Metall Zug Group

Half-year Report
2021

The Metall Zug Group posted a significantly higher operating result in the first half of 2021

The Metall Zug Group posted net sales of CHF 302.8 million in the first half of 2021 (H1 2020: CHF 509.7 million). After deducting the prior year's first-half sales of CHF 261.5 million of the V-ZUG Group, which was spun off in June 2020, this equates to an increase of 22 %. The operating result (EBIT) for the first half of 2021 came to CHF 16.9 million (H1 2020: CHF – 1.7 million). The financial result amounted to CHF 12.9 million (H1 2020: CHF – 0.6 million) and net income stood at CHF 22.3 million (H1 2020: CHF – 5.4 million).

Dear Shareholder

The Metall Zug Group generated net sales of CHF 302.8 million in the first half of 2021 (H1 2020: CHF 509.7 million, or CHF 248.2 million without the V-ZUG Group, which was spun off on June 25, 2020). Net sales in local currency were up 18.0 % after adjusting for the contribution made by the prior first-half year's sales of the V-ZUG Group and factoring in the acquisition effect of CHF 13.5 million (5.4 %) and the currency effect of CHF –3.5 million (–1.4 %). The increase reflects the noticeable recovery of the relevant markets, an adaptation to the effects of the pandemic and a certain catch-up effect. This applies not only to the market for medical devices and the automotive industry, but also and above all to the US market. Customers are making more investments and building up inventory again, which had run low at the end of last year.

The operating result (EBIT) for the reporting period came to CHF 16.9 million (H1 2020: CHF –1.7 million, or CHF –14.6 million excluding the V-ZUG Group's EBIT contribution of CHF 12.9 million). The operating result was positively affected above all by the significant rise in sales in the Wire Processing and Medical Devices Business Units. These Business Units experienced a sharp increase in EBIT compared to the same period of the previous year.

At CHF 33.3 million, cash flow from operating activities continued to develop favorably in the first half of 2021 (H1 2020: CHF 40.4 million, or CHF 15.0 million without the V-ZUG Group). This is primarily attributable to the improvement in the operating result.

The financial result amounted to CHF 12.9 million (H1 2020: CHF –0.6 million) and includes the pro rata net income of the V-ZUG Group, in which Metall Zug holds a 30 % stake. Net income climbed to CHF 22.3 million (H1 2020: CHF –5.4 million, or CHF –16.6 million excluding the contribution of the V-ZUG Group).

The net cash position (cash and cash equivalents and securities less short- and long-term financial liabilities) came to CHF 85.6 million as at June 30, 2021, and was therefore CHF 18.0 million higher than at December 31, 2020 (CHF 67.6 million), despite the distribution of a cash dividend of CHF 7.8 million. The Metall Zug Group still has a solid balance sheet, with shareholders' equity of CHF 505.4 million. This translates into an equity ratio of 72.2 %.

The income statement is now presented according to the income statement by function method (previously: income statement by nature method). The previous year's figures have therefore been restated accordingly.

Infection Control: Stable Development

The Infection Control Business Unit (Belimed Group) generated net sales of CHF 78.3 million (H1 2020: CHF 78.1 million). The negative foreign currency impact amounted to CHF 1.0 million.

As most projects in the Equipment business were completed on schedule even during the COVID-19 crisis, currency-adjusted net sales of the Equipment business were only slightly lower than in the first half of 2020. The market is undergoing a noticeable recovery, and customers are once again making investment decisions. This is reflected in the growth in order intake, especially in China and the US, where Infection Control succeeded in strengthening its market position over the last 12 months.

The other two segments, Service and Consumables, performed well. More surgical procedures were carried out than at the start of 2020 when hospitals were performing only those operations that were strictly necessary, with some even suspending surgery altogether. But even compared to pre-COVID times, the Consumables business is again experiencing double-digit growth rates.

At CHF –2.1 million, the operating result (EBIT) for the first half of 2021 is slightly negative and thus below the prior-year level (H1 2020: CHF 1.1 million). However, the result for the same period of the previous year included net one-time effects of CHF 0.8 million. Without these one-time effects, the decline comes to CHF –2.4 million. The positive contributions of the year-on-year increase in sales were partly offset by higher expenses, especially for R&D, Marketing and Sales.

On the product side, SmartHub 2.0 was successfully introduced. SmartHub 2.0 operates as a data turntable that collects data from connected devices. SmartHub 2.0 processes the data and makes it available in a dashboard that provides customers with important information such as the duration, progress of cleaning and sterilization programs and their process steps. In addition, a Global Planning & Design Team was established to provide hospitals with professional support at an early stage in their planning and setting up of a Central Sterile Supply Department (CSSD).

Belimed also completed its ERP rollout; this means a harmonized system is now in use throughout the group, apart from the Chinese subsidiary.

Medical Devices: Impressive Recovery of Net Sales and EBIT

In the first half of 2021, the Medical Devices Business Unit (Haag-Streit Group) posted much higher net sales of CHF 101.5 million (H1 2020: CHF 76.6 million), thus returning to pre-COVID levels. Adjusted for currency effects of –1.6 % and acquisition effects of 8.3 %, organic growth came to 25.9 %.

Whereas in 2020, Haag-Streit's sales activities were severely affected by cancelled congresses and trade fairs, there has been a noticeable upward trend in the current year, accompanied by a discernible market recovery, especially in the US and Great Britain. This is reflected not only in the sharp rise in sales, but also and above all in the significantly higher order intake. Following the acquisition of VRmagic, sales of training and simulation equipment (especially surgical simulators) surpassed expectations. VRmagic also succeeded in acquiring a landmark order from Genentech for simulators in May 2021, which will positively impact net sales over the next few months.

The operating result (EBIT) came to CHF 13.7 million in the first half of 2021 (H1 2020: CHF –6.5 million). Therefore, Medical Devices has clearly returned to the profit zone. This is attributable not only to the increase in sales, but also to improved margins as a result of higher capacity utilization and to lower costs. The operating result also contains the income from the partial release of a provision for pension benefit obligations at a subsidiary in Great Britain amounting to CHF 3.7 million (H1 2020: expense of CHF 1.8 million).

Lenstar Myopia, a combination of the Lenstar LS 900 biometer and a software application that enables precise measurements for the early detection of myopia (short-sightedness), was successfully launched. In addition, the product comes with state-of-the-art myopia management software that provides graphical visualizations which help to inform patients, predict the course of the disease at an early stage and monitor the success of initiated treatment measures.

With the Eyestar 900, Haag-Streit is opening a new chapter in measuring, imaging and diagnosing of the human eye. The device enables 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 clinically relevant structures.

Wire Processing: Higher Net Sales and EBIT

The Wire Processing Business Unit (Schleuniger Group) posted net sales of CHF 98.8 million in the first six months of 2021 (H1 2020: CHF 66.7 million), which equates to an increase of 48.2 % on the same period of the previous year. Adjusted for currency effects of –1.4 % and acquisition effects of 10.6 %, the organic growth in sales came to 39.0 %.

The automotive industry experienced a noticeable upswing in the first half of the year, especially in the US as customers started to make previously deferred investments.

Moreover, thanks to the acquisition of the material operating activities of Cirris Systems Corp. in September 2020 through the newly established Cirris Inc., Schleuniger was able to round out its existing range of testing solutions by adding easy to use and operate standard testers, adapters and accessories, thus almost doubling sales in this segment. At the same time, the transaction broadened Schleuniger's clientele for applications outside the automotive supplier industry.

Technological progress in relation to high voltage applications and data cables, plus the increasing production volume of hybrid and battery electric vehicles (NEVs), and further automotive connectivity are all driving demand. This can be seen in the significant rise in order intake and subsequently also in the order backlog. The latter also benefited from customers' increasing need for greater automation of their production processes.

Temporary delivery bottlenecks on the procurement and transport side meant that parts of the order backlog could not yet be converted into sales, especially in the US and China.

At CHF 6.7 million, the operating result (EBIT) was much higher than in the prior-year period (H1 2020: CHF –7.7 million) and is now clearly back in the positive zone. In addition, lower costs for administration (consulting/IT expenses) contributed to the improved operating result.

The defined "Best in Test" strategy has got off to a good start. The integration of Cirris Inc., USA, in the "Schleuniger Testing Alliance" is proceeding as planned. The "Schleuniger Testing Alliance", consisting of Cirris, adaptronic and Schleuniger Test Automation, offers customers worldwide a broad range of products from simple standardized cable testers to customer-specific testing systems and automated testing platforms for a variety of industries. Schleuniger is benefiting from the trend among customers to make ever-higher requirements on their products in terms of quality and safety.

Technologycluster & Infrastructure: Development of Tech Cluster Zug Gathers Speed

The Technologycluster & Infrastructure Business Unit's operating result (EBIT) came to CHF 0.4 million in the first half of 2021 (H1 2020: CHF 2.6 million). The reasons for the decline are the lower property management income from V-ZUG following the conclusion of two new construction projects and preliminary planning activities, higher costs for ground remediation work and for competitions to conduct studies.

After SHL Medical signed a letter of intent for the construction of the SHL Südtor building, an architectural design competition was completed, planning for the preliminary project begun and the rental contract concluded. A letter of intent was also signed by VZ Depository Bank for the construction and sale of eastern tower CreaTowers I. An architectural design competition is due to be held in fall 2021, in parallel with that for CreaTowers II.

Furthermore, Westhive will open a flexible workspace with 2000 square meters of office space on the Tech Cluster Zug site in late summer 2022. To this end, a long-term tenancy agreement has been concluded with Westhive.

Construction work on the Mobility Hub Zug parking garage is proceeding according to plan and on budget. The architectonically impressive footbridge over the Zug/Baar bypass is finished.

The preliminary planning project for the wooden high-rise Pi is expected to be completed in the third quarter of 2021.

Work has commenced on the construction of the Multi Energy Hub at the ZUGgate high-bay warehouse. The demolition phase is over, civil engineering work has begun, and tender negotiations are underway.

Reporting Segment "Others"

Belimed Life Science, Gehrig Group AG and Corporate (i.e. Metall Zug AG) are grouped together in the "Others" reporting segment. The reporting segment posted net sales of CHF 27.9 million in the first half of 2021 (H1 2020: CHF 32.0 million) and an operating result of CHF –1.8 million (H1 2020: CHF –4.0 million).

At Belimed Life Science, net sales in the first half of 2021 were slightly down on the previous year due to the lower order intake in the first half of 2020 and the lengthy project throughput times. However, both order intake and order backlog were significantly higher in the first half of 2021 than in the same period of the previous year. This reflects the increase in demand from the pharma industry as a whole, and for tests and vaccines in particular. Through a clear focus on profitable projects, improved project management and operational excellence, Belimed Life Science succeeded in lifting its operating result (EBIT) into positive territory. Belimed Life Science will continue to focus on steadily improving its operational excellence and expanding its retrofit business.

Gehrig Group AG offers solutions for professional kitchens in the hotel and catering industry. Due to the government-imposed closure of hotels and restaurants in Switzerland, net sales were down on the prior-year period. This led to a negative operating result for the first half of the year. However, strict cost management and short-time working helped limit the negative financial impact.

Sustainability @ Metall Zug

The Metall Zug Group has defined mid-term sustainability targets in four focus areas.

Climate & Energy: The Metall Zug Group aims to achieve a global net zero emissions target by pursuing a strategy based on transparency and innovation. Metall Zug's production sites in Switzerland have already achieved CO_2-neutrality in Scope 1 (heating and operating power, own vehicles), Scope 2 (electricity) and Scope 3 (business air travel) by reducing and compensating. The Technologycluster & Infrastructure Business Unit is leading the way in this respect. It is seeking to achieve CO_2-neutrality through sustainable construction projects (building with wood), a CO_2-free energy supply and a mobility concept that rewards employees who come to work by public or non-motorized transportation while charging a fee for those who use their own motorized form of transport.

Employees: Metall Zug wants to develop and secure a skilled workforce long term. The main activities here are to step up promotion and succession planning, strengthen the leadership culture, boost satisfaction among employees and take more preventive health and safety measures.

Products & Services: Metall Zug intends both to retain its leading role in long product lifetimes, the availability of spare parts and competent customer service and to build on it by moving toward a closed-loop economy. One of the first goals is to see packaging material produced from renewable materials only.

Society & Value Creation: Metall Zug makes a contribution to society by creating jobs locally, playing a role in quality urban development and helping provide affordable housing.

On the whole, Metall Zug follows its own agenda regarding sustainability. Its main aim is not simply to tick off the checklists drawn up by sustainability experts. Instead, it wants to play a pioneering role, based on the deeply rooted principle of fair business practices and with innovative ideas.

Strong Industrial Group with Leading Positions in Attractive Markets

Metall Zug holds an interesting portfolio of technologically strong companies with above-average growth and value added potential, and is essentially active in the two growing markets of medical technology and wire processing. Through Haag-Streit, Belimed and Schleuniger, Metall Zug is very well positioned in the relevant market segments with strong brands, leading products and services, strong customer relations and opportunities regarding digital businesses and processes.

The Technology Cluster in Zug also gives Metall Zug a site of some 60 000 m^2 in the heart of the city of Zug. Metall Zug aims to leverage this development potential over the next few years through innovative and sustainable projects.

Thanks to its strategic shareholding of around 30 % in V-ZUG Holding AG, Metall Zug additionally benefits from the potential of V-ZUG.

Due to the current positive economic environment and the high order backlog, we expect business to develop favorably in the second half of the year.

Martin Wipfli
Chairman of the Board of Directors

Consolidated Income Statement

in CHF 1000	H1 2021	H1 2020 restated
Net sales	302833	509681
Cost of goods and services sold	–189364	–343255
Gross profit	**113469**	**166426**
in % of net sales	*37.5 %*	*32.7 %*
Marketing and sales expenses	–38820	–76606
Research and development expenses	–28654	–47335
Administration expenses	–35226	–49078
Other operating income	6267	5765
Other operating expenses	–117	–839
Operating result (EBIT)	**16919**	**–1667**
in % of net sales	*5.6 %*	*–0.3 %*
Financial income	4495	5664
Financial expenses	–4427	–6248
Result associated companies	12862	0
Financial result	**12930**	**–584**
Extraordinary expenses	0	–2413
Result before taxes	**29849**	**–4664**
Taxes	–3447	–3329
Non-controlling interest	–4110	2599
Net result	**22292**	**–5394**
in % of net sales	*7.4 %*	*–1.1 %*
Net result per type A registered share (in CHF)	4.97	–1.20
Net result per type B registered share (in CHF)	49.73	–12.03
Employees (FTE)	3248[1)]	2786[1)]

1) The full-time equivalent number of employees (FTE) includes impacts due to short-time work and further personnel measures due to COVID-19. The previous year's period discloses the number of employees of the Metall Zug Group after the spin-off of the V-ZUG Group.

The presentation of the income statement is now based on the income statement by function method (previously: income statement by nature method). In this context, the previous year's figures have been adjusted to the new structure, see "Change in presentation" in the Notes on page 10 for further information. Furthermore, the V-ZUG Group was spun off on June 25, 2020, and was fully consolidated until that date. As a consequence, the prior year figures are not comparable to the 2021 reporting period.

Consolidated Balance Sheet

Assets

in CHF 1000	06.30.2021	12.31.2020
Cash and cash equivalents	89896	71768
Securities	319	506
Trade receivables	99733	99478
Other receivables	17055	13141
Inventories	150148	123739
Prepaid expenses	8907	8080
Current assets	**366058**	**316712**
Land	2400	2324
Land and buildings	120666	121856
Plant and equipment	15857	16329
Prepayments and assets under construction	26207	16924
Other tangible assets	8254	8675
Tangible assets	**173384**	**166108**
Associated companies	129909	116960
Employer's contribution reserves	254	897
Other financial assets	15497	18482
Deferred income tax assets	440	415
Financial assets	**146100**	**136754**
Software	14202	15649
Other intangible assets	10	16
Intangible assets	**14212**	**15665**
Fixed assets	**333696**	**318527**
Total assets	**699754**	**635239**

Liabilities and Shareholders' Equity

in CHF 1000	06.30.2021	12.31.2020
Current financial liabilities	293	299
Trade payables	25530	19510
Other current liabilities	53800	36353
Accrued liabilities	63134	40445
Current provisions	11882	13996
Current liabilities	**154639**	**110603**
Long-term financial liabilities	4286	4354
Other long-term liabilities	3300	3300
Long-term provisions	32103	34088
Non-current liabilities	**39689**	**41742**
Total liabilities	**194328**	**152345**
Share capital	11250	11250
Capital reserves	349004	349004
Treasury shares	–6027	–6027
Retained earnings	82079	64019
Non-controlling interest	69120	64648
Shareholders' equity	**505426**	**482894**
in % of total assets (Equity ratio)	72.2 %	76.0 %
Total liabilities and shareholders' equity	**699754**	**635239**

Consolidated Statement of Cash Flows

in CHF 1 000	H1 2021	H1 2020[1) restated
Net result before non-controlling interests	26 402	–7 993
Financial result, net (excluding associated companies)	–68	584
Result of associated companies	–12 862	0
Income from sale of fixed assets	–38	–918
Depreciation and amortization	8 607	22 324
Net changes in provisions	–5 235	340
Taxes	3 447	3 322
Other non-cash items	–1 479	6 456
Change in trade receivables	3 121	36 210
Change in other receivables and prepaid expenses	–3 436	–11 280
Change in inventories	–21 894	–14 853
Change in trade payables	5 681	–5 929
Change in other current liabilities and accrued expenses	33 150	14 446
Interest paid	–58	–62
Taxes paid	–2 079	–2 229
Cash flow from operating activities	**33 259**	**40 418**
Investments in tangible assets	–10 880	–27 468
Investments in financial assets	–50	–19 677
Investments in intangible assets	–910	–7 630
Investments in Group companies, net of cash acquired[2)]	0	–95
Disposal of Group companies, net of cash disposed[3)]	0	232
Disposals of tangible assets	1 565	256
Disposals of financial assets	450	3 524
Disposals of intangible assets	1	1
Interest received	17	38
Cash flow from investing activities	**–9 807**	**–50 819**
Repayment of financial liabilities	–140	–138
Stamp duty on issued shares of V-ZUG Holding AG	0	–1 091
Dividend in kind V-ZUG Holding AG (Cash disposed)	0	–65 142
Dividend to shareholders of Metall Zug AG	–7 621	–7 620
Dividends to non-controlling interest holders	–216	–1 002
Cash flow from financing activities	**–7 977**	**–74 993**
Currency translation effects	2 659	–1 653
Change in “Net cash and cash equivalents”	**18 134**	**–87 047**

[1)] The V-ZUG Group was spun off on June 25, 2020, and was fully consolidated until that date. As a consequence, the figures for the same period in the previous year are not comparable to the 2021 reporting period. In addition, the presentation of the cash flow statement for the previous year’s period was adapted to the presentation of the current period.

[2)] The position Investments in Group companies, net of cash acquired, of the first semester 2020 relates to a purchase price adjustment of the participation adaptronic Prüftechnik GmbH, Wertheim (DE).

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

Changes in Shareholders' Equity

in CHF 1000	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Accumulated Currency Translation Differences	Total Retained Earnings	Non-controlling Interests	Total
Balance on 01.01.2020	**11250**	**351310**	**–6027**	**339473**	**–5333**	**334140**	**71860**	**762533**
Cash dividend				–7620		–7620	–1977[1]	–9597
Distribution of the shares of V-ZUG Holding AG as dividend in kind		–1215		–253266[2]	–3333	–256599		–257814[2]
Stamp duty on issued shares of V-ZUG Holding AG		–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, restated	**11250**	**349004**	**–6027**	**73826**	**–11110**	**62716**	**66873**	**483816**
Balance on 01.01.2021	**11250**	**349004**	**–6027**	**77738**	**–13719**	**64019**	**64648**	**482894**
Dividend				–7621		–7621	–216	–7837
Currency translation effects				–683	4072	3389	578	3967
Net result				22292		22292	4110	26402
Balance on 06.30.2021	**11250**	**349004**	**–6027**	**91726**	**–9647**	**82079**	**69120**	**505426**

[1] Thereof TCHF 975 not yet due on June 30, 2020.

[2] Prior year's information corrected. See "Correction of previous year" on page 10.

Segment Information

By Business Unit

	Net Sales		Operating Result (EBIT)		EBIT in % of Net Sales	
in CHF 1000	H1 2021	H1 2020[1] restated	H1 2021	H1 2020	H1 2021	H1 2020[1] restated
Household Appliances	–	261474[2]	–	12915[2]	N/A	4.9 %
Infection Control	78345	78143	–2110	1074	–2.7 %	1.4 %
Wire Processing	98819	66682	6707	–7687	6.8 %	–11.5 %
Medical Devices	101481	76550	13682[3]	–6535[3]	13.5 %	–8.5 %
Technologycluster & Infrastructure	–	–	405	2555	N/A	N/A
Others	27871	32016	–1765	–3989	–6.3 %	–12.5 %
Consolidation	–3683	–5184[1]	–	–	N/A	N/A
Total	**302833**	**509681**	**16919**	**–1667**	**5.6 %**	**–0.3 %**

1) As part of the changed presentation of the income statement, sales-related costs, which were previously included as sales deductions in net sales, were reclassified to cost of goods and services sold. See "Changes in Presentation" in the Notes on page 10 for more information. Furthermore, Net sales now comprise sales between Business Units. The previous period's disclosures have been restated accordingly.

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

3) The 2021 reporting period contains the partial dissolution of a provision for pension benefit obligations of a subsidiary in Great Britain in the amount of TCHF 3693 (Previous year: increase of TCHF 1790). For both, the current and the previous period, a reassessment of the provision was performed due to changes in the economic environment.

Notes

General

The Metall Zug Group's unaudited interim financial statements as at June 30, 2021, were prepared in compliance with Swiss GAAP FER 31 and on the basis of historical cost (acquisition cost or production cost) or actual values. These interim consolidated financial statements do not include all the disclosures in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at December 31, 2020. The consolidated interim financial statements were approved by the Board of Directors on August 13, 2021.

The exchange rate at the balance sheet date is uniformly applied to balance sheets while the average exchange rate during the period under review 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 version shall prevail.

Seasonality

Seasonal impacts vary amongst the Business Units. All Business Units used to have slightly stronger second semesters regarding net sales in the past years. Net sales of the Infection Control Business Unit were clearly higher in the second semester in some years. The portion of net sales realized in the first semester 2020 compared to the full year 2020 was 44 % in the Infection Control Business Unit (2019: 44 %), 44 % in the Wire Processing Business Unit (2019: 49 %) and 45 % in the Medical Devices Business Unit (2019: 47 %). The seasonality of the reporting segment Others was at 42 % for 2020 (2019: 49 %). The seasonality of the Technologycluster & Infrastructure Business Unit is not material. In the first half of 2020, the Household Appliances Business Unit (V-ZUG Group) was still part of the Metall Zug Group until the spin off on June 25, 2020.

Change in Presentation

Since January 1, 2021, the Metall Zug Group presents the income statement according to the income statement by function method (previously: income statement by nature method). Metall Zug considers the income statement by function to be more meaningful for the analysis of the Group's financial development. The previous year's period was restated accordingly. As part of this restatement, sales-related costs in the amount of TCHF 7089, which were previously included in sales deductions in net sales, were reclassified to cost of goods and services sold.

Correction of Previous Year

In the 2020 half-year report, as part of the deconsolidation of the V-ZUG Group, a liability of a group company of Metall Zug AG in favor of V-ZUG AG in the amount of TCHF 5 700 was incorrectly not taken into account because this intra-group liability was eliminated in the course of consolidation before the V-ZUG Group had been spun off. Accordingly, the previous year's information in the Changes in Shareholders' Equity was corrected for this effect. This increases the effect of the dividend in kind on the Retained Earnings from TCHF 247 566 to TCHF 253 266, respectively the overall effect of the dividend in kind on equity from TCHF 252 114 to TCHF 257 814. This correction was also made in the "Changes to the Scope of Consolidation" chapter below.

Changes to the Scope of Consolidation

The first half of 2021 of the Medical Devices Business Unit includes the results of VRmagic Holding AG and its subsidiaries VRmagic GmbH and VRmagic Imaging GmbH, all in Mannheim (DE) as well as VRmagic Inc., Delaware (US). VRmagic Holding AG was acquired on May 30, 2020, with a stake of 76.9% and consolidated only in the second half of 2020. The sales and earnings of the VRmagic group for the period after the acquisition until June 30, 2020, were immaterial for the half-year financial statements of the previous period. The initial purchase price allocation and goodwill calculation had not yet been completed at the time the half-year financial statements 2020 were prepared. The purchase price of TCHF 18829 was therefore recognized as a non-consolidated company in Other financial assets as at June 30, 2020.

In addition, the first half of 2021 of the Wire Processing Business Unit includes the result of Cirris Inc., Salt Lake City (US), which acquired the material operating activities and the related assets and liabilities of Cirris Systems Corporation, Salt Lake City (US), through an asset deal effective September 1, 2020.

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

As explained in the annual consolidated financial statements 2020, the following consolidated book values of V-ZUG Holding AG and its subsidiaries (V-ZUG Group) were distributed to shareholders of Metall Zug AG as a dividend in kind in the form of registered shares in V-ZUG Holding AG, Zug, on June 25, 2020:

in CHF 1 000, restated	V-ZUG Group
Cash and cash equivalents	65 142
Other current assets	151 621
Non-current assets	297 505
Short-term financial liabilities	–
Other short-term liabilities	–121 725
Long-term liabilities	–30 989
Total identifiable net assets	**361 554**
Deduction of remaining participation of Metall Zug AG in V-ZUG Holding AG (30.27%)	–109 440
Recognition of previously eliminated liability due to V-ZUG AG[1]	5 700
Distribution in accordance with Changes in Shareholders' Equity[1]	**257 814**

[1]Prior year's information corrected. Please refer to explanation under "Correction of previous year" on page 10.

V-ZUG Holding AG and its subsidiaries correspond to the Household Appliances Business Unit presented in the segment reporting. The consolidated income statement of Metall Zug AG, as well as the segment result of the Household Appliances Business Unit of the previous year, contain the result of V-ZUG Holding AG and its subsidiaries until June 25, 2020. Since the distribution, Metall Zug AG has held 30.27% of V-ZUG Holding AG. This stake is valued using the equity method (proportional equity) and is reported under Associated companies.

Explanations relating to the Financial Report

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

Result Associated Companies

As the V-ZUG Group's financial data for 2020 were not yet available at the time the consolidated financial statements as at December 31, 2020, were prepared, Metall Zug AG's share of V-ZUG Group's net profit was estimated at TCHF 6962 based on the latest publicly available information at that time. According to the 2020 annual report of V-ZUG Holding AG, which has been published in the meantime, Metall Zug AG's effective share in the net profit of the V-ZUG Group amounted to TCHF 9664. The difference of TCHF 2702 was recognized in the income statement in the first half of 2021. In addition, proportional equity postings of V-ZUG Holding AG of TCHF –91, which did not affect the income statement, were recognized as Changes in equity in the consolidated financial statements of Metall Zug AG.

The share of V-ZUG Holding AG's net profit for the first half of 2021 amounts to TCHF 10279 and is based on the half-year financial statements published on July 22, 2021. The proportional equity postings of V-ZUG Holding AG, which did not affect the income statement, amount to TCHF 107. The result of Associated companies for the first half-year 2021 also includes TCHF –119 proportional result from other companies.

Extraordinary Expenses

In April 2020, the Medical Devices Business Unit fell victim to a cyberattack in the US, which resulted in an intra-group payment being transferred to a false account. The damage amount of TCHF 2413 was disclosed as an extraordinary expense in the previous year's period.

Events After the Balance Sheet Date

There were no events between June 30, 2021, and the publication of the half-year report on August 16, 2021, that would need to be disclosed under this heading.

Metall Zug AG
Industriestrasse 66, 6302 Zug
Phone +41 58 768 60 50, Fax +41 58 768 10 29
investorrelations@metallzug.ch, www.metallzug.ch