

Metall Zug Group

Half-year Report **2020**

COVID-19 has adverse effect on business. Successful spin-off and listing of V-ZUG.

The Metall Zug Group posted gross sales of CHF 511.6 million in the first half of 2020 – this corresponds to a decrease of 11.3%. The operating result (EBIT) for the first half of 2020 came to CHF –1.7 million (H1 2019: CHF –1.6 million). The financial result amounted to CHF –0.6 million (H1 2019: CHF 5.0 million) and net result stood at CHF –5.4 million (H1 2019: CHF –5.9 million).

Dear Shareholders

The first half of 2020 at the Metall Zug Group was primarily dominated by COVID-19 and the associated impacts on its business activities, as well as by the successful spin-off of V-ZUG Holding AG.

The Metall Zug Group generated gross sales of CHF 511.6 million in the first half of 2020 (H1 2019: CHF 576.5 million). Taking into account the negative currency effect of CHF 9.6 million, gross sales in local currency came to CHF 521.4 million (–9.6%). The decline in sales is primarily attributable to the negative impact of COVID-19 on the Medical Devices and Wire Processing Business Units.

The operating result (EBIT) for the reporting period came to CHF –1.7 million (H1 2019: CHF –1.6 million, or CHF 12.1 million when adjusted for the provisions of CHF 13.7 million for ground remediation work at the Zug site). The operating result was adversely affected above all by the significant drop in sales in the Wire Processing and Medical Devices Business Units. The Household Appliances and Infection Control Business Units increased their EBIT compared to the same period of the previous year.

Thanks to the improvement in net working capital, cash flow from operating activities came to CHF 40.4 million in the first half (H1 2019: CHF –9.7 million). This effect will be less pronounced in the second half of the year.

The financial result amounted to CHF –0.6 million (H1 2019: CHF 5.0 million) and net income stood at CHF –5.4 million (H1 2019: CHF –5.9 million).

The net cash position (cash and cash equivalents and securities less short- and long-term financial liabilities) came to CHF 61.6 million as at June 30, 2020, and was therefore CHF 89.4 million lower than at December 31, 2019 (CHF 151.0 million) following distribution of the cash dividend of CHF 8.6 million and the cash and cash equivalents of CHF 65.1 million remaining with the spun-off V-ZUG Group. The Metall Zug Group still has a solid balance sheet following the spin-off of the V-ZUG Group, with shareholders' equity of CHF 489.5 million and an equity ratio of 72.1%.

Segment information reporting was adjusted in the first half of 2020 in connection with the spin-off of the V-ZUG Group, and the prior-year figures of the Business Units in question have been adjusted accordingly.

Metall Zug continues to hold an approx. 30% stake in V-ZUG Holding AG as a long-term investment. The result for the first half of 2020 of the V-ZUG Group is included in the consolidated income statement of Metall Zug AG. The stake in V-ZUG Holding AG, amounting to CHF 109.5 million, is recognized under Associated companies in the consolidated balance sheet as at June 30, 2020, and is valued according to the equity accounting method (proportional equity). From now on, the change in proportional equity will be disclosed in the income statement, where it will be allocated to the financial result.

Household Appliances: Successful Spin-off

The Household Appliances Business Unit generated gross sales of CHF 261.9 million (H1 2019: CHF 261.8 million). Given the negative currency effect of CHF 1.0 million, organic sales growth amounted to 0.4%. At CHF 12.9 million, the operating result (EBIT) was higher than in the same period of the previous year (CHF 3.7 million, or CHF 7.4 million when adjusted for the provisions for ground remediation work).

Gehrig Group AG, which previously formed part of the Household Appliances Business Unit, was transferred to the new reporting segment 'Other' as of the spin-off date. The two companies V-ZUG Infra AG and MZ Infra AG, which comprise the property required by V-ZUG for operational reasons, along with other properties were transferred out of the Technologycluster & Infrastructure Business Unit, and integrated into the Household Appliances Business Unit. The previous year's figures have been adjusted to the new structure of the spun-off V-Zug Group to enable better comparability.

The shares of V-ZUG Holding AG were traded on SIX Swiss Exchange for the first time on June 25, 2020. The share price opened at CHF 72.00 on the first day of trading and closed at CHF 78.15.

The strategic transformation process at V-ZUG continued in the first half of 2020. Key strategic projects such as the vertical factory in Zug, with its new production space for surface technology, and the new refrigerator factory in Sulgen (CH) are on track. The transition to the new ERP system has been completed. However, the remaining optimizations will still take some time.

Sales in Switzerland remained stable despite COVID-19, and further progress was made in the Asian markets and Germany. Net sales of the V-ZUG brand rose by 38.7% in the international business. Special factors and COVID-19 caused a drop in sales in the U.S. The opening of further ZUGORAMAs in Beijing and Munich strengthens V-ZUG's position as a premium brand.

The income statement of V-ZUG was still fully consolidated in the first half of 2020.

Infection Control: Upward Trend despite COVID-19

The Infection Control Business Unit generated gross sales of CHF 78.8 million (H1 2019: CHF 84.2 million). Around half of the decline is attributable to reduced services to Belimed Life Science. The currency-related decrease in sales amounted to CHF 3.0 million. Adjusted for currency effects, sales in the three core segments – Equipment, Service and Consumables – were roughly on a par with the prior-year level.

As most projects (Equipment business) were completed on schedule even during the COVID-19 crisis, total sales of the equipment business were higher than in the first half of 2019. However, restraint on the part of customers in making new investment decisions resulted in a lower order intake, which is likely to impact on equipment sales in the second half of the year. On the other hand, the COVID-19 pandemic led to a noticeable increase in interest in Belimed's fully automatic hospital bed cleaning systems.

The Service and Consumables segments were adversely affected by COVID-19 during the first six months of 2020 as hospitals performed only those operations that were strictly necessary, with some even suspending surgery altogether.

Margin improvements and active cost management led to an improved operating result (EBIT) of CHF 1.1 million (H1 2019: CHF –3.3 million). The operating result contains one-time additional revenue from the 2016 sale of the former Ballwil production facility totaling CHF 1.4 million and a negative effect of CHF –0.6 million from the recycling of goodwill in connection with the sale of the investment in Sterifast, which took place in February 2020. Without these two one-time effects, the operating result (EBIT) would have come to CHF 0.3 million (H1 2019: CHF –3.3 million).

Medical Devices: Investments in the Future

In the first half of 2020, the Medical Devices Business Unit posted gross sales of CHF 76.6 million (H1 2019: CHF 99.8 million). Adjusted for the negative currency effect of CHF 2.9 million, gross sales fell by 20.4%.

COVID-19 severely hindered Haag-Streit's sales activities. Practically all the events scheduled for 2020 at which Haag-Streit intended to present and sell its devices to a trade audience were canceled. Despite well-attended webinars and in-house product presentations to customers, Haag-Streit recorded a significant decrease in sales, especially in the U.S.

The operating result (EBIT) amounted to CHF –6.5 million (H1 2019: CHF 7.5 million). The cost-cutting measures taken in immediate response to COVID-19 were not enough to make up for the margin lost as a result of the drop in sales.

The first half of 2020 saw high demand for the inhalers produced by subsidiary Clement Clarke International Ltd. (UK), which can be used to treat COVID-19 patients.

Haag-Streit signed an agreement in April 2020 to acquire around 77% of the shares in VRmagic Holding AG (Mannheim, Germany). There is an option agreement to buy the remaining approx. 23% of the shares within the next three years. The additional technological competency of VRmagic in the fields of digital image processing and virtual reality allows the Haag-Streit Group to expand its leading market position.

The Medical Devices Business Unit fell victim to a cyberattack in the U.S. in April 2020. It was possible to reconstruct the actions of the perpetrators and immediately take appropriate security measures. The damage of CHF 2.4 million is disclosed in the income statement as an extraordinary expense.

Wire Processing: Slump in Automotive Production Makes Itself Felt

The Wire Processing Business Unit posted gross sales of CHF 67.5 million in the first six months of 2020 (H1 2019: CHF 101.8 million). Factoring in the negative currency effect of CHF 2.7 million, organic sales declined by 31.1%.

In the first half of 2020, COVID-19 accentuated the reluctance of customers in the automotive industry to buy – a persistent trend that first emerged at the end of 2018.

In the field of process automation, the tendency to install automation lines decentrally in the regions and also to invest more in countries with low wage costs led to increased momentum. As various process automation projects could not be approved by customers due to travel restrictions and lockdowns, they are not reflected in sales. Schleuniger has started conducting the approval process for its systems by means of electronic communication.

The operating result (EBIT) fell considerably from CHF 6.5 million in the prior-year period to CHF –7.7 million, despite the measures taken to cut costs.

Regardless of the difficult operating environment, the Business Unit continued all its key strategic investments in the development of new innovations and products in the field of automation, high voltage, standardization, and digitization. A new ERP system was rolled out at the three sites in Switzerland and in Radevormwald (Germany) during the reporting period.

An agreement was signed on June 30, 2020 to acquire the material assets and liabilities of Cirris Systems Corp., headquartered in Salt Lake City, Utah (USA). This acquisition rounds out Schleuniger's existing range of testing solutions by adding easy to use and operate standard testers, adapters and accessories that will make it a leading supplier in North America to this growing market segment. At the same time, the transaction will broaden Schleuniger's clientele for applications outside the automotive supplier industry.

Technologycluster & Infrastructure: Site Transformation Proceeding as Planned

The operating result (EBIT) of the Business Unit in the first half of 2020 came to CHF 2.6 million (H1 2019: CHF –8.7 million). Without the provisions of CHF 10.0 million for the remediation of soil contamination recognized in the prior-year period, adjusted EBIT would have come to CHF 1.3 million in the year-back period).

Construction work on the "vertical factory" in Zug and the refrigerator plant in Sulgen (CH) is proceeding according to plan. V-ZUG was able to start operating its new press shop during the reporting period. Planning work for the next projects to be tackled, such as the multi-energy hub in Zug, proceeded apace in the first half of 2020. In addition, construction of the Zug Mobility Hub got under way.

Following the spin-off of V-ZUG, the Business Unit will continue to manage V-ZUG's construction projects on a mandate basis.

New Reporting Segment 'Other'

Following the spin-off of the V-ZUG Group, the former Life Science Solutions Business Unit, Gehrig Group AG and the Corporate reporting segment (Metall Zug AG) were grouped together in the new reporting segment 'Other', effective January 1, 2020. The reporting segment posted gross sales of CHF 32.1 million and an operating result of CHF –4.0 million.

The restructuring of Life Science Solutions is beginning to bear fruit, with Life Science Solutions generating a much better operating result in the first half of 2020.

Owing to the lockdown, Gehrig Group AG, which distributes integrated solutions for professional kitchens in Switzerland, recorded a drop in gross sales compared to the prior-year period, and thus also a negative operating result.

Strong Industrial Group with Leading Positions in Attractive Markets

The spin-off of V-ZUG has changed the profile of Metall Zug. The changed Metall Zug is a focused industrial group that is essentially active in the two markets of medical technology and wire processing. We believe the growth prospects in both these markets to be good. Through Belimed, Haag-Streit and Schleuniger, Metall Zug is very well positioned with strong brands in the relevant market segments. The Technologycluster in Zug gives Metall Zug a site of some 58000m² in the heart of the city of Zug with great development potential.

Martin Wipfli
Chairman of the Board of Directors

Consolidated Income Statement

in CHF 1000	H1 2020	H1 2019
Gross sales	511 643	576 549
Sales deductions	-9 051	-10 807
Net sales	502 592	565 742
Changes in inventories	15 831	20 871
Other operating revenue	8 227	4 586
Operating revenue	526 650	591 199
Cost of materials	-185 972	-212 330
Personnel expenses	-237 222	-249 887
Depreciation on tangible assets	-17 613	-16 262
Amortization on intangible assets	-4 711	-3 553
Other operating expenses	-82 799	-110 803
Operating expenses	-528 317	-592 835
Operating result (EBIT)	-1 667	-1 636
in % of gross sales	-0.3%	-0.3%
Financial income	5 664	10 662
Financial expenses	-6 248	-5 661
Result of associated companies	0	42
Financial result	-584	5 043
Extraordinary expenses	-2 413	0
Result before taxes	-4 664	3 407
Taxes	-3 329	-7 521
Non-controlling interest	2 599	-1 821
Net result	-5 394	-5 935
in % of gross sales	-1.1%	-1.0%
Net result per type A registered share (in CHF)	-1.20	-1.32
Net result per type B registered share (in CHF)	-12.03	-13.24
Employees (FTE)	2 786 ¹⁾	5 163

¹⁾ The number of employees (FTE) includes the full-time equivalent number of employees of the Metall Zug Group after the spin-off of the V-ZUG Group. Temporary impacts due to short-time work and further personnel measures due to COVID-19 are taken into account.

Consolidated Balance Sheet

Assets

in CHF 1000	06.30.2020	12.31.2019
Cash and cash equivalents	74 720	152 782
Securities	651	3 224
Trade receivables	81 863	177 660
Other receivables	24 889	35 706
Inventories	158 303	225 686
Prepaid expenses	12 106	10 315
Current assets	352 532	605 373
Land	2 426	2 460
Land and buildings	120 728	229 747
Plant and equipment	15 357	93 625
Prepayments and assets under construction	10 886	54 399
Other tangible assets	9 595	21 197
Tangible assets	158 992	401 428
Employer's contribution reserves	2 555	21 319
Associated companies ¹⁾	110 166	657
Other financial assets	37 237	21 473
Financial assets	149 958	43 449
Software	17 586	32 864
Other intangible assets	8	11
Intangible assets	17 594	32 875
Fixed assets	326 544	477 752
Total assets	679 076	1 083 125

Liabilities and Shareholders' Equity

in CHF 1000	06.30.2020	12.31.2019
Current financial liabilities	9 281	296
Trade payables	18 747	48 841
Other current liabilities	58 170	100 956
Accrued liabilities	50 101	70 184
Current provisions	8 297	28 731
Current liabilities	144 596	249 008
Long-term financial liabilities	4 452	4 682
Other long-term liabilities	1 200	3 832
Long-term provisions	39 312	63 070
Non-current liabilities	44 964	71 584
Total liabilities	189 560	320 592
Share capital	11 250	11 250
Capital reserves	349 004	351 310
Treasury shares	-6 027	-6 027
Retained earnings	68 416	334 140
Non-controlling interest	66 873	71 860
Shareholders' equity	489 516	762 533
in % of total assets (Equity ratio)	72.1%	70.4%
Total liabilities and shareholders' equity	679 076	1 083 125

¹⁾ The V-ZUG Group was spun-off as at June 30, 2020. 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 as at June 30, 2020.

Consolidated Statement of Cash Flows

in CHF 1000	H1 2020	H1 2019
Net result before non-controlling interests	-7 993	-4 114
Financial result, net (excluding associated companies)	584	-5 001
Depreciation and amortization	22 324	19 815
Result of associated companies	0	-42
Net changes in provisions	340	7 956
Taxes	3 322	7 521
Other non-cash items	6 456	4 295
Change in trade receivables	36 210	19 237
Change in other receivables and prepaid expenses	-12 198	-10 341
Change in inventories	-14 853	-27 397
Change in trade payables	-5 929	-12 585
Change in other current liabilities and accrued expenses	14 446	6 790
Interest paid	-62	-80
Taxes paid	-2 229	-15 743
Cash flow from operating activities¹⁾	40 418	-9 689
Investments in tangible assets	-27 468	-33 656
Investments in financial assets	-19 677	-567
Investments in intangible assets	-7 630	-4 382
Investments in Group companies, net of cash acquired ²⁾	-95	-1 397
Disposal of Group companies, net of cash disposed of ³⁾	232	0
Disposals of tangible assets	256	57
Disposals of financial assets ¹⁾	3 524	46 595
Disposals of intangible assets	1	97
Interest received	38	20
Dividends received	0	42
Cash flow from investing activities	-50 819	6 809
Change in long-term financial liabilities	-138	-224
Stamp duty on issued shares of a subsidiary	-1 091	0
Dividend in kind V-ZUG Holding AG (cash outflow)	-65 142	0
Cash dividend	-8 622	-33 384
Cash flow from financing activities	-74 993	-33 608
Currency translation effects	-1 653	-589
Change in "Net cash and cash equivalents"	-87 047	-37 077

¹⁾ The cash flow from securities was reclassified from Cash flow from operating activities (position Change in securities) to Cash flow from investing activities (position Disposals of financial assets) in 2019. As a result of the disposals of securities in the financial years 2018 and 2019, the operational significance of the investment management of Metall Zug AG has been reduced to such an extent that, due to the reclassification, the consolidated cash flow statement is more adequate. Accordingly, the previous year was adjusted and the cash flow from securities amounting to TCHF 46 505 was reclassified to Disposals of financial assets.

²⁾ The position Investments in Group companies, net of cash acquired, of the first half of 2020 relates to a purchase price adjustment of the stake in adaptronic Prüftechnik GmbH, Wertheim (DE). In the comparable period in 2019 this position relates to repurchased non-controlling interests.

³⁾ The position Disposal of Group companies, net of cash disposed of, of the first half of 2020 relates to the cash flow from the sale of the stake in STERIFAST Sterilization & Disinfection Systems, Lda., Boticas (PT).

Changes in Shareholders' Equity

in CHF 1000	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Accu- mulated Currency Transla- tion Diffe- rences	Total Retained Earnings	Non- controlling 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				767		767		767
Currency translation effects					-1178	-1178	-297	-1475
Net result				-5935		-5935	1821	-4114
Balance on 06.30.2019	11250	351310	-6027	306753	-5477	301276	70978	728787
Balance on 01.01.2020	11250	351310	-6027	339473	-5333	334140	71860	762533
Cash dividend				-7620		-7620	-1977 ¹⁾	-9597 ¹⁾
Distribution of the shares of V-ZUG Holding AG as dividend in kind		-1215		-247566	-3333	-250899		-252114
Stamp duty on issued shares of a subsidiary		-1091						-1091
Divestment				728		728		728
Other				-95		-95		-95
Currency translation effects					-2444	-2444	-411	-2855
Net result				-5394		-5394	-2599	-7993
Balance on 06.30.2020	11250	349004	-6027	79526	-11110	68416	66873	489516

¹⁾ Of which TCHF 975 not yet due.

Segment Information

In connection with the spin-off of the V-ZUG Group (Household Appliances Business Unit), the reporting of segment information to the top management level was adjusted in the first half of 2020. As of January 1, 2020, the following adjustments were made compared to the 2019 segment report:

- The companies V-ZUG Infra AG and MZ Infra AG, which were formerly part of the Technologycluster & Infrastructure Business Unit, were transferred to the Household Appliances Business Unit.
- The Household Appliances Business Unit corresponds to the V-ZUG Group, which was spun off on June 25, 2020, and includes V-ZUG Infra AG and MZ Infra AG as stated above. Gehrig Group AG, which was formerly included in

this Business Unit, is not included in the scope of the spin-off of V-ZUG Group and was transferred to the new reporting segment Other.

- In addition to Metall Zug AG, the new reporting segment Other also includes Gehrig Group AG. Furthermore, the business area Life Science Solutions (Belimed Life Science AG and Belimed Life Science d.o.o.), which was previously listed as an individual Business Unit, was also assigned to this reporting segment.

In order to ensure comparability with the prior-year period, the first half of 2019 was restated accordingly.

By Business Unit

in CHF 1000	Net Sales to Third Parties		Operating Result (EBIT)		EBIT in % of Net Sales	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Household Appliances	258629	257671	12915	3677 ¹⁾	5.0%	1.4%
Infection Control	72033	75227	1074	-3306	1.5%	-4.4%
Wire Processing	65125	98699	-7687	6512	-11.8%	6.6%
Medical Devices	75368	97197	-6535	7522	-8.7%	7.7%
Technologycluster & Infrastructure	0	0	2555	-8668 ²⁾	N/A	N/A
Other	31437	36948	-3989	-7506	-12.7%	-20.3%
Consolidation	0	0	0	133	N/A	N/A
Total	502592	565742	-1667	-1636	-0.3%	-0.3%

¹⁾ The EBIT of the first half of 2019 of the Household Appliances Business Unit includes the recognition of a provision for soil remediation in the amount of TCHF 3704.

²⁾ The EBIT of the first half of 2019 of the Technologycluster & Infrastructure Business Unit includes the recognition of a provision for soil remediation in the amount of TCHF 9995.

Notes

General

The Metall Zug Group's unaudited interim financial statements as at June 30, 2020 were prepared in compliance with Swiss GAAP FER 31 and on the basis of historical cost (of acquisition or production) and fair value respectively. These interim consolidated financial statements do not include all the disclosures made in the annual consolidated financial statements and must therefore be read in conjunction with the consolidated financial statements as at December 31, 2019. The interim consolidated financial statements were approved by the Board of Directors on August 14, 2020.

The exchange rate at the balance sheet date is uniformly applied to balance sheets while the average exchange rate during the reporting period is used for income statements. The principles of consolidation and valuation are unchanged compared with the previous year. This half-year report is published in German and English. In case of discrepancies between the two versions, the German print version shall prevail.

Seasonality

Seasonal impacts vary among the Business Units. In recent years, all Business Units tended to have slightly stronger net sales in the second half; in the Infection Control Business Unit (which included the Life Science segment until 2018), the portion of net sales realized in the second half of the last few years was sometimes much higher. In the first six months of 2019, the portion of net sales realized in the Household Appliances Business Unit accounted for 47% of the total for 2019 (2018: 49%). For Infection Control that figure was 44% (2018: 43%), for Wire Processing 49% (2018: 46%) and for Medical Devices 47% (2018: 49%). In 2019, the theoretical seasonality of the new reporting segment 'Other' came to 49%. A comparison with 2018 is not possible as the transfer of Life Science Solutions to this segment did not take place until 2019. The seasonality of the Technologycluster & Infrastructure Business Unit is not material.

Scope of Consolidation

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 1000	V-ZUG Group
Cash and cash equivalents	65 142
Other current assets	151 621
Non-current assets	297 505
Short-term financial liabilities	0
Other short-term liabilities	-121 725
Non-current liabilities	-30 989
Net assets	361 554
Minus remaining investment of Metall Zug AG in V-ZUG Holding AG (30.27%)	-109 440
Distribution in accordance with Changes in Shareholders' Equity	252 114

V-ZUG Holding AG, which was distributed in kind, fully owns the following subsidiaries, which are therefore no longer included in the scope of consolidation of Metall Zug AG as at June 30, 2020:

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

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 30, 2020. Following the distribution in kind, Metall Zug AG continues to hold a 30.27% stake in V-ZUG Holding AG. This ownership interest in V-ZUG Holding AG is thus valued using the equity method (proportional equity) as at June 30, 2020 and is disclosed under 'Associated companies'.

Furthermore, Möller-Wedel Beteiligungen GmbH, Wedel (DE), which forms part of the Medical Devices Business Unit, acquired a 76.9% stake in VRmagic Holding AG, Mannheim (DE) on May 30, 2020. There is an option agreement to

buy the remaining 23.1% stake currently held by employee shareholders within the next three years. VRmagic was established in 2001 and is a pioneer in virtual and augmented reality technology for medical training. The acquired company VRmagic Holding AG holds the following subsidiaries:

- VRmagic GmbH, Mannheim (DE)
- VRmagic Imaging GmbH, Mannheim (DE)
- VRmagic Inc., Delaware (US)

The initial purchase price allocation and goodwill calculation had not yet been completed at the time these interim financial statements were drawn up. The purchase price of TCHF 18829 is thus disclosed as a non-consolidated company in 'Other financial assets' as at June 30, 2020. The initial purchase price allocation will be made in the second half of 2020. VRmagic's sales and result for the period from acquisition up to June 30, 2020 are not material to the half-year financial statements of the Metall Zug Group.

In February 2020, the company STERIFAST Sterilization & Disinfection Systems, Lda., Boticas (PT) was sold at a price of TCHF 232. The goodwill of TCHF 728 recognized in equity was recycled through profit or loss on completion of the transaction.

Following the spin-off of the V-ZUG Group and thus the discontinuation of the Household Appliances Business Unit, the segmentation of the Metall Zug Group was revised. The former Life Science Solutions Business Unit, Gehrig Group AG (previously part of the Household Appliances Business Unit) and the Corporate reporting segment (Metall Zug AG) were grouped together in the new reporting segment 'Other'. The two companies previously belonging to the Technologycluster & Infrastructure Business Unit, V-ZUG Infra AG and MZ Infra AG, were also spun off with the V-ZUG Group. Therefore, they 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 figures were adjusted accordingly.

Explanations to the Financial Report

The following is an explanation of significant matters that occurred in the reporting period.

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 are underway to identify the culprits, but there is little hope of suc-

cess. As things stand, the damage is expected to amount to TCHF 2413. This amount is disclosed in the income statement as an extraordinary expense.

Other Provisions / Other Operating Expenses

In the previous year, a provision for ground remediation work of TCHF 9995 was recognized in the Technologycluster & Infrastructure Business Unit and of TCHF 3704 in the Household Appliances Business Unit. As part of the preparations for construction work at the main V-ZUG site in Zug, extensive contamination investigations were carried out in consultation with the Canton of Zug Environment Office. These investigations identified various areas that require remediation. It should be possible to clean up these sites at the same time as the planned construction work. Given the legal remediation obligation and the advanced planning stage for some construction plots, provisions must be set aside for these remediation costs. Due to the long-term nature of this clean-up, the remediation provision was discounted. Any further remediation costs will depend on whether additional buildings are erected on the site in Zug.

Events After the Balance Sheet Date

The restrictive measures taken by many countries in response to the global spread of the coronavirus (SARS-CoV-2, which causes COVID-19) will have a material impact on the global economy and thus also on the Metall Zug Group. At the time of publication of this financial report, it is not possible to definitively assess what financial consequences the direct and indirect effects of this pandemic will have in the financial year 2020. The Metall Zug Group is planning scenarios and taking measures to minimize the negative impact of the pandemic on its current operations.

On June 30, 2020, the Schleuniger Group, a member of the Metall Zug Group, signed an agreement to acquire the material assets and liabilities of Cirris Systems Corp., headquartered in Salt Lake City, Utah (USA). The transaction will likely be completed in the second half of 2020.

In July 2020, Belimed GmbH, Mühldorf (DE), a subsidiary of the Metall Zug Group, has signed a contract to sell a property held for sale, which is measured at its carrying amount (expected gain of TCHF 4000).

No further events occurred between June 30, 2020 and the publication of this half-year report on August 14, 2020 that would require disclosure under this heading.

