investments (TCHF 535'261) and these two items make-up 85% of all assets. Depending on the operational developments of the individual business units, there is a valuation risk with regard to investments and loans. Loans are disclosed under section 3 and Investments under section 4 in the notes to the financial statements.
Our audit response	We assessed the impairment considerations of management and reviewed the impairments recorded on investments and loans. We compared the carrying amounts of the investments with the company's proportional share in equity. Where this net asset value consideration was insufficient, we considered valuations as determined by management (e.g., using the discounted cash flow method) to support the book value. We examined the significant assumptions made in these calculations including the assessment under the current Covid-19 pandemic and involved internal valuation specialists if necessary. In case of loans to companies with negative equity, we reviewed the valuation adjustments recorded. Our audit procedures did not lead to any reservations concerning the measurement of investments and loans.



Ernst & Young Ltd
Gottthardstrasse 26
CH-6300 Zug

Phone: +41 58 286 75 55
Fax: +41 58 286 75 50
www.ey.com/ch

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Simon Balmer
Licensed audit expert

Addresses

(as at March 1, 2021)

Metall Zug AG

Industriestrasse 66
6302 Zug
SWITZERLAND
Phone +41 (0)58 768 60 50
Fax +41 (0)58 768 10 29
info@metallzug.ch
www.metallzug.ch

Business Unit Wire Processing Schleuniger AG

Headquarters
Bierigutstrasse 9
3608 Thun
SWITZERLAND
Phone +41 (0)33 334 03 33
info@schleuniger.ch
www.schleuniger.com

Business Unit Medical Devices Haag-Streit Holding AG

Headquarters
Gartenstadtstrasse 10
3098 Köniz
SWITZERLAND
Phone +41 (0)31 978 01 00
Fax +41 (0)31 978 02 80
holding@haag-streit.com
www.haag-streit-group.com

Business Unit Infection Control Belimed AG

Headquarters
Grienbachstrasse 11
6300 Zug
SWITZERLAND
Phone +41 (0)41 449 78 88
info@belimed.com
www.belimed.com

Business Unit Technologycluster & Infrastructure Tech Cluster Zug AG

Industriestrasse 66
6302 Zug
SWITZERLAND
Phone +41 (0)58 768 10 20
info@technologiecluster-zug.ch
www.techclusterzug.ch

Reporting Segment Others

Belimed Life Science AG
Headquarters
Zelgstrasse 8
8583 Sulgen
SWITZERLAND
Phone +41 (0)71 644 85 00
lifescience@belimed.com
www.belimed-lifescience.com

Gehrig Group AG
Headquarters
Bäulerwissenstrasse 1
8152 Glattbrugg
SWITZERLAND
Phone +41 (0)43 211 56 56
info@gehriggroup.ch
www.gehriggroup.ch

Editorial info

Key dates 2021

March 18, 2021: Publication of the 2020 annual report
Financial press and analysts' conference
April 30, 2021: General Meeting of Shareholders of Metall Zug AG
August 16, 2021: Publication of the half-year report

Contact

Head of Corporate Communications & Investor Relations
Christof Gassner
Phone +41 (0)58 768 60 50
christof.gassner@metallzug.ch

Chief Financial Officer
Daniel Keist
Phone +41 (0)58 768 60 50
daniel.keist@metallzug.ch

Disclaimer

All statements in this publication which are not based on historical facts are forward-looking statements that provide no guarantee of future performance. They are subject to risks, uncertainties and other factors outside the control of the Metall Zug Group.

Publisher

Metall Zug AG

Editor: Metall Zug AG, Corporate Communications & Investor Relations,
Design concept: Hotz Brand Consultants, Translation: bmp translations,
Pre-press: gateB AG

The annual report is published in German and English.
In the event of a discrepancy between the two versions,
the German print version takes precedence.

Metall Zug AG

Industriestrasse 66, 6302 Zug, SWITZERLAND
Phone +41 (0)58 768 60 50, Fax +41 (0)58 768 10 29
info@metallzug.ch, www.metallzug.ch