

# High-precision delivery

Annual report 2022



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## Dear Shareholders,

Our first complete year as an independent company was full of new products and commercial success. But it was also characterized by unusual and volatile geopolitical and market conditions. The market momentum of the first quarter gave way to renewed uncertainty as the war in Ukraine added to the continuing inflation of raw material, energy and labor costs, and the threat of recession. Despite these challenges, we successfully navigated through the year, reaching ambitious milestones thanks to our customers, our strong business model and the tireless efforts and engagement of our employees.

### Growth in both business areas

We grew in both our Healthcare and Consumer & Industrial business areas, despite the normalization of demand after COVID-19.

Healthcare grew 9% compared to the previous year. Revenue in our Dental segment was up 6%, Drug Delivery was up 21% and the Surgery segment grew by 1%. The Healthcare business area capitalized on the recovery in scheduled treatments and elective surgeries.

The Consumer & Industrial business area grew by 4% compared to 2021. The Beauty segment demonstrated continued post COVID-19 recovery boosted by new product launches, growing at 19% for the year. Industry revenue was 8% lower than the previous year, fully due to the temporary headwinds generated by the sanctions on our factory in Poland.

### Continued focus on Innovation and Sustainability

Innovation continues to be a key driver for our success. Among the groundbreaking launches in 2022 is our micro-bristle applicator. This cutting-edge technology enables the precise application of liquid substances or serums, has been recognized with great enthusiasm by consumers as well as industry experts, and has resulted in immediate commercial success.

Boosting our Drug Delivery portfolio, PiccoJect™, a disposable two-step autoinjector designed for subcutaneous injection, won the prestigious Good Design™ Award 2022 in the Medical category. Sold under our Haselmeier brand, this product is offered as a full-service platform, combining product development, design verification, final assembly, secondary packaging, labeling, and serialization. Since its introduction at Pharmapack in Paris in May 2022, PiccoJect already secured its first customization order in 2022.

We continued to strengthen our sustainability core in 2022. We were proud to commit to the UN Global Compact, supporting and acting to achieve the Sustainable Development Goals. Our Beauty brand GEKA received a B rating from CDP for managing climate impact in our supply chain. We also launched recycled resin mascara packaging, which reduces CO<sub>2</sub>(eq.) emissions, water, and waste offering a more sustainable option for consumers. In our Industry segment, we launched the first cartridge made of 100% recycled materials with our MIXPAC™ greenLine™ B-System as well as the upgrade of the F-System with a 100% recycled greenLine™ bayonet ring.

“Innovation is the driving force behind our continued growth, allowing us to stay ahead in a constantly evolving market, and cement our position as a leader in sustainability.”

**Girts Cimermans** Chief Executive Officer



### Investing for growth with an expanding global footprint

2022 was also a year of growth and global expansion for the organization. A key milestone on this journey was securing a site for our new state-of-the-art Healthcare manufacturing facility in Atlanta, which will include clean room operations and positions us in the world's largest Healthcare market.

Additionally, we acquired the plastics business of the Valencia-based Universal de Suministros, S.L., Spain, and will leverage this acquisition to build a new European production hub for the Industry segment. We plan to start manufacturing in Valencia in the first half of 2023.

Reflecting our ambitious growth plans, we also signed an agreement to acquire a majority stake in Qiaoyi, a Chinese beauty manufacturing business, thus bringing to life our local-for-local strategy for this key market.

"'Agility' is not just a management buzzword, it is a vital component for success at medmix. We are dedicated to shaping our path forward with purpose and foresight to maintain our position at the forefront of the industry."

**Greg Poux-Guillaume**  
Chairman of the Board of Directors



### **Resolving the impact of sanctions in Poland**

We have deconsolidated and are in discussions to sell our manufacturing operations in Wroclaw, Poland, because of the decision made by the Polish government to place medmix Poland sp. Z.o.o. under sanctions in April 2022. medmix firmly believes this decision, based on the presence of a sanctioned financial investor in our capital structure, is erroneous and is contesting it in court. We have mitigated the impact by increasing production in our plants in Haag (Switzerland), Elgin (USA), and Shanghai (China). We are also ramping up Universal de Suministros as our new Industry manufacturing hub in Valencia (Spain).

We are well on our way to recovering our Industry segment output volumes in the fastest way feasible and do not expect any long-term impact.

### **Financial results**

All segments delivered accelerated revenue growth in 2022, except for the Industry segment that was impacted by the closure of the plant in Poland. We closed the financial year 2022 with revenue of CHF 477 million, an increase of 6% compared to the previous year. Adjusted EBITDA was CHF 105 million, resulting in an adjusted EBITDA margin of 22% compared to 25% in 2021, driven by higher costs from the relocation of production, ongoing inflationary pressures, and mix. Free cash flow was CHF 10 million, reflecting higher inventory levels and capital investments made to minimize supply chain disruptions.

### **Further progress as independent company**

2022 was the first full year for medmix as an independent company after the spin-off from Sulzer. We have moved ahead on this journey by relocating our headquarters to Baar (Switzerland) in April, building our own competencies to reduce reliance on the shared service agreement with Sulzer and further building our own talent bench.

### **Outlook**

In 2023, we anticipate continued revenue growth above market rates across all our segments. With demand expected to normalize as the post COVID-19 recovery continues, we target a 5% to 7% growth in revenue. Return to full capacity and a more normalized cost base in Industry and an improved revenue mix overall will result in an adjusted EBITDA margin of 23%.

With our new production facilities in Spain and the US, and exciting investments in R&D, we expect an elevated capital expenditure level at 14% of revenue in 2023 (9% excluding the investment in Spain). For the financial year of 2022, we intend to pay a dividend of CHF 0.50 per share.

Our medium-term ambition remains unchanged with revenue growing at a compound annual growth rate (CAGR) of 8% and an adjusted EBITDA margin of 30%, a target delayed in the short term by the closure of our site in Poland but reinforced in the medium term by our new set-up in Valencia. This increase in profitability will be achieved through an increased share of revenue in the Healthcare business area, which is expected to grow faster and with higher margins than the Consumer & Industrial business area, as well as an increase in operational leverage.

Our 2023 priorities:

- Continue on our path of innovation and sustainability.
- Deliver to our Industry customers from the new plant in Valencia.
- Operationalize the new Healthcare production site in Atlanta, with FDA certification.
- Leverage our Chinese Beauty acquisition for local-for-local growth in the second largest cosmetic products market in the world.
- Continue to pursue acquisition opportunities whenever they create strong value.

#### Thank you

Our employees bring to life our mission of providing innovative solutions to help millions of people live healthier and more confident lives. We thank them for their exemplary engagement and hard work. We are also grateful for the support and collaboration of our customers and business partners. Lastly, on behalf of the Board of Directors and Management, we thank you for your continuing trust in medmix.



Greg Poux-Guillaume  
Chairman of the Board of Directors



Girts Cimermans  
Chief Executive Officer

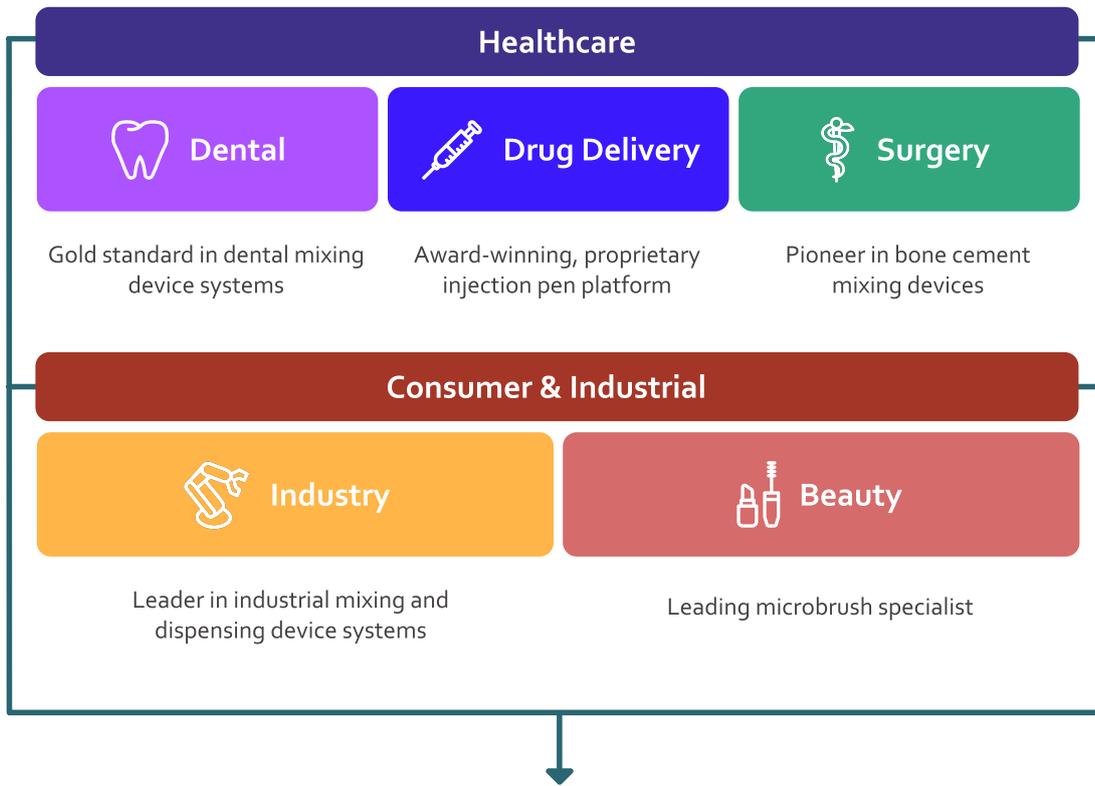


medmix Surgery: ErgoSyringe

## medmix at a glance

We design, develop, manufacture and deliver innovative high-precision devices and services for the mixing, application and delivery of liquids in a wide range of viscosities with up to two components 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 segments benefit from our diversified exposure to growing end markets that are supported by long-term mega trends, such as the growing middle class, an aging population 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 segments. In the Dental 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 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 segment, our mixing and delivery devices are used to inject bone tissue and to apply hemostatic sealants for internal and external wound treatment during surgical procedures.

## Innovative, high-precision delivery

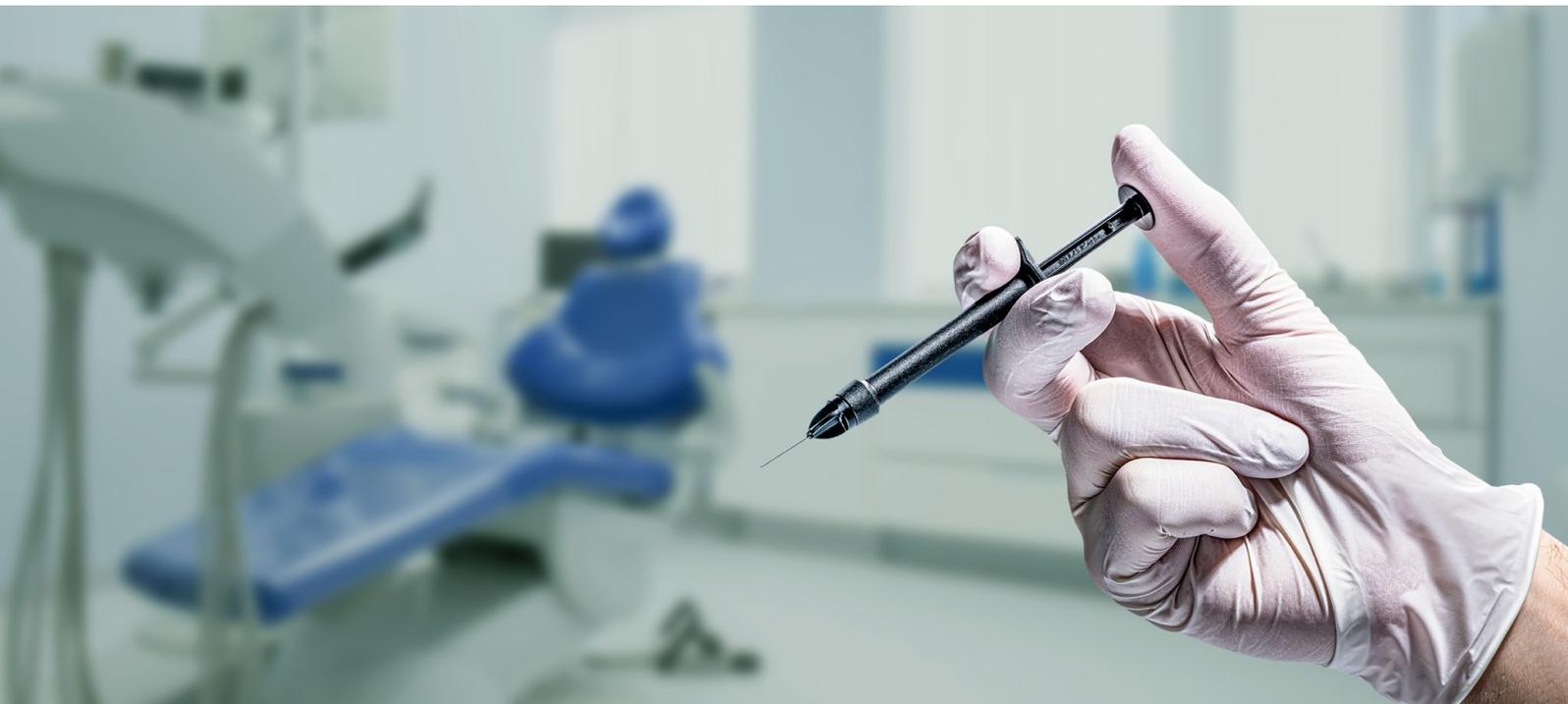
In our Consumer & Industrial business area, we operate through the Industry and Beauty segments. In the Industry segment, our dispensers, cartridges, and mixers are used in the construction, transportation (automotive, railways and aerospace), electronics assembly, infrastructure and DIY industries. In the Beauty segment, our micro-brushes are used for the application of makeup treatments, such as lash & brow serum or spot correctors, as well as for the application of skincare treatments such as anti-aging serums, e.g., vitamin C serums.

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

## Our intellectual property

In 2022, close to half our revenue was derived from products protected by approximately 900 active patents and other medmix intellectual property (IP) rights such as trademarks and registered designs. In addition, we benefit from well-established, co-development and customer-centric innovation processes that have always had a high priority at medmix, resulting in a thorough understanding of our customers' needs captured through extensive design and production know-how.

We operate 14 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.

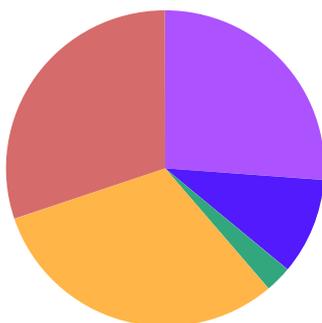


medmix Dental: 1-component system 1mL syringe

## Our key figures

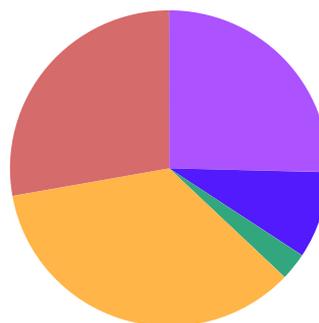
Our revenue increased by 5.7% (5.7% organically). We delivered profitability of 22.1% adjusted EBITDA margin and a free cash flow of CHF 10.3 million.

Share of revenue by market segment 2022



- 26.2% Dental
- 9.9% Drug Delivery
- 2.7% Surgery
- 31.1% Industry
- 30.2% Beauty

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	2022	2021	Change in +/-%	+/-% adjusted <sup>1)</sup>	+/-% organic <sup>2)</sup>
Revenue	477.1	457.3	4.3	5.7	5.7
Gross profit	175.4	181.2	-3.2		
Operating income (EBIT)	19.6	59.9	-67.3		
EBITDA	70.7	111.7	-36.7		
Adjusted EBITDA	105.4	114.5	-7.9		
Adjusted EBITDA margin	22.1%	25.0%			
Net income attributable to shareholders of medmix Ltd	11.6	44.0	-73.7		
Basic earnings per share (in CHF)	0.28	1.07	-73.6		
Free cash flow (FCF)	10.3	55.6	-81.4		
Net debt as of December 31	156.7	110.9	41.3		
Employees (number of full-time equivalents) as of December 31	2'067	2'036	1.5		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

## Stock market information

	2022	2021
Registered share (in CHF)		
– high	47.00	48.44
– low	15.70	41.00
– year-end	17.60	45.16
Market capitalization as of December 31		
– number of shares issued	41'262'370	41'262'370
– in millions of CHF	726	1'863
– in percentage of equity	144%	349%
P/E ratio as of December 31	62.4x	42.2x
Dividend yield as of December 31	2.8%	1.1%

## Data per share

CHF	2022	2021
Net income attributable to a shareholder of medmix Ltd	0.28	1.07
Equity attributable to a shareholder of medmix Ltd	12.20	12.90
Ordinary dividend	0.50 <sup>1)</sup>	0.50
Payout ratio	177%	47%
Average number of shares outstanding	40'957'744	41'161'439

1) Proposal to the Annual General Meeting.

## Shareholder structure as per December 31, 2022

Number of shares	Number of shareholders	Shareholding
1–100	3'127	0.4%
101–1'000	4'677	4.2%
1'001–10'000	743	4.9%
10'001–100'000	91	5.8%
More than 100'000	23	55.1%
<b>Total registered shareholders and shares (excluding treasury shares medmix Ltd)</b>	<b>8'661</b>	<b>70.4%</b>

## 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%
<b>Total registered shareholders and shares (excluding treasury shares medmix Ltd)</b>	<b>9'324</b>	<b>66.8%</b>



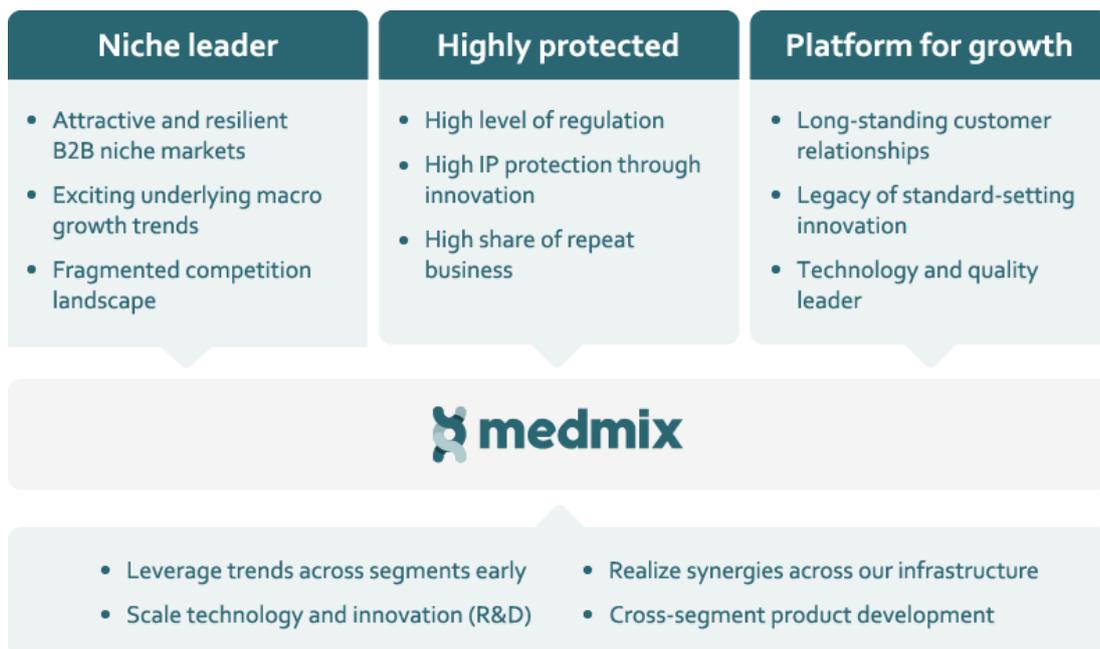
medmix Beauty: Micro-bristle applicator pureIDENTITY

# Strategy

## Platform for growth

Our heritage is one 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 Industry applications into the Dental, Drug Delivery, Surgery and Beauty segments. In each of our segments, we have identified profitable and resilient niche markets with strong customer relationships, and long-term growth, supported by global trends such as a growing middle class, an aging population, increased urbanization, self-administered treatment and sustainability.

### High-precision delivery devices in attractive end markets



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

 <p><b>Growing middle class</b></p>	<ul style="list-style-type: none"> <li>• Emerging markets shift away from hand- to device-mixing</li> <li>• Trend to unit-dose to avoid cross contamination</li> <li>• Growing number of dentists in emerging markets</li> </ul>
 <p><b>Aging population</b></p>	<ul style="list-style-type: none"> <li>• Trend towards self-injection at home</li> <li>• Growth in biosimilars for self-administration</li> <li>• Increasing number of biologics in pipelines</li> </ul>
 <p><b>Urbanization</b></p>	<ul style="list-style-type: none"> <li>• Increasing use of bone cement for trauma</li> <li>• More biomaterials in wound healing reducing post-op risks</li> </ul>
 <p><b>Healthcare at home</b></p>	<ul style="list-style-type: none"> <li>• Shift to adhesive bonding due to cost and time savings</li> <li>• Innovative adhesives and sealants expanding application areas</li> </ul>
 <p><b>Sustainability</b></p>	<ul style="list-style-type: none"> <li>• Increasing customization and premiumization – even for mass market products</li> <li>• Demand for sustainable materials and local supply chains</li> <li>• Indie and mid-sized brands demanding full-service offering</li> </ul>

## Innovative, trend-oriented product development

We are a lean, innovative and customer-centric solutions provider and aim to further exploit our strategic setup across all 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 segments. In this context, we were able to further advance innovation, with a sustainability mindset, in all segments, as part of the medmix DNA. Especially in the Beauty segment further sustainability achievements were made as medmix was awarded the EcoVadis Platinum Medal for Sustainability, thus placing our Beauty business in the top 1% of the companies rated within this industry. Not only were we the first company in the Beauty industry to achieve this distinction, we also have been able to maintain it for the third year in a row. Additionally, we cemented medmix as a pioneer in the Industry segment as our sustainable EcopaCC™ and greenLine™ product offerings have been favorably received by the market. We are committed to reducing the CO<sub>2</sub> footprint of our whole supply chain in the coming years, providing our customers with sustainable solutions.

## M&A focus

We have an established M&A track record over the past 16 years, by concentrating on acquiring companies that ensure a strong strategic fit with our existing product offering globally. Our M&A strategy comprises two pillars:

- For Healthcare, we aim to focus on expanding our core product portfolio and enter into adjacencies
- For Consumer & Industry, our focus will be local-for-local acquisitions in China to take advantage of the growth in the local markets

During 2022, we acquired the plastics business of Universal de Suministros, S.L., Valencia, Spain, enabling medmix to rapidly scale up production for our Industry segment, replacing the capacity from our closed plant in Poland and accommodating the growing demand from European and global customers.

“Our long-standing M&A expertise, demonstrated over the past 16 years through strategic company acquisitions, reinforces our dedication to expanding our product offering globally.”

Jennifer Dean      Chief Financial Officer



## One year as an independent company

We advanced our spin-off and closed 2022 as our first year in full independence. We have served the needs of our customers without a transitional impact from the spin-off. The listing on the Swiss stock exchange has helped medmix to sharpen the company's profile as an emerging healthcare business, increasing our visibility both to investors and customers. It also contributed to our profile as an employer, helping to attract talent from around the world.



medmix Dental: 2-component system 5 mL cartridge

# Business review

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medmix Dental: 1-component system 5mL cartridge

## Financial review

### Resilience and growth in 2022

medmix closed the financial year 2022 with a revenue of CHF 477.1 million, an increase of 5.7% compared to the previous year, despite significant geopolitical headwinds. All segments delivered accelerated revenue growth except for the Industry segment that was impacted by the closure of the plant in Poland. Profitability was adversely impacted by global cost inflation, where we successfully secured price increases but with some time lag, and the significant additional costs arising from our Industry mitigation plan. Overall, we delivered 22.1% adjusted EBITDA margin, down from 25.0% in 2021. We generated free cash flow of CHF 10.3 million in 2022, heavily impacted by the Industry market segment volume shortfall and additional one-off costs of the mitigation plan resulting from the Polish sanctions and higher inventory levels and capital investments to ensure compensate for minimal supply chain disruptions.

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

“Our employees demonstrated resilience, resourcefulness and customer centricity to deliver 6% growth and 22% profitability during a turbulent year impacted by geopolitical events and the erroneous sanctioning of our Polish legal entity.”

**Jennifer Dean** Chief Financial Officer



## Revenue growth and commercial success despite geopolitical headwinds

In 2022, medmix delivered revenue of CHF 477.1 million, an increase of CHF 19.8 million (5.7% organically) compared to the previous year. Without the impact of the Poland shutdown (circa CHF 30 million) year-on-year growth would have been circa 11.8%.

The Healthcare business area grew 9.2% to deliver CHF 184.9 million in revenue, capitalizing on the recovery in scheduled treatments and elective surgeries. Our Dental market segment grew 5.8% to CHF 125.1 million as demand normalized after the COVID-19 recovery. Our Drug Delivery market segment recorded CHF 47.0 million revenue, an impressive growth of 21.4% derived from product and project sales. The Surgery market segment revenue grew 1.3% to CHF 12.8 million, with strong tissue bank sales growth compensating the impact of overstocking of a key customer in the prior year. The Healthcare business now represents 38.8% of medmix' revenue, up from 37.1% in the prior year.

The Consumer & Industrial business area grew 3.6% to deliver CHF 292.3 million in revenue. Our Beauty market segment showed strong growth as expected, increasing 18.6% to CHF 144.1 million, as the restrictions in retail and travel due to COVID-19 were lifted and product launches resumed. Our Industry market segment was impacted by the temporary headwinds generated by the sanctions on our factory in Poland. Revenue was down 8.2% to CHF 148.2 million after an impressive start to 2022 that indicated high single digit growth would be achieved.

## Business area gross profit impacted by Polish sanctions

The business area gross profit margin was 45.7% in 2022, a decline of 250 basis points versus the previous year, driven primarily by the impact of the sanctions on our Poland legal entity and cost inflation due to geopolitical uncertainty.

The Healthcare business area gross profit margin was stable year-on-year at 61.0% due to successful price increases to compensate for cost inflation and improvements in operational efficiency.

The Consumer & Industrial business area gross profit margin was 36.0%, down 470 basis points. Price increases were secured in both segments to address cost inflation. The decrease is driven by higher costs in the Industry segment resulting from mitigation actions to address the loss of production in Poland.

## Profitability impacted by geopolitical events

medmix delivered profitability of 22.1% adjusted EBITDA margin in 2022, a good result given the headwinds we faced, although 290 basis points lower than the previous year. Geopolitical events and uncertainty lead to global cost inflation, for which secured price increases were slightly lagging in time. Mix in the second half was somewhat unfavourable. The primary driver of the decrease, however, was the higher costs incurred to relocate production and ensure that we continued to serve our customers despite the unforeseen and immediate cessation of production in Poland.

### Bridge from operating income (EBIT) to adjusted EBITDA

millions of CHF	2022	2021
Operating income (EBIT)	19.6	59.9
Depreciation	28.8	28.7
Amortization	20.8	22.2
Impairments on tangible and intangible assets	1.5	0.9
<b>EBITDA</b>	<b>70.7</b>	<b>111.7</b>
Restructuring expenses	1.1	0.3
Non-operational items <sup>1)</sup>	33.6	2.5
<b>Adjusted EBITDA</b>	<b>105.4</b>	<b>114.5</b>

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. In 2022, CHF 30 millions of non-operational costs are related to the sanctions on our Polish plant in the form of additional costs to relocate production and deconsolidation of the entity from the consolidated financial statements.

### Adjusted EBITDA margin

millions of CHF	2022	2021
Adjusted EBITDA	105.4	114.5
Revenue	477.1	457.3
<b>Adjusted EBITDA margin</b>	<b>22.1%</b>	<b>25.0%</b>

## Financial income and expenses

Interest expenses on borrowings and lease liabilities were CHF 6.5 million, down from CHF 8.1 million in 2021 as a result of the group establishing new funding arrangements after the spin-off from the Sulzer group. Other financial expenses amounted to CHF 1.6 million in 2022, compared to CHF 0.5 million in 2021.

## Income tax expenses

The effective income tax rate in 2022 is 5.1%, compared to 14.3% in 2021. The lower income tax rate in 2022 is mainly the result of tax-deductible impairments of foreign subsidiaries, partly offset by deconsolidating the net assets of medmix Poland. Without the effects of foreign subsidiaries impairments and deconsolidating the net assets of medmix Poland, the effective income tax rate would have been 14.2%.

## Key balance sheet positions

Total assets as of December 31, 2022 amounted to CHF 1'105.9 million, an increase of CHF 131.5 million.

Non-current assets decreased from CHF 634.7 million in 2021 to CHF 617.0 million in 2022. Purchases of property, plant and equipment of CHF 36.4 million and higher lease assets of CHF 5.9 million were more than offset by depreciation (CHF 28.8 million), amortization (CHF 20.8 million) and the deconsolidation of medmix Poland (CHF 20.0 million). Negative currency translation effects on non-current assets amounted to CHF 21.7 million.

Current assets increased by CHF 149.3 million to CHF 489.0 million, mainly due to higher cash and cash equivalents (CHF 103.7 million). Besides regular cash flow generation and investing activities, the increase in cash and cash equivalents is also the result of higher borrowings after drawing the revolving credit facility in the amount of CHF 150.0 million. Inventories increased by CHF 12.6 million to secure supply availability for our customers despite the unforeseen cessation of production in Poland. Trade accounts receivable increased by CHF 31.1 million driven by 5.7% higher revenue.

Equity amounted to CHF 504.8 million in 2022, compared to CHF 533.9 million in 2021. The dividend distribution of CHF 20.5 million, currency translation differences of CHF 11.9 million, acquisition of treasury shares of CHF 6.1 million and remeasurement of defined benefit plans of CHF 4.7 million reduced equity. Net income for the year added CHF 11.6 million to equity.

Non-current liabilities increased by CHF 6.9 million to CHF 330.0 million. The main driver were higher borrowings of CHF 8.0 million, higher lease liabilities of CHF 4.7 million linked to the new Healthcare site in Atlanta, USA, partly offset by lower deferred income tax liabilities of CHF 3.5 million and lower income tax liabilities of CHF 1.7 million.

Current liabilities increased from CHF 117.4 million in 2021 to CHF 271.1 million in 2022. The increase is mostly related to higher borrowings since the group drew the syndicated credit facility amounting to CHF 150.0 million in 2022 to secure liquidity for current and future growth.

Net debt increased in 2022 by CHF 45.8 million to CHF 156.7 million. Net debt to adjusted EBITDA ratio was 1.49 in 2022, compared to 0.97 in 2021.

## Solid free cash flow generation

Cash flow from operating activities was CHF 47.6 million, down from CHF 87.3 million in 2021, mainly as a result of lower net income and higher net working capital. Net income was impacted by non-operational costs related to the sanctions on our Polish plant, in the form of additional costs to relocate production and deconsolidation of the entity from the consolidated financial statements. Higher revenues and securing lead times following the unforeseen cessation of production in Poland resulted in an increase in working capital. Trade accounts receivable increased by CHF 37.9 million and inventory grew by CHF 30.5 million.

Cash out from investing activities was CHF 57.0 million, mostly related to the purchase of property, plant and equipment (CHF 36.4 million) and the acquisition of subsidiaries (CHF 14.7 million). Deconsolidating medmix Poland resulted in a cash out of CHF 2.0 million.

Cash flow from financing activities was CHF 116.1 million, mainly related to net proceeds from borrowings of CHF 149.0 million. Dividends paid to shareholders amounted to CHF 15.0 million. The group further purchased treasury shares of CHF 6.1 million to cover its exposure related to share-based payment plans and paid lease liabilities of CHF 8.9 million.

Free cash flow in 2022 was CHF 10.3 million, a decrease of CHF 45.3 million from 2021, mainly related to lower operating cash flow.

### Bridge from cash flow from operating activities to free cash flow

millions of CHF	2022	2021
Cash flow from operating activities	47.6	87.3
Purchase of intangible assets	-2.2	-2.1
Purchase of property, plant and equipment	-36.4	-29.8
Sale of property, plant and equipment	1.3	0.2
Free cash flow (FCF)	10.3	55.6

## Outlook

In 2023, we anticipate continued revenue growth above market rates across all our segments. With demand expected to normalize as the post COVID-19 recovery continues, we target a 5% to 7% growth in revenue. Return to full capacity and a more normalized cost base in Industry and an improved revenue mix overall will result in an adjusted EBITDA margin of 23%.

With our new production facilities in Spain and the US and exciting investments in R&D, we expect an elevated capital expenditure level at 14% of revenue in 2023 (9% excluding the investment in Spain). For the financial year 2022, we intend to pay a dividend of CHF 0.50 per share.

Our medium-term ambition remains unchanged with revenue growing at a compound annual growth rate (CAGR) of 8% and an adjusted EBITDA margin of 30%, a target delayed in the short term by the closure of our site in Poland but reinforced in the medium term by our new set-up in Valencia. This increase in profitability will be achieved through an increased share of revenue in the Healthcare business area, which is expected to grow faster and with higher margins than the Consumer & Industrial business area, as well as an increase in operational leverage.

#### Our 2023 priorities:

- Continue on our path of innovation and sustainability.
- Deliver to our Industry customers from the new plant in Valencia.
- Operationalize the new Healthcare production site in Atlanta, with FDA certification.
- Leverage our Chinese Beauty acquisition for local-for-local growth in the second-largest cosmetic products market in the world.
- Continue to pursue acquisition opportunities whenever they create strong value.

#### 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 the chapter alternative performance measures.



medmix Drug Delivery: Re-Vario™ A

## Healthcare review

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

## Key figures

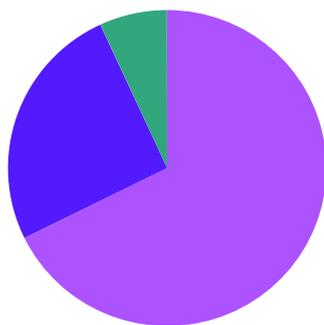
millions of CHF	2022	2021	Change in +/-%	+/-% adjusted <sup>2)</sup>	+/-% organic <sup>3)</sup>
Revenue Dental	125.1	116.3	7.5	5.8	5.8
Revenue Drug Delivery	47.0	40.8	15.1	21.4	21.4
Revenue Surgery	12.8	12.6	1.3	1.3	1.3
<b>Total revenue Healthcare<sup>1)</sup></b>	<b>184.9</b>	<b>169.8</b>	<b>8.9</b>	<b>9.2</b>	<b>9.2</b>
Business area cost of goods sold	-72.1	-66.6	-8.4		
<b>Business area gross profit</b>	<b>112.7</b>	<b>103.2</b>	<b>9.2</b>		
Business area gross profit margin	61.0%	60.8%			

1) Revenue from external customers.

2) Adjusted for currency effects.

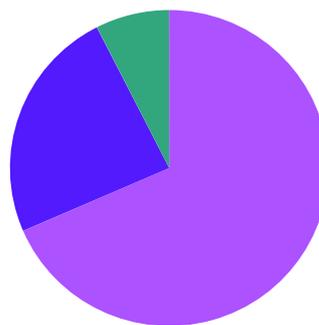
3) Adjusted for acquisition and currency effects.

Revenue by market segment 2022



- 67.7% Dental
- 25.4% Drug Delivery
- 6.9% Surgery

Revenue by market segment 2021



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

## Dental – Strong growth after full recovery from the pandemic slowdown

Revenue in our Dental segment was up to CHF 125.1 million in 2022 compared to CHF 116.3 million in 2021, an increase of 5.8% year-on-year reflecting the high order backlog in the beginning of 2022 as the markets recovered from the pandemic slowdown. Business is now at pre-pandemic levels even though dental occupancy rates have not yet recovered in all markets, especially the US.

Our Dental 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.



Our MIXPAC™ original two- and one-component system solutions are meticulously matched to ensure safe and reliable compatibility between all components as well as an efficient time-saving workflow.

We conducted numerous collaborative development and ideation meetings together with our customers in 2022. As a result, we grew our product development pipeline substantially. The resulting first launches are already planned for Q1 2023.

Our growth in this area is fueled by a focus on innovation, sustainability, the creation of new products, and numerous collaborative developments. As we look towards the future, innovation remains a top priority, fueling our commitment to delivering game-changing solutions and continued growth.

## Drug Delivery – Profiting from key trends and new products

The revenue in our Drug Delivery market segment was CHF 47.0 million, growing by an impressive 21.4% compared to the 2021 revenue of CHF 40.8 million.

In May 2022, medmix launched PiccoJect™, an innovative, highly compact and customizable two-step autoinjector, a small device designed for high performance. This new product will address a market projected to grow by more than 10% CAGR due to strong growth in biologics and biosimilars. In December 2022, we signed the first customization order for PiccoJect, signaling its strong attractiveness for pharma customers.

In 2022, medmix Drug Delivery (Haselmeier™) and the AARDEX® Group announced joining forces to improve the self-administration of injectable drugs in clinical trials. Given the AARDEX Group's and Haselmeier's decades long experience in the pharma industry, the collaboration comes naturally. It complements the offering of both companies in clinical testing. This evidence-based approach can make the difference between failed and successful clinical trials.

## **Surgery – Strong growth from the tissue bank market**

In 2022, our Surgery segment delivered revenue of CHF 12.8 million, a 1.3% increase over the prior year revenue. The segment recovered strongly from the pandemic-induced reduction in elective surgeries in 2021. The year-on-year growth rate was negatively impacted by overstocking by a large customer in 2021 even though the tissue bank revenue recorded impressive growth rates of 52.3%.

Our Surgery segment is specialized in the design and production of surgical delivery devices of biomaterials for trauma, bone repair and tissue regeneration. Its portfolio includes the new Ergosyringe for dental and maxillofacial surgeries. We continued to focus on growing our business by collaborating with tissue banks and large original equipment manufacturer (OEM) customers on designing and developing tailor-made solutions for managing their biomaterials. In 2022, we signed a co-development agreement with a major global OEM that will support our growth for the next years. For the benefit of US customers of all three segments in Healthcare, we signed a lease in January 2022 for a new production facility in Atlanta, USA. We will invest CHF 20 million and create 200 jobs in this 300,000 square feet facility. Commercial production should commence towards the end of 2023.

### **Definition of alternative performance measures (APMs):**

For the definition of the alternative performance measures, please refer to the chapter [alternative performance measures](#).



medmix Industry: MIXPAC™ greenLine™ 50 mL system

## Consumer & Industrial review

In our Consumer & Industrial business area, we provide our customers with high-quality products and outstanding services adapted to our customers' needs. The Industry segment designs, develops 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 in the DIY market. Micro-brushes and applicators for eyes, eyelashes, lips and facial make-up are the most important products of our Beauty segment. They are sold to a broad customer base that ranges from the most iconic names in the beauty industry to independent ("Indie") labels and regional brands.

## Key figures

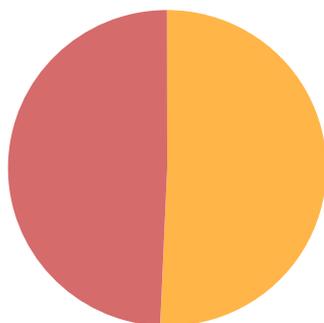
millions of CHF	2022	2021	Change in +/-%	+/-% adjusted <sup>2)</sup>	+/-% organic <sup>3)</sup>
Revenue Industry	148.2	160.5	-7.7	-8.2	-8.2
Revenue Beauty	144.1	126.9	13.6	18.6	18.6
<b>Total revenue Consumer &amp; Industrial<sup>1)</sup></b>	<b>292.3</b>	<b>287.5</b>	<b>1.7</b>	<b>3.6</b>	<b>3.6</b>
Business area cost of goods sold	-187.0	-170.3	-9.8		
<b>Business area gross profit</b>	<b>105.3</b>	<b>117.1</b>	<b>-10.1</b>		
Business area gross profit margin	36.0%	40.7%			

1) Revenue from external customers.

2) Adjusted for currency effects.

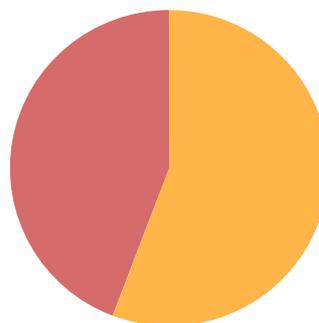
3) Adjusted for acquisition and currency effects.

Revenue by market segment  
2022



● 50.7% Industry  
● 49.3% Beauty

Revenue by market segment  
2021



● 55.8% Industry  
● 44.2% Beauty

## Strong performance in the Industry segment despite the impact from sanctions

In our Industry segment, we achieved a revenue of CHF 148.2 million compared to CHF 160.5 million in 2021. This decrease of 8.2% is driven by the erroneous sanctions imposed by the Polish government on the medmix manufacturing site in Poland. Although medmix swiftly increased manufacturing capabilities in other locations after the suspension, it was not possible to fully compensate for the impact. The adoption of adhesives and sealants continues to increase across multiple industries, especially in the automotive sector due to the ongoing strong sustainability trend accelerating demand for electric vehicles. Before the imposition of sanctions, we were on track for a year of high single digit growth in 2022.

In October, we acquired the plastics business of Universal de Suministros, a Spanish manufacturer of cartridges, mixers and accessories for construction and industrial adhesives. The team and the know-how in Valencia (Spain) will enable medmix to rapidly scale up production for its Industry segment, accommodating the growing demand from European and global customers, beyond securing existing customer commitments. medmix will invest CHF 20 million to ramp up production at this site with 110,000 square feet, creating approximately 180 new jobs in the Valencia region.



Our premium quality precision mixing tips and cartridges are designed and engineered in Switzerland, offering optimal, reproducible results.

The Industry segment delivered significant innovation milestones in 2022 as we look to the future despite the turbulence caused by the Polish sanctions: the launch of the first cartridge with 100% recycled materials with our MIXPAC™ greenLine™ B-System, the upgrade of our F-System with a 100% recycled greenLine™ bayonet ring and the launch of the first MK dispenser on a post-consumer recycled (PCR) basis as a sustainable option.

With the acquisition of a new plant in Spain, the launch of cutting-edge, innovative products, and a resurgence in the Beauty segment, 2022 was a hallmark year that reinforced our status as a dominant player in the market.

## Strong recovery spurs growth in Beauty

Our Beauty segment recovered strongly from the pandemic, delivering revenues of CHF 144.1 million compared to 126.9 million in 2021 18.6% year on year. Compared to other segments, Beauty was impacted longer by the pandemic due to continuing travel and retail restrictions in most parts of the world. The double-digit revenue growth achieved confirms that the market recovery is back to pre-pandemic levels.

In terms of innovation we launched several successful products in our new micro-bristle applicator range in 2022, with more in the pipeline for 2023. Applications range from lash serums to skincare, in line with our strategy of stepping beyond mascara, our historical core, and are with customers new to GEKA and medmix.



GEKA micro-bristle applicators allow exact matching to the application, product, and customer requirements while offering pure pharma-grade plastic with no use of glues, fibers, metal or additives, thereby reducing product waste.

Our Beauty segment had every reason to celebrate its pursuit of its sustainability goals in 2022. GEKA was awarded a B Supplier Engagement Rating (SER) by CDP for reducing the impact of its supply chain on the climate in February. The Bechhofen facility received an EcoVadis Platinum sustainability rating for the third time in a row, placing it in the top 1% of companies within the same industry. GEKA also released its first Sustainability report, further outlining the commitment to and progress towards the company's sustainability goals. The Beauty segment plays a leading role in medmix with respect to the development of sustainable designs, materials and production processes. Products can contain up to 93% of PCR and bio-based material.

### Definition of alternative performance measures (APMs):

For the definition of the alternative performance measures, please refer to the chapter [alternative performance measures](#).



medmix Beauty: Natural mascara PCR brush

# Sustainability review

# Sustainability review

medmix understands its responsibility with regard to our impact on the environment and society, both within the company and in the various communities where we operate. Therefore, the company has continued to accelerate sustainability efforts aimed at minimizing any detrimental impacts, maximizing the benefits and future-proofing growth. At the same time, we invest in building capabilities to adjust to the evolving regulatory landscape and spurring competitiveness and innovation.

"At medmix, we bring innovation to life by continuously improving our processes, products, and solutions focused on sustainability for the future of our employees, our communities, and our customers."

**Itee Satpathy**  
*Chief Human Resources, Sustainability & Communication Officer*



## Sustainability Framework

The medmix approach to Sustainability revolves around *People, Planet* and *Profit* – understood to be prosperity as this goes beyond the financial profit of our company.

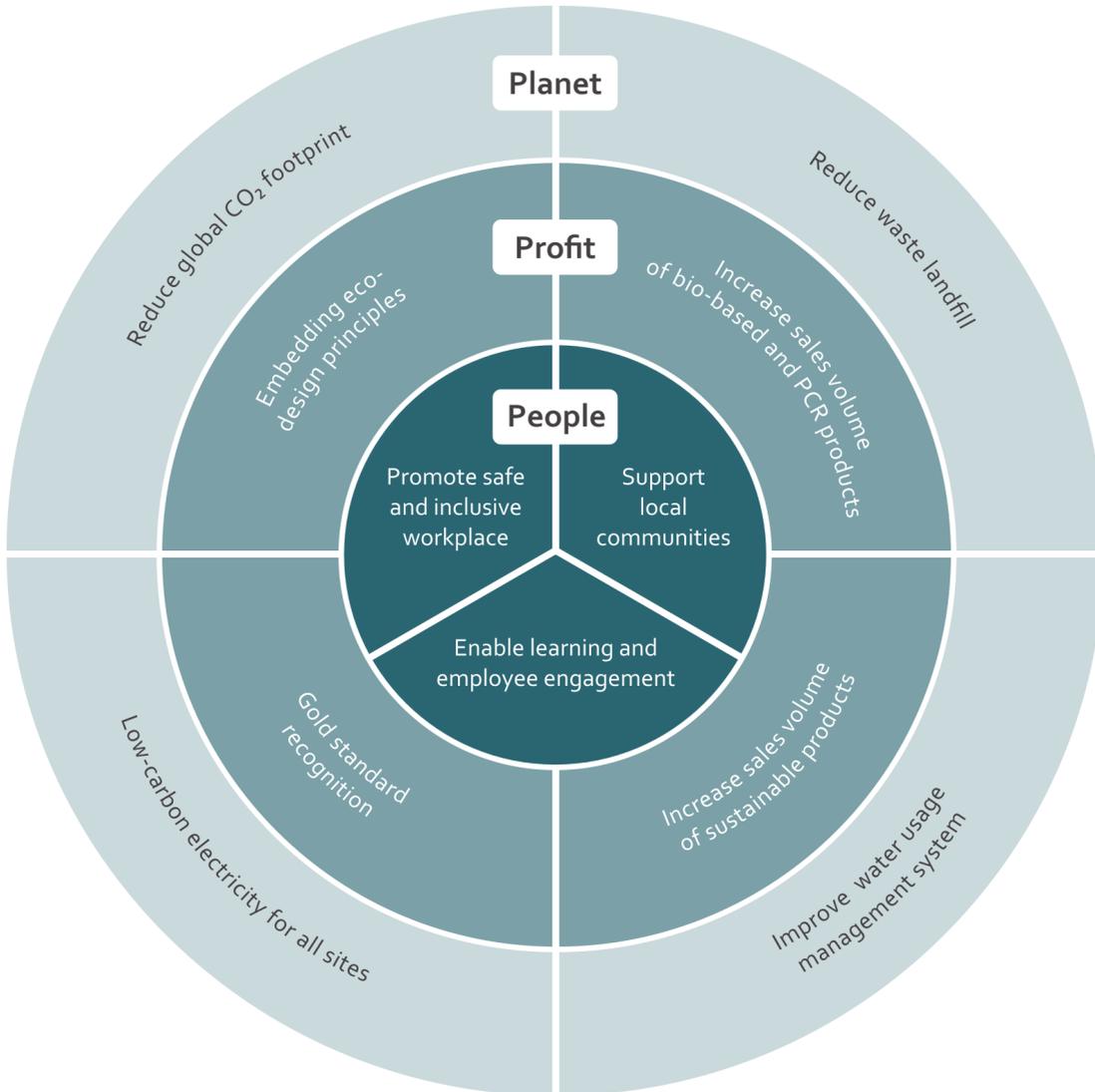
Through our business and stakeholders’ analyses, we identified current macro trends including mitigating climate risk, stakeholder capitalism, shifts in customer preferences, compliance with current and emerging legislation, water scarcity, biodiversity, and resource preservation.

Responding to these trends, we have continued identifying, and assessing our materiality and impacts to strengthen our sustainability strategy and adjust our roadmap to deliver against our ambitious targets.

We deploy robust site environmental and occupational health & safety management systems to drive sustainable performance, recognizing and developing our teams and supporting our local communities.

Our Values guide our Actions:

- Operate responsibly to protect the *Planet* by continuously improving our performance and reducing our impacts
- Innovate to *Profit* the environment and society by increasing the recyclability of products, investigating circularity, and developing and respecting our Eco-design Principles to address climate change, transportation, and waste
- Respect and empower our diverse teams of *People* and support the local communities



### United Nations Global Compact

In 2022, medmix committed to the United Nations Global Compact, and making its principles part of our strategy. We support the Sustainable Development Goals (SDG) and act to help achieve them.

The sections below provide an initial overview of sustainability topics, their relationship with the SDG and outline how we intend to manage them. The information in the tables reflects our sustainability management system at the end of 2022 or related to 2022.

## Overview of our area of focus

### Planet

At medmix, we recognize the importance of taking a science-based approach to the reduction of our greenhouse gases to meet the goals of the Paris Agreement in limiting global warming to well-below 2°C above pre-industrial levels, and to pursue efforts to limit global warming to 1.5°C.

To accelerate our corporate actions, we have committed to the Science Based Targets initiative, and will define our baseline and targets within the required timeframe.

During 2022, medmix was assessed according to CDP Climate Change, and achieved an “awareness” (C) rating, thus achieving our target 3 years ahead of schedule.

SDG Contributions:



Details of our progress towards our targets are as follow:

**Planet**

Description	Target	Progress
<b>Management Systems</b>		
Strive to continuously improve environmental performance	100% of manufacturing sites certified according to ISO 14001 standard by 2025	33% of 12 manufacturing sites have achieved ISO 14001 certification This is aligned with the expected timeline
	100% of manufacturing sites certified according to ISO 50001 standard by 2025	1 manufacturing site has achieved ISO 50001 certification This is aligned with the expected timeline
<b>Climate Change</b>		
Aim to achieve Net Zero greenhouse gas emissions	Reduce medmix-own emissions <sup>1</sup> by -30% by 2025	medmix committed to SBTi (Science Based Targets initiative) and has been accepted. The formal reduction targets will be confirmed within 24 months as per the requirements  The company's annual emissions improvement will be publicly communicated once it has been externally verified
	Reduce value chain emissions by 50% by 2030	
Drive transition to low-carbon electricity	100% of medmix sites supplied with low-carbon or renewable electricity by 2025	11 of 15 sites sourced low-carbon electricity (106399 GJ, representing 73% of the total consumption) This is an increase of 3 sites and up from 63% in 2021
Focus on energy efficiency	Year-on-year improvement in energy efficiency indexed to revenue	244736 GJ of energy were consumed during 2022, equivalent to 0.51 GJ/kCHF revenue This is an increase of 1.6% versus the previous year
		The energy efficiency was impacted by site expansion and a correction to previously reported 2021 data in 1 site
<b>Water Stewardship</b>		
Access to safe drinking water and sanitation	Complete WASH assessment for all manufacturing sites in 2023	Our sites in Shanghai, Sao Paulo and Bengaluru lie in water scarcity areas according to the Aqueduct Water Risk Atlas  In 2023, for the first time, all our manufacturing sites will be assessed to ensure safe access to drinking water and sanitation for our employees
Focus on water withdrawal	Year-on-year improvement in water withdrawal efficiency indexed to revenue	715984 m <sup>3</sup> of water were withdrawn during 2022, equivalent to 1.50 m <sup>3</sup> /kCHF revenue This is an increase of 8.7% versus the previous year
		The water withdrawal was impacted by the increased use of once-through non-contact cooling water (673538 m <sup>3</sup> , not consumed) as well as sites returning to the office following the easing of COVID-19 restrictions
<b>Waste for Disposal</b>		
Create value from unavoidable waste	Zero waste to landfill by 2025	10 of our sites have achieved Zero waste to landfill, an increase from 9 during the previous year, and no hazardous waste went to landfill This is aligned with the expected timeline

1) Scope 1, Scope 2 and partial Scope 3 (Fuel and energy related activities + Business Travel)

## Profit

We recognize that our responsibilities are not limited to delivering strong financial results. We proactively direct our resources towards innovations that contribute to more sustainable solutions.

We promote and provide sustainable technologies with long-term value, by working to reduce the environmental footprint of our products, by incorporating eco-design principles from the development phase, by increasing the use of Post-Consumer Resin (PCR) and bio-attributed plastics where possible, and by focusing on secondary packing.

SDG Contributions:



Details of our progress towards our targets are as follow:

### Profit

Description	Target	Current situation/explanation
<b>Increase Sales of Sustainable Products<sup>2</sup></b>		
Launch products meeting the medmix definition	Year-on-year increase in availability of products	5 products were launched during 2022 meeting the definition, with at least 10 targeted during 2023  Within Beauty, 8.9% of Sales met the definition, vs. 6.3% in 2021
Reduce climate change impact from own packaging	100% of logistics packaging designed for recycling by 2024	To enable our customers to recycle the packaging that they receive from medmix, all the packaging we use for the transportation of our products shall be designed for recycling
<b>Gold Standard Recognition</b>		
	100% of manufacturing sites rated Gold (or higher) by EcoVadis by 2025	33% of manufacturing sites have achieved at least Gold rating, 2 more than 2021  Achieved during 2022, equaling the industry average
Bring added transparency and a quantitative approach through expert evaluation	Rating of "C" or above on CDP Climate Change by 2025	The Beauty segment (under the GEKA brand) achieved a B rating, outperforming the industry
<b>Eco-design</b>		
Embed Eco-design principles into the product life cycle	All new products to respect Eco-design principles	Established competency and capability in Life Cycle Assessment. Eco-design principles cascaded to teams for use during development projects  Climate change internal screenings will be systematically introduced during 2023

2) Minimum of 30% reduction in CO<sub>2</sub><sup>(eq.)</sup> cradle-to-gate

## People

As an aspiring employer of choice, we enable an inclusive workplace for our diverse workforce, promote impactful development opportunities for our employees and facilitate engagement through open and dynamic dialogue. We believe in going the extra mile to support our communities and our employees. Safety is a key priority for us. We promote a safe and healthy work environment and are committed to eliminating hazards, reducing occupational health and safety risks for everyone present at our sites.

The Employee Survey is a key contributor to the development and engagement of our employees. Our 2022 employee survey showed continued commitment of our managers and supervisors in supporting and enabling their teams. medmix employees feel that we treat each other with respect and dignity, and inclusion emerged as a top strength, which is important as diversity of backgrounds and opinions promotes discussion and new ideas, thus greatly contributing to our ability to innovate and grow.

SDG Contributions:



Details of our progress towards our targets are as follow:

**People**

Description	Target	Current situation/explanation
<b>Management Systems</b>		
Strive to continuously improve occupational health & safety performance	100% of manufacturing sites certified according to ISO 45001 standard by 2025	33% of manufacturing sites have achieved ISO 45001 certification  This is aligned with the expected timeline
<b>Promote Safe and Inclusive Workplace</b>		
Recordable Injury Frequency Rate <sup>3</sup>	Year-on-year improvement	The medmix Recordable Injury Frequency Rate = 3.65  The Recordable Injury Frequency Rate is being reported publicly for the first time, and 2022 will serve as the baseline against which we will drive improvement
Lost Time Injury Frequency Rate <sup>3</sup>	2022 = 2.7	The medmix Lost Time Injury Frequency Rate = 2.43  medmix suffered 17% less Lost Time Injuries than during 2021
Severity Rate <sup>4</sup>	Year-on-year improvement	While there was an increase in the severity rate (2022 = 50.2 vs. 2021 = 23.8) this was due to 2 longer-term injuries combined with a 3.5% reduction in hours worked
# of work-related fatality cases	Zero cases	The possibility of restricted work is proactively proposed to injured persons to help their recovery and reintegration into the workforce  No work-related fatalities occurred during 2022
EHS (Environment, Health, and Safety) observations	2022 = 1071	1036 EHS observations were made during 2022, fewer than targeted due to closure of Poland
Safety walks	2022 = 1260	1610 Safety walks were performed during 2022, an increase of 10% versus the previous year
<b>Employee Engagement, Learning and Inclusion</b>		
Employee engagement	Year-on-year improvement in % of employee survey respondents indicating they feel sustainably engaged with medmix	83% of eligible employees participated in the survey, and 84% of respondents are sustainably engaged. This is an increase from the sustainable engagement rating of 83% in 2021
Life-long learning	Year-on-year improvement in % of managers participating in virtual learning programs to enable flexible employee-led learning	100% of managers were invited to join the EdCast learning platform
We enable an inclusive workplace for our diverse workforce	% Women in management	29% of medmix managers are female
	% Women in workforce	46% of medmix employees are female
	Swiss Gender Pay Gap	No unexplained significant Pay Gap was identified in the Swiss medmix workforce
<b>Community Engagement</b>		
We engage and support communities where we operate	At least one community project per medmix site annually (total 15)	medmix and its employees overachieved with engaging and supporting the local communities, completing 32 projects in 2022, an increase of 77% compared to 2021

3) Per million hours worked, employees only

4) # of lost workdays per million hours worked, employees only

**List of abbreviations:**

GJ<sub>3</sub> = gigajoule  
m<sup>3</sup> = cubic meters



medmix Surgery: K-System

# Corporate governance

40	Corporate structure and shareholders
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43	Board of Directors
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57	Takeover and defense measures
58	Auditor
59	Risk management
61	Information policy

# Corporate structure and shareholders

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. 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 2022. medmix Ltd reports the compensation of the Board of Directors and the Executive Committee in the [compensation report](#). Unless otherwise indicated, the following information refers to the situation on December 31, 2022. Accordingly, the corporate governance report does not reflect the revised corporate law, in force as of January 1, 2023. The Board of Directors intends to propose to the Shareholder's Meeting in April 2023 the revision of the current Articles of Association. Shareholders will receive a report from the Board of Directors explaining the proposed amendments ahead of the Shareholder's Meeting. Further information on corporate governance is published on [medmix.swiss/en/Investors/Governance](https://medmix.swiss/en/Investors/Governance)

## 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 Baar, Switzerland. Its shares are listed and traded on the SIX Swiss Exchange in Zurich (Securities no. 112.967.710/ISIN CH1129677105). On December 31, 2022, the market capitalization of all issued shares of medmix Ltd was CHF 726,217,712. 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, 2022. 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 \(https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html\)](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, 2022, the fully paid-up share capital of medmix Ltd amounts to CHF 412'623.70, 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. The company's Articles of Association authorize 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 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 (see Art. 3a of the Articles of Association, on [medmix.swiss/en/Investors/Governance](https://medmix.swiss/en/Investors/Governance); under Downloads). 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). In September 2021, the company increased its share capital 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.

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](https://medmix.swiss/en/Investors/Governance) (under Downloads). As of December 31, 2022, medmix Ltd held 347'536 of its own shares, which represents 0.84% 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](https://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 shareholders concerned shall be informed immediately about such cancellation (see Art. 6a of the Articles of Association).

In the 2022 reporting period, no nominees applied for registration with voting rights. The 12 nominees, holding a total of 1'193'398 shares (2.9% of total shares), who applied in 2021 have not signed the requested agreement, thus all shares held by these nominees, have been entered in the share register without voting rights. In the 2022 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 9](#) to the financial statements of medmix Ltd.

# Board of Directors

None of the board members has been, or currently is, a member of the Executive Committee of medmix Ltd or any of its subsidiaries. In addition, no significant business relationships exist between members of the Board of Directors and medmix Ltd or subsidiaries of medmix Ltd.

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 on September 20, 2021. During a transitional period, Sulzer Management Ltd (either directly or through its affiliates) therefore continues to provide certain corporate support services, such as accounting, treasury, tax, internal audit, legal, risk management, compliance and investor relations services. For detailed information on transactions with related parties, please see [note 29](#) to the consolidated financial statements.

## 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 re-election is possible. At the AGM of April 12, 2022, two Board members were re-elected, all for terms of one year. Jill Lee did not stand for re-election. René Willi, Rob ten Hoedt, Barbara Angehrn, David Metzger and Daniel Flammer were elected as additional members of the Board of Directors. The Board of Directors consists of seven members: two from Switzerland, one from Switzerland/Serbia, one from the Netherlands, one from Switzerland/France, one from Switzerland/Italy and one from France. Professional expertise and international experience played a key role in the selection of the members of the Board of Directors.

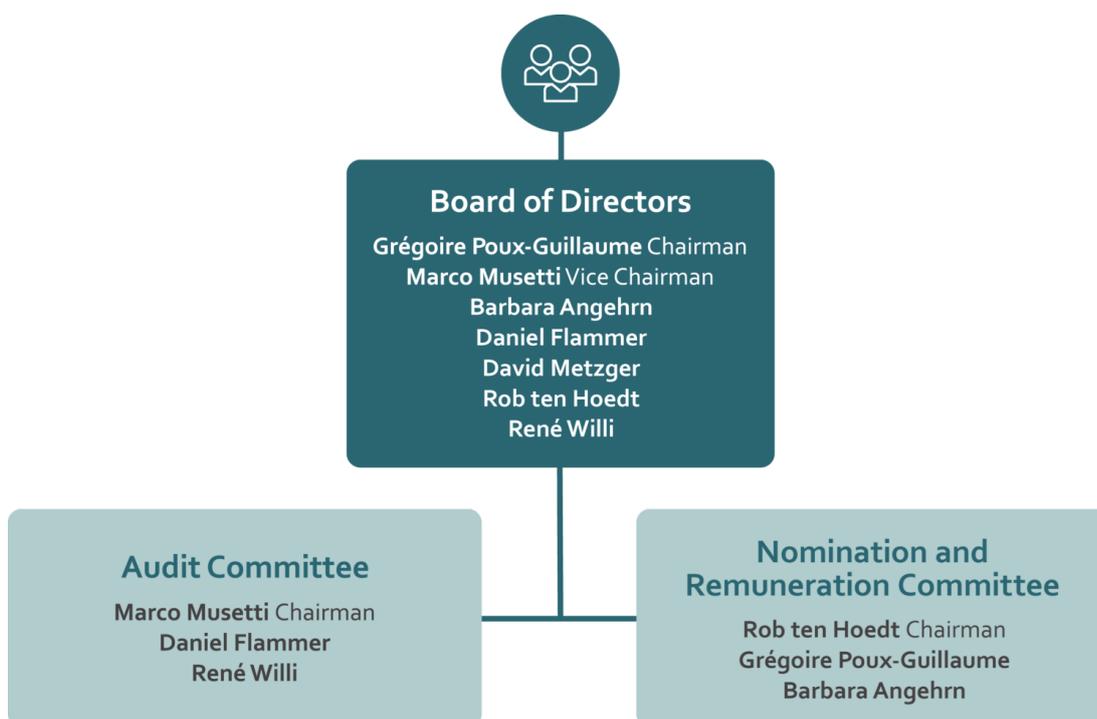
According to Art. 4 of the Organizational Regulations of the Board of Directors (on [medmix.swiss/en/Investors/Governance](#); under Downloads), the term of office of a board member ends no later than on the date of the AGM in the year when the member reaches the age of 70. The Board of Directors can 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 Nomination and 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 Nomination and Remuneration Committee



The Organizational Regulations of the Board of Directors and the relevant Committee Regulations, which are published on [medmix.swiss/en/Investors/Governance](https://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 Nomination and Remuneration Committee and member of the Audit Committee<sup>[1]</sup>, is a French citizen born in 1970.

[1] Until April 12, 2022.

Binding interests: None.

Greg Poux-Guillaume has been the Chief Executive Officer and Chairman of the Board of Management of Akzo Nobel since November 2022. Before joining Akzo Nobel he was Chief Executive Officer of Sulzer Ltd until February 18, 2022, a position he held from 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**<sup>[2]</sup>, member of the Board of Directors, member of the Nomination and Remuneration Committee and Chairwoman of the Audit Committee is a citizen of Singapore born in 1963.

[2] Until April 12, 2022.

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 was the Chief Financial Officer of Sulzer Ltd from 2018 and retired in May 2022. From 2011 until 2018, she was a member of the Board of Directors of Sulzer Ltd. She has been a member of the Board of Directors and of the Audit Committee of Schneider Electric since 2020 and 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 Nomination and Remuneration Committee<sup>[3]</sup>, and Chairman of the Audit Committee<sup>[4]</sup>, is a Swiss and Italian citizen born in 1969.

[3] Until April 12, 2022.

[4] Since April 12, 2022.

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 Master's degree in Economics from the University of Lausanne, Switzerland.

**Barbara Angehrn**<sup>[5]</sup>, member of the Board of Directors, and member of the Nomination and Remuneration Committee, is a Swiss and Serbian citizen born in 1974.

Binding interests: None

Barbara Angehrn was a Member of the Executive Committee of Vifor Pharma (acquired in August 2021 by CSL), initially as Chief Business & Marketing Officer, responsible for all Global Commercial Functions as well as the overall Nephrology portfolio, then as Chief Business & Operating Officer with responsibility for the Technical Operations, Manufacturing, IT and other Corporate functions. Prior to Vifor Pharma, Barbara was an entrepreneur and held various senior positions as Vice President Europe at Exelixis, Head of Commercial Operations EMEA at Onyx Pharmaceuticals after having spent more than 9 years at Amgen in various leadership roles. Barbara holds a Bachelor's & Master's degree from the University of St. Gallen, Switzerland.

[5] Barbara Angehrn was elected at the AGM 2022.

**Rob ten Hoedt**<sup>[6]</sup>, member of the Board of Directors, and Chairman of the Nomination and Remuneration Committee, is a Dutch citizen born in 1960.

Binding interests: Chairman of the Board of Directors of MedTech Europe, the Association representing the medical technology industry in Europe; member of the Board of Directors of Fagron International, member of the Board of Directors of NLC Health, a European Healthtech Venture Builder.

Rob ten Hoedt is to date the Executive Vice President & President, Global Regions of Medtronic, and he is a member of the Company's Executive Committee. From 2014, his role was Executive Vice President & President Europe, Middle East & Africa (EMEA) to which Asia-Pacific (APAC) was added from May 2022. He has previously held different business and regional leadership positions in Medtronic since joining Medtronic in 1991. Prior to Medtronic, Rob worked in several medical technology companies including Arjo Hospital Equipment and Polystan Benelux and he also ran his own medical equipment distribution company. Rob graduated from the HAN University of Applied Sciences.

[6] Rob ten Hoedt was elected at the AGM 2022.

**René Willi**<sup>[7]</sup>, member of the Board of Directors, and member of the Audit Committee, is a Swiss citizen born in 1967.

Binding interests: Board positions in companies controlled by Henry Schein

Since 2021, René Will has been Chief Executive Officer of the Global Oral Reconstruction Group at Henry Schein Inc. and a member of the Henry Schein Inc. Executive Management Committee. Before joining Henry Schein in 2013, René Willi was Executive Vice President, Surgical Business Unit, at Institut Straumann AG in Basel, Switzerland, a company he joined in 2005. Prior to Straumann, René held roles in the cardiovascular division of Medtronic. Before that, René served as a management consultant with McKinsey & Company. René started his career in plant engineering as a process engineer (Ems-Inventa) and senior manager sales & engineering (Von Roll Inova AG). René graduated from the ETH Zürich with a PhD in Chemistry and a Master in Industrial Management.

[7] René Willi was elected at the AGM 2022.

**David Metzger**<sup>[8]</sup>, member of the Board of Directors, is a Swiss and French citizen born in 1969.

Binding interests: Member of the Board of Directors of Sulzer, Switzerland; member of the Board of Directors of Octo Telematics, Italy.

David Metzger is Managing Director Investments and Portfolio Manager for Liwet Holding AG. Previously, David held senior positions in Witel AG, and with its predecessor company RMAG as Deputy Managing Director M&A. Prior to this, he held various roles at Good Energies Inc. (part of Cofra Group), Bain & Company, Novartis, and Morgan Stanley. David graduated from the University of Zürich with a Master's degree in Finance as well as from the INSEAD with an MBA.

[8] David Metzger was elected at the AGM 2022.

**Daniel Flammer**<sup>[9]</sup>, member of the Board of Directors, and member of the Audit Committee, is a Swiss citizen born in 1969.

Binding interest: Supervisory Board or Board of Directors positions at AdvisReal AG (since 2018) and AR Professional Services AG (since 2021). Chairman of the Board of Directors of altrimo treuhand group AG Appenzell (since 2019) and Tiwel Holding AG Zurich (since 2019).

Daniel Flammer has been Managing Partner of AR Financial Advisory AG in Zurich since April 2018 where he provides transaction advisory and CFO advisory services. Previously, he was a Partner in Audit & Advisory at Deloitte AG Zurich (1998/2004 to 2018), after starting his career with Hess Revisions- und Wirtschaftsberatungs AG & Hess Grant Thornton AG (1996 to 1998), ALFA Treuhand- und Revisions AG (1988–1996) and Communal Administration of Niederburen in St. Gallen (1985–1988). Daniel qualified as a certified public accountant in 1997 and previously graduated from the University of Applied Sciences for Business HWV St. Gallen (Betriebsökonom HWV/FHSG). He was certified as an International Director at INSEAD in 2018.

[9] Daniel Flammer was elected at the AGM 2022.

## 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 five times per year, the Audit Committee and the Nomination and Remuneration Committee meet at least four 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.

In 2022 the Board held five ordinary meetings, lasting on average 5 hours 20 minutes and seven extraordinary meetings (either in person or via video conference), lasting on average 40 minutes. The Nomination and Remuneration Committee held five meetings in 2022, lasting an average of 1.5 hours, while the Audit Committee held four meetings, lasting an average of 1.5 hours. 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, the Leadership Team as well as other selected executives are invited to attend Board meetings as required to provide their specific input on midterm planning, the strategy, the budget, market segment-specific items or 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	NRC
Grégoire Poux-Guillaume	French	Chairman	September 2021	2023	12		
		Member AC <sup>10)</sup>				1	
		Member NRC					
Marco Musetti	Swiss/Italian	Vice Chairman of the Board	September 2021	2023	12		
		Chairman AC <sup>11)</sup>				3	
		Chairman NRC <sup>12)</sup>					
Jill Lee <sup>13)</sup>	Singaporean	Chairwoman AC	September 2021	2022	4		
		Member NRC					
Barbara Angehrn	Swiss/Serbian	Member NRC <sup>14)</sup>	April 2022	2023	7		3
Rob ten Hoedt	Dutch	Chairman NRC <sup>15)</sup>	April 2022	2023	6		3
René Willi	Swiss	Member AC <sup>16)</sup>	April 2022	2023	7		3
David Metzger	Swiss/French	Member of the Board <sup>17)</sup>	April 2022	2023	7		
Daniel Flammer	Swiss	Member AC <sup>18)</sup>	April 2022	2023	6		3

AC = Audit Committee, NRC = Nomination and Remuneration Committee

10) Until April 12, 2022.

11) Since April 12, 2022.

12) Until April 12, 2022.

13) Until April 12, 2022.

14) Since April 12, 2022.

15) Since April 12, 2022.

16) Since April 12, 2022.

17) Since April 12, 2022.

18) Since April 12, 2022.

## 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](https://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

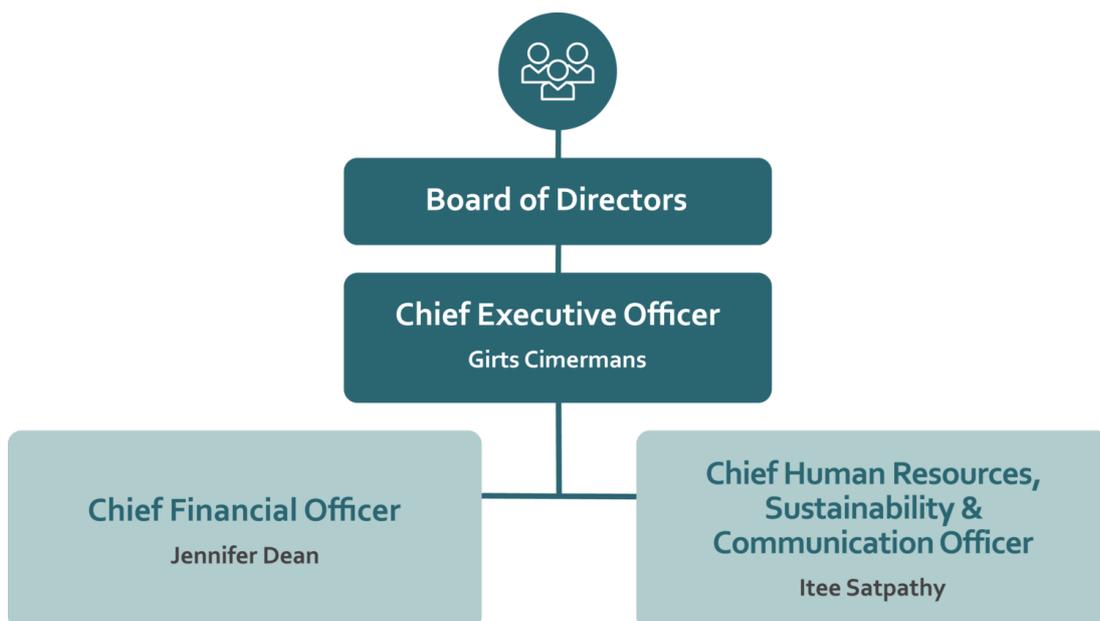
The Audit Committee (members listed above) assesses the midyear and annual consolidated financial statements and, in particular, the activities – including effectiveness and independence – of the internal and statutory auditor and the cooperation between the two bodies. It also assesses the internal 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](https://medmix.swiss/en/Investors/Governance) (under Downloads). 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. In 2022, the Audit Committee held four meetings. The statutory auditor attended the meetings, and internal subject matter experts gave presentations to the Audit Committee during the meetings.

## Nomination and Remuneration Committee

The Remuneration Committee (members listed above) was renamed the Nomination and Remuneration Committee in 2022. It assesses the compensation systems and recommends compensation for the members of the Board of Directors and the Executive Committee (including short-term and long-term incentive 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 Nomination and Remuneration Committee also deals with nomination matters and assesses the criteria for the election and re-election 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 Nomination and Remuneration Committee are elected by the shareholders' meeting. The Nomination and Remuneration Committee Regulations are available on [medmix.swiss/en/Investors/Governance](https://medmix.swiss/en/Investors/Governance) (Under Downloads). The CEO and the Chief Human Resources Officer attend the meetings of the Nomination and Remuneration Committee. In 2022 the Nomination and Remuneration Committee held five meetings.

## 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 mid-term 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](https://medmix.swiss/en/Investors/Governance) (Under Downloads).



## 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, as well as 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 as required. Each year, the Board of Directors discusses and approves the budget for the following year and the midterm plan, the latter being 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

In 2022, the group hired its own Head of Internal Audit. On individual assignments, the group’s Internal Audit received support from Sulzer group under the Transitional Services Agreement.

The objective of Group Internal Audit is to provide independent objective assurance and other services to help ensure that medmix group operates in accordance with the management, internal controls and governance processes, which are adequate for the achievement of business objectives. Group Internal Audit is approved to provide assurance services to both medmix and external stakeholders such as external auditors. Meetings between internal audit and the statutory auditor take place on an annual basis to discuss the internal audit organization and approach.

Group companies are audited by Group Internal Audit based on an audit plan that is approved by the Audit Committee. Special audit assignments may be performed upon request of a member of the Board of Directors, the Executive Committee or company management, with prior approval from the Chair of the Audit Committee.

In 2022, Group Internal Audit carried out four new audits and one follow-up assignment to verify the implementation of recommendations from previous audits. Additionally, Group Internal Audit delivered two consulting assignments to assist the company's management in meeting its objectives. One of the focal points was the internal control system as well as compliance with the company's governance structure.

The results of each audit and key remediation measures are discussed in detail and agreed upon with the companies and also shared with members of the medmix executive team. The Chairman of the Board of Directors, the members of the Audit Committee, the CEO, the CFO, the Deputy 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. 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.

Group Internal Audit prepares a summary of audit activities and results, along with the status of implementation of improvement measures. On a quarterly basis, the Head of Internal Audit presents the summary to the Audit Committee and, thereafter, it is reported to the Board of Directors.

## Risk management and compliance

During the reporting period, medmix Ltd benefitted from the Sulzer group compliance and risk management set up and support in accordance with the Transitional Service Agreement. Hence, medmix Ltd leveraged Sulzer group's comprehensive compliance program. During this time, 1'058 employees in defined targeted groups participated in compliance e-learning modules with a focus on anti-corruption, anti-bribery, diversity and respect. Five internal compliance investigations were carried out, mainly related to employment issues. Each had a low financial impact and carried no reputational risk. Adequate disciplinary measures were taken.

In order to maintain a comprehensive and robust compliance management system across medmix group and to support a seamless transition, the compliance management processes of Sulzer were assessed and used to start adapting medmix' compliance processes to the group's specific compliance risks. In 2022, medmix launched its own compliance hotline and incident reporting system based on a specialized vendor-based compliance tool and systems. 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 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, under the supervision of its Chief Compliance Officer, 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](https://medmix.swiss/en/Investors/Governance) (under Downloads) and rules regarding antitrust risks, bribery and corruption, export control 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 with regard to environment, quality, safety and health). The Chief Compliance Officer is responsible for the further development of medmix group's compliance management system

With the hiring of the medmix Chief Compliance Officer, a compliance risk analysis took place that formed the basis of the medmix integrated Compliance Management System (CMS), covering organizational and procedural principles and measures to ensure compliance with legal requirements and internal company guidelines. The medmix CMS targets the principles of good corporate governance, proportionality, integrity, transparency, accountability, and sustainability.

The medmix integrated CMS is structured in three main pillars: Prevention, Detect and React.

Prevention measures to avoid misconduct and compliance risks were implemented through the medmix Compliance Hotline, worldwide centralized Compliance Training and Campaign Platform, the corporate Due Diligence process performing integrity checks and the Policy Manager accessible to all employees. The Code of Business Conduct carries the measures at its core.

Detect: instruments for detecting misconduct were established through the whistle-blower system, internal audit, and compliance controls.

React: continuous improvement through monitoring, audits, and investigations to correct or eliminate weaknesses in processes and controls, as well as defining disciplinary measures.

The CMS is regularly reviewed, evaluated and, if necessary, adapted. This enables a continuous risk assessment and adaptation to the actual risk situation of the company with a formal yearly Enterprise Risk Management review as described thereafter.

# 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](https://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, 2022, 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.

Girts Cimermans has been the CEO of medmix since Sept 2021. Before the incorporation and separate listing of medmix Ltd, Girts Cimermans was Division President of Sulzer Ltd's Applicator Systems division and member of the Sulzer Executive Committee from 2019. 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.

Binding interests: Member of Board of the Australian Swiss Chamber of Commerce.

Jennifer Dean has been the CFO of medmix since September 2021. 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 (from 2017). She was CFO for Product Lines at GE Power Services from 2015 to 2017. 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, Sustainability and Communication Officer, and member of the Executive Committee, is a Swiss citizen born in 1978.

Before joining medmix Ltd in December 2021, 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.

## 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](https://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

At the AGM of April 12, 2022, 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 that deviate from the default Swiss law.

# Takeover and defense measures

The Articles of Association (on [medmix.swiss/en/Investors/Governance](https://medmix.swiss/en/Investors/Governance); under Downloads) contain neither opting-out nor 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 or the persons cumulatively holding 50% or more (and acting in concert) 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) allocated to members of the Executive Committee and other eligible employees, in case of a change of control:

(a) the number of outstanding PSUs that continue to be eligible for vesting shall be prorated based on (i) the period from the beginning of the performance period to the day immediately prior to the date when the change of control becomes legally effective, and (ii) in relation to the total performance period;

(b) the total achievement factor for such prorated number of PSUs shall be determined by the Board of Directors based on an appropriate performance assessment through the date of the change of control, and in a way that is acceptable for mandatory legal/regulatory purposes;

(c) after application of the prorating as per (a) above, and the total achievement factor determined by the Board as per (b) above, the resulting number of vested PSUs shall vest immediately on the day on which the change of control becomes legally effective.

The Board of Directors, however, may in its sole discretion determine a different treatment of PSUs in case of a change of control.

# Auditor

The statutory auditor is elected at the AGM for a one-year term of office. KPMG AG was elected at the AGM of April 12, 2022. The acting external auditor-in-charge is Simon Niklaus. Provided that KPMG remains elected, the external auditor-in-charge shall be replaced after no later than 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 2022, the statutory auditor was present at all Audit Committee meetings. 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. medmix ERM involves viewing risk holistically across the organization. Both insurable and non-insurable risks are identified, with the objective to eliminate, mitigate or transfer such risk or prepare to accept them. The medmix ERM embodies the organizational culture of prudent risk-taking and is the process of identifying, assessing, and responding to risks, and communicating the outcomes of these analyses in a timely manner. The executive management encourages a strong organizational culture and awareness of risk to ensure that the organization can overcome the factors that inhibit effective risk management.

The analysis of the external and internal context shows the environment in which medmix seeks to define and achieve its objectives.

The primary external influences relate to the social, cultural, political, legal, regulatory, financial, technological, and economic environments within which medmix operates. These external influences occur at international, national, state, regional or local levels. Influences on the internal environment for medmix include medmix current operations and business objectives.

**External Risks**

Risk	Rationale	Management Activities
<b>Business Interruption</b>		<b>Mitigate</b>
Factory disrupted or unable to operate. Leads to economic impact, contractual risk and reputation risk	<ol style="list-style-type: none"> <li>1. Unable to operate site (China zero-Covid policy)</li> <li>2. Lead time and capex of relocation, capacity constraints</li> <li>3. Delay in equipment commissioning</li> <li>4. Duplicates reduced profitability</li> </ol>	<ol style="list-style-type: none"> <li>1. Global footprint (limit single site risk)</li> <li>2. Deploy BCP and crisis management system</li> <li>3. Risk management guidelines</li> <li>4. Obtain business risk insurance</li> <li>5. Monitor climate change impact, pandemic and policy decisions</li> </ol>
<b>Supply Chain Disruption</b>		<b>Anticipate</b>
Unable to source (energy, raw material, transportation, or equipment) on time and in the required quantity	Inability to source and ship, delays and inflate growth and sales plans	<ol style="list-style-type: none"> <li>1. Global procurement (avoid single source)</li> <li>2. Deploy regional inventory and logistics models to mitigate global products availability concerns</li> <li>3. Global monitoring of supply chain risks</li> </ol>
<b>Export Trade Restrictions</b>		<b>Reduce</b>
Breach of regulations drives breach of law, fine, denied export status, liabilities	Unable to continue shipping, liability, reputation	<ol style="list-style-type: none"> <li>1. Monitor regulatory space &amp; trends</li> <li>2. Leverage digital solutions</li> <li>3. Resource increase in Export/Trade</li> </ol>
<b>Product Regulations</b>		<b>Reduce</b>
medmix portfolio becoming partly unfit due to regulations changes on products	Enaction of laws restricting the use of disposable products; New legislation from taxes to bans	<ol style="list-style-type: none"> <li>1. Monitor regulations and trends (quality or regulatory)</li> <li>2. Assess customers evolving demand and the fitness of the portfolio</li> <li>3. Assess alternatives in product R&amp;D</li> </ol>
<b>Intellectual Property</b>		<b>Reduce</b>
medmix unable to defend its technology and patent portfolio, and commercialize its new products	Unable to sell or price our products	<ol style="list-style-type: none"> <li>1. Fiercely defend IPR</li> <li>2. Thorough IP clearance study before product introduction</li> <li>3. External vendors scanning of competitors/ copier products</li> <li>4. Strong IP protection of product portfolio, improvements, and of brands</li> <li>5. Embed IP in M&amp;A processes</li> </ol>
<b>Compliance</b>		<b>Reduce</b>
Non-compliant or unethical behavior leading to contract breach, reputational damage, fines and liability	<ol style="list-style-type: none"> <li>1. Growth focus on both China and Healthcare</li> <li>2. Move to more regulated industry, compliance with complex local laws</li> </ol>	<ol style="list-style-type: none"> <li>1. Active fostering of high ethical standards by tone from the top and middle management</li> <li>2. Monitoring and assessment of potential exposure</li> <li>3. Wide roll out of Code of Business Conduct and supporting rules (e.g., anticorruption, antitrust, trade control)</li> <li>4. Third-party due diligence process</li> <li>5. Compliance training (incl. e-learning) and audits</li> <li>6. Speak-up culture, compliance hotline and sanction checks</li> </ol>

**Internal Risks**

Risk	Rationale	Management Activities
<b>Finance: No Secure Financing</b>		<b>Reduce</b>
Unable to secure financing for growth due to a) size b) age of medmix c) economic conditions	<ol style="list-style-type: none"> <li>1. Unable to invest in its future, miss acquisitions or technological evolution, lose leadership</li> <li>2. Unable to invest in infrastructure: cost base required to grow and deliver profit expectations</li> </ol>	<ol style="list-style-type: none"> <li>1. Promote medmix to investors and finance community</li> <li>2. Proactively identify source of funds</li> </ol>
<b>HR: Resource Optimization</b>		<b>Reduce</b>
Inability to effectively allocate human resources and/or secure new qualified resources, or optimize business activities	Failure to attract, retain and develop people: higher cost of doing business	<ol style="list-style-type: none"> <li>1. Anchor people and performance efforts to company's values and behaviors</li> <li>2. Ongoing feedback through surveys</li> <li>3. Robust internal communications</li> <li>4. Ongoing engagement in collaborative activities</li> <li>5. Visible development opportunities</li> <li>6. Consistent approach to salary grading</li> <li>7. Identify talents &amp; deploy retention measures</li> <li>8. Promote medmix as an employer of choice</li> </ol>

# Information policy

According to Art. 38 of the Articles of Association (on [medmix.swiss/en/Investors/Governance](https://www.medmix.swiss/en/Investors/Governance); under Downloads), the announcements of medmix Ltd are published in the Swiss Official Gazette 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 price-related facts 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 Appendix 1 to the Swiss Code of Best Practice for Corporate Governance.

## Key dates in 2023

- February 22: Annual results 2022
- April 28: Annual General Meeting 2023
- July 20: Mid-year results 2023

These dates and any changes can be viewed on [medmix.swiss/en/Investors/Financial-Reports](https://www.medmix.swiss/en/Investors/Financial-Reports). Media releases (sent via e-mail) can be subscribed to on <https://www.medmix.swiss/news/media-release-subscription>. Further information is available on [medmix.swiss](https://www.medmix.swiss), or by contacting Investor Relations at [investorrelations@medmix.com](mailto:investorrelations@medmix.com).

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Neuhofstrasse 20

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## 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 up to 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).

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.



medmix Beauty: Molded mascara brush pureDEFINITION

# Compensation report

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# Paying for sustainable performance

2022 was the first full financial year for medmix following the spin-off from Sulzer. With the completion of the spin-off, the size of the Board of Directors was increased from three to seven members. In addition to Greg Poux Guillaume and Marco Musetti who remain members of the Board, Barbara Angehrn, Daniel O. Flammer, Rob ten Hoedt, David Metzger and Dr. René Willi were appointed to the Board of Directors following the Shareholders' Meeting on April 12, 2022. Jill Lee has decided to retire from the Board.

In April 2022, medmix operations were significantly impacted as a consequence of the decision made by the Polish government to place medmix Poland sp. Z.o.o. under sanctions. medmix firmly believes this decision is erroneous and is contesting it in courts. To minimize the impact of the unexpected halt in production in Poland, the medmix team deployed a strong mitigation plan. medmix increased production in its plants in Haag (Switzerland), Elgin (USA), and Shanghai (China). The company also acquired the plastics business of Universal de Suministros, S.L, and leveraged this acquisition to commence work on a new Industry manufacturing hub in Valencia (Spain). Reflecting its strategic path in healthcare, medmix also announced a long-term lease agreement for a new manufacturing facility near Atlanta, Georgia, USA, that will support the medmix Healthcare growth strategy for all related segments: Drug Delivery, Dental and Surgery. Further, in support of its ambitious growth plans, medmix also signed an agreement to acquire a majority stake in Qiaoyi, a Chinese beauty manufacturing business, thus bringing to life a local-for-local strategy for this key market.

These acquisitions and planned expansions will have a positive impact in the future but are not reflected in 2022 results. In the meantime, the forced closure of our operations in Poland has had a considerable impact on the short-term incentive compensation (STI) of the Executive Committee and the nearly 500 employees who are eligible for variable compensation.

The adverse political situation in Poland was neither foreseeable at the time of target setting nor caused by the management or the company. Since April 2022, when the sanctions were first announced, medmix management team have worked intensively and pursued every available measure to convince the Polish authorities to withdraw the sanctions and allow the reopening of the Wroclaw facilities. Weighing up all the relevant factors, the Board of Directors agreed to neutralize the impact of the local sanctions in Poland on the Short-Term Incentive 2022. Details on this adjustment for the Executive Committee can be found in this report in the respective chapter on the Short-Term Incentive.

Supporting transparency and good governance in medmix' compensation system, the clawback clause has been extended and now includes the payments made for STI from 2022 onwards. In case of a clawback, a granted bonus, or a vested award will be recovered in full or in part in the following situations: material misstatement of the financial results, error in assessing a performance condition or in the information or assumptions based 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.

Furthermore, share ownership guidelines (SOG) have been implemented. According to these SOG, the members of the Executive Committee are obliged to hold a defined number of medmix shares until the end of their service period.

As a result of the spin-off in the last financial year, there was no medmix performance share plan (PSP) for the financial year 2021. The Executive Committee received a first regular grant of the medmix performance share plan (PSP) in 2022.

# Compensation governance

## Nomination and Remuneration Committee

The Articles of Association, the Organizational Regulations of the Board of Directors and the Nomination and Remuneration Committee Regulations (on [medmix.swiss/Investors/Governance](https://medmix.swiss/Investors/Governance); under Downloads) define the functions of the Nomination and Remuneration Committee. The Nomination and 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 Nomination and 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
- 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	Nomination & Remuneration Committee	Board of Directors	Shareholders’ Meeting
Selection criteria and succession planning for the Board of Directors		proposes	approves	
Selection criteria and succession planning for the 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)
Remuneration system and Board member fees		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 Nomination and Remuneration Committee consists of a maximum of three non-executive and independent board members. The members of the Nomination and Remuneration Committee are elected individually and annually by the Shareholders' Meeting for the period of office until the following ordinary AGM.

On April 12, 2022, Rob ten Hoedt (Chairman) and Barbara Angehrn were elected for the first time and Grégoire (Greg) Poux-Guillaume re-elected as members of the Nomination and Remuneration Committee. Jill Lee did not stand for re-election. Marco Musetti remains a member of the Board of Directors, but no longer a member of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee meets as often as the business requires, but at least twice a year. In 2022, the Nomination and Remuneration Committee held five meetings and all members were in attendance at each of the meetings.

The Chairman of the Nomination and Remuneration Committee reports to the next meeting of the full Board of Directors on the activities of the Nomination and 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 Nomination and Remuneration Committee meetings are available to all members of the Board of Directors. The Nomination and Remuneration Committee may appoint third parties 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 will 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](https://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

<b>Pay for performance</b>	The variable compensation is linked to the individual as well as the company performance and represents a substantial part of the overall compensation package.
<b>Link to strategy</b>	The performance indicators of the variable compensation are selected to create incentives to implement the defined strategic and operational goals of medmix.
<b>Shareholder alignment</b>	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.
<b>Market practice</b>	The compensation for the Executive Committee is designed to offer a fair and competitive compensation package that is in line with market practice.
<b>Good corporate governance</b>	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.
<b>Clear structure</b>	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 Nomination and 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 2022

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 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.

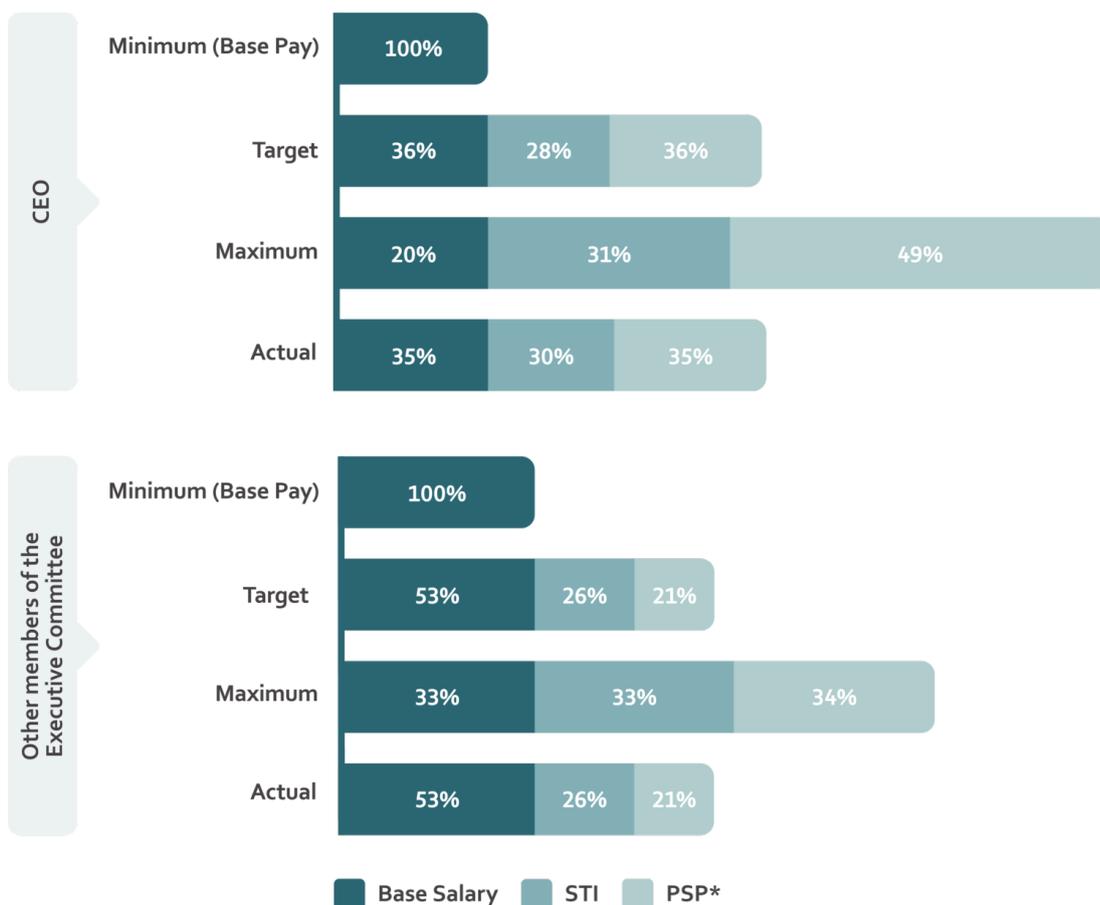
The following table shows the compensation components and provides a brief description of how these components are linked to the guiding principles:

### Compensation elements for the members of the Executive Committee

	Base Salary	Fringe benefits and pension contributions	Short-term variable compensation (STI)	Long-term variable compensation (PSP 2022)	Share ownership guidelines (SOG)
Main parameters	Function, level of role, profile of incumbent (skill set, experience)	Pension and social security contributions, fringe benefits	Achievement of annual financial and individual objectives	Achievement of long-term, company-wide objectives, share price development	Level of role
Key drivers	Labor market, internal job-grading	Protection against risks, labor market, internal job-grading	Revenue, operational profitability %, adjusted operating net cash flow (adjusted ONCF)%	Growth, profitability and share development	Share price development
Link to compensation principles	Competitive compensation	Competitive compensation	Pay for performance, strategy alignment	Pay for performance, strategy alignment, ownership	Ownership
Vehicle	Cash	Pension and insurance plans, perquisites	Cash	Performance share units (PSU) settled in shares	Obligation to hold required threshold of shares until the end of the service period
Amount	Fixed	Fixed	Variable, capped at 200% of target bonus. Target bonus amounts to 80% of annual base salary for the CEO and 50% of annual base salary for the other members of the Executive Committee. Clawback provisions implemented.	Variable. Grant value is defined based on the Global Grade and corresponds to CHF 550'000 for the CEO and between CHF 130'000 and CHF 160'000 for the other members of the Executive Committee (EC). Vesting payout percentage is capped at 250% and vesting value is capped at CHF 1'375'000 for the CEO and at CHF 325'000 to CHF 400'000 for the other members of the EC. Malus and clawback provisions implemented.	CEO: 200% of base salary. Other members of the Executive Committee: 100% of base salary.
Grant/vesting/payment date	Monthly	Monthly and/or annually	March of the following year	Grant: April 1, 2022 Vesting: January 1, 2025 Share delivery: not later than March 31, 2025	–
Performance period	–	–	1 year (January 1, 2022–December 31, 2022)	3 years (January 1, 2022–December 31, 2024)	–

The variable compensation of medmix is designed to create reasonable incentives for the Executive Committee, to align the interests of the Executive Committee and shareholders, to ensure pay for performance and to 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. The following illustration highlights the strong link between performance and compensation based on selected performance scenarios. It represents the compensation structure, i.e., the ratio between base salary, short-term variable compensation and long-term variable compensation, for three different hypothetical scenarios (minimum target achievement, 100% target achievement and maximum target achievement (not considering any share price increase) for the fiscal year of 2022:



\* Excludes the additional grant reflecting the PSP forfeited at the spin-off of medmix from Sulzer in 2021 (described in the “Spin-off and corresponding Sulzer PSUs” section of this report).

In line with the pay for performance principle, a significant portion (~55%) 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 funds 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.

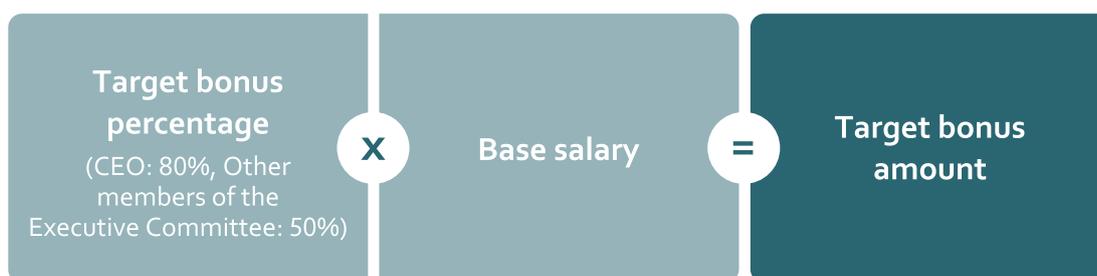
## Variable compensation

### Short-term variable compensation

#### General functionality

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

Under the performance bonus plan, the members of the Executive Committee receive an annual target bonus amount that 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).



The determination 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 during 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 objectives 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 Nomination and 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 2022, as well as their respective weighting, are described in the table below:

### Performance bonus plan objectives

Category	Category weighting	Objective	Rationale	Objective weighting
Financial objectives	70%	Revenue	Measure of growth (top line)	30%
		Adjusted EBITDA margin	Measure of profitability (bottom line)	25%
		Adjusted operating net cash flow (adjusted ONCF)	Measure of cash generated by the revenues	15%
		Cost-efficiency	Achieving growth targets while aiming for increased profitability	8.33%
		Growth initiatives	Include initiatives that support the growth of medmix, such as M&A projects, breaking into new markets or new accounts	8.33%
		Operational excellence	Initiatives focused on the product launches, manufacturing capacities and improving speed and efficiency of processes	8.33%
Individual objectives	30%	Sustainability	Objectives linked to improvements in the areas of environment, employee engagement and local communities, corporate governance	5%
<b>Total target achievement</b>				<b>100%</b>

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 Sustainability 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 Nomination and Remuneration Committee. The CEO’s individual performance is assessed by the Nomination and 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 2022**

medmix has deconsolidated and intends to sell its manufacturing operations in Wroclaw, Poland. As a result of direct sanctions levied by the Polish government on its minority shareholder, medmix had to suspend operations at this site.

These negative developments in Poland were neither foreseeable at the time of target setting, nor were they caused by the current management or the company. Having taken all available measures, the company has not received a positive response from the Polish government to be removed from sanctions and to allow the reopening of its Wroclaw facilities.

Taking all relevant factors into account, the Board of Directors decided not to revise the initial financial targets during the year and to keep the possibility to assess the impact of the Poland closure. The assessment was carried out in December and the effect of the deconsolidated Polish business is neutralized for the 2022 financial year which corresponds to CHF 35m in adjusted revenue, CHF 40m in adjusted ONCF, and a variation of EBITDA margin from 22% to 24%, resulting in a financial achievement of 93%.

The final payout amount of the performance bonus 2022 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. The payout from the performance bonus plan 2022 can be summarized as follows:

### Performance bonus plan 2022: Summary

thousands of CHF	Target bonus amount	Target achievement		Total	Payout amount
		Financial objectives (weighting 70%)	Individual objectives (weighting 30%)		
Girts Cimermans, CEO	440	93.0%	130%	104%	458
Other members of the Executive Committee	360	93.0%	115%	100%	360

### Long-term variable compensation

#### General functionality of the medmix performance share plan

Members of the Executive Committee and other selected individuals employed in defined roles belonging to 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 occurred 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.

#### Functionality of the medmix Performance Share Plan



The grant value is determined based on the level of the executive's role and amounts to CHF 550'000 for the CEO and to between CHF 130'000 and CHF 160'000 (determined by the Board of Directors) for the other members of the Executive Committee. The number of PSUs granted is calculated by dividing the individual grant value by the three-month volume-weighted average share price of medmix before the grant date, rounded up to the next full number of PSUs.

PSUs are conditional awards to receive a certain number of shares after the performance period. Until the actual transfer of shares, PSUs do not constitute any shareholder rights (voting, dividend, etc.).

### Relevant objectives

The vesting of PSUs is subject to the achievement of pre-determined performance conditions. The objectives are linked to medmix' strategy. To support this, they are chosen to provide different incentives for profitable growth and shareholder value creation. The key performance criteria are measured over a 3-year performance period and consist of:

- Growth: Measured by the revenue of medmix based on the consolidated financial statements, weighted with 30%.
- Profitability: Measured by the adjusted EBITDA margin, weighted with 30%.
- Share performance: Measured by the relative share price development in comparison to the Swiss Performance Index excluding dividends, weighted with 40%.

For each performance condition of the PSP, a threshold, target and cap performance level is determined, which in turn determines the achievement factor.

For growth and profitability, the thresholds, targets and cap performance levels are determined as follows:

Level of performance	Achievement factor
Below threshold	0%
Threshold	50%
Target	100%
Cap	250%
Points in between	Linear interpolation

For share performance in comparison to the Swiss Performance Index of the PSP, the threshold, target and cap performance level is determined as the following:

Level of performance	Achievement factor
≤ Threshold	0%
Target	100%
Cap	250%

The number of vested PSUs will be determined by multiplying the number of originally granted PSUs by the total achievement factor, rounded up to the next full number of vested PSUs. For each vested PSU, one share will be transferred to the individual securities account on the share delivery date. The number of vested PSU is subject to an absolute value cap of 2.5 times the original grant value, represented by the cap of each KPI.

In case of termination of employment, the following provisions apply:

Type of termination	Provision
By the employer for cause	All relevant outstanding PSUs, whether vested or not, shall lapse immediately on the Notice Date without any compensation.
As a result of retirement	Outstanding PSUs shall continue unchanged.
Any other reason	The number of outstanding PSUs shall remain unchanged, where the number of outstanding PSUs that continue to be eligible for vesting shall be prorated and the effective total achievement factor shall be applied after expiry of the full performance period.

Upon the occurrence of a change of control, the number of outstanding PSUs shall be prorated and vest immediately.

### Spin-off and corresponding Sulzer PSUs

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. Because of the spin-off, the number of granted, unvested PSUs 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. Further, the portion of PSUs forfeit as a result of the prorating have been taken into consideration for the determination of the grant amounts for the affected members of the Executive Committee under the new PSP of medmix starting 2022. This one-off, spin-off correction-related grant was made together with the regular grant cycle in April 2022.

	Grant value	Spinoff related adjustment grant value *	Three-month volume-weighted average share price of medmix before the grant date	Number of PSUs granted	Number of PSUs granted due to forfeiture of Sulzer PSUs
Girts Cimermans	550'000	636'100	33.8798	16'234	18'776
Jennifer Dean	160'000	178'811	33.8798	4'723	5'278
Itee Sapathy	130'000	-	33.8798	3'838	-

\* Additional grant value, compensated for the portion of PSUs forfeited during the spinoff of medmix from Sulzer in the financial year 2021.

## 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.

### Shareholding requirements

In 2022, shareholding requirements for members of the Executive Committee were introduced. According to these share ownership guidelines (SOG), the members of the Executive Committee are obliged to hold part of their shares until the end of their service period. The value of the shares to be held is set at 200% of the annual gross base salary for the CEO and 100% of the annual gross base salary for the other members of the Executive Committee.

Function	Shareholding requirement in % of base salary
CEO	200%
Other Executive Committee members	100%

### 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. In 2022, the clawback clause was extended to cover performance bonus payments, whereby medmix may recover in full or in part any relevant bonus compensation from Executive Committee members in situations of material misstatement of the financial results, an error in assessing a performance condition or gross misconduct of the participant.

# Compensation of the Executive Committee for 2022

The following table discloses the actual compensation paid to the members of the Executive Committee in detail for financial year 2022 while performing services for medmix.

2022							
thousands of CHF	Cash compensation					Deferred compensation based on future performance	
	Base salary	Bonus <sup>2)</sup>	Other <sup>3)</sup>	Pension and social security contributions <sup>4)</sup>	Total cash-based compensation	Estimated value of share-based grant under the Performance Share Plan (PSP) <sup>5)</sup>	Total (incl. conditional share-based grant)
thereof highest single compensation G. Cimermans, CEO	550	458	27	331	1'366	1'114	2'480
<b>Total Executive Committee<sup>1)</sup></b>	<b>1'270</b>	<b>818</b>	<b>31</b>	<b>676</b>	<b>2'795</b>	<b>1'575</b>	<b>4'370</b>

Note: 2021 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.

2021							
thousands of CHF	Cash compensation					Deferred compensation based on future performance	
	Base salary	Bonus	Other	Pension and social security contributions <sup>4)</sup>	Total cash-based compensation	Estimated value of share-based grant under the Performance Share Plan (PSP)	Total (incl. conditional share-based grant)
thereof highest single compensation G. Cimermans, CEO	154	163	5	73	395	0	395
<b>Total Executive Committee</b>	<b>335</b>	<b>254</b>	<b>6</b>	<b>144</b>	<b>739</b>	<b>0</b>	<b>739</b>

1) The total Executive Committee compensation for 2022 includes the compensation of Girts Cimermans, CEO since September 20, 2021; Jennifer Dean, CFO since September 20, 2021; Itee Satpathy, Chief Human Resources Officer since December 01, 2021.

2) Expected bonus for the performance years 2022, to be paid out in the following year (accrual principle).

3) Other consists of child, schooling allowances, insurance allowances and tax services.

4) Includes the employer contribution to social security.

5) Represents the full fair value of the PSUs granted under the PSP in 2022. Estimated value of share-based grant under the 2022 PSP includes the additional grant value compensated for the portion of PSUs forfeited during the spinoff of medmix from Sulzer in financial year 2021. PSUs granted in 2022 had a fair value of CHF 31.81 at grant date, based on a third-party fair value calculation. While the share price to convert the grant value into a number of granted PSUs is based on the three-month weighted average share price before the grant date (CHF 33.8798 per PSU for April 2022 grants), the disclosed fair values are calculated on the grant dates by using market value approaches, which typically leads to differences between the original grant value according to the compensation architecture and the disclosed fair market values. The total estimated value under 2022 PSP includes number of PSUs granted due to forfeiture of Sulzer PSUs.

The total compensation of kCHF 4,370 awarded to the members of the Executive Committee for the financial year 2022 is within the maximum aggregate compensation amount of kCHF 5,500 that was approved by the shareholders at the 2021 EGM for financial year 2022.

No severance payments to members of the Executive Committee were made during the reporting year. As of December 31, 2022, there were no outstanding loans or credits granted to the members of the Executive Committee or former members of the Executive Committee. In 2022, 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 Nomination and Remuneration Committee annually and, if necessary, adjusted by a decision of the full Board of Directors based on a proposal by the Nomination and 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 for any expenses incurred in connection with the travel for the attendance of Board meetings.

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 <sup>1)</sup>

thousands of CHF	Cash component	Grant value of restricted share units	Lump-sum expenses
Base fee for Board chairmanship <sup>2)</sup>	150	150	10
Base fee for Board membership	60	60	5
<b>Additional committee fees:</b>			
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, including the last trading day immediately prior to the grant date.

One-third of the RSUs each vest after the first, second and third anniversary 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

thousands of CHF	Grant value	Grant reference price	Number of awarded RSUs	Vested RSUs		
				2023	2024	2025
Greg Poux-Guillaume, Chairman	150	32.7472	4'581	1/3	1/3	1/3
Barbara Angehrn	65	32.7472	1'985	1/3	1/3	1/3
Daniel O. Flammer	65	32.7472	1'985	1/3	1/3	1/3
Rob ten Hoedt	73	32.7472	2'214	1/3	1/3	1/3
David Metzger	60	32.7472	1'833	1/3	1/3	1/3
Marco Musetti	73	32.7472	2'214	1/3	1/3	1/3
René Willi	65	32.7472	1'985	1/3	1/3	1/3
<b>Board of Directors Total</b>	<b>551</b>		<b>16'797</b>			

# Compensation of the Board of Directors for 2022

The following table discloses the compensation paid to the members of the Board of Directors for financial year 2022 while performing services for medmix:

	2022			
thousands of CHF	Cash fees	Restricted share unit (RSU) plan <sup>4)</sup>	Social security contributions <sup>5)</sup>	Total
Greg Poux-Guillaume, Chairman <sup>1)</sup>	150	150	23	323
Barbara Angehrn <sup>2)</sup>	49	65	9	123
Daniel O. Flammer <sup>2)</sup>	49	65	9	123
Rob ten Hoedt <sup>2)</sup>	54	73	10	137
David Metzger <sup>2)</sup>	45	60	8	113
Marco Musetti <sup>1)</sup>	74	73	12	159
René Willi <sup>2)</sup>	49	65	9	123
Jill Lee <sup>3)</sup>	19	0	2	21
<b>Board of Directors</b>	<b>489</b>	<b>551</b>	<b>82</b>	<b>1'122</b>

	2021			
thousands of CHF	Cash fees	Restricted share unit (RSU) plan <sup>4)</sup>	Social security contributions <sup>5)</sup>	Total
Greg Poux-Guillaume, Chairman	42	79	12	133
Jill Lee	22	41	6	69
Marco Musetti	22	41	4	67
<b>Board of Directors</b>	<b>86</b>	<b>161</b>	<b>22</b>	<b>269</b>

1) Member of the Board of Directors since September 20, 2021.

2) Member of the Board of Directors since April 12, 2022.

3) Member of the Board of Directors from September 20, 2021 to April 12, 2022.

4) RSU awards granted in 2022 had a fair value of CHF 32.7472 at grant date. The amount represents the full fair value of grants made in 2022.

5) 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, 2022, 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 2022, 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 AGM

At the AGM 2022, shareholders approved a maximum aggregate compensation amount of CHF 1,500,000 for the Board of Directors for the period of office from the 2022 AGM until the end of the 2023 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 (A)	Less compensation earned from Jan to AGM of financial year (B)	Plus compensation accrued from Jan to AGM of year following financial year (C)	Total compensation earned for the period from AGM to AGM of medmix (A-B+C)	Amount approved by shareholders at respective AGM	Ratio between compensation earned for the period from AGM to AGM versus amount approved by shareholders
2022 AGM - 2023 AGM	2022	January 1, 2022 to 2022 AGM medmix	January 1, 2023 to 2023 AGM medmix	2022 AGM to 2023 AGM	2022 AGM	2022 AGM
<b>Board of Directors Total</b>	<b>1'122</b>	<b>82</b>	<b>148</b>	<b>1'188</b>	<b>1'500</b>	<b>79.2%</b>
thousands of CHF	Compensation earned during financial year as reported from the EGM of Sulzer till the end of year (A)	Less compensation earned from Jan to AGM of financial year (B)	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	September 20, 2021 to 2021 EGM	January 1, 2022 to 2022 AGM medmix	2021 EGM to 2022 AGM	2021 EGM	2021 EGM
<b>Board of Directors Total</b>	<b>269</b>	<b>0</b>	<b>83</b>	<b>352</b>	<b>450</b>	<b>78.2%</b>

# Shareholdings

## Shareholdings of members of the Executive Committee

As of the end of financial year 2022, the members of the Executive Committee held the following shares and performance share units in the company:

Shareholdings at December 31, 2022	medmix shares	Performance share units (PSU) 2021	Performance share units (PSU) 2022
Girts Cimermans	5'000	0	35'010
Jennifer Dean	1'976	0	10'001
Itee Satpathy	0	0	3'838

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

Shareholdings at December 31, 2021	medmix shares	Performance share units (PSU) 2021
Girts Cimermans	2'222	0
Jennifer Dean	1'976	0
Itee Satpathy	0	0

## Shareholdings of the Board of Directors

As of the end of 2022, the members of the Board of Directors held the following shares and restricted share units in the company:

<b>Shareholdings at December 31, 2022</b>	medmix shares	Restricted share units (RSU)	<b>Total share awards and shares</b>
Greg Poux-Guillaume, Chairman	43'603	5'787	49'390
Barbara Angehrn	0	1'985	1'985
Daniel O. Flammer	0	1'985	1'985
Rob ten Hoedt	0	2'214	2'214
David Metzger	0	1'833	1'833
Marco Musetti	12'057	2'838	14'895
René Willi	0	1'985	1'985

As of the end of 2021, the members of the Board of Directors held the following shares and restricted share units in the company:

<b>Shareholdings at December 31, 2021</b>	medmix shares	Restricted share units (RSU)	<b>Total share awards and shares</b>
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, Baar

## Report on the Audit of the Remuneration Report

### Opinion

We have audited the Remuneration Report of medmix Ltd (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the sections "Compensation of the Executive Committee for 2022" and "Compensation of the Board of Directors for 2022" of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report complies with Swiss law and Art. 14–16 VegüV.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company 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.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the sections "Compensation of the Executive Committee for 2022" and "Compensation of the Board of Directors for 2022" in the Remuneration Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report 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.

#### **Board of Directors' Responsibilities for the Remuneration Report**

The Board of Directors is responsible for the preparation of a Remuneration Report 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 a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

#### **Auditor's Responsibilities for the Audit of the Remuneration Report**

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14–16 VegüV is 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 SA-CH 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 this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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 to 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.

KPMG AG



Simon Niklaus  
Licensed Audit Expert  
Auditor in Charge



Anita Benz  
Licensed Audit Expert

Zurich, 21 February 2023

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# Financial reporting

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# Consolidated income statement

January 1 – December 31

millions of CHF	Notes	2022	2021
Revenue	3, 17	477.1	457.3
Cost of goods sold		-301.7	-276.1
<b>Gross profit</b>		<b>175.4</b>	<b>181.2</b>
Selling and administrative expenses		-103.0	-95.6
Research and development expenses		-23.6	-23.0
Other operating income / (expenses), net	9	-29.3	-2.7
<b>Operating income (EBIT)</b>		<b>19.6</b>	<b>59.9</b>
Interest and securities income	10	0.7	0.0
Interest expenses	10	-6.5	-8.1
Other financial income / (expenses), net	10	-1.6	-0.5
<b>Income before income tax expenses</b>		<b>12.2</b>	<b>51.3</b>
Income tax expenses	11	-0.6	-7.3
<b>Net income</b>		<b>11.6</b>	<b>44.0</b>
<b>Earnings per share (in CHF)</b>			
Basic earnings per share	22	0.28	1.07
Diluted earnings per share	22	0.28	1.07

# Consolidated statement of comprehensive income

January 1 – December 31

millions of CHF	Notes	2022	2021
Net income		11.6	44.0
<b>Items that may be reclassified subsequently to the income statement</b>			
Cash flow hedges, net of tax	26	1.2	-0.6
Currency translation differences		-11.9	0.1
<b>Total items that may be reclassified subsequently to the income statement</b>		<b>-10.7</b>	<b>-0.5</b>
<b>Items that will not be reclassified to the income statement</b>			
Remeasurements of defined benefit plans, net of tax	8	-4.7	12.9
<b>Total items that will not be reclassified to the income statement</b>		<b>-4.7</b>	<b>12.9</b>
<b>Total other comprehensive income</b>		<b>-15.4</b>	<b>12.4</b>
<b>Total comprehensive income for the period</b>		<b>-3.9</b>	<b>56.4</b>

# Consolidated balance sheet

December 31

millions of CHF	Notes	2022	2021
<b>Non-current assets</b>			
Goodwill	12	254.4	258.0
Other intangible assets	12	120.4	135.9
Property, plant and equipment	13	157.6	163.3
Lease assets	14	72.1	66.2
Non-current financial assets	15	6.5	0.1
Defined benefit assets	8	–	6.9
Non-current receivables		0.1	0.0
Deferred income tax assets	11	5.8	4.2
<b>Total non-current assets</b>		<b>617.0</b>	<b>634.7</b>
<b>Current assets</b>			
Inventory	16	91.8	79.2
Current income tax receivables		0.0	0.0
Advance payments to suppliers		4.0	5.5
Contract assets	17	1.0	–
Trade accounts receivable	18	59.6	28.5
Other current receivables and prepaid expenses	19	15.8	16.6
Current financial assets		3.3	0.2
Cash and cash equivalents	20	313.5	209.8
<b>Total current assets</b>		<b>489.0</b>	<b>339.7</b>
<b>Total assets</b>		<b>1'105.9</b>	<b>974.4</b>
<b>Equity</b>			
Share capital	21	0.4	0.4
Reserves		504.4	533.5
<b>Equity attributable to shareholders of medmix Ltd</b>	<b>21</b>	<b>504.8</b>	<b>533.9</b>
<b>Total equity</b>	<b>21</b>	<b>504.8</b>	<b>533.9</b>
<b>Non-current liabilities</b>			
Non-current borrowings	23	246.9	238.9
Non-current lease liabilities	14	62.5	57.8
Deferred income tax liabilities	11	16.1	19.6
Non-current income tax liabilities	11	–	1.7
Defined benefit obligations	8	1.0	1.5
Non-current provisions	24	3.6	3.5
Other non-current liabilities		–	0.0
<b>Total non-current liabilities</b>		<b>330.0</b>	<b>323.1</b>
<b>Current liabilities</b>			
Current borrowings	23	155.1	16.3
Current lease liabilities	14	9.0	7.9
Current income tax liabilities	11	4.7	8.9
Current provisions	24	5.7	7.2
Contract liabilities	17	3.9	4.3
Trade accounts payable		47.4	41.1
Other current and accrued liabilities	25	45.2	31.7
<b>Total current liabilities</b>		<b>271.1</b>	<b>117.4</b>
<b>Total liabilities</b>		<b>601.1</b>	<b>440.5</b>
<b>Total equity and liabilities</b>		<b>1'105.9</b>	<b>974.4</b>

# 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
<b>Equity as of January 1, 2021</b>		–	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
<b>Total comprehensive income for the period</b>		–	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		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
<b>Equity as of December 31, 2021</b>	21	0.4	552.8	–6.5	–0.6	–12.2	533.9
<b>Equity as of January 1, 2022</b>		0.4	552.8	–6.5	–0.6	–12.2	533.9
Comprehensive income for the period:							
Net income			11.6				11.6
– Cash flow hedges, net of tax	26	–	–	–	1.2	–	1.2
– Remeasurements of defined benefit plans, net of tax	8	–	–4.7	–	–	–	–4.7
– Currency translation differences		–	–	–	–	–11.9	–11.9
Other comprehensive income		–	–4.7	–	1.2	–11.9	–15.4
<b>Total comprehensive income for the period</b>		–	6.8	–	1.2	–11.9	–3.9
Transactions with owners of the company:							
Contribution to the Sulzer group	21	–	–0.4	–	–	–	–0.4
Allocation of treasury shares to share plan participants	21	–	–0.1	0.1	–	–	–
Purchase of treasury shares	21	–	–	–6.1	–	–	–6.1
Share-based payments	28	–	1.8	–	–	–	1.8
Dividends	21	–	–20.5	–	–	–	–20.5
<b>Equity as of December 31, 2022</b>	21	0.4	540.3	–12.5	0.7	–24.1	504.8

# Consolidated statement of cash flows

January 1 – December 31

millions of CHF	Notes	2022	2021
Cash and cash equivalents as of January 1	20	209.8	14.8
Net income		11.6	44.0
Loss on net assets derecognized and retained investment	15	15.4	–
Interest and securities income	10	–0.7	–0.0
Interest expenses	10	6.5	8.1
Income tax expenses	11	0.6	7.3
Depreciation, amortization and impairments	12, 13, 14	51.1	51.7
(Gains) / losses from disposals of tangible and intangible assets	9	0.0	–0.1
Changes in inventory		–30.5	–17.0
Changes in advance payments to suppliers		1.3	–1.9
Changes in contract assets		–1.0	–
Changes in trade accounts receivable		–37.9	–2.9
Changes in contract liabilities		–0.3	–0.7
Changes in trade accounts payable		10.0	12.1
Changes in employee benefit plans		–5.9	1.3
Changes in provisions		–1.0	–6.8
Changes in other net current assets		17.7	2.4
Other non-cash items		27.1	5.6
Interest received		0.6	0.0
Interest paid		–6.5	–8.1
Income tax paid		–10.5	–7.9
<b>Total cash flow from operating activities</b>		<b>47.6</b>	<b>87.3</b>
Purchase of intangible assets	12	–2.2	–2.1
Purchase of property, plant and equipment	13	–36.4	–29.8
Sale of property, plant and equipment	13	1.3	0.2
Cash consideration for acquisitions, net of cash acquired	4	–14.7	–2.7
Deconsolidation of medmix Poland, cash derecognized	15	–2.0	–
Sale of other non-current financial assets		0.1	–
Purchase of current financial assets		–3.3	–0.2
Sale of current financial assets		0.2	31.4
<b>Total cash flow from investing activities</b>		<b>–57.0</b>	<b>–3.3</b>
Net proceeds from capital increase	21	–	294.7
Dividends paid to shareholders	21	–15.0	–41.3
Purchase of treasury shares	21	–6.1	–6.5
Payments of lease liabilities	14	–8.9	–8.0
Subsidies for lease payments		–	0.8
Proceeds from non-current borrowings	23	–	265.2
Repayments of non-current borrowings	23	–3.0	–255.1
Proceeds from current borrowings	23	310.5	107.6
Repayments of current borrowings	23	–161.6	–245.9
<b>Total cash flow from financing activities</b>		<b>116.1</b>	<b>111.6</b>
Exchange gains / (losses) on cash and cash equivalents		–2.9	–0.6
<b>Net change in cash and cash equivalents</b>		<b>103.7</b>	<b>195.0</b>
Cash and cash equivalents as of December 31	20	313.5	209.8

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

# Notes to the consolidated financial statements

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# 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 Neuhofstrasse 20 in Baar, Switzerland. The consolidated financial statements for the year ended December 31, 2022, 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 2’067 people at 19 production, sales and service sites around the world.

The group was spun-off from Sulzer on September 20, 2021, and became a publicly traded group on September 30, 2021. medmix Ltd is 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, 2023.

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 accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all subsidiaries.

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](#).

## 2021

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 2021. The group carried over the book values of the closing carve-out financial statements instead of applying IFRS 1.

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

The financial statements for periods prior to the spin-off were 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.

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 December 31, 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.

### 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:

- Revenue increased from CHF 457.3 million in 2021 to CHF 477.1 million in 2022 despite reduced manufacturing capacities caused by COVID-19 lockdowns in China and the suspension of operations in the Poland facility as a result of sanctions imposed by the Polish government.
- In January 2022, the group signed a lease contract for a new Healthcare site in Atlanta, USA, which will support the Drug Delivery customers in providing their products to the US market. The site will also support US customers for the Dental and Surgery market segments. The impact of the new lease contract was an increase in lease assets and lease liabilities of CHF 15.2 million.
- On May 16, 2022, the group announced a suspension of operations at its manufacturing site in Wroclaw, Poland, as a result of sanctions levied by the Polish government. The sanctions apply to medmix' minority shareholder, Viktor Vekselberg, but have been extended to medmix Poland Sp. z o.o., even though Viktor Vekselberg has no control or ownership of any medmix entities and is deprived of all his economic rights in medmix.
- On May 23, 2022, the Polish Ministry of the Interior and Administration denied the group's urgent request for removal from the Polish sanctions list. Therefore, the group started to relocate production to other countries. Appeals to the Polish administration are continuing and medmix is pushing for a speedy outcome, with the full support of the Swiss government administration.
- As of December 31, 2022, the group assessed whether it still controls medmix Poland and concluded that the group lost control at the end of April 2022, the date the sanctions were levied by the Polish government. As a result, the group stopped consolidating medmix Poland by derecognizing the assets and liabilities of the subsidiary including any components of other comprehensive income (OCI) attributable to the entity. Total net assets at the time of deconsolidation amounted to CHF 12.5 million and currency translation differences accumulated in OCI amounted to CHF 3.0 million, which resulted in a total loss from deconsolidation of CHF 15.4 million. Amounts owed to and from medmix Poland before losing control have been reclassified from intercompany receivables, loans and payables to third party receivables, loans and payables in the total net assets amount of CHF 11.8 million. The related assets have been tested for impairment based on the expected credit loss model. As a result of the impairment test and to reflect the existing credit risk, the group recognized a fifty percent loss allowance of CHF 5.9 million, calculated based on the net amount owed by medmix Poland. Further details are disclosed in [note 5](#) and [note 15](#).

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

millions of CHF	Healthcare		Consumer & Industrial		Total medmix	
	2022	2021	2022	2021	2022	2021
Revenue <sup>1)</sup>	184.9	169.8	292.3	287.5	477.1	457.3
Business area cost of goods sold	-72.1	-66.6	-187.0	-170.3	-259.1	-236.9
<b>Business area gross profit</b>	<b>112.7</b>	<b>103.2</b>	<b>105.3</b>	<b>117.1</b>	<b>218.0</b>	<b>220.4</b>
Business area gross profit margin	61.0%	60.8%	36.0%	40.7%	45.7%	48.2%

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	2022	2021
<b>Business area gross profit</b>	<b>218.0</b>	<b>220.4</b>
Other cost of goods sold	-42.6	-39.2
<b>Gross profit</b>	<b>175.4</b>	<b>181.2</b>
Operating expenses	-155.8	-121.3
<b>Operating income (EBIT)</b>	<b>19.6</b>	<b>59.9</b>
Depreciation	28.8	28.7
Amortization	20.8	22.2
Impairments on tangible and intangible assets	1.5	0.9
<b>EBITDA</b>	<b>70.7</b>	<b>111.7</b>
Restructuring expenses	1.1	0.3
Non-operational items <sup>1)</sup>	33.6	2.5
<b>Adjusted EBITDA</b>	<b>105.4</b>	<b>114.5</b>
Adjusted EBITDA margin	22.1%	25.0%

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.

### Bridge from cash flow from operating activities to free cash flow

millions of CHF	2022	2021
<b>Cash flow from operating activities</b>	<b>47.6</b>	<b>87.3</b>
Purchase of intangible assets	-2.2	-2.1
Purchase of property, plant and equipment	-36.4	-29.8
Sale of property, plant and equipment	1.3	0.2
<b>Free cash flow (FCF)</b>	<b>10.3</b>	<b>55.6</b>

## 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) that 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 the 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	2022	2021
<b>Europe, the Middle East and Africa</b>	<b>547.7</b>	<b>579.4</b>
– thereof Germany	319.8	339.1
– thereof Switzerland	188.8	185.3
<b>Americas</b>	<b>48.6</b>	<b>35.8</b>
– thereof USA	47.0	34.2
<b>Asia-Pacific</b>	<b>8.3</b>	<b>8.4</b>
– thereof China	7.6	7.2
<b>Total non-current assets</b>	<b>604.6</b>	<b>623.5</b>

### Revenue by region

millions of CHF	2022	2021
<b>Europe, the Middle East and Africa</b>	<b>274.9</b>	<b>273.2</b>
– thereof Germany	98.5	106.5
– thereof Italy	42.8	40.1
– thereof France	27.1	21.6
– thereof Switzerland	23.3	18.3
<b>Americas</b>	<b>162.8</b>	<b>141.0</b>
– thereof USA	143.5	129.3
<b>Asia-Pacific</b>	<b>39.4</b>	<b>43.1</b>
– thereof China	18.6	20.6
<b>Total revenue</b>	<b>477.1</b>	<b>457.3</b>

## Market segment information

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

### Revenue by market segment

millions of CHF	2022	2021
Dental	125.1	116.3
Drug Delivery	47.0	40.8
Surgery	12.8	12.6
<b>Total Healthcare</b>	<b>184.9</b>	<b>169.8</b>
Industry	148.2	160.5
Beauty	144.1	126.9
<b>Total Consumer &amp; Industrial</b>	<b>292.3</b>	<b>287.5</b>
<b>Total revenue</b>	<b>477.1</b>	<b>457.3</b>

## 4 Acquisition of subsidiaries

### Acquisitions in 2022

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. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts recognized below, then the accounting for the acquisition will be revised.

### Net assets acquired

millions of CHF	Universal	Total
Intangible assets	8.2	8.2
Property, plant and equipment	0.9	0.9
Inventory	0.4	0.4
<b>Net identifiable assets</b>	<b>9.5</b>	<b>9.5</b>
Goodwill recognized in balance sheet	5.2	5.2
<b>Total consideration</b>	<b>14.7</b>	<b>14.7</b>
Purchase price paid by the group	14.7	14.7
<b>Total consideration</b>	<b>14.7</b>	<b>14.7</b>

## Universal

On October 24, 2022, the group acquired the entire plastics business of Universal de Suministros, S.L., Spain, ("Universal") for CHF 14.7 million and the business was integrated into medmix Spain. Based in Valencia, this acquisition will be developed into a production hub for the Industry market segment. Universal employs approximately 24 people and is a manufacturer of cartridges, mixers & accessories for construction & industrial adhesives related markets, with extensive experience, a strong reputation and manufacturing capabilities. Universal will operate as part of medmix' Industry market segment. The goodwill is attributable to synergies from enabling the group to rapidly scale up production for its Industry market segment. Transaction costs recognized in the income statement amount to CHF 0.3 million.

## Cash flow from acquisitions of subsidiaries

millions of CHF	2022	2021
Cash consideration paid	-14.7	-
Contingent consideration paid	-0.0	-2.7
Cash acquired	-	-
<b>Total cash flow from acquisitions, net of cash acquired</b>	<b>-14.7</b>	<b>-2.7</b>

## Contingent consideration

millions of CHF	2022	2021
Balance as of January 1	0.0	2.7
Assumed in a business combination	-	0.0
Payment of contingent consideration	-0.0	-2.7
Currency translation differences	-0.0	0.0
<b>Total contingent consideration as of December 31</b>	<b>-</b>	<b>0.0</b>
- thereof non-current	-	-
- thereof current	-	0.0

## Acquisitions in 2021

No acquisitions were made in 2021.

## 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](#).

## Deconsolidation of medmix Poland and related impairments and inventory write-off

Amounts owed to and from medmix Poland before losing control have been reclassified from intercompany receivables and payables to third party receivables and payables. The related assets have been tested for impairment based on the expected credit loss model. As a result of the impairment test and to reflect the existing credit risk, the group recognized a loss allowance. The group also remeasured the investment in medmix Poland at its fair value. The nature of this fair value valuation is such that judgment has to be applied to estimate the fair value. Further details are disclosed in [note 15](#).

In 2022, after the deconsolidation of medmix Poland, the group acquired inventory from medmix Poland and was subsequently writing down the inventory to the net realizable value. Further details are disclosed in [note 9](#).

## 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). 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 related to the 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 2022, the currency pair with the most significant exposure and inherent risk was the CHF versus the PLN. If, on December 31, 2022, the CHF had increased by 13.5% against the PLN with all other variables held constant, profit after tax for the year would have been CHF 0.7 million higher due to foreign exchange gains on PLN-denominated financial liabilities. A decrease of the rate would have caused a loss of the same amount.

### Hypothetical impact of foreign exchange risk on income statement

millions of CHF	2022		
	CHF/PLN	EUR/CHF	EUR/USD
Currency pair			
Exposure	5.6	3.1	-1.5
Volatility	13.5%	8.0%	10.5%
Effect on profit after tax (rate increase)	0.7	0.2	-0.2
Effect on profit after tax (rate decrease)	-0.7	-0.2	0.2

millions of CHF	2021		
	EUR/INR	EUR/CZK	USD/BRL
Currency pair			
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

The following tables show the hypothetical influence on equity related to the 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	2022		
	USD/CHF	EUR/CHF	EUR/GBP
Currency pair			
Exposure	-32.5	7.5	-6.1
Volatility	9.7%	8.0%	8.4%
Effect on equity, net of taxes (rate increase)	-3.0	0.6	-0.5
Effect on equity, net of taxes (rate decrease)	3.0	-0.6	0.5

millions of CHF	2021		
	USD/CHF	CHF/PLN	EUR/GBP
Currency pair			
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

### (II) Price risk

As of December 31, 2022, and 2021, 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 and CHF 150.0 million revolving credit facility.

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 as 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		2022		
Variable interest-bearing assets / (liabilities), net	Amount	Sensitivity in basis points	Impact on post-tax profit	
			Rate increase	Rate decrease
CHF	-108.7	100	-1.0	1.0
EUR	36.0	100	0.3	-0.3
USD	17.2	100	0.2	-0.2
CNY	10.7	100	0.1	-0.1
GBP	2.6	100	0.0	0.0

millions of CHF		2021		
Variable interest-bearing assets / (liabilities), net	Amount	Sensitivity in basis points	Impact on post-tax profit	
			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

On December 31, 2022, 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 1.0 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, 2021, 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 0.8 million lower as a result of higher interest expenses on CHF-denominated liabilities.

### 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

	2022				
millions of CHF	Carrying amount	<1 year	1–5 years	>5 years	Total
Borrowings	402.0	157.6	282.9	–	440.5
Lease liabilities	71.5	9.3	33.1	41.4	83.8
Trade accounts payable	47.4	47.4	–	–	47.4
Other current and non-current liabilities (excluding derivative liabilities)	8.5	8.5	–	–	8.5
Derivative liabilities	0.4	0.4	–	–	0.4
– thereof outflow		24.9	–	–	24.9
– thereof inflow		24.7	–	–	24.7

	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

## 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	2022	2021
Cash and cash equivalents	-313.5	-209.8
Current financial assets	-3.3	-0.2
Non-current borrowings	246.9	238.9
Non-current lease liabilities	62.5	57.8
Current borrowings	155.1	16.3
Current lease liabilities	9.0	7.9
<b>Net debt as of December 31</b>	<b>156.7</b>	<b>110.9</b>
<b>EBIT</b>	<b>19.6</b>	<b>59.9</b>
Depreciation	28.8	28.7
Impairments on tangible and intangible assets	1.5	0.9
Amortization	20.8	22.2
<b>EBITDA</b>	<b>70.7</b>	<b>111.7</b>
Restructuring expenses	1.1	0.3
Non-operational items <sup>1)</sup>	33.6	2.5
<b>Adjusted EBITDA</b>	<b>105.4</b>	<b>114.5</b>
Net debt	156.7	110.9
Adjusted EBITDA	105.4	114.5
<b>Net debt/adjusted EBITDA ratio</b>	<b>1.49</b>	<b>0.97</b>

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, 2022, and 2021, 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

		December 31, 2022								
		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
<b>Financial assets measured at fair value</b>										
Non-current financial assets (at fair value)	15	–	–	–	–	–	–	–	–	–
Derivative assets – current	19, 26	2.3	–	–	–	2.3	–	2.3	–	2.3
<b>Total financial assets measured at fair value</b>		<b>2.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2.3</b>	<b>–</b>	<b>2.3</b>	<b>–</b>	<b>2.3</b>
<b>Financial assets not measured at fair value</b>										
Non-current financial assets (at amortized cost)	15	–	–	6.5	–	6.5	–	–	–	–
Non-current receivables (excluding non-current derivative assets)		–	–	0.1	–	0.1	–	–	–	–
Trade accounts receivable	18	–	–	59.6	–	59.6	–	–	–	–
Other current receivables (excluding current derivative assets and other taxes)	19	–	–	1.4	–	1.4	–	–	–	–
Current financial assets (at amortized cost)		–	–	3.3	–	3.3	–	–	–	–
Cash and cash equivalents	20	–	–	313.5	–	313.5	–	–	–	–
<b>Total financial assets not measured at fair value</b>		<b>–</b>	<b>–</b>	<b>384.4</b>	<b>–</b>	<b>384.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities measured at fair value</b>										
Derivative liabilities – current	25, 26	0.4	–	–	–	0.4	–	0.4	–	0.4
Contingent considerations		–	–	–	–	–	–	–	–	–
<b>Total financial liabilities measured at fair value</b>		<b>0.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>
<b>Financial liabilities not measured at fair value</b>										
Non-current borrowings	23	–	–	–	246.9	246.9	–	–	–	–
Other non-current liabilities (excluding non-current derivative liabilities)		–	–	–	–	–	–	–	–	–
Current borrowings and bank loans	23	–	–	–	155.1	155.1	–	–	–	–
Trade accounts payable		–	–	–	47.4	47.4	–	–	–	–
Other current liabilities (excluding current derivative liabilities, other taxes and contingent considerations)	25	–	–	–	6.9	6.9	–	–	–	–
<b>Total financial liabilities not measured at fair value</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>456.3</b>	<b>456.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Non-current financial assets (at fair value) include the investment in medmix Poland of which the fair value (level 3) was assessed to be zero.

## Fair value table

December 31, 2021

millions of CHF	Notes	Carrying amount				Fair value			Total fair value
		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	
<b>Financial assets measured at fair value</b>									
Non-current financial assets (at fair value)			–			–	–	–	–
Derivative assets – current	19, 26	2.1				2.1	–	2.1	–
<b>Total financial assets measured at fair value</b>		<b>2.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2.1</b>	<b>–</b>	<b>2.1</b>	<b>–</b>
<b>Financial assets not measured at fair value</b>									
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			
<b>Total financial assets not measured at fair value</b>		<b>–</b>	<b>–</b>	<b>240.2</b>	<b>–</b>	<b>240.2</b>			
<b>Financial liabilities measured at fair value</b>									
Derivative liabilities – current	25, 26	0.2				0.2	–	0.2	–
Contingent considerations	4		0.0			0.0	–	–	0.0
<b>Total financial liabilities measured at fair value</b>		<b>0.2</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>0.2</b>	<b>–</b>	<b>0.2</b>	<b>0.0</b>
<b>Financial liabilities not measured at fair value</b>									
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			
<b>Total financial liabilities not measured at fair value</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>298.3</b>	<b>298.3</b>			

## 7 Personnel expenses

millions of CHF	2022	2021
Salaries and wages	120.5	108.8
Defined contribution plan expenses	1.6	0.5
Defined benefit plan expenses	5.6	5.3
Cost of share-based payment transactions	1.8	1.1
Social benefit costs	17.2	15.9
Other personnel costs	3.8	3.4
<b>Total personnel expenses</b>	<b>150.5</b>	<b>135.1</b>

## 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

millions of CHF	2022		
	Funded plans Switzerland	Unfunded plans Germany	Total
Present value of funded defined benefit obligation	-97.5	-	-97.5
Fair value of plan assets (funded plans)	121.7	-	121.7
<b>Overfunding / (underfunding)</b>	<b>24.1</b>	<b>-</b>	<b>24.1</b>
Present value of unfunded defined benefit obligation	-	-1.0	-1.0
Adjustment to asset ceiling	-24.1	-	-24.1
<b>Asset / (liability) recognized in the balance sheet</b>	<b>-</b>	<b>-1.0</b>	<b>-1.0</b>
- thereof as defined benefit obligations	-	-1.0	-1.0
- thereof as defined benefit assets	-	-	-

millions of CHF	2021		
	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
<b>Overfunding / (underfunding)</b>	<b>6.9</b>	<b>-</b>	<b>6.9</b>
Present value of unfunded defined benefit obligation	-	-1.5	-1.5
<b>Asset / (liability) recognized in the balance sheet</b>	<b>6.9</b>	<b>-1.5</b>	<b>5.4</b>
- thereof as defined benefit obligations	-	-1.5	-1.5
- thereof as defined benefit assets	6.9	-	6.9

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 2022 were CHF 5.6 million (2021: 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 2022 were CHF 0.0 million (2021: CHF 0.1 million).

## Employee benefit plans

millions of CHF	2022	2021
<b>Reconciliation of effect of asset ceiling</b>		
Adjustment to asset ceiling at January 1	–	–
Change in effect of asset ceiling excl. interest income / (expenses)	–24.1	–
<b>Adjustment to asset ceiling at December 31</b>	<b>–24.1</b>	<b>–</b>
<b>Reconciliation of asset / (liability) recognized in the balance sheet</b>		
Asset / (liability) recognized at January 1	5.4	–8.3
Defined benefit income / (expenses) recognized in the income statement	–5.6	–5.3
Defined benefit income / (expenses) recognized in OCI	–5.4	14.9
Employer contributions	4.6	3.9
Currency translation differences	0.1	0.0
<b>Asset / (liability) recognized at December 31</b>	<b>–1.0</b>	<b>5.4</b>
<b>Components of defined benefit income / (expenses) in the income statement</b>		
Current service costs (employer)	–5.6	–5.2
Interest expenses	–0.4	–0.1
Interest income on plan assets	0.4	0.1
Other administrative costs	–0.0	–0.0
<b>Income / (expenses) recognized in the income statement</b>	<b>–5.6</b>	<b>–5.3</b>
– thereof charged to personnel expenses	–5.6	–5.3
– thereof charged to financial expenses	0.0	–0.0
<b>Components of defined benefit gains / (losses) in OCI</b>		
Actuarial gains / (losses) on defined benefit obligation	9.9	–4.3
Returns on plan assets excl. interest income	8.9	19.3
Changes in effect of asset ceiling excl. interest expenses / (income)	–24.1	–
<b>Defined benefit gains / (losses) recognized in OCI<sup>1)</sup></b>	<b>–5.4</b>	<b>14.9</b>

1) The tax effect on defined benefit cost recognized in OCI amounted to CHF 0.7 million (2021: CHF -2.0 million).

## Employee benefit plans

millions of CHF	2022	2021
<b>Reconciliation of defined benefit obligation</b>		
Defined benefit obligation as of January 1	-95.7	-84.1
Interest expenses	-0.4	-0.1
Current service costs (employer)	-5.6	-5.2
Contributions by plan participants	-3.3	-2.8
Benefits paid / (deposited)	-3.5	0.8
Other administrative costs	-0.0	-0.0
Actuarial gains / (losses)	9.9	-4.3
Currency translation differences	0.1	0.1
<b>Defined benefit obligation as of December 31<sup>1)</sup></b>	<b>-98.5</b>	<b>-95.7</b>
<b>Reconciliation of the fair value of plan assets</b>		
Fair value of plan assets as of January 1	101.1	75.9
Interest income on plan assets	0.4	0.1
Employer contributions	4.6	3.9
Contributions by plan participants	3.3	2.8
Benefits (paid) / deposited	3.4	-0.8
Returns on plan assets excl. interest income	8.9	19.3
<b>Fair value of plan assets as of December 31</b>	<b>121.7</b>	<b>101.1</b>
<b>Total plan assets at fair value – quoted market price</b>		
Cash and cash equivalents	5.0	7.8
Equity instruments	27.0	24.4
Debt instruments	34.7	27.8
Real estate funds	4.3	3.0
Others	7.3	5.9
<b>Total assets at fair value – quoted market price as of December 31</b>	<b>78.3</b>	<b>68.9</b>
<b>Total plan assets at fair value – non-quoted market price</b>		
Properties occupied by or used by third parties (real estate)	36.0	26.3
Others	7.3	5.9
<b>Total assets at fair value – non-quoted market price as of December 31</b>	<b>43.4</b>	<b>32.2</b>
<b>Best estimate of contributions for upcoming financial year</b>		
Contributions by the employer	4.6	4.2

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

## Employee benefit plans

millions of CHF	2022	2021
<b>Components of defined benefit obligation, split</b>		
Defined benefit obligation for active members	-75.0	-78.0
Defined benefit obligation for pensioners	-23.4	-17.5
Defined benefit obligation for deferred members	-0.1	-0.2
<b>Total defined benefit obligation as of December 31</b>	<b>-98.5</b>	<b>-95.7</b>
<b>Components of actuarial gains / (losses) on obligations</b>		
Actuarial gains / (losses) arising from changes in financial assumptions	23.1	3.1
Actuarial gains / (losses) arising from changes in demographic assumptions	-	-
Actuarial gains / (losses) arising from experience adjustments	-13.2	-7.4
<b>Total actuarial gains / (losses) on defined benefit obligation</b>	<b>9.9</b>	<b>-4.3</b>
<b>Maturity profile of defined benefit obligation</b>		
Weighted average duration of defined benefit obligation in years	12.0	16.4

## Principal actuarial assumptions as of December 31

The following were the principal actuarial assumptions:

	2022		2021	
	Funded plans Switzerland	Unfunded plans Germany	Funded plans Switzerland	Unfunded plans Germany
Discount rate for active employees	2.2%	3.8%	0.4%	0.9%
Discount rate for pensioners	2.3%	3.8%	0.3%	0.9%
Future salary increases	1.5%	0.0%	1.0%	0.0%
Future pension increases	0.0%	1.0%	0.0%	1.0%
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	2022	2021
Discount rate (decrease 0.25 percentage points)	-2.9	-4.1
Discount rate (increase 0.25 percentage points)	2.7	3.8
Future salary growth (decrease 0.25 percentage points)	1.1	0.6
Future salary growth (increase 0.25 percentage points)	-1.2	-0.6
Life expectancy (decrease 1 year)	0.4	2.1
Life expectancy (increase 1 year)	-0.3	-2.1

## 9 Other operating income and expenses

millions of CHF	2022	2021
Gain from sale of property, plant and equipment	0.1	0.1
Other operating income	0.7	0.3
<b>Total other operating income</b>	<b>0.8</b>	<b>0.3</b>
Restructuring expenses	-1.1	-0.3
Impairments on tangible and intangible assets	-1.5	-0.9
Cost for mergers and acquisitions	-0.5	-
Loss from sale of property, plant and equipment	-0.1	-0.0
Operating currency exchange losses, net	-2.8	-1.8
Deconsolidation of medmix Poland: Loss on net assets derecognized and retained investment	-15.4	-
Impairments on exposure against medmix Poland	-5.9	-
Write-downs on inventory acquired from medmix Poland	-2.6	-
<b>Total other operating expenses</b>	<b>-30.1</b>	<b>-3.0</b>
<b>Total other operating income / (expenses), net</b>	<b>-29.3</b>	<b>-2.7</b>

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

For 2022, the group recognized restructuring costs of CHF 1.2 million (2021: CHF 0.5 million), partly offset by released restructuring provisions of CHF 0.0 million (2021: CHF 0.2 million). The group further performed impairment tests on production machines and facilities leading to impairments of CHF 1.5 million (2021: CHF 0.9 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 -1.8 million (2021: CHF -0.3 million), selling and administrative expenses CHF -0.7 million (2021: CHF -0.2 million) and research and development expenses CHF -0.1 million (2021: CHF -0.7 million).

In 2022, the group deconsolidated medmix Poland as of April 2022. The loss on the net assets derecognized and retained investment amounted to CHF 15.4 million (2021: CHF 0.0 million). Amounts owed to and from medmix Poland before losing control have been reclassified from intercompany receivables, loans and payables to third party receivables, loans and payables in the total net assets amount of CHF 11.8 million. The group further recognized impairments on the net exposure against medmix Poland in the amount of CHF 5.9 million (2021: CHF 0.0 million). For more details, reference is made to [note 15](#).

The functional allocation of the impairments is as follows: Selling and administrative expenses CHF –1.1 million (2021: CHF 0.0 million), other financial income and expenses CHF –4.8 million (2021: CHF 0.0 million)

In 2022, after the deconsolidation of medmix Poland, the group acquired inventory from medmix Poland in the amount of CHF 6.2 million and was subsequently writing down the inventory by CHF 2.6 million (2021: CHF 0.0 million) to the net realizable value.

## 10 Financial income and expenses

millions of CHF	2022	2021
Interest and securities income	0.7	0.0
<b>Total interest and securities income</b>	<b>0.7</b>	<b>0.0</b>
Interest expenses on borrowings and lease liabilities	–6.5	–8.1
<b>Total interest expenses</b>	<b>–6.5</b>	<b>–8.1</b>
<b>Total interest income / (expenses), net</b>	<b>–5.8</b>	<b>–8.0</b>
Fair value changes	0.6	1.3
Other financial income / (expenses), net	0.1	–0.3
Currency exchange gains / (losses), net	–2.3	–1.5
<b>Total other financial income / (expenses), net</b>	<b>–1.6</b>	<b>–0.5</b>
<b>Total financial income / (expenses), net</b>	<b>–7.4</b>	<b>–8.6</b>
– thereof fair value changes on financial assets at fair value through profit and loss	0.6	1.3
– thereof interest income on financial assets at amortized costs	0.7	0.0
– thereof other financial income / (expenses), net	0.1	–0.3
– thereof currency exchange gains / (losses), net	–2.3	–1.5
– thereof interest expenses on borrowings	–5.4	–7.4
– thereof interest expenses on lease liabilities	–1.0	–0.7

Total financial expenses, net, amounted to CHF 7.4 million, compared with CHF 8.6 million in 2021. The financial expenses are mainly driven by interest expenses on borrowings.

## 11 Income taxes

millions of CHF	2022	2021
Current income tax expenses	-5.4	-13.0
Deferred income tax income	4.8	5.7
<b>Total income tax expenses</b>	<b>-0.6</b>	<b>-7.3</b>

For the reconciliation of the income tax expenses, the group used the weighted average tax rate for the group tax rate. The weighted average tax rate results from applying each subsidiary's statutory income tax rate to the income before taxes based on absolute values (that is, making all values positive). 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	2022	2021
Income before income tax expenses	12.2	51.3
<b>Group tax rate</b>	<b>17.4%</b>	<b>17.5%</b>
Income taxes at group tax rate	-2.1	-9.0
Income taxed at different tax rates	2.8	4.7
Effect of tax loss carryforwards and allowances for deferred income tax assets	-0.9	-3.1
Expenses not deductible for tax purposes	-0.8	-0.3
Effect of changes in tax rates and legislation	0.3	-0.2
Prior year items and others	0.2	0.6
<b>Total income tax expenses</b>	<b>-0.6</b>	<b>-7.3</b>
Effective income tax rate	5.1%	14.3%

The effective income tax rate for 2022 was 5.1%. The effect of income tax at different tax rates in the amount of CHF 2.8 million mainly consists of tax-deductible impairments of foreign subsidiaries, partly offset by deconsolidating the net assets of medmix Poland. Without the effects of foreign subsidiaries impairments and deconsolidating medmix Poland, the effective income tax rate would have been 14.2%.

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.

## Income tax liabilities

millions of CHF	2022	2021
Balance as of January 1	10.6	6.9
Additions	5.4	11.5
Released as no longer required	-0.0	-0.3
Utilized	-11.4	-7.5
Currency translation differences	0.1	-0.0
<b>Total income tax liabilities as of December 31</b>	<b>4.7</b>	<b>10.6</b>
- thereof non-current	-0.0	1.7
- thereof current	4.7	8.9

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

millions of CHF	2022		
	Assets	Liabilities	Net
Intangible assets	1.5	-18.8	-17.2
Property, plant and equipment	1.5	-1.0	0.5
Inventory	2.4	-1.1	1.3
Other assets	1.0	-3.3	-2.2
Non-current provisions	0.2	-	0.2
Current provisions	0.5	-0.1	0.4
Other liabilities	2.5	-0.2	2.4
Tax loss carryforwards	4.4	-	4.4
<b>Tax assets / liabilities</b>	<b>14.1</b>	<b>-24.5</b>	<b>-10.3</b>
Offset of assets and liabilities	-8.4	8.4	-
<b>Net recorded deferred income tax assets and liabilities</b>	<b>5.8</b>	<b>-16.1</b>	<b>-10.3</b>

	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
Inventory	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
<b>Tax assets / liabilities</b>	<b>13.3</b>	<b>-28.8</b>	<b>-15.4</b>
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

Cumulative deferred income taxes recorded in equity as of December 31, 2022, amounted to CHF 1.2 million (2021: CHF 1.7 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

	2022					
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
Intangible assets	-21.8	5.1	-	-	-0.5	-17.2
Property, plant and equipment	1.0	-0.8	-	-	0.3	0.5
Inventory	2.3	-1.0	-	-	0.1	1.3
Other assets	-2.2	0.2	-0.2	-	-	-2.2
Defined benefit obligations	0.1	-0.8	0.7	-	-	-
Non-current provisions	0.3	-0.0	-	-	-0.1	0.2
Current provisions	0.1	0.3	-	-	-	0.4
Other liabilities	2.3	0.0	-	-	-	2.4
Tax loss carryforwards	2.5	1.9	-	-	-	4.4
<b>Total</b>	<b>-15.4</b>	<b>4.8</b>	<b>0.5</b>	<b>-</b>	<b>-0.2</b>	<b>-10.3</b>

2021

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
Intangible assets	-25.7	2.8	-	-	1.0	-21.8
Property, plant and equipment	0.1	0.5	-	-	0.3	1.0
Inventory	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
<b>Total</b>	<b>-20.5</b>	<b>5.7</b>	<b>-1.9</b>	<b>-</b>	<b>1.3</b>	<b>-15.4</b>

### Tax loss carryforwards (TLCF)

millions of CHF	2022				
	Amount	Potential tax assets	Valuation allowance	Carrying amount	Unrecognized TLCF
Expiring in the next 3 years	1.2	0.2	-0.2	0.0	1.3
Expiring in 4–7 years	4.5	0.5	-0.5	0.0	4.5
Available without limitation	24.0	5.0	-0.6	4.4	3.8
<b>Total tax loss carryforwards as of December 31</b>	<b>29.8</b>	<b>5.7</b>	<b>-1.3</b>	<b>4.4</b>	<b>9.6</b>

2021

millions of CHF	Amount	Potential tax assets	Valuation allowance	Carrying amount	Unrecognized TLCF
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
<b>Total tax loss carryforwards as of December 31</b>	<b>16.8</b>	<b>2.9</b>	<b>-0.4</b>	<b>2.5</b>	<b>3.2</b>

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 9.6 million (2021: CHF 3.2 million).

## 12 Goodwill and other intangible assets

						2022
millions of CHF	Goodwill	Trademarks and licenses	Research and development	Computer software	Customer relationships	Total
<b>Acquisition cost</b>						
Balance as of January 1	258.0	78.5	6.0	17.8	231.8	592.2
Acquired through business combination	5.2	1.3	–	–	6.9	13.4
Deconsolidation of medmix Poland	–	–0.0	–	–0.1	–	–0.2
Additions	–	0.0	0.0	2.1	–	2.2
Disposals	–	–	–	–0.1	–	–0.1
Currency translation differences	–8.8	–0.4	–0.2	–0.7	–7.7	–17.8
<b>Balance as of December 31</b>	<b>254.4</b>	<b>79.4</b>	<b>5.8</b>	<b>19.1</b>	<b>231.0</b>	<b>589.7</b>
<b>Accumulated amortization and impairment losses</b>						
Balance as of January 1	–	66.6	4.5	14.1	113.0	198.3
Deconsolidation of medmix Poland	–	–0.0	–	–0.1	–	–0.1
Additions	–	2.6	0.4	1.3	16.5	20.8
Disposals	–	–	–	–0.1	–	–0.1
Impairments	–	–	–	–	–	–
Currency translation differences	–	–0.3	–0.2	–0.1	–3.5	–4.1
<b>Balance as of December 31</b>	<b>–</b>	<b>69.0</b>	<b>4.7</b>	<b>15.1</b>	<b>126.0</b>	<b>214.8</b>
<b>Net book value</b>						
As of January 1	258.0	11.9	1.5	3.7	118.8	393.9
As of December 31	254.4	10.4	1.2	3.9	104.9	374.9

						2021
millions of CHF	Goodwill	Trademarks and licenses	Research and development	Computer software	Customer relationships	Total
<b>Acquisition cost</b>						
Balance as of January 1	265.4	78.6	5.6	15.7	237.4	602.7
Acquired through business combination	–	–	–	–	–	–
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
<b>Balance as of December 31</b>	<b>258.0</b>	<b>78.5</b>	<b>6.0</b>	<b>17.8</b>	<b>231.8</b>	<b>592.2</b>
<b>Accumulated amortization and impairment losses</b>						
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
<b>Balance as of December 31</b>	<b>–</b>	<b>66.6</b>	<b>4.5</b>	<b>14.1</b>	<b>113.0</b>	<b>198.3</b>
<b>Net book value</b>						
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

## Goodwill impairment test

	2022			
millions of CHF	Goodwill	Headroom	Growth rate residual value	Pretax discount rate
Healthcare	69.9	1'604.3	2.0%	7.9%
Consumer & Industrial	184.5	375.8	2.0%	9.5%
<b>Total as of December 31</b>	<b>254.4</b>	<b>1'980.1</b>		

	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%
<b>Total as of December 31</b>	<b>258.0</b>	<b>2'831.2</b>		

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 (2022), the three-year strategic plan for the subsequent two periods (2023–2024) and a management calculation for the next two periods (2025–2026). The budget and the three-year strategic plan were approved by the Board of Directors in February 2022. Cash flows beyond the planning period are extrapolated using a terminal value including the growth rates as stated above.

As of December 31, 2022, 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

	2022				
millions of CHF	Land and buildings	Machinery and technical equipment	Other non-current assets	Assets under construction	Total
<b>Acquisition cost</b>					
Balance as of January 1	68.9	218.6	17.1	22.6	327.1
Acquired through business combination	–	0.9	–	–	0.9
Deconsolidation of medmix Poland	–0.3	–22.9	–0.4	–1.8	–25.3
Additions	0.3	7.3	1.3	27.5	36.4
Disposals	–1.0	–7.1	–1.2	–	–9.3
Reclassifications	2.3	12.9	1.5	–16.8	–
Currency translation differences	–2.2	–6.2	–0.6	–0.5	–9.5
<b>Balance as of December 31</b>	<b>68.0</b>	<b>203.6</b>	<b>17.7</b>	<b>31.0</b>	<b>320.3</b>
<b>Accumulated depreciation</b>					
Balance as of January 1	24.6	131.4	7.1	0.6	163.7
Deconsolidation of medmix Poland	–0.1	–12.2	1.9	–	–10.4
Additions	3.0	15.7	1.6	–	20.3
Disposals	–0.5	–6.0	–1.0	–0.6	–8.0
Impairments	–	1.5	0.0	–	1.5
Currency translation differences	–0.3	–3.8	–0.2	–	–4.4
<b>Balance as of December 31</b>	<b>26.7</b>	<b>126.6</b>	<b>9.3</b>	<b>–</b>	<b>162.7</b>
<b>Net book value</b>					
As of January 1	44.2	87.1	9.9	22.0	163.3
As of December 31	41.3	76.9	8.4	31.0	157.6

	2021				
millions of CHF	Land and buildings	Machinery and technical equipment	Other non-current assets	Assets under construction	Total
<b>Acquisition cost</b>					
Balance as of January 1	44.9	204.0	16.3	45.7	310.8
Acquired through business combination	–	–	–	–	–
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
<b>Balance as of December 31</b>	<b>68.9</b>	<b>218.6</b>	<b>17.1</b>	<b>22.6</b>	<b>327.1</b>
<b>Accumulated depreciation</b>					
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
<b>Balance as of December 31</b>	<b>24.6</b>	<b>131.4</b>	<b>7.1</b>	<b>0.6</b>	<b>163.7</b>
<b>Net book value</b>					
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

The group performed impairment tests on production machines and facilities, resulting in impairments of CHF 1.5 million as of December 31, 2022 (December 31, 2021: CHF 0.8 million), all of which were charged to other operating expenses.

In 2022, the group sold property, plant and equipment with a net book value of CHF 1.3 million for CHF 1.3 million, resulting in a net gain of CHF 0.0 million (2021: property, plant and equipment with a net book value of CHF 0.1 million sold for CHF 0.2 million, resulting in a net gain of CHF 0.1 million).

## 14 Leases

### Lease assets

	2022			
millions of CHF	Land and buildings, leased	Machinery and technical equipment, leased	Other non-current assets, leased	Total
Balance as of January 1	46.6	18.4	1.3	66.2
Deconsolidation of medmix Poland	-3.2	-1.6	-	-4.8
Additions	17.9	2.9	0.3	21.1
Disposals	-0.0	-0.0	-0.0	-0.0
Depreciation	-6.6	-1.4	-0.5	-8.5
Remeasurements and contract modifications	0.2	-	-	0.2
Currency translation differences	-1.3	-0.7	-0.1	-2.1
<b>Total lease assets as of December 31</b>	<b>53.5</b>	<b>17.6</b>	<b>1.0</b>	<b>72.1</b>

	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
<b>Total lease assets as of December 31</b>	<b>46.6</b>	<b>18.4</b>	<b>1.3</b>	<b>66.2</b>

## Lease liabilities

millions of CHF	2022		
	Non-current lease liabilities	Current lease liabilities	Total
Balance as of January 1	57.8	7.9	65.7
Deconsolidation of medmix Poland	-3.4	-1.1	-4.5
Additions	19.3	1.8	21.1
Interest expenses	0.9	0.1	1.0
Cash flow for repayments – principal portion	-0.4	-8.4	-8.9
Cash flow for repayments – interest portion	-0.9	-0.1	-1.0
Remeasurements and contract modifications	0.2	-	0.2
Reclassifications	-9.2	9.2	-
Currency translation differences	-1.9	-0.3	-2.1
<b>Total lease liabilities as of December 31</b>	<b>62.5</b>	<b>9.0</b>	<b>71.5</b>

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
<b>Total lease liabilities as of December 31</b>	<b>57.8</b>	<b>7.9</b>	<b>65.7</b>

## Other leasing disclosures

millions of CHF	2022	2021
<b>Recognized in the income statement</b>		
Expenses relating to short-term leases	-1.1	-1.8
Expenses relating to low-value asset leases, excluding short-term leases of low-value assets	-0.2	-0.5
Expenses relating to variable lease payments not included in the lease liability	-0.3	-0.3
Income from subleasing right-of-use assets	0.1	0.1
Interest expenses on lease liabilities	-1.0	-0.7
<b>Total recognized in the income statement</b>	<b>-2.5</b>	<b>-3.2</b>
<b>Recognized in the statement of cash flows</b>		
Cash flow for short-term, low-value and variable leases (included within cash flow from operating activities)	-1.6	-2.6
Cash flow from subleasing right-of-use assets (included within cash flow from operating activities)	0.1	0.1
Cash flow for repayments of interest on lease liabilities (included within cash flow from operating activities)	-1.0	-0.7
Cash flow for repayments of the principal portion on lease liabilities (included within cash flow from financing activities)	-8.9	-8.0
Cash flow from subsidies for lease payments (included within cash flow from financing activities)	-	0.8
<b>Total cash outflow</b>	<b>-11.4</b>	<b>-10.3</b>

## 15 Deconsolidation of medmix Poland

On May 16, 2022, the group announced a suspension of operations at its manufacturing site in Wrocław, Poland, as a result of sanctions levied by the Polish government. The sanctions apply to medmix' minority shareholder, Viktor Vekselberg, but have been extended to medmix Poland Sp. z o.o. (medmix Poland), even though Viktor Vekselberg has no control or ownership of any medmix entities and is deprived of all his economic rights in medmix.

On May 23, 2022, the Polish Ministry of the Interior and Administration denied the group's urgent request for removal from the Polish sanctions list. Therefore, the group started to relocate production to other countries. Appeals to the Polish administration are continuing and medmix is pushing for a speedy outcome, with the full support of the Swiss government administration.

As of June 30, 2022, the group assessed whether it still controls medmix Poland and concluded that there is a temporary loss of control. However, it was more likely than not that the group would regain control before the end of the year and therefore the group's management decided to include the financial statements of medmix Poland in the consolidated financial statements as of June 30, 2022. As another consequence, the group reviewed the balance sheet of medmix Poland and assessed if indications for impairments of assets existed. No impairments were recognized as of June 30, 2022.

As of December 31, 2022, the group assessed whether it still controls medmix Poland and concluded that the group lost control at the end of April 2022, the date the sanctions were levied by the Polish government. As a result, the group stopped consolidating medmix Poland by derecognizing the assets and liabilities of the subsidiary including any components of other comprehensive income (OCI) attributable to the entity. Total net assets at the time of deconsolidation amounted to CHF 12.5 million and currency translation differences accumulated in OCI amounted to CHF 3.0 million, which resulted in a total loss from deconsolidation of CHF 15.4 million as stated below.

## Net assets derecognized

millions of CHF	April 30, 2022
Other intangible assets	0.0
Property, plant and equipment	15.0
Lease assets	4.8
Deferred income tax assets	0.2
Other non-current assets	-0.0
Cash and cash equivalents	2.0
Inventory	7.8
Trade accounts receivable	2.5
Other current assets	-0.0
Borrowings	-11.5
Lease liabilities	-4.5
Provisions	-0.1
Other liabilities	-3.9
<b>Net assets derecognized</b>	<b>12.5</b>

## Loss on net assets derecognized and retained investment

millions of CHF	April 30, 2022
Net assets derecognized	-12.5
Currency translation differences recycled into the income statement	-3.0
Fair value on retained investment	-
<b>Loss on net assets derecognized and retained investment</b>	<b>-15.4</b>

The group also remeasured the investment in medmix Poland to its fair value, which was assessed to be zero at initial recognition and as of December 31, 2022.

Amounts owed to and from medmix Poland before losing control have been reclassified from intercompany receivables, loans and payables to third party receivables, loans and payables in the total net assets amount of CHF 11.8 million. The related assets have been tested for impairment based on the expected credit loss model. As a result of the impairment test and to reflect the existing credit risk, the group recognized a fifty percent loss allowance of CHF 5.9 million, calculated based on the net amount owed by medmix Poland.

## Impairments

millions of CHF	2022		
	Gross amount	Impairments	Net book value
Non-current financial assets	11.2	-4.7	6.5
Trade accounts receivable	2.3	-1.1	1.2
Other current receivables and prepaid expenses	0.3	-0.1	0.2
Trade accounts payable	-2.0	-	-2.0
<b>Total exposure against medmix Poland</b>	<b>11.8</b>	<b>-5.9</b>	<b>5.9</b>

On January 11, 2023, the group announced negotiations for the sale of its Polish entity, following its decision to stop production in Wrocław, Poland. Since sanctions on its Polish subsidiary were first imposed in April 2022, the group has unequivocally stated that the sanctions are erroneous. While the group continues to appeal these local administrative decisions that are based on a misunderstanding of its governance and shareholding structure, medmix has entered into negotiations to dispose of its Polish legal entity and to exit operations in Poland, subject to regulatory approvals.

## 16 Inventory

millions of CHF	2022	2021
Raw materials, supplies and consumables	26.8	20.9
Work in progress	23.6	20.4
Finished products and trade merchandise	41.4	37.9
<b>Total inventory as of December 31</b>	<b>91.8</b>	<b>79.2</b>

In 2022, the group recognized write-downs of CHF 5.8 million (2021: CHF 2.4 million) in the income statement, thereof CHF 2.6 million related to Poland (see [note 9](#) for further details). The write-downs were partly offset by the release of unused write-downs of CHF 1.6 million (2021: CHF 0.5 million). Total accumulated write-downs on inventory amounted to CHF 12.6 million as of December 31, 2022 (2021: CHF 9.8 million). Material expenses in 2022 amounted to CHF 114.1 million (2021: CHF 116.9 million).

## 17 Assets and liabilities related to contracts with customers

millions of CHF	2022	2021
Revenue recognized over time related to ongoing performance obligations	3.0	2.6
Revenue recognized over time related to satisfied performance obligations	0.5	–
<b>Revenue recognized over time</b>	<b>3.5</b>	<b>2.6</b>
Revenue recognized at a point in time	473.6	454.7
<b>Revenue</b>	<b>477.1</b>	<b>457.3</b>
– thereof revenue recognized included in the contract liability balance at the beginning of the period	4.3	5.0
Cost of goods sold recognized over time related to ongoing performance obligations	–1.4	–2.2
Cost of goods sold recognized over time related to satisfied performance obligations	–	–
<b>Cost of goods sold recognized over time</b>	<b>–1.4</b>	<b>–2.2</b>
Cost of goods sold recognized at a point in time	–300.3	–273.9
<b>Cost of goods sold</b>	<b>–301.7</b>	<b>–276.1</b>
Gross profit recognized over time related to ongoing performance obligations	1.6	0.4
Gross profit recognized over time related to satisfied performance obligations	0.5	–
<b>Gross profit recognized over time</b>	<b>2.1</b>	<b>0.4</b>
Gross profit recognized at a point in time	173.3	180.8
<b>Gross profit</b>	<b>175.4</b>	<b>181.2</b>
Contract assets from revenue recognized over time relating to ongoing performance obligations	7.5	2.7
Netting with contract liabilities	–6.5	–2.7
<b>Contract assets</b>	<b>1.0</b>	<b>–</b>
Contract liabilities from costs recognized over time relating to ongoing performance obligations	–	0.2
Advance payments from customers relating to point in time contracts	3.9	2.6
Advance payments from customers relating to over time contracts	6.5	4.2
Netting with contract assets	–6.5	–2.7
<b>Contract liabilities</b>	<b>3.9</b>	<b>4.3</b>
Order backlog (aggregate amount of transaction price allocated to unsatisfied performance obligations)	155.5	155.9
– thereof expected to be recognized as revenue within 12 months	155.5	148.0

## 18 Trade accounts receivable

### Aging structure of trade accounts receivable

millions of CHF	2022			
	Expected loss rate	Gross amount	Allowance	Net book value
Not past due	0.3%	46.6	-0.1	46.4
<b>Past due</b>				
1–30 days	7.2%	7.9	-0.6	7.3
31–60 days	3.8%	3.1	-0.1	3.0
61–120 days	10.8%	1.2	-0.1	1.0
>120 days	43.1%	3.2	-1.4	1.8
<b>Total trade accounts receivable as of December 31</b>		<b>61.9</b>	<b>-2.3</b>	<b>59.6</b>

millions of CHF	2021			
	Expected loss rate	Gross amount	Allowance	Net book value
Not past due	0.1%	19.4	-0.0	19.4
<b>Past due</b>				
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
<b>Total trade accounts receivable as of December 31</b>		<b>29.8</b>	<b>-1.3</b>	<b>28.5</b>

### Allowance for doubtful trade accounts receivable

millions of CHF	2022	2021
Balance as of January 1	1.3	1.3
Additions	1.6	0.1
Released as no longer required	-0.6	-
Utilized	-0.1	-0.1
Currency translation differences	-0.0	0.0
<b>Balance as of December 31</b>	<b>2.3</b>	<b>1.3</b>

Approximately 25% (2021: 35%) of the gross amount of trade accounts receivable was past due and an allowance of CHF 2.3 million (2021: 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	2022	2021
<b>Europe, the Middle East and Africa</b>	<b>38.6</b>	<b>17.9</b>
– thereof Germany	17.0	11.4
– thereof Switzerland	18.8	4.9
<b>Americas</b>	<b>18.7</b>	<b>7.2</b>
<b>Asia-Pacific</b>	<b>2.3</b>	<b>3.4</b>
<b>Total as of December 31</b>	<b>59.6</b>	<b>28.5</b>

## 19 Other current receivables and prepaid expenses

millions of CHF	2022	2021
Taxes (VAT, withholding tax)	4.5	7.3
Derivative financial instruments	2.3	2.1
Other current receivables	1.4	1.6
<b>Total other current receivables as of December 31</b>	<b>8.2</b>	<b>11.0</b>
Prepaid expenses	7.6	5.6
<b>Total prepaid expenses as of December 31</b>	<b>7.6</b>	<b>5.6</b>
<b>Total other current receivables and prepaid expenses as of December 31</b>	<b>15.8</b>	<b>16.6</b>

## 20 Cash and cash equivalents

millions of CHF	2022	2021
Cash	105.4	209.1
Cash equivalents	208.1	0.8
<b>Total cash and cash equivalents as of December 31</b>	<b>313.5</b>	<b>209.8</b>

Cash and cash equivalents as of December 31, 2022 amounted to CHF 313.5 million (2021: CHF 209.8 million). Cash equivalents represent mainly fixed-term deposits with maturities up to 3 months from the acquisition date. Further details are disclosed in the consolidated statement of cash flows.

## 21 Equity

### Share capital

thousands of CHF	2022		2021	
	Number of shares	Share capital	Number of shares	Share capital
<b>Balance as of December 31 (par value CHF 0.01)</b>	<b>41'262'370</b>	<b>412.6</b>	<b>41'262'370.0</b>	<b>412.6</b>

The share capital amounts 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, 2022, and 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, 2022		Dec 31, 2021	
	Number of shares	in %	Number of shares	in %
Viktor Vekselberg (direct shareholder: Tiwel Holding AG)	16'728'414	40.54	16'728'414	40.54
The Capital Group Companies, Inc. (direct shareholder: Capital Research and Management Company)	2'065'631	5.01	2'065'631	5.01
FIL Limited	2'025'719	4.90	2'025'719	4.90
UBS Fund Management (Switzerland) AG	1'489'532	4.35	1'489'532	4.35

## Retained earnings

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

## Treasury shares

In 2022, the group acquired in total 200'000 treasury shares (2021: 150'000 shares) to cover its existing exposure from share-based payment programs for consideration of CHF 6.1 million (December 31, 2021: CHF 6.5 million). During 2022, the group allocated 2'464 shares to share plan participants (2021: 0 shares) for a total value of CHF 0.1 million. The total number of shares held by the group as of December 31, 2022, amounted to 347'536 (December 31, 2021: 150'000 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

On April 12, 2022, the Annual General Meeting approved an ordinary dividend of CHF 0.50 per share to be paid out of reserves. The dividend was paid to shareholders on April 20, 2022. The total amount of the dividend to shareholders of medmix Ltd is CHF 20.5 million, thereof paid dividends of CHF 15.0 million and unpaid dividends of CHF 5.5 million. The outstanding dividend payments are reflected in the balance sheet position "Other current and accrued liabilities".

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

The Board of Directors has decided to propose to the Annual General Meeting 2023 a dividend for the financial year 2022 of CHF 0.50 per share.

## Contribution to the Sulzer group

For 2022, the contribution to the Sulzer group of CHF –0.4 million is related to the vested Sulzer shares under the existing Sulzer share plans. For the year 2021, the contribution to the Sulzer group of CHF –104.1 million was primarily related to the debt split between Sulzer and medmix and to the legal ownership change of two medmix entities.

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.

## 22 Earnings per share

	2022	2021
Net income attributable to shareholders of medmix Ltd (millions of CHF)	11.6	44.0
Issued number of shares	41'262'370	41'262'370
Adjustment for the average number of treasury shares held	-304'626	-100'931.0
<b>Average number of shares outstanding as of December 31</b>	<b>40'957'744</b>	<b>41'161'439</b>
Adjustment for share participation plans	142'278.0	-
<b>Average number of shares for calculating diluted earnings per share as of December 31</b>	<b>41'100'022</b>	<b>41'161'439</b>
<b>Earnings per share, attributable to a shareholder of medmix Ltd (in CHF) as of December 31</b>		
Basic earnings per share	0.28	1.07
Diluted earnings per share	0.28	1.07

The earnings per share calculation as of December 31, 2021, is based the on pro forma number of shares at the spin-off rather than historical and is a continuation of the carve-out financial statements.

## 23 Borrowings

	2022		
millions of CHF	Non-current borrowings	Current borrowings	Total
Balance as of January 1	238.9	16.3	255.3
Cash flow from proceeds	–	310.5	310.5
Cash flow for repayments	–3.0	–161.6	–164.6
Changes in amortized costs	1.0	–	1.0
Reclassifications	10.0	–10.0	–
Currency translation differences	–0.1	–0.1	–0.2
<b>Total borrowings as of December 31</b>	<b>246.9</b>	<b>155.1</b>	<b>402.0</b>

	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 Sulzer group	–1.4	97.8	96.4
Reclassifications	–10.0	10.0	–
Currency translation differences	0.7	0.4	1.0
<b>Total borrowings as of December 31</b>	<b>238.9</b>	<b>16.3</b>	<b>255.2</b>

In 2021, the group arranged two committed syndicated credit facilities (A and B) for a total amount of CHF 400.0 million, both maturing in September 2027. The credit facilities include two one-year extension options (subject to lenders' approval), of which the first extension option has been selected by the group and approved by the lenders.

- Facility A: Syndicated term loan for an amount of CHF 250.0 million. As of December 31, 2022 and 2021, the facility was fully utilized. The semi-annual instalments of CHF 10.0 million have been cancelled on request of the group by unanimous consent from the lenders, the full amount for facility A is available until September 2027.
- Facility B: Syndicated revolving credit facility for an amount of CHF 150.0 million. The credit facility can be drawn until 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, 2022 the facility was fully utilized, and as of December 31, 2021, the facility was not used.

## Borrowings by currency

	<b>2022</b>		
	millions of CHF	in %	Interest rate
CHF	400.7	99.7	1.4%
EUR	1.2	0.3	1.8%
USD	0.1	0.0	0.9%
<b>Total as of December 31</b>	<b>402.0</b>	<b>100.0</b>	<b>–</b>

	<b>2021</b>		
	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%
<b>Total as of December 31</b>	<b>255.2</b>	<b>100.0</b>	<b>–</b>

## 24 Provisions

	2022				
millions of CHF	Other employee benefits	Warranties / liabilities	Restructuring	Other	Total
Balance as of January 1	4.3	1.8	0.2	4.5	10.8
Deconsolidation of medmix Poland	–	–	–	–0.1	–0.1
Additions	2.2	0.6	1.2	3.4	7.3
Released as no longer required	–0.7	–1.1	–0.0	–2.2	–4.0
Utilized	–0.9	–	–0.9	–2.4	–4.3
Currency translation differences	–0.1	–0.0	–0.0	–0.3	–0.4
<b>Total provisions as of December 31</b>	<b>4.8</b>	<b>1.2</b>	<b>0.3</b>	<b>2.9</b>	<b>9.3</b>
– thereof non-current	3.4	–	–	0.2	3.6
– thereof current	1.5	1.2	0.3	2.7	5.7

	2021				
millions of CHF	Other employee benefits	Warranties / liabilities	Restructuring	Other	Total
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
<b>Total provisions as of December 31</b>	<b>4.3</b>	<b>1.8</b>	<b>0.2</b>	<b>4.5</b>	<b>10.8</b>
– thereof non-current	3.3	–	–	0.2	3.5
– thereof current	1.0	1.8	0.2	4.3	7.2

The category “Other employee benefits” includes provisions for jubilee gifts, early retirement of senior managers and other obligations to employees.

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

“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 one year, by their nature, the amounts and timing of any cash outflows are difficult to predict.

## 25 Other current and accrued liabilities

millions of CHF	2022	2021
Outstanding dividend payments	5.5	–
Taxes (VAT, withholding tax)	1.6	1.1
Derivative financial instruments	0.4	0.2
Contingent consideration	–	0.0
Other current liabilities	1.4	1.9
<b>Total other current liabilities as of December 31</b>	<b>8.9</b>	<b>3.3</b>
Contract-related costs	0.6	0.6
Salaries, wages and bonuses	9.6	11.1
Vacation and overtime claims	3.0	2.7
Accrued expenses and deferred income	23.0	14.0
<b>Total accrued liabilities as of December 31</b>	<b>36.3</b>	<b>28.4</b>
<b>Total other current and accrued liabilities as of December 31</b>	<b>45.2</b>	<b>31.7</b>

## 26 Derivative financial instruments

millions of CHF	2022				2021			
	Derivative assets		Derivative liabilities		Derivative assets		Derivative liabilities	
	Notional value	Fair value	Notional value	Fair value	Notional value	Fair value	Notional value	Fair value
Forward exchange rate contracts	144.1	2.3	80.0	0.4	168.4	2.1	24.7	0.2
<b>Total as of December 31</b>	<b>144.1</b>	<b>2.3</b>	<b>80.0</b>	<b>0.4</b>	<b>168.4</b>	<b>2.1</b>	<b>24.7</b>	<b>0.2</b>
– thereof due in <1 year	144.1	2.3	80.0	0.4	168.4	2.1	24.7	0.2

## Cash flow hedge reserve

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. The following tables present the cash flow hedge reserve as of December 31, 2022, and 2021.

millions of CHF	2022		
	Gross amount	Deferred taxes	Net book value
Balance as of January 1	-0.6	0.1	-0.6
Fair value adjustments	-1.5	-0.2	-1.7
Reclassified to profit or loss	2.9	-	2.9
Balance as of December 31	0.8	-0.1	0.7

millions of CHF	2021		
	Gross amount	Deferred taxes	Net book value
Balance as of January 1	-	-	-
Fair value adjustments	-0.6	0.1	-0.6
Reclassified to profit or loss	-	-	-
Balance as of December 31	-0.6	0.1	-0.6

There was no ineffectiveness that arose from cash flow hedges in 2022 (2021: 0.0 million). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

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, 2022, 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, 2022, the amount subject to such netting arrangements was CHF 0.4 million (2021: CHF 0.2 million). Considering the effect of these agreements, the amount of derivative assets would reduce from CHF 2.3 million to CHF 1.9 million (2021: from CHF 2.1 million to CHF 1.9 million) and the amount of derivative liabilities would reduce from CHF 0.4 million to CHF 0.0 million (2021: from CHF 0.2 million to CHF 0.0 million).

## 27 Contingent liabilities

The separation from Sulzer Ltd was effected by way of a symmetrical demerger in 2021 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	2022	2021
Restricted share unit plan	0.4	0.0
Performance share plan	1.3	1.1
<b>Total charged to personnel expenses</b>	<b>1.8</b>	<b>1.1</b>

### 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	2022	2021	Total
Outstanding as of January 1, 2021	–	–	–
Granted	–	3'681	3'681
Exercised	–	–	–
Forfeited	–	–	–
Expired	–	–	–
<b>Outstanding as of January 1, 2022</b>	<b>–</b>	<b>3'681</b>	<b>3'681</b>
Granted	16'797	–	16'797
Exercised	–	–1'851	–1'851
Forfeited	–	–	–
Expired	–	–	–
<b>Outstanding as of December 31, 2022</b>	<b>16'797</b>	<b>1'830</b>	<b>18'627</b>
Average fair value at grant date in CHF	32.08	43.92	–

## Performance share plan settled in medmix shares

This long-term incentive plan covers the members of the Executive Committee and other selected individuals employed in defined roles. Performance share units (PSU) are granted annually, depending on the organizational position of the employee. Given the spin-off of medmix from Sulzer in 2021, the first regular grant of the medmix PSP occurred in 2022.

Vesting of the PSP is based on the achievement of three pre-determined performance conditions:

- Growth: Measured by the revenue of medmix based on the consolidated financial statement, weighted with 30%.
- Profitability: Measured by the adjusted EBITDA margin, weighted with 30%.
- Share performance: Measured by the relative share price development in comparison to the Swiss Performance Index excluding dividends, weighted with 40%.

Share performance is measured with a starting value of the average share price over the first three months prior to the start of the 3-year performance period and an ending value of the average share price over the last three months of the vesting period. The number of vested PSUs will be determined by multiplying the number of originally granted PSUs by the total achievement factor, rounded up to the next full number of vested PSUs. For each vested PSU, one medmix share will be transferred to the individual plan participant on the share delivery date.

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

Grant year	2022
Fair value at grant date	31.81
Share price at grant date	32.90
Expected volatility	36.83%
Risk-free interest rate	0.39%

The expected volatility of the medmix shares is determined by the historical volatility. The zero-yield curve from Switzerland was used as the relevant risk-free rate. Historical data was used to arrive at an estimate for the correlation between medmix and the Swiss Performance Index.

## Performance share units — terms of awards

Grant year	<b>2022</b>
Number of awards granted	127'194
Grant date	1-Apr-22
Performance period	01/22–12/24
Fair value at grant date in CHF	31.81

## Performance share units

Grant year	<b>2022</b>
Outstanding as of January 1, 2022	–
Granted	127'194
Exercised	–613
Forfeited	–2'930
Outstanding as of December 31, 2022	<b>123'651</b>

## 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 share 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.

Vesting of the PSP is based on three performance conditions: Sulzer operational income growth over the performance period before restructuring, amortization, impairments and non-operational items (operational profit) (weighted 25%), Sulzer 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	2022	2021	2020	2019	2018
Fair value at grant date	n/a	124.95	78.18	115.95	143.62
Share price at grant date	n/a	101.12	76.05	92.46	120.60
Expected volatility	n/a	34.68%	37.45%	29.64%	29.12%
Risk-free interest rate	n/a	-0.58%	-0.64%	-0.57%	-0.42%

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	2022	2021	2020	2019	2018
Number of awards granted	n/a	8'027	15'598	5'844	3'475
Grant date	n/a	April 1, 2021	June 1, 2020	April 1, 2019	July 1, 2018
Performance period for cumulative operational profit	n/a	01/21–12/23	01/20–12/22	01/19–12/21	01/18–12/20
Performance period for TSR	n/a	01/21–12/23	01/20–12/22	01/19–12/21	01/18–12/20
Fair value at grant date in CHF	n/a	124.95	78.18	115.95	143.62

## Performance share units

Grant year	2022	2021	2020	2019	2018	Total
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
<b>Outstanding as of December 31, 2021</b>	–	<b>4'102</b>	<b>10'987</b>	<b>6'165</b>	–	<b>21'254</b>
<b>Outstanding as of January 1, 2022</b>	–	<b>4'102</b>	<b>10'987</b>	<b>6'165</b>	–	<b>21'254</b>
Employees transfer from Sulzer to medmix	–	1'748	2'505	–	–	4'253
Exercised	–	–274	–1'084	–6'165	–	–7'523
Forfeited	–	–536	–525	–	–	–1'061
<b>Outstanding as of December 31, 2022</b>	–	<b>5'040</b>	<b>11'883</b>	–	–	<b>16'923</b>

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

### Key management compensation

thousands of CHF	2022				2021			
	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	489	551	82	1'122	86	161	22	269
Executive Committee	2'119	1'575	676	4'370	1'903	612	524	3'039

As of December 31, 2022, there were no outstanding loans with members of the Board of Directors or the Executive Committee.

### Related parties

There are no transactions with related parties to disclose.

## 30 Auditor remuneration

Fees for the audit services by KPMG as the appointed group auditor amounted to CHF 0.5 million (2021: CHF 0.6 million). Additional services provided by the group auditor amounted to a total of CHF 0.2 million (2021: CHF 0.1 million). This amount includes CHF 0.1 million (2021: CHF 0.1 million) for tax services and CHF 0.1 million for other services (2021: CHF 0.0 million).

## 31 Key accounting policies and valuation methods

### 31.1 Change in accounting policies

#### a) Standards, amendments and interpretations that were effective for 2022

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.

#### b) Standards, amendments and interpretations issued but not yet effective, which the group decided not to adopt early in 2022

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:

CHF	2022		2021	
	Average rate	Year-end rate	Average rate	Year-end rate
EUR 1	1.00	0.98	1.08	1.03
GBP 1	1.18	1.11	1.26	1.23
USD 1	0.95	0.92	0.91	0.91
CNY 100	14.19	13.29	14.17	14.35

### 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 Inventory**

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. Inventory is valued by reference to weighted average costs. Provisions are made for slow-moving and excess inventory.

### **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):** revenues, 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
<b>Healthcare</b>			
	— Off-the-shelf articles of stock materials (production to stock)		
Standard orders	— Made-to-order articles	PIT	n/a
	— Highly customized products that are tailor-made to customers' specifications		
Developmental projects for drug delivery devices and medical instruments	— Multistage process that generally includes design, development and industrialization capability phases	PIT	OT
<b>Consumer &amp; Industrial</b>			
	— Off-the-shelf articles of stock materials (production to stock)		
Standard orders	— 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

On January 9, 2023, the group announced that an investment agreement to acquire a majority stake in Guangdong Qiaoyi Plastic Co. LTD has been signed. Guangdong Qiaoyi Plastic Co. LTD is a beauty manufacturing business, located in Shantou (China) and employs around 350 people. The transaction is expected to close in the first half of 2023. The financial effects of this transaction have not been recognized at December 31, 2022. The operating results and assets and liabilities of the acquired company will be consolidated once the acquisition is closed.

Subsequent events have been considered for adjustment of disclosure up to February 21, 2023, the date these consolidated financial statements were authorized for issue.

## 33 Major 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
<b>Europe</b>								
Switzerland	medmix Switzerland AG, Haag	100%	CHF 100'000		•	•	•	
	medmix Group AG, Baar	100%	CHF 100'000	•				
Germany	medmix Deutschland Holding GmbH, Bechhofen	100%	EUR 870'000					
	GEKA GmbH, Bechhofen	100%	EUR 878'600		•	•	•	•
	medmix Deutschland GmbH, Kiel	100%	EUR 26'000		•	•	•	•
	Haselmeier GmbH, Stuttgart	100%	EUR 2'027'700		•		•	•
Spain	medmix Spain S.L. <sup>1)</sup>	100%	EUR 3'600			•	•	
UK	medmix UK Ltd., Hungerford	100%	GBP 1'000'000			•	•	
<b>North America</b>								
USA	medmix US Inc., Salem, New Hampshire	100%	USD 0				•	
	GEKA Manufacturing Corporation, Elgin, Illinois	100%	USD 603'719			•	•	•
	medmix US Holding Inc., Salem, New Hampshire	100%	USD 1'000					
<b>Central and South America</b>								
Brazil	GEKA do Brasil Indústria e Comércio de Embalagens Ltda., Cotia	100%	BRL 15'009'794			•	•	•
<b>Asia</b>								
India	Haselmeier India Pvt. Ltd., Bengaluru	100%	INR 32'309'720			•		
People's Republic of China	medmix China Ltd., Shanghai	100%	CHF 1'000'000			•		

1) Acquired in 2022.



# Statutory Auditor's Report

To the General Meeting of medmix Ltd, Baar

## 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 statement of balance sheet as at 31 December 2022 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 2022, 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 Standards on Auditing (SA-CH). 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, together with 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.



## REVENUE RECOGNITION

### Key Audit Matter

Total consolidated revenue of the financial year 2022 amounted to CHF 477.1 million (2021: CHF 457.3 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 transfer-ring control over a promised good or service. Due to the Group's business model, revenues recognized with the over time method 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.

For further information on revenue recognition refer to the following:

- [Note 3](#) of the consolidated financial statements
- [Note 31.23](#) Key accounting policies and valuation methods - Revenue

### Other Information in the Annual Report

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

Our opinion on the consolidated financial statements does not cover the other information 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 and, in doing so, consider whether the other information is materially inconsistent with the

### 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.

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.

#### **Board of Directors' Responsibilities 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 SA-CH 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 SA-CH, 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 PS-CH 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



Simon Niklaus  
Licensed Audit Expert  
Auditor in Charge



Anita Benz  
Licensed Audit Expert

Zurich, 21 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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# 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](#).

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# Balance sheet of medmix Ltd

## December 31

thousands of CHF	Notes	2022	2021
<b>Current assets</b>			
Cash and cash equivalents		1'543	1'982
Accounts receivable from subsidiaries		11	4'500
Other current accounts receivable		1'183	929
Prepaid expenses and other current accounts receivable		218	294
Current loans to subsidiaries		25'000	–
<b>Total current assets</b>		<b>27'954</b>	<b>7'705</b>
<b>Non-current assets</b>			
Non-current loans to subsidiaries		183'500	200'000
Investments in subsidiaries	3	424'394	424'394
<b>Total non-current assets</b>		<b>607'894</b>	<b>624'394</b>
<b>Total assets</b>		<b>635'848</b>	<b>632'099</b>
<b>Current liabilities</b>			
Current liabilities with subsidiaries		10'330	–
Current liabilities with shareholders		5'437	–
Accrued liabilities and other current liabilities		220	69
<b>Total current liabilities</b>		<b>15'986</b>	<b>69</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>15'986</b>	<b>69</b>
<b>Equity</b>			
Registered share capital	4	413	413
Legal capital reserves	4	50'000	50'000
Reserves from capital contribution	4	294'653	294'653
Voluntary retained earnings			
– Free reserves	4	268'951	293'951
– Retained earnings	4	4'045	–
– Net profit/(loss) for the year		14'270	–498
Treasury shares	4	–12'470	–6'489
<b>Total equity</b>	<b>4</b>	<b>619'862</b>	<b>632'030</b>
<b>Total equity and liabilities</b>		<b>635'848</b>	<b>632'099</b>

# Income statement of medmix Ltd

January 1 – December 31, 2022 and September 20 – December 31, 2021

thousands of CHF	Notes	2022	2021
<b>Income</b>			
Investment income	6	25'000	–
Financial income	7	1'965	549
Other income		68	–
<b>Total income</b>		<b>27'033</b>	<b>549</b>
<b>Expenses</b>			
Administrative expenses	8	12'474	978
Financial expenses	7	51	65
Direct taxes		237	4
<b>Total expenses</b>		<b>12'763</b>	<b>1'047</b>
<b>Net profit/(loss) for the year</b>		<b>14'270</b>	<b>–498</b>

## 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
<b>Equity as of December 31, 2021</b>	<b>413</b>	<b>50'000</b>	<b>294'653</b>	<b>293'951</b>	<b>–</b>	<b>–498</b>	<b>–6'489</b>	<b>632'030</b>
Equity as of January 1, 2022	413	50'000	294'653	293'951	–	–498	–6'489	632'030
Capital increase								–
Allocation of free reserves				–25'000	25'000			–
Dividend					–20'457			–20'457
Allocation of net income					–498	498		–
Net profit for the year						14'270		14'270
Change in treasury shares							–5'981	–5'981
<b>Equity as of December 31, 2022</b>	<b>413</b>	<b>50'000</b>	<b>294'653</b>	<b>268'951</b>	<b>4'045</b>	<b>14'270</b>	<b>–12'470</b>	<b>619'862</b>

# Notes to the financial statements of medmix Ltd

## 1 General information

medmix Ltd, Baar, 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

The share capital as of December 31, 2022, 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, 2022, 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, 2022		Dec 31, 2021	
	Number of shares	in %	Number of shares	in %
Viktor Vekselberg (direct shareholder: Tiwel Holding AG)	16'728'414	40.54	16'728'414	40.54
The Capital Group Companies, Inc. (direct shareholder: Capital Research and Management Company)	2'065'631	5.01	2'065'631	5.01
FIL Limited	2'025'719	4.90	2'025'719	4.90
UBS Fund Management (Switzerland) AG	1'489'532	4.35	1'489'532	4.35

### Legal capital reserves and free reserves

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

thousands of CHF	2022		2021	
	Number of shares	Total transaction amount	Number of shares	Total transaction amount
Balance as of January 1 / September 20	150'000	6'489	–	–
Purchase	200'000	6'069	150'000	6'489
Share-based remuneration	–2'464	–88	–	–
<b>Balance as of December 31</b>	<b>347'536</b>	<b>12'470</b>	<b>150'000</b>	<b>6'489</b>

The total number of treasury shares held by medmix Ltd as of December 31, 2022, amounted to 347'536 (December 31, 2021: 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	2022	2021
Guarantees, sureties and comfort letters for subsidiaries		
– to banks and insurance companies	28'591	34'786
<b>Total contingent liabilities as of December 31</b>	<b>28'591</b>	<b>34'786</b>

As of December 31, 2022, CHF 5'111k (2021: 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 Investment income

In 2022, the investment income contained dividend payments from medmix Group AG amounting to CHF 25'000k (2021: CHF 0)

## 7 Financial income and expenses

The financial income contains interests on loans with subsidiaries amounting to CHF 1'965k (2021: CHF 549k).

The financial expenses contain mainly bank fees in the amount of CHF 22k (2021: CHF 11k), interest on loans with third parties and interest on cash and cash equivalents with banks amounting to CHF 11k (2021: CHF 52k).

## 8 Administrative expenses

thousands of CHF	2022	2021
Compensation of the Board of Directors	489	86
Other administrative expenses	11'985	892
<b>Total administrative expenses</b>	<b>12'474</b>	<b>978</b>

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.

## 9 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.

	2022		
	medmix shares	Restricted share units (RSU) <sup>1)</sup>	Performance share units (PSU) 2022 <sup>2)</sup>
<b>Board of Directors</b>	<b>55'660</b>	<b>18'627</b>	–
Greg Poux-Guillaume	43'603	5'787	–
Barbara Angehrn	–	1'985	–
Daniel O. Flammer	–	1'985	–
Rob ten Hoedt	–	2'214	–
David Metzger	–	1'833	–
Marco Musetti	12'057	2'838	–
René Willi	–	1'985	–
<b>Executive Committee</b>	<b>6'976</b>	–	<b>48'849</b>
Girts Cirmans	5'000	–	35'010
Jennifer Dean	1'976	–	10'001
Itee Satpathy	–	–	3'838

1) Restricted share units assigned by medmix.

2) The average fair value of one performance share unit 2022 at grant date amounted to CHF 31.18.

	2021	
	medmix shares	Restricted share units (RSU) <sup>1)</sup>
<b>Board of Directors</b>	<b>59'829</b>	<b>3'681</b>
Greg Poux-Guillaume	43'000	1'809
Jill Lee	5'084	936
Marco Musetti	11'745	936
<b>Executive Committee</b>	<b>4'198</b>	<b>–</b>
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

	2022		2021	
	Quantity	Value in CHF	Quantity	Value in CHF
Allocated to members of the Board of Directors	16'797	550'055	3'681	161'657

## 10 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	2022	2021
Net profit/(loss) for the year	14'269'773	-497'618
Unallocated profit carried forward from previous year	4'045'272	-
<b>Total available profit</b>	<b>18'315'045</b>	<b>-497'618</b>
Appropriation from free reserves	5'000'000	25'000'000
Ordinary dividend	-20'457'417	-20'457'111
<b>Balance carried forward</b>	<b>2'857'628</b>	<b>4'045'272</b>
<b>Dividend distribution per share CHF 0.01</b>		
Gross dividend	0.50	0.50
Withholding tax (35%)	-0.18	-0.18
<b>Net dividend</b>	<b>0.32</b>	<b>0.32</b>
<b>Reserves from capital contribution</b>	<b>294'653'000</b>	<b>294'653'000</b>
Allocation to free reserves	-	-
<b>Balance carried forward</b>	<b>294'653'000</b>	<b>294'653'000</b>
<b>Free reserves</b>	<b>268'104'248</b>	<b>293'104'248</b>
Allocation to balance carried forward	-5'000'000	-25'000'000
<b>Balance carried forward</b>	<b>263'104'248</b>	<b>268'104'248</b>

The Board of Directors proposes the payment of a dividend of CHF 0.50 per share to the Annual General Meeting on April 28, 2023. The company will not pay a dividend on treasury shares held by medmix Ltd or one of its subsidiaries.



# Statutory Auditor's Report

To the General Meeting of medmix Ltd, Baar

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of medmix Ltd (the Company), which comprise the **balance sheet** as at 31 December 2022, and the **income statement** and the **statement of changes in equity** for the year then ended, and **notes to the financial statements**, including a summary of significant accounting policies.

In our opinion, the financial statements 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 Standards on Auditing (SA-CH). 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 Company in accordance with the provisions of Swiss law, together with 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.

### Key Audit Matters

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.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the Company and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

**Board of Directors' Responsibilities 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 Company'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 Company 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 SA-CH 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 SA-CH, 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 the Company'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 Company'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 Company 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 PS-CH 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



Simon Niklaus  
Licensed Audit Expert  
Auditor in Charge



Anita Benz  
Licensed Audit Expert

Zurich, 21 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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### 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.

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