High-precision delivery

Annual report 2021

Contents

Dear Shareholder,

2021 was an extraordinary year in many respects. The world was learning to adapt to the recurring waves of the pandemic and the global economy was on its recovery path while dealing with supply chain challenges, raw material shortages, energy price hikes and recurring lockdowns. Our teams around the world worked tirelessly to accommodate the pent-up demand from our customers across most of our segments, ensuring constant availability of raw materials and strict adherence to health guidance. These actions helped us keep our employees safe, avoid factory closures, and supply our customers seamlessly throughout the year. Our business recovered to pre-pandemic levels by the end of the first half 2021 and continued growing strongly in the second half of the year. The past year was also the first year of medmix as an independent company, following the shareholders’ decision to spin off the former Sulzer Applicator Systems (APS) division into a separate company, which was subsequently listed on the SIX Swiss Exchange.

Delivering strong results

We closed the financial year with a revenue of CHF 457.3 million, an increase of 30.2% compared to 2020. This also marks a nominal 8.7% increase compared to the pre-pandemic CHF 420.7 million in 2019. The organic growth rate was 21.5% compared to the previous year. Our adjusted EBITDA was CHF 114.5 million, which results in an adjusted EBITDA margin of 25.0%, compared to 18.8% in 2020. A free cash flow of CHF 55.6 million marks strong cash generation. Both business areas, Healthcare and Consumer & Industrial, recorded significant growth in 2021.

Healthcare grew 63.7% compared to the previous year. Half of the growth was organic, and half was driven by the acquisition of Haselmeier and our entry into the Drug Delivery market. The integration of Haselmeier was completed in March 2021, and the business performed very well, securing four customers for our new D-Flex injector pen platform, all US biotech companies. With the global reopening, we saw a strong rebound in the Dental market segment, with an increase of 42.3% year-on-year. Surgery, our smallest Healthcare market segment, was down 12.5% due to an exceptional re-stocking order for a key customer in 2020, but is expected to return to growth in 2022.

Consumer & Industrial grew 16.1%, driven by a global pick-up in economic activity that translated into high demand for adhesives, with the Industry market segment itself up 27.6%. The electronics and construction industries, which our adhesives customers serve, were particularly active, and automotive and aerospace also picked up. Recovery in the Beauty market segment was slower but steady at +4.2% for the year, while still impeded by lockdowns, limited travel leading to low duty-free revenues, and work from home.

We are excited to continue our development as an independent, publicly traded company, as we have been since September 30, 2021. You only get one chance to make a first impression, and we took it, reaching or exceeding all the targets we had committed to.

"medmix demonstrated its ability to grow profitably within Sulzer. We are excited to continue and accelerate this path as an independent company. The delivery device space is full of opportunities, which we will capture through innovation and rigorous execution."

Greg Poux-Guillaume
Chairman of the Board of Directors

Market introduction and shareholder base

Our spin-off from Sulzer was a unique opportunity to create more focus, shine a spotlight on all the exciting developments happening at medmix, and accelerate our profitable growth. Through a Capital Markets Day in June 2021 and a detailed prospectus for the September 2021 capital increase, we were able to share with existing and future shareholders what makes medmix unique in the delivery device space, and why our future, based on innovation, leadership positions and an increasingly global presence, is bright.

We priced our capital increase at CHF 45 per share and raised gross proceeds of CHF 315 million, with an order book many times oversubscribed. Over the following weeks, our shareholder base progressively stabilized, with some historical Sulzer investors focused on yield stocks or industrials rotating out, and new investors focused on growth stocks or healthcare building positions. In choppy financial markets in the last three months of the year, we traded slightly below our introduction price as this shareholder rotation took its course, before closing the year slightly above our introduction price of CHF 45.

We have made good progress on building our internal resources to complete our independence from Sulzer. Transition services, valued at around CHF 8 million initially with a proposed duration of 18 months, should be ramped down faster than anticipated, without generating incremental substitution costs for medmix. Our new office space in Baar, in the Canton of Zug, should be ready for our corporate team to move in by April 2022. We are up and running, fully set to drive medmix towards its 2022 targets.

"The power behind medmix' portfolio is that we are exposed to diverse markets. Some markets experience trends ahead of others. This helps us to spot key trends and stay ahead of the curve, notably leading the market in sustainable products and solutions across all our segments."

Girts Cimermans Chief Executive Officer

Governance

While we spun off from Sulzer with a Board of Directors composed only of three Directors, we are fully committed to aligning with market practices from the 2022 annual general meeting (AGM) onwards. As such, and since Jill Lee has announced that she will not stand for re-election as a Board member, we will propose up to five additional Directors for a shareholder vote in April. Should shareholders support these nominations, our Board will be at its target size of seven.

Our Chairman, Greg Poux-Guillaume, resigned from Sulzer on December 6, 2021, and left Sulzer on February 18, 2022. While neither Greg nor Jill ever had operational responsibilities at medmix — they acted as our Board, representing our former 100% shareholder Sulzer — with these changes, any uncertainty relating to residual ties to Sulzer in our governance may be considered resolved.

Global leader in sustainable products and solutions

The spin-off allows us to leverage the full potential of medmix. Our business strategy is anchored in sustainability. We take learnings from the beauty market — where consumers have long had a strong affinity for sustainable products — and implement these learnings across the company. This positions us uniquely as a leader in sustainable products and eco-design across all our segments. We present a preview of the milestones reached and plans for the future in this report. Our highly skilled and motivated team, across the business, drives our sustainability strategy. We strive to be an employer of choice within our industry and a good neighbor in our communities, with flat hierarchies and a culture of mutual respect.

Outlook 2022

Innovation is key for medmix. We plan to renew our patent-protected portfolio on a rolling basis. To this end, we spend an average of 5 to 6% of our revenues on the development of new products every year.

In 2022, we are aiming for 8 to 10% growth in revenue. Growing revenue in the more profitable Healthcare business area faster than in Consumer & Industrial will drive our adjusted EBITDA margin to 26%. While we define medmix primarily as a growth company, we do plan to pay a dividend as a form of financial discipline and to reward our shareholders from day one. We intend to pay a dividend of CHF 0.50 for the first time in 2022, for the financial year of 2021.

In the medium term, our aim is to achieve a compound annual growth rate (CAGR) of 8% in revenue and an increase in adjusted EBITDA margin to 30% through continued faster growth in our Healthcare business area and operational leverage. To reach these goals, we plan to increase our production capacities in 2022. We also intend to make strategic acquisitions that will enable us to broaden our product portfolio in Healthcare and expand geographically, with a focus on China.

Thank you

On behalf of the Board of Directors and Group Executive Management, we would like to thank you for your trust and for accompanying us on our journey as an independently listed company. We also warmly thank our employees, who have shown incredible dedication in tackling the pandemic and the spin-off at the same time.

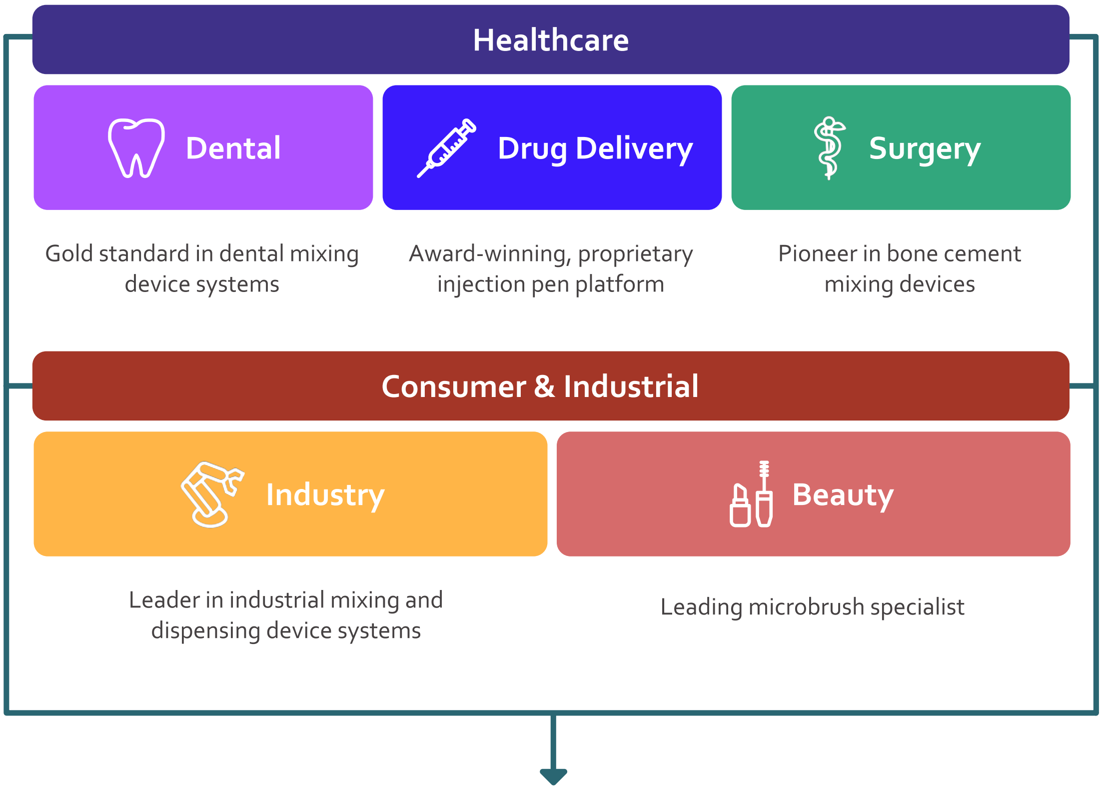
Greg Poux-Guillaume
Chairman of the Board of Directors

Girts Cimermans
Chief Executive Officer

medmix at a glance

We design, develop, manufacture and deliver innovative high-precision devices and services for the mixing, application and injection of liquids in a wide range of viscosities for the healthcare, consumer and industrial end markets.

Our group is organized into two business areas — Healthcare and Consumer & Industrial — and five market segments:



Cross-functional teams and know-how transfer across our market segments to maximize synergies within the group

All of our market segments benefit from our diversified exposure to growing end markets which are supported by long-term mega trends, such as the growing middle class, aging populations and the trend towards increased urbanization, homecare and sustainability.

Helping people live healthier and more confident lives

Our Healthcare business area is divided into the Dental, Drug Delivery and Surgery market segments. In the Dental market segment, our customers use our mixing and delivery devices for a broad range of applications, such as prosthetics, restorations, anesthetics and aesthetics. The Drug Delivery market segment offers drug delivery devices that are used to inject fertility drugs and growth hormones and to treat niche diabetes indications, osteoporosis and rare diseases. In the Surgery market segment, our mixing and delivery devices are used to inject bone cement and to apply hemostatic sealants for internal and external wound treatment during surgical procedures.

Innovative, high-precision delivery

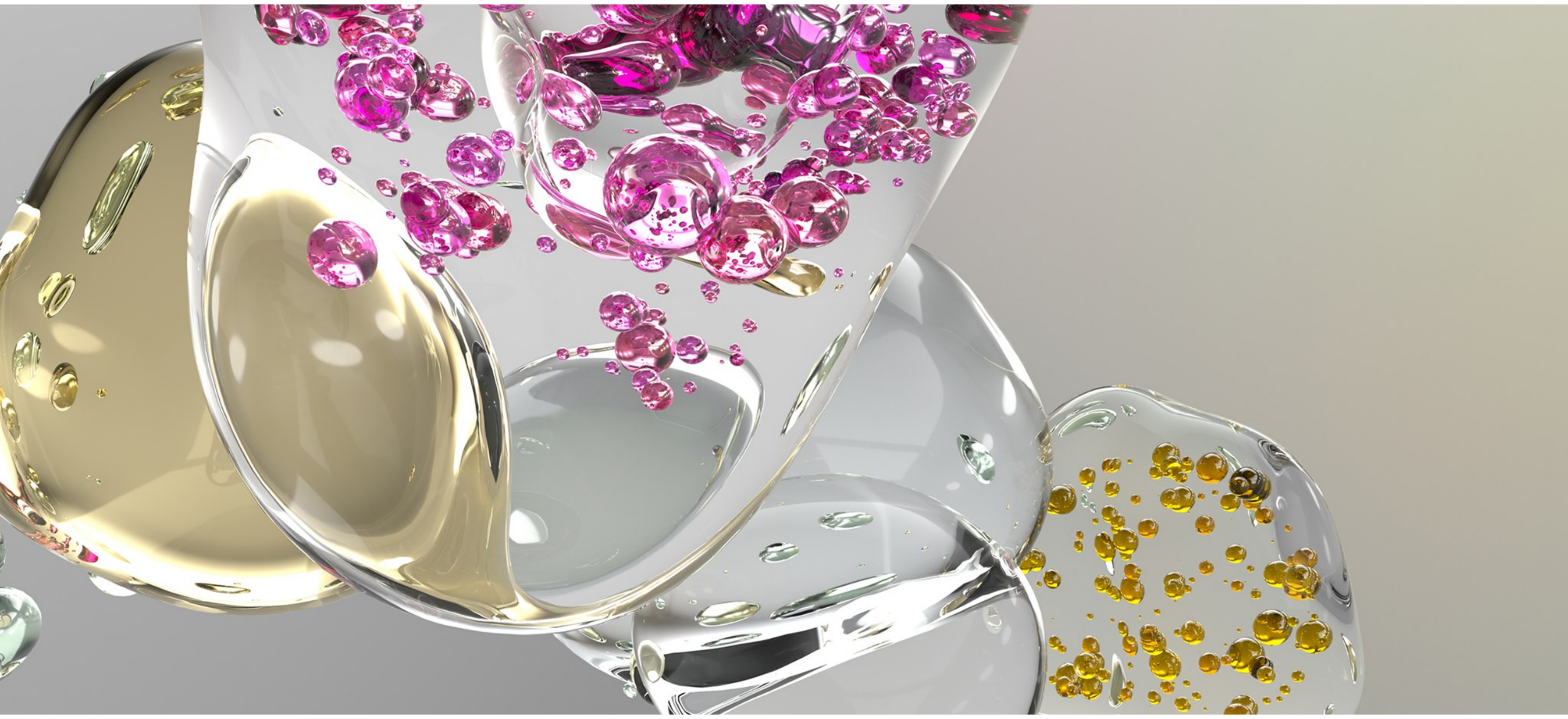
In our Consumer & Industrial business area, we operate through the Industry and Beauty market segments. In the Industry market segment, our dispensers, cartridges, and mixers are used in the construction, transportation (automotive, railways and aerospace), electronics assembly, infrastructure and DIY industries. In the Beauty market segment, our microbrushes are used for the application of color cosmetics, such as mascara and skin care, but also in non-beauty-related areas, such as cleaning devices for consumer products.

We have a strong legacy of setting industry standards through the continuous launch of innovative products in the niche business-to-business (B2B) markets in which we operate.

Our intellectual property

In 2021, close to half our revenue was derived from products protected by approximately 900 active patents and other intellectual property (IP) rights such as trademarks and registered designs. In addition, we benefit from well-established co-development and customer-centric innovation processes, which have always had a high priority at medmix, resulting in a thorough understanding of our customers' needs and extensive design and production know-how.

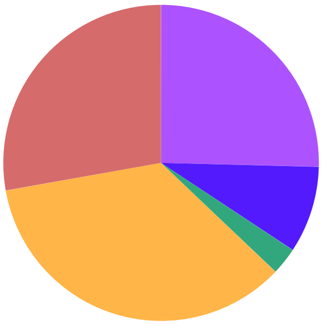
We operate 13 production, logistics and distribution sites throughout the world, most of which are centered around our plastic injection molding core competencies and serve more than one market segment to satisfy the needs of our local customers in a timely and flexible manner.



Our key figures

Our revenue increased by 30.2% (21.5% organically), back to pre-pandemic 2019 levels and closing the year with a record order backlog. We reached a profitability of 25.0% adjusted EBITDA margin. Free cash flow generation of CHF 55.6 million was an improvement of CHF 46.2 million over the previous year.

Share of revenue by market segment
2021



- **25.4%** Dental
- **8.9%** Drug Delivery
- **2.8%** Surgery
- **35.1%** Industry
- **27.8%** Beauty

Key figures

millions of CHF	2021	2020	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Revenue	457.3	351.3	30.2	30.2	21.5
Gross profit	181.2	121.1	49.7		
Operating income (EBIT)	59.9	18.1	231.2		
EBITDA	111.7	61.2	82.4		
Adjusted EBITDA	114.5	66.0	73.4		
Adjusted EBITDA margin	25.0%	18.8%			
Net income attributable to shareholders of medmix Ltd	44.0	9.6	357.4		
Basic earnings per share (in CHF)	1.07	0.28	281.5		
Free cash flow (FCF)	55.6	9.4	493.5		
Net debt as of December 31	110.9	286.0	–61.2		
Employees (number of full-time equivalents) as of December 31	2’036	1’849	10.1		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.

Stock market information

	2021
Registered share (in CHF)	
– high	48.44
– low	41.00
– year-end	45.16
Market capitalization as of December 31	
– number of shares issued	41’262’370
– in millions of CHF	1’863
– in percentage of equity	349%
P/E ratio as of December 31	42.2x
Dividend yield as of December 31	1.1%

Data per share

CHF	2021
Net income attributable to a shareholder of medmix Ltd	1.07
Equity attributable to a shareholder of medmix Ltd	12.90
Ordinary dividend	0.50 [1)]
Payout ratio	47%
Average number of shares outstanding	41’161’439

1) Proposal to the Annual General Meeting.

Shareholder structure as per December 31, 2021

Number of shares	Number of shareholders	Shareholding
1–100	3’615	0.5%
101–1’000	4’970	4.2%
1’001–10’000	651	4.3%
10’001–100’000	69	5.1%
More than 100’000	19	52.7%
Total registered shareholders and shares (excluding treasury shares medmix Ltd)	**9’324**	**66.8%**

Strategy

Platform for growth

We have a long tradition of designing, developing and manufacturing high-precision delivery devices for the healthcare and consumer & industrial markets. Building on our core competence of plastics injection molding and our in-depth automation expertise, we have expanded from industrial applications into the Dental, Drug Delivery, Surgery and Beauty market segments. In each of our segments, we have identified profitable and resilient niche markets with long-term growth, supported by secular trends such as a growing middle class, aging populations, increased urbanization, homecare and sustainability.

Innovative, high-precision delivery devices in attractive end markets

Niche leader

- Attractive and resilient B2B niche markets
- Exciting underlying macro growth trends
- Fragmented competition landscape

Highly protected

- High level of regulation
- High IP protection through innovation
- High share of repeat business

Platform for growth

- Long-standing customer relationships
- Legacy of standard-setting innovation
- Technology and quality leader

medmix

- Leverage trends across segments early
- Scale technology and innovation (R&D)
- Cross-segment product development
- Industrial asset mutualization
- Realize synergies within footprint

We believe that we benefit from long-standing customer relationships and positive macro trends in the end markets we address, which we expect to provide us with significant growth opportunities as we expand our target markets.

Macro trends	Main segment trends
Growing middle class	• Emerging markets shift away from hand- to device-mixing • Trend to unit-dose to avoid cross contamination • Growing number of dentists in emerging markets
Aging population	• Trend towards self-injection at home • Growth in biosimilars for self-administration • Increasing number of biologics in pipelines
Urbanization	• Increasing use of bone cement for trauma • More biomaterials in wound healing reducing post-op risks
Healthcare at home	• Shift to adhesive bonding due to cost and time savings • Innovative adhesives and sealants expanding application areas
Sustainability	• Increasing customization and premiumization – even for mass market products • Demand for sustainable materials and local supply chains • Indie and mid-sized brands demanding full-service offering

We are a lean, innovative and customer-centric solutions provider and aim to further exploit our strategic setup across all market segments by leveraging our industrial DNA — creating synergies and scale through knowledge sharing across the medmix group.

In particular, we strive to leverage early trends and best practices across market segments. For example, sustainability has been a strong focus in our Beauty market segment for several years. More recently, we have drawn upon this experience to deploy sustainable practices across other market segments, including Industry and Drug Delivery. Read more about our sustainability commitments in the next focus story.

M&A focus on healthcare and geographic expansion

Our focused M&A strategy will remain in line with our established track record over the past 15 years. We concentrate on acquiring companies that offer a strong strategic fit with our existing product offering and allow us to expand our global presence.

In Healthcare, we are looking to drive growth through an active M&A pipeline, focusing on small to medium-sized companies serving adjacent markets that have strong IP and are leaders in their niche. We will also consider add-on acquisitions to extend our Healthcare product offering, as well as acquisitions of new platforms that share the injection molding and liquid handling expertise with the rest of our portfolio. Read more about our technology approach in the business review sections.

Perspectives from Jennifer Dean, CFO

The spin-off and listing were not the only challenges medmix teams mastered in 2021. There was also the pandemic in its second year. In this section, Jennifer Dean, medmix CFO, shares her perspective on leading through this demanding time.

My reflections on medmix becoming a publicly listed company

Working towards delivering the spin-off of medmix from Sulzer offered the team a unique challenge. One that represented a significant shift in our ways of working and our capabilities. The spin-off has transformed us from being a non-core business within a large flow-control company to a lean and agile company focused on serving customers with our innovative technology in high-precision delivery devices for use in dental, medical, pharmaceutical, industrial and consumer applications. As we started to communicate our intent and vision to become a stand-alone listed company, the positive response of our customers and from investors further boosted the anticipation of our teams globally. There was a sense of purpose and excitement from "coming of age" to live our vision as a global leader in our markets. And working closely with colleagues and teams across Sulzer during the spin-off process has allowed us to develop new skills and ready ourselves as a stand-alone company. It has been a career defining opportunity for me and I am proud of what we have achieved.

Sustainable growth strategy

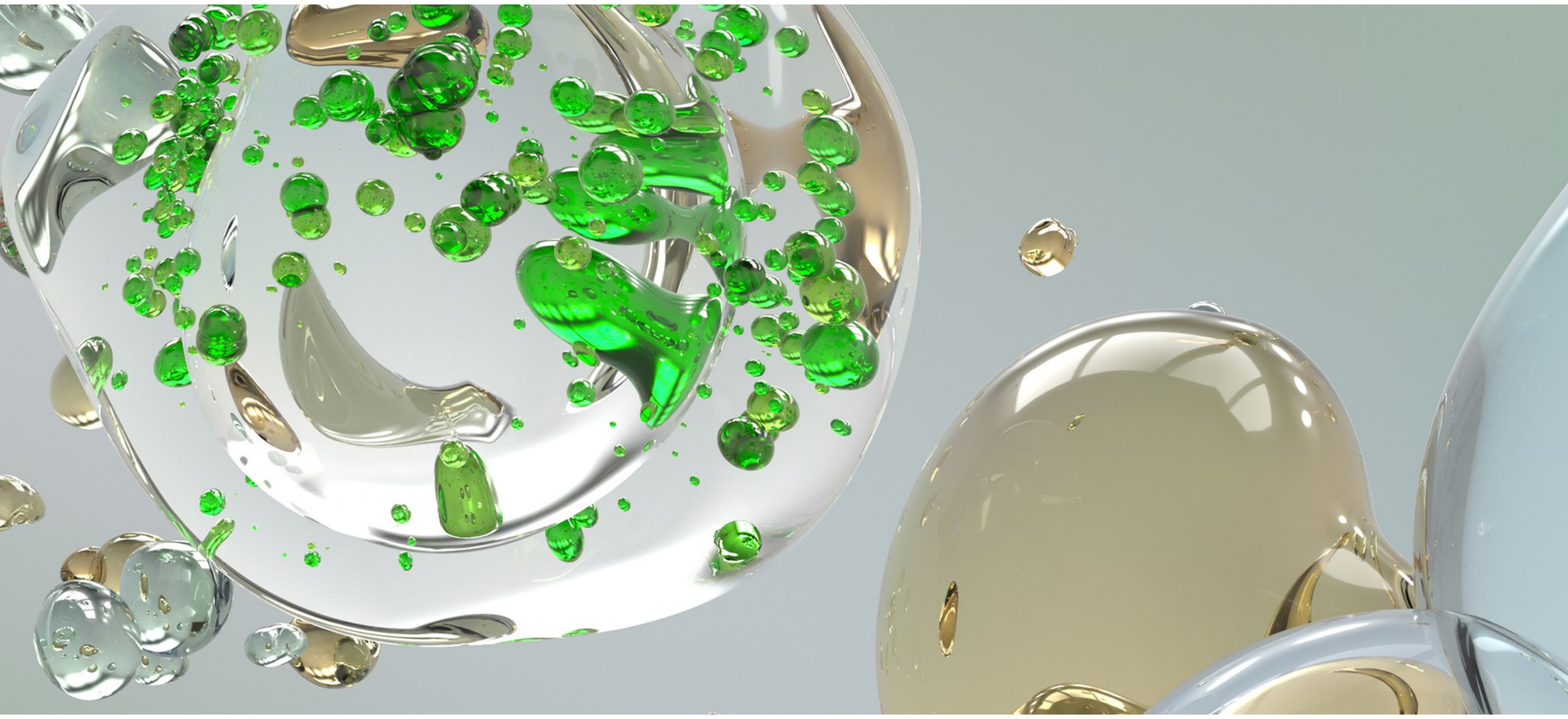
We have an attractive growth strategy across all five segments, where we will continue to invest in research and development, organic scale-up and efficiency projects, as well as in focused M&A activities. We are not starting from scratch and can leverage our successful track record while in Sulzer. medmix will maintain discipline in our capital allocation to drive growth while ensuring strong financial fundamentals. In 2021 we communicated our intention to raise capital to strengthen our balance sheet and to ensure a sustainable capital structure immediately after the spin-off. Our offering in September was well received by the market and we raised around CHF 300 million. Following this, we also successfully refinanced our pre spin-off intercompany loan from Sulzer with external bank financing. With our capital structure well anchored and further boosted by strong profitability and free cash flow generation in 2021, we finished the year with a leverage ratio (i.e. net debt to EBITDA) below one. All positive elements to make a CFO smile. So, I see us well positioned on our new journey as medmix.

"Preparing and executing a spin-off is an incredibly exciting, potentially a once-in-a-career event. I am incredibly proud of our teams and the value we have delivered together for our customers and stakeholders."

Jennifer Dean Chief Financial Officer

Our spin-off journey — lots of progress and nearing the finish line

As a division of Sulzer, we had operated through separate legal entities and sites which allowed us to achieve a seamless transition when becoming a global stand-alone company as medmix. This means that we can continue to serve the needs of our customers without any transitional impacts from the spin-off. The areas which medmix needs to build are mainly functions in the corporate center such as HR, finance, IT, legal and communications. In this part of our journey, we are grateful to be supported by Sulzer through a transition services agreement. Since the spin-off, we have already made good progress in setting up our corporate teams including a jointly developed transfer plan with Sulzer, and we therefore expect to become self-sufficient within this year. We achieved a very smooth year-end closing for 2021 despite having been only listed for five months. This speaks volumes about the tremendous dedication, teamwork and experience of the corporate colleagues working in both companies. Looking forward, we are excited at the opportunity before us. Navigating the pandemic and executing on the spin-off have once again confirmed my belief that it’s people who drive results. The Executive Committee and I will be channeling the momentum of our teams to shape an inspiring and inclusive future for the company.



Sustainability

Sustainability is engrained in our corporate strategy and embedded in daily business — with the necessary management frameworks, systems and processes. In our internal processes, we position sustainability and digitalization as enablers. Both are built into our operating principles and business processes at all levels. All medmix sites embed the global sustainability policy into their local practices and implement it in daily operations.

We recognize that our responsibilities are not limited to delivering strong financial results, and therefore proactively direct our resources towards innovations that contribute to sustainable solutions for our societies. Environmental, social, and governance (ESG) metrics have been introduced in our compensation framework and are included in the performance objectives of all our long-term incentive eligible leaders.

The medmix approach to sustainability

People

- We enable an inclusive workplace, promote impactful development opportunities, and facilitate engagement.
- We believe in going the extra mile to support our communities and our employees and engage in projects with community impact at each of our sites.
- We support and respect the protection of internationally proclaimed human rights and prohibit, within our own operations and in our supply chain: discrimination and/or harassment based on race, color, age, gender, sexual orientation or identity, ethnicity, religion, disability, union membership or political affiliation; child labor, forced labor and human trafficking; corruption, bribery, conflicts of interest, money laundering, anti-competitive practices, and extortion.

Profit

- We promote and provide sustainable technologies with long-term value.
- We work to reduce the environmental footprint of our products by incorporating eco-design principles from the development phase.
- We increase the use of post-consumer resin (PCR) and bio-based plastics.

Planet

- We reduce our global carbon footprint, enable low-carbon energy use at our sites and reduce air freight.
- We protect the environment, prevent pollution of air, soil and water, and reduce our environmental impact by aiming to reduce waste sent to landfill and improving our water-usage management.
- We continuously improve our energy-related performance by purchasing energy-efficient products where possible.
- We fulfill applicable legal obligations and other requirements in the areas of health & safety, environment, energy use, energy consumption and energy efficiency.
- We set ambitious, measurable, and meaningful environmental, health, safety and energy (EHS&E) targets and provide the necessary knowledge and resources to achieve them.
- We continually improve our EHS&E management system and aim to have all medmix manufacturing sites ISO 45001/14001/50001-certified.

"Sustainability is at the core of our business and people strategy at medmix. We are working across our focus areas to implement, improve and impact the processes, products and people connected with our company. From focusing on employee and community engagement to managing our carbon footprint and developing sustainable solutions for our products — we have taken on some significant challenges and are proud of our contribution in this space."

Itee Satpathy Chief Human Resources Officer

Eco-design as a principle and a method

Sustainable innovation is a priority for us as we aim to create business and social value. Guided by our mission, we are dedicated to continuing to propose innovative products developed with a lower carbon footprint.

For this reason, we have formally implemented a process to incorporate eco-design principles. Eco-design is both a principle and a method. It proposes to assess and optimize the environmental impact of a product or a service over its complete life cycle. The ecological impact assessment is done during the product development phase, by including factors like the type of raw material, the necessary energy to produce the product, the size and usage of material, as well as secondary packaging phase. Our innovation process is organized in a cross-functional team, grouping different expertise and capabilities from sales and marketing as well as design, material and sustainability functions. Our design engineers have been trained in life-cycle analysis by an expert third-party and we use international life-cycle analysis software to demonstrate the benefits of our approach.

Post-consumer resins and bio-based material

Post-consumer or post-use material is material generated by the end-users of products that has fulfilled its intended purpose or can no longer be used. Post-consumer resin (PCR) includes consumer packaging items such as plastic film, bottles, and industrial packaging items. These items can be reprocessed into recycled plastic that is used to make new products. Bio-based material is material with organic roots; in our case, derived from vegetables. We plan to systematically reduce our PCR environmental impact by 2025, for example through the use of bio-based materials and by an overall minimalization of packaging.

Beauty market segment as a forerunner for matrix updates in all segments

The usage of materials in our products has already been reduced following the LEAN approach, but we want to go further by using PCRs to the maximum possible extent. The Beauty market segment has a leading role in this respect within the company. Its products can now contain between 20% and 92% of PCR and bio-based material. In all other market segments, we are currently implementing the processes and learnings from the Beauty market segment in cross-functional teams to make use of the knowledge and expertise across the businesses. Our overall goal is to provide our customers with products that have the lowest possible environmental impact, and to propose lower carbon footprint alternatives for all our existing products where technically or legally possible.

Low-carbon electricity and efficient machines

As a global player with production facilities around the world, electricity usage is a key lever for sustainability. As recommended by the Intergovernmental Panel on Climate Change (IPCC), we are prioritizing switching our supply of electricity to low-carbon electricity. This means that our sites will be supplied by wind, solar, hydro power, biomass or nuclear energy sources. This project started in 2019 and is already at an advanced stage.

Our Swiss and Brazilian operations already operated using low-carbon electricity grids. Over the past year, we have switched five more of our sites in Germany, Poland, Czech Republic, China and the USA from traditional grid power sources to low-carbon contracts. In total, 8 of our 13 sites had switched to a low-carbon energy supply by the end of 2021.

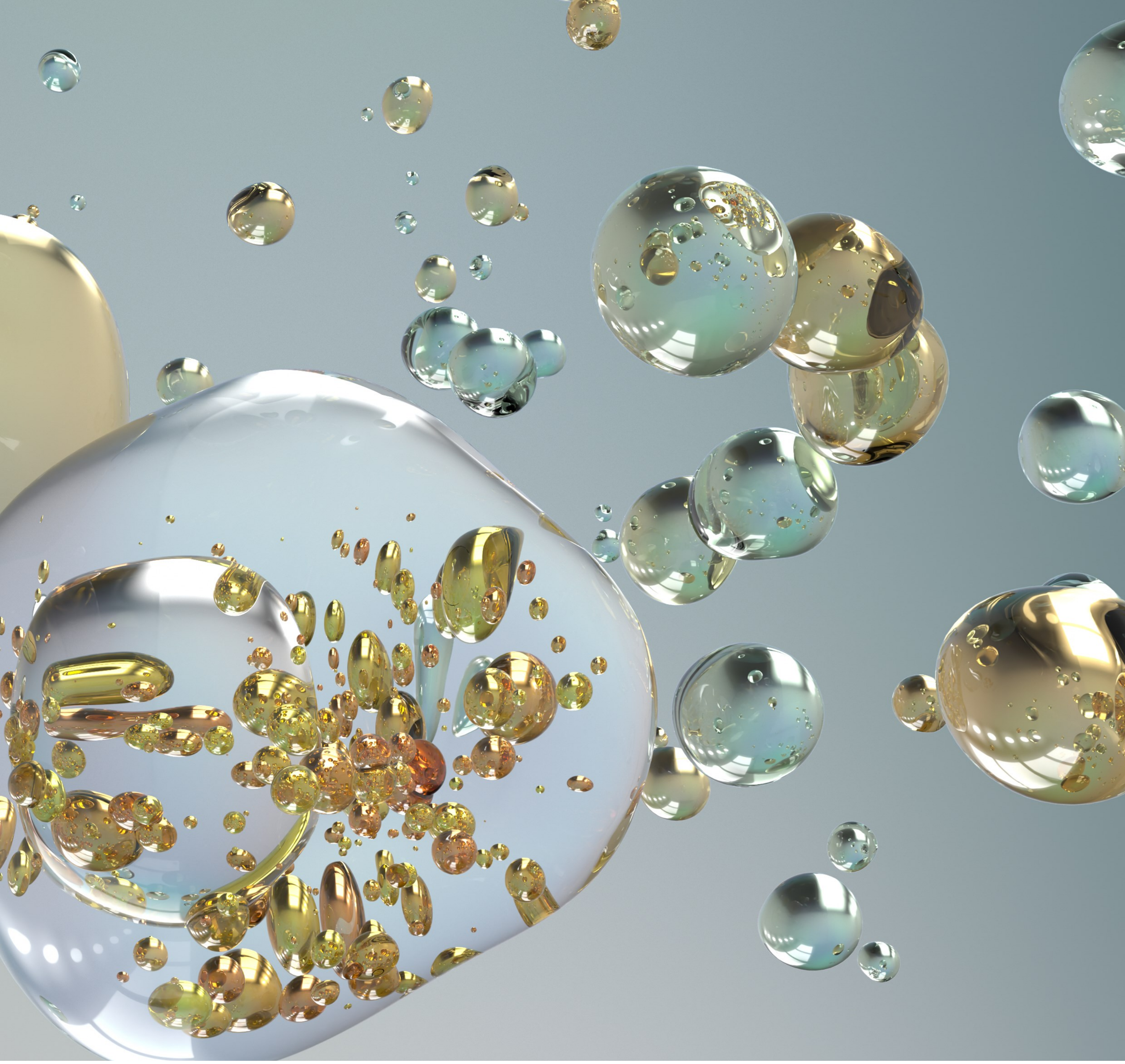
Number of sites supplied by low-carbon electricity

2019	2020	2021	2025 goal
3	3	8	All sites

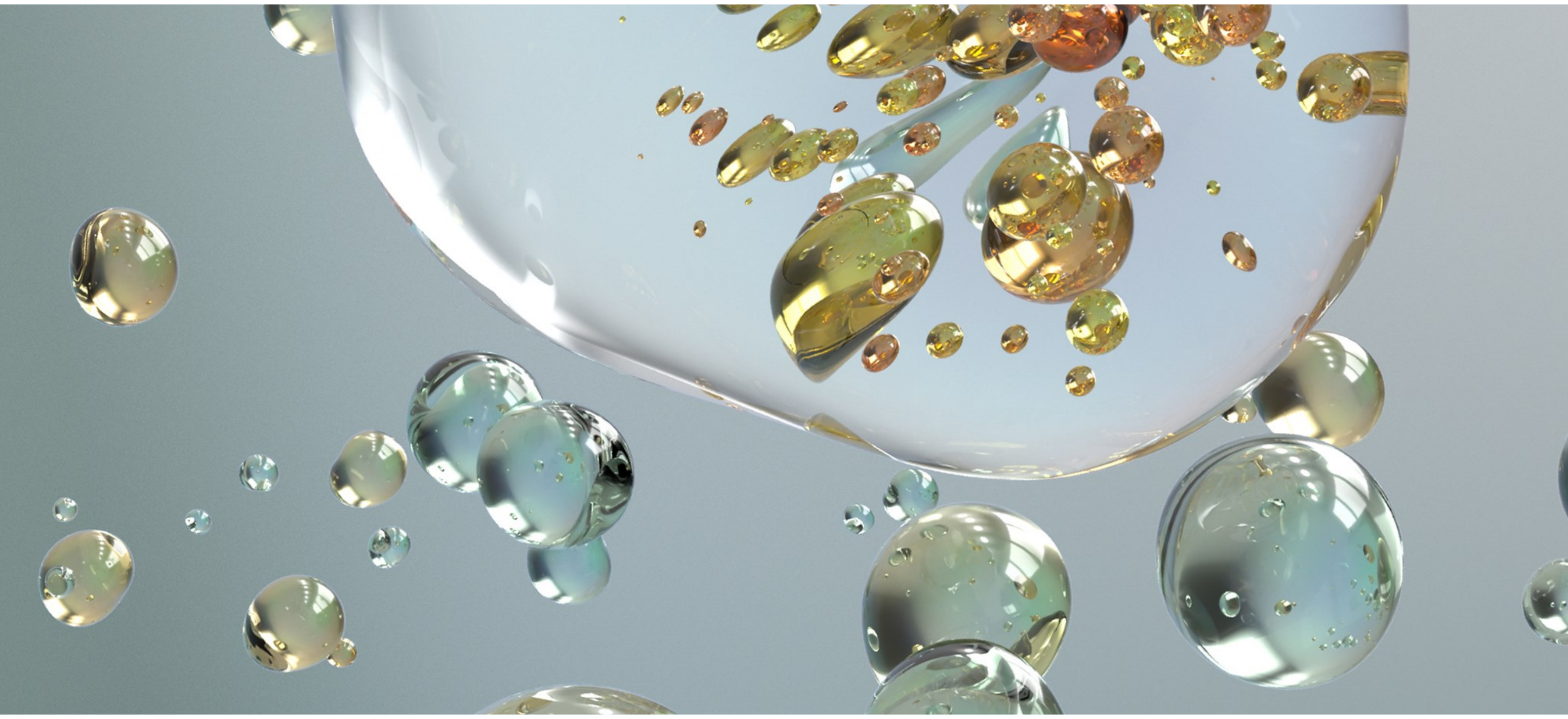
Renewing our fleet with all-electric machines

Effective and efficient manufacturing is also about monitoring, replacing and adding new equipment. In 2021, we developed a new process to ensure that energy efficiency of capital equipment is given equal consideration as part of the decision process. In 2021, medmix added 24 new injection molding machines to its fleet of ca. 300. In line with our capital equipment policy, all new injection molding machines are of the all-electric type. Typically, an all-electric machine uses 50% less energy than an equivalent size all-hydraulic machine. Additionally, in-house testing confirmed that all-electric injection molding machines consume 20% less electricity than even modern hybrid (half hydraulic, half electric) molding machines. Combining these energy savings with a typical cycle time reduction of ca. 15% means that for the 24 new machines added to the medmix fleet in 2021, we will consume almost 500 MWh less electricity to produce the same number of articles than if we had continued to invest in hybrid machines. Two-thirds of the new machines are needed to increase our molding capacity, while one-third were used to replace older all-hydraulic machines. In 2022, it is expected that with further capacity expansion plans and end-of-life replacements, we will see a similar amount of injection machine orders as in 2021.

For an overview on our ESG related projects and progress, visit the sustainability review chapter of this report.



Business review



Financial review

Strong results in 2021

medmix continued its strong recovery despite continuing disruption and lockdowns in 2021. Revenue increased by 30.2% (21.5% organically), back to pre-pandemic 2019 levels and closing the year with a record order backlog. We reached a profitability of 25.0% adjusted EBITDA margin, fully in line with our guidance, compared to 18.8% in 2020. This marks a return to pre-pandemic levels despite raw material and logistics headwinds and costs related to the spin-off as a stand-alone listed company. Solid free cash flow generation of CHF 55.6 million resulting in cash conversion of net income of 126.4%.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

"In our first year as a publicly listed company, we fully delivered on our financial guidance, returning to pre-pandemic levels for revenue and profitability, despite the continuing turbulence of the pandemic impacting our markets, raw materials shortages and supply chain challenges."

Jennifer Dean Chief Financial Officer

Strong revenue growth at pre-pandemic levels

In 2021 medmix delivered revenue of CHF 457.3 million, up CHF 106.0 million from the prior year. The Healthcare business area grew 63.7% over the previous year (34.4% organically), delivering CHF 169.8 million in revenue. Our Dental market segment grew 42.3%, returning to 2019 (pre-pandemic) levels on currency-adjusted basis. In the first full year after the Haselmeier acquisition, our Drug Delivery market segment recorded CHF 40.8 million revenue, compared to CHF 7.4 million in the previous year. Due to a non-recurring project executed in 2020, Surgery market segment revenue was lower by 12.5% in 2021. The Healthcare business now represents 37.1% of medmix' revenue.

The Consumer & Industrial business area grew 16.1%, with CHF 287.5 million revenue in 2021. Our Industry market segment made a strong recovery and achieved record revenues at 27.6% versus previous year. Our Beauty market segment faced the prolonged impact of the pandemic and continuing restrictions in retail and travel, increasing 4.2% versus previous year.

Significant uplift in business area gross profit

The business area gross profit margin was 48.2% in 2021, up 2.0 percentage points versus previous year. The margin improvement was driven largely by an increased share from the higher-margin Healthcare revenue. Furthermore, strong customer partnerships enabled medmix to mitigate increases in raw material, energy and logistics costs.

The Healthcare business area gross profit margin was down 2.9 percentage points to 60.8%, reflecting the first full year of our Drug Delivery market segment, with increased product development and customization projects.

The Consumer & Industrial business area gross profit margin was 40.7%, up 1.9 percentage points, driven by a better mix and improved margins in the Beauty market segment.

Improved profitability

medmix delivered profitability of 25.0% adjusted EBITDA margin, fully in line with our guidance. This is a significant increase of 6.2 percentage points compared to previous year. This was led by an improvement in the business area gross profit margin, better utilization in our production facilities and adapting our customer collaboration with a tighter control on discretionary spending.

Bridge from operating income (EBIT) to adjusted EBITDA

millions of CHF	2021	2020
Operating income (EBIT)	**59.9**	**18.1**
Depreciation	28.7	23.4
Amortization	22.2	19.2
Impairments on tangible and intangible assets	0.9	0.5
EBITDA	**111.7**	**61.2**
Restructuring expenses	0.3	3.2
Non-operational items [1]	2.5	1.6
Adjusted EBITDA	**114.5**	**66.0**

1) Non-operational items include significant acquisition-related expenses, gains and losses from the sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.

Adjusted EBITDA margin

millions of CHF	2021	2020
Adjusted EBITDA	114.5	66.0
Revenue	457.3	351.3
Adjusted EBITDA margin	**25.0%**	**18.8%**

Financial income and expenses

Interest expenses on borrowings and lease liabilities were CHF 8.1 million, up from CHF 7.7 million in 2020. Other financial expenses amounted to CHF 0.5 million in 2021, compared to CHF 0.1 million in 2020.

Income tax expenses

The effective tax rate is 14.3% in 2021, compared to 8.1% in 2020. Income tax expense increased to CHF 7.3 million in 2021, from CHF 0.8 million in 2020, as a result of a higher pre-tax income.

Key balance sheet positions

Total assets as of December 31, 2021 amounted to CHF 974.4 million, an increase of CHF 182.4 million.

Non-current assets decreased from CHF 637.5 million in 2020 to CHF 634.7 million in 2021. Purchases of property, plant and equipment of CHF 29.8 million and higher lease assets of CHF 20.1 million were more than offset by depreciation (CHF 28.7 million) and amortization (CHF 22.2 million). Negative currency translation effects on non-current assets amounted to CHF 15.4 million.

Current assets increased by CHF 185.2 million to CHF 339.7 million, mainly due to higher cash and cash equivalents (CHF 195.0 million). Cash and cash equivalents also increased because of the capital increase by CHF 294.7 million, partly offset by the debt split from the Sulzer group. Current financial assets decreased by CHF 31.2 million after dissolving the Sulzer cash pool. Inventories increased by CHF 16.2 million as medmix rebuilt its stock levels to cover higher demand.

Equity amounted to CHF 533.9 million in 2021, compared to CHF 333.4 million in 2020. This was driven by the capital increase of CHF 294.7 million, partly offset by contributions to the Sulzer group of CHF 104.1 million and dividend payments to shareholders prior to the spin-off of CHF 41.3 million.

Non-current liabilities increased by CHF 1.1 million to CHF 323.1 million, mostly driven by a CHF 17.9 million increase in non-current lease liabilities linked to the medmix factory expansion in Germany.

Current liabilities were reduced by CHF 19.2 million, to CHF 117.4 million. The decrease mostly resulted from the repayment of current borrowings to Sulzer, as a consequence of the spin-off.

Net debt significantly decreased by CHF 175.1 million to CHF 110.9 million. In line with our presentations during the capital markets day and prior to the capital increase, net debt to adjusted EBITDA ratio was 0.97 in 2021, compared to 4.33 in 2020.

Solid free cash flow generation

Cash flow from operating activities was CHF 87.3 million, up from CHF 50.6 million in 2020. This is the result of the volume rebound following the lockdowns and market stall of 2020.

Cash out from investing activities was CHF 3.3 million. The sale of other financial assets related to the Sulzer cash pool of CHF 31.4 million was offset by the purchase of property, plant and equipment (CHF 29.8 million).

Cash flow from financing activities was CHF 111.6 million, as medmix modified its financing structure and replaced borrowings from Sulzer with equity and loans from third parties. The net proceeds of the capital increase of medmix were CHF 294.7 million. Loans of CHF 369.0 million (net) were repaid to Sulzer and term loans were established with our core banks for CHF 250.0 million. Dividends paid to shareholders prior to the spin-off were CHF 41.3 million.

Free cash flow in 2021 was CHF 55.6 million, an increase of CHF 46.2 million from 2020.

Bridge from cash flow from operating activities to free cash flow

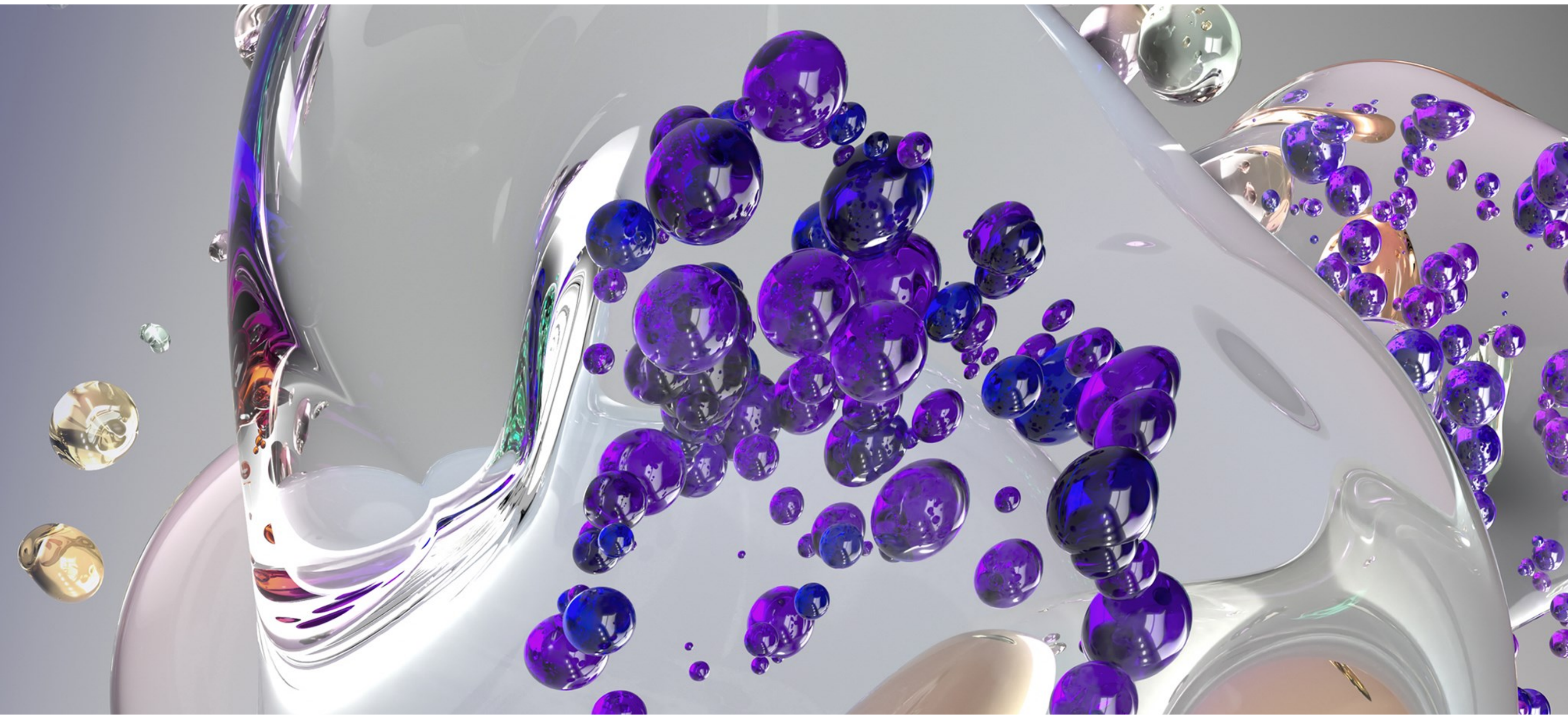
millions of CHF	2021	2020
Cash flow from operating activities	**87.3**	**50.6**
Purchase of intangible assets	–2.1	–1.0
Sale of intangible assets	–	0.0
Purchase of property, plant and equipment	–29.8	–42.1
Sale of property, plant and equipment	0.2	1.9
Free cash flow (FCF)	**55.6**	**9.4**

Outlook

In 2022, we are aiming for a 8 to 10% growth in revenue. Growing revenue in the more profitable Healthcare business area faster than in Consumer & Industrial will drive our adjusted EBITDA margin to 26%.

In the medium term, medmix aims to achieve a CAGR of 8% in revenue and an increase in adjusted EBITDA margin to 30% through continued faster growth in the Healthcare business area. To reach these goals, medmix plans to increase the production capacities in 2022. In addition, medmix will pursue strategic acquisitions in Healthcare and in targeted geographies.

Abbreviations and definition of alternative performance measures (APMs):
CAGR: Compound annual growth rate
EBIT: Earnings before interest and taxes
EBITDA: Earnings before interest, taxes, depreciation and amortization
For the definition of the alternative performance measures, please refer to chapter alternative performance measures.



Healthcare review

First full year for the Drug Delivery market segment

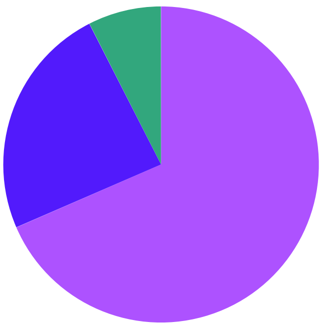
Our Healthcare business area comprises the Dental, Drug Delivery and Surgery market segments, which produce and market a broad range of products, such as dispensers, cartridges, syringes, needles, mixers and tips for dental applications, syringes, and pen injectors for subcutaneous delivery of biomaterials and delivery devices for bone repair and tissue treatment.

Key figures

millions of CHF	2021	2020	Change in +/–%	+/–% adjusted [2]	+/–% organic [3]
Revenue Dental	116.3	82.4	41.2	42.3	42.3
Revenue Drug Delivery	40.8	7.4	452.6	450.6	38.5
Revenue Surgery	12.6	14.5	–12.5	–12.5	–12.5
Total revenue Healthcare [1]	**169.8**	**104.3**	**62.9**	**63.7**	**34.4**
Business area cost of goods sold	–66.6	–37.8	–76.0		
Business area gross profit	**103.2**	**66.4**	**55.4**		
Business area gross profit margin	60.8%	63.7%			

1) Revenue from external customers.
2) Adjusted for currency effects.
3) Adjusted for acquisition and currency effects.

Revenue by market segment
2021



- **68.5%** Dental
- **24.0%** Drug Delivery
- **7.5%** Surgery

Strengthening our commercial presence and product portfolio in Dental

Revenue in our Dental market segment grew 42.3%, as we saw a strong resurgence in our markets after a highly depressed 2020. Despite continuing impacts from the pandemic, by the end of 2021 all markets except the US were close to pre-pandemic levels. The order backlog at the end of 2021 was at a historic high, indicating a strong year again in 2022.

Our Dental market segment offers innovative dental delivery solutions and value-added services with a view to providing an ideal user experience. Key to our growth ambition in Dental is our focus on product expansion, the development of new products for adjacent applications and the entry into new markets. Despite the continuing challenging context of COVID-19 restrictions, we made significant progress in 2021 in each of these areas.

We conducted numerous collaborative development and ideation meetings together with our customers. Encouraging results out of these projects are two signed and exciting co-creation projects, one in our core expertise of mixing. One other project, as part of our full solution provider initiative, is to offer a complete service solution including filling services.

Our product development pipeline has grown substantially, with the first impactful launches planned for Q4 2022. We strengthened our global commercial team significantly by establishing a new distribution channel in the BRIC countries. We expanded our local presence in North America and Japan.

In 2021, we laid the foundations to support our ambitious growth targets. We expanded our global commercial presence and developed high-quality product pipelines supporting commercial opportunities that will be the platform for future growth.

Drug Delivery registers strong growth in first full year

Revenue in our Drug Delivery market segment was CHF 40.8 million, growing organically by 38.5% and outpacing the market by far. We continued to deliver key milestones on our ambitious growth path, such as winning our first customers for our D-Flex™ pen injector platform.

Our Drug Delivery market segment specializes in the design and production of injection devices for subcutaneous application of drugs under the trademark Haselmeier. Our pharmaceutical customers use our products in various therapeutic areas, including fertility, diabetes, growth hormones, osteoporosis, metabolic disorders and rare diseases.

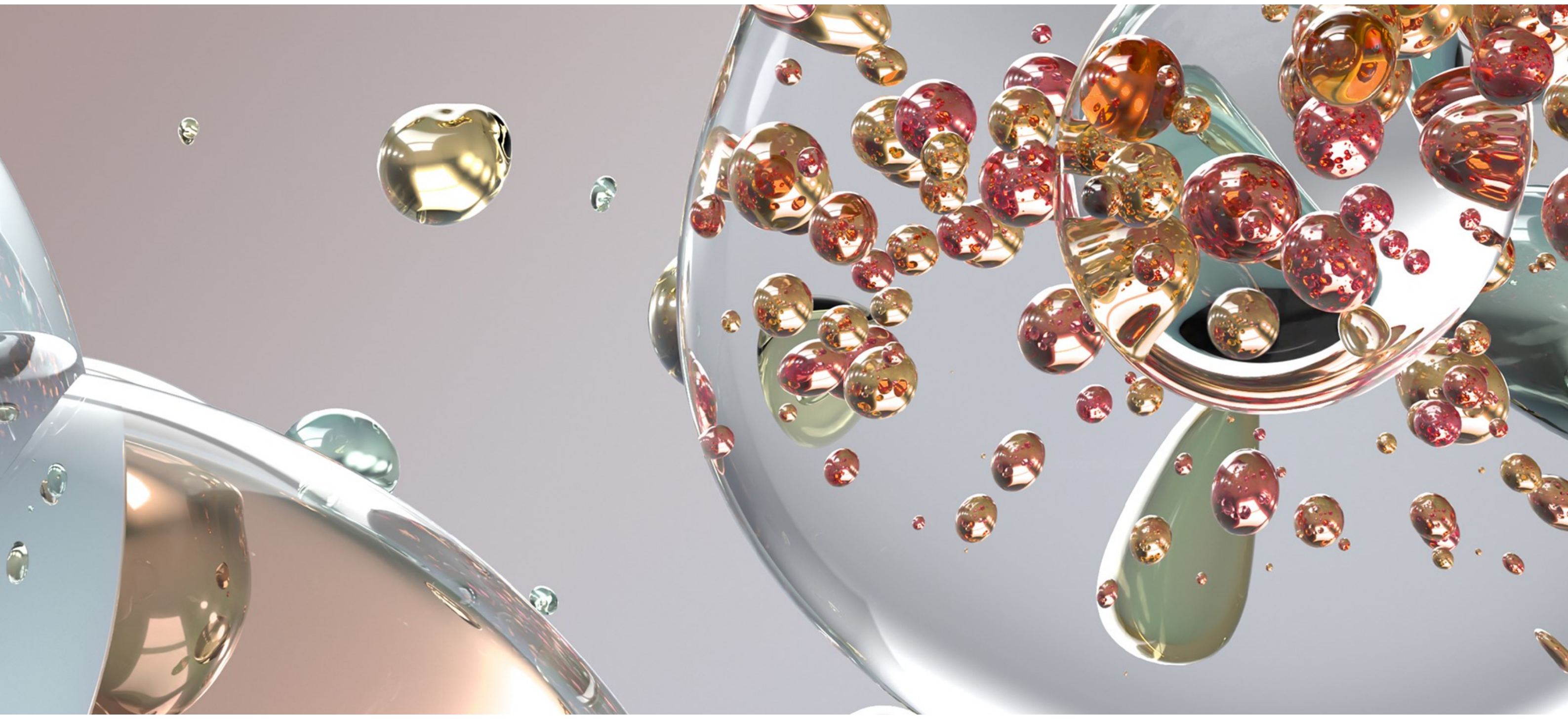
In 2021, we signed agreements with four customers for our new and award-winning product platform (D-Flex™). Two contracts included pharmaceutical manufacturing in line with our extended services offering. We continued completing our product portfolio by filing patents for our autoinjector. The integration of Haselmeier into medmix was completed at the beginning of 2021, only six months after closing the acquisition. We continued to broaden our product portfolio by filing patents for our new autoinjector and started marketing it to our customers.

Impressive gains with tissue banks in Surgery

In 2021, our Surgery market segment delivered revenue of CHF 12.6 million despite a reduction in elective surgeries due to the pandemic. Overall revenue decreased due to a non-repeat project in 2020. Strong growth came from tissue bank customers, where revenue more than doubled from new customers and an increased share of wallet.

Our Surgery market segment is specialized in the design and production of surgical delivery devices of biomaterials for trauma, bone repair and tissue regeneration. In 2021, we extended our portfolio with our successful launch of the new Ergosyringe for dental and maxillofacial surgeries. We continued to focus on growing our business by collaborating with large original equipment manufacturer (OEM) customers on designing and developing tailormade solutions for managing their biomaterials.

Definition of alternative performance measures (APMs):
For the definition of the alternative performance measures, please refer to chapter alternative performance measures.



Consumer & Industrial review

Strong revenue growth as we exit COVID-19 low of 2020

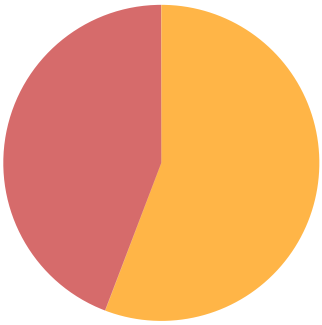
In our Consumer & Industrial business area, we provide our customers with high-quality products and outstanding services, adapted to our customers' needs. The Industry market segment produces and markets a broad range of products such as dispensers, cartridges and mixers for two-component adhesives and sealants for use in the construction, transportation, electronics, infrastructure and general industrial sectors, as well as and the DIY market. Microbrushes and applicators for eyes, eyelashes, lips and facial make-up are the most important products of our Beauty market segment, which are sold to a broad customer base, which ranges from the most iconic names in the beauty industry to independent ("Indie") labels and regional brands.

Key figures

millions of CHF	2021	2020	Change in +/–%	+/–% adjusted [2]	+/–% organic [3]
Revenue Industry	160.5	125.3	28.2	27.6	27.6
Revenue Beauty	126.9	121.7	4.3	4.2	4.2
Total revenue Consumer & Industrial [1]	**287.5**	**247.0**	**16.4**	**16.1**	**16.1**
Business area cost of goods sold	–170.3	–151.1	–12.8		
Business area gross profit	**117.1**	**95.9**	**22.1**		
Business area gross profit margin	40.7%	38.8%			

1) Revenue from external customers.
2) Adjusted for currency effects.
3) Adjusted for acquisition and currency effects.

Revenue by market segment
2021



- **55.8%** Industry
- **44.2%** Beauty

Continuing strong recovery and growth in all geographies and markets in Industry

We achieved a record high of CHF 160.5 million revenue (27.6% above 2020). The segment recovered strongly from the pandemic, especially the construction and electronics markets. We saw the impact of the increasing trend towards electric vehicles, with its high reliance on adhesives in production. We benefited also from higher demand for housing and refurbishments and a rebound in the aerospace industry.

In 2021, we achieved our first commercial revenues with our award-winning sustainable foil-based cartridge system, ecopaCC™. Other new product developments included the launch of Mixpeel and Blueline.

The Industry market segment specializes in the design and production of hand-held mixing and dispensing equipment as well as primary packaging. Our product offering includes cartridges, mixing tips and hand-held dispensers used in various applications, especially for adhesives delivery, in the construction, transportation, electronics and infrastructure sectors. Brand names include Mixpac™ as well as MK™ and Cox™ for dispensers.

2021 was a challenging year in end-consumer markets, with high volatility and varying speeds of recovery. We successfully navigated raw material, supply chain and transportation disruptions while adapting our capacity to ensure service continuity for our customers as demand returned.

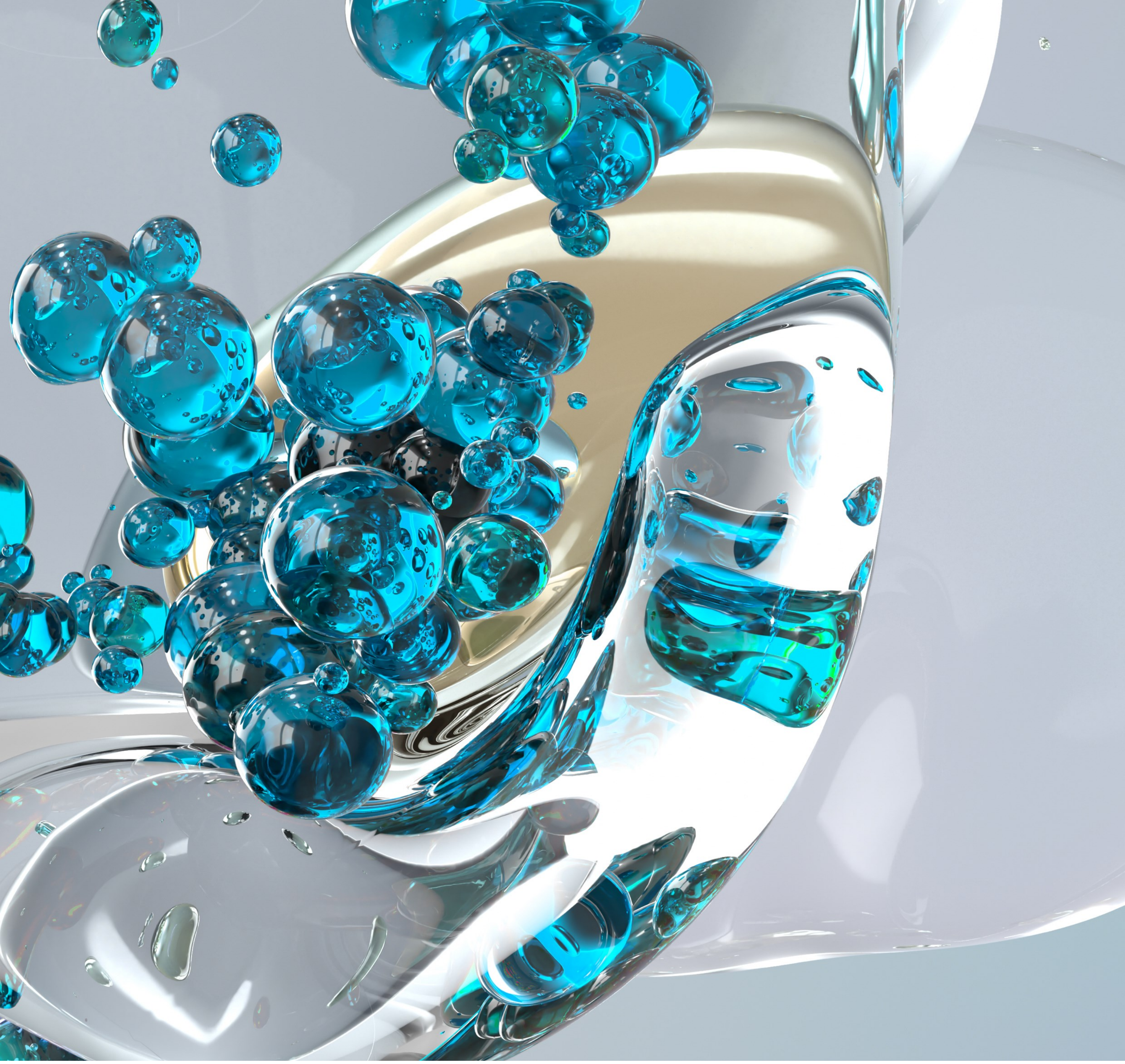
Strong signs of recovery in Beauty

Our Beauty market segment delivered revenue of CHF 126.9 million, outpacing the market and growing 4.2% compared to 2020, despite facing a longer impact from the pandemic than other market segments due to continuing restrictions.

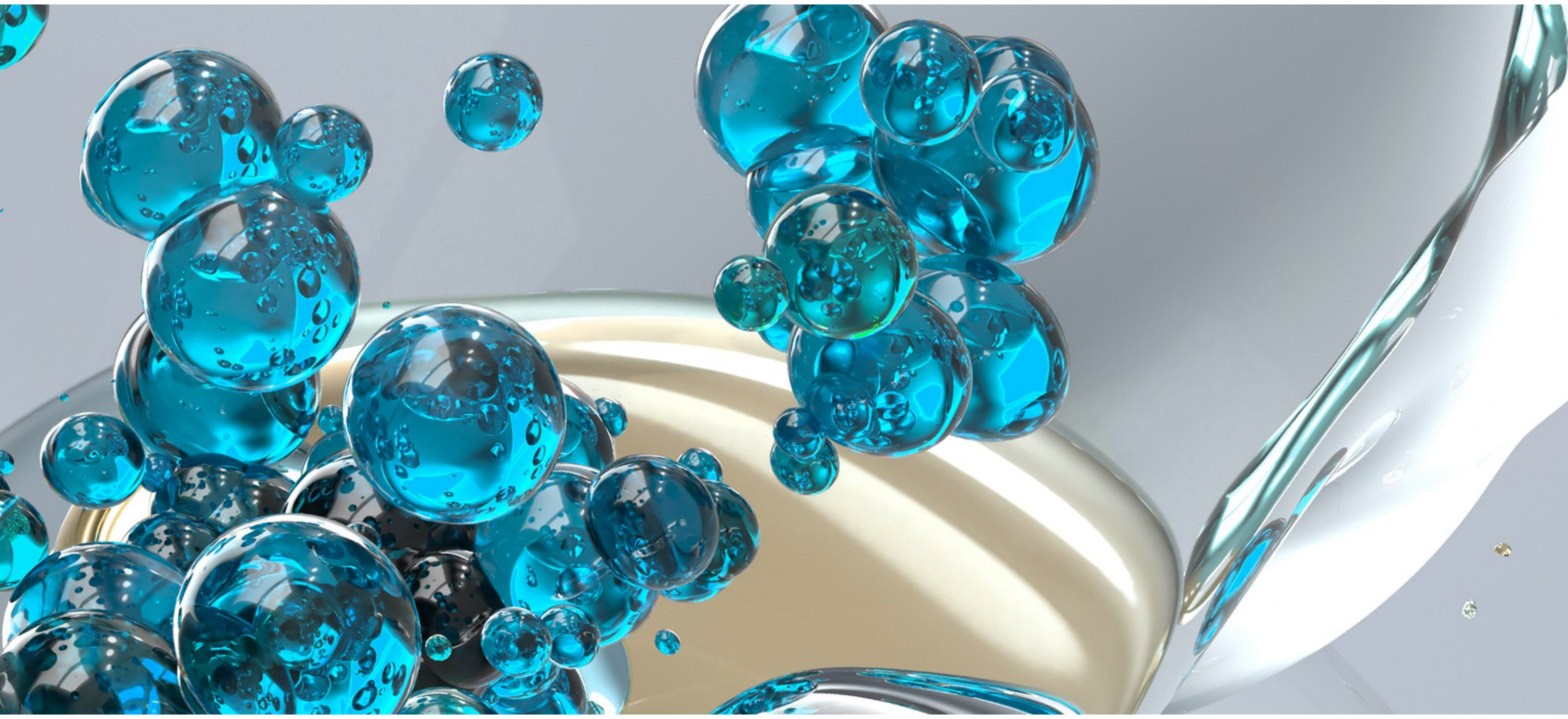
In parallel, our project to expand the factory in Germany and increase our decoration capabilities and level of automation was completed in mid-2021. We were awarded new projects in both our core lip and eyes business and in new markets such as skin care, demonstrating the confidence our customers have in our new facility. Our award-winning microbristle applicator (MBA) performed successfully, with new projects outside our traditional mascara portfolio. The Beauty segment plays a leading role in the company regarding sustainable production. Products can contain between 20% and 92% of PCR and bio-based material.

Our Beauty market segment is specialized in the design and production of high-precision make-up applicators, in particular for mascara. Our products include microbrushes, applicators, bottles and caps and full-service offers for the liquid color cosmetics market, sold as part of either customized or ready-to-go solutions. The Beauty market segment sells its products under the GEKA brand.

Definition of alternative performance measures (APMs):
For the definition of the alternative performance measures, please refer to chapter alternative performance measures.



Sustainability review



Sustainability review

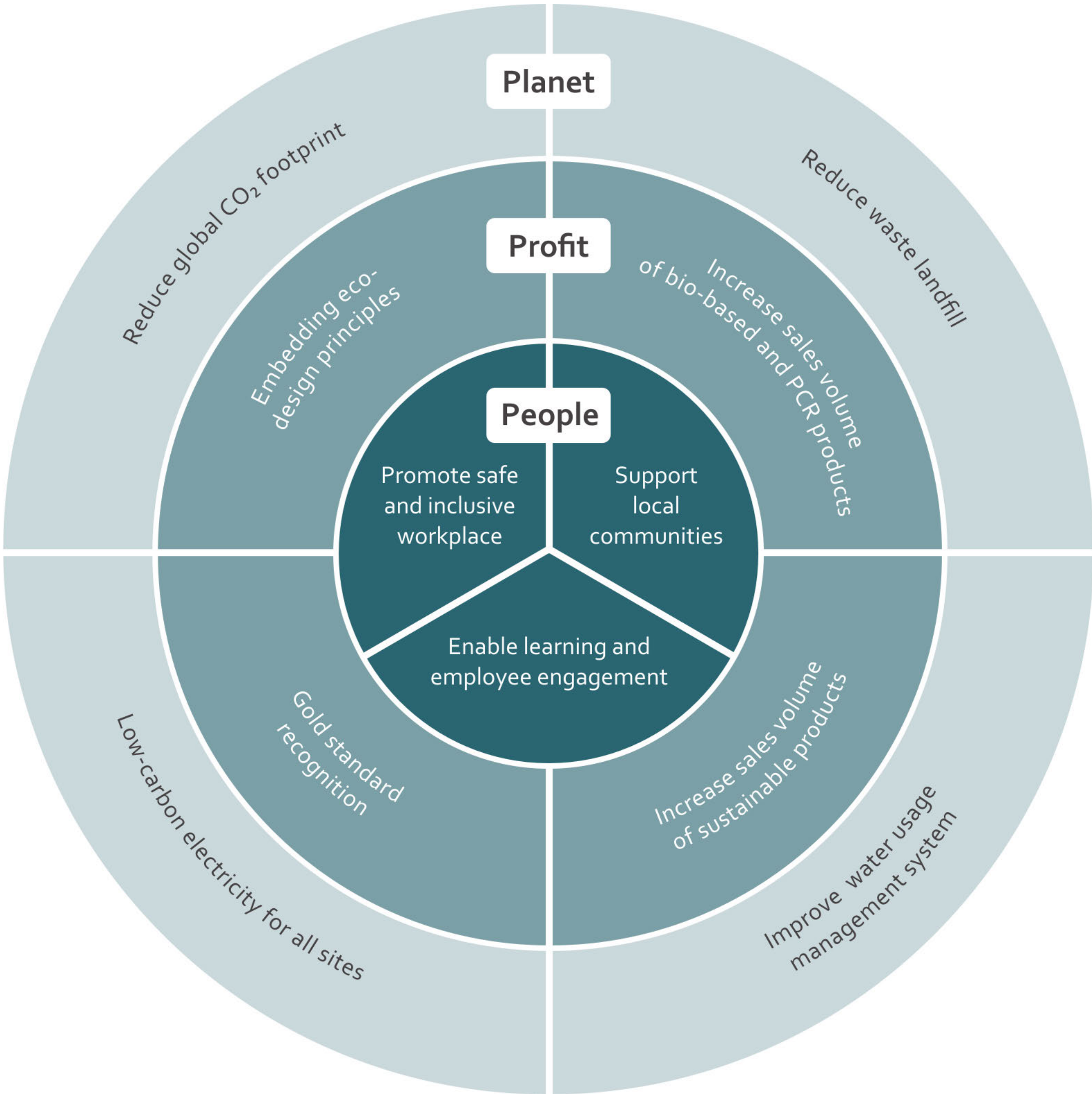
medmix understands its responsibility with regard to its impact on the planet and people, both within the company and in the various communities where we operate. Sustainability has been an area of focus, reporting directly to the Executive Committee since 2020. We have invested in a full-time resource, focused on this crucial topic to drive action and engagement in the sustainability space since 2020. We are developing a comprehensive road map to deliver on our ambitious sustainability targets. In addition to carefully managing our environmental impact by assessing the use of fossil-based products and our global supply chain, we also continuously look for ways to improve our impact on our employees, our communities and our customers.

Management approach

Our corporate sustainability strategy focuses on the environmental, social and economic issues based on our business and stakeholder' analyses. We follow the concepts of significant impacts and materiality. Our strategy is based on the Planet, Profit, People approach and is summarized in our sustainability policy. Read more on our strategic approach and our sustainability policy in the focus section.

In terms of management structures, we have introduced environmental, social and governance (ESG) metrics into our compensation framework. Since 2021, we track key metrics related to climate change, such as air freight shipping between our sites and to customer locations. We have tracked the progress being made in switching our sites to low-carbon electricity sources. Our HR policies and processes are based on principles of equitable treatment, inclusion and fairness.

The illustration below shows our approach to sustainability and the main fields of impact in which we actively manage sustainability topics.



Overview of our area of focus

Currently, we assess the company's CO_2 emissions according to the framework supported by the Greenhouse Gas Protocol. To enable this operationally, we are setting up the internal information systems for the collection of relevant metrics for all common reporting fields including environmental, social, and governance aspects. We collect environmental data through a tailored platform. Metrics related to our employees are derived from our HR systems. We will work towards a comprehensive sustainability reporting framework adapted to the upcoming Swiss regulation on non-financial reporting.

The table below provides an initial overview of sustainability topics and outlines how we intend to manage them. The information in the table reflects our sustainability management system at the end of 2021 or related to 2021.

Planet

Description	Target	Current situation/explanation
Climate change		
Supply all company sites with low-carbon electricity	100% of sites supplied with low-carbon electricity by 2025	8 of our 13 sites are already working with low-carbon electricity.
Reduce GHG emissions across global value chain	30% reduction by 2025 compared to the 2019 baseline	Detailed information will be published after verification by a specialized and independent third-party.
Be an environmentally and energy-conscious workplace via a certified management system	100% of sites certified according to ISO 50001 and 14001 standards by 2025	1 of our 13 sites is currently certified according to both ISO 50001 and 14001 standards. 4 other sites are certified according to ISO 14001.
Total fossil fuels used (GJ) (gas, petrol, diesel, heating oil)	Continue to track energy consumption monthly	We do not use coke or coal in our direct operations. The total fossil fuel consumption in 2021 is 72’145 GJ.
Total electricity consumed (GJ)	Continue to track electricity consumption monthly	The total electricity consumption in 2021 is 146’244 GJ.
Total electricity from low-carbon source (GJ)	Continue to track electricity consumption monthly	Total electricity consumed from low-carbon sources in 2021 is 91’547 GJ. This represents 62.6% of the total electricity consumed, through guaranteed origin certificates in Europe, RECS in the USA, and I-RECS in China and in countries where electricity is low carbon.
Total electricity consumed from the grid (GJ)	Continue to track electricity consumption monthly	Total electricity consumed from the grid is 54’697 GJ, representing 37.4% of our electricity.
Total electricity generated at medmix sites by renewable sources (GJ)	Continue to track electricity consumption monthly	One of our sites produced 391 GJ of electricity through a solar panel, representing 1% of its consumption.
Water		
Reduce water consumption in our own operations	Zero leakage by end of 2023	We detected and addressed 4 leakages in 2021, leading to 1’260 (m^3) in leakage.
Total water withdrawal (m^3)	Continuous careful usage of water	In 2021, total withdrawal was 634’636 (m^3). The water amount withdrawal is shared between groundwater (93.3%) and third-party water (6.7%). The site in Haag represents 95.8% of water withdrawal for cooling but without any modifications of its physical and chemical parameters.
Total water discharge (m^3)	Continuous careful usage of water	In 2021, total water discharge amounted to 634’470 (m^3). The water amount discharged is shared between effluent to groundwater (93.4%), wastewater treatment plant (3.2%), evaporation (3.1%) and surface water (0.1%). Our site in Haag represents 99% of water discharge for cooling but without any modifications of its physical and chemical parameters. Water discharge from Haag is sent back to groundwater at a regulated temperature.
Number of sites in water scarcity areas	Improve water-usage system	Our sites in Shanghai, Sao Paulo and Bengaluru lie in water scarcity areas according to the Aqueduct Water Risk Atlas.
Waste		
Minimize disposal of waste to landfill	Zero waste to landfill by 2025	6 of our 13 sites are already at zero waste to landfill. For the remaining sites, the total amount of waste is 2’691 t. 3.9% of this goes into landfill. No hazardous waste goes to landfill.

Profit

Description	Target	Current situation/explanation
Eco-design		
Embed eco-design principles into the product life cycle	Eco-design principles to be reflected in all design processes	The eco-design principles process was implemented in 2021, with the first products in the Beauty and Industry market segments already available in the market.
Sustainable products		
Increase share of sales of sustainable products	Targets across our segments are to be defined	Sustainable products currently represent 6% of Beauty core products.
External recognition		
EcoVadis: assess our sustainability efforts through a third-party evaluation – bringing added transparency and a quantitative approach	100% of sites to reach Gold status according to EcoVadis by 2025	In 2021, among the 5 assessed sites, 1 reached Platinum status for the second time in a row (Bechhofen), 1 reached Gold status (Elgin) and 2 reached Silver status (Hungerford, Dnesice). The Wroclaw site will receive its first results in 2022. The following sites were not assessed by EcoVadis yet: Sao Paulo, Salem, Shanghai, Bengaluru, Buchen, Kiel.
Carbon Disclosure Project (CDP): assess our sustainability efforts through a third-party evaluation – bringing added transparency and a quantitative approach	The Beauty market segment to achieve a minimum rating of "B" on CDP climate change by 2025; Industry/ Surgery/Drug Delivery/Dental market segments to achieve a minimum rating of "C" on CDP climate change by 2025	Prioritizing expectations from our customers, the Beauty market segment completed the CDP assessment in 2021, achieving a rating of "B" on climate change, already achieving the 2025 target. The Industry, Surgery, Drug Delivery and Dental market segments will complete the CDP assessment in 2022.

People

Description	Target	Current situation/explanation
Occupational safety		
Provide safe workplaces [1]	100% of sites certified according to ISO 45001 by 2025	5 of our 13 sites are ISO 45001 certified.
	Accident frequency rate (AFR) of 1 by 2025	The AFR was 2.9 in 2021.
Severity rate [2]	Continuous monitoring for improvement	The accident severity rate (ASR) was 23.8 in 2021.
Fatality rate	0, continuous monitoring	There were no fatal accidents in the past years in medmix.
EHS observation	2021 target was to achieve a minimum of 600 observations	
Safety walk	2021 target was to conduct a minimum of 898 safety walks	A total of 1'496 observations and 1'465 safety walks were achieved in 2021. [3]
Employee engagement, learning and inclusion		
Employee engagement	Take actions to regularly measure and improve	In 2021, 89% of employees participated in the employee survey; with 83% of respondents indicating they feel sustainably engaged with the company. In both measures, we are ahead of the external manufacturing industry norm
Life-long learning	Promote learning opportunities	As of 2021, approx. 30% of employees in managerial levels have participated in virtual learning programs from HarvardManageMentor, enabling flexible employee-led learning.
We enable an inclusive workplace for our diverse workforce	To be defined	
Community engagement		
We engage and support communities where we operate	Implement at least 13 community engagement initiatives	18 projects were implemented in 2021.The types of projects are identified locally to best meet the needs of local communities. Some examples from 2021 are: food banks and child- and family-oriented support projects at our Swiss, German, Chinese, Brazilian and US facilities.

1) Definition: Number of cases with lost time higher than 24 hours x 10^6 / worked hours.
2) Definition: Number of lost days x 10^6 / worked hours.
3) An EHS observation is something seen, heard, noticed or discussed relating to working conditions or behaviors, with the intent to be recorded. Safety walks are scheduled or non-scheduled walks in a factory, a service center or a site that involves people engagement with the intent of improving the status of working conditions and behaviors. Findings from safety walks are not considered as EHS observations and vice versa.

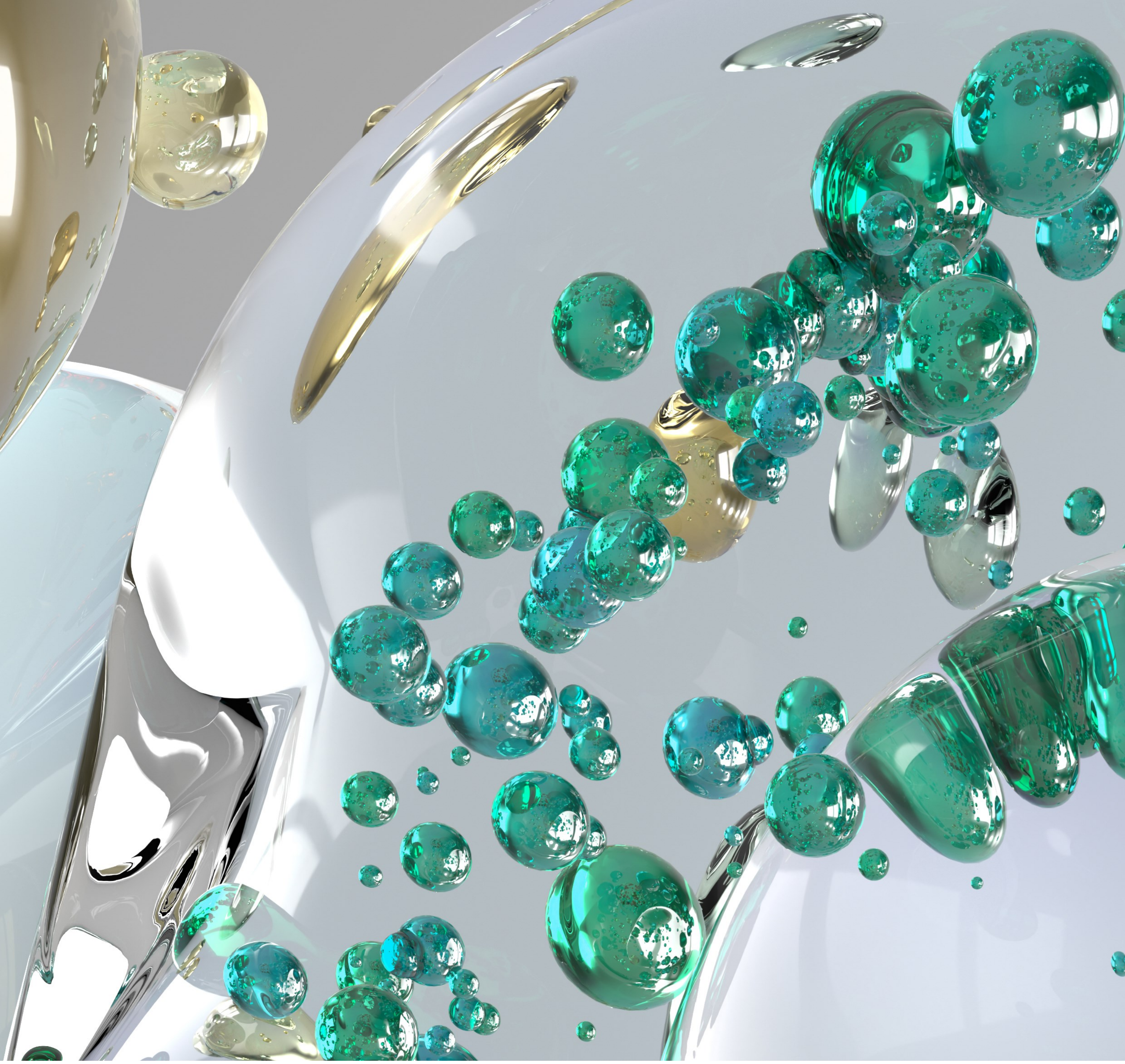
List of abbreviations:

GJ = gigajoule

t = metric ton

REC = Renewable Energy Certificate

I-REC = International Renewable Energy Certificate



Corporate governance

Corporate structure and shareholders

medmix Ltd was established on September 20, 2021 when the shareholders of Sulzer Ltd during an extraordinary general meeting (EGM) approved the spin-off of Sulzer's Applicator Systems division. The spin-off was effectuated by way of a symmetrical demerger pursuant to art. 29 lit. b in conjunction with art. 31 para. 2 lit. a of the Swiss Federal Merger Act dated October 3, 2003. Each shareholder of Sulzer Ltd received one share of medmix Ltd for each share in Sulzer Ltd held at the time of the demerger.

medmix Ltd is subject to the laws of Switzerland, in particular Swiss corporate and stock exchange laws. The company also applies the Swiss Code of Best Practice for Corporate Governance. medmix Ltd has a single share class and has separated the functions of Chairman of the Board of Directors and CEO. Unless otherwise indicated, the following information refers to the situation on December 31, 2021. Further information on corporate governance is published on medmix.swiss/en/Investors/Governance. The information in the following section is set out in the order defined by the SIX Swiss Exchange directive on information relating to corporate governance (RLCG), with subsections summarized as far as possible. medmix Ltd's consolidated financial statements comply with International Financial Reporting Standards (IFRS), and in certain sections, readers are referred to the financial reporting section in the medmix annual report 2021. medmix Ltd reports the compensation of the Board of Directors and the Executive Committee in the compensation report.

Corporate structure

The group is organized into two business areas, Healthcare and Consumer & Industrial, and the organizational group structure corresponds to these reported business areas. More information on this operational corporate structure can be found under note 3 to the consolidated financial statements in the financial reporting section. medmix Ltd is the only medmix group company listed on a stock exchange. It is based in Zug, Switzerland. Its shares are listed and traded on SIX Swiss Exchange in Zurich (Securities No. 112.967.710/ISIN CH1129677105). On December 31, 2021, the market capitalization of all issued shares of medmix Ltd was CHF 1'863'408'629. Information on the subsidiaries included in the consolidation can be found under note 33 to the consolidated financial statements. The list comprises all consolidated direct subsidiaries of medmix Ltd and all further consolidated subsidiaries.

Significant shareholders

According to notifications received from medmix Ltd shareholders, several shareholders held more than 3% of medmix Ltd's share capital on December 31, 2021. As published on the SIX disclosure platform on October 8, 2021, Viktor F. Vekselberg held 40.54% of medmix' shares. The shares are directly held by Tiwel Holding AG. On October 5, 2021, The Capital Group Companies, Inc. held 5.01% of medmix' shares, while FIL Limited held 4.90%, as published on November 17, 2021. As published on October 8, 2021, UBS Fund Management (Switzerland) AG held a pre-capital increase shareholding of 4.35% of medmix' shares. For information on shareholders of medmix Ltd that have reported shareholdings of over 3% or a reduction of shareholdings below 3%, please refer to the website of the Disclosure Office of SIX Swiss Exchange (https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html). For the positions held by medmix and information on shareholders, see note 21 to the consolidated financial statements. There are no cross-shareholdings where the capital or voting stakes on either side exceeds the threshold of 5%.

Capital structure

Share capital

As of December 31, 2021, the fully paid-up share capital of medmix Ltd amounts to CHF 412’623.70 and is divided into 41’262’370 registered shares with a par value of CHF 0.01 per share. All shares are issued in the form of uncertificated securities within the meaning of art. 973c of the Swiss Code of Obligations and are held as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities of October 3, 2008. Each registered share entitles the holder to one vote at the shareholders’ meeting. In order to strengthen the capital structure of medmix Ltd, fund organic and inorganic growth, increase trading liquidity and introduce new, healthcare-focused investors, the EGM on September 20, 2021 approved art. 3a of the Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads), which authorizes the Board of Directors to increase the share capital of medmix Ltd at any time until September 20, 2023, in the maximum nominal amount of CHF 80’000 by issuing up to 8’000’000 fully paid in shares with a nominal value of CHF 0.01 each. Based on this art. 3a, the company increased its share capital in September of the reporting period from CHF 342’623.70 to CHF 412’623.70, by issuing 7’000’000 fully paid in shares with a nominal value of CHF 0.01. The Board of Directors decided to withdraw the subscription rights of the existing shareholders and to allocate them to a third-party for placement of the new shares on the capital market at market conditions.

As only part of the authorized capital has been used, the Board of Directors is further authorized to increase the share capital of the company, at any time until September 20, 2023, up to a maximum nominal amount of CHF 10’000 by issuing up to 1’000’000 fully paid in shares with a nominal value of CHF 0.01 each, which equates to 2.42% of the existing share capital. Furthermore, the Board of Directors may withdraw the shareholders’ subscription rights for good cause and allocate it to third-parties, in particular if it serves the fast and seamless placement of the new shares — in this case, the new shares must be issued at market conditions (for more details, see art. 3a of the Articles of Association). There is no conditional capital, nor are there any participation or dividend certificates. The latest version of the Articles of Association is available on medmix.swiss/en/Investors/Governance (under Downloads). As of December 31, 2021, medmix Ltd held 150’000 of its own shares, which represents 0.36% of the total number of issued shares.

Restrictions on transferability and nominee registrations

medmix shares are freely transferable provided that, when requested by the company to do so, buyers declare that they have purchased and will hold the shares in their own name and for their own account (see art. 6 of the Articles of Association; on medmix.swiss/en/Investors/Governance; under Downloads). Nominees shall only be entered in the share register with the right to vote if they meet the following conditions: the nominee is subject to the supervision of a recognized banking and financial market regulator; the nominee has entered into a written agreement with the Board of Directors concerning its status; the share capital held by the nominee does not exceed 3% of the registered share capital entered in the commercial register; and the names, addresses, and number of shares of those individuals for whose accounts the nominee holds at least 0.5% of the share capital have been disclosed.

The Board of Directors is also entitled, beyond these limits, to enter shares of nominees with voting rights in the share register if the above-mentioned conditions are not met (see art. 6a of the Articles of Association). The Board of Directors further has the right to cancel registrations in the share register retroactively as of the date of registration if such registrations were made based on incorrect information. Before such cancellation, the

Board of Directors shall seek comment from the concerned shareholders. In any event, the concerned shareholders shall be informed immediately about such cancellation (see art. 6a of the Articles of Association).

In the 2021 reporting period, 12 nominees applied for registration with voting rights in the share register, holding a total of 1'193'398 shares (2.9% of total shares) as of December 31, 2021. As these nominees had not yet signed the requested agreement as of December 31, 2021, all shares held by these nominees have been entered in the share register without voting rights. In the 2021 reporting period, the Board of Directors did not have to cancel any registrations in the share register retroactively as of the date of entry. There are no further transfer restrictions and no privileges under the Articles of Association. A removal or amendment of the transfer restriction requires a shareholders' resolution with a majority of at least two-thirds of the votes represented.

Convertible bonds and options

No convertible bonds or warrants are currently outstanding. Details of the restricted share units (RSUs) held by the members of the Board of Directors and performance share units (PSUs) held by the members of the Executive Committee are set out under note 28 to the consolidated financial statements and under note 8 to the financial statements of medmix Ltd.

Board of Directors

medmix group is the former Applicator Systems division of Sulzer group, which was spun off on September 20, 2021, and became medmix Ltd. Hence, medmix Ltd was only incorporated as recently as September 20, 2021. Therefore, during a transitional period presumably until June 30, 2023, Sulzer Management Ltd (either directly or through its affiliates) continues to provide certain corporate support services, such as accounting, treasury, tax, internal audit, legal, risk management, compliance and investor relations services.

None of the board members has been, or currently is, a member of the Executive Committee of medmix Ltd. Also, when medmix Ltd was part of Sulzer group as its Applicator Systems division, none of the board members were part of Applicator Systems division's management team or the management team of any of this division’s subsidiaries. In addition, no significant business relationships exist between members of the Board of Directors and medmix Ltd or subsidiaries of medmix Ltd.

Transactions with related parties are mainly with the Sulzer group and comprise primarily charges for corporate support functions, centrally procured indirect spend utilized by the group, as well as borrowings and related interest expenses. All related party transactions are priced on an arm’s-length basis. For detailed information on transactions with related parties, please see note 29 to the consolidated financial statements.

In 2021, the Board of Directors started an initiative to further strengthen the Board of Directors by adding additional members, in particular to strengthen the Board’s healthcare know-how and its diversity. As a consequence of this initiative, the Board of Directors plans to propose to the annual general meeting (AGM) in 2022 the election of up to five additional members of the Board of Directors.

Elections and terms of office

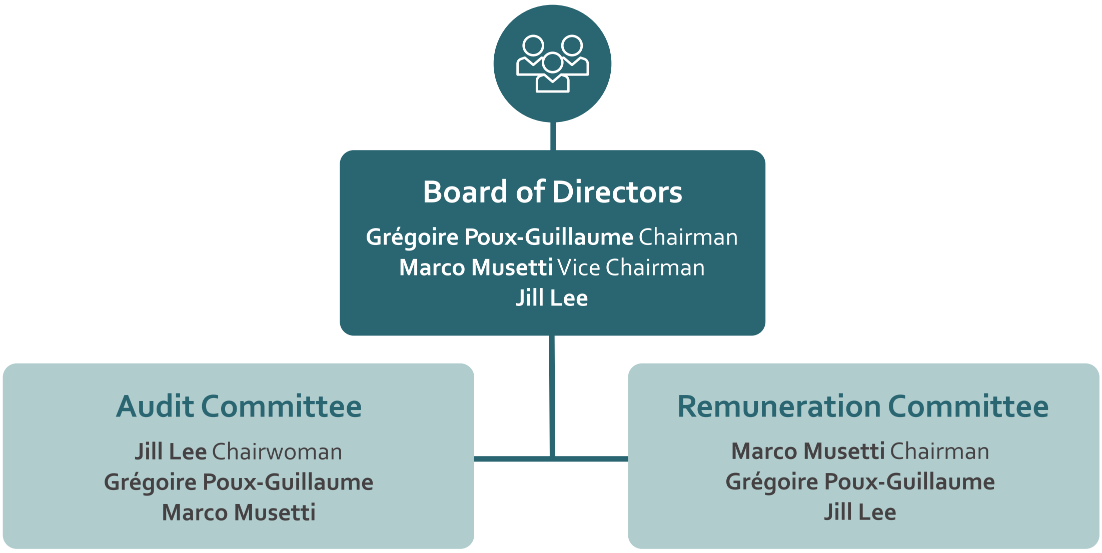
Art. 18 of the Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads) stipulates that the Board of Directors of medmix Ltd shall comprise three to seven members. Each member is elected individually. The term for members of the Board of Directors is one year until the next AGM, but reelection is possible. On September 20, 2021, Grégoire (Greg) Poux-Guillaume was elected as Chairman of the Board of Directors, while Jill Lee and Marco Musetti were elected as members of the Board of Directors, all for terms until the next AGM. The Board of Directors currently consists of three members, with the intention to have additional members elected at the AGM in 2022.
According to art. 4 of the Organizational Regulations of the Board of Directors (on medmix.swiss/en/Investors/Governance; under Downloads), the term of office of a board member ends no later than on the date of the AGM in the year when the member reaches the age of 70. The Board of Directors can make exceptions up to but not exceeding the year in which the member reaches the age of 73.

Internal organization

The Board of Directors constitutes itself, except for the Chairman of the Board of Directors, who is elected by the shareholders’ meeting. The Board of Directors appoints from among its members the Vice Chairman of the Board of Directors and the members of the Board Committees, except for the members of the Remuneration Committee, who are elected by the shareholders’ meeting. In addition, the Board of Directors appoints a secretary, who does not need to be a member of the Board.

There are currently two standing Board Committees (for their constitutions, see below):

- the Audit Committee
- the Remuneration Committee



The Organizational Regulations of the Board of Directors and the relevant Committee Regulations, which are published on medmix.swiss/en/Investors/Governance (under Downloads), define the division of responsibilities between the Board of Directors and the CEO. They also define the authorities and responsibilities of the Chairman of the Board of Directors and of the two standing Board Committees.

Members of the Board of Directors

Grégoire (Greg) Poux-Guillaume, Chairman of the Board of Directors, member of the Remuneration Committee and of the Audit Committee, elected on September 20, 2021, is a French citizen born in 1970.

Binding interests: Member of the Board of Directors of the Swiss-American Chamber of Commerce.
Greg Poux-Guillaume was the Chief Executive Officer of Sulzer Ltd until February 18, 2022, a position he held since 2015. He joined Sulzer from General Electric, where he had been named CEO of GE Grid Solutions upon GE's takeover of Alstom's energy businesses. Previously, he was a member of the Board of Directors of Delachaux SA (2012 to 2018). From 2011 to 2015, he was Executive Vice President of Alstom Group (member of the Executive Committee) and served as President and CEO of Alstom Grid. From 2009 to 2011, he was a Senior Managing Director at CVC Capital Partners. Prior to this, he held various positions with Alstom Group (2003 to 2008), in technology venture capital with Softbank and in consulting with McKinsey & Company. Greg Poux-Guillaume started his career in Exploration and Production with Total (1993 to 1997). He has been a member of the Board of Directors of the Swiss-American Chamber of Commerce since 2019. He holds an MBA from Harvard Business School, USA and a Master of Science, Mechanical Engineering from the Ecole Centrale Paris, France.

Jill Lee, member of the Board of Directors, member of the Remuneration Committee and Chairwoman of the Audit Committee, elected on September 20, 2021, is a citizen of Singapore born in 1963.

Binding interests: Member of the Board of Directors and Chairperson of the Audit Committee of Schneider Electric SE, Switzerland; member of the Advisory Board of the Nanyang Technological University, Singapore;

member of the Foundation Board of the IMD Business School, Switzerland.
Jill Lee is the Chief Financial Officer of Sulzer Ltd since 2018. From 2011 until 2018, she was a member of the Board of Directors of Sulzer Ltd. She is a member of the Board of Directors and of the Audit Committee of Schneider Electric since 2020 and is the Chairperson of the Audit Committee since 2022. Previously, she was a member of the Supervisory Board of Signify Ltd, where she acted as Chairperson of the Audit Committee (2017 to 2020). From 2015 to 2018, she was the Senior Group Vice President and Head of Next Level Program Management of ABB Ltd. From 2012 to 2014, she was the Senior Vice President and CFO for ABB China and North Asia Region. Prior to this, she served as Senior Vice President, Finance Strategy and Investments for Neptune Orient Lines in Singapore (2010 to 2011). She has also held a number of leadership positions with Siemens, including Global Chief Diversity Officer (2008 to 2010), North-East Region CFO and Senior Executive Vice President of Siemens in China (2004 to 2008), CFO and Senior Vice President of Siemens in Singapore (2000 to 2004). She is currently a member of the Advisory Board of the Nanyang Technological University in Singapore and a member of the Foundation Board of the IMD Business School in Switzerland. She holds an MBA in Business Administration from Nanyang Technological University and a Bachelor's Degree in Business Administration from the National University of Singapore.

Marco Musetti, Vice Chairman of the Board of Directors, Chairman of the Remuneration Committee, and member of the Audit Committee, elected on September 20, 2021, is a Swiss and Italian citizen born in 1969.

Binding interests: Member of the Board of Directors of United Company RUSAL; member of the Board of Directors of Octo Telematics; President of the Board of Directors of GEM Capital Ltd; member of the Board of Directors of UMK; member of the Board of Directors of Kalahari Minerals Marketing Ltd.
Marco Musetti has been a member of the Board of Directors of United Company Rusal Plc (today United Company RUSAL, international public joint-stock company) since 2016, a member of the Board of Directors of Octo Telematics since 2017, the president of the Board of Directors of GEM Capital Ltd since 2018, a member of the Board of Directors of UMK since 2014, and a member of the Board of Directors of Kalahari Minerals Marketing Ltd since 2021. Marco Musetti was also a member of the Board of Directors of Sulzer Ltd from 2011 to April 2021, a member of the Board of Directors of Schmolz+Bickenbach AG (today Swiss Steel Holding AG) from 2013 to 2019 and a member of the Board of Directors of Kalahari Trading Ltd from 2017 to November 2021. Previously, he was COO and deputy CEO of Aluminium Silicon Marketing (Sual Group) (2000 to 2007), Head of Metals and Structured Finance Desk for Banque Cantonale Vaudoise (1998 to 2000), and Deputy Head of Metals Desk for Banque Bruxelles Lambert (1992 to 1998). Marco Musetti holds a Master of Science in Accounting and Finance from the London School of Economics and Political Science, UK, and a Major degree in Economics from the University of Lausanne, Switzerland.

Operating principles of the Board of Directors and its Committees

All decisions are made by the full Board of Directors. For each application, written documentation is distributed to the members of the Board of Directors ahead of each meeting. The Board of Directors and the Committees meet as often as required by the circumstances. The Board of Directors meets at least four times per year, the Audit Committee and the Remuneration Committee meet at least two times per year. The Board of Directors shall be deemed quorate if at least half of its members are present. Resolutions of the Board of Directors are passed upon the majority of votes cast. In case of a tie, the Chairperson of the meeting shall have the casting vote.

Since its inception in September 2021, the Board has held four meetings (either in person or via video conference), lasting between 15 minutes and four hours. The Audit Committee and the Remuneration Committee held one meeting each in 2021, lasting one and a half hours (Audit Committee) and two and a half hours (Remuneration Committee). For further details, see the table below. The CEO, the CFO and the Secretary of the Board of Directors also generally attend the Board meetings in an advisory role. Other members of the Executive Committee and the Leadership Team are invited to attend Board meetings as required to discuss the midterm planning, the strategy, the budget, and market segment-specific items (such as large investments and acquisitions).

The Committees do not make any decisions, but rather review and discuss the matters assigned to them and submit the required proposals to the full Board of Directors for a decision. At the next full Board meeting following the Committee meeting, the Chairpersons of the Committees report to the full Board of Directors on all matters discussed, including key findings, opinions and recommendations.

Members of the Board					Attending meetings of the		
Name	Nationality	Position	Entry	Elected until	Board	AC	RC
Grégoire Poux-Guillaume	French	Chairman	September 2021	2022	4	1	1
		Member AC					
		Member RC					
Marco Musetti	Swiss/Italian	Vice Chairman of the Board	September 2021	2022	4	1	1
		Member AC					
		Chairman RC					
Jill Lee	Singaporean	Chairwoman AC	September 2021	2022	4	1	1
		Member RC					

AC = Audit Committee, RC = Remuneration Committee

Additional mandates of members of the Board of Directors outside the medmix group

According to art. 33 of medmix' Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads), the maximum number of additional mandates held by members of the Board of Directors outside the medmix group is ten (of which a maximum of four mandates may be with listed companies). Exceptions (e.g. for mandates held at the request of medmix or mandates in charity organizations) are also defined in art. 33 of the Articles of Association. All board members comply with these requirements and no exceptions were granted in the reporting period.

Audit Committee

The Audit Committee (members listed above) assesses the midyear and annual consolidated financial statements and, in particular, the activities — including effectiveness and independence — of the internal and statutory auditor and the cooperation between the two bodies. It also assesses the internal control system as well as risk management and compliance, with at least one meeting per year dedicated to risk management and compliance. The Regulations of the Audit Committee can be viewed on medmix.swiss/en/Investors/Governance (under Downloads). The CEO, the CFO, the Secretary of the Board, the Deputy CFO (who is also the secretary of this Committee) and the external auditor-in-charge attend the meetings of the Audit Committee. Since its inception in September 2021, the Audit Committee held one meeting in November 2021.

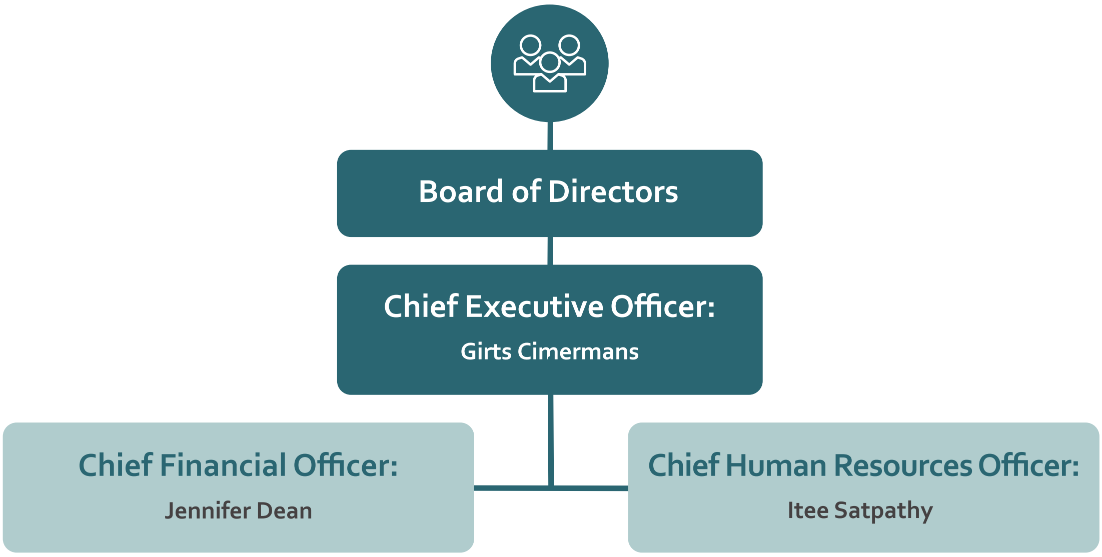
The statutory auditor attended the meeting, and internal subject matter experts gave presentations to the Audit Committee during the meeting.

Remuneration Committee

The Remuneration Committee (members listed above) assesses the compensation systems and recommends compensation for the members of the Board of Directors and the upper two management levels (including the Executive Committee) (including short-term and long-term variable components) on behalf of the Board of Directors and in accordance with its specifications. It carries out broad compensation benchmarking with an international comparison group, supported by studies of consulting firms if necessary, and it scrutinizes the work of internal and external consultants. The Remuneration Committee also deals with nomination matters and assesses the criteria for the election and reelection of board members and the nomination of candidates for the Executive Committee. It is furthermore responsible for the succession planning for the CEO and the Executive Committee. The members of the Remuneration Committee are elected by the shareholders' meeting. The Remuneration Committee Regulations are available on medmix.swiss/en/Investors/Governance (under Downloads). The CEO, the Secretary of the Board and the Chief Human Resources Officer attend the meetings of the Remuneration Committee. Since its inception in September 2021, one meeting was held in November 2021.

Division of powers between the Board of Directors and the CEO

The Board of Directors has largely delegated executive management powers to the CEO. However, it is still responsible for matters that cannot be delegated in accordance with Art. 716a of the Swiss Code of Obligations. These matters include corporate strategy, the approval of midterm planning and the annual budget, key personnel decisions and the preparation of the compensation report. The same applies to acquisition and divestiture decisions exceeding CHF 20 million, investments in fixed assets exceeding CHF 10 million, major corporate restructurings, approval of dispute settlements with an impact on operating income of more than CHF 5 million, approval of research and development projects exceeding CHF 5 million, other matters relevant to the company, and decisions that must be made by law by the Board of Directors. The competency regulations and the nature of the collaboration between the Board of Directors and the Executive Committee can be viewed in the Organizational Regulations of the Board of Directors on medmix.swiss/en/Investors/Governance (under Downloads).



Management structure medmix

Information and control instruments

Each member of the Board of Directors receives a copy of the monthly financial information (January to May and July to November), plus the midyear and annual financial statements. These include information about the balance sheet, the income and cash flow statements, and key figures for the company and its market segments. They incorporate comments on the respective business results and a rolling forecast for the current business year. The CEO and CFO report at every Board meeting on business developments and all matters relevant to the company. Once per year, the Board receives the forecasted annual results. During these Board meetings, the Chairs of the Committees also report on all matters discussed by their Committees and on the key findings and assessments, and they submit proposals accordingly. Each year, the Board of Directors discusses and approves the budget for the following year and the midterm plan, which is also subject to periodic review. The Chairman of the Board of Directors regularly consults with the CEO and other representatives of the Executive Committee with respect to strategic matters and focus areas. In addition, the Board of Directors receives a status update on investor relations on a regular basis and each member of the Board may request information regarding all matters relating to the group's business.

Group Internal Audit

The function of Group Internal Audit is currently still covered under the transitional services agreement between medmix group and Sulzer Management Ltd. medmix group plans to establish its own Group Internal Audit function in the course of 2022.

Meetings between internal audit and the statutory auditor take place regularly. They are used to prepare for the meetings of the Audit Committee, to review the interim and final reports of the statutory auditor, and to plan and coordinate internal and external audits. Group companies are audited by Group Internal Audit based on an audit plan that is approved by the Audit Committee. Depending on the risk category, such audits are carried out on a rotational basis, either annually or every second, third or fourth year. Group Internal Audit carried out three audits in the year under review. One of the focal points is the internal control system. The results of each audit are discussed in detail with the companies and (where necessary) members of the medmix executive team, and key measures are agreed upon. The Chairman of the Board of Directors, the members of the Audit Committee, the CEO, the CFO, the COO and other line managers of the audited entity receive a copy of the audit report. Significant findings and recommendations are also presented to and discussed with the

Executive Committee during the monthly Executive Committee meetings. Twice a year, the legal entities present the status of key measures agreed upon. A follow-up process is in place for all group internal audits, which allows efficient and effective monitoring of how the improvement measures are being implemented. Each year, Group Internal Audit compiles a report summarizing activities and results. This report is distributed to the members of the Board of Directors and the members of the Executive Committee, and it is presented to the Executive Committee and the Audit Committee. It is discussed in both Committees and, thereafter, reported to the Board of Directors.

Risk management and compliance

Until September 20, 2021, medmix Ltd was part of Sulzer group and its compliance and risk management processes. Hence, in the first nine months of the reporting period, medmix Ltd was subject to Sulzer group’s comprehensive value- and risk-based compliance program that focuses on prevention, detection and response. During this time, 258 employees from management, finance, legal, sales and project management functions participated in webinar compliance trainings covering anti-corruption and code of conduct topics. The webinar trainings were conducted by the Sulzer group Compliance department. In addition, in the same period of time, 1’266 compliance e-learning modules were completed by employees of the Applicator Systems division. The focus of compliance trainings was anti-corruption and anti-bribery. One internal compliance investigation was carried out for the Applicator Systems division and one employee was required to leave due to compliance violations.

In preparation for the spin-off, Sulzer group’s compliance management processes were reassessed. The compliance assessment outcome will be used to further adapt medmix’ compliance processes and to adapt them to medmix group’s specific compliance risks and to further strengthen the compliance organization and process controls. Presumably until June 30, 2023, the group Compliance & Risk Management function of Sulzer Management Ltd, as well as Sulzer group’s local compliance organization may provide dedicated compliance support under the transitional services agreement to medmix group, in order to maintain a comprehensive and robust compliance management system across medmix group and to support a seamless transition. The current setup, as operated by Sulzer group under the transitional services agreement, consists of a compliance hotline and an incident reporting system that provides employees with several options for reporting (potential) violations of law or internal rules. Such reports can be made anonymously or openly via a free hotline or a dedicated website. Furthermore, a directive sets clear rules for internal investigations.

medmix Ltd places high priority on conducting its business with integrity, in compliance with all applicable laws and internal rules, and on accepting only reasonable risks. In the course of the spin-off, medmix Ltd has therefore implemented an internal control system as well as several policies and directives addressing different compliance topics, such as a Code of Business Conduct published on medmix.swiss/en/Investors/Governance (under Downloads) and rules regarding antitrust risks, bribery and corruption risks, export control risks and other risks (e.g. non-compliance with stock exchange laws and regulations, insufficient protection of intellectual property and know-how, violations of privacy and data protection or risks with regard to environment, quality, safety and health). In order to strengthen medmix Ltd’s compliance efforts, a dedicated Chief Compliance Officer was hired as of November 1, 2021, who will be responsible for the further development of medmix group’s compliance management system. The aim is to further strengthen the compliance and risk management system by tailoring the processes to medmix group’s specific business needs.

As part of medmix group’s integrated risk management process, the Chief Compliance Officer will perform regular risk-based compliance assessments in order to evaluate adherence to the applicable laws and internal rules and to verify whether the existing compliance management system needs to be adapted. The results are discussed both with the Executive Committee and the Audit Committee. The Audit Committee dedicates at least one meeting per year to risk management and compliance. In addition, the Board of Directors and the Executive Committee are regularly informed about legal matters and key changes in legislation that may affect medmix group, as well as on important litigations. Twice a year, the Audit Committee receives a report about any pending or threatened litigation with worst-case exposure exceeding CHF 0.15 million.

It is medmix group's goal to constantly improve its compliance and risk management approach also in terms of efficiency. Findings of audits and internal investigations will be assessed, internal processes and rules adjusted, and training modules improved. medmix group always reviews compliance violations to determine whether they are rooted in a process weakness. If that is found to be the case, the process will be improved and risk-mitigating measures will be implemented.

Executive Committee

The Board of Directors delegates executive management powers to the CEO. The CEO delegates the appropriate powers to the members of the Executive Committee. The Organizational Regulations of the Board of Directors govern, among other things, the transfer of responsibilities from the Board of Directors to the CEO. The regulations can be viewed on medmix.swiss/en/Investors/Governance (under Downloads). There are no management contracts with third-parties. None of the Executive Committee members has a contract with a notice period exceeding 12 months. As of December 31, 2021, the Executive Committee consisted of three members.

Girts Cimermans, Chief Executive Officer and member of the Executive Committee, is a Latvian citizen born in 1969.

Binding interests: Member of the Board of Directors of Alpcot Ltd.
Before the incorporation and separate listing of medmix Ltd, Girts Cimermans was, since 2019, Division President of Sulzer Ltd’s Applicator Systems division and member of the Sulzer Executive Committee. Starting in 2014, Girts Cimermans served as CEO of Hoya Vision Care in Bangkok and Amsterdam. From 2011 to 2013, he was President Europe Middle East & Africa of Pentax Medical in Germany and from 2009 to 2011 Director Eastern Europe of Danaher Group’s Kavo Dental GmbH. Prior to this, Girts held several positions at GE Healthcare in Germany, including President Northeastern Europe. He holds a Master’s Degree from the Stockholm School of Economics, Stockholm, Sweden.

Jennifer Dean, Chief Financial Officer and member of the Executive Committee, is an Australian citizen born in 1968.

Before the incorporation and separate listing of medmix Ltd, Jennifer Dean acted as the Chief Financial Officer for the Applicator Systems division of Sulzer Ltd (since 2017). From 2015 to 2017, she was CFO for Product Lines at GE Power Services. Prior to this, she held a number of positions at Alstom, including Vice President Finance for the Thermal Services division (2013 to 2015), Finance Director for Gas Turbine Product Line (2010 to 2013), and Finance Director for Environmental Control Systems & Carbon Capture Systems (2006 to 2010). Jennifer Dean holds a Bachelor's Degree in Economics from Macquarie University, Sydney, Australia and is a chartered accountant (Chartered Accountants Australia & New Zealand) and associate member of the Governance Institute of Australia.

Itee Satpathy, Chief Human Resources Officer and member of the Executive Committee, is a Swiss citizen born in 1978. [1)]

Before joining medmix Ltd, Itee Satpathy was appointed Global Head of People Development and Internal Communications at Sulzer in 2018. Prior to joining Sulzer, she led Talent Development and Diversity at Syngenta (2013 to 2017). Previously, she held various roles of increasing responsibility at Novartis across the Human Resources function, including leadership and organization development, talent management and diversity and inclusion (2003 to 2012). Itee started her career in India with ICICI Bank before moving to Switzerland in 2003. Itee Satpathy holds a Master’s Degree (Diploma) in Human Resources Management from XLRI School of Management, Jamshedpur, India.

1) Itee Satpathy took over the position of Chief Human Resources Officer from Friedrich von Gadow effective as of December 1, 2021.

Additional mandates of members of the Executive Committee outside the medmix group

No member of the Executive Committee may hold more than five mandates, of which no more than one may be in listed companies (see art. 33 of the Articles of Association on medmix.swiss/en/Investors/Governance; under Downloads). Exceptions (e.g. for mandates held at the request of medmix or mandates in charity organizations) are also defined in art. 33 of the Articles of Association. All members of the Executive Committee comply with these requirements and no exceptions were granted in the reporting period.

Shareholder participation rights

Restrictions and representation of voting rights

Only nominees are subject to restrictions (see section capital structure of this corporate governance report). No exceptions were granted during the reporting year, and no measures to remove these restrictions are planned. According to art. 7 of the Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads), a shareholder may be represented at a shareholders' meeting by its legal representative, another shareholder with the right to vote, or the independent proxy. Shares held by a shareholder may be represented by only one person.

Statutory quorum

Generally, the shareholders' meeting passes its resolutions and carries out its elections upon an absolute majority of the votes represented (see art. 15 of the Articles of Association; on medmix.swiss/en/Investors/Governance; under Downloads). However, changes to the Articles of Association may only be approved by a majority of at least two-thirds of the voting rights represented at the shareholders' meeting, other than ordinary share capital increases (against payment in cash and without exclusion of shareholders' pre-emptive rights), which are decided by an absolute majority of the votes represented. The dissolution or a merger of the company can only be decided upon if at least half the shares issued are represented at the shareholders' meeting and two-thirds thereof vote in favor of the corresponding proposal (see art. 16 of the Articles of Association).

Convocation of the shareholders' meeting and submission of agenda items

The applicable regulations regarding requesting the convocation of an extraordinary shareholders' meeting are in line with the applicable law regarding the convocation of a shareholders' meeting. Shareholders representing at least 2% of the share capital may submit items for inclusion on the agenda of a shareholders' meeting. Such submissions must be requested in writing at least two months prior to the meeting and must specify the agenda items and proposals of the shareholder concerned (see art. 12 of the Articles of Association; on medmix.swiss/en/Investors/Governance; under Downloads).

Entry in the share register

Voting rights may be exercised by shareholders who are registered in the share register on the record date stated in the invitation to the respective shareholders' meeting.

Independent proxy

On September 20, 2021, Proxy Voting Services GmbH was elected as the independent proxy of medmix Ltd for a term of office extending until completion of the next AGM. The Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads) do not contain rules on the granting of instructions to the independent proxy and the electronic participation in the shareholders' meeting which deviate from the default Swiss law.

Takeover and defense measures

The Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads) contain no opting-out or opting-up clauses. If there is a change of control, the number of all outstanding restricted share units (RSUs) shall be prorated based on the period from the grant date to the effective date of the change of control, in proportion to the full original vesting period, and such prorated number of RSUs shall vest immediately on the effective date of the change of control. The Board of Directors, however, may determine any other treatment of outstanding RSUs in case of a change of control. A change of control includes a merger, consolidation, acquisition or other transaction as a result of which securities possessing 50% or more of the total combined voting power of medmix Ltd's outstanding securities are held by a person different from the person holding 50% or more of the total combined voting power of medmix Ltd's outstanding securities immediately prior to such transaction, as well as the sale of all or substantially all of the assets of medmix Ltd to a third-party.

With respect to the performance share units (PSUs), prior to the spin-off from the Sulzer group, the eligible employees of medmix group participated in the Sulzer performance share plan (PSP). The former Applicator Systems employees who received Sulzer PSU keep these PSU also after the spin-off, which, however, will be adjusted to neutralize the consequences from the spin-off for Sulzer's PSP (for further information please refer to note 28 to the consolidated financial statements in the financial reporting section). If there is a change of control, the Sulzer PSU allocated to former Applicator Systems employees are converted into shares on a pro rata basis and based on actual achievement of the performance targets, without being subject to blocking restrictions. A change of control includes an acquisition of, or a public takeover offer in relation to, 50% or more of the voting rights. medmix group plans to introduce its own performance share plan in the course of 2022, subject to approval by the Board of Directors.

Auditor

The statutory auditor is elected at the AGM for a one-year term of office. KPMG AG was elected as the statutory auditor on September 20, 2021. As of the financial year 2021, the acting external auditor-in-charge is Rolf Hauenstein. The external auditor-in-charge is replaced every seven years. The Audit Committee is in charge of supervising and monitoring the statutory auditor, and it reports to the Board of Directors (see section Audit Committee in the chapter Board of Directors of this corporate governance report). The members of the Audit Committee receive summaries of audit findings and improvement proposals at least once a year. Generally, the external auditor-in-charge and his deputy are invited to attend meetings of the Audit Committee. In 2021, the statutory auditor was present at the Audit Committee meeting in November 2021. The Audit Committee or its Chairperson meets separately with the statutory auditor at least once a year to assess (among other things) the independence of the statutory auditors. The Audit Committee evaluates the work done by the statutory auditor based on the documents, reports and presentations provided by the statutory auditor, as well as on the materiality and objectivity of their statements. To do so, the Committee gathers the opinion of the CFO. The Audit Committee reviews the fee paid to the auditor regularly and compares it with the auditing fees paid by other internationally active Swiss companies. Said fee is negotiated by the CFO and approved by the Board of Directors. Further information on the auditor, in particular the auditor’s fees and any additional fees received by the auditor for advisory services outside its statutory audit mandate, is listed under note 30 to the consolidated financial statements. All advisory services provided outside the statutory audit mandate (essentially, consulting services related to audit and accounting as well as legal and tax advisory services) are compliant with the applicable independence rules.

Risk management

At medmix, risks are assessed regularly as part of the company's integrated risk management process. The procedure to understand and manage risk is based on a landscape framed by medmix' objectives and operating environment. Risks need to be documented, including key elements such as the risk event and the potential cause. Risk analysis establishes the potential impact of each risk and its likelihood of occurrence. The combination of these two factors determines the severity of the risk. The tolerability of each risk is based on a risk evaluation for which the results are discussed with the management and the Audit Committee. In case the severity of a risk exceeds the defined risk tolerance level, appropriate risk mitigation actions will be implemented. Monitoring and reviews are integral to medmix' successful risk management. Roles and responsibilities are regulated in the standardized framework of the three lines of defense model.

EXTERNAL AND MARKETS

Market assessment

Risk: Non-appropriate approaches to market development opportunities could cause business losses.

Mitigation: Continuous observation and identification of global market circumstances to ensure adjustment to market concepts.

Geopolitical shocks

Risk: Geopolitical volatility becoming a key driver of uncertainty impacting currency risks and effectiveness of operational execution.

Mitigation: Consistent improvement in building full visibility of political risk exposures. Interrelations will be looked at holistically in the context of other risks.

STRATEGIC

Innovation

Risk: Failure in R&D and innovation activities could negatively impact the ability to operate and to grow the business. Insufficient investments in innovation could hinder maintaining leading technologies and the development of innovative products.

Mitigation: Active enforcement of R&D planning processes and robust tools to ensure that all risks are managed carefully, and failures will be caught early, before significant resources have been expended.

OPERATIONAL

Employee development

Risk: Failure to attract, retain, and develop people could lead to a lack of critical skills and knowledge, which hinders daily operations, growth potential, and long-term competitiveness.

Mitigation: Increase engagement in motivating performance for people based on a retention strategy and employee learning and development to reduce turnover and retain talent within the organization.

Health and safety

Risk: An unsafe working environment could lead to harm to people, reputational damage, fines as well as liability claims and could have a serious economic impact.

Mitigation: Implementation of global medmix environment, health and safety (EHS) directive, requiring all sites to conduct comprehensive workplace and/or activity risk assessments, establish relevant work instructions, and provide health and safety training as required. Usage of a single web-based solution for the reporting and analysis of work-related injuries and illnesses, near-miss incidents, EHS observations, and safety walks. Currently, 5 out of 13 medmix sites are certified according to ISO 45001 and we plan to have all sites certified by 2025.

Environmental

Risk: Environmental damage could lead to harm to people and nature, reputational damage, fines as well as liability claims and could have a serious economic impact.

Mitigation: Implementation of sustainability policy and road map requiring all sites to be supplied by low-carbon electricity, optimize water-usage, and divert all waste from landfill by 2025. Reduction of transportation of goods by air. Establishment of web-based reporting for environmental data and EHS incidents. Processing of due diligence of new acquisition and divestiture projects. Plan to have all manufacturing sites certified to ISO 14001 and ISO 50001 by 2025 for both standards.

Compliance

Risk: Non-conformance with laws, regulations, and compliance obligations, including business-specific regulations such as regulations applicable for medical products, could lead to fines, legal or regulatory sanctions, causing damage to business resilience or damage to reputation.

Mitigation: Implementing a corporate compliance framework that enables medmix to continuously achieve objectives, address potential uncertainty, and act with integrity. Mitigating non-compliant behavior by enforcing a Code of Business Conduct, policies, procedures, and other internal controls to steer the workforce to certain standards of behavior. The objective is to ensure that the company’s conduct remains in compliance with the law. The compliance framework includes assessments and risk mitigation actions in compliance with regulations specific to the medical business. Regulatory compliance expertise has been built up and will be maintained.

Quality of products and services

Risk: Product and services failing to comply with high-quality expectations and high operating standards and non-compliance with relevant regulation and contractual requirements could cause financial losses and reputational discredit. Our operations are subject to a broad range of regulatory requirements worldwide. Product deficiencies could result in product recalls ordered by authorities or customers.

Mitigation: Permanent development of quality controls based on agile risk assessment approaches including third-party accreditation and audits for early-signs detection. Maintaining a high standard of competence and qualification of employees to increase team productivity and product performances. The objective is to ensure that the company's conduct remains in compliance with global regulatory requirements and with the law. Product monitoring and traceability provide early indicators for product failures and reduce the response time to react to and mitigate exposures.

Business interruptions

Risk: Physical or virtual business interruptions such as storms, fires or IT outages, occurring through malicious or accidental cause or driven by internal operations or external factors such as suppliers, service providers, or pandemics, could have an impact on operations and supply chains and thus could lead to serious economic impact.

Mitigation: Continuous monitoring of risk environment and development of risk mitigation policies and strategies for global crisis, emergency, and IT management systems. Continuous enhancement of IT infrastructure to ensure IT security standards contain a disaster recovery plan and incident response team availability. Extension of flexible alternative global procurement strategies and manufacturing footprint.

FINANCIAL

Financial markets

Risk: The movements in interest, foreign exchange and commodity markets could lead to fluctuations in the results of medmix.

Mitigation: Quantification of the market risks according to the exposure calculation stipulated in the risk framework and subsequent management of these exposures through hedging opportunities or financial derivatives to stay within the given limits.

Credit

Risk: Deterioration or default of financial and commercial counterparties could lead to partial or full write-offs of outstanding receivables, impacting the results of medmix.

Mitigation: Effective establishment of credit policies, procedures, and processes to ensure effectiveness of economic transition by implementing individual risk assessments for customers (KYC) and key financial indicators (KFIs), credit risk rating scores, and a strong third-party credit quality check.

Liquidity

Risk: Inability to meet payment obligations in a timely manner and lack of access to appropriate funding for medmix.

Mitigation: Continuous monitoring of group-wide account balances and cash forecasts to optimize liquidity and investments. Implementation of a funding structure in which the company’s financing tranches mature at different points in the future.

Information policy

According to art. 38 of the Articles of Association (on medmix.swiss/en/Investors/Governance; under Downloads), the announcements of medmix Ltd are published in the Swiss Official Journal of Commerce. In addition, notices to registered shareholders in those cases prescribed by law shall take place in writing to the shareholder's address last known to the company.

medmix Ltd reports on its financial results every half year. In each case, it also comments on business performance and outlook. In addition, the company reports on important events on an ongoing basis (ad hoc publications). The reporting referred to in the compensation report (including the respective references to the financial reporting section) complies with the recommendations on the content of the compensation report as laid out in section 38 of annex 1 to the Swiss Code of Best Practice for Corporate Governance.

Key dates in 2022

- February 22: Annual results 2021
- April 12: Annual general meeting 2022
- July 21: Midyear results 2022

These dates and any changes can be viewed on medmix.swiss/en/Investors/Overview. Media releases (sent via e-mail) can be subscribed to on medmix.swiss/en/News/Media-Release-Subscription. Further information is available on medmix.swiss, or by contacting Investor Relations at investorrelations@medmix.com.

The contact address for Investor Relations is:
medmix Ltd
Investor Relations
Dammstrasse 19
6300 Zug
Switzerland
+41 (0)52 262 30 22

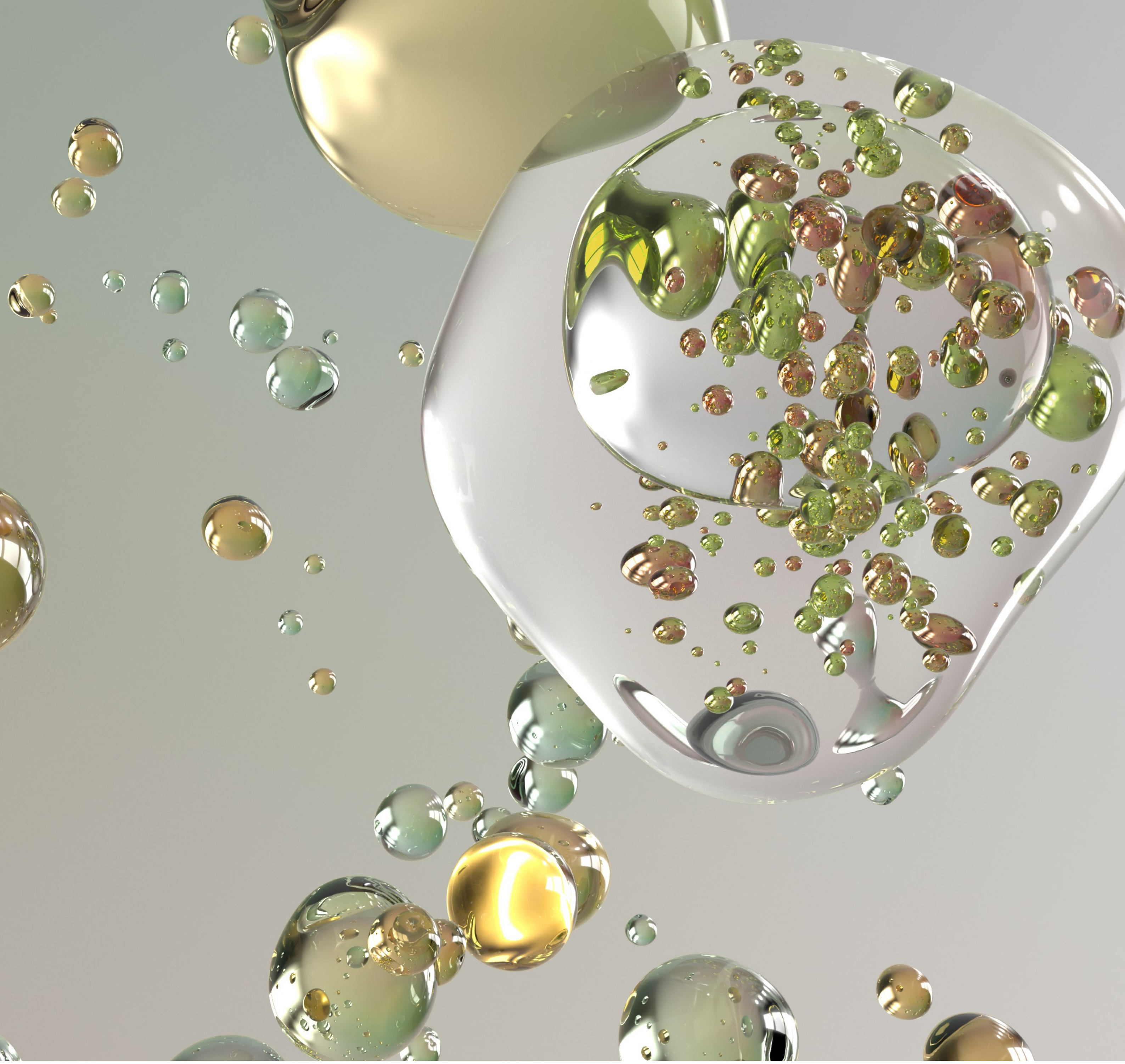
Material changes

On February 21, 2022, Jill Lee informed the Board of Directors of the company that she will not stand for re-election as member of the Board of Directors in 2022.

Blackout periods

Generally and regardless of whether any inside information exists or not, pursuant to medmix' Securities Trading, Public Disclosure and Reporting Regulations, the trading in medmix Ltd securities is prohibited for (a) the members of the Board of Directors and the Executive Committee, (b) any staff reporting to any member of the Executive Committee, (c) members of Group Finance, Group Planning and M&A, Group Communications and Investor Relations, and (d) any external advisor having access to inside information in connection with medmix Ltd's financial reporting, during the following periods: the periods starting on January 1 and July 1 until and including the trading day of the public releases of the respective full-year or half-year reports (if published prior to 7:30 am CET) or the following trading day (if published between 5:40 pm and midnight CET). In the reporting period there have not been any general blackout periods as medmix Ltd has only been incorporated on September 20, 2021.

Under certain circumstances (in particular in case of personal hardship), the company may allow exceptions to a blackout period upon reasoned request by an employee, provided that such employee is not in possession of any inside information. Such exceptions must be issued in writing with a copy to the employee's file.



Compensation report

Zug, February 22, 2021

Dear Shareholder,

2021 was a landmark year for the medmix team. There are many achievements for us to celebrate, but most notable is our successful listing as an independent company. With this crucial new step came the need to invest in new, improved capabilities that support our growth ambitions for the future. Underpinning this is our policy on reward and compensation.

The purpose of a compensation policy is to enable the company to attract, retain, and motivate the talent that is key to the company's performance and long-term success. To facilitate our journey towards this goal, medmix' compensation programs are being designed to reward performance that delivers sustainable growth and long-term shareholder value creation.

During the reporting period, the Board of Directors and the Remuneration Committee began the discussions related to medmix' compensation policy and programs to ensure that they are built to enhance focus on the company's strategy and shareholders' interests. We will communicate on this approach in more depth in due course.

We also reviewed the composition of our Executive Committee and were pleased to announce the appointment of Itee Satpathy as the new Chief Human Resources Officer of medmix. With her broad background in the life sciences industry and experience across the HR function, Itee is well positioned to support our agenda for growth in healthcare.

At the time of our spin-off from Sulzer, we embarked on our journey with a Board of Directors composed of three directors. To better align with market practices, and following the decision of Jill Lee to not stand for re-election as board member, we will propose up to five additional Directors for a shareholder vote at the annual general meeting (AGM). With these proposed additions, we would achieve our maximum target size of seven.

In this report you will find additional information on our activities and governance mechanisms. This compensation report will be submitted for a non-binding, consultative shareholders' vote at the AGM in April 2022. Shareholders will also vote on the maximum aggregate board compensation for the term from the 2022 AGM to the 2023 AGM and on the maximum aggregate Executive Committee compensation for 2023.

As part of our commitment to effective corporate governance, we will regularly review and assess our compensation programs to ensure they remain effective. We thank you, our shareholders and your representatives, for this opportunity and for your confidence in us.

Sincerely,

Marco Musetti
Chairman of the Remuneration Committee

Compensation governance

Remuneration Committee

The Articles of Association, the Organizational Regulations of the Board of Directors and the Remuneration Committee Regulations (on medmix.swiss/Investors/Governance; under Downloads) define the functions of the Remuneration Committee. The Remuneration Committee supports the Board of Directors in nominating and assessing candidates for the Board of Directors and Executive Committee positions, establishing and reviewing the compensation strategy and principles, and preparing the respective proposals to the shareholders' meeting regarding the compensation of the members of the Board of Directors and of the Executive Committee.

The Remuneration Committee is responsible for the following activities and submits all proposals concerning these activities to the Board of Directors, which has the final decision authority:

- Periodic assessment of the membership structure of the Board of Directors, determination of selection principles, and identification of potential candidates for the Board of Directors
- Succession planning for the CEO and Executive Committee positions (two upper-management levels)
- Periodic assessment of the compensation policy and programs
- Determination of performance targets for the CEO and the Executive Committee positions for the purpose of the incentive plans
- Preparation of the respective proposals for the shareholders' meeting on the maximum aggregate amounts of compensation for the Board of Directors and for the Executive Committee
- Determination of the target compensation for the CEO and for the Executive Committee positions
- Preparation of the compensation report

The table below describes the levels of authority:

Compensation Governance: Levels of authority

	CEO	Remuneration Committee	Board of Directors	Shareholders' meeting
Selection criteria and succession planning for Board of Directors		proposes	approves	
Selection criteria and succession planning for Executive Committee	proposes	reviews	approves	
Compensation policy and programs		proposes	approves	
Aggregate maximum compensation amounts for the Executive Committee and for the Board of Directors to be submitted to vote at the AGM		proposes	reviews	approves (binding vote)
Individual compensation of the members of the Board of Directors		proposes	approves	
Compensation of the CEO		proposes	approves	
Individual compensation of the members of the Executive Committee	proposes	reviews	approves	
Performance objectives and assessment of the CEO		proposes	approves	
Performance objectives and assessment of the Executive Committee	proposes	reviews	approves	
Compensation report		proposes	approves	consultative vote

The Remuneration Committee consists of a maximum of three non-executive and independent board members. The members of the Remuneration Committee are elected individually and annually by the shareholders' meeting for the period of office until the following ordinary AGM.

On September 20, 2021, Marco Musetti (Chairman), Grégoire (Greg) Poux-Guillaume and Jill Lee were elected as members of the Remuneration Committee. The Remuneration Committee meets as often as the business requires, but at least twice a year. In 2021, the Remuneration Committee held one meeting and all members were in attendance.

The Chairman of the Remuneration Committee reports to the next meeting of the full Board of Directors on the activities of the Remuneration Committee and the matters discussed. The Chairman, as far as necessary, submits the respective proposals for approval by the Board of Directors. The minutes of the Remuneration Committee meetings are available to all members of the Board of Directors. The Remuneration Committee may appoint third-party companies to provide independent advice or perform services as it deems necessary for the fulfillment of its duties.

Shareholders' role and engagement

The company is keen to receive shareholders' feedback on the compensation policy and programs. Further, the company proposes to regularly meet with shareholders and shareholder representatives to understand their perspectives. At the AGM, shareholders would consider and approve the maximum aggregate compensation amounts for the Board of Directors and for the Executive Committee in an annual binding vote.

Further, the Articles of Association, which are also subject to shareholders' approval, regulate the principles of compensation. They include the following provisions related to compensation (the full version of the Articles of Association can be found on medmix.swiss/Investors/Governance (under Downloads).

- Principles of compensation (article 31): Non-executive members of the Board of Directors receive fixed compensation only. Members of the Executive Committee receive fixed and variable compensation elements. The variable compensation may include short-term and long-term variable compensation components. These are governed by performance metrics that take into account the performance of the company, the group or parts of it, targets in relation to the market, other companies or comparable benchmarks and/or individual targets, as well as strategic and/or financial objectives. Compensation may be paid in the form of cash, shares, options, financial instruments or similar units, in kind, in services, or in other types of benefits.
- Shareholders' binding vote on remuneration (article 29): the Shareholders' Meeting shall approve the maximum aggregate amount of compensation for the Board of Directors for the next term of office and the maximum aggregate amount of compensation for the Executive Committee for the following financial year. The Board of Directors shall submit the annual compensation report to an advisory vote at the AGM.
- Additional amount for members of the Executive Committee hired or promoted after the vote on remuneration by the Shareholders' Meeting (article 30): to the extent that the maximum aggregate amount of compensation as approved by the Shareholders' Meeting does not suffice, up to 40% of the maximum aggregate amount of compensation approved for the Executive Committee is available, without further approval, for the compensation of the members of the Executive Committee who were appointed or promoted after the AGM.
- Loans, credit facilities, and post-employment benefits for members of the Board of Directors and of the Executive Committee (article 34): the company may not grant loans or credits to members of the Board of Directors and of the Executive Committee.

Compensation architecture for the Executive Committee

Compensation principles

The compensation of the Executive Committee is driven by the main principle of pay for performance. The compensation policy and programs are designed to reward performance, sustainable growth and long-term shareholder value creation, while offering competitive remuneration to be able to attract and retain highly qualified employees. The compensation system is based on the following guiding principles:

Guiding principles	
Pay for performance	The variable compensation is linked to the individual as well as the company performance and represents a substantial part of the overall compensation package.
Link to strategy	The performance indicators of the variable compensation are selected to create incentives to implement the defined strategic and operational goals of medmix.
Shareholder alignment	Part of the variable compensation is directly dependent on the capital market performance of the medmix share, to align the compensation of the Executive Committee with shareholder interests.
Market practice	The compensation for the Executive Committee is designed to offer a fair and competitive compensation package which is in line with market practice.
Good corporate governance	medmix is committed to the principles of good corporate governance. The compensation system is designed to comply with the Swiss Code of Best Practice for Corporate Governance.
Clear structure	The compensation system is structured in a clear and comprehensible manner and is transparently disclosed in the compensation report.

Assessment of level of compensation

To ensure compensation levels that are competitive and in line with market practice, the compensation of the Board of Directors and of the Executive Committee is regularly benchmarked against that of similar roles in comparable companies every one to two years. For this purpose, the Remuneration Committee selected a peer group of international industrial and medical technology companies headquartered in Switzerland based on their revenue and number of employees. medmix is positioned between the first quartile and median of the peer group. The comparison group reflects medmix' ambitious business strategy:

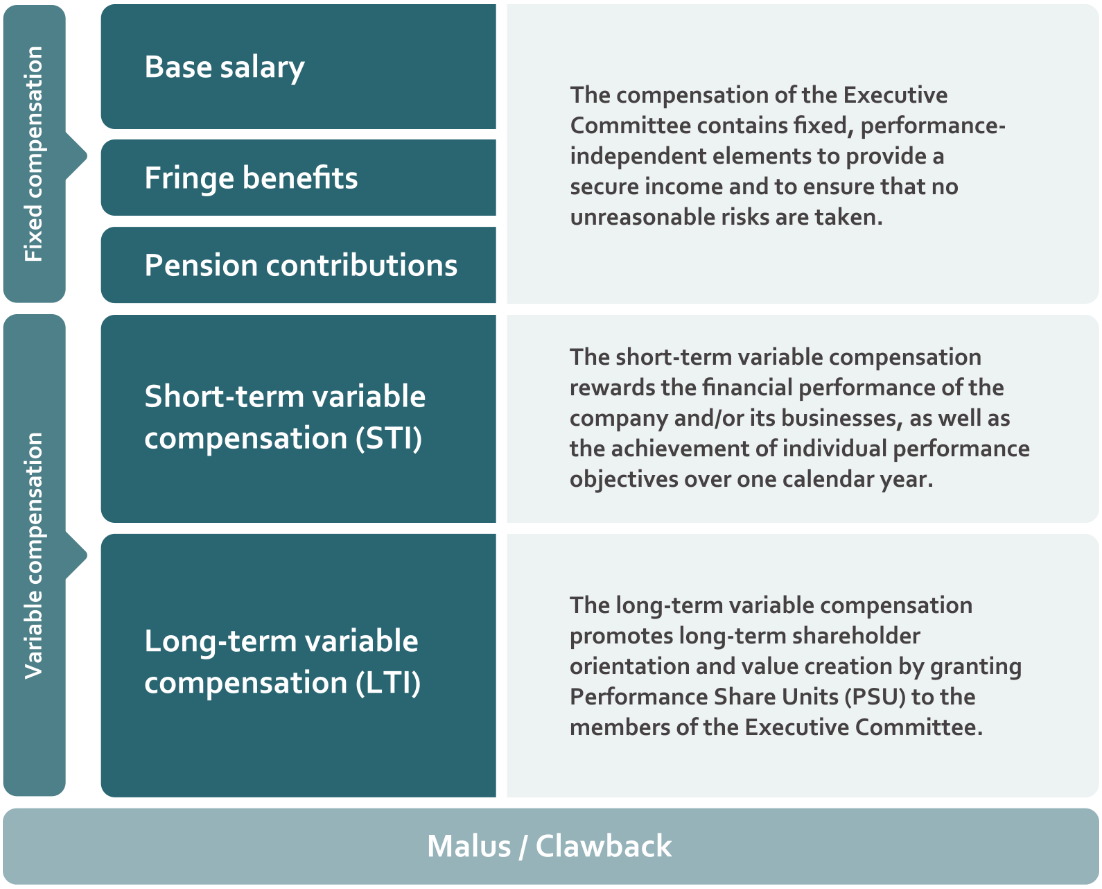
- Aevis Victoria
- Bachem
- Comet
- Galenica
- INFICON
- Landis+Gyr
- Medacta
- Medartis
- Siegfried
- Tecan
- Vifor
- Ypsomed

The intention is to pay target compensation around the median of the relevant market. Nevertheless, potential compensation increases are not granted based on benchmark results alone. The role and responsibility as well as current performance of the individual Executive Committee member is assessed at the same time. A globally consistent job-grading structure fosters internal equity.

Compensation elements and their application for financial year 2021

The compensation of the Executive Committee comprises fixed and variable components. The fixed compensation of the members of the Executive Committee consists of a base salary, allowances payable in cash and contributions to pension schemes or similar benefits. In addition, the members of the Executive Committee are eligible for performance-based short-term variable compensation (performance bonus plan) paid in cash and long-term variable compensation (performance share plan (PSP)) paid in performance share units (PSUs). The members of the Executive Committee will participate in the medmix PSP from 2022 onwards. These variable compensation components foster a successful development of medmix in the short-term as well as in the long-term.

The following illustration shows the compensation components and provides a brief description of how these components are linked to the guiding principles:



The variable compensation of medmix is designed to create reasonable incentives for the Executive Committee, align interests of Executive Committee and shareholders, ensure pay for performance and implement the company's strategy in the compensation of the Executive Committee.

The Executive Committee's compensation puts a clear focus on the fulfillment of the performance targets defined within the variable compensation. In line with the pay-for-performance principle, a significant portion (~56%) of the target compensation of the CEO and of the other members of the Executive Committee consists of variable incentives based on performance. Furthermore, the compensation structure ensures sustainable long-term growth as the long-term variable compensation makes up the largest portion of the target total compensation.

Fixed compensation

Base salary

The base salary is determined at the discretion of the Board of Directors based on the market value of the respective position and the incumbent's qualifications, skill set and experience and is paid out in cash. A global job-grading structure provides orientation and fosters internal equity.

Fringe benefits

As additional fixed compensation elements, the members of the Executive Committee receive allowances such as relocation allowances, tax services or child allowances. All such allowances are paid in cash. Furthermore, they receive contributions to social security.

Pension

Members of the Executive Committee participate in the regular employee pension fund applicable to all employees in Switzerland. The retirement plan consists of a basic plan that covers annual earnings up to CHF 149'125 per year and a supplementary plan in which income over this limit, up to the ceiling set by law, is insured (including variable cash remuneration). The contributions are age related and are shared between the employer and the employee.

Variable compensation

Short-term variable compensation

General functionality

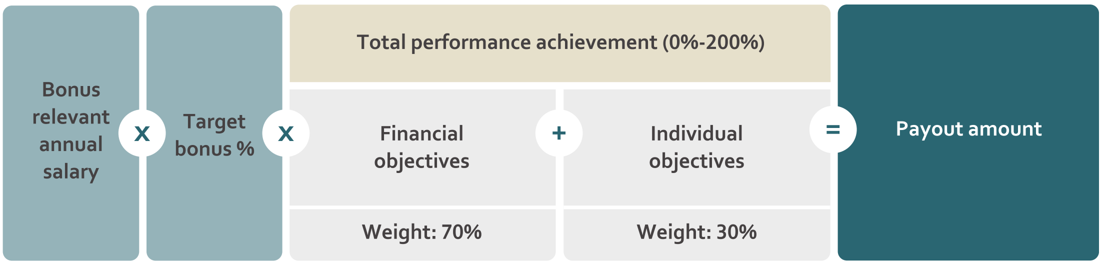
As short-term variable compensation, Executive Committee members are granted the performance bonus plan under which they receive an annual, variable, and performance-related compensation.

Under the performance bonus plan, the members of the Executive Committee receive an annual target bonus amount which is expressed as a percentage of the annual base salary (CEO: 80% of base salary; other members of the Executive Committee: 50% of base salary).

Target bonus percentage (CEO: 80%, Other members of the Executive Committee: 50%) **x** **Base salary** **=** **Target bonus amount**

The performance period of the performance bonus plan is one financial year. The final payout amount depends on the performance assessed against the predefined performance objectives during the respective performance period. The performance bonus plan comprises financial objectives with a weighting of 70% as well as individual objectives with a weighting of 30%. The relevant performance objectives and their respective weighting are defined at the beginning of the year in the course of the annual target setting. The selected performance objectives are thereby clearly aligned with the corporate strategy of medmix and support the short-term success of the company. They reflect the areas of focus for medmix and relate to key value drivers by underpinning the financial performance of the medmix group. The target achievement of the financial and individual objectives depends on the performance during the financial year and can range between 0% and 200% for each objective. The achievement is assessed against each of the predefined objective after year-end and directly impacts the payout.

The final payout amount is determined by multiplying bonus relevant annual salary and target bonus amount with the overall target achievement, which is calculated based on the target achievement in the performance objectives taking into account their respective weighting.



The financial and individual achievements of the members of the Executive Committee are subject to review and approval by the Remuneration Committee and the Board of Directors, respectively.

Relevant objectives

For the CEO and the other members of the Executive Committee, the payout amount of the Performance Bonus Plan depends on the appraisal of performance against a maximum of six financial objectives and six individual objectives. The objectives for the financial year 2021 as well as their respective weighting are described in the table below:

Performance bonus plan objectives

Category	Category weighting	Objective	Rationale	Objective weighting
		Total revenue	Measure of growth (top line)	25%
		Total operational profitability %	Measure of profitability (bottom line)	25%
Financial objectives	70%	Total operational operating net cash flow (opONCF) %	Measure of cash generated by the revenues	20%
		Cost-effectiveness	Objectives linked to cost reduction or optimization	15%
		Growth initiatives	Include initiatives that support the growth of medmix, such as M&A projects, breaking into new markets or new accounts	5%
		Faster and better	Initiatives focused on the profitability of medmix, with objectives linked to speed ("faster") and quality ("better")	5%
Individual objectives	30%	Environment, Social, Governance (ESG)	Objectives linked to improvements in the areas of environment, employee engagement and local communities, corporate governance	5%
Total target achievement				**100%**

The selected performance objectives are clearly aligned with the corporate strategy of medmix and support the short-term success of the company. They reflect the area of focus for medmix and relate to key value drivers by underpinning the financial performance of the medmix group.

The objectives are set within the annual target-setting process. For each financial objective, the following parameters are set up front:

- An expected level of performance ("target"), the achievement of which leads to a target achievement (on the respective performance metric) of 100%.
- A minimum level of performance ("threshold") below which the respective target achievement is zero.
- A maximum level of performance ("cap") above which the respective target achievement is capped at 200%. With respect to the financial objectives, a performance of 200% of the target figure is required to achieve a target achievement of 200%.

Between threshold and target, as well as between target and cap, the target achievement is interpolated linearly.

As part of the assessment of their individual performance, each Executive Committee member is given objectives for their respective area of responsibility and an additional objective related to supporting sustainability through environment, social, governance (ESG) efforts. The ESG objective includes improvements in health and safety, emissions, water and energy efficiency or initiatives and actions taken to increase employee and community engagement or efforts in R&D for more efficient or sustainable products. The CEO reviews the individual performance based on the personal objectives of each Executive Committee member which in turn is reviewed by the Remuneration Committee. The CEO's individual performance is assessed by the Remuneration Committee.

medmix strives for transparency in relation to pay for performance. However, further disclosure of financial and individual objectives may create a competitive disadvantage to the company, because it renders sensitive insights into medmix' strategy. To ensure transparency while avoiding competitive risk, medmix provides a general performance assessment for each financial objective as well as the aggregated individual performance at the end of the performance cycle.

Payout from the performance bonus plan 2021

The final payout amount of the Performance Bonus 2021 is based on the total target achievement and the target bonus amount. The total target achievement is calculated by taking the sum of the target achievement of the financial objectives and the individual objectives multiplied with their respective weighting. Given the spin-off of medmix during the financial year 2021, the target bonus amounts of the members of the Executive Committee are calculated *pro rata temporis* as of September 20, 2021. The payout from the Performance Bonus Plan 2021 can be summarized as follows:

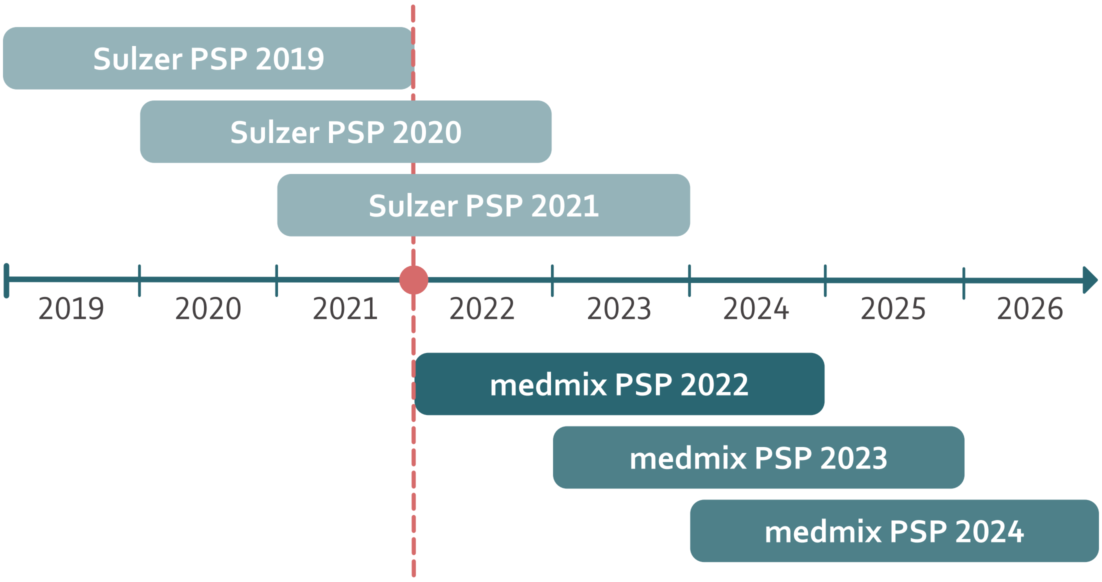
Performance bonus plan 2021: Summary

	Target bonus amount	Prorated target bonus amount	Target achievement			Payout amount
thousands of CHF			Financial objectives (weighting 70%)	Individual objectives (weighting 30%)	Total	
Girts Cimermans, CEO	440	124	144.2%	100%	131%	163
Other members of the Executive Committee	360	70	144.2%	100%	131%	92

Long-term variable compensation

Applicable performance share plans

Due to the timing of the spin-off of medmix from Sulzer in autumn 2021, the members of the Executive Committee remain participants with the Sulzer PSP tranches between 2019 and 2021. Therefore, until the end of 2023, these allocations granted in the past under the Sulzer PSP will become due. From 2022 onwards, the members of the Executive Committee will participate in the medmix PSP. The following graphic depicts the tranches that are currently running as well as three exemplary future tranches for the medmix PSP:



General functionality of the medmix performance share plan starting in 2022

Members of the Executive Committee and other selected employees of medmix are eligible to participate in a long-term variable compensation component, called a performance share plan (PSP). Given the spin-off of medmix from Sulzer in financial year 2021, the first regular grant of the medmix PSP will occur in financial year 2022. The PSP consists of rolling annual plans, which allows the Board of Directors to review and adjust the terms and targets on an annual basis.

The PSP incentivizes long-term shareholder orientation and value creation and aligns the interests of the participants with those of the shareholders by delivering a substantial portion of the compensation as company equity. This underlines the focus of medmix on pay for performance and sustainable growth, with a long-term perspective and additional retention effect on employees.

Under the PSP, members of the Executive Committee are eligible to be granted PSUs. PSUs are contingent rights to receive a variable number of shares at the end of a three-year vesting period. The number of PSUs to be granted to each participant shall depend on the participant’s position and impact on the business and shall be determined by the Board of Directors in its sole discretion (subject to shareholders’ approval). The number of PSUs granted is calculated by dividing the individual grant value by the three-month volume-weighted average share price before the grant date.

On the vesting date, the number of vested PSUs is dependent on three performance indicators related to the price of medmix’ shares, revenue growth and profitability. The overall target achievement for these three performance indicators can range between 0% and 250%. The final number of vested PSUs is calculated by multiplying the overall target achievement with the number of vested PSUs. For each vested PSU, a medmix share will be delivered to the member of the Executive Committee.

Details on the performance indicators and the respective target achievement curves will be given in the compensation report 2022 with the first grant of the medmix PSP.

Handling of outstanding Sulzer PSP tranches

At the time of the spin-off of medmix from Sulzer in autumn 2021, the members of the Executive Committee were participants in the Sulzer PSP tranche 2019 to 2021. As part of this, they had previously been granted a number of Sulzer PSUs. Given the spin-off, the number of granted PSUs remaining were pro-rated on the basis of the portion of the total performance period during which the company was a part of the Sulzer group. This prorated number of PSUs will continue to vest on the normal vesting dates (i.e., no acceleration), thus also be subject to ongoing performance measurement throughout the entire original performance period. The portion of PSUs forfeit as a result of the prorating will be taken into consideration for the determination of the grant amounts in the next grant to the affected members of the Executive Committee under the new PSP of medmix starting 2022. This spin-off correction grant will be made at one time together with the regular grant cycle expected to be in April 2022.

On the vesting date of the Sulzer PSP 2021, the number of vested PSUs is calculated by multiplying the initial number of PSUs granted by the weighted average of the target achievements of each performance condition. For each vested PSU, a Sulzer share will be delivered to the participant. The number of shares to be issued for each PSU can be between 0% and 250% of the number of PSUs granted, depending on the three additively linked performance indicators: operational profit growth (weighting 25%), operational ROCEA (weighting 25%) and relative total shareholder return (relative TSR; weighting 50%). In addition, the number of vested PSUs is subject to an absolute value cap representing, in each case, 2.5 times the original grant value.

In financial year 2021, the Sulzer PSP tranche 2019 vested. For this tranche, the objectives described above also apply. The Sulzer PSP tranche 2019 resulted in a total payout factor of 185%.

For more details on the Sulzer PSP, please see the Sulzer annual report.

Contractual arrangements

Service contracts

The employment contracts of the Executive Committee are of undetermined duration and have a maximum notice period of 12 months. Members of the Executive Committee are not entitled to any impermissible severance or change of control payments. The employment contracts of the Executive Committee may include non-compete agreements with a time limit of one year and with a maximum total compensation of one annual target compensation.

Malus and clawback

The Board of Directors may determine that long-term variable compensation is forfeited in full or in part (malus) or that a vested award will be recovered in full or in part (clawback) in situations of material misstatement of the financial results, an error in assessing a performance condition or in the information or assumptions on which the award was granted or vested, serious reputational damage to the company, gross negligence, or willful misconduct on the part of the participant.

Compensation of the Executive Committee for 2021

Note: Mandatory compensation disclosure took effect as per the first day of trading of medmix shares on September 30, 2021. For maximum transparency, medmix opted to disclose compensation paid as of the spin-off date of September 20, 2021.

In 2021, the Executive Committee received a total compensation of kCHF 739, all of which was in cash; kCHF 144 was in pension and social security contributions, and kCHF 6 was in other payments.

The following table discloses the actual compensation paid to the members of the Executive Committee for financial year 2021 while performing services for medmix.

	2021						
	Cash compensation					**Deferred compensation based on future performance**	
thousands of CHF	Base salary	Bonus [2]	Other [3]	Pension and social security contributions [4]	Total cash-based compen-sation	Estimated value of share-based grant under the Perfor-mance Share Plan (PSP) [5]	Total (incl. conditional share-based grant)
thereof highest single compensation G. Cimermans, CEO	154	163	5	73	395	0	395
Total Executive Committee [1]	**335**	**254**	**6**	**144**	**739**	**0**	**739**

1) The total Executive Committee compensation for 2021 includes the compensation of Girts Cimermans, CEO since September 20, 2021; Jennifer Dean, CFO since September 20 , 2021; Friedrich von Gadow, Chief Human Resources Officer between September 20, 2021 and November 30, 2021; Itee Satpathy, Chief Human Resources Officer since December 01, 2021.
2) Expected bonus for the performance years 2021, to be paid out in the following year (accrual principle).
3) Other consists of child and insurance allowances.
4) Includes the employer contribution to social security.
5) First regular medmix grant to take place in 2022 only.

The total compensation of kCHF 739 awarded to the members of the Executive Committee for the financial year 2021 is within the maximum aggregate compensation amount of kCHF 750 that was approved by the shareholders at the 2021 EGM for the period commencing on September 20, 2021 and ending on December 31, 2021.

No severance payments to members of the Executive Committee were made during the reporting year.

As of December 31, 2021, there were no outstanding loans or credits granted to the members of the Executive Committee or former members of the Executive Committee.

In 2021, no compensation was granted to former members of the Executive Committee or related parties.

Compensation architecture for the Board of Directors

The compensation of the Board of Directors is fixed and does not contain any performance-based variable component. This ensures that the Board of Directors is truly independent in fulfilling its supervisory duties towards the Executive Committee.

The compensation of the Board of Directors is governed by a compensation regulation, is reviewed by the Remuneration Committee annually and, if necessary, adjusted by a decision of the full Board of Directors based on a proposal by the Remuneration Committee.

The compensation of the Board of Directors consists of a fixed cash component and a restricted share unit (RSU) component with a fixed grant value. The fixed grant value equals 50% of the Board fees (total amount, including the basic fees as well as any additional fees but excluding any lump-sum expenses) while the other 50% are paid out in cash. Each RSU represents a right to receive a medmix share free of charge after a certain period, as further detailed below. Further, members of the Board of Directors are entitled to a lump sum to cover business expenses. In addition to the lump sum amounts, members of the Board of Directors living abroad will be reimbursed any expenses incurred in connection with the travel for the attendance of Board meetings in Switzerland.

The ongoing compensation structure and amounts for the members of the Board of Directors are described in the table below:

Compensation structure of the Board of Directors [1)]

thousands of CHF	Cash component	Grant value of restricted share units	Lump-sum expenses
Base fee for Board chairmanship [2)]	150	150	10
Base fee for Board membership	60	60	5
Additional committee fees:			
Committee chairmanship	12.5	12.5	
Committee membership	5	5	

1) Compensation for the period of service (from AGM to AGM).
2) The Chairman of the Board of Directors does not receive additional remuneration for committee activities.

The RSU component strengthens the long-term alignment of the interests of the Board of Directors with those of the shareholders. To reinforce the focus of the Board of Directors on the long-term strategy and to strengthen its independence from the Executive Committee, the compensation of the Board of Directors contains no performance-related elements and members of the Board of Directors are not entitled to pension benefits.

The amount of compensation for the Chairman and for the other members of the Board of Directors is determined based on the relevant compensation benchmarks. The compensation reflects the responsibility and complexity of their respective function, the professional and personal requirements placed on them, and the expected time required to fulfill their duties.

The members of the Board of Directors are remunerated for their service during their term of office (from one AGM to the next AGM). The cash remuneration is paid in quarterly installments for the members of the Board of Directors; the expense lump sum is paid out typically in December and the RSUs are granted once a year.

The number of RSUs is determined by dividing the fixed grant value by the volume-weighted average share price of the last three weeks prior to the grant date ("grant reference price"). If the initial public offering of shares is less than three weeks before the grant date, the grant reference price shall be the volume-weighted average price of a share from the share's first trading day to and including the last trading day immediately prior to the grant date.

One-third of the RSUs each vest after the first, second and third anniversaries of the grant date respectively.

The following table summarizes the awarded RSUs as well as the corresponding grant reference price and the corresponding vesting schedule of the awarded RSUs:

RSUs for the Board of Directors

				Vested RSUs		
	Grant value	Grant reference price	Number of awarded RSUs	2022	2023	2024
Greg Poux-Guillaume, Chairman	79'316	43.9167	1'809			
Jill Lee	40'980	43.9167	936			
Marco Musetti	40'980	43.9167	936	1/3	1/3	1/3
Board of Directors total	**161'276**		**3'681**			

Compensation of the Board of Directors for 2021

Note: Mandatory compensation disclosure took effect as per the first day of trading of medmix shares on September 30, 2021. For maximum transparency, medmix opted to disclose compensation paid as of the spin-off date of September 20, 2021.

The following table discloses the compensation paid to the members of the Board of Directors for financial year 2021 while performing services for medmix:

thousands of CHF	Cash fees	Restricted share unit (RSU) plan [2]	Social security contributions [3]	Total
Greg Poux-Guillaume, Chairman	42	79	12	133
Jill Lee	22	41	6	69
Marco Musetti	22	41	4	67
Board of Directors [1]	**86**	**161**	**22**	**269**

1) Member of the Board of Directors since September 20, 2021.
2) RSU awards granted in 2021 had a fair value of CHF 43.9167 at grant date. The amount represents the full fair value of grants made in 2021.
3) The amount includes mandatory social security contributions on the cash fees and estimated contributions on the RSU (based on their fair value at grant) paid by the company on behalf of the Board members.

As of December 31, 2021, there were no outstanding loans or credits granted to the members of the Board of Directors, former members of the Board of Directors or related parties. In 2021, no compensation was granted to former members of the Board of Directors or related parties.

Reconciliation between the reported board compensation and the amount approved by the shareholders at EGM

At the EGM 2021, shareholders approved a maximum aggregate compensation amount of kCHF450 for the Board of Directors for the period of office from the 2021 EGM until the 2022 AGM. The table below shows the reconciliation between the compensation that was/will be paid out for the periods of office and the maximum aggregate compensation amounts approved by the shareholders.

thousands of CHF	Compensation earned during financial year as reported from the EGM of Sulzer till the end of year (A)	Plus compensation accrued from Jan to AGM of medmix of year following financial year (B)	Total compensation earned for the period from EGM of Sulzer to AGM of medmix (A+B)	Amount approved by shareholders at respective EGM	Ratio between compensation earned for the period from EGM to AGM versus amount approved by shareholders
2021 EGM - 2022 AGM	September 20, 2021 to December 31, 2021	January 01, 2022 to 2022 AGM	2021 EGM to 2022 AGM	2021 EGM	2022 AGM
Board of Directors total	**269**	**83**	**352**	**450**	**78.20%**

Shareholdings

Shareholdings of members of Executive Committee

As of the end of financial year 2021, the members of the Executive Committee held the following shares in the company:

	Share units under vesting in equity plans		
Shareholdings at December 31, 2021	medmix shares	Performance share units (PSU) 2021	Total share awards and shares
Girts Cimermans	2’222	0	2’222
Jennifer Dean	1’976	0	1’976
Itee Satpathy	0	0	0

Shareholdings of Board of Directors

As of the end of 2021, the members of the Board of Directors held the following shares in the company:

Shareholdings at December 31, 2021	medmix shares	Restricted share units (RSU)	Total share awards and shares
Greg Poux-Guillaume	43’000	1’809	44’809
Jill Lee	5’084	936	6’020
Marco Musetti	11’745	936	12’681

Report of the Statutory Auditor

To the General Meeting of medmix Ltd, Zug

We have audited the accompanying remuneration report of medmix Ltd for the year ended December 31, 2021. 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 sections “Compensation of the Executive Committee for 2021” and “Compensation of the Board of Directors for 2021” of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration 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 remuneration 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 remuneration 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 remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration 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 remuneration report for the year ended December 31, 2021 of medmix Ltd complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG

Rolf Hauenstein
Licensed Audit Expert
Auditor in Charge

Simon Niklaus
Licensed Audit Expert

Zurich, February 21, 2022

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Financial reporting

Consolidated income statement

January 1 – December 31

millions of CHF	Notes	2021	2020
Revenue	3, 17	457.3	351.3
Cost of goods sold		–276.1	–230.2
Gross profit		**181.2**	**121.1**
Selling and administrative expenses		–95.6	–81.3
Research and development expenses		–23.0	–20.2
Other operating income / (expenses), net	9	–2.7	–1.5
Operating income (EBIT)		**59.9**	**18.1**
Interest and securities income	10	0.0	0.2
Interest expenses	10	–8.1	–7.7
Other financial income / (expenses), net	10	–0.5	–0.1
Income before income tax expenses		**51.3**	**10.5**
Income tax expenses	11	–7.3	–0.8
Net income		**44.0**	**9.6**
Earnings per share (in CHF)			
Basic earnings per share	22	1.07	0.28
Diluted earnings per share	22	1.07	0.28

Consolidated statement of comprehensive income

January 1 – December 31

millions of CHF	Notes	2021	2020
Net income		**44.0**	**9.6**
Items that may be reclassified subsequently to the income statement			
Cash flow hedges, net of tax	26	–0.6	0.0
Currency translation differences		0.1	–3.7
Total items that may be reclassified subsequently to the income statement		**–0.5**	**–3.6**
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit plans, net of tax	8	12.9	2.5
Total items that will not be reclassified to the income statement		**12.9**	**2.5**
Total other comprehensive income		**12.4**	**–1.1**
Total comprehensive income for the period		**56.4**	**8.5**

Consolidated balance sheet

December 31

millions of CHF	Notes	2021	2020 [1]
Non-current assets			
Goodwill	12	258.0	265.4
Other intangible assets	12	135.9	158.7
Property, plant and equipment	13	163.3	161.0
Lease assets	14	66.2	46.1
Non-current financial assets		0.1	0.0
Defined benefit assets	8	6.9	–
Non-current receivables		0.0	–
Deferred income tax assets	11	4.2	6.2
Total non-current assets		**634.7**	**637.5**
Current assets			
Inventories	16	79.2	63.0
Current income tax receivables		0.0	1.8
Advance payments to suppliers		5.5	3.7
Trade accounts receivable	18	28.5	26.1
Other current receivables and prepaid expenses	19	16.6	13.6
Current financial assets		0.2	31.4
Cash and cash equivalents	20	209.8	14.8
Total current assets		**339.7**	**154.5**
Total assets		**974.4**	**792.0**
Equity			
Share capital		0.4	–
Reserves		533.5	333.4
Equity attributable to shareholders of medmix Ltd	21	**533.9**	**333.4**
Total equity	21	**533.9**	**333.4**
Non-current liabilities			
Non-current borrowings	23	238.9	239.5
Non-current lease liabilities	14	57.8	39.9
Deferred income tax liabilities	11	19.6	26.7
Non-current income tax liabilities	11	1.7	2.1
Defined benefit obligations	8	1.5	8.3
Non-current provisions	24	3.5	4.5
Other non-current liabilities		0.0	1.0
Total non-current liabilities		**323.1**	**322.0**
Current liabilities			
Current borrowings	23	16.3	46.5
Current lease liabilities	14	7.9	6.4
Current income tax liabilities	11	8.9	4.8
Current provisions	24	7.2	15.4
Contract liabilities	17	4.3	5.0
Trade accounts payable		41.1	29.8
Other current and accrued liabilities	25	31.7	28.7
Total current liabilities		**117.4**	**136.6**
Total liabilities		**440.5**	**458.6**
Total equity and liabilities		**974.4**	**792.0**

1) The balance sheet as of December 31, 2020, has been adjusted following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

Consolidated statement of changes in equity

January 1 – December 31

		Attributable to shareholders of medmix Ltd					
millions of CHF	Notes	Share capital	Retained earnings	Treasury shares	Cash flow hedge reserve	Currency translation adjustment	Total equity
Equity as of January 1, 2020		**–**	**303.7**	**–**	**–0.0**	**–8.6**	**295.1**
Comprehensive income for the period:							
Net income			9.6				9.6
– Cash flow hedges, net of tax	26	–	–	–	0.0	–	0.0
– Remeasurements of defined benefit plans, net of tax	8	–	2.5	–	–	–	2.5
– Currency translation differences		–	–	–	–	–3.7	–3.7
Other comprehensive income		–	2.5	–	0.0	–3.7	–1.1
Total comprehensive income for the period		**–**	**12.1**	**–**	**0.0**	**–3.7**	**8.5**
Transactions with owners of the company:							
Contribution from the Sulzer group	4, 21	–	81.4	–	–	–	81.4
Share-based payments	28	–	0.5	–	–	–	0.5
Dividends	21	–	–52.0	–	–	–	–52.0
Equity as of December 31, 2020	21	**–**	**345.7**	**–**	**–**	**–12.3**	**333.4**
Equity as of January 1, 2021		**–**	**345.7**	**–**	**–**	**–12.3**	**333.4**
Comprehensive income for the period:							
Net income			44.0				44.0
– Cash flow hedges, net of tax	26	–	–	–	–0.6	–	–0.6
– Remeasurements of defined benefit plans, net of tax	8	–	12.9	–	–	–	12.9
– Currency translation differences		–	–	–	–	0.1	0.1
Other comprehensive income		–	12.9	–	–0.6	0.1	12.4
Total comprehensive income for the period		**–**	**56.9**	**–**	**–0.6**	**0.1**	**56.4**
Transactions with owners of the company:							
Contribution to the Sulzer group	21	0.3	–104.5	–	–	–	–104.1
Capital increase	21	0.1	294.7	–	–	–	294.7
Purchase of treasury shares	21	–	–	–6.5	–	–	–6.5
Share-based payments	28	–	1.1	–	–	–	1.1
Dividends	21	–	–41.3	–	–	–	–41.3
Equity as of December 31, 2021	21	**0.4**	**552.8**	**–6.5**	**–0.6**	**–12.2**	**533.9**

Consolidated statement of cash flows

January 1 – December 31

millions of CHF	Notes	2021	2020
Cash and cash equivalents as of January 1		**14.8**	**4.5**
Net income		44.0	9.6
Interest and securities income	10	–0.0	–0.2
Interest expenses	10	8.1	7.7
Income tax expenses	11	7.3	0.8
Depreciation, amortization and impairments	12, 13, 14	51.7	43.1
Income from disposals of tangible and intangible assets	9	–0.1	–0.2
Changes in inventories		–17.0	4.3
Changes in advance payments to suppliers		–1.9	0.5
Changes in contract assets		–	1.3
Changes in trade accounts receivable		–2.9	6.7
Changes in contract liabilities		–0.7	0.4
Changes in trade accounts payable		12.1	–8.0
Changes in employee benefit plans		1.3	2.5
Changes in provisions		–6.8	–2.4
Changes in other net current assets		2.4	1.2
Other non-cash items		5.6	–0.2
Interest received		0.0	0.2
Interest paid		–8.1	–7.7
Income tax paid		–7.9	–8.9
Total cash flow from operating activities		**87.3**	**50.6**
Purchase of intangible assets	12	–2.1	–1.0
Sale of intangible assets	12	–	0.0
Purchase of property, plant and equipment	13	–29.8	–42.1
Sale of property, plant and equipment	13	0.2	1.9
Acquisitions of subsidiaries, net of cash acquired	4	–2.7	2.2
Purchase of current financial assets		–0.2	–27.2
Sale of current financial assets	15	31.4	70.7
Total cash flow from investing activities		**–3.3**	**4.4**
Net proceeds from capital increase	21	294.7	–
Dividends paid to shareholders	21	–41.3	–52.0
Purchase of treasury shares	21	–6.5	–
Payments of lease liabilities	14	–8.0	–6.1
Subsidies for lease payments		0.8	–
Proceeds from non-current borrowings	23	265.2	–
Repayments of non-current borrowings	23	–255.1	–
Proceeds from current borrowings	23	107.6	37.4
Repayments of current borrowings	23	–245.9	–22.2
Total cash flow from financing activities		**111.6**	**–42.9**
Exchange losses on cash and cash equivalents		–0.6	–1.8
Net change in cash and cash equivalents		**195.0**	**10.4**
Cash and cash equivalents as of December 31	20	**209.8**	**14.8**

For the calculation of free cash flow (FCF), reference is made to the section financial review.

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 General information and basis of preparation

1.1 General information

medmix Ltd (the "company") is a company domiciled in Switzerland. The address of the company's registered office is Dammstrasse 19 in Zug, Switzerland. The consolidated financial statements for the year ended December 31, 2021, comprise the company and its subsidiaries (together referred to as the "group" and individually as the "subsidiaries").

The group is a global market leader in high-precision delivery devices for the healthcare and consumer and industrial business areas. The group specializes in the design and production of innovative, high-precision delivery devices and applicators for the dental, drug delivery, surgery, industrial and beauty markets. The group employs around 2'000 people at 20 production, sales and service sites around the world.

On September 20, 2021, Sulzer Ltd ("Sulzer" or "former parent") shareholders at their extraordinary general meeting (EGM) approved the proposed 100% spin-off of the Applicator Systems (APS) division through a 1:1 share split, granting Sulzer shareholders one APS share in addition to each Sulzer share held. APS has been renamed medmix.

The spin-off was registered in the commercial registers of the cantons of Zurich and Zug on September 20, 2021, simultaneously with the incorporation of the company, which was registered with a share capital of 34'262'370 shares (registered shares with a nominal value of CHF 0.01 each). The spin-off became legally effective upon registration in the competent commercial registers, whereas the benefits and risks related to the assets and liabilities were economically transferred with retroactive effect as of January 1, 2021.

On September 30, 2021, the company became a publicly traded group and the shares of the company are listed on SIX Swiss Exchange in Zurich, Switzerland (symbol: MEDX).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They were authorized for issue by the Board of Directors on February 21, 2022.

Details of the group's accounting policies are included in note 31.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) using the historical cost convention except for

- financial assets at fair value through profit and loss; and
- net position from defined benefit plans, where plan assets are measured at fair value and the plan liabilities are measured at the present value of the defined benefit obligation.

The company was incorporated on September 20, 2021 and the goal structure existed as of December 31, 2021. As such, the group changed the basis of preparation from combined and carve-out financial statements in 2020 to consolidated financial statements in 2021. The group carried over the book values of the closing carve-out financial statements instead of applying IFRS 1.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

Relationship with former parent and affiliates prior to the spin-off

The financial statements for periods prior to the spin-off have been prepared on a combined and carve-out basis from the consolidated financial statements of the Sulzer group because the group's business did not form a separate legal group until the spin-off occurred.

IFRS does not provide principles for the preparation of combined and carve-out financial statements, and accordingly, in preparing the financial statements for periods prior to the spin-off, certain accounting and allocation conventions commonly used in practice for the preparation of combined and carve-out financial statements were applied. The assets and liabilities included in the balance sheets prior to the spin-off were measured at the carrying amounts recorded in the Sulzer consolidated financial statements. Prior to the spin-off, assets, liabilities, revenue and income and expenses have been identified for the purpose of preparing the combined and carve-out financial statements by applying the following approach:

- Assets: the allocation of assets is based on the existing legal ownership of those assets or they have been carved out from the Sulzer group for the business belonging to the group.
- Liabilities: the attribution of liabilities is based on the contractual obligations incurred by each of the legal entities or the businesses included in the group.
- In addition, the Sulzer group performed certain corporate overhead functions for the group including but not limited to finance, internal audit, tax planning and IT services. Costs incurred by these functions have been allocated to the group according to existing transfer pricing agreements.

The majority of the subsidiaries were party to the Sulzer cash pooling to maximize the availability of cash for general operating and investing purposes. Under these cash pooling arrangements, cash balances were swept by Sulzer regularly from the group's bank accounts. The net position with the Sulzer cash pooling accounts at the end of each reporting period prior to the spin-off are reflected in the balance sheet in other current financial assets and current borrowings.

Prior to the spin-off, dividends and other equity transactions between the group and Sulzer were recognized directly to retained earnings in equity.

Prior to the spin-off, income taxes are determined based on the assumption that the subsidiaries are separate taxable entities from the Sulzer group (separate tax return approach). This assumption implies that the current and deferred taxes are calculated as if a separate tax return had been prepared in each tax jurisdiction. In some tax jurisdictions, the group and Sulzer businesses operated within the same legal entity and certain subsidiaries were part of a Sulzer tax group. This required the assumption that the subsidiaries and businesses in those tax jurisdictions operated on a standalone basis and constitute separate taxable entities. Actual outcomes and results could differ from these separate tax return estimates. Refer to note 11 for additional disclosures on income taxes.

The effects of business combinations prior to the spin-off, in the form of goodwill, other intangible assets and fair value adjustments, were transferred from the Sulzer group to the group and are deemed to form part of the group and are recognized in the financial statements using measurement principles and assumptions applied by the Sulzer group.

Prior to the spin-off, the equity attributable to the owners of the group consists of the net assets attributable to the group and represents the cumulative net investment by the Sulzer group. Some changes in net assets allocated between the group and the Sulzer group are presented separately in the consolidated financial statements through the lines "Contribution from the Sulzer group" and "Contribution to the Sulzer group" in the statement of changes in equity reflecting the internal activities between the group and the Sulzer group. These primarily relate to the debt split between the group and Sulzer, acquisitions and recharges for vested shares under the existing share plans.

As part of the debt split between the group and the Sulzer group during 2021, the unfulfilled part of a loan agreement, namely the repayment and interest payment obligations under the loan agreement amounting in total to CHF 80.2 million, was transferred to the group in the course of the spin-off, while the loan proceeds remained with the Sulzer group. The debt split between the group and Sulzer has been reflected in the balance sheet and statement of changes in equity as of June 30, 2021, and as a result, the equity of the group decreased by CHF 80.2 million and current borrowings increased by the same amount. Refer to note 21 for further details.

On October 1, 2020, the group received a contribution from the Sulzer group related to the acquisition of Haselmeier amounting to CHF 82.0 million. The contribution is disclosed under "contribution from the Sulzer group" in the statement of changes in equity. Refer to note 21 for further details.

Prior to the spin-off, employees of the group participated in the Sulzer long-term incentive plan. The share-based payment expenses have been calculated based on the number of the performance share units (PSUs) received under the Sulzer performance share plans (PSPs). The performance share units will be settled in shares of the former parent on a pro rata temporis basis at the end of the original vesting period. For more information, refer to note 28.

Transactions between the group and Sulzer group entities outside the scope of the group have not been eliminated and are reported as transactions with related parties, refer to note 29.

Management of the group believes that the basis of preparation described above results in financial statements for the periods prior to the spin-off appropriately reflecting the assets and liabilities associated with the group and a reasonable reflection of the utilization of services provided for the benefits received by the group relative to the total costs incurred by the Sulzer group. However, as the group did not operate as a stand-alone entity during the relevant years, the financial information may not be indicative of the group's future performance and does not necessarily reflect what its results of operations, financial position and cash flows would have been had the group operated as a separate entity apart from the Sulzer group prior to the spin-off.

Agreements entered into between the group and Sulzer in connection with the spin-off govern the relationship between the parties following the spin-off and provide for the allocation of various assets, liabilities, rights and obligations. These agreements also include arrangements for transition services to be provided on a temporary basis between the parties.

Following the spin-off, the consolidated financial statements include the accounts of the group and no longer include any allocations from Sulzer.

Rounding

Due to rounding, numbers presented throughout the report may not add up precisely to the totals provided. All ratios, percentages and variances are calculated using the underlying amount rather than the presented rounded amount.

Tables

Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Dashes (–) generally indicate that the respective figure is zero, while a zero (0.0) indicates that the relevant figure has been rounded to zero.

2 Significant events and transactions during the reporting period

The financial position and performance of the group were particularly affected by the following events and transactions during the reporting period:

- On September 20, 2021, Sulzer Ltd ("Sulzer" or "former parent") shareholders at their extraordinary general meeting (EGM) approved the proposed 100% spin-off of its Applicator Systems (APS) division through a 1:1 share split, granting Sulzer shareholders one APS share in addition to each Sulzer share held. APS has been renamed medmix.
- On September 30, 2021, the company became a publicly traded group and the shares of the company are listed on SIX Swiss Exchange in Zurich, Switzerland (symbol: MEDX).
- As of September 30, 2021, the company increased its share capital from CHF 342'623.70 to CHF 412'623.70, by using part of the authorized capital that was created at the EGM of Sulzer on September 20, 2021. The share capital increase resulted in net proceeds of CHF 294.7 million after deducting stamp duty of CHF 3.1 million and directly related transaction costs of CHF 17.2 million.
- After the spin-off, the group repaid most of the current and non-current borrowings with the Sulzer group. The group arranged two committed syndicated credit facilities (facility A and B) for a total amount of CHF 400.0 million, both maturing in September 2026. The credit facilities include two one-year extension options (subject to lenders' approval).
- The group experienced substantial revenue growth in 2021. In 2020, revenues were strongly impacted by the outbreak of COVID-19. Following the closing of stores, factories and dental clinics, the markets stalled in the second quarter of 2020. Since the third quarter of 2020, the group has been experiencing a strong recovery, with revenue reaching pre-pandemic levels, and the recovery continued into 2021 for all market segments except Surgery.
- Prior to the spin-off, the group terminated the cash pool with the Sulzer group. The cash pool debit balances, presented as current financial assets, amounted to CHF 31.4 million, and the cash pool credit balances, presented as borrowings, amounted to CHF 14.1 million as of December 31, 2020. The termination of the cash pool led to cash flow movements in 2021 of CHF 31.4 million disclosed in the cash flow statement as "sale of current financial assets" and to CHF 14.1 million disclosed as "repayments of current borrowings".

For a detailed discussion about the group's performance and financial position, please refer to the section financial review.

3 Segment information

Segment information by business areas

	Healthcare		Consumer & Industrial		Total medmix	
millions of CHF	2021	2020	2021	2020	2021	2020
Revenue [1)]	**169.8**	**104.3**	**287.5**	**247.0**	**457.3**	**351.3**
Business area cost of goods sold	–66.6	–37.8	–170.3	–151.1	–236.9	–188.9
Business area gross profit	**103.2**	**66.4**	**117.1**	**95.9**	**220.4**	**162.4**
Business area gross profit margin	60.8%	63.7%	40.7%	38.8%	48.2%	46.2%

1) Revenue from external customers.

Certain expenses are not attributable to a particular business area and are reviewed as a whole across the group irrespective of the business area. These expenses are presented in the following reconciliation statement.

Bridge from business area gross profit to adjusted EBITDA

millions of CHF	2021	2020
Business area gross profit	**220.4**	**162.4**
Other cost of goods sold	–39.2	–41.3
Gross profit	**181.2**	**121.1**
Operating expenses	–121.3	–103.0
Operating income (EBIT)	**59.9**	**18.1**
Depreciation	28.7	23.4
Amortization	22.2	19.2
Impairments on tangible and intangible assets	0.9	0.5
EBITDA	**111.7**	**61.2**
Restructuring expenses	0.3	3.2
Non-operational items [1)]	2.5	1.6
Adjusted EBITDA	**114.5**	**66.0**
Adjusted EBITDA margin	25.0%	18.8%

1) Non-operational items include significant acquisition-related expenses, gains and losses from the sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.

Bridge from cash flow from operating activities to free cash flow

millions of CHF	2021	2020
Cash flow from operating activities	**87.3**	**50.6**
Purchase of intangible assets	–2.1	–1.0
Sale of intangible assets	–	0.0
Purchase of property, plant and equipment	–29.8	–42.1
Sale of property, plant and equipment	0.2	1.9
Free cash flow (FCF)	**55.6**	**9.4**

Information about reportable segments

Operating segments are determined based on the reports reviewed by the Board of Directors (BoD) that are used to measure performance, make strategic decisions, and allocate resources to the segments. The business is managed based on business areas, and the reportable segments have been identified as disclosed below. The BoD assesses the performance of the two segments based on the business areas' revenue, gross profit and gross profit margin.

The BoD assesses performance of the group using alternative performance measures (APM) which are derived from the financial statements prepared in accordance with IFRS. The APMs are prepared in addition to IFRS to assist in comparability of information across periods by adjusting for depreciation, amortization, impairment, restructuring and other non-operational items (see section alternative performance measures (APM)). In this context, the BoD assesses the performance of the group based on adjusted EBITDA and free cash flow in addition to each business area's revenue and gross profit.

Revenue from external customers that is reported to the BoD is measured in a manner consistent with that in the income statement. There is no significant revenue between the segments. No individual customer represents a significant portion of the group's revenue.

Healthcare

Through its well-known brands Haselmeier, medmix, Mixpac and Transcodent, the Healthcare business area specializes in the design and production of innovative, high-precision delivery devices and services within drug delivery, surgery and dental markets. Products include injection pens for subcutaneous delivery of drugs, surgical delivery devices focusing on trauma bone repair and wound-healing tissue treatment and mixing, filling and delivery device systems for the dental consumable industry.

The business area's IP-protected solutions make the customers' products precise, safe, unique and more sustainable, leveraging the business's expertise in drug delivery, plastic-injection technology, molding and two-component mixing.

Consumer & Industrial

Through its well-known brands Mixpac, MK, Cox and Geka, the Consumer & Industrial business area specializes in the design and production of innovative, high-precision delivery devices and services within the Industry market segment, such as adhesives used in construction, electronics, automotive, aerospace and various industries and consumer markets such as beauty and other microbrush applications. Products include hand-held mixing and dispensing delivery devices for two-component adhesives and sealants, mixing tips, cartridges, high-precision make-up applicators and microbrushes.

The business area's IP-protected solutions make the customers' products precise, safe, unique and more sustainable, leveraging the business's expertise in plastic injection molding, two-component mixing, fluid handling, material design and microbrushes.

Regional segment information

The allocation of assets is based on their geographical location. Non-current assets exclude non-current financial assets, deferred income tax assets and defined benefit assets. The allocation of revenue from external customers is based on the ship-to location defined by the group’s customer, which does not necessarily correspond with the location of the end customer.

Non-current assets by region

millions of CHF	2021	2020 [1]
Europe, the Middle East and Africa	**579.4**	**591.8**
– thereof Germany	339.1	347.4
– thereof Switzerland	185.3	188.9
Americas	**35.8**	**31.1**
– thereof USA	34.2	29.7
Asia-Pacific	**8.4**	**8.3**
– thereof China	7.2	6.9
Total non-current assets	**623.5**	**631.3**

1) The balance sheet as of December 31, 2020, has been adjusted following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

Revenue by region

millions of CHF	2021	2020
Europe, the Middle East and Africa	**273.2**	**204.0**
– thereof Germany	106.5	82.1
– thereof Italy	40.1	24.5
– thereof France	21.6	23.1
– thereof Switzerland	18.3	9.2
Americas	**141.0**	**117.0**
– thereof USA	129.3	106.5
Asia-Pacific	**43.1**	**30.3**
– thereof China	20.6	15.6
Total revenue	**457.3**	**351.3**

Market segment information

The following table shows the allocation of revenue from external customers by market segment:

Revenue by market segment

millions of CHF	2021	2020
Dental	116.3	82.4
Drug Delivery	40.8	7.4
Surgery	12.6	14.5
Total Healthcare	**169.8**	**104.3**
Industry	160.5	125.3
Beauty	126.9	121.7
Total Consumer & Industrial	**287.5**	**247.0**
Total revenue	**457.3**	**351.3**

4 Acquisition of subsidiaries

Acquisitions in 2021

No acquisitions were made in 2021.

Cash flow from acquisitions of subsidiaries

millions of CHF	2021	2020
Cash consideration paid	–	–1.5
Contingent consideration paid	–2.7	–
Cash acquired	–	3.7
Total cash flow from acquisitions, net of cash acquired	**–2.7**	**2.2**

Contingent consideration

millions of CHF	2021	2020 [1)]
Balance as of January 1	2.7	–
Assumed in a business combination	0.0	2.7
Payment of contingent consideration	–2.7	–
Currency translation differences	0.0	0.0
Total contingent consideration as of December 31	**0.0**	**2.7**
– thereof non-current	–	–
– thereof current	0.0	2.7

1) Numbers are adjusted to reflect the reassessment of the contingent considerations (measurement period adjustment).

Acquisitions in 2020

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition, including the resulting goodwill and the total consideration paid.

Net assets acquired

millions of CHF	Haselmeier	Others	Total
Intangible assets	39.8	1.7	41.5
Property, plant and equipment	13.1	0.0	13.1
Lease assets	2.4	–	2.4
Deferred income tax assets	0.3	–	0.3
Cash and cash equivalents	3.7	0.0	3.7
Trade accounts receivable	5.2	0.0	5.2
Other current assets	9.6	0.1	9.7
Lease liabilities	–2.4	–	–2.4
Provisions	–3.5	–0.0	–3.5
Non-current income tax liabilities	–2.3	–	–2.3
Deferred income tax liabilities	–5.3	–0.3	–5.6
Other liabilities	–1.8	–	–1.8
Net identifiable assets	**58.8**	**1.5**	**60.3**
Goodwill recognized in balance sheet [1)]	48.8	–	48.8
Total consideration [1)]	**107.6**	**1.5**	**109.1**
Purchase price paid by the group	–	1.5	1.5
Borrowings assumed by the group	23.0	–	23.0
Purchase price paid by the Sulzer group	82.0	–	82.0
Contingent consideration [1)]	2.7	–	2.7
Total consideration [1)]	**107.6**	**1.5**	**109.1**

1) Numbers are adjusted to reflect the reassessment of the contingent considerations (measurement period adjustment).

Measurement period adjustment as of December 31, 2020

The group reassessed the accounting treatment of the contingent consideration of the Haselmeier acquisition based on facts and circumstances already existing at the acquisition date on October 1, 2020. The contingent consideration is mainly dependent on technology-related proof-of-concept, project development and customer orders and following the reassessment, the earn-out amount was adjusted from CHF 0.5 million to CHF 2.7 million retrospectively. Consequently, the group adjusted goodwill and other current and accrued liabilities by CHF 2.2 million as of December 31, 2020.

millions of CHF	As reported 2020	Measurement period adjustment	Adjusted 2020
Goodwill	263.2	2.2	265.4
Total non-current assets	**635.3**	**2.2**	**637.5**
Total assets	**789.9**	**2.2**	**792.0**
		–	
Other current and accrued liabilities	26.5	2.2	28.7
Total current liabilities	**134.4**	**2.2**	**136.6**
Total equity and liabilities	**789.9**	**2.2**	**792.0**

5 Critical accounting estimates and judgments

In preparing these consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent liabilities. All estimates and assessments are continually reviewed and are based on historical experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances. The group makes estimates and assumptions that relate to the future. By their nature, these estimates will only rarely correspond to actual subsequent events. The estimates and assumptions that carry a significant risk, in the form of a substantial adjustment to the present values of assets and liabilities within the next financial year, are set out below.

Employee benefit plans

The present value of the pension obligation and the plan assets depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Assumptions used in determining the defined benefit assets/obligations include the discount rate, future salary and pension increases, and mortality rates. The assumptions are reviewed and reassessed at the end of each year. Further details are provided in note 8 and note 31.

Income taxes

The group is obliged to pay income taxes in numerous jurisdictions. Assumptions are required in order to determine income tax provisions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Management believes that the estimates are reasonable, and that the recognized liabilities for income tax-related uncertainties are adequate. Further details are disclosed in note 11.

Goodwill and other intangible assets

The group carries out an annual impairment test on goodwill in the first quarter of the year (after the budget and the three-year strategic plan have been approved), or when indications of a potential impairment exist. The recoverable amount from cash-generating units is measured on the basis of value-in-use calculations with the terminal growth rate, the discount rate, and the projected cash flows as the main variables. Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment are disclosed in note 12. The accounting policies are disclosed in note 31.

Lease assets and lease liabilities

The group has applied judgment to determine the lease term for lease contracts that include renewal and termination options. The assessment of whether the group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and lease assets recognized. This assessment depends on economic incentives, such as removal and relocation costs. Further details are disclosed in note 14 and note 31.

Revenue

At contract inception, the group assesses the goods or services promised in a contract with a customer and identifies each promise to transfer to the customer as a performance obligation. The group considers the terms of the contract and all other relevant facts, including the economic substance of the transaction. Judgment is needed to determine whether there is a single performance obligation or multiple, separate performance obligations.

If the consideration promised in a contract includes a variable amount (e.g. early payment discounts, volume discounts), the group estimates the amount of consideration to which the group will be entitled in exchange for transferring the promised goods or services to a customer. The amount of the variable consideration is estimated by using either of the following methods, depending on which method the group expects to better predict the amount of consideration to which it will be entitled: the expected value or the most likely amount. The method selected is applied consistently throughout the contract and to similar types of contracts when estimating the effect of uncertainty on the amount of variable consideration to which the group is entitled. Depending on the outcome of the respective transactions, actual payments may differ from these estimates.

To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, the group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. If the stand-alone selling price is not directly observable, then the group estimates the amount with the expected cost plus margin method. Further details are disclosed in note 31.

Provisions

Provisions are made, among other reasons, for warranties, disputes, litigation and restructuring. A provision is recognized in the balance sheet when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The nature of these costs is such that judgment has to be applied to estimate the timing and amount of cash outflows. Depending on the outcome of the respective transactions, actual payments may differ from these estimates. Further details are disclosed in note 24 and note 31.

6 Financial risk management

6.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) of the Sulzer group. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's entities and businesses. Principles for overall risk management and policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity, exist in writing.

a) Market risk

(I) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The group is exposed to transactional foreign currency risk to the extent that revenues, purchases, license fees, borrowings and other balance sheet items are denominated in currencies other than the functional currencies of group companies. The functional currencies of group entities are primarily CHF, EUR, USD and GBP. Management has set up a policy to require entities to manage their foreign exchange risk against their functional currency. The entities are required to hedge their major foreign exchange risk exposure using forward contracts or other standard instruments, usually transacted with Group Treasury. The group's management policy is to apply the following hedge ratios:

Contractual FX exposure

- 90% to 100% of the exposure

Non-contractual FX exposure

- 100% of the forecasted exposure for the next 1–3 months
- 60% of the forecasted exposure for the next 4–6 months
- 40% of the forecasted exposure for the next 7–12 months

The group uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date. The contracts are generally designated for hedge accounting as cash flow hedges. The group determines the existence of an economic relationship between the hedging instruments and the hedged item based on the currency, amount and timing of the respective cash flows. For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated.

Presently, most of the contracts are designated as cash flow hedges. External foreign exchange contracts are designated as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis. The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. If required, currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Derivative financial instruments are only used on an ad hoc basis to manage foreign currency translation risk.

The following tables show the hypothetical influence on the income statement for 2021 and 2020 related to foreign exchange risk of financial instruments. The volatility used for the calculation is the one-year historic volatility on December 31 for the relevant currency pair and year. For 2021, the currency pair with the most significant exposure and inherent risk was the EUR versus the INR. If, on December 31, 2021, the EUR had increased by 5.8% against the INR with all other variables held constant, profit after tax for the year would have been CHF 0.2 million lower due to foreign exchange losses on EUR-denominated financial liabilities. A decrease of the rate would have caused a gain of the same amount.

Hypothetical impact of foreign exchange risk on income statement

millions of CHF			2021
Currency pair	EUR/INR	EUR/CZK	USD/BRL
Exposure	–3.8	4.7	0.7
Volatility	5.8%	4.0%	16.8%
Effect on profit after tax (rate increase)	–0.2	0.2	0.1
Effect on profit after tax (rate decrease)	0.2	–0.2	–0.1

millions of CHF			2020
Currency pair	EUR/JPY	EUR/USD	GBP/DKK
Exposure	0.9	–0.8	–0.3
Volatility	7.9%	7.6%	8.9%
Effect on profit after tax (rate increase)	0.1	–0.1	–0.0
Effect on profit after tax (rate decrease)	–0.1	0.1	–

The following tables show the hypothetical influence on equity for 2021 and 2020 related to foreign exchange risk of financial instruments for the most important currency pairs as of December 31 of the respective year. The volatility used for the calculation is the one-year historic volatility on December 31 for the relevant currency pair and year. Most of the hypothetical effect on equity is a result of fair value changes of derivative financial instruments designated as hedges of future cash flows in foreign currencies.

Hypothetical impact of foreign exchange risk on equity

millions of CHF			2021
Currency pair	USD/CHF	CHF/PLN	EUR/GBP
Exposure	–32.7	–20.3	–7.5
Volatility	6.5%	6.5%	5.3%
Effect on equity, net of taxes (rate increase)	–1.8	–1.1	–0.3
Effect on equity, net of taxes (rate decrease)	1.8	1.1	0.3

millions of CHF			2020
Currency pair	USD/CHF	CHF/PLN	EUR/CHF
Exposure	–35.7	–6.8	13.1
Volatility	7.4%	8.8%	3.8%
Effect on equity, net of taxes (rate increase)	–2.4	–0.5	0.5
Effect on equity, net of taxes (rate decrease)	2.4	0.5	–0.5

(II) Price risk

As of December 31, 2021, and 2020, the group was not exposed to significant price risk related to investments in equity securities.

(III) Interest rate sensitivity

The group's interest rate risk arises from interest-bearing assets and liabilities. Assets and liabilities at variable rates expose the group to cash flow interest rate risk. The group analyzes its interest rate exposure on a net basis, and if required, enters into derivative instruments in order to keep the volatility of net interest income or expense limited. The group's current and non-current interest-bearing liabilities mainly comprise a syndicated term loan of CHF 250.0 million with variable interest rates.

The following table shows the hypothetical influence on the income statement for variable interest-bearing assets net of liabilities at variable interest rates, assuming market interest rate levels would have increased/decreased by 100 basis points. For CHF, increasing interest rates would have a negative impact on the income statement, since the value of variable interest-bearing liabilities exceed the value of variable interest-bearing assets. For the other most significant currencies, EUR, USD, CNY and GBP, increasing interest rates would have had a positive impact on the income statement, where variable interest-bearing assets (comprising mainly cash and cash equivalents) exceed the value of variable interest-bearing liabilities.

Hypothetical impact of interest rate risk on income statement

millions of CHF	2021			
			Impact on post-tax profit	
Variable interest-bearing assets / (liabilities), net	Amount	Sensitivity in basis points	rate increase	rate decrease
CHF	–95.1	100	–0.8	0.8
EUR	22.5	100	0.2	–0.2
USD	12.5	100	0.1	–0.1
CNY	10.7	100	0.1	–0.1
GBP	4.7	100	0.0	0.0

millions of CHF	2020			
			Impact on post-tax profit	
Variable interest-bearing assets / (liabilities), net	Amount	Sensitivity in basis points	rate increase	rate decrease
EUR	18.4	100	0.2	–0.2
USD	9.8	100	0.1	–0.1
GBP	–8.5	100	–0.1	0.1
CNY	6.3	100	0.1	–0.1
CHF	–4.5	100	0.0	0.0

On December 31, 2021, if the interest rates on CHF-denominated assets net of liabilities had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been CHF 0.8 million lower, as a result of higher interest expenses on CHF-denominated liabilities. A decrease of interest rates on CHF-denominated liabilities net of assets would have caused a gain of the same amount. As of December 31, 2020, if the interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been CHF 0.2 million higher, as a result of higher interest income on EUR-denominated assets.

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with financial institutions and credit exposures to customers, including outstanding receivables, contract assets and committed transactions. The maximum exposure to credit risk per class of financial asset is disclosed by carrying amounts in the fair value table.

Credit risks of banks and financial institutions are monitored and managed centrally. Generally, only independently rated parties with a strong credit rating are accepted, and the total volume of transactions is split among several banks to reduce the individual risk with one bank.

For every customer with a large order volume, an individual risk assessment of the credit quality of the customer is performed that considers independent ratings, financial position, past experience and other factors. Additionally, bank guarantees and letters of credit are requested. For more details on the credit risk of contract assets, please refer to note 17, and on the credit risk of trade accounts receivable, please refer to note 18.

c) Liquidity risk

Prudent liquidity risk management includes the maintenance of sufficient cash and marketable securities, the availability of funding from an adequate number of committed credit facilities, and the ability to close out market positions.

Management anticipates the future development of the group's liquidity reserve on the basis of expected cash flows by performing regular group-wide cash forecasts.

The following table analyzes the group's financial liabilities in relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows calculated with the year-end closing rates. Borrowings include the notional amount and interest payments.

Maturity profile of financial liabilities

					2021
millions of CHF	Carrying amount	<1 year	1–5 years	>5 years	Total
Borrowings	255.2	19.6	249.1	–	268.8
Lease liabilities	65.7	8.0	24.5	38.3	70.8
Trade accounts payable	41.1	41.1	–	–	41.1
Other current and non-current liabilities (excluding derivative liabilities)	3.1	3.0	0.0	–	3.1
Derivative liabilities	0.2	0.2	–	–	0.2
– thereof outflow		24.9	–	–	24.9
– thereof inflow		24.7	–	–	24.7

					2020 [1)]
millions of CHF	Carrying amount	<1 year	1–5 years	>5 years	Total
Borrowings	286.0	38.9	73.0	196.4	308.3
Lease liabilities	46.2	6.5	21.3	21.0	48.8
Trade accounts payable	29.8	29.8	–	–	29.8
Other current and non-current liabilities (excluding derivative liabilities)	7.7	6.7	1.0	–	7.7
Derivative liabilities	0.2	0.2	–	–	0.2
– thereof outflow		73.8	–	–	73.8
– thereof inflow		73.6	–	–	73.6

1) The balance sheet as of December 31, 2020, has been restated following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

6.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The following table shows the net debt/adjusted EBITDA ratio as of December 31.

Net debt/adjusted EBITDA ratio

millions of CHF	2021	2020
Cash and cash equivalents	–209.8	–14.8
Current financial assets	–0.2	–31.4
Non-current borrowings	238.9	239.5
Non-current lease liabilities	57.8	39.9
Current borrowings	16.3	46.5
Current lease liabilities	7.9	6.4
Net debt as of December 31	**110.9**	**286.0**
EBIT	**59.9**	**18.1**
Depreciation	28.7	23.4
Impairments on tangible and intangible assets	0.9	0.5
Amortization	22.2	19.2
EBITDA	**111.7**	**61.2**
Restructuring expenses	0.3	3.2
Non-operational items [1)]	2.5	1.6
Adjusted EBITDA	**114.5**	**66.0**
Net debt	110.9	286.0
Adjusted EBITDA	114.5	66.0
Net debt/adjusted EBITDA ratio	**0.97**	**4.33**

1) Non-operational items include significant acquisition-related expenses, gains and losses from the sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.

6.3 Fair value estimation

The following tables present the carrying amounts and fair values of financial assets and liabilities as of December 31, 2021, and 2020, including their levels in the fair value hierarchy. For financial assets and financial liabilities not measured at fair value in the balance sheet, fair value information is not provided if the carrying amount is a reasonable approximation of fair value.

Fair values are categorized into three different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. Such instruments are included in level 1.

The fair values included in level 2 are based on valuation techniques using observable market input data. This may include discounted cash flow analysis, option pricing models or reference to other instruments that are substantially the same, while always making maximum use of market inputs and relying as little as possible on entity-specific inputs. The fair values of forward contracts are measured based on broker quotes for foreign exchange rates and interest rates.

Fair values measured using unobservable inputs are categorized within level 3 of the fair value hierarchy. This applies particularly to contingent considerations in business combinations.

Fair value table

millions of CHF	Notes	Fair value hedging instruments	Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
		December 31, 2021								
		Carrying amount					Fair value			
Financial assets measured at fair value										
Derivative assets – current	19,26	2.1				2.1	–	2.1	–	2.1
Total financial assets measured at fair value		**2.1**	**–**	**–**	**–**	**2.1**	**–**	**2.1**	**–**	**2.1**
Financial assets not measured at fair value										
Non-current financial assets (at amortized cost)				0.1		0.1				
Trade accounts receivable	18			28.5		28.5				
Other current receivables (excluding current derivative assets and other taxes)	19			1.6		1.6				
Current financial assets (at amortized cost)				0.2		0.2				
Cash and cash equivalents	20			209.8		209.8				
Total financial assets not measured at fair value		**–**	**–**	**240.2**	**–**	**240.2**				
Financial liabilities measured at fair value										
Derivative liabilities – current	25,26	0.2				0.2	–	0.2	–	0.2
Contingent considerations	4		0.0			0.0	–	–	0.0	0.0
Total financial liabilities measured at fair value		**0.2**	**0.0**	**–**	**–**	**0.2**	**–**	**0.2**	**0.0**	**0.2**
Financial liabilities not measured at fair value										
Non-current borrowings	23				238.9	238.9				
Other non-current liabilities (excluding non-current derivative liabilities)					0.0	0.0				
Current borrowings and bank loans	23				16.3	16.3				
Trade accounts payable					41.1	41.1				
Other current liabilities (excluding current derivative liabilities, other taxes and contingent considerations)	25				1.9	1.9				
Total financial liabilities not measured at fair value		**–**	**–**	**–**	**298.3**	**298.3**				

Fair value table

December 31, 2020 [1)]

		Carrying amount					Fair value			
millions of CHF	Notes	Fair value hedging instruments	Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	**Total carrying amount**	Level 1	Level 2	Level 3	**Total fair value**
Financial assets measured at fair value										
Derivative assets – current	19,26	0.3				0.3	–	0.3	–	0.3
Total financial assets measured at fair value		**0.3**	**–**	**–**	**–**	**0.3**	**–**	**0.3**	**–**	**0.3**
Financial assets not measured at fair value										
Non-current financial assets (at amortized cost)				0.0		0.0				
Trade accounts receivable	18			26.1		26.1				
Other current receivables (excluding current derivative assets and other taxes)	19			6.5		6.5				
Current financial assets (at amortized cost)	15			31.4		31.4				
Cash and cash equivalents	20			14.8		14.8				
Total financial assets not measured at fair value		**–**	**–**	**78.9**	**–**	**78.9**				
Derivative liabilities – current	25,26	0.2				0.2	–	0.2	–	0.2
Contingent considerations	4		2.7			2.7	–	–	2.7	2.7
Total financial liabilities measured at fair value		0.2	2.7	–	–	2.9	–	0.2	2.7	2.9
Financial liabilities not measured at fair value										
Non-current borrowings	23				239.5	239.5				
Other non-current liabilities (excluding non-current derivative liabilities)					1.0	1.0				
Current borrowings and bank loans	23				46.5	46.5				
Trade accounts payable					29.8	29.8				
Other current liabilities (excluding current derivative liabilities, other taxes and contingent considerations)	25				2.8	2.8				
Total financial liabilities not measured at fair value		**–**	**–**	**–**	**319.7**	**319.7**				

1) The balance sheet as of December 31, 2020, has been restated following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

7 Personnel expenses

millions of CHF	2021	2020
Salaries and wages	108.8	86.9
Defined contribution plan expenses	0.5	0.5
Defined benefit plan expenses	5.3	5.3
Cost of share-based payment transactions	1.1	0.5
Social benefit costs	15.9	14.3
Other personnel costs	3.4	1.5
Total personnel expenses	**135.1**	**109.1**

8 Employee benefit plans

The defined benefit obligations for the active members of pension plans is the present value of accrued pension obligations at the balance sheet date considering future salary and pension increases and turnover rates (using the project unit credit method). The defined benefit obligations for the retirees are the present value of the current and future pension benefits considering future pension increases.

Reconciliation of the amount recognized in the balance sheet as of December 31

			2021
millions of CHF	Funded plans Switzerland	Unfunded plans Germany	Total
Present value of funded defined benefit obligation	–94.2	–	–94.2
Fair value of plan assets (funded plans)	101.1	–	101.1
Overfunding / (underfunding)	**6.9**	**–**	**6.9**
Present value of unfunded defined benefit obligation	–	–1.5	–1.5
Asset / (liability) recognized in the balance sheet	**6.9**	**–1.5**	**5.4**
– thereof as defined benefit obligations	–	–1.5	–1.5
– thereof as defined benefit assets	6.9	–	6.9

			2020
millions of CHF	Funded plans Switzerland	Unfunded plans Germany	Total
Present value of funded defined benefit obligation	–82.5	–	–82.5
Fair value of plan assets (funded plans)	75.9	–	75.9
Overfunding / (underfunding)	**–6.6**	**–**	**–6.6**
Present value of unfunded defined benefit obligation	–	–1.6	–1.6
Asset / (liability) recognized in the balance sheet	**–6.6**	**–1.6**	**–8.3**
– thereof as defined benefit obligations	–6.6	–1.6	–8.3
– thereof as defined benefit assets	–	–	–

The group operates funded defined benefit pension plans in Switzerland. Unfunded defined benefit plans relate to pension plans in Germany. The plans are exposed to actuarial risks, e.g., longevity risk, currency risk and interest rate risk, and the funded plans additionally to market (investment) risk.

In Switzerland, the group contributes to two pension plans funded via two different pension funds, i.e., a base plan for all employees and a supplementary plan for employees with salaries exceeding a certain limit. Both plans provide benefits depending on the pension savings at retirement. They include certain legal minimum interest credits to the pension savings (i.e., investment return) and guaranteed rates of conversion of pension savings into an annuity at retirement. In addition, the plans offer death in service and disability benefits. The two pension funds are collective funds, administrating pension plans of group companies and other companies. In case of a material underfunding of the pension plans, the regulations include predefined steps, such as higher contributions by employer and employees or lower interest on pension savings, to eliminate the underfunding. The pension funds are legally separated from the group. The vast majority of the active participants in the two pension funds are employed by companies not belonging to the group. The Board of Trustees for the base plan comprises 10 employee representatives and 10 employer representatives. The total expenses recognized in the income statement in 2021 were CHF 5.2 million (2020: CHF 5.2 million).

In Germany, the group operates an unfunded defined benefit pension plan and benefits are paid directly by the employer to the beneficiaries as they become due. The plan is closed for new entrants. Existing employees who participated in the defined benefit plan continue to be eligible for these defined benefit pensions. The defined benefit plan offers retirement pensions and disability pensions. The total expenses recognized in the income statement in 2021 were CHF 0.1 million (2020: CHF 0.1 million).

Employee benefit plans

millions of CHF	2021	2020
Reconciliation of asset / (liability) recognized in the balance sheet		
Asset / (liability) recognized at January 1	–8.3	–8.7
Defined benefit income / (expenses) recognized in the income statement	–5.3	–5.3
Defined benefit income / (expenses) recognized in OCI	14.9	2.9
Employer contributions	3.9	2.8
Currency translation differences	0.0	0.0
Asset / (liability) recognized at December 31	**5.4**	**–8.3**
Components of defined benefit income / (expenses) in the income statement		
Current service costs (employer)	–5.2	–5.3
Interest expenses	–0.1	–0.1
Interest income on plan assets	0.1	0.1
Other administrative costs	–0.0	–0.0
Income / (expenses) recognized in the income statement	**–5.3**	**–5.3**
– thereof charged to personnel expenses	–5.3	–5.3
– thereof charged to financial expenses	–0.0	–0.0
Components of defined benefit gains / (losses) in OCI		
Actuarial gains / (losses) on defined benefit obligation	–4.3	1.3
Returns on plan assets excl. interest income	19.3	1.6
Defined benefit gains / (losses) recognized in OCI [1)]	**14.9**	**2.9**

1) The tax effect on defined benefit cost recognized in OCI amounted to CHF -2.0 million (2020: CHF -0.4 million).

Employee benefit plans

millions of CHF	2021	2020
Reconciliation of defined benefit obligation		
Defined benefit obligation as of January 1	–84.1	–83.7
Interest expenses	–0.1	–0.1
Current service costs (employer)	–5.2	–5.3
Contributions by plan participants	–2.8	–2.7
Benefits paid / (deposited)	0.8	6.4
Other administrative costs	–0.0	–0.0
Actuarial gains / (losses)	–4.3	1.3
Currency translation differences	0.1	0.0
Defined benefit obligation as of December 31 [1)]	**–95.7**	**–84.1**
Reconciliation of the fair value of plan assets		
Fair value of plan assets as of January 1	75.9	75.0
Interest income on plan assets	0.1	0.1
Employer contributions	3.9	2.8
Contributions by plan participants	2.8	2.7
Benefits (paid) / deposited	–0.8	–6.4
Returns on plan assets excl. interest income	19.3	1.6
Fair value of plan assets as of December 31	**101.1**	**75.9**
Total plan assets at fair value – quoted market price		
Cash and cash equivalents	7.8	4.8
Equity instruments	24.4	17.2
Debt instruments	27.8	23.0
Real estate funds	3.0	2.4
Others	5.9	4.4
Total assets at fair value – quoted market price as of December 31	**68.9**	**51.8**
Total plan assets at fair value – non-quoted market price		
Properties occupied by or used by third parties (real estate)	26.3	19.7
Others	5.9	4.4
Total assets at fair value – non-quoted market price as of December 31	**32.2**	**24.1**
Best estimate of contributions for upcoming financial year		
Contributions by the employer	4.2	2.8

1) The defined benefit obligation includes the funded part and the unfunded part.

Employee benefit plans

millions of CHF	2021	2020
Components of defined benefit obligation, split		
Defined benefit obligation for active members	–78.0	–21.3
Defined benefit obligation for pensioners	–17.5	–62.5
Defined benefit obligation for deferred members	–0.2	–0.3
Total defined benefit obligation as of December 31	**–95.7**	**–84.2**
Components of actuarial gains / (losses) on obligations		
Actuarial gains / (losses) arising from changes in financial assumptions	3.1	–1.0
Actuarial gains / (losses) arising from changes in demographic assumptions	–	3.5
Actuarial gains / (losses) arising from experience adjustments	–7.4	–1.1
Total actuarial gains / (losses) on defined benefit obligation	**–4.3**	**1.3**
Maturity profile of defined benefit obligation		
Weighted average duration of defined benefit obligation in years	16.4	10.6

Principal actuarial assumptions as of December 31

The following were the principal actuarial assumptions:

	2021		2020	
	Funded plans Switzerland	Unfunded plans Germany	Funded plans Switzerland	Unfunded plans Germany
Discount rate for active employees	0.4%	0.9%	0.2%	0.8%
Discount rate for pensioners	0.3%	0.9%	0.1%	0.8%
Future salary increases	1.0%	0.0%	1.0%	0.0%
Future pension increases	0.0%	1.0%	0.0%	1.5%
Life expectancy at retirement age (male / female) in years	22/24	21/24	22/24	21/24

Sensitivity analysis of defined benefit obligations

Reasonably possible changes at the reporting date to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

millions of CHF	2021	2020
Discount rate (decrease 0.25 percentage points)	–4.1	–2.4
Discount rate (increase 0.25 percentage points)	3.8	2.3
Future salary growth (decrease 0.25 percentage points)	0.6	0.2
Future salary growth (increase 0.25 percentage points)	–0.6	–0.2
Life expectancy (decrease 1 year)	2.1	6.0
Life expectancy (increase 1 year)	–2.1	–5.9

9 Other operating income and expenses

millions of CHF	2021	2020
Gain from sale of property, plant and equipment	0.1	0.2
Operating currency exchange gains, net	–	1.2
Other operating income	0.3	0.8
Total other operating income	**0.3**	**2.3**
Restructuring expenses	–0.3	–3.2
Impairments on tangible and intangible assets	–0.9	–0.5
Loss from sale of property, plant and equipment	–0.0	–0.0
Operating currency exchange losses, net	–1.8	–
Total other operating expenses	**–3.0**	**–3.7**
Total other operating income / (expenses), net	**–2.7**	**–1.5**

Other operating income includes income from litigation cases, government grants and incentives, and recharges to third parties not qualifying as revenues from customers.

For 2021, the group recognized restructuring costs of CHF 0.5 million (2020: CHF 4.8 million), partly offset by released restructuring provisions of CHF 0.2 million (2020: CHF 1.6 million). The group further performed impairment tests on production machines and facilities leading to impairments of CHF 0.9 million (2020: CHF 0.5 million). For more details, refer to note 12 and note 13.

The functional allocation of the total restructuring expenses and impairments is as follows: cost of goods sold CHF –0.3 million (2020: CHF –2.2 million), selling and administrative expenses CHF –0.2 million (2020: CHF –1.4 million) and research and development expenses CHF –0.7 million (2020: CHF –0.1 million).

10 Financial income and expenses

millions of CHF	2021	2020
Interest and securities income	0.0	0.2
Total interest and securities income	**0.0**	**0.2**
Interest expenses on borrowings and lease liabilities	–8.1	–7.7
Total interest expenses	**–8.1**	**–7.7**
Total interest income / (expenses), net	**–8.0**	**–7.5**
Fair value changes	1.3	0.0
Other financial expenses	–0.3	–0.1
Currency exchange gains / (losses), net	–1.5	–
Total other financial income / (expenses), net	**–0.5**	**–0.1**
Total financial income / (expenses), net	**–8.6**	**–7.6**
– thereof fair value changes on financial assets at fair value through profit and loss	1.3	0.0
– thereof interest income on financial assets at amortized costs	0.0	0.2
– thereof other financial expenses	–0.3	–0.1
– thereof currency exchange gains / (losses), net	–1.5	–
– thereof interest expenses on borrowings	–7.4	–7.2
– thereof interest expenses on lease liabilities	–0.7	–0.5

As of December 31, 2021, the total financial expenses, net, amounted to CHF 8.6 million, compared with CHF 7.6 million in 2020.

The financial expenses are mainly driven by interest expenses on borrowings as a result of current and non-current borrowings with the Sulzer group prior to the spin-off and under a syndicated term loan after the spin-off (refer to note 23 for further details on the syndicated term loan).

11 Income taxes

millions of CHF	2021	2020
Current income tax expenses	–13.0	–5.7
Deferred income tax income	5.7	4.8
Total income tax expenses	**–7.3**	**–0.8**

For the reconciliation of the income tax expenses 2021, the group used for the group tax rate the weighted average tax rate. Prior to the spin-off for 2020, the group applied the statutory tax rate of Sulzer Mixpac AG, Haag. The weighted average tax rate results from applying each subsidiary's statutory income tax rate to the income before taxes. Since the group operates in countries that have differing tax laws and rates, the consolidated weighted average effective tax rate will vary from year to year according to variations in income per country and changes in applicable tax rates.

Reconciliation of income tax expenses

millions of CHF	2021	2020
Income before income tax expenses	51.3	10.5
Group tax rate	**17.5%**	**14.5%**
Income taxes at group tax rate	–9.0	–1.5
Income taxed at different tax rates	4.7	3.9
Effect of tax loss carryforwards and allowances for deferred income tax assets	–3.1	–5.4
Expenses not deductible for tax purposes	–0.3	–0.2
Effect of changes in tax rates and legislation	–0.2	–0.0
Prior year items and others	0.6	2.4
Total income tax expenses	**–7.3**	**–0.8**
Effective income tax rate	14.3%	8.1%

The effective income tax rate for 2021 was 14.3%. The effect of tax loss carryforwards and allowances of deferred income tax assets in the amount of CHF –3.1 million mainly consists of unrecognized tax losses in Germany, which forfeited following the spin-off of the group from the Sulzer group.

The effective income tax rate for 2020 was 8.1%. The effect of tax loss carryforwards and allowances of deferred income tax assets in the amount of CHF –5.4 million mainly consist of unrecognized tax loss carryforwards, which forfeited following the spin-off of the group from the Sulzer group in 2021. Prior year items and others in the amount of CHF 2.4 million include the recognition of a tax asset upon the revaluation of intangible assets for tax purposes.

Income tax liabilities

millions of CHF	2021	2020
Balance as of January 1	6.9	6.4
Acquired through business combination	–	2.3
Additions	11.5	7.2
Released as no longer required	–0.3	0.5
Utilized	–7.5	–9.3
Currency translation differences	–0.0	–0.0
Total income tax liabilities as of December 31	**10.6**	**6.9**
– thereof non-current	1.7	2.1
– thereof current	8.9	4.8

Summary of deferred income tax assets and liabilities in the balance sheet

			2021
millions of CHF	Assets	Liabilities	Net
Intangible assets	1.2	–23.0	–21.8
Property, plant and equipment	1.3	–0.4	1.0
Inventories	2.7	–0.4	2.3
Other assets	0.7	–3.0	–2.2
Defined benefit obligations	0.2	–0.0	0.1
Non-current provisions	0.3	–	0.3
Current provisions	0.2	–0.1	0.1
Other liabilities	4.2	–1.9	2.3
Tax loss carryforwards	2.5	–	2.5
Tax assets / liabilities	**13.3**	**–28.8**	**–15.4**
Offset of assets and liabilities	–9.2	9.2	0.0
Net recorded deferred income tax assets and liabilities	4.2	–19.6	–15.4

millions of CHF	Assets	Liabilities	Net
			2020
Intangible assets	3.1	–28.7	–25.7
Property, plant and equipment	1.4	–1.3	0.1
Inventories	1.4	–0.3	1.1
Other assets	1.0	–1.2	–0.2
Defined benefit obligations	0.9	–	0.9
Non-current provisions	0.3	–	0.3
Current provisions	0.1	–0.1	–0.0
Other liabilities	1.1	–0.1	1.0
Tax loss carryforwards	1.9	–	1.9
Tax assets / liabilities	**11.1**	**–31.6**	**–20.5**
Offset of assets and liabilities	–4.9	4.9	–
Net recorded deferred income tax assets and liabilities	6.2	–26.7	–20.5

Cumulative deferred income taxes recorded in equity as of December 31, 2021, amounted to CHF –1.7 million (2020: CHF 0.2 million).

The group does not recognize any deferred taxes on investments in group entities because it controls the dividend policy of its entities — i.e., the group controls the timing of reversal of the related taxable temporary differences and management is satisfied that no material amounts will reverse in the foreseeable future.

Movement of deferred income tax assets and liabilities in the balance sheet

millions of CHF	Balance as of January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition of entities	Currency translation differences	Balance as of December 31
						2021
Intangible assets	–25.7	2.8	–	–	1.0	–21.8
Property, plant and equipment	0.1	0.5	–	–	0.3	1.0
Inventories	1.1	1.4	–	–	–0.2	2.3
Other assets	–0.2	–2.1	0.1	–	–	–2.2
Defined benefit obligations	0.9	1.2	–2.0	–	–	0.1
Non-current provisions	0.3	–0.2	–	–	0.2	0.3
Current provisions	–0.0	0.2	–	–	–	0.1
Other liabilities	1.0	1.3	–	–	–	2.3
Tax loss carryforwards	1.9	0.6	–	–	–	2.5
Total	**–20.5**	**5.7**	**–1.9**	**–**	**1.3**	**–15.4**

millions of CHF	Balance as of January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition of entities	Currency translation differences	**Balance as of December 31**
						2020
Intangible assets	–25.2	5.2	–	–5.6	–	–25.7
Property, plant and equipment	1.2	–1.1	–	–	0.1	0.1
Inventories	1.3	–0.2	–	–	–	1.1
Other assets	–0.3	0.1	–0.0	–	–	–0.2
Defined benefit obligations	1.1	0.2	–0.4	–	–	0.9
Non-current provisions	0.3	–0.0	–	–	–	0.3
Current provisions	1.0	–1.3	–	0.3	–	–0.0
Other liabilities	–0.0	1.0	–	–	–	1.0
Tax loss carryforwards	0.8	1.1	–	–	–	1.9
Total	**–19.8**	**4.8**	**–0.4**	**–5.3**	**0.1**	**–20.5**

Tax loss carryforwards (TLCF)

millions of CHF	Amount	Potential tax assets	Valuation allowance	Carrying amount	**Unrecognized TLCF**
					2021
Expiring in the next 3 years	–	–	–	–	–
Expiring in 4–7 years	1.7	0.6	–	0.6	–
Available without limitation	15.1	2.3	–0.4	1.9	3.2
Total tax loss carryforwards as of December 31	**16.8**	**2.9**	**–0.4**	**2.5**	**3.2**

millions of CHF	Amount	Potential tax assets	Valuation allowance	Carrying amount	**Unrecognized TLCF**
					2020
Expiring in the next 3 years	–	–	–	–	–
Expiring in 4–7 years	5.1	0.7	–	0.7	–
Available without limitation	39.1	10.3	–9.1	1.2	32.8
Total tax loss carryforwards as of December 31	**44.2**	**11.0**	**–9.1**	**1.9**	**32.8**

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable. No deferred income tax assets have been recognized on tax loss carryforwards in the amount of CHF 3.2 million (2020: CHF 32.8 million).

12 Goodwill and other intangible assets

2021						
millions of CHF	Goodwill	Trademarks and licenses	Research and development	Computer software	Customer relationships	Total
Acquisition cost						
Balance as of January 1	265.4	78.6	5.6	15.7	237.4	602.7
Additions	–	–	0.5	1.5	–	2.1
Disposals	–	–	–0.0	–0.1	–	–0.1
Currency translation differences	–7.4	–0.1	–0.2	0.7	–5.6	–12.5
Balance as of December 31	**258.0**	**78.5**	**6.0**	**17.8**	**231.8**	**592.2**
Accumulated amortization and impairment losses						
Balance as of January 1	–	64.0	4.0	13.3	97.3	178.6
Additions	–	2.9	0.5	1.0	17.7	22.2
Disposals	–	–	–0.0	–0.1	–	–0.1
Impairments	–	–	0.1	–	–	0.1
Currency translation differences	–	–0.3	–0.2	–0.0	–2.1	–2.6
Balance as of December 31	**–**	**66.6**	**4.5**	**14.1**	**113.0**	**198.3**
Net book value						
As of January 1	265.4	14.7	1.6	2.4	140.0	424.1
As of December 31	258.0	11.9	1.5	3.7	118.8	393.9

2020						
millions of CHF	Goodwill [1)]	Trademarks and licenses	Research and development	Computer software	Customer relationships	Total
Acquisition cost						
Balance as of January 1	217.4	69.3	5.5	14.8	208.2	515.2
Acquired through business combination	48.8	9.2	–	0.3	32.0	90.3
Additions	–	0.0	0.1	0.8	–	1.0
Disposals	–	–	–	–0.2	–	–0.2
Currency translation differences	–0.9	0.1	–0.0	–0.0	–2.8	–3.6
Balance as of December 31	**265.4**	**78.6**	**5.6**	**15.7**	**237.4**	**602.7**
Accumulated amortization and impairment losses						
Balance as of January 1	–	62.0	3.3	12.7	82.7	160.7
Additions	–	2.0	0.7	0.9	15.7	19.2
Disposals	–	–	–	–0.2	–	–0.2
Impairments	–	–	0.0	–	–	0.0
Currency translation differences	–	0.0	0.0	–0.1	–1.1	–1.2
Balance as of December 31	**–**	**64.0**	**4.0**	**13.3**	**97.3**	**178.6**
Net book value						
As of January 1	217.4	7.3	2.2	2.1	125.5	354.5
As of December 31	265.4	14.7	1.6	2.4	140.0	424.1

1) The balance sheet as of December 31, 2020, has been adjusted following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

Goodwill impairment test

				2021
millions of CHF	Goodwill	Headroom	Growth rate residual value	Pretax discount rate
Healthcare	58.2	1'976.0	2.0%	5.6%
Consumer & Industrial	199.8	855.2	2.0%	5.6%
Total goodwill as of December 31	**258.0**	**2'831.2**		

				2020
millions of CHF	Goodwill [1)]	Headroom	Growth rate residual value	Pretax discount rate
Healthcare	60.5	1'976.0	2.0%	5.6%
Consumer & Industrial	204.9	855.2	2.0%	5.6%
Total goodwill as of December 31	**265.4**	**2'831.2**		

1) The balance sheet as of December 31, 2020, has been adjusted following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

Goodwill is allocated to the smallest cash-generating unit at which goodwill is monitored for internal management purposes (i.e., business area). The recoverable amount of these units is determined over a five-year cash flow projection period.

The calculation is based on the budget for the first period (2021), the three-year strategic plan for the subsequent two periods (2022–2023), and a management calculation for the next two periods (2024–2025). The budget and the three-year strategic plan were approved by the Sulzer Board of Directors in February 2021. Cash flows beyond the planning period are extrapolated using a terminal value including the growth rates as stated above.

As of December 31, 2021, there is no indication for goodwill impairment. Updating the impairment test would not have resulted in a goodwill impairment.

Sensitivity analyses

The recoverable amount from cash-generating units is measured on the basis of value-in-use calculations significantly impacted by the terminal growth rate used to determine the residual value, the discount rate and the projected cash flows. The table above shows the amount by which the estimated recoverable amount of the CGU exceeds its carrying amount (headroom).

Management determined there are no reasonably possible changes in key assumptions that would result in a goodwill impairment.

13 Property, plant and equipment

millions of CHF	Land and buildings	Machinery and technical equipment	Other non-current assets	Assets under construction	Total
					2021
Acquisition cost					
Balance as of January 1	44.9	204.0	16.3	45.7	310.8
Additions	2.8	8.6	1.2	17.2	29.8
Disposals	–0.2	–4.5	–2.0	–	–6.6
Reclassifications	22.6	12.6	1.8	–37.0	–
Currency translation differences	–1.2	–2.2	–0.3	–3.3	–6.9
Balance as of December 31	**68.9**	**218.6**	**17.1**	**22.6**	**327.1**
Accumulated depreciation					
Balance as of January 1	23.5	118.8	7.5	–	149.8
Additions	2.7	17.4	1.5	–	21.6
Disposals	–0.2	–4.4	–1.9	–	–6.5
Impairments	–	0.2	–	0.6	0.8
Currency translation differences	–1.4	–0.6	–0.0	–	–1.9
Balance as of December 31	**24.6**	**131.4**	**7.1**	**0.6**	**163.7**
Net book value					
As of January 1	21.4	85.2	8.8	45.7	161.0
As of December 31	44.2	87.1	9.9	22.0	163.3

millions of CHF	Land and buildings	Machinery and technical equipment	Other non-current assets	Assets under construction	Total
					2020
Acquisition cost					
Balance as of January 1	38.6	194.1	15.6	26.9	275.2
Acquired through business combination	2.8	4.2	0.6	5.5	13.1
Additions	1.3	8.4	1.0	31.5	42.1
Disposals	–0.3	–13.2	–2.5	–	–16.0
Reclassifications	2.3	14.2	1.8	–18.3	–
Currency translation differences	0.2	–3.8	–0.2	0.1	–3.7
Balance as of December 31	**44.9**	**204.0**	**16.3**	**45.7**	**310.8**
Accumulated depreciation					
Balance as of January 1	21.1	117.6	8.9	–	147.6
Additions	2.1	14.4	1.1	–	17.6
Disposals	–0.3	–11.6	–2.4	–	–14.3
Impairments	–	0.3	–	–	0.3
Currency translation differences	0.7	–2.0	–0.1	–	–1.4
Balance as of December 31	**23.5**	**118.8**	**7.5**	**–**	**149.8**
Net book value					
As of January 1	17.6	76.5	6.7	26.9	127.7
As of December 31	21.4	85.2	8.8	45.7	161.0

The group performed impairment tests on production machines and facilities, resulting in impairments of CHF 0.8 million as of December 31, 2021 (December 31, 2020: CHF 0.3 million), all of which were charged to other operating expenses.

In 2021, the group sold property, plant and equipment with a net book value of CHF 0.1 million for CHF 0.2 million, resulting in a net gain of CHF 0.1 million (2020: property, plant and equipment with a net book value of CHF 1.7 million sold for CHF 1.9 million, resulting in a net gain of CHF 0.2 million).

14 Leases

Lease assets

				2021
millions of CHF	Land and buildings, leased	Machinery and technical equipment, leased	Other non-current assets, leased	Total
Balance as of January 1	41.7	3.6	0.9	46.1
Additions	10.0	17.1	1.0	28.2
Disposals	–0.3	–0.8	–0.1	–1.1
Depreciation	–5.8	–0.8	–0.5	–7.1
Remeasurements and contract modifications	–1.1	–	–	–1.1
Currency translation differences	2.0	–0.7	–0.0	1.3
Total lease assets as of December 31	**46.6**	**18.4**	**1.3**	**66.2**

				2020
millions of CHF	Land and buildings, leased	Machinery and technical equipment, leased	Other non-current assets, leased	Total
Balance as of January 1	21.1	2.3	0.6	24.1
Acquired through business combination	2.1	0.0	0.3	2.4
Additions	25.1	1.5	0.3	26.9
Disposals	–	–	–0.0	–0.0
Depreciation	–5.1	–0.3	–0.4	–5.8
Impairments	–0.2	–	–	–0.2
Remeasurements and contract modifications	–0.5	–	–	–0.5
Currency translation differences	–0.7	–0.0	–0.0	–0.7
Total lease assets as of December 31	**41.7**	**3.6**	**0.9**	**46.1**

Lease liabilities

millions of CHF	2021 Non-current lease liabilities	Current lease liabilities	Total
Balance as of January 1	39.9	6.4	46.2
Additions	25.9	2.2	28.2
Interest expenses	0.6	0.1	0.7
Cash flow for repayments – principal portion	–1.1	–6.8	–8.0
Cash flow for repayments – interest portion	–0.6	–0.1	–0.7
Remeasurements and contract modifications	0.3	–0.2	0.1
Reclassifications	–6.4	6.4	–
Currency translation differences	–0.7	–0.1	–0.8
Total lease liabilities as of December 31	**57.8**	**7.9**	**65.7**

millions of CHF	2020 Non-current lease liabilities	Current lease liabilities	Total
Balance as of January 1	18.8	5.3	24.2
Acquired through business combination	1.6	0.9	2.4
Additions	25.9	1.0	26.9
Interest expenses	0.4	0.1	0.5
Cash flow for repayments – principal portion	–0.6	–5.5	–6.0
Cash flow for repayments – interest portion	–0.4	–0.1	–0.5
Remeasurements and contract modifications	–0.5	–	–0.5
Reclassifications	–4.7	4.7	–
Currency translation differences	–0.6	–0.1	–0.8
Total lease liabilities as of December 31	**39.9**	**6.4**	**46.2**

Other leasing disclosures

millions of CHF	2021	2020
Recognized in the income statement		
Expenses relating to short-term leases	–1.8	–0.2
Expenses relating to low-value asset leases, excluding short-term leases of low-value assets	–0.5	–1.3
Expenses relating to variable lease payments not included in the lease liability	–0.3	–0.2
Income from subleasing right-of-use assets	0.1	0.0
Interest expenses on lease liabilities	–0.7	–0.5
Total recognized in the income statement	**–3.2**	**–2.1**
Recognized in the statement of cash flows		
Cash flow for short-term, low-value and variable leases (included within cash flow from operating activities)	–2.6	–1.6
Cash flow from subleasing right-of-use assets (included within cash flow from operating activities)	0.1	0.0
Cash flow for repayments of interest on lease liabilities (included within cash flow from operating activities)	–0.7	–0.5
Cash flow for repayments of the principal portion on lease liabilities (included within cash flow from financing activities)	–8.0	–6.0
Cash flow from subsidies for lease payments (included within cash flow from financing activities)	0.8	–
Total cash outflow	**–10.3**	**–8.2**

15 Financial assets and borrowings related to the cash pool with the Sulzer group

The following financial assets and borrowings are related to the cash pool with the Sulzer group.

millions of CHF	2021	2020
Cash pool debit balances with the Sulzer group	–	31.4
Total current financial assets with the Sulzer group	**–**	**31.4**
Cash pool credit balances with the Sulzer group	–	14.1
Total borrowings related to the cash pool	**–**	**14.1**
Net balance	**–**	**17.3**

Prior to the spin-off, the group terminated the cash pool with the Sulzer group. The cash pool debit balances, presented as current financial assets, amounted to CHF 31.4 million, and the cash pool credit balances, presented as borrowings, amounted to CHF 14.1 million as of December 31, 2020. The termination of the cash pool led to cash flow movements in 2021 of CHF 31.4 million disclosed in the cash flow statement as sale of current financial assets and to CHF 14.1 million disclosed as repayments of current borrowings.

16 Inventories

millions of CHF	2021	2020
Raw materials, supplies and consumables	20.9	18.7
Work in progress	20.4	16.0
Finished products and trade merchandise	37.9	28.3
Total inventories as of December 31	**79.2**	**63.0**

In 2021, the group recognized write-downs of CHF 2.4 million (2020: CHF 5.3 million) in the income statement. Total accumulated write-downs on inventories amounted to CHF 9.8 million as of December 31, 2021 (2020: CHF 11.4 million). Material expenses in 2021 amounted to CHF 169.6 million (2020: CHF 120.0 million).

17 Assets and liabilities related to contracts with customers

millions of CHF	2021	2020
Revenue recognized over time related to ongoing performance obligations	2.6	1.4
Revenue recognized over time	**2.6**	**1.4**
Revenue recognized at a point in time	454.7	349.9
Revenue	**457.3**	**351.3**
– thereof revenue recognized included in the contract liability balance at the beginning of the period	5.0	3.9
Cost of goods sold recognized over time related to ongoing performance obligations	–2.2	–1.4
Cost of goods sold recognized over time related to satisfied performance obligations	–	–
Cost of goods sold recognized over time	**–2.2**	**–1.4**
Cost of goods sold recognized at a point in time	–273.9	–228.8
Cost of goods sold	**–276.1**	**–230.2**
Gross profit recognized over time related to ongoing performance obligations	0.4	–
Gross profit recognized over time	**0.4**	**–**
Gross profit recognized at a point in time	180.8	121.1
Gross profit	**181.2**	**121.1**
Contract assets from revenue recognized over time relating to ongoing performance obligations	2.7	2.7
Netting with contract liabilities	–2.7	–2.7
Contract assets	**–**	**–**
Contract liabilities from costs recognized over time relating to ongoing performance obligations	0.2	1.3
Advance payments from customers relating to point in time contracts	2.6	2.8
Advance payments from customers relating to over time contracts	4.2	3.7
Netting with contract assets	–2.7	–2.7
Contract liabilities	**4.3**	**5.0**
Order backlog (aggregate amount of transaction price allocated to unsatisfied performance obligations)	155.9	82.0
– thereof expected to be recognized as revenue within 12 months	148.0	82.0

18 Trade accounts receivable

Aging structure of trade accounts receivable

millions of CHF	Expected loss rate	Gross amount	Allowance	Net book value
				2021
Not past due	0.1%	19.4	–0.0	19.4
Past due				
1–30 days	0.1%	6.9	–0.0	6.9
31–60 days	2.7%	1.5	–0.0	1.5
61–120 days	19.5%	0.8	–0.2	0.7
>120 days	99.8%	1.1	–1.1	0.0
Total trade accounts receivable as of December 31		**29.8**	**–1.3**	**28.5**

millions of CHF	Expected loss rate	Gross amount	Allowance	Net book value
				2020
Not past due	0.3%	19.3	–0.1	19.3
Past due				
1–30 days	0.5%	5.8	–0.0	5.8
31–60 days	8.2%	0.5	–0.0	0.5
61–120 days	7.6%	0.4	–0.0	0.4
>120 days	92.6%	1.3	–1.2	0.1
Total trade accounts receivable as of December 31		**27.4**	**–1.3**	**26.1**

Allowance for doubtful trade accounts receivable

millions of CHF	2021	2020
Balance as of January 1	1.3	1.5
Additions	0.1	0.4
Released as no longer required	0.0	–0.6
Utilized	–0.1	–0.0
Currency translation differences	0.0	–0.0
Balance as of December 31	**1.3**	**1.3**

Approximately 35% (2020: 29%) of the gross amount of trade accounts receivable was past due and an allowance of CHF 1.3 million (2020: CHF 1.3 million) was recorded. The recoverability of trade accounts receivable is regularly reviewed, and the credit quality of new customers is thoroughly assessed. Due to the large and heterogeneous customer base, the credit risk from individual customers of the group is limited. The allowance for doubtful trade accounts receivable is based on expected credit losses. These are based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information such as development of gross domestic product (GDP).

Accounts receivable by geographical region

millions of CHF	2021	2020
Europe, the Middle East and Africa	**17.9**	**15.4**
– thereof Germany	11.4	10.2
– thereof Switzerland	4.9	4.0
Americas	**7.2**	**7.9**
Asia-Pacific	**3.4**	**2.7**
Total as of December 31	**28.5**	**26.1**

19 Other current receivables and prepaid expenses

millions of CHF	2021	2020
Taxes (VAT, withholding tax)	7.3	4.0
Derivative financial instruments	2.1	0.3
Other current receivables	1.6	6.5
Total other current receivables as of December 31	**11.0**	**10.9**
Prepaid expenses	5.6	2.7
Total prepaid expenses as of December 31	**5.6**	**2.7**
Total other current receivables and prepaid expenses as of December 31	**16.6**	**13.6**

20 Cash and cash equivalents

millions of CHF	2021	2020
Cash	209.1	13.7
Cash equivalents	0.8	1.1
Total cash and cash equivalents as of December 31	**209.8**	**14.8**

Cash and cash equivalents as of December 31, 2021 amounted to CHF 209.8 million (2020: CHF 14.8 million). Further details are disclosed in the consolidated statement of cash flows.

21 Equity

Share capital

	2021		2020	
thousands of CHF	Number of shares	Share capital	Number of shares	Share capital
Balance as of December 31 (par value CHF 0.01)	**41’262’370**	**412.6**	**n/a**	**n/a**

On September 20, 2021, Sulzer Ltd shareholders at their extraordinary general meeting (EGM) approved the demerger plan and the incorporation of medmix Ltd with a registered share capital of 34’262’370 shares (registered shares with a nominal value of CHF 0.01 each).

As of September 30, 2021, the company increased its share capital from CHF 342’623.70 to CHF 412’623.70, by using part of the authorized capital that was created in the EGM of Sulzer Ltd on September 20, 2021.

The share capital as of December 31, 2021, amounted to CHF 412’623.70, made up of 41’262’370 shares with dividend entitlement and a par value of CHF 0.01. All shares were fully paid in and registered.

As of December 31, 2021, the company had a remaining authorized share capital of CHF 10’000.00, corresponding to 1’000’000 shares at a nominal value of CHF 0.01 each. The Board of Directors is authorized to increase the share capital of the company by the aforementioned remaining amount, at any time, until September 20, 2023.

Share ownership

medmix shares are freely transferable provided that, when requested by the company to do so, buyers declare that they have purchased and will hold the shares in their own name and for their own account. Nominees will only be entered in the share register with the right to vote provided that they meet the following conditions: the nominee is subject to the supervision of a recognized banking and financial market regulator; the nominee has entered into an agreement with the Board of Directors concerning its status; the share capital held by the nominee does not exceed 3% of the registered share capital entered in the commercial register; and the names, addresses and number of shares of those individuals for whose accounts the nominee holds at least 0.5% of the share capital have been disclosed. The Board of Directors is also entitled, beyond these limits, to enter shares of nominees with voting rights in the share register, provided that the above-mentioned conditions are met (see also paragraph 6a of the Articles of Association at https://medmix.swiss/en/Investors/Governance).

	Dec 31, 2021		Dec 31, 2020	
	Number of shares	in %	Number of shares	in %
Viktor Vekselberg (direct shareholder: Tiwel Holding AG)	16'728'414	40.54	n/a	n/a
The Capital Group Companies, Inc. (direct shareholder: Capital Research and Management Company)	2'065'631	5.01	n/a	n/a
FIL Limited	2'025'719	4.90	n/a	n/a
UBS Fund Management (Switzerland) AG	1'489'532	4.35	n/a	n/a

Contributions from/to the Sulzer group

Some changes in net assets allocated between the Sulzer group and the group prior to the spin-off are presented separately in the consolidated financial statements through the lines "Contribution from the Sulzer group" and "Contribution to the Sulzer group" in the statement of changes in equity reflecting the internal activities between the Sulzer group and the group during the periods presented. These primarily relate to the debt split between the group and the Sulzer group and to acquisitions as described further below and recharges for vested Sulzer shares under the existing Sulzer share plans.

As part of the debt split between the group and the Sulzer group during 2021, the unfulfilled part of a loan agreement, namely the repayment and interest payment obligations under the loan agreement amounting in total to CHF 80.2 million, was transferred to the group in the course of the spin-off, while the loan proceeds remained with the Sulzer group. Consequently, retained earnings of the group decreased by CHF 80.2 million and the effect is disclosed as a contribution to the Sulzer group in the statement of changes in equity.

During 2021, the group acquired Sulzer Mixpac (UK) from the Sulzer group for CHF 17.9 million. Sulzer Mixpac (UK) already formed part of the group for the purpose of issuing the combined and carve-out financial statements for the medmix business in 2020. The purchase price is disclosed as contribution to the Sulzer group in the statement of equity.

On October 1, 2020, the group received a contribution from the Sulzer group related to the acquisition of Haselmeier amounting to CHF 82.0 million. The contribution is disclosed under "contribution from the Sulzer group" in the statement of changes in equity. Refer to note 4 for further details.

Retained earnings

The retained earnings include prior years' undistributed income of consolidated companies and all remeasurements of the net liability for defined benefit plans.

The share capital increase as of September 30, 2021, resulted in net proceeds of CHF 294.7 million after deducting stamp duty of CHF 3.1 million and directly related transaction costs of CHF 17.2 million.

Treasury shares

In 2021, the group acquired in total 150'000 treasury shares to cover its existing exposure from share-based payment programs for consideration of CHF 6.5 million. The total number of shares held by the group as of December 31, 2021, amounted to 150'000 treasury shares (December 31, 2020: 0 shares).

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. Amounts are reclassified to profit or loss when the associated hedged transaction affects the income statement.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of consolidated entities whose currency differs from the reporting currency of the group.

Dividends

In 2021, prior to the spin-off, the group distributed dividends amounting to CHF 41.3 million (2020: CHF 52.0 million) to the Sulzer group. No dividends were declared or paid from September 20, 2021 to December 31, 2021.

The Board of Directors decided to propose to the annual general meeting 2022 a dividend for the financial year 2021 of CHF 0.50 per share.

22 Earnings per share

	2021	2020
Net income attributable to shareholders of medmix Ltd (millions of CHF)	**44.0**	**9.6**
Issued number of shares	41’262’370	34’262’370
Adjustment for the average number of treasury shares held	–100’931	–
Average number of shares outstanding as of December 31	**41’161’439**	**34’262’370**
Adjustment for share participation plans	–	–
Average number of shares for calculating diluted earnings per share as of December 31	**41’161’439**	**34’262’370**
Earnings per share, attributable to a shareholder of medmix Ltd (in CHF) as of December 31		
Basic earnings per share	1.07	0.28
Diluted earnings per share	1.07	0.28

For periods prior to the spin-off, the denominator for basic and diluted earnings per share was calculated using 34’262’370 shares from the spin-off.

23 Borrowings

			2021
millions of CHF	Non-current borrowings	Current borrowings	Total
Balance as of January 1	239.5	46.5	286.0
Cash flow from proceeds	265.2	107.6	372.8
Cash flow for repayments	–255.1	–245.9	–501.0
Contribution from/to the Sulzer group	–1.4	97.8	96.4
Reclassifications	–10.0	10.0	–
Currency translation differences	0.7	0.4	1.0
Total borrowings as of December 31	**238.9**	**16.3**	**255.2**

			2020
millions of CHF	Non-current borrowings	Current borrowings	Total
Balance as of January 1	240.4	12.1	252.5
Cash flow from proceeds	–	37.4	37.4
Cash flow for repayments	–	–22.2	–22.2
Assumed through business combination	23.0	–	23.0
Reclassifications	–19.6	19.6	–
Currency translation differences	–4.2	–0.4	–4.6
Total borrowings as of December 31	**239.5**	**46.5**	**286.0**

After the spin-off, the group repaid most of the current and non-current borrowings with the Sulzer group. As of December 31, 2021, borrowings with the Sulzer group were reduced to CHF 3.9 million (refer to note 29 for transactions with related parties). The group arranged two committed syndicated credit facilities (facility A and B) for a total amount of CHF 400.0 million, both maturing in September 2026. The credit facilities include two one-year extension options (subject to lenders' approval).

- Facility A: Syndicated term loan for an amount of CHF 250.0 million. As of December 31, 2021, the facility was fully utilized. As of December 2022, the term loan will be reduced by semiannual instalments of CHF 10.0 million.
- Facility B: Syndicated revolving credit facility for an amount of CHF 150.0 million. The credit facility can be drawn untill one month before maturity and includes a further option to increase the credit facility by CHF 75.0 million (subject to lenders' approval). As of December 31, 2021, the facility was not used.

Related to the Haselmeier acquisition in 2020, the group assumed non-current borrowings of CHF 23.0 million through business combinations, as disclosed in note 4.

Borrowings by currency

	2021		
	millions of CHF	in %	Interest rate
CHF	246.9	96.7	1.0%
EUR	8.0	3.1	0.3%
GBP	0.4	0.1	1.0%
USD	0.0	0.0	0.9%
Total as of December 31	**255.2**	**100.0**	–

	2020		
	millions of CHF	in %	Interest rate
CHF	17.3	6.0	1.0%
EUR	220.7	77.2	2.7%
GBP	13.8	4.8	2.1%
USD	27.2	9.5	2.0%
PLN	6.9	2.4	1.3%
Total as of December 31	**286.0**	**100.0**	–

24 Provisions

millions of CHF	Other employee benefits	Warranties / liabilities	Restructuring	Other	Total
					2021
Balance as of January 1	4.0	1.3	5.8	8.7	19.9
Additions	1.6	1.2	0.5	8.2	11.5
Released as no longer required	–	–0.6	–0.2	–1.7	–2.5
Utilized	–1.3	–0.1	–6.0	–8.2	–15.6
Currency translation differences	–0.0	0.0	–0.0	–2.5	–2.6
Total provisions as of December 31	**4.3**	**1.8**	**0.2**	**4.5**	**10.8**
– thereof non-current	3.3	–	–	0.2	3.5
– thereof current	1.0	1.8	0.2	4.3	7.2

millions of CHF	Other employee benefits	Warranties / liabilities	Restructuring	Other	Total
					2020
Balance as of January 1	3.5	0.7	11.4	3.3	18.9
Acquired through business combination	–	0.0	–	3.5	3.5
Additions	1.1	0.8	4.8	5.0	11.7
Released as no longer required	–	–0.1	–1.6	–1.8	–3.5
Utilized	–0.6	–0.0	–8.8	–1.2	–10.5
Currency translation differences	–0.0	–0.0	–0.1	–0.0	–0.1
Total provisions as of December 31	**4.0**	**1.3**	**5.8**	**8.7**	**19.9**
– thereof non-current	3.2	–	–	1.3	4.5
– thereof current	0.8	1.3	5.8	7.4	15.4

The category "Other employee benefits" includes provisions for jubilee gifts, early retirement of senior managers and other obligations to employees for all three years.

The category "Warranties/liabilities" includes provisions for warranties, customer claims, penalties, litigation and legal cases relating to goods delivered or services rendered.

In 2020, the group had initiated restructuring measures at its production facilities in Germany. Up to December 31, 2021, utilization of CHF 6.0 million (2020: CHF 8.8 million) mainly consisted of these structural actions taking effect. The remaining restructuring provision as of December 31, 2021 was CHF 0.2 million (2020: CHF 5.8 million).

"Other" includes provisions that do not fit into the aforementioned categories. Although the group expects a large part of the category "Other" to be realized in 2022, by their nature, the amounts and timing of any cash outflows are difficult to predict.

25 Other current and accrued liabilities

millions of CHF	2021	2020 1)
Taxes (VAT, withholding tax)	1.1	1.3
Derivative financial instruments	0.2	0.2
Contingent consideration	0.0	2.7
Other current liabilities	1.9	2.8
Total other current liabilities as of December 31	**3.3**	**7.0**
Contract-related costs	0.6	0.5
Salaries, wages and bonuses	11.1	8.5
Vacation and overtime claims	2.7	1.5
Other accrued liabilities	14.0	11.1
Total accrued liabilities as of December 31	**28.4**	**21.7**
Total other current and accrued liabilities as of December 31	**31.7**	**28.7**

1) The balance sheet as of December 31, 2020, has been adjusted following the finalization of the valuation of the contingent consideration related to acquisitions in 2020. A reconciliation to the previously published balance sheet is provided in note 4.

26 Derivative financial instruments

	2021				2020			
	Derivative assets		Derivative liabilities		Derivative assets		Derivative liabilities	
millions of CHF	Notional value	Fair value	Notional value	Fair value	Notional value	Fair value	Notional value	Fair value
Forward exchange rate contracts	168.4	2.1	24.7	0.2	23.4	0.3	73.6	0.2
Total as of December 31	**168.4**	**2.1**	**24.7**	**0.2**	**23.4**	**0.3**	**73.6**	**0.2**
– thereof due in <1 year	168.4	2.1	24.7	0.2	23.4	0.3	73.6	0.2

The notional value and the fair value of derivative assets and liabilities include current and non-current derivative financial instruments. The cash flow hedges of the expected future revenues were assessed as highly effective. As at December 31, 2021, net cumulative unrealized losses of CHF 0.6 million with deferred tax assets of CHF 0.1 million relating to these cash flow hedges were included in the cash flow hedge reserves. In 2021, losses of CHF 0.4 million were reclassified from cash flow hedge reserves to profit and loss. There was no ineffectiveness that arose from cash flow hedges in 2021. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet. As at December 31, 2020, the group had no cash flow hedge reserves.

The hedged, highly probable forecast transactions denominated in foreign currencies are mostly expected to occur at various dates during the next 12 months. Gains and losses recognized in the cash flow hedge reserve (cash flow hedges) in equity on forward foreign exchange contracts as of December 31, 2021, are recognized either in revenues, cost of goods sold or other operating income/expenses in the period or periods during which the hedged transaction affects the income statement. This is generally within 12 months of the balance sheet date unless the gain or loss is included in the initial amount recognized for the purchase of fixed assets, in which case recognition is over the lifetime of the asset (5 to 10 years).

The group enters into derivative financial instruments under enforceable master netting arrangements. These agreements do not meet the criteria for offsetting derivative assets and derivative liabilities in the consolidated balance sheet. As of December 31, 2021, the amount subject to such netting arrangements was CHF 0.2 million (2020: CHF 0.0 million). Considering the effect of these agreements, the amount of derivative assets would reduce from CHF 2.1 million to CHF 1.9 million (2020: from CHF 0.3 million to CHF 0.3 million), and the amount of derivative liabilities would reduce from CHF 0.2 million to CHF 0.0 million (2020: from CHF 0.2 million to CHF 0.2 million).

27 Contingent liabilities

The separation from Sulzer Ltd was effected by way of a symmetrical demerger according to the Swiss Merger Act. Under the merger act, the group may be held liable by creditors of Sulzer Ltd who may be able to enforce certain claims existing at the time of the spin-off or having their basis prior to the spin-off against the group.

28 Share participation plans

Share-based payments charged to personnel expenses

millions of CHF	2021	2020
Restricted share unit plan	0.0	–
Performance share plan	1.1	0.5
Total charged to personnel expenses	**1.1**	**0.5**

Restricted share unit plan settled in medmix shares

This long-term incentive plan covers the Board of Directors. Restricted share units (RSUs) are granted annually. Awards to members of the Board of Directors automatically vest with the departure from the Board. The plan features graded vesting over a three-year period. One RSU award is settled with one medmix share at the end of the vesting period. The fair value of the RSUs granted is measured at the grant date closing share price of medmix Ltd, and discounted over the vesting period using a discount rate that is based on the yield of Swiss government bonds for the duration of the vesting period. Participants are not entitled to dividends declared during the vesting period. Consequently, the grant date fair value of the RSUs is reduced by the present value of the dividends expected to be paid during the vesting period.

Restricted share units

Grant year	2021
Outstanding as of January 1, 2021	**–**
Granted	3’681
Outstanding as of December 31, 2021	**3’681**
Average fair value at grant date in CHF	43.92

Performance share plan settled in Sulzer shares

Prior to the spin-off from the Sulzer group, employees of the group participated in the Sulzer long-term incentive plan. The share-based payment expenses have been calculated based on the number of Performance shre units (PSU) received under the Sulzer performance share plan (PSP) until the date of the spin-off. The PSP will vest at the end of the original vesting period on a pro rata temporis basis by comparing the effective service period until the date of the spin-off with the original service period of three years. The actual performance factors will be measured at the end of the vesting period. Accordingly, the group disclosed the relevant information for the Sulzer PSP.

Given the spin-off of medmix from the Sulzer group, the Sulzer group neutralized the consequences from the demerger for the PSP. The number of originally granted PSUs was recalculated to neutralize the effect of the spin-off on share price resulting in the same fair value before and after the spin-off. The target values of the Applicator Systems business for the PSP 2019, PSP 2020 and PSP 2021, as derived from their respective three-year financial plans, are deducted for the Sulzer group. As a result, the target values for the Sulzer group comprise only what remain as continuing businesses within the Sulzer group. Furthermore, for each non-market performance condition (i.e., operational profit growth and operational ROCEA) of PSP 2019, PSP 2020 and PSP 2021, the performance curve depicting the gradient formed from the threshold, target and cap performance level remains unchanged.

Vesting of the PSP is based on three performance conditions: operational income before restructuring, amortization, impairments and non-operational items (operational profit) growth over the performance period (weighted 25%), average operational return on capital employed (operational ROCEA) (weighted 25%), and Sulzer’s total shareholder return (TSR), compared to a selected group of peer companies (weighted 50%).

TSR is measured with a starting value of the volume-weighted average share price (VWAP) over the first three months of the first year, and an ending value of the VWAP over the last three months of the vesting period. The rank of Sulzer’s TSR at the end of the performance period determines the effective number of total shares. The exercise price of the PSU is zero.

The following inputs were used to determine the fair value of the PSUs at grant date using a Monte Carlo simulation:

Grant year	2021	2020	2019	2018	2017
Fair value at grant date	124.95	78.18	115.95	143.62	116.02
Share price at grant date	101.12	76.05	92.46	120.60	104.80
Expected volatility	34.68%	37.45%	29.64%	29.12%	25.10%
Risk-free interest rate	–0.58%	–0.64%	–0.57%	–0.42%	–0.56%

The expected volatility of the Sulzer shares and the peer group companies is determined by the historical volatility. The zero-yield curves of those countries in which the companies and indices are listed were used as the relevant risk-free rates. Historical data was used to arrive at an estimate for the correlation between Sulzer and the peer companies. For the TSR calculation, all dividends paid during the vesting period are added to the closing share price.

Performance share units — terms of awards

Grant year	2021	2020	2019	2018	2017
Number of awards granted	8’027	15’598	5’844	3’475	2’018
Grant date	April 1, 2021	June 1, 2020	April 1, 2019	July 1, 2018	April 1, 2017
Performance period for cumulative operational profit	01/21–12/23	01/20–12/22	01/19–12/21	01/18–12/20	01/17–12/19
Performance period for TSR	01/21–12/23	01/20–12/22	01/19–12/21	01/18–12/20	01/17–12/19
Fair value at grant date in CHF	124.95	78.18	115.95	143.62	116.02

Performance share units

Grant year	2021	2020	2019	2018	2017	Total
Outstanding as of January 1, 2020	**–**	**–**	**6’821**	**3’699**	**1’903**	**12’423**
Granted	–	15’388	–	–	–	15’388
Exercised	–	–729	–1’345	–1’152	–1’903	–5’129
Forfeited	–	–2’678	–1’090	–541	–	–4’309
Outstanding as of December 31, 2020	**–**	**11’981**	**4’386**	**2’006**	**–**	**18’373**
Outstanding as of January 1, 2021	**–**	**11’981**	**4’386**	**2’006**	**–**	**18’373**
Granted	8’769	–	–	–	–	8’769
medmix spin-off	1’426	3’810	2’139	–	–	7’375
Exercised	–	–	–	–2’006	–	–2’006
Forfeited	–6’093	–4’804	–360	–	–	–11’257
Outstanding as of December 31, 2021	**4’102**	**10’987**	**6’165**	**–**	**–**	**21’254**

29 Transactions with members of the Board of Directors, Executive Committee and related parties

Key management compensation

	2021				2020			
thousands of CHF	Short-term benefits	Equity-based compensation	Pension and social security contributions	Total	Short-term benefits	Equity-based compensation	Pension and social security contributions	Total
Board of Directors	86	161	22	269	–	–	–	–
Executive Committee	1'903	612	524	3'039	2'183	554	570	3'307

Prior to the spin-off on September 20, 2021, the group did not have a parent entity and therefore no Board of Directors. As of December 31, 2021, there were no outstanding loans with members of the Board of Directors or the Executive Committee. No shares were granted to members of the Board of Directors, the Executive Committee, or related persons.

Related parties

Income statement impact of transactions with related parties

millions of CHF	2021	2020
Revenue	0.0	0.1
Gross profit	**0.0**	**0.1**
Selling and administrative expenses	–9.6	–11.8
Research and development expenses	–	0.1
Operating income (EBIT)	**–9.5**	**–11.6**
Interest and securities income	–	0.2
Interest expenses	–5.3	–6.6
Net income	**–14.8**	**–18.0**

Balance sheet impact of transactions with related parties

millions of CHF	2021	2020
Current assets		
Trade accounts receivable	0.0	0.2
Other current receivables and prepaid expenses	–	4.1
Current financial assets	–	31.4
Total current assets	**0.0**	**35.7**
Total assets as of December 31	**0.0**	**35.7**
Non-current liabilities		
Non-current borrowings	2.6	236.8
Total non-current liabilities	**2.6**	**236.8**
Current liabilities		
Current borrowings	1.3	37.5
Trade accounts payable	1.8	0.2
Other current and accrued liabilities	0.0	0.3
Total current liabilities	**3.1**	**38.1**
Total liabilities as of December 31	**5.7**	**274.9**

Transactions with related parties are mainly with the Sulzer group and comprise primarily charges for corporate support functions, centrally procured indirect spend utilized by the group, as well as borrowings and related interest expenses. All related party transactions are priced on an arm's-length basis.

30 Auditor remuneration

Fees for the audit services by KPMG as the appointed group auditor amounted to CHF 0.6 million (2020: CHF 0.3 million). Additional services provided by the group auditor amounted to a total of CHF 0.1 million (2020: CHF 0.2 million). This amount includes CHF 0.1 million (2020: CHF 0.1 million) for tax services and CHF 0.0 million for other services (2020: CHF 0.1 million).

31 Key accounting policies and valuation methods

31.1 Change in accounting policies

a) Standards, amendments and interpretations which were effective for 2021

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Software as a service (SaaS) arrangements

The group previously capitalized costs incurred in configuring or customizing software as a service (SaaS) arrangements as intangible assets, as the group considered that it would benefit from these implementation costs over the contract term of the SaaS arrangements. Following the IFRS Interpretations Committee (IFRIC) agenda decision on configuration or customization costs in a cloud computing arrangement, which was published in April 2021, the group has reconsidered its accounting treatment and adopted the treatment set out in this IFRIC agenda decision. The revised accounting policy capitalizes these costs as intangible assets only if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not meet these criteria are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customize the cloud-based software for the group, in which case they are recognized as a prepayment for services and amortized over the expected period of use of the SaaS arrangement.

As a result of this change in accounting policy, the group completed a review of the existing intangible assets portfolio and there was no material impact to software intangible assets because of the change in accounting policy.

b) Standards, amendments and interpretations issued but not yet effective, which the group decided not to adopt early in 2021

There are no IFRS standards or interpretations not yet effective that would be expected to have a material impact on the group.

31.2 Business combinations

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is measured at the fair value of the assets given, the liabilities incurred to the former owner of the acquiree and the equity interest issued by the group. Any goodwill arising is tested annually for impairment. Any gain on a bargain purchase is recognized in the income statement immediately. Acquisition-related costs are expensed as incurred, except if related to the issue of debt or equity securities. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

31.3 Consolidation

a) Business combinations

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is measured at the fair value of the assets given, the liabilities incurred to the former owner of the acquiree, and the equity interest issued by the group. Any goodwill arising is tested annually for impairment. Any gain on a bargain purchase is recognized in the income statement immediately. Acquisition-related costs are expensed as incurred, except if related to the issue of debt or equity securities. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the difference between the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to precombination service.

b) Subsidiaries

Subsidiaries are all entities controlled by the group. The group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

According to the full consolidation method, all assets and liabilities and income and expenses of the subsidiaries are included in the consolidated financial statements. The share of non-controlling interests in the net assets and results is presented separately as non-controlling interests in the consolidated balance sheet and income statement, respectively.

c) Non-controlling interests

The group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions.

When the group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

d) Associates and joint ventures

Associates are those entities in which the group has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when the group holds, directly or indirectly, between 20% and 50% of the voting rights. Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Associates and joint ventures are accounted for using the equity method and are initially recognized at cost.

e) Transactions eliminated on consolidation

All material intercompany transactions and balances and any unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

31.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BoD). The BoD, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as chief operating decision maker.

31.5 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of consolidated entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swiss francs (CHF).

The following table shows the major currency exchange rates:

	2021		2020	
CHF	Average rate	Year-end rate	Average rate	Year-end rate
EUR 1	1.08	1.03	1.07	1.08
GBP 1	1.26	1.23	1.20	1.20
USD 1	0.91	0.91	0.94	0.88
CNY 100	14.17	14.35	13.60	13.49

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

c) Subsidiaries

The results and balance sheet positions of all foreign operations that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.

Foreign exchange differences are taken to other comprehensive income. In the event of a sale or liquidation of foreign operations, exchange differences that were recorded in other comprehensive income are recognized in the income statement as part of the gain or loss on sale or liquidation.

If a loan is made to a group company, and the loan in substance forms part of the group’s investment in the group company, translation differences arising from the loan are recognized directly in other comprehensive income as foreign currency translation differences. When the group company is sold or partially disposed of, and control no longer exists, gains and losses accumulated in equity are reclassified to the income statement as part of the gain or loss on disposal.

31.6 Intangible assets

The intangible assets with finite useful life are amortized in line with the expected useful life, usually on a straight-line basis. The period of useful life is to be assessed according to business rather than legal criteria. This assessment is made at least once a year. An impairment might be required in the event of sudden or unforeseen value changes.

a) Goodwill

Goodwill represents the difference between the consideration transferred and the fair value of the group’s share in the identifiable net asset value of the acquired business at the time of acquisition. Any goodwill arising as a result of a business combination is included within intangible assets.

Goodwill is subject to an annual impairment test and valued at its original acquisition cost less accumulated impairment losses. In cases where circumstances indicate a potential impairment, impairment tests are conducted more frequently. Profits and losses arising from the sale of a business include the book value of the goodwill assigned to the business being sold.

For impairment testing, goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill originating from the acquisition of an associated company is included in the book value of the participation in associated companies.

b) Trademarks and licenses

Trademarks, licenses and similar rights acquired from third parties are stated at acquisition cost. Such assets are amortized over their expected useful life, generally not exceeding 10 years.

c) Research and development

Expenditure on research activities is recognized in the income statement as incurred. Development costs for major projects are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in the income statement as incurred. Subsequently, such assets are measured at cost less accumulated amortization (max. five years) and any accumulated impairment loss.

d) Computer software

Acquired computer software licenses in control of the group are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to max. five years).

e) Customer relationships

As part of a business combination, acquired customer rights are recorded at fair value (cost at the time of acquisition). These costs are amortized over their estimated useful lives, generally not exceeding 15 years.

31.7 Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less depreciation and impairments. Acquisition cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis over the estimated useful life. Land is stated at cost and is not depreciated.

The useful lives are as follows:
Buildings: 20–50 years
Machinery: 5–15 years
Technical equipment: 5–10 years
Other non-current assets: max. 5 years

31.8 Impairment of property, plant and equipment and intangible assets

Assets with a finite useful life are only tested for impairment if relevant events or changes in circumstances indicate that the book value is no longer recoverable. An impairment loss is recorded equal to the excess of the carrying value over the recoverable amount. The recoverable amount is the higher of the fair value of the asset less disposal costs and its value in use. The value in use is based on the estimated cash flow over a five-year period and the extrapolated projections for subsequent years. The results are discounted using an appropriate pretax, long-term interest rate. For the purposes of the impairment test, assets are grouped together at the lowest level for which separate cash flows can be identified (cash-generating units).

31.9 Lease assets and lease liabilities

The group recognizes lease assets and lease liabilities for most leases (these leases are on-balance-sheet leases). However, the group has elected not to recognize lease assets and lease liabilities for some leases of low- value assets and short-term leases. The group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The group presents lease assets and lease liabilities as separate line items in the balance sheet.

The group recognizes lease assets and lease liabilities at the lease commencement date. The asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements. The lease liability is initially measured at the present value of the lease payments that are not paid on commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. In most cases, the group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised, or a termination option is reasonably certain not to be exercised.

31.10 Financial assets

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets measured at amortized cost

For debt instruments, classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss. The group reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments

Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other operating income and expenses or other financial income and expenses, depending on the nature of the investment, in the period in which it arises.

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.

Equity instruments

The group subsequently measures all equity investments at fair value. A gain or loss on an equity investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other operating income and expenses or other financial income and expenses, depending on the nature of the investment, in the period in which it arises.

31.11 Derivative financial instruments and hedging activities

The group uses derivative financial instruments, such as forward currency contracts and other forward contracts, to hedge its risks associated with fluctuations in foreign currencies arising from operational and financing activities. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on the derivatives during the year that do not qualify for hedge accounting are taken directly into profit or loss.

The group applies hedge accounting to secure the foreign currency risks of future cash flows that have a high probability of occurrence. These hedges are classified as “cash flow hedges”, whereas the hedge instrument is recorded on the balance sheet at fair value and the effective portions are booked against “Other comprehensive income” in the column “Cash flow hedge reserve”. If the hedge relates to a non-financial transaction that will subsequently be recorded on the balance sheet, the adjustments accumulated under "Other comprehensive income" at that time will be included in the initial book value of the asset or liability. In all other cases, the cumulative changes of fair value of the hedging instrument that have been recorded in other comprehensive income are included as a charge or credit to income when the forecasted transaction is recognized or when hedge accounting is discontinued as the criteria are no longer met.

At the inception of the transaction, the group documents the relationship between hedging instruments and hedged items and its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

31.12 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

31.13 Inventories

Raw materials, supplies and consumables are stated at the lower of cost or net realizable value. Finished products and work in progress are stated at the lower of production cost or net realizable value. Production cost includes the costs of materials, direct and indirect manufacturing costs, and contract-related costs of development. Inventories are valued by reference to weighted average costs. Provisions are made for slow-moving and excess inventories.

31.14 Trade receivables

Trade and other accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less allowances for doubtful trade accounts receivable.

The allowance for doubtful trade accounts receivable is based on expected credit losses. These are based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information such as development of gross domestic product (GDP).

31.15 Cash and cash equivalents

Cash and cash equivalents comprise bills, postal giros and bank accounts, together with other short-term highly liquid investments with a maturity of three months or less from the date of acquisition. Bank overdrafts are reported within borrowings in the current liabilities.

31.16 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects. When share capital is repurchased, the amount of the consideration paid, which includes directly attributable cost, is net of any tax effects and is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

31.17 Trade payables

Trade payables and other payables are stated at face value. The respective value corresponds approximately to the amortized cost.

31.18 Borrowings

Financial debt is stated at fair value when initially recognized, after recognition of transaction costs. In subsequent periods, it is valued at amortized cost. Any difference between the amount borrowed (after deduction of transaction costs) and the repayment amount is reported in the income statement over the duration of the loan using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

31.19 Current and deferred income taxes

The current income tax charge comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The liability method is used to provide deferred taxes on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are valued by applying tax rates (and regulations) substantially enacted on the balance sheet date or any that have essentially been legally approved and are expected to apply at the time when the deferred tax asset is realized or the deferred tax liability is settled.

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that a taxable profit will be available against which they can be used. Deferred tax liabilities arising as a result of temporary differences relating to investments in subsidiaries and associated companies are applied, unless the group can control when temporary differences are reversed and it is unlikely that they will be reversed in the foreseeable future.

31.20 Employee benefits

a) Defined benefit plans

The group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and deducting the fair value of any plan assets.

The calculation of defined benefit assets/obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest income on plan assets), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognized in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the income statement. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

b) Defined contribution plans

Defined contribution plans are defined as pure savings plans, under which the employer makes certain contributions into a separate legal entity (fund) and does not have a legal or an extendible (constructive) liability to contribute any additional amounts in the event this entity does not have enough funds to pay out benefits. A "constructive" commitment exists when it can be assumed that the employer will voluntarily make additional contributions in order not to endanger the relationship with its employees. Company contributions to such plans are considered in the income statement as personnel expenses.

c) Other employee benefits

Some subsidiaries provide other employee benefits such as early retirement benefits or jubilee gifts to their employees. Early retirement benefits are defined as termination benefits for employees accepting voluntary redundancy in exchange for those benefits. Jubilee gifts are other long-term benefits. For example, in Switzerland, the group makes provisions for jubilee benefits based on a Swiss local directive. The provisions are reported in the category "Other employee benefits".

Short-term benefits are payable within 12 months after the end of the period in which the employees render the related employee service. In the case of liabilities of a long-term nature, the discounting effects and employee turnover are to be taken into consideration.

Obligations to employees arising from restructuring measures are included under the category "Restructuring provisions".

31.21 Share-based compensation

The group operates one equity-settled, share-based payment plan. The restricted share plan (RSP) covers the members of the Board of Directors.

The fair value of the employee services received in exchange for the grant of the share units is recognized as a personnel expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which the specified service conditions are expected to be met.

The fair value of the restricted share units (RSUs) granted for services rendered is measured at the medmix Ltd closing share price at grant date, and discounted over the vesting period using a discount rate that is based on the yield of Swiss government bonds with maturities matching the duration of the vesting period. Participants are not entitled to dividends declared during the vesting period. The grant date fair value of the RSUs is consequently reduced by the present value of dividends expected to be paid during the vesting period.

The group accrues for the expected cost of social charges in connection with the allotment of shares under the RSP. The dilutive effect of the share-based awards is considered when calculating diluted earnings per share.

31.22 Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to a single item included in the class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

31.23 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the group’s activities. This includes standard products (off the rack) and configured and engineered or tailor-made products. Revenues are shown net of value-added tax, returns, rebates and discounts and after eliminating revenues within the group.

The core principle is that revenues are recognized at an amount that reflects the consideration to which the group expects to be entitled in exchange for transferring goods or services to a customer.

Revenues are recognized when (or as) the group satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

A customer obtains control of a good or service if it has the ability to direct the use of, and obtain substantially all of the remaining benefits from, that good or service (e.g., use, consume, sale, hold). A customer could have the future right to direct the use of the asset and obtain substantially all of the benefits from it (i.e., upon making a prepayment for a specified product).

There are two methods to recognize revenues:

- **Point in time method (PIT):** revenue recognition when the performance obligation is satisfied at a certain point in time
- **Over time method (OT): r**evenues, costs and profit margin recognition in line with the progress of the project

The group determines at contract inception whether control of each performance obligation transfers to a customer over time or at a point in time. Arrangements where the performance obligations are satisfied over time are not limited to services arrangements. The assessment of whether control transfers over time or at a point in time is critical to the timing of revenue recognition.

Point in time method (PIT)

A performance obligation is satisfied at a point in time if none of the criteria for satisfying a performance obligation over time is met. Revenues are recognized when (or as) the customer obtains control of that asset (depending on incoterms). The following points indicate that a customer has obtained control of an asset:

- The entity has a present right to payment
- The customer has legal title
- The customer has physical possession
- The customer has the significant risks and rewards of ownership
- The customer has accepted the asset

For contracts applying the point in time method, the transfer of risks and rewards of ownership (depending on international commercial terms) typically depicts the transfer in control most appropriately.

Over time method (OT)

Revenues are recognized over time if any of the following is met:

- The customer simultaneously receives/consumes as the group performs.
- The group creates/enhances an asset and the customer controls it during this process.
- The created asset has no alternative use and the group has an enforceable right to payment (including reasonable profit margin) for performance up to date if the customer terminates the contract for convenience.

The over time method is based on the percentage of costs to date compared with the total estimated contract costs (cost-to-cost method). In rare cases, other methods, such as a milestones method, may be used for a particular project, assuming that the stage of completion can be better estimated than by applying the cost-to-cost method. Work progress of sub-suppliers is considered to determine the stage of completion. If circumstances arise that may change the original estimates of revenues, costs or the extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs, and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

The income statement contains a share of revenues, including an estimated share of profit. The balance sheet includes the corresponding contract assets if the assets exceed the advance payments from the customer of the project. When it appears probable that the total costs of an order will exceed the expected income, the total amount of expected loss is recognized immediately in the income statement.

Contract classification per business area

Revenues are measured based on the consideration specified in a contract with a customer. Revenues are recognized over time if any of the conditions above is met. If none of the criteria for satisfying a performance obligation over time is met, revenues are recognized at a point in time.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition method.

Contract classification	Characteristics	Typical revenue recognition method	
		Created asset has alternative use or the group has no enforceable right to payment (including reasonable profit margin) for performance up to date if the customer terminates the contract for convenience	Created asset has no alternative use and the group has enforceable right to payment (including reasonable profit margin) for performance up to date if the customer terminates the contract for convenience
Healthcare			
Standard orders	— Off-the-shelf articles of stock materials (production to stock) — Made-to-order articles	PIT	n/a
Developmental projects for drug delivery devices and medical instruments	— Highly customized products that are tailor-made to customers' specifications — Multistage process that generally includes design, development and industrialization capability phases	PIT	OT
Consumer & Industrial			
Standard orders	— Off-the-shelf articles of stock materials (production to stock) — Made-to-order articles	PIT	n/a

Disaggregation of revenues

In the segment information (note 3), revenues are disaggregated by:

- Business areas (group's reportable segments)
- Geographical regions
- Market segments and business areas

Payment terms

The group's general terms and conditions of supply require payments within 30 days after the invoice date.

Other payment terms may apply if otherwise defined in the customer contract, the purchase order, the respective change order or the quotation.

Variable considerations

If the consideration promised in a contract includes a variable amount (e.g., liquidated damages, early payment discount, volume discounts), the group estimates the amount of consideration to which the group will be entitled in exchange for transferring the promised goods or services to a customer. The amount of the variable consideration is estimated by using either of the following methods, depending on which method the group expects will better predict the amount of consideration to which it will be entitled: the expected value method or the most likely amount method. The method selected is applied consistently throughout the contract and to similar types of contracts when estimating the effect of uncertainty on the amount of variable consideration to which the group is entitled.

The group’s general terms and conditions of supply foresee the following warranty periods. Except in cases where the scope of supply is limited to services only, the warranty period ends on the earliest of the dates below:

- After 12 months from the initial operation of the scope of supply
- After 18 months from delivery of the scope of supply
- In the event that delivery is delayed or impeded for reasons beyond the supplier’s control, after 18 months from the date of the supplier’s notification that the scope of supply is ready for dispatch

Where the scope of supply is limited to services only, the warranty period ends six months after completion of such services.

If the group fails to meet the delivery date for more than two calendar weeks due to reasons for which the group is directly responsible, and provided that the purchase order expressly provides liquidated damages for such failure, the purchaser is entitled to demand that the group pay liquidated damages at the rate stated in the purchase order.

The group’s obligation for warranties, liquidated damages and other obligations is accounted for as a variable consideration in the revenues and recognized as a provision.

Allocation of the transaction price

To allocate the transaction price to each performance obligation on a relative stand-alone, selling price basis, the group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. If the stand-alone selling price is not directly observable, then the group estimates the amount with the expected cost-plus-margin method.

31.24 Assets and disposal groups held for sale

A non-current asset or a group of assets is classified as “held for sale” if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the management must be committed to sell the assets, the assets must be actively marketed for sale, and the sale must be expected to be completed within one year. A non-current asset or a group of assets classified as “held for sale” will be measured at the lower of its carrying amount or fair value less selling cost.

31.25 Dividend distribution

Dividend distribution to the shareholders of medmix Ltd is resolved upon decision at the Annual General Meeting and will be paid in the same reporting period.

32 Subsequent events after the balance sheet date

Subsequent events have been considered for adjustment of disclosure up to February 21, 2022, the date these consolidated financial statements were authorized for issue.

33 Subsidiaries

	Subsidiary	Equity participation	Registered capital (including paid-in capital in the USA)	Direct participation by medmix Ltd	Research and development	Production and engineering	Sales	Service
Europe								
Switzerland	Sulzer Mixpac AG, Haag	100%	CHF 100’000		•	•	•	
	Applicator Systems AG, Zug [1)]	100%	CHF 100’000	•				
Czech Republic	Haselmeier s.r.o., Dnesice	100%	CZK 50’200’000			•		
Germany	Sulzer APS Deutschland Holding GmbH, Bechhofen	100%	EUR 870’000					
	Geka GmbH, Bechhofen	100%	EUR 878’600		•	•	•	•
	Sulzer Mixpac Deutschland GmbH, Kiel	100%	EUR 26’000		•	•	•	•
	Haselmeier GmbH, Stuttgart	100%	EUR 2’027’700		•		•	•
UK	Sulzer Mixpac (UK) Ltd., Hungerford	100%	GBP 1’000’000			•	•	
Poland	Sulzer Mixpac Poland Sp. z o.o., Nowa Wies Wroclawska	100%	PLN 5’000			•		
North America								
USA	Sulzer Mixpac USA Inc., Salem, New Hampshire	100%	USD 100				•	
	Geka Manufacturing Corporation, Elgin, Illinois	100%	USD 603’719			•	•	•
	Sulzer APS US Holding Inc., Salem, New Hampshire [1)]	100%	USD 1’000					
	Haselmeier Inc., Lowell, Massachusetts	100%	USD 1				•	
Central and South America								
Brazil	Geka do Brasil Indústria e Comércio de Embalagens Ltda., Cotia	100%	BRL 15’009’794			•	•	•
Asia								
India	Haselmeier India Pvt. Ltd., Bengaluru	100%	INR 32’309’720			•		
People’s Republic of China	Sulzer Applicators System Shanghai Ltd., Shanghai [1)]	100%	CHF 1’000’000			•		

1) Established in 2021.

KPMG

Statutory Auditor's Report

To the General Meeting of medmix AG, Zug

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of medmix Ltd and its subsidiaries (the group), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

REVENUE RECOGNITION

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.

KEY AUDIT MATTER 1 REVENUE RECOGNITION — ACCURACY OF REVENUE RECOGNITION

Key Audit Matter

Total consolidated revenue of the financial year 2021 amounted to CHF 457.3 million (2020: CHF 351.3 million). The Group's revenue is mainly related to the sale of high-precision delivery devices in healthcare, consumer and industrial end-markets.

In line with IFRS 15, the Group recognizes revenue when a performance obligation is satisfied by transferring control over a promised good or service. Due to the Group's business model, over time revenues are currently not material.

Revenue is a key performance indicator and therefore in internal and external stakeholders' focus. Consequently, there might be pressure to achieve forecasted results. This could lead to an increased audit risk relating to sales cut-off and revenues not being recorded in the proper accounting period.

We consider revenue recognition to be a key audit matter due to the number of transactions that occur close to year-end and the potential impact of the cut-off date of these transactions on the consolidated financial statements.

Our response

Our audit procedures included, among others, inquiries with management regarding significant new contracts and relevant changes in existing contracts. The procedures also included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition.

Walkthroughs were performed to gain an understanding of processes and internal controls, including management reviews, with respect to revenue recognition.

On a sample basis, we reconciled revenue to the supporting documentation, such as sales orders, shipping documents and invoices.

A specific emphasis was set on verifying that revenue transactions at the end of the financial year and at the beginning of the new financial year have been recognized in the proper accounting period by comparing revenues close to the balance sheet date with the respective contractual terms.

Furthermore, we assessed the Group's disclosures relating to revenue recognition.

For further information on revenue recognition refer to the following:

- Note 3 of the consolidated financial statements
- Note 17 of the consolidated financial statements

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

Rolf Hauenstein
Licensed Audit Expert
Auditor in Charge

Simon Niklaus
Licensed Audit Expert

Zurich, February 21, 2022

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Alternative performance measures (APM)

The financial information included in this report includes certain alternative performance measures (APMs), which are not accounting measures as defined by IFRS. These APMs should not be used instead of, or considered as alternatives to, the group's financial results based on IFRS. These APMs may not be comparable to similarly titled measures disclosed by other companies. All APMs presented relate to the performance of the current reporting period and comparative periods.

Definition of alternative performance measures (APM)

Business area cost of goods sold

Business area cost of goods sold is the part of cost of goods sold that is assigned to a business area. Business area cost of goods sold is used to monitor the costs of a business area.

Business area gross profit

Business area gross profit is the part of gross profit that is assigned to a business area. Business area gross profit is used to monitor the gross profit of a business area.

Business area gross profit margin

Business area gross profit margin is the part of the gross profit margin that is assigned to a business area. Business area gross profit margin is used to monitor the margin of a business area.

Other cost of goods sold

Other cost of goods sold is the part of cost of goods sold that is not assigned to a business area. Other cost of goods sold is used to reconcile the business area gross profit to the gross profit of the group.

EBITDA (earnings before interest, taxes, depreciation and amortization)

EBITDA is defined as net income before income tax expenses, other financial income and expenses, net, interest expenses, interest and securities income, depreciation, amortization and impairments on tangible and intangible assets. In other words, EBITDA is defined as EBIT before depreciation, amortization and impairments on tangible and intangible assets. EBITDA is used to determine the net debt/EBITDA ratio.

Adjusted EBITDA

Adjusted EBITDA is defined as net income before income tax expenses, other financial income and expenses, net, interest expenses, interest and securities income, depreciation, amortization, impairments on tangible and intangible assets, restructuring expenses and other non-operational items, which include significant acquisition-related expenses, gains and losses from the sale of businesses or real estate, and certain non-operational items that are non-recurring or do not occur in similar magnitude. Adjusted EBITDA is used to determine the profitability of the business and to determine the net debt/adjusted EBITDA ratio.

Adjusted EBITDA margin

The adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue. The adjusted EBITDA margin measures how the group turns revenue into adjusted EBITDA.

Free cash flow (FCF)

FCF is used to assess the group’s ability to generate the cash required to conduct and maintain its operations. It also indicates the group’s ability to generate cash to finance dividend payments, repay debt and to undertake merger and acquisition activities. FCF is calculated based on the IFRS cash flow from operating activities and adjusted for capital expenditures (investments in property, plant and equipment and intangible assets).

Net debt

Net debt is used to monitor the group’s overall short- and long-term liquidity. Net debt is calculated as the sum of total current and non-current borrowings and lease liabilities less cash and cash equivalents and current financial assets.

Net debt/adjusted EBITDA ratio

Net debt/adjusted EBITDA is a ratio measuring the amount of income generated and available to pay down debt before covering interest, taxes, depreciations and amortization expenses without considering impairments, restructuring expenses and other non-operational items. The net debt/adjusted EBITDA ratio is used as a measurement of adjusted leverage. It is calculated as net debt divided by adjusted EBITDA.

Currency-adjusted growth

Certain percentage changes in the financial review and the business review divisions have been calculated using constant exchange rates, which allow for an assessment of the group’s financial performance with the effects of exchange rate fluctuations eliminated. The currency-adjusted growth is calculated by applying the previous year’s exchange rates for the current year and calculating the growth without currency effects.

Organic growth

Organic growth measures changes with the same period in the previous year after adjusting for effects arising from acquisitions, divestments and foreign exchange differences.

The impact of the organic growth is determined as follows:

- Currency-adjusted growth as described above
- For the current-year acquisitions, by deducting the currency-adjusted amount generated during the current year by the acquired entities
- For prior-year acquisitions, by deducting the currency-adjusted amount generated over the months during which the acquired entities were not consolidated in the previous year
- For current-year disposals, by adding the currency-adjusted amount generated by the divested entities in the previous year over the months during which those entities were no longer consolidated in the current year
- For the prior-year disposals, by adding for the current year the currency-adjusted amount generated in the previous year by the divested entities

Reconciliation statements for alternative performance measures (APM)

For the reconciliation statements of business area gross profit, business area gross profit margin, EBITDA, adjusted EBITDA and adjusted EBITDA margin, please refer to note 3, for net debt and net debt/adjusted EBITDA ratio to note 6 and for the free cash flow to the section financial review.

Financial statements of medmix Ltd

Balance sheet of medmix Ltd

December 31

thousands of CHF	Notes	2021
Current assets		
Cash and cash equivalents		1’982
Accounts receivable from subsidiaries		4’500
Other current accounts receivable		929
Prepaid expenses and other current accounts receivable		294
Total current assets		**7’705**
Non-current assets		
Loans to subsidiaries		200’000
Investments in subsidiaries	3	424’394
Total non-current assets		**624’394**
Total assets		**632’099**
Current liabilities		
Accrued liabilities and other current liabilities		69
Total current liabilities		**69**
Non-current liabilities		
Total non-current liabilities		**–**
Total liabilities		**69**
Equity		
Registered share capital	4	413
Legal capital reserves	4	50’000
Reserves from capital contribution	4	294’653
Voluntary retained earnings		
– Free reserves	4	293’951
– Net loss for the year		–498
Treasury shares	4	–6’489
Total equity	4	**632’030**
Total equity and liabilities		**632’099**

Income statement of medmix Ltd

September 20 – December 31

thousands of CHF	Notes	2021
Income		
Financial income	7	549
Total income		**549**
Expenses		
Administrative expenses	6	978
Financial expenses	7	65
Direct taxes		4
Total expenses		**1'047**
Net loss for the year		**–498**

Statement of changes in equity of medmix Ltd

thousands of CHF	Share capital	Legal reserves	Reserves from capital contribution	Free reserves	Retained earnings	Net income	Treasury shares	Total
Equity as of September 20, 2021	–	–	–	–	–	–	–	–
Spin-off from Sulzer Ltd	343	50’000		293’951				344’294
Capital increase	70		294’653					294’723
Net loss for the year						–498		–498
Change in treasury shares							–6’489	–6’489
Equity as of December 31, 2021	**413**	**50’000**	**294’653**	**293’951**	**–**	**–498**	**–6’489**	**632’030**

Notes to the financial statements of medmix Ltd

1 General information

medmix Ltd, Zug, Switzerland (the company), is the parent company of the medmix group. The company was registered as of September 20, 2021. Its financial statements are prepared in accordance with Swiss law and serve as complementary information to the consolidated financial statements.

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. medmix Ltd is presenting its consolidated financial statements according to IFRS. As a result, medmix Ltd has applied the exemption included in article 961d SCO and has not included additional disclosures such as a cash flow statement or a management report in its financial statements.

2 Key accounting policies and principles

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

Investments in subsidiaries

Investments are initially recognized at cost or if the value is lower, at value in use, using generally accepted valuation principles.

Share-based payments

medmix Ltd operates a share-based payment program that covers the Board of Directors. Restricted share units (RSUs) are granted annually. The plan features graded vesting over a three-year period. One RSU award is settled with one medmix share at the end of the vesting period. Awards automatically vest with the departure from the Board. The fair value of the medmix share at vesting date is recognized as compensation to the Board of Directors.

3 Investments in subsidiaries

A list of the major subsidiaries held directly or indirectly by medmix Ltd is included in note 33 of the consolidated financial statements.

4 Equity

Share capital

On September 20, 2021, Sulzer Ltd shareholders at their extraordinary general meeting (EGM) approved the demerger plan and the incorporation of medmix Ltd with a registered share capital of 34’262’370 shares (registered shares with a nominal value of CHF 0.01 each).

As of September 30, 2021, the company increased its share capital from CHF 342’623.70 to CHF 412’623.70, by using part of the authorized capital that was created at the EGM of Sulzer Ltd on September 20, 2021.

The share capital as of December 31, 2021, amounted to CHF 412’623.70, made up of 41’262’370 shares with dividend entitlement and a par value of CHF 0.01. All shares were fully paid in and registered.

As of December 31, 2021, the company had a remaining authorized share capital of CHF 10’000.00, corresponding to 1’000’000 shares at a nominal value of CHF 0.01 each. The Board of Directors is authorized to increase the share capital of the company by the aforementioned remaining amount, at any time, until September 20, 2023.

Share ownership

medmix shares are freely transferable provided that, when requested by the company to do so, buyers declare that they have purchased and will hold the shares in their own name and for their own account. Nominees will only be entered in the share register with the right to vote provided that they meet the following conditions: the nominee is subject to the supervision of a recognized banking and financial market regulator; the nominee has entered into an agreement with the Board of Directors concerning its status; the share capital held by the nominee does not exceed 3% of the registered share capital entered in the commercial register; and the names, addresses and number of shares of those individuals for whose accounts the nominee holds at least 0.5% of the share capital have been disclosed. The Board of Directors is also entitled, beyond these limits, to enter shares of nominees with voting rights in the share register, provided that the above-mentioned conditions are met (see also paragraph 6a of the Articles of Association at https://medmix.swiss/en/Investors/Governance).

Shareholders holding more than 3%

	Dec 31, 2021		Dec 31, 2020	
	Number of shares	in %	Number of shares	in %
Viktor Vekselberg (direct shareholder: Tiwel Holding AG)	16’728’414	40.54	n/a	n/a
The Capital Group Companies, Inc. (direct shareholder: Capital Research and Management Company)	2’065’631	5.01	n/a	n/a
FIL Limited	2’025’719	4.90	n/a	n/a
UBS Fund Management (Switzerland) AG	1’489’532	4.35	n/a	n/a

Legal capital reserves and free reserves

As part of the spin-off of medmix from Sulzer Ltd by way of a symmetrical demerger in accordance with article 29(b) and article 31(2)(a) Swiss Merger Act, Sulzer transferred total net assets amounting to CHF 344’294k. The amount included the net assets as disclosed in the demerger balance sheet as of January 1, 2021, of CHF 423’647k minus the unfulfilled part of an intercompany loan of 80’200k plus acquisition related payments during 2021 of CHF 847k. The intercompany loan represents the repayment and interest payment obligations under the loan agreement, which was transferred to medmix as part of the debt split as disclosed in the demerger plan dated May 27, 2021. The transferred net assets covered the amount of paid-in share capital of CHF 343k, and the remainder was allocated to legal capital reserves (CHF 50’000k) and free reserves (CHF 293’951k).

The share capital increase as of September 30, 2021, resulted in reserves from capital contribution of CHF 294’653k.

Treasury shares held by medmix Ltd

	2021	
thousands of CHF	Number of shares	Total transaction amount
Balance as of September 20	–	–
Purchase	150’000	6’489
Balance as of December 31	**150’000**	**6’489**

The total number of treasury shares held by medmix Ltd as of December 31, 2021, amounted to 150’000, which are mainly held for the purpose of issuing shares under the management share-based payment programs.

5 Contingent liabilities

thousands of CHF	2021
Guarantees, sureties and comfort letters for subsidiaries	
– to banks and insurance companies	34’786
Total contingent liabilities as of December 31	**34’786**

As of December 31, 2021, CHF 6’744k of guarantees, sureties and comfort letters for subsidiaries to banks and insurance companies were utilized.

The separation from Sulzer Ltd was effected by way of a symmetrical demerger according to the Swiss Merger Act. Under the merger act, the company may be held liable by creditors of Sulzer Ltd, who may be able to enforce certain claims existing at the time of the spin-off or having their basis prior to the spin-off against the company.

6 Administrative expenses

thousands of CHF	2021
Compensation of the Board of Directors	86
Other administrative expenses	892
Total administrative expenses	**978**

medmix Ltd does not have any employees. The compensation to the Board of Directors includes share-based payments and remuneration. Other administrative expenses contain management services and recharges from subsidiaries.

7 Financial income and expenses

The financial income contains interests on loans with subsidiaries amounting to CHF 549k. The financial expenses contain mainly interest on loans with third parties and interest on cash and cash equivalents with banks amounting to CHF 52k.

8 Share participation of the Board of Directors, Executive Committee and related parties

Restricted share units for members of the Board

The compensation of the Board of Directors consists of a fixed cash component and a restricted share unit (RSU) component with a fixed grant value. The number of RSUs is determined by dividing the fixed grant value by the volume-weighted share price of the last ten days prior to the grant date. One-third of the RSUs each vest after the first, second and third anniversaries of the grant date, respectively. Upon vesting, one vested RSU is converted into one share of medmix Ltd. The vesting period for RSUs granted to the members of the Board of Directors ends no later than on the date on which the member steps down from the Board.

	2021	
	medmix shares	Restricted share units (RSU) [1]
Board of Directors	**59’829**	**3’681**
Greg Poux-Guillaume	43’000	1’809
Jill Lee	5’084	936
Marco Musetti	11’745	936
Executive Committee	**4’198**	**–**
Girts Cimermans	2’222	–
Jennifer Dean	1’976	–
Itee Satpathy	–	–

1) Restricted share units assigned by medmix.

Granted medmix shares to members of the Board of Directors

	2021	
	Quantity	Value in CHF
Allocated to members of the Board of Directors	3’681	161’657

9 Subsequent events after the balance sheet date

At the time when these financial statements were authorized for issue, the Board of Directors were not aware of any events that would materially affect these financial statements.

Proposal of the Board of Directors for the appropriation of the available profit

in CHF	2021
Net loss for the year	–497’618
Total available profit	**–497’618**
Appropriation from free reserves	25’000’000
Ordinary dividend	–20’556’185
Balance carried forward	**3’946’197**
Dividend distribution per share CHF 0.01	
Gross dividend	0.50
Withholding tax (35%)	–0.18
Net dividend	**0.32**

The Board of Directors proposes the payment of a dividend of CHF 0.50 per share to the Annual General Meeting on April 12, 2022. The company will not pay a dividend on treasury shares held by medmix Ltd or one of its subsidiaries.

KPMG

Statutory Auditor's Report

To the General Meeting of medmix AG, Zug

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of medmix Ltd, which comprise the balance sheet of medmix Ltd as at 31 December 2021, and the income statement of medmix Ltd and the statement of changes in equity of medmix Ltd for the year then ended, and notes to the financial statements of medmix Ltd, including a summary of significant accounting policies.

In our opinion the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

Rolf Hauenstein Licensed Audit Expert Auditor in Charge	Simon Niklaus Licensed Audit Expert

Zurich, February 21, 2022

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Imprint

Published by:
medmix Ltd, Zug, Switzerland

Publishing system:
ns.wow by mms solutions AG, Zurich, Switzerland

Layout and illustrations:
wirDesign, Berlin/Braunschweig, Germany

Project management:
IRF Reputation AG, Zurich, Switzerland

Photographs:
Geri Krischker, Zurich, Switzerland (portraits)

Key visuals:
Office for spatial identity OFSI GmbH, Zurich, Switzerland

Disclaimer

This report may contain forward-looking statements, including, but not limited to, projections of financial developments and future performance of materials and products, containing risks and uncertainties. These statements are subject to change based on known and unknown risks and various other factors that could cause the actual results or performance to differ materially from the statements made herein.

Rounding

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios, percentages and variances are calculated using the underlying amount rather than the presented rounded amount.

Tables

Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Dashes (–) generally indicate that the respective figure is zero, while a zero (0.0) indicates that the relevant figure has been rounded to zero.