

# Connecting.

People and partners empowered to fight COVID-19







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Although several thought leaders predicted the likelihood of a major pandemic, the advent of COVID-19 still took the world by surprise. From the first report in December 2019 of a cluster of cases, the WHO designated COVID-19 as a pandemic in March 2020. The world was to a large extent unprepared to meet the overwhelming challenge of a collective and coordinated response.

However, the scientific community was able to react faster and contributed more rapidly with broad-scale testing and the development of innovative new vaccines in record time compared with previous epidemics. Scientists rapidly understood the structure and the mechanism of infection of the SARS-CoV-2 virus. Researchers were able to decode its RNA sequence, identify the structures, and make them available globally. Labs were able to develop rapid diagnostic tests to implement track-and-trace strategies to help contain the spread. And – crucially – pharmaceutical and biotechnology companies were able to develop vaccines within 10 months using highly innovative approaches – a process that typically takes longer than 10 years. By making knowledge publicly available, scientists were able to connect and achieve the previously impossible – like developing a vaccine based on mRNA without even studying the virus in their own lab. By connecting people and empowering partners, the world can indeed achieve unprecedented levels of response.

Even prior to 2020, Tecan was in the position to take on the role of helping connect people with innovation and technology, its applications and regulatory expertise. In normal times, this is Tecan's core business: to contribute with the technology and know-how to address diseases like cancers, metabolic conditions and many infectious diseases. It is not a coincidence that we were well prepared to quickly re-focus our capabilities on the fight against COVID-19.




Tecan automates complex lab processes; we develop in vitro diagnostic instruments, and we supply consumables that facilitate the realization of millions of tests performed every day in every lab around the world. We are proud that Tecan's products are a key part of the global response to COVID-19. And we are even prouder of the fact that our employees stepped up to the challenge presented by the pandemic, by passionately supporting our customers side by side.

We have many stories to tell from 2020. About how Tecan solutions were in the right places at the right times to support early identification, sequencing and study of the emerging new pathogen. About our contribution to the rapid vaccine development. And about our cooperation with Thermo Fisher Scientific to produce a solution for analyzing up to 8,000 patient samples a day with high-throughput PCR testing.

The pandemic is not over by far. By continuing to help connect people with technology to empower them in their important work to fight the virus, "Tecan is Always There For You." Perhaps now more than ever, our contribution plays a decisive role in the fight against disease in this, the Century of Biology.

**DR. ACHIM VON LEOPRECHTING**  
Chief Executive Officer





# From discovery to understanding.

## Shedding light on an emerging new infectious disease

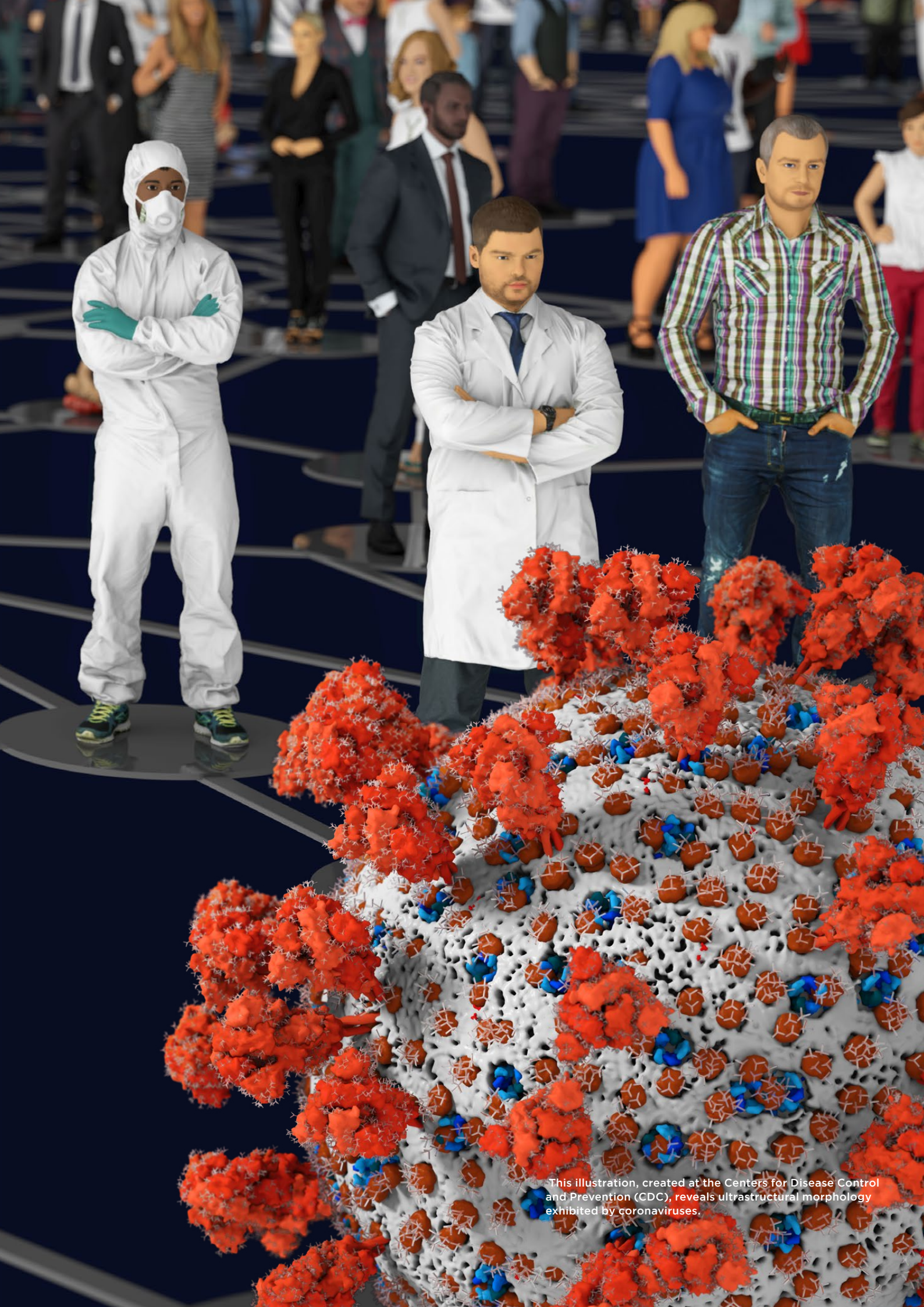
From the very start of the COVID-19 pandemic, before people even realized there was an emerging global threat, Tecan solutions were empowering research that would make discovery of the virus possible. In early January 2020, a team at Wuhan University began analyzing deep lung samples from two patients with an unusual pneumonia. Within a week, Dr. Liangjun Chen and his colleagues had not only identified an entirely new human coronavirus (SARS-CoV-2), but also sequenced its complete genome—an extraordinary achievement in such a short time span. Sequencing efforts such as these laid the crucial foundation for developing the diagnostic tests, treatments and vaccines so urgently needed around the world.

Chen's lab was one of the first to pinpoint the cause of the disease and to share the full viral sequence with the research community. When a new type of infectious disease emerges, scientists must rapidly determine the causative agent from among many possible pathogens that may be present in the patients' samples—including RNA viruses, DNA viruses, bacteria and yeast. This is extremely difficult to do with limited patient samples and conventional sequencing methods. Tecan's Trio RNA-seq kit gave Chen's team the ultra-high sensitivity needed to confidently identify and characterize the new virus. It also enabled them to profile all other pathogens in the sample, so that they could rule out the possibility that anything else could be causing the disease. Because SARS-CoV-2 is continually mutating, genomic sequencing continues to be essential to identify dangerous new variants and understand whether current vaccines will be effective against them.

In parallel with sequence analysis, researchers are intensively studying all other components of the virus to understand how it interacts with the human body and what makes it so much more contagious and deadly than other viruses of the corona family. A major focus is on understanding what factors and mechanisms trigger the different and sometimes catastrophic immune responses in patients. As more people are infected and vaccinated, serology testing to assess immunogenicity and other factors will become increasingly important. For example, the protein HMGB1 has been shown to be critical for replication of SARS-CoV-2 and may also help regulate inflammatory responses to the virus. Tecan platforms and research solutions, including its high-quality immunoassay kits, are supporting the research that is unraveling the complex contributions of HMGB1 and other proteins to COVID-19 pathology, and enabling identification of new clinical biomarkers. As this knowledge translates to the clinic, Tecan solutions support scale-up of these immunoassays to enable higher throughput.

In 2020 we saw that our ability to study SARS-CoV-2 was enhanced by becoming more interconnected at every level—from global supply chains, to workflow integration, to real-time monitoring. Most importantly, the improvements and insights we gain from studying this pathogen will leave us better prepared to defeat the next.





This illustration, created at the Centers for Disease Control and Prevention (CDC), reveals ultrastructural morphology exhibited by coronaviruses.





# From sequence to solutions.

## Shaping the diagnostic tools and facilities needed to fight infectious disease

While it may never be possible to predict exactly when a pandemic will strike, what we can do is leverage the latest science and technology to mount more rapid and coordinated global responses. Polymerase chain reaction (PCR) is one of today's most powerful weapons in the fight against infectious diseases. It provides a fast, specific and very sensitive way to detect invading pathogens, even when they are present in extremely low numbers. Long before the first COVID-19 cases in China, Tecan was supporting its customers around the world with equipment to automate diagnostic PCR tests, and Tecan platforms in China were already registered with the Chinese FDA for nucleic acid extraction. This meant that as soon as the viral sequence was known and the first COVID-19 PCR test became available, local diagnostics companies could run it on their existing platforms. As the outbreak accelerated and even more systems were needed, Tecan was only a phone call away.


When the pandemic breached China's borders, major reference labs and diagnostics providers around the world were similarly poised to automate and scale up testing on Tecan equipment. Abbott Molecular, for example, had powered its m2000 PCR solution with a Tecan platform for sample preparation. With m2000sp systems already deployed globally to automate testing for other infectious diseases, Abbott was able to adapt quickly and obtain Emergency Use Authorization for its COVID-19 assay to be run on those same systems. This meant they could immediately deploy the new test to labs across the U.S., and later in Europe.

As PCR testing emerged as the gold standard approach to monitor and control the spread of COVID-19, the race was on to increase testing capacity around the world. It quickly became clear that even with scaled-up and automated testing, most clinical labs could not meet the growing demand with their existing infrastructures. New high-capacity facilities were urgently needed, and in most cases these would have to be built almost from scratch, in record time. Thanks to its future-forward approach to lab automation, Tecan was there from the very beginning, with the connections, know-how, and technological solutions needed to quickly establish large testing centers in vast empty halls around the globe.









# Collaborating to accelerate COVID-19 testing.

## Taking PCR automation to new heights

In addition to providing automation, Tecan is a central player in the supply of disposable pipette tips, which are consumed in huge numbers during PCR testing and many other analytical procedures. As demand for tips skyrocketed, Tecan tripled its tip manufacturing capacity worldwide until the end of 2020, augmenting this with a \$32.9 million contract award by the U.S. Government to build up additional production capacity in the U.S. in 2021. These arrangements have enhanced Tecan's ability to serve its high-volume customers such as Hologic, who have designated Tecan as tip supplier for their Panther and Panther Fusion platforms.

By summertime, the virus had escalated beyond all expectations and it was clear that testing platforms with even higher throughputs would be needed. This prompted Thermo Fisher Scientific to work with Tecan to develop a completely new walk-away PCR solution. A major differentiator in the partnering decision was the ability to cut development time by integrating Tecan's well-established Fluent® Laboratory Automation Workstation into the new platform. In addition, the Introspect™ software allows users to monitor instrument and tip usage instantly from anywhere in the world. This capability is essential for large testing facilities to keep their fleets of PCR systems running at maximum capacity.

Normally a project of this kind could take years to complete, but collaboration made it possible in a matter of months. The new Amplitude System can run up to 8,000 COVID-19 tests a day — significantly more compared to what was previously possible. This groundbreaking new platform takes PCR testing capacity to an unprecedented level and illustrates what can be achieved through the power of connected thinking and coordinated action.









# A quick pivot and massive scale-up.

## Supporting the development of the BioNTech vaccine

As soon as the scale and threat of the COVID-19 pandemic was realized, the world pleaded for a vaccine. The greatest research labs around the world poured their efforts into the monumental task of developing a vaccine for this novel virus. A process that normally would have taken years, was condensed into only a few months thanks to modern, molecular approaches to vaccine development. If anyone was in any doubt that we are in the century of biology, the COVID-19 vaccine story demonstrates how far we have come, and what science and research are now capable of achieving.

The novel mRNA vaccines for COVID-19 use genetic material to produce some key viral proteins inside the human body. When these proteins are presented to the immune system, they induce an immune reaction without the human ever having been exposed to that virus. BioNTech was the first company to receive authorization in the US and EU for an mRNA vaccine against SARS-CoV-2 in 2020. The vaccine was developed, tested and approved in less than a year.

In 2018, Tecan installed the first customized Freedom EVO® platform for BioNTech. The purpose of those platforms was, among other things, to produce mRNA as a personalized vaccine to treat different forms of cancer. However, when the COVID-19 pandemic struck, BioNTech initiated a COVID-19 vaccine development program to address the pandemic threat. The speed at which this program was developed is a testament to the ingenuity and dedication of everyone involved. We are proud that through our commitment to empower every lab, every day, we were there and ready to play our part.

BioNTech CEO, Ugur Sahin, M.D. explained in a Press Release dated December 31, 2020: “To address a global challenge like COVID-19, we have undertaken a worldwide effort to develop a well-tolerated and effective vaccine as quickly as science and cutting-edge technology will allow. Despite the damage caused by the virus, I have been inspired each day by the spirit of collaboration and scientific discovery. It is one of the greatest honors of my life to be involved in this effort and to play a role in helping the world regain a sense of normality. I would like to thank each and every person that helped make this a reality.”

The ability of BioNTech to quickly develop a COVID-19 vaccine was an important step in the global fight against this pandemic. The principles of flexibility, automation and expertise are key to Tecan’s approach and we are humbled to see them applied in such an important area.









# Building new connections.

## Every Lab. Every Day. Empowered.

We are still in the midst of the COVID-19 pandemic, a global threat which has taught us that being connected is more important than ever. Going forward, we must all strive towards an even more strongly connected scientific and technological ecosystem. The level of collaboration and connection across basic research, diagnostics and pharma has been a triumph during the dark days of this pandemic and will continue to be important in the future. COVID-19 has shone a light on the scientific community under extreme pressure and scrutiny, and the scientific community has proven its ability to deliver. Tecan is proud to be empowering the world's labs to achieve what was previously impossible.

2020 was a year of extremes for scientific research. As the fog of uncertainty began to clear and we learned more about the virus and the speed at which it spread, the enormity of the challenge before us became apparent. We learned that flexibility and the ability to pivot quickly are crucial assets in research and healthcare. We saw labs around the world dedicate themselves to tackling COVID-19 and rapidly scale up research and testing. And we helped bring brand new high-capacity facilities online in record time. This pandemic has also shown the world the immense value of diagnostics. Where people with COVID-19 were diagnosed quickly and accurately, public health authorities were able to better control the pandemic and save lives. This is an essential lesson which must be applied to all infectious diseases, both existing ones as well as others that we will surely encounter in the future.

The global diagnostics push during the pandemic also brought several challenges. Large scale testing operations and personal safety were two disparate problems with a single solution: digitalization. The way that labs swiftly adapted to set up remote operations and efficiently improve connectivity has paved the way for digitalization to be embedded into the labs of the future. This will help unleash a new age of efficiency and creativity in solving global health problems.

We will continue to build on our COVID-19 response to make sure that we are always at the cutting edge and are well prepared to serve the scientific community's every demand. By creating diagnostic and instrument systems to do what has never been humanly possible before, we are demonstrating the power of science and collaborative enterprise to tackle the greatest disease challenges.

Going forward there is a huge opportunity to build on what we have learned from the global response to COVID-19 and apply it to cancer, metabolic diseases and infectious diseases. We can and must forge even stronger connections that will allow us to thrive in an ever-changing environment and, in the process, shape our world for the better.





Bird's-eye view of buildings in Zurich taken from Google Earth.  
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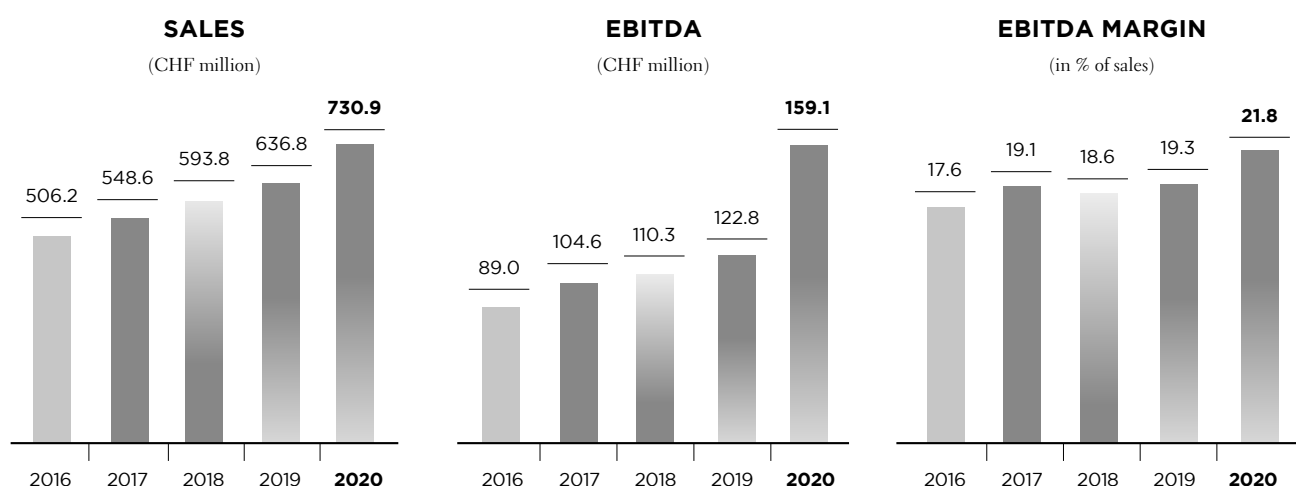


# 2020 at a glance

## KEY FIGURES

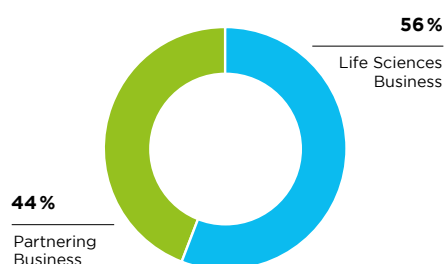
CHF million	2019	2020	Δ in %
Order Entry	638.6	855.2	+33.9%
Sales	636.8	730.9	+14.8%
Sales in local currencies	615.7	730.9	+18.7%
Gross profit	297.3	354.9	+19.4%
in % of sales	46.7%	48.6%	
EBIT	88.7	121.4	+36.9%
in % of sales	13.9%	16.6%	
EBITDA	122.8	159.1	+29.6%
in % of sales	19.3%	21.8%	
Net profit	73.2	103.7	+41.7%
in % of sales	11.5%	14.2%	
EPS (CHF)	6.18	8.69	+40.6%

## FINANCIAL SUMMARY



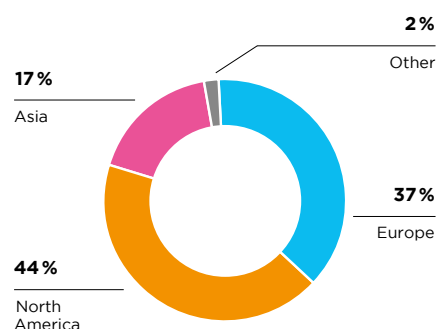
### SALES BY BUSINESS SEGMENTS

(in % of sales)



### SALES BY REGIONS

(in % of sales)





# Dear Shareholders

We are very pleased that Tecan closed the exceptional and demanding year 2020 again with significant growth in sales and profits. And we are even prouder of the important role Tecan has played in the global response to COVID-19.

This was only possible because our employees stepped up to the challenges presented by the pandemic, supporting our customers with expertise, responsiveness and exceptional dedication.

## FINANCIAL RESULTS FULL-YEAR AND SECOND HALF OF 2020

In the year under review, Tecan recorded a surge in orders for product lines supporting the global fight against the coronavirus pandemic. Full-year order entry increased by 33.9% to CHF 855.2 million (2019: CHF 638.6 million), or by 38.5% in local currencies. After orders already grew by 24.3% in local currencies in the first half of the year, with an increase of 51.8% in local currencies order entry accelerated further in the second half. Order backlog even grew at a significantly higher rate than full-year order entry to reach a record high as of December 31, 2020.

Sales for fiscal year 2020 climbed by 14.8% to CHF 730.9 million (2019: CHF 636.8 million), corresponding to growth of 18.7% in local currencies. The growth trend accelerated in the second half of the year, with sales increasing by 23.5% in Swiss francs and 27.8% in local currencies.

Demand for pipette tips increased drastically due to the testing needs associated with COVID-19. As a result, overall recurring sales of services, consumables and reagents also increased in the full year 2020 by 26.2% in local currencies and 21.3% in Swiss francs, thus amounting to 43.6% of total sales (2019: 41.3%).

Reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 29.6% to CHF 159.1 million in the fiscal year 2020 (2019: CHF 122.8 million). The increase in reported EBITDA was mainly driven by benefits of scale due to the significantly higher volumes. In addition to common economies of scale, reported EBITDA benefited from an even more positive impact as the overall cost base was not yet fully adjusted to support the business on a sustainable basis. The results development was also helped by a one-time positive effect from an adjustment of the Swiss pension

plan as well as increased capitalization of development costs as projects neared market launch. On the other hand, exchange rate movements in major currencies versus the Swiss franc had a negative impact on the reported EBITDA, comparable to the one-time positive effects.

The reported EBITDA margin grew correspondingly by 250 basis points to 21.8% of sales (2019: 19.3%). Assuming exchange rates in line with 2019, the reported EBITDA margin would have stood at 22.5% of sales.

Reported net profit for the year 2020 rose by 41.7% to CHF 103.7 million (2019: CHF 73.2 million). Thanks to an improved financial result, net profit increased by more than operating profit (earnings before interest and taxes; EBIT). The net profit margin amounted to 14.2% of sales (2019: 11.5%), while earnings per share rose strongly to CHF 8.69 (2019: CHF 6.18).

Cash flow from operating activities more than doubled to CHF 208.3 million (2019: CHF 98.8 million), due to a focus on cash collection and management. Thus, cash flow from operating activities corresponded to 28.5% of sales (2019: 15.5%).

Details on the course of business of the Life Sciences Business and Partnering Business segments can be found in the relevant sections on pages 30 and 38. Details regarding the regional development of sales are discussed in the Chief Financial Officer's Report on page 107.





**DR. LUKAS BRAUNSCHWEILER**  
Chairman of the Board

**DR. ACHIM VON LEOPRECHTING**  
Chief Executive Officer

## STRONG BALANCE SHEET – HIGH EQUITY RATIO

Tecan's equity ratio reached 66.2% as of December 31, 2020 (December 31, 2019: 70.1%). Net liquidity (cash and cash equivalents plus short-term time deposits minus bank liabilities and loans) reached CHF 467.7 million (June 30, 2020: CHF 354.0 million; December 31, 2019: CHF 312.4 million).

On the basis of the further increase of net profit in 2020 and an ongoing positive business perspective, the Board of Directors will propose at the Company's Annual General Meeting an increase in the dividend from CHF 2.20 to CHF 2.30 per share. Half of the dividend, i.e. CHF 1.15, will be paid out from the available capital contribution reserve and is therefore not subject to withholding tax.

## OPERATING HIGHLIGHTS 2020

During the year 2020, the priorities were focused on ensuring the health and safety of our employees, limiting any supply chain and freight interruptions and maintaining business continuity to support customers in these challenging times. Through the implementation of these measures, we continued to be fully operational at all production sites and provided uninterrupted support to customers.

With substantially increased COVID-19 clinical testing and high customer demand associated with the global pandemic, we took a number of steps to secure supplies of materials and expand capacity and supply for specific product lines, including certain instrument platforms and disposable pipette tips. In October 2020, we announced that the U.S. Department of Defense and the U.S. Department of Health and Human Services awarded a USD 32.9 million (CHF 29.8 million) contract to support equipping a U.S. pipette tip manufacturing facility for COVID-19 testing. These payments had no impact on the statement of profit or loss. The new U.S. manufacturing lines are expected to start producing pipette tips in fall 2021, augmenting the steps we have already taken to increase global manufacturing capacity at other locations.



Throughout the year 2020, we were supporting our customers in research, therapeutic and vaccine development and with the scale-up of COVID-19 diagnostic testing. Individual labs, major lab chains, newly built high-capacity testing facilities as well as diagnostics companies around the world were utilizing our equipment, software and consumables as well as our application support to automate and scale up testing.

In August 2020, we announced a new collaboration with Thermo Fisher Scientific to enable PCR-based COVID-19 testing with even higher throughputs to meet increasing global demand. The Thermo Fisher Scientific Amplitude Solution is a molecular diagnostic testing system designed to analyze up to 8,000 samples in a single day. The system includes instruments of Tecan's Fluent Laboratory Workstation family and the Introspect software, an instrument and consumables usage analysis and reporting software. The rapid go-to market time of this system is another testimony of Tecan's leadership in innovation in automation solutions as well as our dedication to application, regulatory knowledge and global service capabilities. Furthermore it is an outstanding example of leveraging the synergies between the Life Sciences and Partnering divisions of Tecan.

To further drive our comprehensive genomics strategy, we launched the DreamPrep™ NAP at the beginning of 2020, an integrated, fully automated solution simplifying nucleic acid extraction workflows for many genomic applications. This turnkey system combines the high productivity and precision of the Fluent automation platform with a Tecan reader for integrated quantitation and normalization. The DreamPrep NAP helped labs quickly and effectively scale up COVID-19 testing to accommodate larger test volumes and it was also used to scale up other genomic workflows.

At the same time, we continued to invest in research and development to position the business for sustained accelerated growth. We used new digital tools such as advanced 3D simulation to keep development projects on track despite restricted access to our own and customers' sites. With several projects nearing market launch, we anticipate important product launches in both business segments in 2021 and 2022. In the Life Sciences Business, new products are focused on the application-specific needs of research, pharma and clinical labs. In the Partnering Business, a number of active projects with various partners in Asia, Europe and the US cover our focus application areas including molecular diagnostics and protein analysis, with sales potential of individual projects ranging from single-digit to clear double-digit million amounts in Swiss francs per year.

## STRATEGY AND PRIORITIES

It is Tecan's core business to empower our customers and partners by automating complex laboratory processes and scaling innovation from fundamental research to disease diagnostics. When the pandemic started to spread around the world, we were well prepared to quickly re-focus our capabilities on the fight against COVID-19 and support our global customers in research, therapy and vaccine development, and to an even larger degree with the scale-up of diagnostic testing.

In this respect, 2020 also illustrated our resilience and that we had set the right priorities in our strategy: a high-performing, dedicated and ambitious workforce; flexible, modular hardware and software platforms; a growing range of application specific consumables and global reach with applications and service support. Our focus on key application areas, such as genomics as well as new enabling offerings of digital solutions were crucial elements of our ability to contribute with such high impact.

With a reflection on the learnings of 2020, key pillars of our strategy continue to be:

- Our focus on core applications, especially genomics, protein analysis and cell and tissue analysis. We will continue to increase our modular systems offering for complete solutions with selected reagents, consumables and software.
- The continued focus on our employees, on talent and leadership development and on diversity and inclusion as the core of the Tecan culture.
- The focus on customer satisfaction and proactive partnership to fulfill our promise of "Always There For You".
- To drive continuous improvements through a global deployment of lean processes, proven methods and innovative tools.
- All of the above will contribute to our dedication for sustainable development as sustainability is deeply embedded in our corporate culture.

Going forward there is a huge opportunity to build on what we have learned from the global response to COVID-19 and apply it to other health challenges like cancer, metabolic diseases and other infectious diseases. With our broad portfolio of existing products and new important launches we expect in 2021 and 2022, we are confident and excited to continue to scale innovation to the benefit of healthcare and the lives of people.



## OUTLOOK 2021

Based on the high order backlog and continued elevated demand for instruments and consumables, we expect a very strong business performance in the first half year 2021. Demand trends for COVID-19-related products are subject to greater uncertainty in the second half of 2021. Therefore, a decline in sales in the second half of 2021 compared with the very high base of the prior-year period cannot be ruled out. On the other hand, particularly for the second half year, Tecan expects some recovery and a more positive market environment in areas that have been negatively affected by the pandemic, such as life science research, pharma and non-COVID-19 diagnostic testing.

We therefore forecast sales growth for the full year 2021 to be in the mid single-digit to mid-teens percentage range in local currencies.

These projections are based on the assumptions that supply chains remain undisrupted and all production sites stay fully operational.

Despite a more negative currency environment and the absence of extraordinary effects from 2020, we expect a reported EBITDA margin for the full year 2021 at least at the 2020 level of 21.8% of sales.

The expectations regarding profitability are based on an average exchange rate forecast for full year 2021 of one euro equaling CHF 1.08 (actual average exchange rate 2020: 1.07) and one US dollar equaling CHF 0.90 (actual average exchange rate 2020: 0.94).

As always, the outlook 2021 does not take account of potential acquisitions during the course of the year.

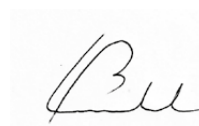
## EXPRESSION OF THANKS

The way in which basic research, diagnostics, the pharmaceutical industry, regulators and public institutions have collaborated to address the major challenges posed by the new coronavirus has been unprecedented. We at Tecan are proud to have been able to contribute to this global effort and would like to thank all our business partners and customers for their cooperation and commitment in the fight against the pandemic. Only together have we been able to make this progress.

The success and impact achieved in 2020 was only made possible by the exemplary commitment of our employees. On behalf of the Board of Directors and the Management Board, we therefore extend our special gratitude to all our dedicated colleagues around the world for their personal contributions.

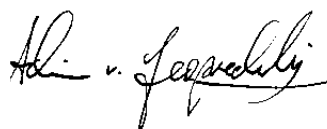
Finally, we would like to express our thanks to our shareholders for the continued trust they have placed in us.

Männedorf, 11. March 2021



**DR. LUKAS BRAUNSCHWEILER**

Chairman of the Board



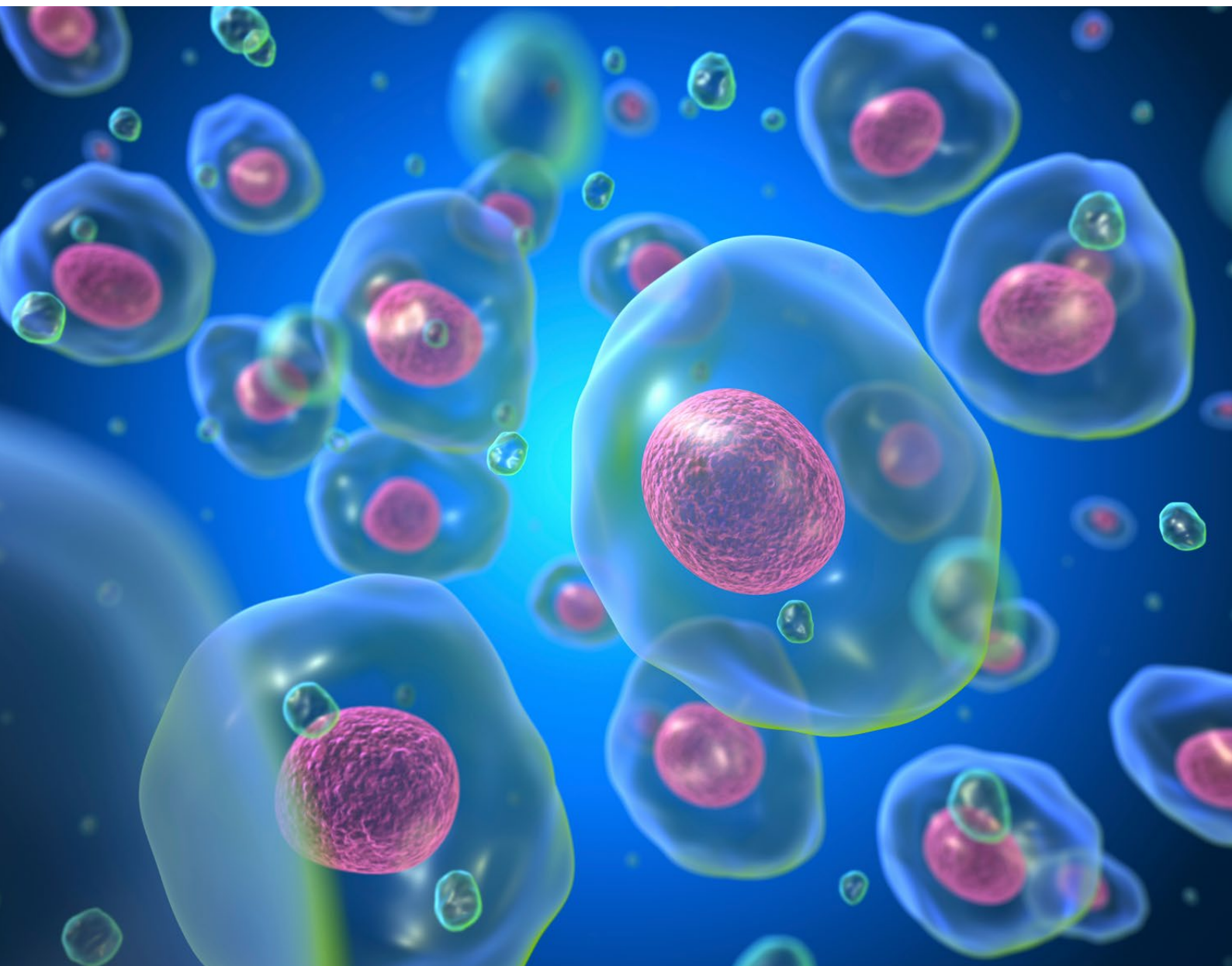
**DR. ACHIM VON LEOPRECHTING**

Chief Executive Officer



# Markets and strategy

Tecan is a pioneer and has been the market leader in laboratory automation for 40 years. It enables customers in the life science research and diagnostics sectors to put seminal discoveries into practice in their daily business thanks to laboratory instruments and comprehensive automation solutions – from basic science to prevention, diagnosis and treatment of diseases. Tecan also offers solutions for various applied markets such as forensics, environmental and crop research, the food industry, the cosmetic industry and veterinary applications. Automation solutions include instruments, software packages, numerous configurable modules, special application know-how, regulatory expertise as well as consulting, service, plastic consumables and increasingly (for selected applications) the corresponding reagents.





## BUSINESS SEGMENTS & MARKETS

**44%**

**PARTNERING BUSINESS**



**56%**

**LIFE SCIENCES BUSINESS**

The name Tecan is synonymous with innovation and a level of reliability that has, through countless tests and over many years, become one of the foundations of numerous research institutes and clinical laboratories. Laboratories throughout the world can rely on the consistent excellent quality of Tecan products they use to analyze thousands of blood, cell and tissue samples every day.

Tecan's solutions automate all types of repetitive work steps in the laboratory and make procedures more precise, more efficient and safer. They also pipette the smallest volumes of different fluids with optimum precision, for example. By automating these work steps, laboratories can significantly scale up the volume of samples they process, obtain test results sooner and ensure reproducible output. It is only through automation that complex biological work processes become robust and human error sources are eliminated. The instruments can also perform necessary work overnight without supervision, allowing laboratory personnel to evaluate the results or continue with the next steps upon returning the following morning. Tecan also offers a wide range of detection devices. This includes analytical devices such as microplate readers, which analyze reactions on a microtiter plate. For selected applications, Tecan also increasingly offers integrated total solutions, including appropriate reagents and functional consumables.

### UNIQUE POSITION WITH TWO STRONG PILLARS

The Company serves some customers directly, but is also a leader in developing and manufacturing OEM instruments and components that are distributed by partner companies – mainly diagnostics companies – under their own names as total solutions together with the relevant test kits. The Tecan Group can count on two strong pillars in the Life Sciences Business (end-customer business) and Partnering Business (OEM business) segments that complement each other and achieve a position that is unique in such depth on the market. Tecan can offer the complete spectrum for different customer groups, from benchtop devices for basic research to sample-to-result solutions for in-vitro diagnostics companies. This puts Tecan in a unique position to combine insights from basic research with the requirements for solutions for routine in vitro diagnostics.

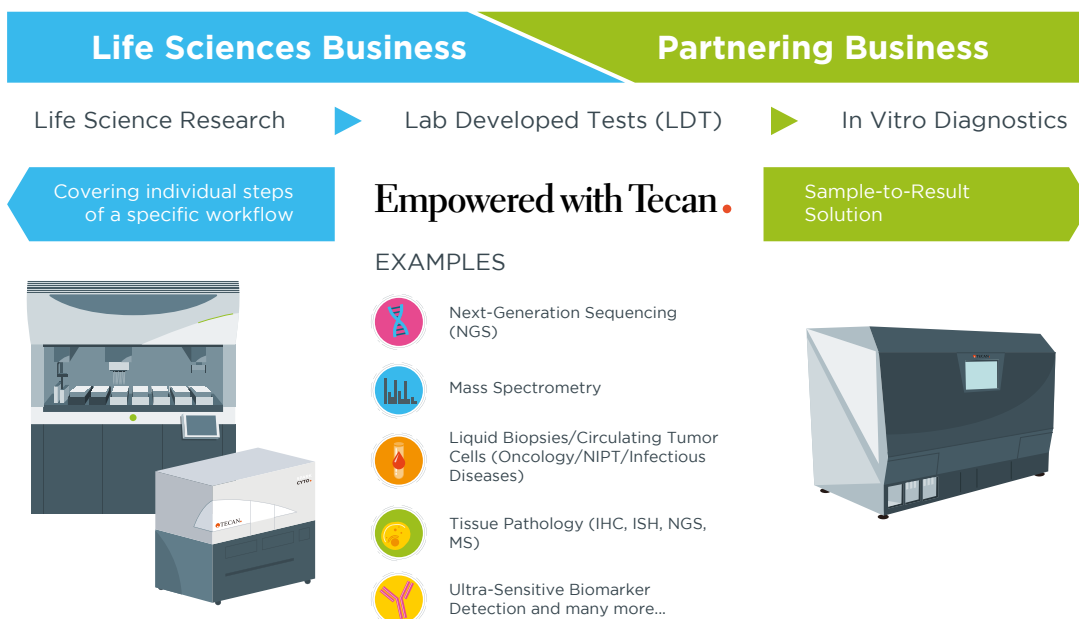
The life science research area is highly innovative and is where most new technologies are developed and initially employed as a matter of routine. Traditionally Tecan has a strong position in life science research thanks to its own end-customer business, covering a broad range of applications with modular and configurable instrument platforms.

Many of these technologies here also have great potential for diagnostic application. In the last few years, for example, next-generation sequencing has proved to be of great benefit, such as in identifying inheritable diseases, in cancer diagnostics or in non-invasive prenatal diagnostics.



## Transition from Research to Diagnostics

TECAN HAS A UNIQUE POSITION TO BRIDGE FROM RESEARCH TO DIAGNOSTICS SETTINGS



New types of tests are normally carried out after an initial transition to diagnostic application, at first in large or special laboratories. As demand rises and the processing of many samples is centralized in a small number of locations, automation solutions are mostly required to scale up throughput. As in life science research, most individual work steps of a workflow are separately optimized and carried out in succession. As lab developed tests, the test procedures are internally developed and validated by the laboratories in this regulated market segment. The application is scaled and industrialized. Tecan has already gained significant experience in new types of technologies and can now make this available to clinical testing laboratories. Through its life science business, Tecan often has application-specific platforms that are approved for use in the regulated area. For example, the Fluent Gx platform variant has been successfully registered as a Class I medical device in the US. Its specific functionalities facilitate greater process security, traceability of samples and stricter user management.

For further transition to routine clinical application, diagnostics companies mostly develop a range of special tests based on new kinds of technologies. Together with these tests, the automation platform specially designed for this purpose is then offered by diagnostics companies as a complete solution. This type of solution is

very popular, even with less specialized laboratories. For companies in the in-vitro diagnostics sector, Tecan is the preferred partner for these automation systems through the partnering business. For example, Fluent Gx can be adapted for a partner company's specific test and workflow. A diagnostics company can benefit from Tecan's expertise and platform availability, leading to cost-efficient development and quicker market entry. Based on this strategic orientation, collaboration with different partners enables Tecan in turn to benefit from the growth potential in a range of different types of technologies and tests for numerous therapeutic areas and other special parameters.

As a technology becomes increasingly mature, demand from decentralized clinical laboratories for the new types of test procedures also rises, such as in hospitals. These laboratories typically have other requirements for a total solution: The tests should be developed by a diagnostics company as ready-made reagent kits and the licensing authorities should have granted market authorization. Furthermore, the dedicated automation platform designed for a specific functionality should be very easy to use and all work steps necessary for carrying out the test covered in one instrument (sample in, result out).



## Tecan's two main markets are diagnostics and life science research.

Here the sample volume is normally lower, therefore less value is usually placed on a high throughput. However, other requirements often take priority. For example, particularly urgent cases should be rapidly processed by loading samples into the instrument on the fly, allowing for prioritization. Despite these different requirements, the fundamental technologies are very similar for the automation of work steps compared to previous solutions. By choosing to partner with Tecan as OEM customers, diagnostics companies get access to all the Company's previously developed technologies and platforms, all modules and software solutions as well as its expertise in system integration and regulatory and quality-related processes.

At the moment, different technologies are in a transition phase towards increased deployment in in-vitro diagnostics, such as next-generation sequencing (NGS), mass spectrometry or the use of liquid biopsies, such as for cancer diagnostics.

### MARKET DEVELOPMENT AND STRUCTURE AS THE BASIS FOR CORPORATE STRATEGY

Tecan's two main markets are diagnostics and life science research.

The majority of end-users originate from the diagnostics market. The needs of the diagnostics market are largely addressed via the OEM sales channel and, to a smaller extent, via the end-customer business. Tecan serves the life science research sector and the various applied markets largely under its own brand using its internal sales and service organization. Research and development as well as the Operations division are organized across the Group in order to better leverage synergies through various locations.

The volume of the diagnostics market exceeds USD 60 billion and is growing at an annual rate of 3% to 5%. This is the largest sales market for Tecan, accounting for approximately 60% of sales.

The market structure in general is dominated by the share of sales generated by diagnostics companies through the sale of reagents and consumables. These recurring sales make up about 80% of the market volume, while the remaining 20% of sales are generated with instruments. However, the instruments are only partly developed and produced by the diagnostic companies themselves, with some being outsourced to specialists such as Tecan. In this sub-sector of the market segment, which has a value of about USD 3.5 billion, Tecan supplies diagnostics companies with automation solutions through its Partnering Business segment. The Partnering Business segment generates more than 90% of its sales in the diagnostic market. Customers then market these instruments under their own names, combined with their own reagents as a total solution, such as hospitals, major diagnostic laboratories and blood banks.

In its Life Sciences Business segment, Tecan distributes open automation platforms, mainly to major diagnostics laboratories. For example, these extract the DNA from patient samples for subsequent molecular diagnostic tests or prepare blood samples for next-generation sequencing. ELISA technology is another popular application, for example, to determine specialty diagnostic parameters, such as evidence of rare infectious diseases or to verify certain hormone levels. In this specialty diagnostics area, Tecan has also been offering a portfolio of test kits as well as dedicated automation platforms since acquiring IBL International in 2014. Overall, just over a third of sales in the Life Sciences Business are generated in regulated markets such as clinical diagnostics.

The life science research market is valued at more than USD 55 billion and is comparable to the diagnostics market in terms of the average annual growth rate. However, there is a difference in its market structure; some two-thirds of sales come from instruments and only about a third from reagents. Laboratory automation, a field in which Tecan is active, forms part of the instruments market segment and has a market volume of more than USD 3 billion. The automated Liquid Handling & Robotics product group generates approximately half of the sales in this market segment. It also represents the largest product area for instruments at Tecan. Detection instruments, the second largest instrument group at Tecan, account for more than one-quarter of the market segment.

In addition, Tecan participates in the aftermarket with consumables as well as service and spare parts. The market for consumables for pipette tips and other related products accounts for over USD 1 billion in addition to the initial systems. The service share is worth another USD 1.1 billion.



## SPECIAL FOCUS ON THREE APPLICATION AREAS

Tecan covers a large number of different application areas thanks to its two divisions of Life Sciences Business and Partnering Business. Special focus is placed on three applications to achieve continued growth that outstrips the market average. Particularly strong growth drivers form the basis of them:

- Genomics
- Protein analysis, particularly workflows of mass spectrometry
- Cell and tissue analysis

These three applications are generally used in life science research as well as in in-vitro diagnostics. Both business segments therefore offer growth potential for Tecan. As screenings of genomic, proteomic, cellular and tissue assays have grown in sensitivity, breadth and sophistication, so have Tecan's underlying technology portfolio and product lines. A rationale driving researchers and clinical partners towards Tecan is its overarching integration of modular hardware and software building blocks across a variety of end applications. The company has pioneered the development and deployment of sophisticated architectures and libraries that can be configured rapidly and optimized for specific use cases.

### Genomics

Genomics is the systematic analysis of the genome, e.g. a cell, tissue, organ or complete organism. A genome is the complete DNA sequence of an organism, including all its genes. Genomics is now a basic application in life science research.

In 2020, polymerase chain reaction (PCR) became one of the most powerful weapons in the fight against the coronavirus pandemic. It provides a fast, specific and very sensitive way to detect invading pathogens, even when they are present in extremely low numbers.

Even before COVID-19, the whole genomics market has grown to more than USD 20 billion. Some of the subsegments are developing here at an average single-digit rate, others such as next-generation sequencing (NGS) at a double-digit rate.

NGS workflows are composed of multiple complex steps, most of which need to be performed prior to loading samples in the actual sequencer. The crucial step prior to sequencing is library preparation, which is a particularly attractive market segment and a focus of Tecan's area of work. There are also growing needs in handling small volume samples and preparing libraries, especially when derived from challenging clinical samples.

But even with other work steps of the various genomics workflows, starting with the basic step of DNA extraction, Tecan is well positioned.

Also, genomic needs in precision and personalized medicine, companion diagnostics, fast and sensitive multiplexed assays are a big growth driver.

### Protein analysis

All proteins in an organism, tissue or cell are called proteomes. Unlike with the genome, the composition of a proteome changes all the time. These changes are crucially affected by the environment and diseases, but also by drugs, for example. In order to research and analyze proteins, a range of techniques is available, notably mass spectrometry.

The market for all areas of mass spectrometry is worth around USD 5 billion. The sub-segment of sample preparation, which is particularly attractive for Tecan, has grown at an average rate in the high single-digit range to some USD 0.7 billion. The key growth driver here is the increasing number of biopharmaceuticals, a class of compounds produced using biotechnology resources and genetically modified organisms. Analyses based on mass spectrometry are also increasingly applied in in-vitro diagnostics in addition to their traditional use in life science research.

The focus of Tecan's work area is mainly on sample preparation for mass spectrometry. The ability to extract insights from mass spectrometry rests on the ability to purify samples, separating them from background noise. Tecan is also well positioned for other analysis methods, such as immunoassays or other common work steps, such as protein purification.

In more and more cases it is becoming increasingly important to combine genomic test information with other profiling assays, such as protein expression in integrated solutions.

### Cell and tissue analysis

Cells are independent biological functional units and the starting point for many studies. Biological processes can be understood and clarified at cellular level thanks to cell analysis. Researchers offer trials a more realistic model with cells or groups of cells for transferring findings on organisms. For example, cell assays are increasingly used to develop new drugs.

The size of the overall cell analysis market, i.e. the various areas of cell biology and imaging, is estimated to be around USD 10 billion. Here market growth is in the mid-single digit percent range.

In cell analysis, Tecan offers innovative detection and imaging solutions, but also a broad portfolio of automation solutions for different work steps.

Through its partnering business, Tecan also supplies leading diagnostics companies in the areas of tissue analysis for cancer diagnostics, flow cytometry and other applications.

## STRATEGY FOR PROFITABLE GROWTH

The structure of both main markets of life science research and in-vitro diagnostics plus the core applications of genomics, protein analysis and cell analysis form the basis of the corporate strategy. It follows three vectors to ensure sustainable profitable growth.

- 1 In both main markets, the aim is to further consolidate core business and gain market share by launching new products and expanding geographically. In Life Sciences, the market-leading position in laboratory automation will be further increased primarily by launching innovative new products. Tecan has introduced innovative next-generation platforms in both of its largest product lines and continuously introduced additional platform variants in recent years. Several new launches are also continually planned for the forthcoming years.

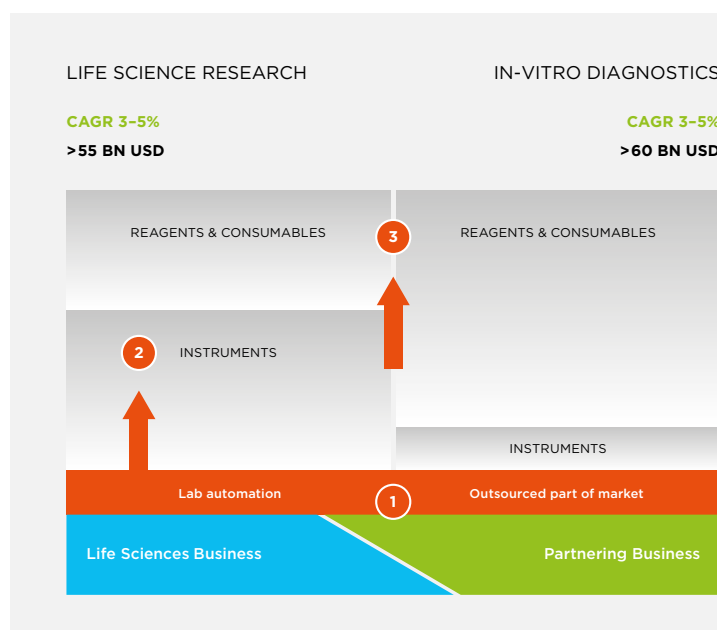
In the in-vitro diagnostics market, some of the instrument development and production will be outsourced to specialists like Tecan. In this addressable market share, Tecan, through its Partnering Business, is the partner of choice in automation systems for many companies in the in-vitro diagnostics industry. Tecan supports these partners with their regional product launches of new instruments – developed and manufactured by Tecan – and the associated ramp-up in serial production. Tecan has a well-stocked pipeline of additional opportunities, and it leverages its proprietary platforms, technologies and

service footprint to expand market share. In the components business, part of the Partnering Business, Tecan aims to expand its leading position for liquid handling components. Various customers are launching new instruments and ramping up series production, which allows Tecan to further grow this business.

As already implemented in the last few years, it is also intended to further expand market share in the core business of both business segments through acquisitions. The addressed market segments are still relatively fragmented and therefore offer opportunities for further consolidation.

- 2 Tecan is also aiming to build up further pillars in the instrument market for life science research. This applies in particular to areas beyond conventional, open and flexible robotics solutions for liquid handling and microplate readers. There are plenty of opportunities here, especially in dedicated instruments for sample preparation. In adjacent markets, Tecan sees opportunities to extend its traditional core business so as to grow faster than the overall markets for life science research instruments. This potential can be accessed both organically and through acquisitions. One example for implementation of this strategy is the ability to now also offer dedicated instruments in sample processing for mass spectrometry after acquiring a specialized company in 2016. As part of its comprehensive genomics strategy, Tecan is also working on developing its own dedicated automation platforms for this area of application.

MARKET STRUCTURE



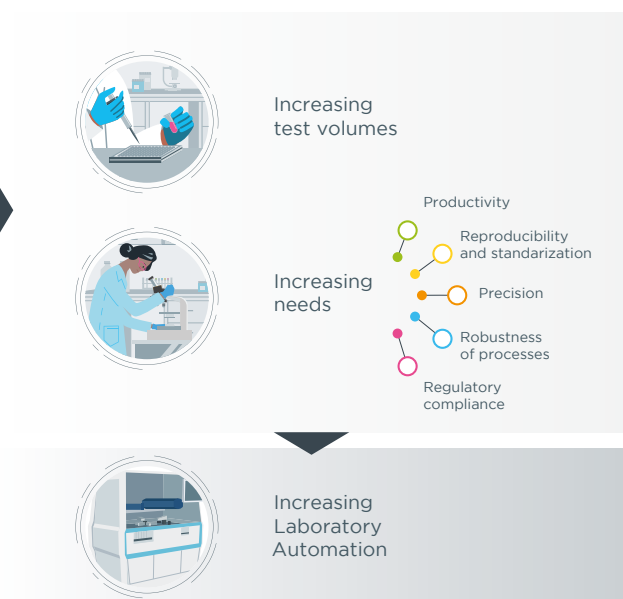


## Tecan is Benefitting from Multiple Megatrends

5 key trends...



...fuel need for lab automation



**3** The third vector focuses on expanding recurring revenues in Tecan's two main markets, life science research and in-vitro diagnostics. The Company also wants to supply more reagents and consumables for select applications so as to be able to offer better matched or even fully integrated solutions. For Tecan this includes instruments, software, applications support and, as a crucial element for selected applications, reagents and consumables for the platforms. For a long time, Tecan has been offering a broad portfolio of consumables, most of which are pipette tips used on liquid handling platforms. Tecan has a long tradition of providing instruments in various areas of application, but has not benefited from recurring revenue from the use of reagents and functional consumables on these platforms. Thanks to several acquisitions, the Company can now offer complete solutions in three areas:

- Immunoassays for the specialty diagnostics market segment
- Sample preparation for mass spectrometry
- Sample preparation for next-generation sequencing (NGS).

The offering for these three areas can be expanded going forward, while also adding new applications.

### TECAN BENEFITTING FROM VARIOUS MEGATRENDS

Megatrends are long-term transformation processes that depict far-reaching social and technological changes. The markets in which Tecan is active are positively influenced by a number of megatrends. They also result in increased sample volume and a significant rise in tests carried out. This requires higher laboratory productivity. The tests must be reproducible and accurate, the processes standardized and robust. Strict regulatory standards must also be complied with. Tecan has systematically focused its corporate strategy on these markets and requirements and can therefore obtain significant benefits from these transformation processes.

The 21st century has often been described as a century of biological discovery and development – the century of biology. It is estimated that, every six months, the world's laboratories generate more biological data than has ever been created in human history. The ensuing discoveries and their applications will change human life forever. For example, with the COVID-19 pandemic, the scientific community reacted fast. Researchers were able to decode its RNA sequence and identify the structures and made them available globally. Labs were able to develop rapid diagnostic tests and – crucially – pharmaceutical and biotechnology companies were able to develop vaccines within 10 months.

Also in other areas, for example in oncology, new anticancer drugs have been approved in the last few years with entirely novel mechanisms of action for treatment, such as the first products based on gene therapy approaches.

Megatrends	Positive effects on Tecan
<p><b>Population growth and the aging population</b></p>	<p><b>Many diseases</b>, such as cancer and cardiovascular diseases, are more prevalent in old age. Around the world, significant sums are being invested in the development of innovative drugs to improve treatments. Numerous novel drugs were approved in recent years, many of which are based on previously unused modes of action. The total volume of diagnostic tests that enable diseases to be identified is increasing and more tests are being carried out per person.</p> <p><b>As many diseases are being treated with increasing success</b>, the progression of these diseases can be observed over a longer time span. Tecan benefits from the increased demand for automated solutions both in life science research and in the field of diagnostics.</p>
<p><b>High levels of investment in healthcare and life science research in emerging markets</b></p>	<p><b>Growing levels of prosperity</b> mean that the demand in the area of healthcare is rising continuously. China, for instance, is now one of the world's largest healthcare markets, although its spending per capita is still significantly below that of many western industrialized countries. Hundreds of new hospitals are being built each year and the government is investing large sums in university research. Tecan supplies important automation solutions to upgrade laboratory infrastructure and is investing in its own marketing and service organization to serve more customers directly. The coronavirus pandemic accelerated this infrastructure expansion.</p>
<p><b>Development of targeted pharmaceuticals and use of companion diagnostics</b></p>	<p><b>The growing use of personalized medicine</b> means that the biomolecular constitutions of individual patients are increasingly taken into account, allowing targeted drugs to be deployed. Tecan supports research into characteristic biological features (biomarkers) and the development of new active ingredients with automation solutions. Tecan solutions are also being used in companion diagnostics.</p>
<p><b>An explosion of knowledge in the field of biological correlations and molecular processes – using these findings in applied markets</b></p>	<p><b>Life science research</b> is coming up with new findings at an ever quicker pace. These are being increasingly used not only in drug development and human diagnostics, but also in numerous applied markets.</p> <p><b>Some examples:</b> In forensics, criminals are being convicted based on DNA profiling. The same techniques and procedures used in human diagnostics are being employed in diagnostics for farm animals. In the food industry, special products are being developed that counteract disorders of the intestinal flora. In these laboratories too, state-of-the-art automation solutions from Tecan improve efficiency.</p>
<p><b>Genetic testing for large parts of the population and consumers</b></p>	<p>Another trend that Tecan is benefiting from is the <b>fast-growing and increasingly popular market for genetic testing</b>. This development was made possible by the rapidly declining costs of gene sequencing and other technologies. In various research programs, some of which are state-funded, the DNA of several million people is to be analyzed to increase the diagnosis rate of rare and sometimes inheritable diseases. Analysts assume that in future, most people in developed nations will undergo <b>gene sequencing</b> at least once in their life. At the same time, another market segment has emerged, mainly in the US, where millions of consumers on the internet apply for genetic testing, for example, tests for inheritable diseases or for genealogical research. Various work steps are being automated in large laboratories using Tecan instruments.</p>



# Tecan Competences Empowering the Century of Biology

FROM DISCOVERY OF NOVEL MEDICATIONS ALL THE WAY TO BETTER DIAGNOSIS OF DISEASES

## Healthcare use

Better...

- **understand**
- **diagnose**
- **and treat**



## Applications

- Genomics
- Protein analysis
- Cell & tissue analysis

## Detection & assay technologies

- Sequencing
- PCR
- Mass Spectrometry
- Immunoassays
- Imaging
- Advanced Staining

## Tecan's enabling competences

- Applications and Workflows
- Robotics and Automation
- Software and Informatics
- Precision Handling of Liquids
- Reagents and Consumables

### All built on a robust foundation of:

- Product Development and Systems Integration Expertise
- Quality Management System
- Regulatory Expertise
- Efficient Operations

and many more

## CORE COMPETENCES

Tecan's success is based on core competencies that the Company has systematically acquired and expanded over the years. Tecan's overall core competence is the automation of complex processes in life science research laboratories and in the strictly regulated diagnostics market. This overall competence is made possible by core competencies in system integration as well as in individual aspects of an application's typical processes. In robotics, Tecan is the market leader in the automation of very diverse repetitive work steps that have to be conducted in laboratories. Its core competencies cover both instruments and the software packages needed for their operation. The Company is an expert at handling various test formats, from microtiter plates to test tubes. Tecan offers a wide-ranging portfolio of different modules to automate applications and work processes, such as examining DNA or cells. To enable the entire workflow to be automated, Tecan also integrates third-party devices. Customers benefit from the enormous application know-how of Tecan specialists, even in strictly regulated areas such as clinical diagnostics.

Tecan has particular technical expertise in liquid handling and detection. Liquid handling involves the high-precision handling of fluids, even in the smallest quantities. This process includes the aspiration and dispensing of liquids with differing physical and chemical properties, such as reagents and blood (both whole blood and serum). The quantities of fluid involved can typically range from milliliters to microliters. Some applications even require the handling of even smaller quantities, for which Tecan can also provide technologies. Tecan also has the necessary sensor technology

to monitor processes, for example, to ascertain whether a liquid transfer has actually taken place. One of the Company's particular competencies is the ability to make these often highly complex processes easy to perform through user-friendly software with an intuitive user interface.

In the area of detection, Tecan specializes in analytical devices that use a variety of optical methods to detect reactions in a test procedure, such as the binding of an antibody to a target molecule. This can take place, for example, with fluorescence, luminescence, absorption methods or through imaging technologies. Tecan also uses patented technologies here to lower the detection limit or reduce diffused light and thereby increase the sensitivity. Tecan detection instruments are able to process varying wavelengths quickly and flexibly, even in parallel.

Beyond technical expertise, Tecan has significant application know-how in the various disciplines of life science research and clinical diagnostics. One of the Company's unique selling points and core competencies is its ability to bridge the gap between research and the strictly regulated diagnostics market for its customers and partner firms. The steady increase in regulatory requirements presents a major challenge, in particular for smaller companies and companies that are traditionally oriented only toward the research market. Tecan can benefit from these growing market barriers, as it has built up these core competencies and invested in regulatory compliance for years.

The background of the image is a composite. The upper portion features a glowing blue neuron with a central cell body and numerous branching processes, some of which are covered in small white dots. The lower portion shows a brown, gnarled branch. This branch has several bright red, star-shaped flowers and several clusters of bright yellow-green moss. The entire scene is set against a dark blue background with a subtle, wavy pattern.

Every lab.

Every day.

Empowered.

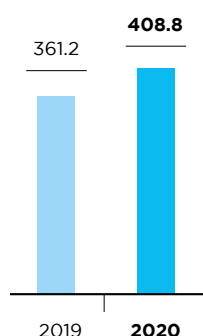


# Life Sciences Business

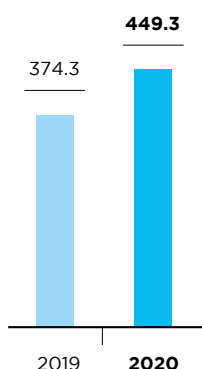
(end-customer business)

Tecan is the market leader and a pioneer in laboratory automation. Tecan has offered a wide range of laboratory instruments and automated workflow solutions for use by pharmaceutical and biotechnology companies, government research institutions and universities, diagnostic laboratories, and scientists from numerous applied markets for 40 years. In 2020, the Life Sciences Business segment represented 56% of total sales of the Tecan Group.

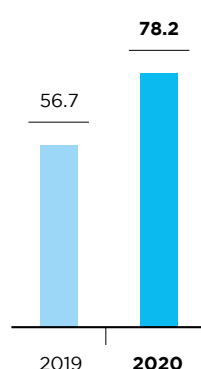
**SALES TO THIRD PARTIES  
LIFE SCIENCES  
BUSINESS**  
(CHF million)



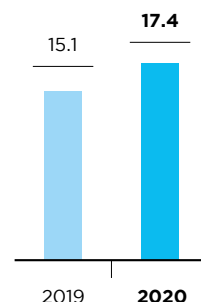
**TOTAL SALES<sup>1</sup>  
LIFE SCIENCES  
BUSINESS**  
(CHF million)



**EBIT  
LIFE SCIENCES  
BUSINESS**  
(CHF million)



**EBIT MARGIN  
LIFE SCIENCES  
BUSINESS**  
(in % of sales)



<sup>1</sup> Sales to third parties + intersegment sales

## PERFORMANCE

Sales in the Life Sciences Business segment grew strongly by 13.2% to CHF 408.8 million in fiscal year 2020 (2019: CHF 361.2 million). This equates to a rise of 18.7% in local currencies. The Life Sciences Business experienced strong demand for products supporting the COVID-19 response, mainly liquid handling and automation workstations as well as the associated disposable pipette tips.

Despite the strong increase in sales, parts of the Life Sciences Business also experienced significant disruption as customer facilities were closed or access was restricted to slow the spread of COVID-19. Product groups adversely impacted included detection instruments, research reagents for next-generation sequencing (NGS) and consumables for mass spectrometry sample preparation.

Sales growth accelerated further in the second half of the year, with sales increasing by 26.2% in local currencies.

Order entry in the Life Sciences Business outpaced recognized revenues significantly in the fiscal year 2020, with order backlog increasing at a high double-digit rate.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) rose to CHF 78.2 million (2019: CHF 56.7 million). The operating profit margin increased to 17.4% of sales (2019: 15.1%). This positive performance is primarily a result of sales growth as well as a strong margin contribution from the consumables business.

## HIGHLIGHTS OF 2020

- Supporting customers in research, therapeutic and vaccine development and with the scale-up of COVID-19 diagnostic testing
- Launch of DreamPrep™ NAP, an integrated, fully automated solution simplifying nucleic acid extraction workflows for many genomic applications
- Successful development of new instrument platforms and launch of new reagents in key applications

## MARKETS AND ORGANIZATION

In the Life Sciences Business segment, Tecan distributes its branded products through its own market organization and distributors in more than 70 countries worldwide. Sales and application specialists communicate with end customers to discuss their various requirements in terms of automating highly diverse laboratory procedures, while service engineers as well as a help desk and expert-line specialists work to ensure a high degree of customer loyalty and satisfaction.

Most of these customers work in the field of life science research and applied markets. Over one-third of sales in this segment are usually generated from customers in the diagnostics market, for example large reference labs. During 2020, with substantially increased COVID-19 clinical testing and high customer demand associated with the global pandemic, this share has increased substantially. Customers in the fields of research and diagnostics place various requirements on products and the sales process. The diagnostics market is strictly regulated by national supervisory authorities, and each automation solution is used within a clearly defined area of application. Product features such as instrument reliability, quality and reproducibility of test results as well as user-friendliness are extremely important. And in the area of research, highly innovative, more flexible and user-friendly automation solutions continue to play a key role. The local sales organizations take into account the various needs and requirements of both customer groups.

Key application areas for the Life Sciences Business are:

- Genomics
- Protein analysis, particularly workflows of mass spectrometry
- Cell and tissue analysis

These three applications are generally used in life science research as well as in regulated settings.

## PRODUCT PORTFOLIO

Within the Life Sciences Business, the largest instrument group is the scalable liquid handling platforms, which are used to pipette fluids with optimum precision and automate laborious and repetitive manual procedures. These platforms can be configured from the wide-ranging portfolio of available modules and devices to provide a high degree of flexibility and easy adaptability for a diverse range of applications. Highly complex customized offerings are also provided to a smaller group of customers. Tecan is the global market leader in automated liquid handling platforms. Tecan also provides a wide range of bioanalytical instruments such as microplate readers and washers, which allow reactions to be monitored or specific analytes to be measured. They are used as independent devices or integrated within the liquid handling workstations to ensure a complete customer solution. Tecan also works with numerous partner companies to integrate their test procedures or devices to provide comprehensive workflow solutions. Tecan's offering includes instruments, special software packages and application expertise as well as consulting, service and consumables.

In the three core application areas, Tecan increasingly offers complete solutions, i.e. not only instruments but also selected reagents and functional consumables.



## SEGMENT STRATEGY

The corporate strategy pursues three vectors to ensure sustainable, profitable growth. Tecan's specific strategies allow it to drive forward customer projects with the respective business models of the two business segments.

### 1 EXPANDING THE CORE BUSINESS

In Life Sciences Business, it is the goal to further increase the market leading position and gain market share through launching new products and expanding geographically.

#### NEW INNOVATIVE INSTRUMENT PLATFORMS

A continuous stream of innovations and market launches of new instrument platforms and variants thereof set the basis for future growth on the instrument side as well as for recurring revenues generated from services, consumables and reagents.



#### LABORATORY AUTOMATION WORKSTATIONS

The Fluent Laboratory Automation Workstation is the highest performance platform within Tecan's extensive portfolio of liquid handling solutions for laboratory automation. Fluent is a unique automation concept that provides high precision, superior throughput and extended walkaway time. Employees in the laboratory can get more done, with greater confidence in the results. It is available in three sizes to suit the throughput requirements of almost any laboratory. Fluent was developed around the application-specific needs of laboratories. In recent years, Tecan continuously launched new Fluent solutions on the market that target specific applications. For example, these solutions address the need for automation in the rapidly growing cell biology market, in compound management, in the area of genomics as well as in numerous other fields of application.

The platform's intuitive FluentControl™ software and built-in touchscreen interface simplify day-to-day activities by guiding scientists through routine set-up and operation of the system for consistent, reproducible operation.

The Fluent Gx platform variant was developed for the automation of laboratory workflows in regulated markets. Here Fluent can be used for applications such as high throughput nucleic acid purification, quantification and normalization or as a scalable solution for PCR amplification. In the US, it is registered as a Class I medical device.

In year under review, Tecan has successfully concluded the development of the Fluent® Mix and Pierce Workstation to provide end-to-end automation for whole blood pipetting in clinical environments. This newly developed instrument configuration was launched at the beginning of 2021 and is intended to standardize pre-analytical sample handling and mixing. It is part of an ongoing collaboration with QIAGEN N.V. to optimize sample preparation for latent tuberculosis (TB) testing with the QuantiFERON-TB Gold Plus assay. Newly developed Tecan Piercing Tips™ allow to aliquot whole blood samples directly from vacuum blood collection tubes or septum-capped tubes – without the need for manual lid removal. This reduces the risk of laboratory staff coming into contact with infectious materials, and saves valuable time when performing tube-to-tube or tube-to-plate transfers and whole blood assays. The workstation also features the newly developed Tecan Tube Rotator™ – which provides 360-degree tube mixing to maintain whole blood samples in suspension without hemolysis.

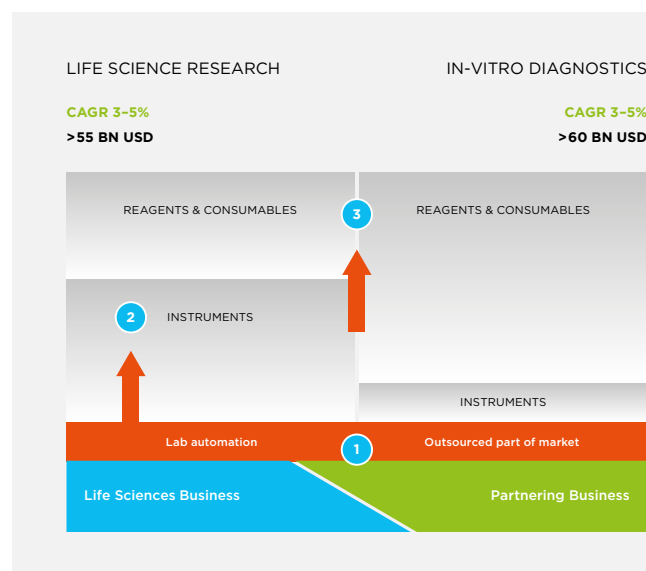
FLUENT® MIX AND PIERCE WORKSTATION

In addition, Tecan, through its Partnering Business, is the partner of choice in automation systems for many companies in the in-vitro diagnostics industry. With the availability of Fluent Gx, customers in regulated markets are also able to benefit from the high level of productivity and performance offered by Fluent platforms.

### DETECTION INSTRUMENTS

Tecan offers a range of bioanalytic instruments. The Spark multimode microplate reader is a new generation of reader platform designed to offer greater flexibility and increased productivity for cell biology and genomics customers. The platform delivers a combination of exceptional capabilities and ease of use to simplify routine laboratory tasks. In the core of the instrument, a unique optics module was developed that ensures that laboratories no longer have to make a trade-off between flexibility and sensitivity. Integrated capabilities for cell counting and incubation simplify cell biology protocols, while ultra-fast scanning – in under five seconds – allows for rapid application analysis in the field of genomics. The special fusion optics function provides a unique sensitivity, speed and flexibility. Other options include the Te-Cool™ cooling module. This module makes it possible to set the temperature of the measuring chamber lower than the room temperature and thereby achieve exact and reliable results. Automated cell imaging and confluence measurement allows cell cultures to be incubated and monitored in the measuring chamber.

With its additional imaging capabilities, the new Spark® Cyto reader platform enables life science research laboratories to track the development of cells in real time over an extended period, with complete control of all environmental parameters. Another special feature of this innovative instrument is that measurements can be carried out automatically for predefined events and further processes

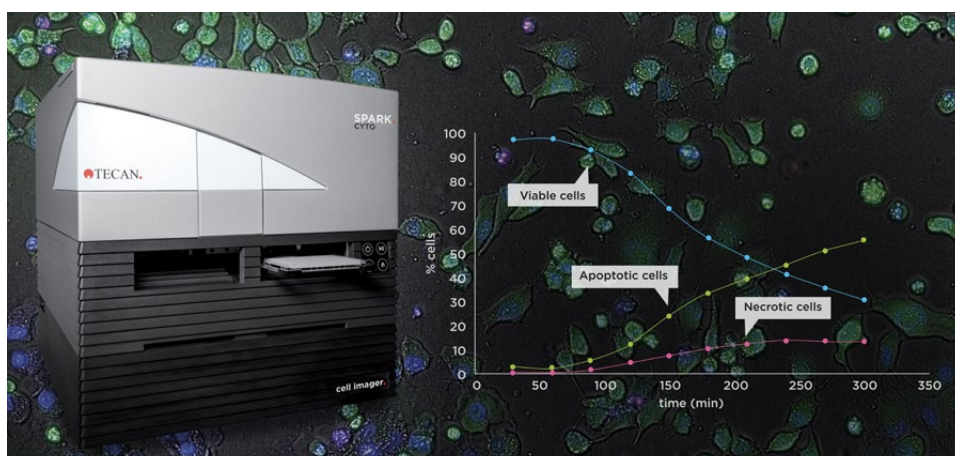


### MARKET STRUCTURE

automated on the basis of the evaluated image data, such as the addition of chemical substances, which influence cell behavior or survival.

In order to also provide research laboratories with a more cost-effective entry into state-of-the-art reader technology, Tecan offers the highly popular Infinite® 200 PRO series of multimode microplate readers. This proven, reliable reader platform has already been cited in more than 1,800 scientific publications and enjoys great popularity across the world.

SPARK® CYTO





## BEYOND THE ORDINARY – TECAN LABWERX

The speed of change is high in life science research, frequently outpacing the lab industry's development of standard product. Tecan Labwerx creates custom solutions to address the ever-changing needs of the market. At Tecan, automation and robotic systems integration is in the Company's DNA. Tecan's multidisciplinary team of life scientists, engineers and software experts has been creating custom automation solutions for over 20 years, delivering over 1,000 projects – from simple modified workstations to large-scale robotic integrations.

There may not be a readily integrated automation platform that meets the unique needs of new and evolving workflows in a laboratory or manufacturing facility. Innovation in automation instrumentation happens on its own timeline that may not match the unique needs

of brand-new biotechnology. With its customizing capabilities, Tecan Labwerx can deliver solutions beyond the ordinary, which was an important contributor to sales and order growth in the year under review.

## INCREASING PRODUCTIVITY WITH NEW DIGITAL TOOLS

Modern laboratory automation increases sample throughput in a laboratory, minimizes human error, enhances precision, delivers reproducible test results, documents these results and thus improves productivity as a whole. However, in today's busy labs, mission-critical decisions about laboratory equipment purchases, service contract renewals, consumables spending, and staffing are often made on the basis of incomplete information.



INTROSPECT™ AND TECAN CONNECT™

Why did a particular instrument run fail? Why are some protocols less efficient than others – or have more workflow errors? Why do similar tasks take longer to complete at different times of the day, or on different days of the week? To optimize instrument uptime and increase throughput, labs need to get to the root of such questions and identify underlying causes. Historical instrument usage patterns may highlight capacity gaps, helping to deploy resources more effectively, and improve troubleshooting.

To help laboratories to increase their productivity with unparalleled insights, Tecan offers Introspect™. Introspect is an easy and secure cloud-based reporting and analysis service. Data from connected automation workstations are displayed on intuitive dashboards with real data on instrument uptime, consumables consumption and run success rates. Introspect completely replaces manually maintained spreadsheets, it automatically gathers instrument runtime, consumables usage, error rates and more, directly from Freedom EVO® or Fluent systems. Even historical and archived instrument data can be uploaded which allows a lab manager to study past data to make informed decisions possible for the future.

These capabilities proved to be essential for large testing facilities during the coronavirus pandemic to keep their fleets of PCR systems running at maximum capacity.

## EXPANDING PRESENCE IN GLOBAL GROWTH MARKETS

Many countries are currently investing considerable amounts in healthcare and life science research. Tecan is focusing in particular on expanding its business in China, which is already one of the world's largest healthcare markets, even though the country's spending per capita is still only a fraction of that in many western industrialized countries. Continuing economic growth combined with rising spending per capita make this an extremely attractive market. Tecan has already been active in China for a number of years, and since 2008 through its own subsidiary. In 2020, growth in China outpaced that of the Asia region as a whole, bringing the total business in China to over CHF 80 million in the year.

In China, laboratories in the largest hospitals use Tecan platforms to test blood samples for infectious diseases, for instance. The number of the largest hospitals is constantly growing, along with patient numbers and utilization. The corresponding rise in diagnostic test volumes is increasing the need for efficient automation.

Large investments are also being made in laboratory infrastructure in the area of academic or biopharma research.

In order to exploit the various end markets in China, Tecan is continuing to invest heavily in expanding its marketing and service organization. From a headcount perspective, China already is the second largest local organization for Tecan. A larger direct market presence should lead to a further significant increase in sales in China in the coming years.

## 2 BUILDING UP FURTHER PILLARS IN THE INSTRUMENT MARKET

Tecan is aiming to build up further pillars in the instrument market for life science research. This applies in particular to areas beyond conventional, open and flexible robotics solutions for liquid handling and microplate readers. There are plenty of opportunities here, especially in dedicated instruments for sample preparation. In adjacent markets, Tecan sees opportunities to extend its traditional core business so as to grow faster than the overall markets for life science research instruments. This potential can be accessed both organically and through acquisitions. For example, since an acquisition in 2016 Tecan can offer dedicated instruments in the area of sample preparation for mass spectrometry, which are increasingly being used for automated solid phase extraction. Automated solid phase extraction with positive pressure workstations offers many advantages compared with conventional vacuum-based purification. Ultimately, better-purified samples can produce higher-quality analytical results that, thanks to automation, are not dependent on the individual user. To enable all process steps of a workflow to be automated, it is also possible to integrate the Resolvex A200 positive pressure workstation in Tecan's liquid handling workstations.

Also in other application areas like genomics, Tecan is developing new dedicated workstations to fully automate specific workflows. Shortly after the acquisition of Tecan Genomics in September 2018 (formerly NuGEN Technologies), Tecan launched the DreamPrep NGS, a fully-automated approach to next-generation sequencing (NGS) library preparation for research use. This groundbreaking new approach offers quality controlled, sequencing-ready NGS libraries in just a matter of hours, with minimal manual interaction and no sample loss. DreamPrep NGS is a full walkaway solution that combines the Tecan Fluent liquid handler and Infinite plate reader, together with DNA and RNA library preparation kits. The use of this innovative solution can help double the typical sample throughput in a laboratory.



In the year under review, the offering of dedicated workstations was expanded early 2020 with the launch of the DreamPrep NAP to further drive the comprehensive genomics strategy. DreamPrep™ NAP is an integrated, fully automated solution simplifying nucleic acid extraction workflows for many genomic applications. It combines the high productivity and precision of the Fluent automation platform with a Tecan reader for integrated quantitation and normalization. During 2020, the DreamPrep NAP also helped labs quickly and effectively scale up COVID-19 testing to accommodate larger test volumes.

### 3 EXPANSION OF RECURRING SALES

The third vector focuses on expanding recurring revenues in Tecan's two main markets, life science research and in-vitro diagnostics. Traditionally, Tecan participates in the aftermarket with consumables as well as service and spare parts. Since several years, the Company also supplies reagents and functional consumables for select applications so as to be able to offer fully integrated solutions as well. In 2020, the disposable pipette tip business saw a substantial increase in demand due to COVID-19 testing. As a result, overall recurring sales of services, consumables and reagents in the Life Sciences Business amounted to about 55% of total segment sales in 2020.

### EVOLUTION INTO A SOLUTIONS BUSINESS

As part of the company's strategy, Tecan is increasingly seeking to provide comprehensive solutions in the areas of specialty diagnostics and life science research as part of the Life Sciences Business, including the reagents or functional consumables used during specific applications. This range of solutions open up new markets for Tecan, without competing with the typical in-vitro diagnostic customers in Tecan's Partnering Business.

Tecan made the first step in this direction with the acquisition of IBL International in 2014. This enables Tecan to leverage its automation expertise and leading position within the immunoassay market for open instrumentation platforms and combine dedicated instruments with one of the widest ranges of microtiter plate-based immunoassays for specialty diagnostics.

The product portfolio comprises enzyme, radio and luminescence immunoassays for research and clinical laboratories, including a large selection of specialty assays for endocrinology (hormone measurement), neurodegeneration (e.g. Alzheimer's disease), neonatal screening and assessing steroid hormones in saliva.

With the acquisition of the US-based SPEware Corporation (Tecan SP), Tecan expanded its offer of dedicated total solutions to sample preparation solutions for mass spectrometry.



DREAMPREP™ NAP WORKSTATION

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## Costs associated with NGS overall are dropping, making the technology more affordable and widely accessible.

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The separation of a target analyte from a complex sample before it can be introduced into an LC-MS improves the robustness of the assay, and the improved purification of the samples enables longer maintenance intervals. The proprietary, microparticle-filled consumables for enrichment of a substance for the solid phase extraction offer significant advantages, including higher selectivity, reproducible separation and improved data quality.

In September 2018, Tecan successfully closed the acquisition of NuGEN Technologies (now Tecan Genomics) to further expand the Company's dedicated solutions offering into the new market segment of next-generation sequencing (NGS). The business now benefits from Tecan's global presence, customer base and strong position serving the market with automation platforms optimized for NGS sample preparation.

Tecan now provides innovative genomic sample preparation for NGS and microarrays for a broad range of sample types including RNA and DNA from whole tissues, preserved and prepared tissue samples (FFPE, Formalin-Fixed Paraffin-Embedded), single cells and liquid biopsies such as from blood samples. Next-generation sequencing technologies are currently transforming the life sciences, e.g. the field of cancer research, due to the wealth of genetic information obtained.

NGS workflows are composed of multiple complex steps, several of which need to be performed prior to loading samples in the actual sequencer. The most critical step prior to sequencing is the so called library preparation, in which many samples are processed in parallel and its correct performance is key to match the individual DNA sequences with the respective samples again after sequencing. The quality of prepared libraries has a significant impact on the sequencing process, the reproducibility and usability of the data and thereby ultimately on the overall data quality. With large numbers of samples being processed, library preparation can actually cost more than the sequencing itself.

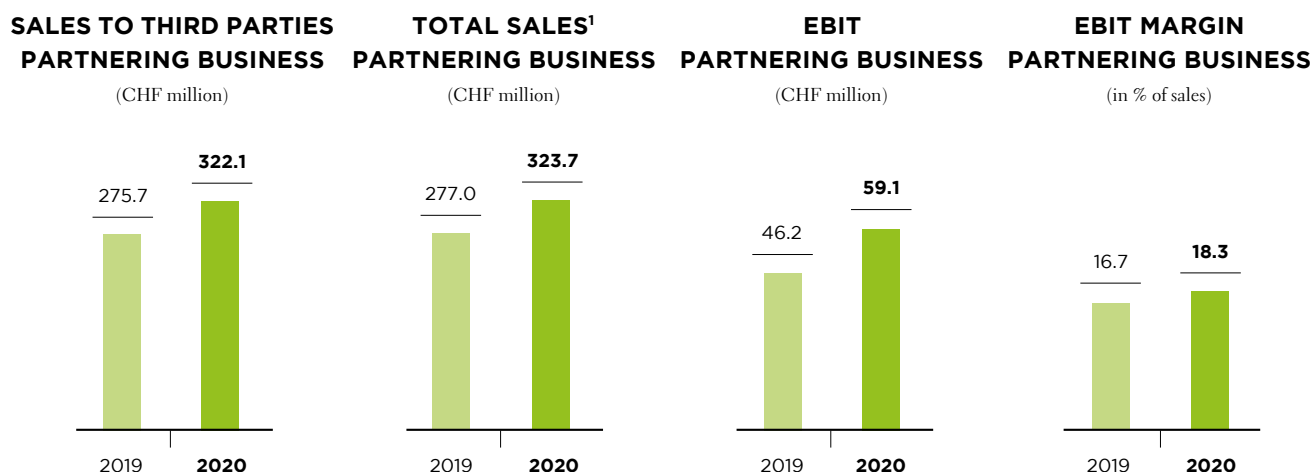
Costs associated with NGS overall are dropping, making the technology more affordable and widely accessible. A higher adoption of NGS and fast growing sample numbers increase the need for automation, a particular strength of Tecan, especially in the genomics area. With automation, labs can increase the throughput and eliminate unnecessary manual steps and sources of error.



# Partnering Business

## (OEM business)

Tecan not only provides end customers with automation solutions, but is also a leading developer and manufacturer of OEM instruments and components which partner companies sell under their own name. Tecan has been operating its OEM business since the Company was founded 40 years ago. The share of this business segment in the total sales of the Tecan Group was 44% in 2020.



<sup>1</sup> Sales to third parties + intersegment sales

### PERFORMANCE

The Partnering Business generated sales of CHF 322.1 million during the year under review (2019: CHF 275.7 million), which corresponds to a strong increase of 18.8% in local currencies and 16.8% in Swiss francs.

Similar patterns to those in the Life Sciences Business were observed in the Partnering Business, with automation platforms, OEM components and disposable pipette tips to support COVID-19 testing being in high demand. By contrast, sales to customers exposed to other areas of in-vitro diagnostics were adversely impacted. Segment sales in the second half year increased by 30.0% in local currencies and 27.9% in Swiss francs.

Also in the Partnering Business, order entry increased at a substantially higher rate than sales.

Operating profit in this segment (earnings before interest and taxes; EBIT) increased to CHF 59.1 million (2019: CHF 46.2 million), while the operating profit margin grew to 18.3% of sales (2019: 16.7%).

### HIGHLIGHTS OF 2020

- Supporting customers around the world with equipment and OEM components to automate diagnostic PCR tests to help fight the coronavirus pandemic
- New collaboration with Thermo Fisher Scientific, the world leader in serving science, to enable scaled-up COVID-19 testing globally
- Good progress made with development projects to prepare for important product launches in 2021 and 2022

## ORGANIZATION

In the Partnering Business, Tecan manages corporate customers, who are mainly diagnostics companies, centrally via Key Account Management. Employees in Europe, North America and Asia ensure the local management of existing customers and support the acquisition of new customers. There are direct sales employees in the individual national markets for the components business.

In the components business, marketed under the Tecan Cavo<sup>®</sup> brand, the company supports instrument manufacturers with essential components where they want to develop an instrument themselves. By contrast, in the instruments business, marketed under the Tecan Synergence<sup>™</sup> brand, Tecan takes over the development of the entire system, which it then manufactures under contract.

## PRODUCT PORTFOLIO

In the Partnering Business, Tecan benefits from diagnostics and other life science companies outsourcing instrument development, either entirely or for specific parts, to specialists like itself. This enables these companies to focus on developing diagnostic or research-related tests. This trend has accelerated in recent years, especially in the development of instruments that automate novel applications such as gene sequencing or other molecular-diagnostic technologies. OEM customers benefit from Tecan's extensive technology experience in a wide range of instruments and modules in the area of laboratory automation. By outsourcing instrument development, customers are able, among other things, to shorten the time to launch while also gaining access to Tecan's innovative technologies.

Tecan has a wide range of products. The Company has developed various well-known diagnostics instruments in the OEM business and serves several hundred customers with components.

**Tecan Partnering –  
from a single pump to a  
fully integrated system**

## COMPONENTS

Tecan is the market leader in laboratory automation liquid handling components. The Company supplies laboratory instrument manufacturers with essential components such as precision pumps, valves, robotic arms and developer software. The renowned Tecan Cavo<sup>®</sup> components are used in systems that have a wide range of applications in life science research, diagnostics and numerous other industries. In customers' product ranges, Tecan components generally remain an indispensable element over the entire life cycle of a device. For example, Tecan supplies manufacturers in the fast-growing area of next generation sequencing with Tecan Cavo<sup>®</sup> pumps for precision handling of fluids in different sequencers. During 2020, Tecan saw substantial demand for the Cavo ADP, one of the smallest and most sophisticated air pipettors on the market.

In 2019, Tecan broadened the components portfolio through the acquisition of a long-term supplier of key parts, also vertically integrating the manufacturing of critical precision-machined parts. With two manufacturing sites, one in California (USA) and another in Ben Cat Town (Vietnam), Tecan is benefiting from the long-term supply of high-quality precision-machined parts and realizing cost savings by internalizing their supply.

## PLATFORM-BASED AUTOMATION SOLUTIONS

Rapid market launch and low development costs are key for some OEM customers. In these cases, Tecan can adapt the products and platforms it develops for its own end customers to the specific needs of OEM customers. These adapted and standardized platforms are then distributed under the customers' own brand name as system solutions that combine Tecan's instruments with the partner's own specific tests. Tecan has a broad range of modular platforms suited to applications with low to high sample throughput. Detection instruments from Tecan can also be modified or integrated into fully automated laboratory solutions for OEM customers.

One example of this type of platform-based automation solution is one of the world's most successful molecular diagnostic platforms. It is marketed by the partner as a system solution jointly with a wide range of different molecular diagnostic tests. Applications include, for example, therapy monitoring in HIV or hepatitis patients and detection of sexually transmitted infections. During 2020, this reliable instrument platform became a backbone of COVID-19 testing with new molecular diagnostic tests designed to detect SARS-CoV-2 approved for use on the system.



This platform-based approach is very popular in China, too. Many up-and-coming Chinese diagnostics companies are relying on the high-quality platforms of Tecan to automate locally developed tests, for example for molecular diagnostics. With Tecan platforms already registered with the Chinese FDA, the local diagnostics companies were able to run their newly developed and approved COVID-19 PCR tests on their existing platforms.

### DEDICATED AUTOMATION SOLUTIONS

When an OEM customer is looking for a specific product, designed and manufactured to a specific functionality and cost, a dedicated system development can be the most suitable answer. Dedicated systems are usually most appropriate for products with a longer life cycle and when the specific functionality and total cost-of-ownership are the key decision criteria. By choosing to partner with Tecan, OEM customers get access to the Company's full range of technologies, modules and software solutions as well as its expertise in system integration and regulatory and quality-related processes.

## SEGMENT STRATEGY

The corporate strategy pursues three vectors to ensure sustainable profitable growth. Tecan's specific strategies allow it to drive forward customer projects with the respective business models of the two business segments.

### 1 EXPANDING THE CORE BUSINESS

In the in-vitro diagnostics market, some of the instrument development and production will be outsourced to specialists like Tecan. In this addressable market segment, Tecan, through its Partnering Business, is the partner of choice for automation systems and components for many companies in the in-vitro diagnostics industry. Tecan supports these partners with development, the associated ramp-up in serial production to full lifecycle management and more options.

Key application areas for the Partnering Business are:

- Genomics workflows (Molecular Diagnostics, Next-Generation Sequencing)
- Protein analysis, particularly workflows of mass spectrometry and immunoassays
- Cell analysis (e.g. flow cytometry)
- Tissue analysis (e.g. advanced staining)
- Blood typing for transfusion medicine

### SUPPLY OF MAJOR INSTRUMENT PLATFORMS

Tecan has a broad base of OEM customers and is continuously increasing the number of development and supply agreements. The supply of new instruments generates additional sales stepwise, building on the established base. This enables Tecan to grow more rapidly than the market.

### DAKO OMNIS FOR DAKO

Dako Omnis, a platform for automated advanced staining which is used in tissue-based cancer diagnostics, is one example of a dedicated automation solution. The system automates both established processes in the diagnosis of abnormal cells: immunohistochemistry (IHC) and in-situ hybridization (ISH).

Dako Omnis produced for Dako – an Agilent Technologies company – offers full automation and fulfils the requirements of large diagnostic laboratories, hospitals and universities. It offers continuous loading with individual samples or batch loading, as well as the option of leaving the system to run overnight. It therefore sets new standards for what customers can expect from an automated platform with regard to flexibility, capacity, efficiency and traceability of samples.

### ORTHO VISION® ANALYZER FOR ORTHO CLINICAL DIAGNOSTICS

The ORTHO VISION Analyzer is a next-generation diagnostics instrument used for blood typing and to determine other important blood parameters. The device was developed by Tecan for Ortho Clinical Diagnostics, a market leader in immunohematology.

The ORTHO VISION Analyzer heralds a new era in transfusion medicine, with Responsive Automation. ORTHO VISION Max is another variant of the instrument for transfusion medicine laboratories and has a high sample throughput. Innovative monitoring technologies and control mechanisms give transfusion medicine professionals the ability to track every critical process step. In addition, laboratory personnel can react at any time to ever-changing conditions within the laboratory and unpredictable requirements. For example, particularly urgent cases can be rapidly processed by loading samples into the ORTHO VISION Analyzer on the fly, allowing for prioritization.

## THERMO FISHER SCIENTIFIC LEVERAGING TECAN'S AUTOMATION TECHNOLOGY

In August 2020, Tecan has signed a new agreement with Thermo Fisher Scientific, the world leader in serving science, to enable scaled-up COVID-19 testing globally. Since then, Thermo Fisher Scientific has introduced a new highly automated, real-time PCR solution designed to analyze up to 8,000 samples in a single day to meet increasing global demand for COVID-19 testing. The high-throughput system enables laboratories to significantly scale up their testing capacity to support global efforts to return communities back to work and school.

The Thermo Fisher Scientific Amplitude Solution includes instruments of the Tecan Fluent Laboratory Workstation family, the highest performance platform within Tecan's extensive portfolio of liquid handling solutions for laboratory automation and the Introspect software, an instrument and consumables usage analysis and reporting software.

## DEVELOPMENT PIPELINE AND INSTRUMENT PRODUCT LAUNCHES

Tecan made considerable progress with a number of development projects in the Partnering Business and has concluded new development agreements during 2020. Various projects are currently in the development phase. These projects cover Tecan's focus application areas including molecular diagnostics and protein analysis, with sales potential of individual projects ranging from single-digit to clear double-digit million amounts in Swiss francs per year.

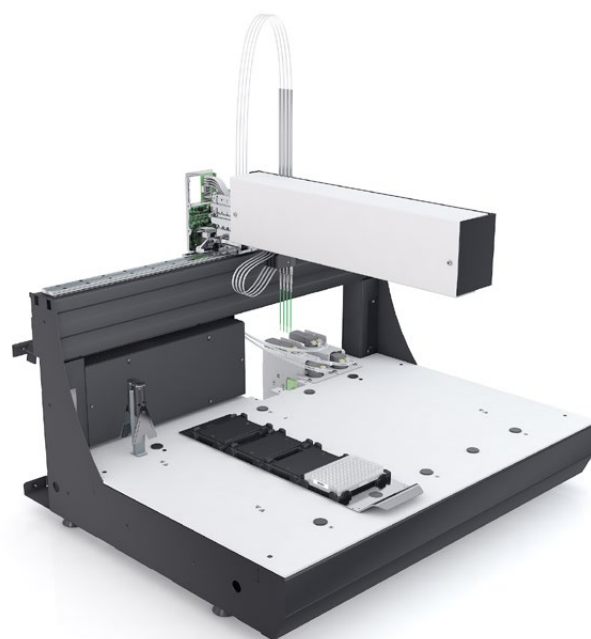
One of those projects soon to launch is, for example an ongoing development program with The Binding Site Group (Birmingham, UK). The two companies are jointly developing an automated solution for The Binding Site, based on Tecan's Fluent platform, using mass spectrometry to diagnose blood cancers.

To continuously fill the development pipeline, Tecan is currently discussing a range of projects with potential future partners. The majority of projects in the rich funnel are in the area of molecular diagnostics and other fast growing applications.

At the same time, projects are successfully concluded on a continuous basis. One of the recently launched systems for example is the PS-10 Sample Prep System for Japan-based Sysmex Corporation. This new instrument platform was developed on the basis of Tecan's Cavo<sup>®</sup> Omni Flex platform, which was adapted specifically to the area of flow cytometry. Flow cytometry is applied in healthcare, microbiology, industrial applications, quality control, as well as plant and animal cytology.

The PS-10 is a highly automated, flexible sample prep system for laboratory developed tests and routine flow cytometry applications. It helps highly trained operators to concentrate on analyzing data and allows existing laboratory procedures to be easily incorporated.

For 2021, again several additional market launches are expected.



CAVRO<sup>®</sup> MAGNI FLEX



## TECAN CAVRO - EXCELLENCE IN THE WORLD OF OEM COMPONENTS

Numerous customers are also developing instruments incorporating innovative Tecan components as elements. When serial production of these instruments begins, it will result in higher volumes of the components being required and therefore higher sales for Tecan. Various new instruments were launched by the respective partners in 2020.

During 2020, Tecan saw a substantial increase in demand for the Tecan Cavo Air Displacement Pipettor (ADP). Designed for easy integration into compact instruments, this pipetting module is ideal for applications that use disposable tips to prevent carry-over or contamination, such as molecular diagnostics, cell culturing and point of care (POC) diagnostics.

For example, in early 2020, AusDiagnostics, an Australian in vitro diagnostics company offering molecular diagnostic testing platforms, has launched the Ultra-Plex 96 high throughput screening system. The company chose to integrate the Cavo® ADP as it was ready-made, reducing engineering research and speeding up the development of the full platform. The COVID-19 pandemic has created significant demand for the Ultra-Plex 96 platform from both hospital and private laboratories performing diagnostic SARS-CoV-2 testing.

Another example is the BioXp™ 3200 for Codex DNA, a synthetic biology company based in San Diego, USA. The system enables researchers to quickly build synthetic gene constructs in their own lab, accelerating vaccine, therapy and diagnostic assay design and delivery workflows. Choosing the Tecan Cavo ADP as the best fit for their application, Codex DNA was able to significantly reduce the time from beginning of the project to production of the first instrument.

## NEW GROUNDBREAKING SOFTWARE PLATFORM AS BASIS FOR FUTURE PROJECTS

In instrument development projects, the importance of software has continuously increased over the years. The software platform hereby has to control the system itself and at the same time needs to cover a wide range of applications. A competitive OEM offering has to therefore include not only modular hardware but also modular software, where parts and software code can be re-used to create new configurations – without having to start from scratch. Fast time to market, reduced life cycle management cost and multi-application utilization are key aspects when it comes to developing software for a dynamic product portfolio in a regulated environment.



CAVRO® AIR DISPLACEMENT PIPETTOR (ADP)

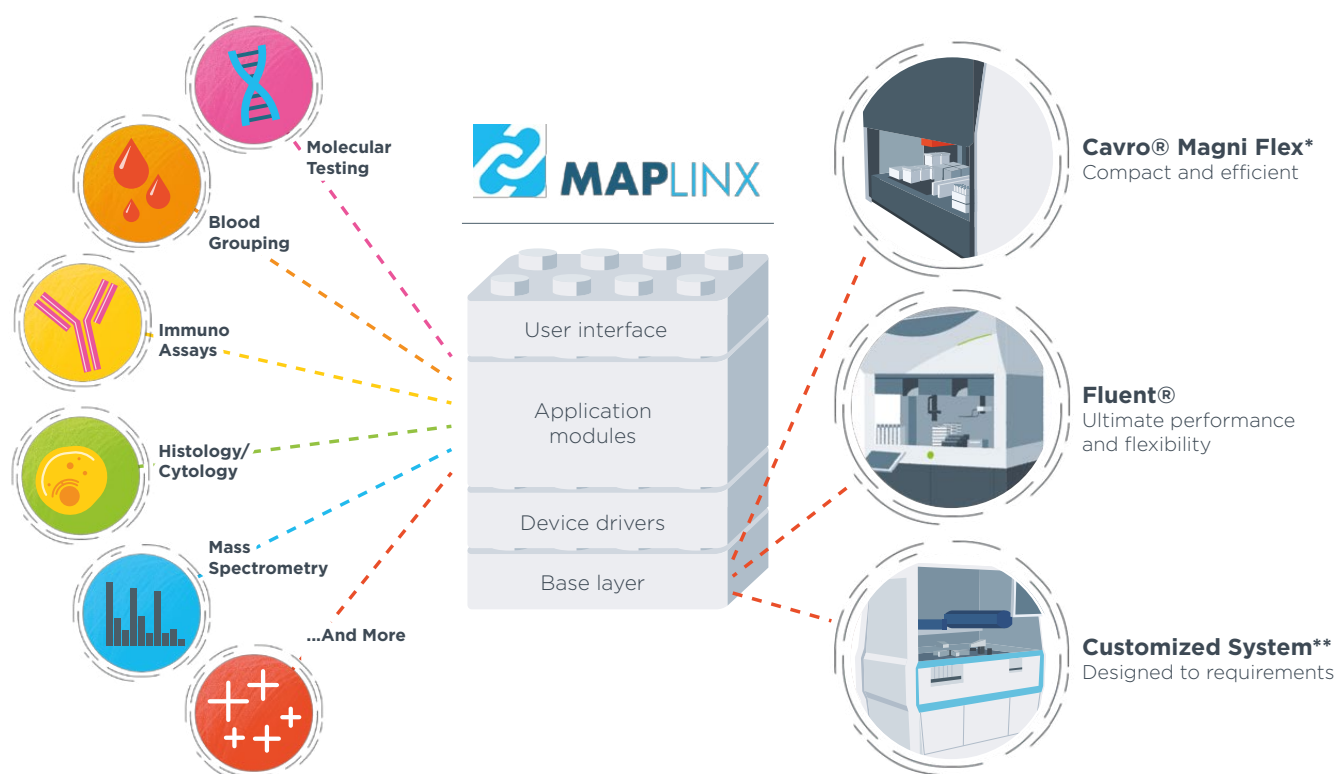
With the introduction of the groundbreaking MAPlinx™ OEM software platform, Tecan can address those increasing demands with a design that is based on fully pre-tested modular building blocks. Whether it is sample preparation for next generation sequencing, an automated immunoassay workflow or another application, MAPlinx can be tailored to match an OEM customer's automation needs. It is one common software architecture, regardless of the specific hardware platform or application.

MAPlinx is also at the heart of the new Cavo Magni Flex platform that was developed for low- to mid-throughput volume needs. Together with the Fluent workstation, Tecan's high-speed automation solution, MAPlinx can also be leveraged for high throughput volumes that are not covered by the Cavo Magni Flex.

The modular components can be adapted for a wide range of applications including molecular testing, blood group analysis, immunoassays, histology/cytology, mass spectrometry and more. This allows Tecan's clients to address different future market needs and leverage the intention of the modular portfolio to be faster to market.

### OPENING UP GLOBAL GROWTH MARKETS

As in the Life Sciences Business segment, there is also significant market potential for Tecan in the Partnering Business in China. Sales have increased disproportionately in this region in recent years. Local device manufacturers are increasingly integrating Tecan components in various areas of application to ensure the necessary instrument quality and reliability. Several instruments have already been granted marketing authorization, and are now being manufactured in larger quantities. Furthermore, Tecan is also increasingly supplying Chinese diagnostics companies with entire instruments.



\*Instrument not released yet. Coming soon.

\*\*This is a concept not an existing product.



## 2 BUILDING UP FURTHER PILLARS IN THE INSTRUMENT MARKET

In the Partnering Business segment, Tecan mainly supplies diagnostics companies with instruments and components. Further pillars in the instrument market for life science research are therefore more of a focus in the Life Sciences Business segment at present.

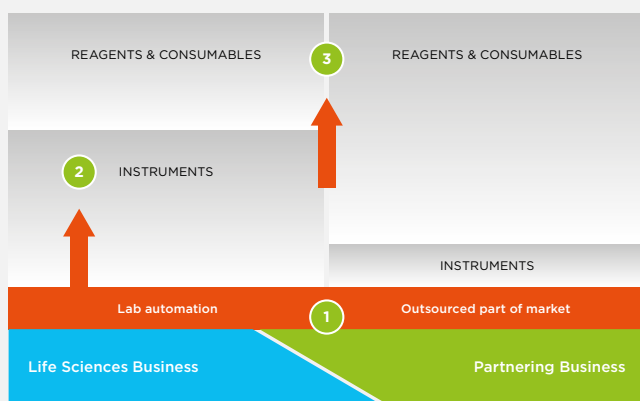
## 3 EXPANSION OF RECURRING REVENUES

The third vector focuses on expanding recurring revenues. In the year under review, sales from services, spare parts and consumables increased significantly. As in the Life Sciences Business, the disposable pipette tip business saw a substantial increase in demand due to COVID-19 testing. As a result, overall recurring sales of services, consumables and reagents in the Partnering Business amounted to about 30% of total segment sales in 2020.

Support for OEM customers in the Partnering Business segment will not end once instrument development is finished. Tecan also offers OEM customers a range of services after the product is launched via its global service infrastructure. The Company can install instruments directly at the end customer's location, provide a helpdesk facility, train the OEM customer's service team and even handle the complete service portfolio for devices itself. In addition, Tecan maximizes instrument operation time by providing a global spare parts service. OEM customers in the diagnostics market may benefit from Tecan's high-quality consumables such as certified pipette tips, which are an important component of a validated workflow solution.

**LIFE SCIENCE RESEARCH**  
CAGR 3-5%  
>55 BN USD

**IN-VITRO DIAGNOSTICS**  
CAGR 3-5%  
>60 BN USD



### MARKET STRUCTURE



Sustainability.



# Message from the CEO

## DEAR READERS

The dominant theme of 2020 was clearly the pandemic triggered by the novel coronavirus, which continues to dominate us even now. However, 2020 also became a year in which Tecan's contribution to the United Nations' Sustainable Development Goal "The health and well-being of all people" was more visible than probably ever before. Our products have been instrumental in supporting the global fight against the coronavirus pandemic, particularly in the area of automated PCR testing. Studies and models have now shown that COVID-19 tests play a key role in reducing the virus's reproduction rate and thus in containing its spread. As a result, there are fewer hospitalizations and ultimately fewer deaths.

Despite other highly relevant topics such as climate change or the diversity and inclusion of all employees being temporarily out of the public focus, they are still current and perhaps more important than ever. I am pleased to be able to report on various activities and good progress at Tecan in this regard as well.

### Corporate purpose more visible than ever before

Tecan's corporate purpose is to advance the understanding of disease, support the development of new medicines and help bring these insights and technologies to broad clinical diagnostic applications worldwide through scalable solutions. This corporate purpose motivates me personally and our staff every day. I'm incredibly proud of how our staff coped with the challenges of the COVID-19 pandemic and supported our customers with tremendous commitment. Our first priority was to ensure the health and safety of our staff by implementing a wide range of measures. Overall, we were successful in this regard.

Other measures were designed to avoid or limit interruptions in the supply chain and in freight transport to ensure business continuity – these were necessary steps to enable sustainable growth. Here too, we reacted effectively and proactively.

### Trust-based workplace culture is crucial

We firmly believe that a trust-based workplace culture makes a crucial difference in helping us become a successful business in the long term. Consequently, in an effort to keep on improving with

our growing number of employees, we took part for the first time in 2020 in the TrustIndex™ Employee Survey by the international research and consulting company Great Place to Work®. In an anonymous survey, mutual trust is measured as a basis for workplace culture, values practiced, leadership quality, potential maximization of all employees and the resultant innovative power and value creation. We are delighted to have already achieved an excellent score of 70% in our first participation in this type of employee satisfaction survey. The statement "All in all I can say that this is a great place to work" was endorsed by 75% of all employees. They particularly appreciated the areas of diversity and inclusion as well as health and safety at work. Over 90% of employees said that sexual orientation, skin color or even any physical disability, for example, make no difference in how people are treated. The values achieved are already above-average against different comparison groups. However, one of our corporate values is ambition, so our challenge is to compete with the top companies. It spurs us on to continually improve based on the findings of the employee survey and the Great Place to Work culture audit.

The fact that we were already officially certified as a great place to work in January 2021 shows that we are on the right path.

In May 2020, the violent deaths of several African American citizens through policy brutality in the US profoundly shocked us. We believe deeply in the need for a diverse and inclusive corporate culture with equal rights and opportunities for all. That is why we have made a clear commitment to diversity, inclusion and equal opportunity, which I would like to explicitly reiterate at this point. The events had a particularly strong impact on our employees in the USA. We therefore very much welcomed and supported the establishment of a dedicated ERG (Employee Resource Group) by employees. The Tecan Committee of African American Professionals (Te-CAAP) aims to engage in a dialogue on the topic of diversity and inclusion, provide education, raise awareness of racial discrimination and ensure an environment of tolerance and mutual respect. The professional development and career opportunities of African-American employees are also to be promoted in a targeted manner.

The topic of gender diversity and equal opportunities for women is also very important to us. In 2020, we therefore joined the WeAdvance organization, which is a network of more than 100 companies in Switzerland. The organization's mission is to actively increase the percentage of women in executive positions in Swiss companies with concrete measures. As a member, we can also offer our employees participation at various events and workshops. Furthermore, we have begun dedicated programs aimed at promoting equal opportunities, such as offering flexible working hours.

Tecan celebrated its 40th anniversary in 2020. Unfortunately the original celebration plans had to be scrapped because of the pandemic. However, at the end of 2019, we had conducted an employee survey to find out what activities should be implemented as part of the anniversary. Many of our employees wanted to get involved in helping others and giving something back to society. The selection of four recognized charitable organizations to be supported also came from the ranks of the employees. Suggestions for the selection were also based on personal fates and experiences. As a business, Tecan made a financial contribution, but this was also coupled with the personal involvement of employees as part of "Tecan Gives Back". So throughout September, teams of four "collected" kilometers, either by walking, hiking or jogging. Overall, several hundred employees covered a distance equivalent to almost four times round the Equator. This is an enormous achievement and renewed confirmation that we have exceptional employees and a positive corporate culture! All in all, we donated CHF 60,000 in total to the four organizations.

### **Taking responsibility for climate protection**

Despite climate protection receiving less public attention in 2020 because of the pandemic, it remains arguably mankind's most urgent challenge. As a company, we also want to continue to meet our responsibilities. This is the only way that global targets can be achieved, as defined, for example, in the Paris Climate Agreement (COP21). In the 2020 business year, we once again implemented or initiated a number of measures, such as installing photovoltaic panels on the roof of the main building of our company headquarters and connecting them to the electricity grid in July. In future,

we will be able to produce around 140,000 kilowatt hours of electricity every year, which will almost cover 10% of our annual consumption on this site. For the remaining electricity consumption, we consistently switched the contract with our electricity provider to 100% renewable energies in the reporting year. Further sites will follow.

At our Männedorf site, we significantly expanded the number of separate parking spaces with charging stations for staff with electric vehicles. Overall, more than 10% of all parking spaces have now been fitted with new charging stations which employees can use for free.

As a company, we are aiming to become climate-neutral over the medium term. We hope to achieve this by continuing to reduce our greenhouse gas emissions and fully compensating for the remainder. In 2020 we worked together with ClimatePartner, a solution provider for climate change, and comprehensively calculated Tecan's carbon footprint. We were then able to gain climate-neutral certification for our Männedorf site for the first time through recognized climate protection projects. Männedorf is not only our company's head office, but also the largest development and production site with around 600 of our approx. 2,000 workforce. To do this, all direct emissions (Scope 1) and indirect emissions through purchased energy (Scope 2) as well as upstream and downstream emissions in the process chain (Scope 3) were offset, such as emissions generated by employees coming to work or business trips.

We also calculated and compensated for all CO<sub>2</sub> emissions that are unavoidably generated in the process chain for the production of our leading Fluent automation platform. CO<sub>2</sub> emissions of the product were calculated based on the Greenhouse Gas Protocol Product Life Cycle Accounting and Reporting Standard (GHG Protocol) following the cradle-to-customer plus waste approach. This means that the lifecycle phases cover the acquisition of raw materials and packaging, relevant logistics processes, production of the product, delivery of the goods to the customer's factory gate as well as relevant disposal emissions of the product and packaging.



### Responsible corporate management

By signing the UN Global Compact in 2018, Tecan committed to supporting and implementing, within our sphere of influence, the ten fundamental principles relating to human rights, labor standards, the environment and the fight against corruption. At the end of 2020, we again submitted a summary of our continued progress and activities and published it on our website as part of our annual Communication on Progress.

As a signatory to the UN Global Compact, we are committed to taking steps to counter all types of corruption, including extortion and bribery. To do this, we also use new processes and tools.

Since the beginning of 2021, Tecan employees and partners can now report potential cases of misconduct via a special whistleblowing platform operated by specialist provider EQS. The technology it uses guarantees whistleblowers the highest standard of confidentiality.

We also work together with distributors and third-party agents in some countries. In order to automate background checks on legal disputes and criminal proceedings, for example, and to enable real-time detection, we signed an agreement in 2020 with Ethixbase, a leading technology and data analysis company. Ethixbase was also recently awarded the Singapore Apex Corporate Sustainability Award, an initiative organized by the Singapore section of the UN Global Compact.

This is only a summary of the various key activities and our news from the reporting year. The following 2020 Sustainability Report contains more interesting information on the various topics that are of particular relevance to us. As I said in last year's message: Sustainability is a mindset!

We hope that Tecan can demonstrate this to you over the next few pages. Enjoy reading but above all, stay healthy!



**DR. ACHIM VON LEOPRECHTING**

**Chief Executive Officer**

# Sustainability

By pursuing sustainable corporate practices, Tecan is looking to secure the long-term expansion and prosperity of the Company for the benefit of all interested parties. Tecan sees sustainable corporate practices as more than just a series of individual measures. Instead, it shapes all corporate processes and unites economic, regulatory, ecological and social aspects. Today, this holistic approach is often structured in the three dimensions – Environmental, Social and Governance, or short ESG. Sustainability in this context is a mindset that must be deeply embedded in the business, its structures and procedures – in other words, in the corporate culture. This is the case at Tecan.

## TECAN'S VISION AND PURPOSE

Tecan is a leading global provider of automated laboratory instruments and solutions. The company's systems, components, consumables and reagents help people working in clinical diagnostics, basic and translational research and drug discovery bring their science to life. Tecan hereby has a unique position to bridge from research to diagnostic settings.

### VISION

Through its vision "Every lab. Every day. Empowered.", Tecan aims to maintain a global presence with outstanding technologies, products and support. The Company wants to actively shape the future of automated workflows in life sciences and clinical diagnostics by facilitating key innovations and empowering those involved to achieve.

### PURPOSE



#### Understand and fight disease

Accelerate discovery of disease mechanisms and development of novel treatments



#### Further impact

Drive translation of research insights into compliant clinical solutions at scale



#### Broaden access

Provide labs globally with efficient and effective diagnostic solutions

## PRODUCT RANGE AND COMPLIANCE WITH THE SUSTAINABILITY GOALS OF THE UNITED NATIONS

In September 2015, the United Nations (UN) adopted the 2030 Agenda for Sustainable Development at a sustainability summit convened as a meeting of the General Assembly. The agenda's 17 Sustainable Development Goals (SDGs) target fundamental improvements in the living standards of people alive today as well as of future generations. They also comprise objectives aimed at protecting Planet Earth.



Source: [www.un.org/sustainabledevelopment/sustainable-development-goals/](http://www.un.org/sustainabledevelopment/sustainable-development-goals/)

Tecan not only supports the Sustainable Development Goals, but the Company's activities and products allow customers to have a direct beneficial impact to help reach these sustainability goals. Basically all the Group's sales are generated in areas that are defined in the individual SDGs.

Tecan develops and sells flexible automation solutions that are deployed in a wide area of applications, from drug discovery to diagnostics to various applied markets. The individual end markets and areas of application as well as the fundamental trends and the Company's strategic orientation are described in more detail in the "Markets and Strategy" section (p 20).

## MAJOR CONTRIBUTIONS TO SDGS



With over 90% of sales, Tecan's products, business strategy, and activities make an essential contribution to SDG 3, which aims to promote good health and well-being for people of all ages. The majority of end-users come from the diagnostics market, accounting for around 60% of Tecan's total sales. In the various defined sub-goals of SDG 3, Tecan supports both research applications and processes in routine laboratories and helps researchers to discover novel medicines.

In 2020, Tecan's contribution to the SDG 3 was more visible than probably ever before. The company's products have been instrumental in the global fight against the coronavirus pandemic, particularly in the area of automated PCR testing. Studies and models have now shown that COVID-19 tests play a key role in reducing the rate of reproduction of the virus and thus in containing its spread. As a result, there are fewer hospitalizations and ultimately fewer deaths.

## CONTRIBUTIONS TO OTHER SDGS

The use of Tecan products also promotes other UN SDGs in a wide variety of applications. In some cases, these are pioneering efforts in exciting fields of research, while other application areas are already important pillars of established commercial use. This diverse applicability of the products and the deep roots in research also distinguish Tecan. The annual contribution of these applications is generally in the single-digit percentage range of total sales.

Further examples of how Tecan products are used to promote other UN SDGs are available at [www.tecan.com/tecan-journal](http://www.tecan.com/tecan-journal). Searching for keywords such as "crop", "environment", "food", "fish", "water", "marine" or "animal" will provide specific examples of how customers use Tecan products.

Examples of how Tecan products can be used include the following



Several customers of Tecan in the area of crop sciences are focused on increasing crop yields, protecting agricultural ecosystems from the effects of climate change, and developing new plant varieties that require less water and chemicals to grow and thrive. Using the information gleaned for example from genomics research, researchers are able to select for and introduce genes, for example, to promote disease or drought resistance or help plants adapt to high salinity soil.



Several research activities supported by Tecan products promote SDG 6. For example, microbiologists at Giessen University in Germany are using a Tecan microplate reader to look at the potential of engineered metal nanoparticles for treating water, inhibiting the growth of bacteria in drinking water at the point of use, and eradicating pharmaceuticals and other micropollutants from waste water. In collaboration with the consultancy firm ÖKOnsult, researchers at Karlsruhe Institute of Technology in Germany are using Tecan technology to investigate the effects of food additives and pharmaceuticals on aquatic ecosystems.



Several research projects supported by Tecan products promote SDG 14. For example, Tecan technology plays a key role in tracking hatchery-reared fish used to boost the natural Pacific Chinook and Coho salmon populations. With a remit to monitor the salmon stocks, the molecular genetics team at the Pacific Biological Station in Nanaimo, British Columbia, Canada built a database containing the genetic fingerprints for each hatchery brood stock. The genetic tag of individual fish caught in the wild can now be used to search the database and find the fish's hatchery and brood.



Bees are some of the most important crop pollinators and therefore they play a crucial role regarding biodiversity. Using Tecan reagents for next-generation sequencing, researchers at the Texas A&M University have studied which genes may be involved in the honey bee queen mating health. Such research can help to understand the impact of environmental factors and ultimately can help to protect the bee population.



In efforts supporting the UN SDG 3, life science research sometimes also involves technologies that form the basis of controversial discussions in parts of society. In the search of novel therapies, for example to treat a number of neuromuscular diseases, some researchers use stem cells that can differentiate into other types of cells. Many researchers are doing differentiation of induced pluripotent stem cells (iPSCs) generated directly from adult cells, a technology not disputed from an ethical perspective. These cell lines are for example used for the monitoring of tissue-specific toxicity and a tool to develop cell models that mimic more closely the human body. As these model systems are more scalable and reproducible, they also help to reduce the traditional use of animal models.

Some researchers however also use embryonic stem cells that were for example excluded as part of preimplantation genetic screening. Tecan's products are used in laboratories around the world for a variety of applications in life science research and diagnostics. Although Tecan instruments are not specifically designed for research using embryonic stem cells, human fetal tissue or cell lines, customers could adapt and use them for such purposes, e.g. in pre-clinical predictive toxicity testing to discover novel drugs. However, Tecan estimates that overall only a very small number of customers could possibly use its instruments for such applications. Tecan itself does not perform or has not performed any own research nor has it contracted out such research using embryonic stem cells, human fetal tissue or cell lines. Tecan also does not participate in, or knowingly fund, any external studies that use embryonic stem cells, fetal tissue or cell lines.

### CONTRIBUTIONS TO THE UN SDGS THAT GO BEYOND PRODUCTS

Also beyond its products, Tecan conducts business in a responsible way and thereby also positively influences various UN SDGs through sourcing, production and other areas of operations. The impact of Tecan's CO<sub>2</sub> offsetting and other activities are described in the "Environment" section of this report. Contributions to e.g. SDGs 4, 5, 8 and 16 are discussed in the "Employees" section.

Sometimes, the little noticed areas make an important contribution towards a company's overall sustainability too. At the end, they stand for the general approach and mindset a company has towards sustainability. For example, the sustainability program implemented in the Tecan staff restaurant, which protects the climate and promotes animal welfare contributes to the UN sustainability goals 2, 3, 12, 13, 14, 15 and 17.

### CLIENT FOCUS

For Tecan, client focus is the most important guiding principle and the basis for a sustainably successful business model. Tecan is synonymous with innovation and a high level of reliability. Every day around the world, Tecan products are used in life science labs, as well as in daily operations in diagnostic labs that carry out investigations that are critical for human lives. Tecan's clients include pharmaceutical and biotechnology companies, university research departments, forensic and diagnostic laboratories as well as in-vitro diagnostic companies served through the Partnering Business.

Tecan's central customer promise is "Always There For You" – all of the Company's activities are geared toward its customers. This promise is put into practice in an exemplary manner by numerous Tecan employees across the world in their daily dealings with customers and colleagues. To measure whether the customer promise is also met at company level beyond individual examples, Tecan regularly carries out comprehensive, international customer surveys. In these major surveys, existing customers who have bought Tecan products in the past few years are asked about their satisfaction levels and other aspects of the collaboration in the different business areas and regions. The surveys show that the vast majority of customers are satisfied with Tecan's products and services, with the majority describing themselves as "very satisfied" or even "completely satisfied". A large proportion of customers would also recommend Tecan to someone else – both within and outside of their own organization.

Open communication and implementation of continual improvements are essential in order to guarantee high satisfaction levels over the long term which also boosts loyalty to Tecan. Customer feedback forms an important basis in this regard. Further measures were taken or already implemented in the year under review that should help continue to improve the overall customer experience. Customer satisfaction is also continually measured as an additional important pillar in the customer satisfaction program and to consolidate customer focus. Customers are also surveyed directly after transactions, service interventions or at set intervals. This feedback also forms the basis for ongoing improvements.

## BRAND MANAGEMENT

Tecan is a leading brand in laboratory automation. It stands for the highest standards, quality, reliability and innovation. Protecting and growing the value of the Tecan brand are crucial elements for sustainable profitable growth of the company. The brand values are decisive success factors for building up and strengthening a brand in the life science research and diagnostic sectors on a long-term basis. A carefully selected and nurtured portfolio of several brands is of prime importance to Tecan and is a necessity if it is to differentiate itself from its competitors. The Company's most important brand is the Tecan umbrella brand, followed by various brand names for product platforms.

Tecan also has a clearly identifiable visual signature, including a five-color barcode. The red dot reinforces the design of the Tecan corporate logo; it appears as a unique sign-off at the end of headlines and after the product name on instruments.

With the "Every Lab. Every day. Empowered." vision, Tecan aims to maintain a global presence with outstanding technologies, products and support. Clear positioning, consistent communication and a convincing profile in electronic media as well as at traditional trade fairs are important components of successful brand management.

## PATENTS AND PROTECTION OF INTELLECTUAL PROPERTY

Tecan is a pioneer and has been the market leader in laboratory automation for 40 years. Tecan's success is based on core competencies that the Company has systematically acquired and expanded over the years. Tecan makes above-average investments in research and development to maintain and reinforce its position as market leader. Protecting its intellectual property is also of major importance in ensuring that the development of new products and technologies gives the Company a sustainable advantage in the market. Tecan registers patents on relevant developments for the most important markets in a timely manner. The Company has several hundred patents in various patent families. Once again, numerous new patents were granted in the year under review.

Patents strengthen Tecan's competitive position in a variety of products and applications. Numerous patents were also registered for the Fluent liquid handling platform and the Spark reader platform, many of which have already been granted. These patent registrations relate to a variety of basic inventions in the fields of both hardware and software that were made during the development of the platforms.

An overview of the various patents has been published on Tecan's website. The overall strategy to protect intellectual property includes patents, trademark registrations of the names of product platforms, registering designs to protect Tecan products from copycat products and protecting individual graphic software elements by means of design rights and trademark rights. Tecan also arranged for key branding elements of the new design to be protected and applied for brand registration.

## BUSINESS PROCESSES

Business processes are an essential element in the organizational structure and they are employed to understand, manage and coordinate the business activities and form the basis of a successful development of the company. At Tecan, prudent corporate activity is an integral component of the daily routine of both employees and management. This requires clearly structured, transparent business processes.

Driven by the strong growth of the company's business and organization over the past years, greater significance was given to standardizing processes even more. Tecan has defined standard processes how employees operate. They provide a toolbox of commercial excellence, operational excellence and leadership processes, methods and tools. Standard work is key to stable, consistent processes and builds the foundation for continuous improvement and "highest standards", one of Tecan's values. The defined toolbox encompasses Strategy Deployment, Daily Management and Problem Solving and other methodologies to empower teams at the point of impact.

It is important that Tecan employees are familiar with globally binding internal corporate guidelines, business processes, and country-specific laws and regulations. Employees can access the most up-to-date version of these documents at any time in the Tecan Management System (TMS). The documents also convey intangible values that form the guiding principles of the corporate culture. The TMS is rated as a model tool by customers and external partners alike. Tecan develops the TMS on a continuous basis.

Tecan has had a continual improvement process (CIP) in place for many years. Employees in all areas of the Company should identify potential improvements at a day-to-day level, put forward solutions and contribute to their rapid implementation. The aim of the CIP is to enhance efficiency as well as quality and occupational safety, improve internal collaboration and finally increase profitability. Where possible, the success of the CIP is measured by examining key performance indicators. For example, in production this is done by looking at productivity, throughput time and inventories.

Tecan developed and installed the production and logistics system PULS specifically for continual process improvements as part of just-in-time manufacturing. This integrated system enables Tecan to identify opportunities and to better achieve the required, ever-stricter quality standards. The sustainability of the improvements is ensured by means of an audit system, which covers the relevant areas from occupational safety and environmental protection to management and collaboration. One of the guiding principles of PULS is to avoid waste caused, for example, by overproduction, standby time, excessive inventories and defective units.

As part of the existing lean production, a consistent one-piece flow approach – an “employee-linked workflow” – was adopted in the production system. The employees accompany the instrument along the entire production path to completion, with no interruptions between the various work steps. Not only does this production process shorten production times and further improve quality, it should also further increase employees’ motivation levels.

In the production process, all employees have clearly defined responsibilities in the manufacturing process of the various product lines, and each product line is overseen by a production manager. Responsibility for the timely execution of orders, the procurement of materials and the observance of the agreed objectives is clearly allocated to individuals. Performance reviews are undertaken on the basis of KPIs (key performance indicators). Each morning, the production manager discusses the next steps to be undertaken with the entire team before production gets underway.

A continual improvement process is also being implemented in areas other than production. For example, sales, service or support processes are continually optimized, including on the basis of customer surveys.

## CORRECT AND ETHICAL CORPORATE BEHAVIOR

Tecan has established several organizational control mechanisms with the aim of ensuring correct corporate behavior. In particular, the Internal Audit department has the task of periodically assessing the effectiveness of the internal control system.

The internal control system consists of all organizational measures taken by the Company in order to maintain the effectiveness of its operations, protect the corporate resources, appropriately manage the risks and ensure compliance with laws and regulations, while always keeping a strong focus on the trustworthiness of the financial reporting.

In this perspective, the Internal Audit has the power to check and verify processes, systems, management activities, projects and contracts, acting as a supervisory body independent from operations and is reporting directly to the Audit Committee of the Board of Directors. In the year under review, the Audit Committee and Head of Internal Audit held several meetings.

The Head of Internal Audit is a certified member of the Institute of Internal Auditors of Switzerland (SVIR) and the department is subject to the international standards for internal auditing.

Tecan has a formalized Code of Conduct that is binding for all employees, managers and Board members. In this Code, Tecan undertakes to maintain the highest standards in its business activities and to respect ethical values. The document is available to the public on the Company’s website. With the Code, Tecan aims to document internally and externally that the Company is a credible and reliable business partner and employer in all situations. The Code of Conduct also brings together in a comprehensible form the key guidelines that are already included in other tools, such as the employment regulations or the Tecan Management System. It helps employees understand the Company structure, and to seek further information or support in cases of doubt. The Code promotes compliance with standards on occupational health, safety and the environment. It provides instructions on ensuring data protection and handling confidential information, and requires accurate and timely communication of information and careful logging of relevant meetings and processes by Tecan staff. The Code also stipulates compliance with competition law as well as national and international trade law for the import and export of products. It guarantees anonymity for whistle-blowers. Although Tecan only generates a smaller portion of its sales in countries with an increased risk of corruption according to the criteria of the organization Transparency International, the Code of Conduct has a zero-tolerance policy toward bribery and corruption. Line managers are responsible for ensuring that all their staff know and understand the content of the Code of Conduct. All employees must attend and successfully complete a training course on the Code.

The Code is established worldwide and trainings are mandatory for all employees of the company. Tecan conducts trainings for employees with a lower exposure in the form of e-learning courses. People exposed to higher business risks in their function, such as sales or procurement staff, also have to attend training courses in person. The Code is available in English and German as well as other languages, including Spanish, Chinese and Japanese. By providing these different language versions, Tecan wishes to ensure that this important document is understood by employees all around the world.



Due to the broad product portfolio and long life cycles of its products with ongoing spare parts support, Tecan as a company manages a total of more than 500 suppliers at its different production sites. These suppliers are mainly high-tech design and component makers in Europe, North America and Asia that supply parts or modules to the Company for final assembly. In spending terms, between 60% and 80% of Tecan's purchase volume is typically sourced in the same region of the production site to balance cost efficiency, inventory needs, just-in-time delivery, freight cost, experience of suppliers and quality aspects.

Direct suppliers are subject to an audit program and Tecan's most important suppliers are provided with a dedicated version of the Tecan Code of Conduct, to which they must commit. This document, the "Tecan Supplier Code of Conduct", defines the minimum requirements by which all suppliers must abide. These refer to internationally recognized ethical standards relating to labor and the environment, as well as business practices.

In order to prevent violations of the Company's Code of Conduct, for employees and for suppliers, the Internal Audit department is in charge to provide assurance that the intended ethical standards are applied and takes the responsibility of the investigations in case events of non-compliance are reported. The Head of Internal Audit is a certified member of the Association of Certified Fraud Examiners (ACFE).

Since 2018, Tecan is a signatory of the United Nations Global Compact, a voluntary initiative for companies wanting to align strategies and operations with principles of human rights, labor, environment and anti-corruption. In the framework of the UN Global Compact, Tecan is committed to supporting and implementing, within its sphere of influence, the ten fundamental principles relating to human rights, labor standards, the environment and the fight against corruption:

- i. Protection of human rights,
- ii. No complicity in abuse of human rights
- iii. Recognition of freedom of association and collective bargaining
- iv. No forced or compulsory labor
- v. No child labor
- vi. No discrimination
- vii. Precautions against environmental challenges
- viii. Promotion of environmental responsibility
- ix. Promotion of environment-friendly technologies
- x. Fight against corruption.

At the end of 2020 Tecan submitted – and published on its website – the annual Communication on Progress, which is a summary of the various activities in relation to the UN Global Compact.

In "Employment Handbooks" distributed to all employees of our different sites we emphasize our culture of respect and equal opportunity and we reaffirm our "zero-tolerance" attitude towards harassment, violence, discrimination and other unacceptable behaviors of such kind.

A program of mandatory online trainings is in place for all employees in order to raise the public awareness on the issues detailed in the Code of Conduct, including the Human Rights. In parallel to these remote educational initiatives, Tecan regularly organizes "live" sessions, in order to give specific guidance at individual sites. In 2020, no events of Human Rights violation occurred.

Tecan also carries out regular detailed screening of its distributors, and has established a separate process with a TMS directive (Distributors and Intermediaries Anti Bribery Due Diligence) for this purpose. In particular, the TMS directive requires that all Tecan distribution partners and their owners, directors and employees refrain from bribing representatives of governments or state-owned or private enterprises, or from taking bribes. It does not matter whether bribery is prohibited, tolerated or allowed in the countries in which business is being done. Bribes are prohibited irrespective of whether a bribe is connected to a specific act or omission or is granted or received with a general view to the future execution of duties. Bribes do not only involve cash payments but also mean, for instance, lavish gifts, hospitality and entertainment. Distributors and intermediaries need to ensure that their representatives and their sales force are trained and adhere to Tecan's standards on doing business. In this perspective, the representatives of the Company's distribution partners are required to give evidence of their understanding and acceptance of the Tecan Code of Conduct by answering an online questionnaire.

Internal Audit closely monitors the compliance of the business run through dealers and distributors. The dedicated testing activity is focused on ensuring that all third party intermediaries explicitly committed to the Code of Conduct demonstrated a sufficient understanding of it and passed the background checks without issues of concerns (legal disputes, criminal investigations etc.).

In order to automate these steps, in 2020, Tecan entered in an agreement with Ethixbase, a leading technology and data analytics company which in late 2020 received the Singapore Apex Corporate Sustainability Award, an initiative organized by the Singaporean chapter of the UN Global Compact. The technology, which will be implemented in 2021, will ensure a solid audit track of the checks performed and allow a “real time” detection of the unethical behaviors which may potentially have been reported for our dealers and distributors in the press or in the dedicated data banks. In individual cases, past screenings have led Tecan to terminate relationships with intermediaries. The process is also applied during the selection of new distributors.

In 2020, Tecan also entered in an agreement with EQS, a specialized provider of compliance solutions, for implementing a “state of the art” whistleblowing portal. Starting from the beginning of 2021, Tecan employees and external stakeholders are able to report potential events of misconduct over the dedicated whistleblowing platform. It allows to file complaints by connecting to a web portal or contacting a multi-language telephone hotline. The EQS platform ensures the highest standards of confidentiality and anonymity as well as a secure communication between the whistleblower and the members of the Internal Audit department of Tecan in charge of investigating the issues reported. Tecan already updated internal procedures and training modules in order to duly take into account opportunities and obligations related to the whistleblowing reports delivered over the EQS tool.

As in previous years, Tecan has not been involved in any legal cases, rulings or other events related to corruption and bribery in 2020.

## SAFETY AND REGULATORY REQUIREMENTS

Tecan has established processes Group-wide and at its individual business locations to ensure compliance with national laws and regulations as well as with internal guidelines on safety and environmental protection. The Company invests substantial amounts each year in pursuit of further improvement. Tecan cooperates closely with public authorities and standard-setting bodies around the world to recognize new trends in regulation, occupational safety and environmental protection as early as possible and to integrate them in its corporate processes. The Company actively shapes these developments in significant economic regions by participating in key industry associations.

Internal and external experts regularly inspect whether Tecan's locations comply with country-specific regulations and the Company's internal standards for product and occupational safety as well as health and environmental protection. These inspections also cover measures that Tecan has to implement if it fails to meet any requirements. Each year, the locations are subject to a number of audits conducted by regulatory authorities, testing, monitoring and certification agencies, customers, and Tecan's own specialist teams. As part of a continual improvement process, gap analyses are performed and improvement measures implemented. Each year, Tecan is subject to a number of sometimes extensive audits by customers at its production sites. These include leading diagnostics companies that Tecan supplies with instruments through its OEM business in the Partnering Business, or will supply in the future. The audits cover areas including processes, quality management systems, product design, validation and documentation. The customers attest a high standard at Tecan with regard to the relevant requirements. Tecan is also subject to regular extensive audits by international authorities at its production sites. In recent years, the US Food and Drug Administration (FDA), for example, inspected Tecan's main production sites for instruments in Männedorf (Switzerland), Grödig (Austria) and San Jose (USA). All audits were successfully concluded with zero formal observations.

Also, Tecan US, the importer and sales and service arm for the Americas, was inspected by FDA with zero observations. The production site for immunoassays in Hamburg (Germany) was already successfully certified for the Medical Device Single Audit Program (MDSAP). The MDSAP is a catalog of requirements for manufacturers of medical products drawn up by a number of participating countries. It aims to ensure that audits are performed in a standard and thus simplified manner. Thus, manufacturers of medical products can gain access to several markets by means of a single audit. Countries currently participating in the MSDAP are the USA, Canada, Japan, Brazil and Australia. Health Canada has mandated transition to MDSAP program in order to market and obtain device licenses for Class 2, 3 and 4 devices as of January 1, 2019. As part of the Company's continuous improvement efforts, additional Tecan production sites will enroll in the MDSAP program.

Another focal point in Tecan's regulatory efforts is the supporting of customers in the Partnering Business, with Tecan making key documentation available for authorization applications for new diagnostic instruments. Furthermore, Tecan is building up strong, regulatory partnerships in order to guarantee successful marketing beyond market launch during the entire product life cycle.

To ensure these efforts were compliant with the relevant regulations, they were based on various ISO standards. Tecan put together an ISO 14971-certified product risk management process for medical devices that covers the entire lifespan of a product and evaluates all possible risks, especially those pertinent to patients and users. The Tecan parent company, all production sites and almost all sales subsidiaries have now transitioned to the latest ISO 13485:2016-certification well ahead of the required transition date. The most important difference versus prior versions of ISO 13485 lies in the greater focus on risk management. As part of the risk assessment, processes are analyzed, for example during the development phase of a product, to determine whether the processes can influence product quality. At the same time as transitioning to the latest ISO 13485 standard, Tecan has completed transition to the current ISO 9001:2015 standard for its production sites.

As part of its ISO certification strategy, Tecan obtained a full, Group-wide matrix certificate based on ISO 13485. The Company wants to ensure that all units worldwide work according to the same processes and strive together to continuously improve their products and services. The matrix certificate also accommodates the current and future Group structure with an increasing number of subsidiaries. In Europe, the sales subsidiary in Germany was awarded the main certificate, while subsidiaries in other countries received sub-certificates. This new method of coordinated certification has benefits for customers and Tecan alike: greater transparency; the possibility to systematically monitor processes worldwide; and harmonized, standardized systems that also accommodate differences in the markets. The matrix certificate results in considerable simplifications and increased safety compared to individual certificates. The certifying body verifies the certification annually with sample checks at different subsidiaries. Tecan products must also satisfy the following important requirements, among many others: US QSR (Quality System Regulation)/21 CFR 820, Canadian Medical Device Regulations SOR/98-282, PMD Act (Pharmaceutical and Medical Device Act) and CCC (Chinese Compulsory Certification). New opportunities are developing for Tecan in emerging markets, which will place additional requirements on the Company.

Regulatory requirements are increasing around the world. To ensure that the current versions of these are understood and satisfied everywhere, Tecan is in constant contact with local organizations and authorities.

An example is the readiness and implementation of a new regulation in the EU. At the beginning of 2021, Tecan has become one of the first companies to meet the requirements of the European Union's In Vitro Diagnostic Regulation (IVDR) 2017/746 (Annex IX, Chapter I and III), successfully completing certification of its IBL International DHEA Saliva ELISA diagnostic assay kit through BSI Notified Body 2797. The valuable insights gained from this process will now be applied to the registration of Tecan's complete portfolio of specialty IVD products – as well as to help its OEM partners ensure they are 'IVDR ready' – ahead of the May 2022 transition deadline.

The new IVDR is intended to increase the safety of all IVD products, including all innovations developed over the past decades. It represents a major regulatory overhaul, requiring reclassification and certification of all EU-registered IVD assays and devices. Introduced in 2017, it extends the scope of the outgoing IVDD to cover more devices and technologies – as well as supply chain and lifecycle management – and signifies a shift from a primarily "self-certification" model to a requirement for notified body oversight.

Tecan has a central Quality & Regulatory organization at Group level to ensure ongoing improvements in the high quality standards worldwide. In Europe, all of the quality systems of the national subsidiaries and organizations have been harmonized and processes standardized, including sales, service and complaint processes. Tecan operates a Central Complaint Unit for customer complaints. The Company performs a global management review every year in which relevant data from all Group companies are reviewed centrally. The process assesses whether quality management is still optimized to the legal requirements and regulations for the products and services supplied by Tecan. Tecan undertakes this review with regard to the individual national markets as well as from a Group-level perspective.

Tecan's approach to product development is also characterized by an awareness of quality and regulatory requirements. Specialists collaborate from an early stage, supporting the process in a series of structured stages that span the product's entire life up to the point where it is withdrawn from the market.



## ENVIRONMENT

The Company attaches great importance to acting responsibly and in an environmentally friendly manner in the development, manufacture and global distribution of Tecan products as well as in all services it provides. In a Policy Statement for Product Environmental Compliance published online, Tecan expresses its commitment to provide customers with safe, high-quality, and environmentally friendly products and to comply with all relevant product environmental legislations. The Company strives to continually identify and realize opportunities to reduce the environmental footprint of its products during product design, manufacture, use and disposal.

All Tecan production sites and the majority of suppliers are located in stringently regulated markets. Direct suppliers are subject to an audit program in order to ensure sustainable business.

In the production process of instruments – unlike, for example, the mass production of consumer goods – Tecan focuses on the final assembly of a relatively small number of items of laboratory equipment. In comparison with companies with extensive production processes, Tecan therefore emits only very low levels of pollutants. Tecan implemented numerous controls as part of the ISO 13485 certification, which applies to all production sites and sales subsidiaries. ISO 14001 certification, which provides guidelines for the establishment or improvement of an environmental management system, has not been applied for, as during final assembly at the production sites, CO<sub>2</sub> or other greenhouse gases are only emitted

for heating or cooling purposes (Scope 1 emissions). Also, the ISO 14001 standard shares many common traits with ISO 9000, the international standard of quality management, which serves as a model for the ISO 14001 internal structure. Tecan has established the current ISO 9001 standard for its production sites.

## RESPONSIBILITY FOR CLIMATE PROTECTION

Overall, Tecan is committed to taking responsibility for climate protection and to making a contribution.

Concrete quantitative reduction targets for CO<sub>2</sub> emissions have therefore also been set for the first time in 2019. In an initial step, Tecan is looking to reduce by at least one third the absolute direct and indirect emissions in the next three years from 2020 to 2022 (Scope 1+2 on a comparable basis to 2019 in t CO<sub>2</sub>-eq, i.e. same group of production sites).

Despite the significant sales growth, total emissions in this like-for-like comparison fell by 8.9% in 2020, which corresponds to a reduction of more than 119 tons of CO<sub>2</sub> equivalents (t CO<sub>2</sub>-eq).

As a further reduction measure, for example, Tecan installed new photovoltaic panels on the roof of the main building of company headquarters in 2020; this should help to cover close to 10% of the annual electricity consumption on site in the future. The remaining electricity consumption was also converted to renewable energies during the course of the year 2020 for the Männedorf (CH) site. Other locations are planned to follow.



THE NEWLY INSTALLED PHOTOVOLTAIC SYSTEM ON TOP OF THE TECAN HEADQUARTERS

As a company, Tecan is aiming to become climate-neutral over the medium term. To do this, Tecan is working on a series of measures and evaluating whether, how and when the Company can achieve and implement this aim.

As it is impossible to avoid or reduce greenhouse gas emissions completely, the Company began to compensate for some of the climate-damaging effect in 2019. In 2020, Tecan significantly broad-

ened the scope of these activities and received two "climate neutral" certifications. After calculating the corporate carbon footprint of its headquarters, also the company's largest development and production site, Tecan offset the entire emissions via recognized carbon offset projects. Tecan also calculated and fully offset the carbon footprint of its flagship product Fluent Laboratory Automation Workstation.

## CORPORATE CARBON FOOTPRINT FOR TECAN'S SITE IN MÄNNEDORF (CH)

	Emission Source	t CO <sub>2</sub>	%
Scope 1	Vehicle fleet	104.8	7.2
	Cooling agents	35.0	2.4
	Heating	0.0	0.0
<b>Subtotal scope 1</b>		<b>139.8</b>	<b>9.5</b>
Scope 2	Externally generated heat	113.2	7.7
	Electricity	30.6	2.1
	District cooling	0.0	0.0
<b>Subtotal scope 2</b>		<b>143.8</b>	<b>9.8</b>
Scope 3	Employee commuting	786.8	53.7
	Flights	323.6	22.1
	Upstream emissions of heating/cooling	54.1	3.7
	Upstream emissions of electricity	12.3	0.8
	Water	2.6	0.2
	Waste treatment	1.7	0.1
	Office paper	0.0	0.0
<b>Subtotal scope 3</b>		<b>1,181.1</b>	<b>80.6</b>
<b>Total</b>		<b>1,464.7</b>	<b>100.0</b>
<b>Emission offsetting</b>		<b>1,611.1</b>	

Two production sites produce direct emissions exclusively from the combustion of natural gas for heating purposes and two sites due to use of cooling agents. Indirect emissions arise from energy purchased (Scope 2 emissions). On a comparable basis, these were further reduced by 38.1% in the year under review due to the implemented "work from home" policy during the COVID-19 pandemic, but also thanks to additional saving measures.

On a comparable basis, total greenhouse gas emissions (scope 1 and 2) decreased by 8.9% to 1,225.0 t CO<sub>2</sub>-eq (2019: 1,344.5 t CO<sub>2</sub>-eq).

Including a new site from a company acquired during 2019, the overall emissions have increased by 39.5% to 1,875.4 t CO<sub>2</sub>-eq. The new site in Morgan Hill, California, USA, is more energy-intensive than the other sites because it operates a fleet of CNC machines that consume more electricity.

Tecan aims to be transparent and trustworthy regarding the Company's emissions and therefore has participated in the annual Carbon Disclosure Project (CDP) for several years, also allowing its results to be made publicly available.

## GREENHOUSE GAS EMISSIONS

	Unit	2018	2019 <sup>1</sup>	2019 <sup>2</sup>	2020 <sup>3</sup>	2020 <sup>4</sup>
<b>Total direct CO<sub>2</sub> emissions (scope 1)</b>	Ton (CO <sub>2</sub> equivalents)	184.1	176.43	235.77	<b>346.3</b>	456.7
Emissions via fuel consumption	Ton (CO <sub>2</sub> equivalents)	0	0	0	<b>0</b>	104.8
Emissions via natural gas consumption	Ton (CO <sub>2</sub> equivalents)	184.1	176.43	235.77	<b>311.3</b>	311.7
<b>Total direct emissions of other greenhouse gases<sup>5</sup></b>	Ton	0	0	0	<b>35</b>	40.2
<b>Total indirect CO<sub>2</sub> emissions via energy procurement (scope 2)</b>	Ton (CO <sub>2</sub> equivalents)	877.37	839.59	1,108.69	<b>878.7</b>	1418.7
Emissions via electricity procurement	Ton (CO <sub>2</sub> equivalents)	822.7	780.8	1,049.90	<b>727.9</b>	1267.9
Emissions via heating energy	Ton (CO <sub>2</sub> equivalents)	49.26	53.26	53.26	<b>150.8</b>	150.8
Emissions via cooling energy	Ton (CO <sub>2</sub> equivalents)	5.42	5.54	5.54	<b>n.a.</b>	n.a.
Emission intensity (scope 1 +2 emissions/turnover)	Ton (CO <sub>2</sub> equivalents)/ CHF million	1.79	n.a.	2.11	<b>1.69</b>	2.57

<sup>1</sup> Without Tecan Genomics (NuGen Technologies)

<sup>2</sup> Including Tecan Genomics (NuGen Technologies)

<sup>3</sup> Without DCPM Inc.

<sup>4</sup> Including DCPM Inc.

<sup>5</sup> Use of cooling agents now captured in scope 1; restated for 2018 and 2019



## OFFSETTING CLIMATE-DAMAGING EFFECTS

Even though the overall business only emits low levels of pollutants, Tecan attaches great importance to reducing greenhouse gas emissions. As it is impossible to avoid or reduce them completely, the company has started in 2019 to at least offset some of the climate-damaging effects. Carbon offset projects help other people in this world to enjoy better living conditions. Since they also demonstrably save greenhouse gas emissions, they protect the climate. It is also commonly believed that without offsetting carbon, the goals of the Paris Agreement on climate change will not be achievable.

To help calculating the carbon emissions and offset them via recognized carbon offset projects, Tecan mandated ClimatePartner, a leading provider offering companies climate action solutions.

### TECAN HEADQUARTERS CERTIFIED AS CLIMATE NEUTRAL

Tecan has calculated the Corporate Carbon Footprint (CCF) for its headquarters and largest development and manufacturing site in Männedorf, Switzerland. It was calculated based on the standards defined in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).

The Corporate Carbon Footprint is an important component for the development of a climate protection strategy. By analyzing the carbon footprint, it is possible to identify reduction potentials, develop appropriate measures and define climate protection goals.



### Offset Project: Cookstoves for healthy people and forests in Rwanda

Nyungwe Forest National Park in the southwestern corner of Rwanda is the biggest mountain rain forest on this side of the African continent and the country's most important site for biodiversity. However, the growing population in areas around the park and their increasing use of firewood for cooking is putting more and more pressure on the unique rainforest ecosystem.

This project enables households to reduce their wood consumption. Traditionally, families here cook over an open three-stone fire. This is inefficient and also a serious threat to health due to the heavy smoke pollution. The project will introduce efficient cooking stoves made of local clay and sand. The so-called Canarumwe model is produced by a local cooperative and consumes two thirds less fuel than the three-stone fire. The stoves are offered at a subsidized price so that low-income households can afford them. Since women are usually responsible for the fire, they and their children benefit particularly from the project.

### How do cookstoves help fight global warming?

In many of the world's poorer regions, families cook their meals over an open fire, often in enclosed spaces. This method of cooking is however not energy efficient, as large amounts of heat go to waste. Clean cooking stoves are often simple devices made from metal or clay that use energy more efficiently. Families can thus save fuel and cut down on carbon emissions. Sometimes the stoves are even used in small businesses.

The project contributes to the sustainability goals defined by the United Nations (SDGs) 1, 2, 3, 4, 5, 7, 8, 12, 13, 15 and 17.



### FLUENT LABORATORY AUTOMATION WORKSTATION CERTIFIED CLIMATE NEUTRAL

In 2020, Tecan has calculated the carbon footprint of its flagship product Fluent Laboratory Automation Workstation, an innovative and highest performance liquid handling platform. The latest international standards were applied to calculate Fluent's product carbon footprint (PCF). The PCF is based on the entire lifecycle of the product, from raw materials and manufacture to supply (cradle-to-gate) and, beyond that, comprise all downstream activities including the final disposal (cradle-to-grave).



### Offset Project: Clean and independent energy supply for farmers in China

With the support from this project, 15,555 biogas digesters have been constructed in peasant households in the 20 towns belonging to the city of Haikou in Hainan province. The project helped farmers to build methane digesters where organic matter including manure and wastes are decayed anaerobically. Every household has an average of 2.5 pigs, the manure of which is fed into the digester with a volume of eight cubic meters, producing enough biogas to meet one household's thermal energy demand.

Before the project started, the farmers stored the manure in deep pits with anaerobic conditions for more than three months, which caused large amounts of methane emissions to the atmosphere. The project helps avoid these methane emissions, but also CO<sub>2</sub> from cooking. The biogas produced in the digesters is used for cooking meals and heating water, replacing the use of coal stoves which was used in absence of the project activity.

### How do biogas projects help fight global warming?

In biogas facilities, biomass ferments into biogas in sealed digesters. Biomass may consist of organic waste or dung from cows or other animals. In countries like India or Vietnam, families use the gas from small biogas plants for cooking. This reduces CO<sub>2</sub> emissions that would be produced by cooking with wood or charcoal. Biogas plants also prevent methane from escaping into the atmosphere – as is the case when organic waste is stored in a mine. Instead, the resulting gas is fed directly from the closed container to the cooking units.

The project contributes to the sustainability goals defined by the United Nations (SDGs) 1, 2, 3, 6, 7, 8, 9, 12, 13 and 17.



## FOCUS ON ENERGY REDUCTION

The manufacturing process itself is less energy-intensive and is limited to the final assembly. Energy costs therefore make up less than 1% of all operating costs. For the year under review, the Environmental Performance table shows the values of the production sites in Männedorf (Switzerland), Grödig (Austria), San Jose (USA), Hamburg (Germany), Baldwin Park (USA) and Redwood City (USA). These values are comparable to 2019. A company acquired during 2020 is not yet included in the table.

Overall energy consumption on a comparable basis decreased by 2.5% in the year under review despite the much higher production output. The energy intensity, which is the total energy consumption in relation to sales, decreased by 15.2%.

Based on an energy consumption analysis, Tecan has replaced conventional lighting with energy-efficient LED technology over the last years. At its largest site in Männedorf (Switzerland), about 2,800 new LED lights were installed which help save between 160,000 and 180,000 kilowatt hours on an annualized basis. At the development and production site in Austria, new LED lighting saves about 29,000 kilowatt hours every year. The San Jose (USA) site also switched over to LED lighting in 2019. On a comparable basis, electricity consumption decreased by 10.3%.

Tecan continuously invests in measures aimed at further increasing energy efficiency. The Company already implemented various energy-saving measures such as the installation of new cold-water pumps, better insulation of the cooling distribution system as well as the acquisition of a new refrigeration system with a significantly better energy rating in the production facility in Männedorf.

Tecan takes care to ensure that modern, energy-efficient technology is also used in the infrastructure of its buildings. For example, hot and cold water lines in the ceiling are the main source of heating and cooling at the headquarters in Männedorf. Processed wastewater from the Männedorf public wastewater treatment plant supplies the heat pumps with energy.

Tecan uses water provided by utilities primarily for sanitary services and in the kitchen for the staff restaurants. No significant amounts of water are used as a production factor in the assembly and testing process or during development. As Tecan's water requirements are met entirely by the communal water utilities they do not influence any water resources in protected areas. Tecan returns water to the sewage system without contamination and has experienced no spills from operating processes or other instances of water contamination.

Overall consumption decreased by 20.5% compared to the previous year mainly due to the implemented "work from home" policy during the COVID-19 pandemic.

The areas used at the production sites consist exclusively of offices and rooms for assembling products, all of which are located in already developed commercial and industrial zones. Environmental considerations such as the impact on protected areas and biodiversity are therefore not relevant in the current circumstances. The net floor area was unchanged compared with the previous year as a newly acquired company was not included in the reporting yet.

Paper consumption compared to the previous year decreased by 41.2%, with less employees working in the office. However, Tecan continues to focus on expanding efficient processes that also help save natural resources. The DocuSign solution for paperless processing of contract documents, for example, has been more widely established in the company. During 2020, it helped to save almost 31 tons of wood or 750,000 litres of water that would have been needed to make the paper if the respective documents had been printed.

Despite higher production output, total waste fell by 18.9% on a comparable basis. Of the total waste, recyclable waste and refuse accounted for 98.6%. Only a small portion of it was hazardous waste, which includes materials, solvents and chemicals contaminated through the automation of biological processes, for example. Tecan complies with legal requirements to transport and dispose hazardous waste solely through authorized disposal agents.



## ENVIRONMENTAL PERFORMANCE

	Unit	2018 <sup>1</sup>	2019 <sup>2</sup>	2020 <sup>3</sup>
Net floor area	m <sup>2</sup>	31,409	33,357	33,357
<b>Energy consumption</b>				
Total energy consumption	Gigajoules	19,315.7	23,107.7	22,528.2
Total direct energy consumption	Gigajoules	3,598.9	4,609.0	5,566.1
Total fuel consumption	Gigajoules	0	0	0
Fuel consumption/m <sup>2</sup>	Gigajoules/m <sup>2</sup>	0	0	0
Total natural gas consumption	Gigajoules	3,598.9	4,609.0	5,566.1
Total indirect energy consumption	Gigajoules	15,716.8	18,498.7	16,962.1
Total consumption of electricity	Gigajoules	13,520.9	15,723.9	14,100.1
Total heating energy	Gigajoules	2,195.9	2,774.8	2,862.0
Total cooling energy <sup>4</sup>	Gigajoules	0	0	0
Total steam consumption	Gigajoules	0	0	0
Energy intensity (total energy/turnover)	Gigajoules/CHF million	32.5	36.3	30.8
<b>Water consumption</b>				
Total water consumption	m <sup>3</sup>	9,133.4	10,925.3	8,683.6
<b>Paper consumption</b>				
Total paper consumption	kg	22,535.4	26,391.2	15,527.0
Percentage of recycled paper	Percentage	67.8	71.4	n.a.
<b>Waste consumption</b>				
Total waste	Ton	272.6	264.8	214.7
Normal waste	Ton	159.5	152.1	106.7
Recyclable waste	Ton	108.9	106.3	105.0
Hazardous waste	Ton	4.2	6.4	3.0

<sup>1</sup> Without Tecan Genomics (NuGen Technologies)

<sup>2</sup> Including Tecan Genomics (NuGen Technologies)

<sup>3</sup> Including Tecan Genomics (NuGen Technologies), without newly acquired DCPM Inc.

<sup>4</sup> Now included in "total consumption of electricity", also regrouped for 2018 and 2019

## BUSINESS-RELATED TRAVEL

Tecan operates on a global basis and business-related travel is essential to conduct business and run its operations with production sites, direct selling units and distribution relationships on six continents. Tecan has engaged a travel management company to efficiently book, manage global air travel as well as a smaller share of its railway travel activities and thereby help contain overall business travel spending. Due to travel restrictions in connection with the COVID-19 pandemic, travel activity was significantly reduced overall.

The greenhouse gas emissions shown in the table arising from business flights and rail journeys for the year under review and in the prior year periods were calculated by the external travel management company using the available booking data. They contain all greenhouse gas emissions, i.e. methane and nitrous oxide as well as carbon dioxide. Total emissions are calculated based on the recognized GHG conversion factors of DEFRA (Department for Environment, Food and Rural Affairs, GB) in tons of CO<sub>2</sub> equivalents (t CO<sub>2</sub>-eq). Booking class is also taken into account as well as the actual kilometers flown.

In 2020, the CO<sub>2</sub> emissions from business flights and rail journeys have decreased by 62.0% to 950.3 t CO<sub>2</sub>-eq (2019: 2,501 t CO<sub>2</sub>-eq). The CO<sub>2</sub> emission intensity of business travel (expressed in t CO<sub>2</sub>-eq/CHF million turnover) decreased to 1.3 (from 3.9 in 2019). Switzerland, the US and China together contributed with more than 94% of those travel-related emissions.

As part of the Carbon Footprint for the Männedorf location, Tecan again offset all emissions from flights originating in Switzerland.

Tecan encourages the use of information and communication technologies, such as modern video conference systems to reduce the need for air travel. To do so, the technical infrastructure was again improved in dedicated conference rooms in the year under review in order to increase acceptance. The Company also incentivizes the use of public transportation where possible, as its availability differs in the various countries. At Tecan's site in Switzerland, its largest site for development, production and administrative functions, the Company offers its employees a personal yearly travelcard at a significantly reduced rate which is valid in all zones of the Zurich Transport Network. With this contribution, Tecan wants to support its own workforce while endorsing environmentally friendly mobility.

Tecan also supports employees at the Männedorf location in their use of electric vehicles. The Company therefore significantly expanded its provision of separate parking spaces with charging stations that can still be used for free. The new charging stations came into use in December 2019. Now more than 10% of all parking spaces are equipped with charging stations. With increasing demand, Tecan has already made technical provision for expansion. However, most employees use public transport to get to work.

## GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVELS

	Unit	2018	2019	2020
<b>Indirect CO<sub>2</sub> emissions via business travel (scope 3)</b>				
Total emissions according to DEFRA <sup>1</sup>	Ton (CO <sub>2</sub> equivalents)	2,527.6	2,500.6	950.3
Emission intensity (emissions/turnover)	Ton (CO <sub>2</sub> equivalents)/CHF million	4.26	3.93	1.30
<b>Compensation of emissions from flights originating in Switzerland</b>				
Compensation of CO <sub>2</sub> emissions	Ton (CO <sub>2</sub> equivalents)		3,678	356 <sup>2</sup>

<sup>1</sup> The UK Department for Environment, Food and Rural Affairs

<sup>2</sup> As part of broader emission offsetting of the Corporate Carbon Footprint of Tecan's site in Männedorf (CH)

## FREIGHT

In addition to business travel, the freight transport division also represents another source of Scope 3 emissions. This applies to both the transportation of unfinished materials and components of supplier companies to Tecan as well as to the conveyance of finished products to customers. In the year under review, Tecan has offset the product carbon footprint for its Fluent Laboratory Automation platform, including emissions generated in inbound and outbound logistics.

## MATERIALS AND THE ENVIRONMENTAL IMPACT OF PRODUCTS

Tecan attaches great importance to using the most environmentally friendly materials and ecologically efficient processes possible. The Policy Statement for Product Environmental Compliance specifically describes the Company's commitment to comply with the following laws and regulations:

- The European Union (EU) Directive on "Restriction of use of certain Hazardous Substances in electrical and electronic equipment", 2011/65/EU (RoHS2 Directive)
- The Chinese Management Methods for Restricted Use of Hazardous Substances in Electrical and Electronic Products (China RoHS)
- The European Union (EU) Regulation EC 1907/2006 on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH Regulation),
- The European Union (EU) Directive on Waste Electrical and Electronic Equipment Directive, 2012/19/EU (WEEE Directive)

Employees receive regular training and are familiar with the latest developments in this area.

In addition to environmental aspects, such as avoiding toxic substances that are not readily biodegradable in electrical and electronic devices, there are also ethical aspects related to rare earth elements and mining conflict minerals. Tecan's ultimate goal is to prevent the use of conflict minerals (gold, tin, tantalum, or tungsten) that originate from sources whose profits support armed groups and human rights abuses, yet support the use of materials from legitimate sources. The US Dodd Frank Act (section 1502) from 2010, addressing US publicly listed companies, is the first legislation that tackles this problem. Even if not affected directly, Tecan is committed to support its customers to comply with this legislation and adheres to the applicable elements of the OECD Due Diligence Guidance for responsible supply chains of minerals from conflict affected and high-risk areas. Tecan is working together with suppliers on these areas and requires a Declaration of Conformity that human rights are respected as part of supply agreements.

Through the reliable, robust and sustainable design of its products, Tecan continuously targets progress in their environmental sustainability. The PULS program set up by the Company also includes targets and measures to avoid wasting materials and energy.

The products manufactured by Tecan are used in laboratories for life science research, in applied markets and in clinical diagnostics. The largest product group here comprises laboratory instruments for the automation of different repetitive work steps. These automation platforms handle durable capital goods that can be used by customers over many years. The Tecan platforms can be very flexibly configured, which makes them highly durable, as they can be adapted to various requirements over time. This not only secures customers' investments, but also makes a contribution towards the sustainable use of resources.

Tecan customers mostly work in laboratories with biological agents, such as blood or possibly pathogens, and with chemical substances. This means that a circulatory system of material flows through recycling materials, as established in many industries, is only very limited or not possible at all. Depending on local legislation and the laboratory's biological protection level, i.e. hazard classification of biological agents, various disposal processes must be followed. Before leaving the protected area, the equipment must be fully decontaminated whenever possible. Tecan's customers often engage an external specialist company to do this and for ultimate special disposal.

Special consumables are also increasingly used for numerous work steps as part of automation. Even for applications involving genomics, many customers, for example, prefer to use disposable pipette tips for liquid transfers in order to avoid cross-contamination with other samples. Tecan also offers a broad portfolio of various consumables, such as disposable pipette tips, for differing volumes and areas of application. However, Tecan is one of the few suppliers to leave it up to the customer, depending on the application, as to whether steel needles are used for pipette steps. To do so, Tecan has two completely different technologies for liquid transfers. For applications where the risk of cross-contamination is only very minimal or even non-existent, it also makes sense to use steel needles for reasons of sustainability. The relevant areas of application are also the popular ELISA technology or immunoassays used in research and in diagnostics. A major OEM customer in the partnering business, market leader in immunohematology, also uses steel needles for determining blood groups and other important blood parameters.

After using disposable plastic pipette tips, laboratories are subject to the same fundamental guidelines as for the disposal of laboratory equipment. Depending on the application, they have to be decontaminated and properly disposed of. This means that recycling the plastic is only possible on a very limited basis and is sometimes impossible.



Tecan therefore focuses on the production process and on reducing material quantities, especially secondary packaging. In 2019, a new packaging was introduced for certain pipette tips which contains 45% less plastic compared to the previous one. As well as reducing the amount of plastic, the new boxes also take up less room, making transport more economical and environmentally friendly.

In general, Tecan also takes account of sustainability aspects in product design. For example, a lighter and more compact design of laboratory instruments means that CO<sub>2</sub> emissions arising from their transportation can be reduced. The use of LED lamps also allows a great deal of energy to be saved in comparison with predecessor technologies. Electricity consumption is also taken into account for the operation of instruments. For instance, the Fluent automation platforms go into standby mode if idle for more than five minutes.

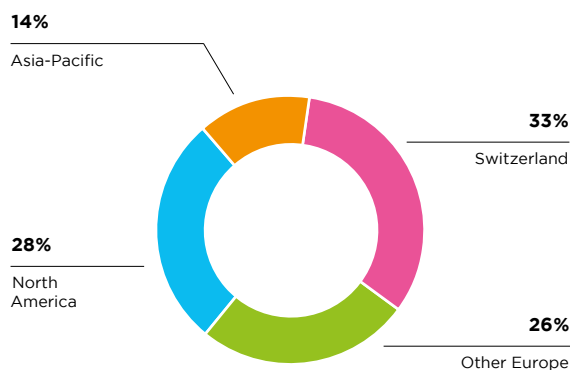
Customer service staff use tools that enable completely paper-free processes. The operating instructions of equipment are also available electronically rather than in paper form with several hundred

pages. The continual expansion of remote customer services and visualization of instruments in the customer laboratory by augmented reality increasingly replace some customer visits or transportation of instruments, which thus helps cut down on emissions.

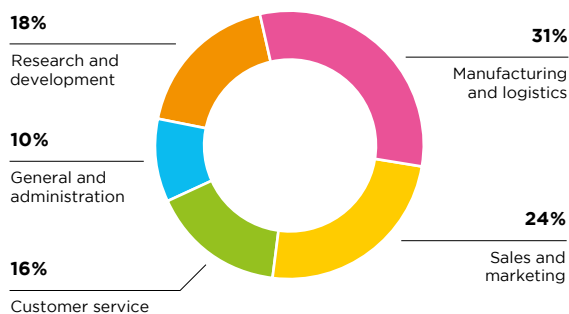
## EMPLOYEES

Tecan is very aware of the enormous responsibility it bears for its employees. They are the foundation of the company's successful development, and each day they contribute to progress in life science research and diagnostics. This contribution, providing a positive influence on people's well-being and health is an important part of Tecan's corporate culture. The Company has grown strongly in recent years and wishes to continue growing in the coming years. This means that the number of employees will continue to rise significantly in the coming years. The changes in society resulting from demographics with a shortage of talent and specialists make an active personnel policy a focal point of corporate practices.

### EMPLOYEES BY REGION



### EMPLOYEES BY ACTIVITY



## COMPLIANCE WITH FUNDAMENTAL LABOR RIGHTS

The basis for working with Tecan is an open, diverse and integrated culture that focuses on dealing with one another respectfully, with the same rights and opportunities for all employees. To guarantee this, strict personnel policies were established that are binding at all companies around the globe. National hiring rules ensure compliance with laws on, for example, gender equality and non-discrimination. Both Tecan managers and employees are also held to strict ethical guidelines. These ethical guidelines are firmly established in the Code of Conduct and form part of the training requirements for all employees. As part of fundamental labor rights, Tecan is also committed to observing international labor and social standards that are based on the defined standards of the International Labour Organization (ILO), a specialized agency of the United Nations. The globally applicable minimum standards are intended to ensure workplace rights and thus decent work. The four basic principles

of the ILO are freedom of association and the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation. Also by signing the UN Global Compact, Tecan committed to the principles relating to human rights and labor standards.

Tecan employees and external stakeholders are able to report potential events of misconduct over a new dedicated whistleblowing platform, which ensures the highest standards of confidentiality and anonymity.

## GROWING INTERNATIONAL WORKFORCE

Tecan has a very cosmopolitan workforce comprising employees from 50 countries, and is increasingly present in all global regions. In 2020, the total number of employees rose by 6.1% to 2,050 full-time equivalents (2019: 1,932).

	Unit	2017	2018 <sup>1</sup>	2019 <sup>2</sup>	2019 <sup>3</sup>	2020
<b>Number of employees</b>						
Employees	Number FTE	1,482	1,598	1,932	1,764	2,050
New positions created	Number FTE	69	116	334	166	118
<b>Employees by activity</b>						
Manufacturing and logistics	Number FTE	404	415	583		644
Sales and marketing	Number FTE	381	398	466		494
Customer service	Number FTE	256	280	314		331
Research and development	Number FTE	273	329	361		370
General and administration	Number FTE	168	176	208		211
<b>Employees by region</b>						
Switzerland	Number FTE	516	556	601		669
Other Europe	Number FTE	453	484	501		527
North America	Number FTE	371	408	555		569
Asia-Pacific	Number FTE	142	150	275		285

<sup>1</sup> Excluding Tecan Genomics (previously NuGEN Technologies)

<sup>2</sup> Including an acquisition from 2019

<sup>3</sup> Excluding an acquisition from 2019

## LONG-TERM EMPLOYMENT RELATIONSHIPS AND STAFF RETENTION

Tecan's success is based on core competencies that the Company has systematically acquired and expanded over many years. This expertise and the competency of employees should be retained in the Company. The average number of years of service was unchanged at 7.3 years. At less than 10%, the rate of voluntary fluctuation remained at a healthy level in the year under review.

The type of employment relationships also plays a role in this. At around 94%, the largest proportion of the workforce by far are permanent employees; those employed on a temporary and fixed-term basis account for only 5% of the workforce. Tecan offers flexible working hours with options for full-time or part-time jobs to differing degrees to help manage the demands of work, family and other aspects of life. Flexible working times are a key element in achieving the right balance to meet employees' diverse needs, but also to maintain a competitive work environment to enable delivery of superior business outcomes. In 2020, Tecan introduced a new flexible-working pilot scheme that broadens the options for flexible working time.

Options of the pilot guideline are subject to local law and include:

- Flex time offers, wherever possible, flexibility when a workday starts and when it ends.
- Part-time employment, job sharing or phased retirement to reduce the total number of hours worked and/or sharing one full-time job responsibility with multiple employees.
- Mobile working that offers the option to work from different approved locations.
- A variety of flexible working options which will help employees in family matters (parental leave and leave options to care for family members).

### Contract Types (2020)

Employment Contract	Share in %
Fix employees	93.95%
Temporary and limited in time employees	4.86%
Apprentices, trainees, students	1.18%

### Employment

	Unit	2017	2018 <sup>1</sup>	2019 <sup>2</sup>	2020
Full-time	in % of all employees	88.7%	88.9%	89.0%	89.0%
Part-time	in % of all employees	11.3%	11.1%	11.0%	11.0%

<sup>1</sup> Without Tecan Genomics (previously NuGEN Technologies)

<sup>2</sup> Without the acquisition from 2019

### Flexible Work Options (2020)

Gender	Share in %
<b>Men</b>	
Full-time	93.9%
Part-time	6.1%
<b>Women</b>	
Full-time	80.5%
Part-time	19.5%

Age Group <sup>1</sup>	Share in %
<b>under 30 years old</b>	
Full-time	90.1%
Part-time	9.9%
<b>30-50 years old</b>	
Full-time	89.2%
Part-time	10.8%
<b>over 50 years old</b>	
Full-time	88.3%
Part-time	11.7%

<sup>1</sup> Without USA

Regions	Share in %
<b>Switzerland</b>	
Full-time	78.8%
Part-time	21.2%
<b>Other Europe</b>	
Full-time	86.3%
Part-time	13.7%
<b>North America</b>	
Full-time	98.7%
Part-time	1.3%
<b>Asia-Pacific</b>	
Full-time	99.3%
Part-time	0.7%



**Staff Turnover and Retention**

	Unit	2017	2018 <sup>1</sup>	2019 <sup>2</sup>	2020
Turnover rate (total)		10.7%	13.8%	11.3%	11.8%
Turnover rate (voluntary)		n.a.	n.a.	8.7%	9.3%
Average number of years of service <sup>3</sup>	Years	7.7	7.4	7.4	7.3
Average age	Years	42.5	42	42	42

<sup>1</sup> Without Tecan Genomics (previously NuGEN Technologies)

<sup>2</sup> Without the acquisition from 2019

<sup>3</sup> Data for Switzerland only

**Staff Turnover Rate (2020)**

Region	Staff Turnover Rate (total)	Staff Turnover Rate (voluntary)
Switzerland	6.8%	5.8%
Other Europe	7.3%	4.9%
North America	16.2%	13.1%
Asia-Pacific	23.2%	18.0%
<b>Total</b>	<b>11.8%</b>	<b>9.3%</b>

**GENDER DIVERSITY AND INCLUSION OF ALL EMPLOYEES**

Tecan openly supports diversity and equal opportunities. The respective origin, gender, religion or personal ideology, age or sexual orientation play no role in our recruitment process and in careers in the Company. The Company also supports chronically ill employees and those with a disability, taking efforts to ensure they remain integrated in the workplace as far as possible.

In the employee survey conducted by the international research and consulting company Great Place to Work® in 2020, employees particularly valued the areas of diversity and inclusion. Over 90% of employees stated that sexual orientation, skin color or any physical impairment do not lead to any difference in treatment. A high share of 87% stated that employees are treated fairly regardless of their gender.

**Gender diversity**

	Unit	2017	2018 <sup>1</sup>	2019 <sup>2</sup>	2020
Women	in % of all employees	33.0%	33.8%	35.7%	36.1%
Men	in % of all employees	67.0%	66.2%	64.3%	63.9%
Women in management positions	in % of all managers	22.8%	22.4%	25.5%	27.4%
Women in the Board of Directors	No.	2	2	2	2
Women in the Board of Directors	in % of all members	28.6%	28.6%	28.6%	28.6%

<sup>1</sup> Without Tecan Genomics (previously NuGEN Technologies)

<sup>2</sup> Without the acquisition from 2019

Cultural diversity in the workplace is important because colleagues can gain valuable insights from understanding different cultures and experiences. While sharing different experiences, this allows Tecan as an organization to foster an environment of trust, engagement and collaboration. Tecan therefore welcomed and supported the establishment of the first dedicated ERGs (Employee Resource Group) by employees in the US. Tecan US established the two ERGs to align with Tecan's vision to drive Inclusion and Diversity engagement by creating and maintaining an environment where all employees feel valued, included and empowered to do their best work. The ERGs are Te-CAAP (Tecan Committee of African American Professionals) and WEW (Women Empowering Women).

ERGs are commonly considered a best practice among global companies and are an excellent support system to foster awareness, respect, and inclusion within the workplace.

The proportion of women in the workforce increased again to 36.1% (2019: 35.7%). The proportion of female managers also increased to 27.4% in the year under review (2019: 25.5%). Two of seven positions on the Board of Directors continue to be occupied by women.

To further support the advancement of female managers, Tecan became a member of WeAdvance in 2020. WeAdvance is a network of over 100 companies in Switzerland with a mission to actively increase the proportion of women in management positions at Swiss companies.

In 2020, Tecan also introduced a diversity mentoring program. The purpose of this global program is to embrace, support and empower diversity. The nominated employees have the opportunity to be mentored by senior managers in Tecan. The mentors have been trained to facilitate, support, challenge and give advice for career development.

Tecan is committed to "equal pay for equal work". For new hires the job grading methodology of Willis Towers Watson has been deployed globally with the goal to eliminate any bias related to gender, age, origin, religion or sexual orientation.

### Management per Category (2020)

Management by Gender	Share of Employees in %
<b>Men</b>	
Employee	66.2%
Management	33.8%
<b>Women</b>	
Employee	77.1%
Management	22.9%

Management by Gender and Region	Share of Employees in %	Management by Gender and Region	Share of Employees in %
<b>North America</b>		<b>Switzerland</b>	
<b>Men</b>	<b>60.3%</b>	<b>Men</b>	<b>71.2%</b>
Employee	78.7%	Employee	46.3%
Management	21.3%	Management	53.7%
<b>Women</b>	<b>39.7%</b>	<b>Women</b>	<b>28.8%</b>
Employee	82.3%	Employee	57.1%
Management	17.7%	Management	42.9%
<b>Asia-Pacific</b>		<b>Other Europe</b>	
<b>Men</b>	<b>62.4%</b>	<b>Men</b>	<b>60.0%</b>
Employee	75.4%	Employee	75.7%
Management	24.6%	Management	24.3%
<b>Women</b>	<b>37.6%</b>	<b>Women</b>	<b>40.0%</b>
Employee	87.4%	Employee	83.8%
Management	12.6%	Management	16.2%

### Age Groups (2020)

Age Group	Share in % <sup>1</sup>
under 30 years old	13.9%
30-50 years old	60.1%
over 50 years old	26.0%

Age Group	Share in % <sup>1</sup>
<b>Men</b>	
under 30 years old	13.1%
30-50 years old	59.3%
over 50 years old	27.6%
<b>Women</b>	
under 30 years old	15.4%
30-50 years old	61.5%
over 50 years old	23.1%

<sup>1</sup> Without USA

### NEW HIRES

Tecan is an appealing employer. The Company offers products and solutions that help contribute to people's well-being. The end markets benefit from structural growth drivers, the Company is established globally, is of a good size and therefore offers excellent career prospects. The number of employees increased sharply in the past few years, by a further 6.1% in the year under review.

Continued strong growth is also expected in the next few years, which is why the topics of employee recruitment and development as well as employer branding will continue to gain in importance. Tecan is committed to a fair, transparent and structured recruiting process.

Positions are posted and advertised on external career sites as well as on the internal career site on the company's webpage. Tecan also takes part in job fairs and works with select agencies that are familiar with Tecan's high standards regarding work ethic and the company's culture.

In the People section of Tecan's homepage, under "employee insights", the company shares various short stories directly from staff members which give a unique perspective on the culture, on various areas and specific jobs Tecan offers.

### New Hire Report (2020)

By Age Group	New Hires in % <sup>1</sup>
under 30 years old	26.4%
30-50 years old	58.5%
over 50 years old	15.1%

<sup>1</sup> Without USA

By Regions	New Hires in %
Switzerland	19.7%
Other Europe	23.9%
North America	33.5%
Asia-Pacific	22.9%

By Gender	New Hires in %
Men	64.4%
Women	35.6%

## WELL-BEING AND HEALTH

Tecan concentrates in its production on the final assembly of laboratory instruments and sub-components for equipment. The risk of accidents is very low through this type of production. This also applies to the production processes for both reagents and consumables. Additional preventive measures on occupational safety reduce the risk further. In the Great Place to Work® employee survey conducted in 2020, 91% of employees stated that Tecan is a physically safe place to work.

Major accidents are therefore a rare exception. So far there have been no work-related deaths. Most employees do not work in production, but in sales, customer service and various office functions.

The absenteeism rate was below 2% in the year under review. This includes days lost through all accidents, i.e. also non-work-related, as well as all absences due to illness.

Tecan also offers a wide range of healthcare initiatives for its employees, including medical courses and vaccinations. For physical complaints, suitably equipped work stations are provided, such as height-adjustable desks. There is also a wide range of sporting opportunities on offer at various locations. Also, the staff restaurant at Tecan's headquarters makes an important contribution to promoting the health and performance of the employees.

In 2020, efforts were focused on keeping Tecan associates safe. As COVID-19 started to spread around the world, Tecan quickly adopted a global "work from home" policy and significantly restricted travel. The company also activated its Pandemic Plan and implemented various measures and safety protocols at all sites to protect employees and keep business operations running.

### Employee Well-Being (2020)\*

Absence	Days per Employee	Absence rate
Accidents	1.16	0.4%
Sickness	3.85	1.5%
<b>Grand Total</b>	<b>5.01</b>	<b>1.9%</b>

Type of Accidents	Days per Employee	Absence rate
Accidents (not work-related)	1.0	0.4%
Accidents (work-related)	0.2	0.1%
<b>Grand Total</b>	<b>1.2</b>	<b>0.4%</b>

\* Data for Switzerland only

## COMPANY VALUES

Tecan's management considers it of key importance to instill the Company's vision and common values in all its employees and ensure they are put into practice. As a common basis for collaboration, it has great importance in Tecan's corporate culture.

Tecan drafted comprehensive guidelines, common values and principles of conduct for employees, to which the image of the Company is linked as well. The result of this link is the Tecan brand – a key factor for the Company's success. The building blocks of the Tecan brand are graphically visualized in the "brand house": the unique selling points for the Company's positioning in the market, as well as its promise to its customers and the elements of its visual image are built on the foundations of the three core values – trust, highest standards and ambition. Tecan's inner strength is made up of reliability, highest performance standards for the products and ambitious goals for innovations and process improvements. When it comes to its unique selling points, Tecan sets particular store by the characteristic "leading". Throughout its corporate history, Tecan has launched many pioneering projects and has played a decisive role in the laboratory automation industry.

The brand house has firmly established itself in Tecan's day-to-day routine, with the various elements having been integrated into, for example, year-end process and employee meetings as part of their performance review.

Two years ago, Tecan has started a comprehensive culture journey to further strengthen its leading and pioneering role in the industry. A key element to drive and develop Tecan's culture together with its employees and create a common understanding of the corporate culture, the company conducts regular workshops with different departments and at its sites globally. In addition to an overall align-



ment on the important pillars of the corporate culture, concrete and specific actions are defined in separate breakout sessions.

## SOCIAL RESPONSIBILITY

Tecan attaches great importance to good cooperation with the people and authorities where it does business. The Company also supports various projects serving the common good at its various locations.

As part of the 40 year anniversary celebrations, the company created the "Tecan Gives Back" campaign.

Based on employee suggestions, Tecan chose four charities whose work is aligned with its own mission to accelerate the discovery of disease mechanisms and the development of novel treatments. Tecan made a financial contribution, but the amount was also linked

## Tecan Gives Back

The four charities supported with a total amount of CHF 60,000 in the "Tecan Gives Back" campaign are aligned with Tecan's own mission.



NF Kinder, an Austrian foundation established in 2014, was the first charity chosen. The organization supports people affected by the genetic condition neurofibromatosis. In addition to direct support for patients and their families, the foundation also works to raise awareness of the disease and contributes to the international battle against it.

<https://www.nfkinder.at>



The second charity was the World Ovarian Cancer Coalition, which works to improve survival rates and the quality of life for women suffering from ovarian cancer, wherever they are in the world. They currently have partners in 47 countries, all working to increase understanding of the disease and drive improvements such as earlier diagnosis and better access to information and support.

<https://worldovariancancercoalition.org>



The Elizabeth Glaser Pediatric AIDS Foundation, the third charity, does important work in the fight against HIV and AIDS. Their mission is to enable every child to live a full and healthy life into adulthood. They have been doing this for over 30 years and have become a leading advocate for the health and wellbeing of children in the world's most affected regions.

<https://www.pedaids.org>



**Elizabeth Glaser  
Pediatric AIDS Foundation**  
Fighting for an AIDS-free generation

The fourth charity that will benefit from the "Tecan Gives Back" initiative is the Leukemia & Lymphoma Society. Their mission is to create a world without blood cancers and they are the largest non-profit organization dedicated to the cause.

<https://www.lls.org>



to the personal commitment of the employees. In teams of four, employees could run, walk, jog, or hike the whole month of September. For each 40 km completed as a team, a coin was donated to one of the four pre-selected charities.

### EMPLOYEE ENGAGEMENT AND SATISFACTION

Tecan had measured and analyzed the satisfaction of its employees on a regular basis by means of anonymous, Internet-based surveys. The results helped management gain a better understanding of what constitutes employee satisfaction and how staff can be motivated. The survey results also formed the basis for cultural development activities.

In order to continue to improve in an even more targeted manner, for the first time in 2020 Tecan conducted the TrustIndex™ employee survey by the international research and consulting company Great Place to Work®. The Trust Index™ is an employee survey that provides the basis for the analysis and further development of the workplace culture. Thanks to anonymity, employee feedback is honest and response rates are very high. The Great Place to Work® methodology is centered around trust, the key to maximizing the potential of all employees. Trust – particularly the relationship of trust between employees and leadership – remains the most important asset in today's working world. The survey evaluates six factors: mutual trust as the basis of the workplace culture, the values lived within the organization, leadership effectiveness, the extent to which all employees are able to maximize their potential and the resulting innovative power and added value. After an additional Culture Audit™, organizations can be certified as a Great Place to Work® if they meet 65% of the minimum criteria. In January 2021, Tecan has been officially certified as a Great Place to Work® with a Trust Index© result of 70% (average acceptance rate of questionnaire statements). The certification is valid for one year.

Overall, 75% of all respondents said: Tecan is a great place to work – a very good score for the first survey of this kind and above the benchmark of other Swiss companies.

Tecan scored particularly well in areas related to safety at the workplace and fair treatment regardless of race, age, gender, disability, different sexual orientation. Also, a very high proportion of employees is proud to tell others where they work. New hires felt very welcomed when they joined the organization.

One of Tecan's corporate values is "ambition" and therefore, the aspiration for future surveys is to further substantially increase the trust-based workplace culture. To continuously improve based on the findings, management will focus, amongst other things, on increased internal communications, including the broad communication of the survey results and the resulting measures as well as on a greater participation of employees in decision-making processes and the subsequent implementation.



## CAREER DEVELOPMENT, BASIC AND CONTINUING TRAINING

Tecan's strategy is centered around people. One of the strategic initiatives is to build, empower and strengthen people in order to achieve their maximum potential.

Via the Learning@Tecan program Tecan offers a wide range of trainings built upon its values trust, highest standards and ambition. Trainings are offered both internally or externally and they are conducted in various forms such as instructor-led, virtual, self-learning, bite-sized learning and many more.

Employees may choose from a variety of courses around topics like Leadership, Culture and Diversity, Technical Skills, Selling & Negotiating and IT tools. In total, approximately 45 different types of trainings were offered in 2020, a number that has been increasing from year to year.

The Learning@Tecan Program constantly evolves to meet the changing needs of employees and the organization. It is also adapted to the local needs across the different sites and organizations around the globe.

In addition, Tecan focuses on developing its top talent and future leaders through the global talent management program Next Gen Tecan, initiated in 2020. The aim of this 18 months talent program is to offer nominated employees a broad experience within Tecan. In addition to workshops focused on different aspects of personal and professional development, it comprises a personal mentoring from one of the Management Board members.

The second phase provides an opportunity to get to know Tecan better, including deep dives in different departments, sites and regions. The third phase is focusing on concrete projects, each sponsored by members of the Management Board.

To foster personal growth and career development, Tecan maintains a mentoring program that is available to all employees. In addition to the general program, special programs such as diversity mentoring are offered. By connecting two people with different backgrounds, the mentee can learn from the experiences of the mentor. The mentoring program can also help employees in meeting their career goals, get practical advice, encouragement or support and develop further own capabilities and personal skills. Overall, it supports networking within the company and has a positive cultural impact. It improves leadership and social competencies.

Tecan operates in highly regulated markets like the diagnostic sector. Therefore ongoing professional and continuing training is a key requirement critical to business. Due to strict industry-specific requirements, Tecan must comply with requirements and guidelines set forth by various supervisory authorities and must also demonstrate that its employees possess the required knowledge. In the year under review, Tecan again invested significantly in basic and continuing training. Aided by an SAP-based system, Tecan ensures that training processes are carried out to a sufficient standard throughout the Company. Each individual employee receives a personalized training profile. This enables employees and line managers to check and update the current training status. It also ensures that information on training levels is available electronically at all times for audits. Tecan is working continuously to develop and improve this learning system. It should provide an effective performance record and offer employees the best possible training opportunities.

In countries employing a dual education system, Tecan instructs trainees from various vocational and professional groups.

### Investments in basic and continuing training

	Unit	2017	2018	2019	2020
Investments in basic and continuing training <sup>1</sup>	CHF	481,694	574,971	642,109	655,415
Investments in basic and continuing training <sup>1</sup>	CHF per employee	981	1,083	1,095	1,051

<sup>1</sup> Data for Switzerland only



A microscopic view of several cells, likely cancer cells, characterized by their irregular, bumpy surfaces and prominent nuclei. The cells are set against a soft, out-of-focus background of light blue and green. A large cell in the foreground is particularly detailed, showing its textured membrane and internal structures. Other cells are visible in the background, some in focus and others blurred, creating a sense of depth.

Always

there

for you.



# Corporate Governance

Information pursuant to the SIX Swiss Exchange Directive on Information Relating to Corporate Governance.

## 1 GROUP STRUCTURE AND SHAREHOLDERS

### GROUP STRUCTURE

Tecan Group Ltd. (the Company), Seestrasse 103, 8708 Männedorf, Zurich, Switzerland, is the ultimate parent company of the Tecan Group.

The Company is listed on the SIX Swiss Exchange.

Security symbol:	TECN
Security number:	1 210 019
ISIN:	CH0012100191
Telekurs Financial:	TECN
Bloomberg:	TECN SW
Reuters:	TECN.S

As at December 31, 2020, the Company's market capitalization was CHF 5,188 million (shares outstanding). The list of consolidated subsidiaries, none of which is publicly listed, is presented in the financial section of this Annual Report. The operational Group structure is based on a customer-oriented division into the business segments Life Sciences Business (end-customers) and Partnering Business (OEM customers). The segment reporting based on this structure is presented in the financial section of this Annual Report.

### SIGNIFICANT SHAREHOLDERS (DISCLOSURE UNDER ART. 120 SWISS FINANCIAL MARKET INFRASTRUCTURE ACT [FINFRAG])

As of December 31, 2020, the following shareholders held more than 3% of Tecan's shares:

	31.12.2019		31.12.2020	
	Shares	%	Shares	%
Chase Nominees Ltd., London (UK)	1,546,910	13.0%	1,546,910	12.9%
NN Group N.V., Amsterdam (NL)	848,426	7.1%	848,426	7.1%
Invesco Ltd., Atlanta, GA (US)	660,914	5.6%	591,759	4.9%
UBS Fund Management (Switzerland) AG, Basel (CH)	575,537	4.8%	575,537	4.8%
BlackRock Inc., New York, NY (US)	575,116	4.8%	575,116	4.8%
APG Algemene Pensioen Groep N.V., Amsterdam (NL)	572,926	4.8%	572,926	4.8%
Norges Bank (the Central Bank of Norway), Oslo (NO)	345,939	2.9%	-	<3%

For further information: [www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html)

Numbers of shares according to the most recent shareholder notifications to SIX; the percentages are adjusted to the actual share capital as at the end of the reporting period. The Company does

not have any cross-shareholdings exceeding 5% of the capital or voting rights on both sides.

## 2 CAPITAL STRUCTURE

	2018	2019	2020
Shares	11,766,372	11,870,912	11,958,845
Nominal value per share (CHF)	0.10	0.10	0.10
Share capital (CHF)	1,176,637	1,187,091	1,195,885
Legal reserves (CHF)	56,032,468	79,824,359	91,121,487
Net retained earnings (CHF)	226,779,641	216,324,538	224,053,720
<b>Shareholders' equity (CHF)</b>	<b>283,988,746</b>	<b>297,335,988</b>	<b>316,371,092</b>
<b>Conditional share capital</b>			
<b>Reserved for employee participation plans</b>			
Shares	536,840	432,300	344,367
CHF	53,684	43,230	34,437
<b>Reserved for future business development</b>			
Shares	1,800,000	1,800,000	1,800,000
CHF	180,000	180,000	180,000
<b>Authorized share capital</b>			
Expiring on April 17, 2022			
Shares	2,300,000	2,300,000	2,300,000
CHF	230,000	230,000	230,000

As of December 31, 2020, the Company's share capital was CHF 1,195,885 and was divided into 11,958,845 registered shares with a nominal value of CHF 0.10 each. Each share is entitled to

dividend payments whenever the shareholders approve a profit distribution. The Company does not have any bearer shares, participation certificates or bonus certificates outstanding.



## CONDITIONAL SHARE CAPITAL – CHANGES IN CAPITAL

In 1997, the Company's shareholders approved the creation of conditional share capital of CHF 130,000 (consisting of 1,300,000 registered shares with a nominal value of CHF 0.10 each) for the purpose of employee stock options (article 3a of the Articles of Incorporation). Several employee stock option plans were adopted based on this conditional share capital. Details of these plans are given in the consolidated financial statements under Note 12 "Employee benefits". Since 2011, the Company has serviced the options exercised and share transfers from its own shares. As of December 31, 2020, 344'367 shares in the total nominal amount of CHF 34'436.70 were left under article 3a of the Articles of incorporation and 71,745 shares of the conditional share capital were reserved for outstanding employee stock options and 106,646 for outstanding employee shares. These shares correspond to a share capital of CHF 17,839.

The Articles of Incorporation provides for an additional conditional share capital (article 3b of the Articles of Incorporation); the Company's share capital may be increased by a maximum of CHF 180,000 through the issue of a maximum of 1,800,000 registered shares to be paid in full with a nominal value of CHF 0.10 each. This increase shall be achieved through the exercise of conversion or option rights granted in connection with bonds or similar instruments issued by the Company or Group companies or through the exercise of option rights granted to shareholders. Shareholders' pre-emptive rights are excluded. The acquisition of registered shares through the exercise of conversion or option rights and any further transfer of registered shares is subject to the restrictions specified in Article 5 of the Articles of Incorporation. In the case of convertible bonds or warrant-linked bonds, the preferred pre-emptive rights of the shareholders may be restricted or excluded by resolution of the Board of Directors 1) in order to finance or refinance the acquisition of companies, parts of companies or equity investments, or 2) to issue warrant-linked or convertible bonds on international capital markets. If preferred pre-emptive rights are excluded, then 1) the bonds must be placed at market conditions; 2) the exercise period for warrants must be limited to five years and the exercise period for conversion rights must be limited to ten years from the date the bond was issued; and 3) the conversion or exercise price for the new shares must be set at least in line with the market conditions prevailing on the bond issue date. The Articles of Incorporation are available for consultation at [www.tecan.com/tecan-corporate-policies](http://www.tecan.com/tecan-corporate-policies).

## AUTHORIZED SHARE CAPITAL

On April 17, 2020, the shareholders approved the creation of authorized share capital in article 3c paragraph 1 of the Articles of Incorporation, which authorizes the Board of Directors to increase the share capital at any time up to April 17, 2022, by a maximum of CHF 115,000 through the issue of not more than 1,150,000

registered shares to be paid in full with a nominal value of CHF 0.10, while preserving the pre-emptive rights of shareholders. Furthermore, article 3c paragraph 2 of the Articles of Incorporation authorize the Board of Directors to increase the share capital at any time up to April 17, 2022 by a maximum of CHF 115,000 through the additional issue of up to 1,150,000 registered shares to be paid in full with a nominal value of CHF 0.10, whereby the pre-emptive rights of the shareholders may be restricted, excluded and allocated to third parties by resolution of the Board of Directors if the new shares are intended to be used 1) to pay for the acquisition of companies, parts of companies or equity investments; 2) to finance or re-finance the acquisition of companies, parts of companies or equity investments; or 3) for an international placement of shares. Shares for which pre-emptive rights were granted but not exercised must be used by the Board of Directors in the interest of the Company.

The following applies in both cases: Partial increases are permitted. The respective issue amount, the dividend entitlement date, the type of contributions and potential acquisitions of tangible assets will be determined by the Board of Directors. Following acquisition, the new registered shares are subject to the restrictions specified in Article 5 of the Company's Articles of Incorporation.

## ADDITIONAL REQUIREMENTS TO INCREASE THE SHARE CAPITAL UNDER THE AUTHORIZED AND CONDITIONAL SHARE CAPITAL

As long as the Company has authorized capital in accordance with article 3c of the Articles of Incorporation and if and to the extent that the Board of Directors issues convertible bonds, warrant-linked bonds, similar securities or other financial market instruments to create share capital based on article 3b of the Articles of Incorporation (conditional capital increase), the right of the Board of Directors to increase the share capital based on article 3c paragraph 1 of the Articles of Incorporation (authorized capital increase while maintaining subscription rights) and the right of the Board of Directors to increase the share capital based on article 3c paragraph 2 (authorized capital increase with possible exclusion of subscription rights) shall be reduced in each case by the amount of this conditional capital increase in proportion to the maximum amounts specified in article 3c paragraph 1 and article 3c paragraph 2. As long as the Company has conditional capital in accordance with article 3b of the Articles of Incorporation and if and to the extent that the Board of Directors increases the share capital based on article 3c of the Articles of Incorporation (authorized capital increase), the right of the Board of Directors, in accordance with article 3b of the Articles of Incorporation, to issue convertible bonds, warrant-linked bonds, similar securities or other financial market instruments to create share capital (conditional capital increase) shall be reduced by the amount of the aforementioned authorized

capital increase. As a result of these provisions, the total authorization will be limited to less than 20% of the share capital. The Company has no convertible bonds and no employee stock options outstanding other than those described in the Compensation Report.

### **ENTRY IN THE SHARE REGISTER AND NOMINEE REGULATIONS**

Registration of voting rights in the Company's share register is conditional on shareholders declaring that they have acquired the shares in their own name and for their own account. If this is the case, then there are no registration or voting right restrictions under the Articles of Incorporation. The Company's Board of Directors may register nominees for not more than 2% of the share capital as shareholders with voting rights in the share register. Nominees are shareholders who do not explicitly declare in the registration application that they hold the shares for their own account and with whom the Company has entered into a corresponding agreement. In addition, for shares in excess of 2% of the share capital, the Board of Directors may register nominees with voting rights in the share register if such nominees disclose the names, addresses, nationalities and shareholdings of those persons for whose account they hold 2% or more of the share capital. Legal entities and companies that are linked to one another in terms of capital and voting power through uniform management or otherwise, as well as individuals, legal entities or companies coordinating their actions to circumvent the registration limitations, are considered to be one person. The Board of Directors is entitled to grant exceptions to the registration limitations in special cases. No such exceptions were granted in the year under review. The procedures and conditions for cancelling these limitations on transferability are described in section 6.

## **3 BOARD OF DIRECTORS**

### **INDEPENDENCE AND RULES REGARDING OUTSIDE MANDATES**

All the members of the Board of Directors are non-executive members. None of the Board members was formerly a member of the Management Board of Tecan Group Ltd. or any Group company during the period under review or the three preceding periods. According to the Articles of Incorporation the permitted number of other mandates of the members of the Board of Directors in the highest executive management or bodies of legal entities outside of the Company's group is limited to six mandates in listed and six mandates in non-listed companies, foundations and other legal entities that are registered in the commercial register. Mandates in different legal entities of the same group (including in joint ventures directly or indirectly owned by such a group or the Company that are not consolidated) are counted as one mandate per group, but may not exceed the number of 20 additional mandates if counted

separately. Short-term transgressions of these maximum numbers by a maximum of two mandates per category are permitted during a maximum period of six months. Mandates held by members of the Board of Directors by order of the Company shall not be subject to the limitations set out above.

### **ELECTION, TERM OF OFFICE, ORGANIZATION, MEETINGS AND ATTENDANCE**

Pursuant to the Company's Articles of Incorporation, the Board of Directors is composed of a minimum of one and a maximum of seven members, who are elected for a term of one year. Re-election after the end of the term is permitted. The Chairman of the Board of Directors is elected by the General Meeting. The Board of Directors is responsible for the ultimate supervision and management of the Company, including the development of general strategies and guidelines, and for all other duties that are non-transferable under applicable law. To the extent permitted by law and provided that there is no conflict with the Company's Articles of Incorporation and the Organizational Regulations adopted by the Board of Directors, management of the Company's affairs is delegated to the Management Board pursuant to the Organizational Regulations. The Board of Directors meets as often as business matters require but at least five times a year upon invitation of the Chairman or, in his absence, upon invitation of another Board member. Any member of the Board of Directors may call a meeting by specifying the reasons for the meeting. The meetings usually last between four and six hours. As a general rule, the CEO and CFO attend the Board meetings and other members of the Management Board or senior management invited by the Chairman attend for certain portions. At each meeting, the Chairman reserves some time for discussion between the members of the board and the CEO and some time for discussion amongst the Board members only. Meetings may also be held by videoconference or by telephone. The Board of Directors passes its resolutions by an absolute majority of votes of Board members present. In the event of a tie, the Chairman of the Board has the deciding vote. Resolutions may be passed in writing unless a member requests oral deliberation. In the year 2020 all meetings of the Board of Directors and of its Committees were conducted as videoconferences. Five Board of Directors' meetings were held in the year under review. Three meetings of the Audit Committee lasting about two to three hours each were also held. In addition, there were four meetings of the Compensation Committee and several conference calls of the Nomination and Governance Committee. In the year under review, all members of the Board of Directors took part in all Board of Directors' meetings and the committee members attended all of their respective committee meetings.

# Board of Directors

## DR. LUKAS BRAUNSCHWEILER

### Chairman of the Board Chairman of the Nomination and Governance Committee

Since 2018, elected until 2021  
1956

Swiss citizen  
PhD in physical Chemistry, Swiss  
Federal Institute of Technology, Zurich  
(ETH Zurich) Switzerland

#### Professional background:

1985 to 1995 Various management  
positions at Wild Leitz Heerbrugg AG  
(today Leica Geosystems), Switzerland;  
Huber + Suhner AG, Switzerland;  
Saurer Group Holding AG,  
Switzerland; and Landis+Gyr AG  
(today Siemens AG), Switzerland;  
1995 to 2002 Member of the Group  
Executive Board and Group  
Vice President, Mettler-Toledo  
International, Inc. USA/Switzerland;  
2002 to 2009 President and CEO,  
Member of the Board of Directors,  
Dionex Corporation, USA; 2009  
to 2011 CEO, RUAG Holding  
AG, Switzerland; 2011 to March  
2018 CEO, Sonova Holding AG,  
Switzerland

#### Other activities:

Sonova Holding AG<sup>1</sup>, Member of the  
Board of Directors; BURU Holding<sup>2</sup>,  
Member of the Board of Directors;  
Schweiter Technology Group<sup>1</sup>,  
Member of the Board of Directors till  
April 1, 2021; Sulzer AG<sup>1</sup>, Member of  
the Board of Directors till April 14, 2021

## HEINRICH FISCHER

### Vice Chairman of the Board

Since 2007, elected until 2021  
1950

Swiss citizen  
Master of Applied Physics & Electrical  
Engineering (ETH Zurich), MBA  
(University of Zurich)

#### Professional background:

Four years R&D in electronics (ETH  
Zurich, IBM); 1980 to 1990 Director  
of Staff Technology and Executive  
Vice President, Balzers Division of  
Oerlikon-Bührle Group; 1991 to 1996  
Executive Vice President, Corporate  
Development, Oerlikon-Bührle  
Group; 1994 to 2005 Co-founder  
and Chairman of ISE (Integrated  
Systems Engineering); 1996 to 2007  
Delegate of the Board and Chief  
Executive Officer, Saurer Group; since  
2007 DiamondScull AG, owner and  
Chairman of the Board

#### Financial Expertise:

CEO of Saurer Group between 1996  
and 2007; Master in Business Admin-  
istration and Finance (University of  
Zurich, Switzerland)

#### Other activities:

Hilti AG<sup>2</sup>, Chairman of the Board;  
CAMOX Fund<sup>2</sup>, Member of the Board;  
Sensirion Holding AG<sup>1</sup>, Member of  
the Board

## DR. CHRISTA KREUZBURG

### Chairwoman of the Compensation Committee

Since 2013, elected until 2021  
1959

German citizen  
Diploma and Ph.D. in Physical  
Chemistry, Duisburg University,  
Chemical Faculty

#### Professional background:

1990 to 1994 Laboratory Head, Central  
Research at Bayer AG, Germany; 1994  
to 1996 Departmental Head, Central  
Research at Bayer AG, Germany;  
1997 to 1999 Strategy Consultant,  
Corporate Strategic Planning at Bayer  
AG, Germany; 2000 to 2002 Head  
of Corporate Strategic Planning,  
in addition from 2001, leading the  
restructuring project of division  
Pharmaceuticals after the withdrawal  
of Lipobay® at Bayer AG, Germany;  
2002 to 2005 Head of Pharma Japan  
(from 2004)/Europe/MERA and  
member of the Pharma Management  
Committee at Bayer HealthCare,  
Germany; 2006 to 2007 Head of  
Pharma Primary Care/International  
Operations and member of the Pharma  
Management Committee at Bayer  
HealthCare, Germany; 2007 to 2008  
Head of Bayer Schering Pharma  
Europe/Canada and member of the  
Executive Committee. Integration of  
Bayer and Schering in the region at  
Bayer HealthCare, Germany; 2009 to  
today consulting projects for small and  
mid-size healthcare companies

#### Other activities:

Catalent Inc.<sup>1</sup>, Member of the Board

## DR. KAREN HÜBSCHER

### Chairwoman of the Audit Committee

Since 2012, elected until 2021  
1963

Swiss and British citizen  
MBA, IMD Lausanne; Ph.D. Natural  
sciences, ETH Zurich and Master's  
degree, Animal Sciences, ETH Zurich

#### Professional background:

1995 to 2000 various positions with  
increasing responsibility in Research  
and Finance at CIBA Geigy and  
Novartis; 2000 to 2006 Novartis,  
Global Head Investor Relations;  
2006 to 2009 Member of the Global  
Executive Committee and Global  
Innovation Board, Novartis Vaccines  
& Diagnostics with headquarters  
in the U.S., in charge of Business  
Development/Mergers and  
Acquisitions; 2009 to 2011 Member of  
the European Commercial Operations  
Leadership Team and Site Head  
Novartis Vaccines & Diagnostics,  
Basel. Head Public Health and Market  
Access Europe (Marketing & Sales).  
Board Member European Vaccines  
Manufacturers' association in Brussels;  
since 2012 Founder and Managing  
Director of Fibula Medical AG; since  
2014 CEO Solvias AG<sup>2</sup>, Kaiseraugst,  
Switzerland

#### Financial Expertise:

CEO of Solvias AG<sup>2</sup>;  
Head Investor Relations Group,  
Novartis from 2000 to 2006, reporting  
directly to CFO and Head of Treasury,  
Member of the Disclosure Committee  
Novartis

#### Other activities:

SMG (Swiss Management Association)<sup>2</sup>,  
Member of the Board; IMD Foundation<sup>2</sup>,  
Member of the Board

<sup>1</sup> Public company

<sup>2</sup> Private company



**DR. DANIEL R. MARSHAK**

Since 2018, elected until 2021  
1957

US citizen  
Ph.D in Biochemistry and Cell Biology, The Rockefeller University, New York, USA; Bachelor in Biochemical Sciences, Harvard University, Cambridge, USA

**Professional background:**

1984 to 1986 Staff Fellow, National Institutes of Health, USA; 1986 to 1995 Sr. Staff Investigator, Cold Spring Harbor Laboratory, USA; 1994 to 2000 Sr. Vice President and Chief Scientific Officer, Osiris Therapeutics, Inc.; 2000 to 2006 Vice President and Chief Technology Officer, Biotechnology and Vice President Research and Development, Biosciences, Cambrex Corporation, USA; 2006 to 2014 his last role Senior Vice President and Chief Scientific Officer, additional positions: President, Emerging Diagnostics, Waltham, USA and Shanghai, China; President, Greater China, Shanghai, China; PerkinElmer, Inc., USA; 2014 to present Consultancy for various companies in the Life Sciences, Bio-Pharmaceutical, and Diagnostics industry. Consultant to RADx program of US Government DHHS/NIH/NIBIB for COVID-19 diagnostics.

**Other activities:**

RareCyte, Inc.<sup>2</sup>, Member of the Board of Directors; InVivo Therapeutics Corp<sup>1</sup>, Member of the Board of Directors; LifeVault Bio Inc.<sup>2</sup>, Member of the Board of Directors; Elevian Inc.<sup>2</sup>, Member of the Board of Directors.

<sup>1</sup> Public company

<sup>2</sup> Private company

**DR. OLIVER FETZER**

Since 2011, elected until 2021  
1964

US citizen  
MBA, Carnegie Mellon University, Pittsburgh, USA, Ph.D. Pharmaceutical Sciences, Medical University of South Carolina, USA

**Professional background:**

1993 to 2002 The Boston Consulting Group, USA, between 2000 and 2002 Managing Director and Partner; 2002 to 2007 Cubist Pharmaceuticals USA, various management positions, including Senior Vice President, Corporate Development and Research and Development; 2007 to 2008 Sabbatical; 2009 to 2014 President and Chief Executive Officer, member of the Board of Directors of Cerulean Pharma Inc., USA; since 2014 CEO and member of the board Synthetic Genomics

**Other activities:**

Synthetic Genomics<sup>2</sup>, member of the Board; Arena Pharmaceuticals<sup>1</sup>, member of the Board

**LARS HOLMQVIST**

Since 2015, elected until 2021  
1959

Swedish citizen  
INSEAD, Fontainebleau, France  
Business Administration (Mid Sweden University, Sweden)

**Professional background:**

1983 to 1987, Lederle Labs. Nordic; 1991 to 1993, Becton Dickinson Nordic; 1993 to 1996, Pharma Hospital Care; 1996 to 1998, Boston Scientific Europe, Vice President Vascular EMEA, Member of the Executive Management Group; 1998 to 2004, MEDITRONIC EUROPE SARL, various positions, last position Vice President, Vascular & Cardiac Surgery, Western Europe, Member of the European Management, Committee and Global Vascular & Cardiac Surgery Executive Staff; 2004 to 2009, Applied Biosystems, Inc., various positions, last position Vice President and Executive Member of Applera Corp.; 2009 to 2012, Dako Denmark A/S President and CEO; 2012 to 2014, Agilent Technology, Inc. President of Life Sciences and Diagnostics Group/ Senior Vice President of Agilent

**Financial Expertise:**

CEO of Dako Denmark A/S between 2009 and 2014; Chairman of the audit committee at ALK Abello A/S (publ.) 2010 to 2013; Member of the audit committee at H Lundbeck A/S (publ.) 2015 to 2019; Member of the audit committee at BPL Ltd (private) 2016 to 2019; Member of the audit committee Vitrolife AB (publ.) 2018 to 2019; Member of the audit committee Biovica AB (publ.) 2019

**Other activities:**

Lundbeck Foundation<sup>2</sup>, Denmark, Member of the board of trustees and Member of the investment committee; H. Lundbeck A/S<sup>1</sup>, Valby, Denmark, Member of the board and Member of the Audit Committee; ALK-Abelló A/S<sup>1</sup>, Denmark, Member of the board and Member of the Remuneration Committee; Naga UK TopCo Limited<sup>2</sup>, Hertfordshire, UK, Member of the Board and Member of the audit and nomination committee; Member of Board of Directors and Member of the Audit Committee at Vitrolife AB<sup>1</sup>, Sweden; Member of the audit committee Biovica AB<sup>1</sup>

## COMMITTEES

The Board of Directors may appoint committees composed of members of the Board to prepare and implement its resolutions and to exercise its supervisory function. The committees meet upon invitation of the respective chairman and as often as business requires, but at least twice a year. Committee resolutions and proposals for consideration by the entire Board of Directors are passed by a majority of votes cast, provided that there is a quorum of at least two committee members present. Resolutions may also be passed by postal vote. For specific topics (for example in connection with M&A discussions) the Board of Directors forms ad-hoc committees. Several conference calls of ad-hoc committees were held in the year under review. The Board of Directors has established three committees that are composed as follows:

	Audit Committee	Compensation Committee	Nomination and Governance Committee
Dr. Lukas Braunschweiler			Chairman
Heinrich Fischer	Member		Member
Dr. Oliver Fetzner		Member	
Lars Holmqvist	Member		
Dr. Karen Hübscher	Chairwoman		
Dr. Christa Kreuzburg		Chairwoman	Member
Daniel R. Marshak		Member	

## AUDIT COMMITTEE

The Audit Committee is composed of at least two members. The Committee's principal duties and responsibilities are to form an opinion regarding internal and external audits and to monitor cooperation between the external statutory auditors and the Company; to assess the quality of internal audits and compliance; to review the annual financial statements (both consolidated and single-entity) and interim financial statements destined for publication and report on them to the full Board of Directors; to make recommendations to the full Board of Directors, especially with regard to the approval of annual and interim financial statements; and to monitor the independence, performance and fees of the statutory auditors and propose that they be appointed or reappointed by vote of the Annual General Meeting. Representatives of the external statutory auditors and the internal auditor may attend meetings of this Committee at the invitation of the Chairman. The experience in financial matters of members of the Audit Committee are set out on pages 80 and 81.

## COMPENSATION COMMITTEE

The majority of members of the Compensation Committee must be non-executive and independent members of the Board of Directors. The role and responsibilities of the Compensation Committee are described in the Compensation Report on page 90 to 104.

## NOMINATION AND GOVERNANCE COMMITTEE

The majority of members of the Nomination and Governance Committee must be independent and non-executive members of the Board of Directors. The Committee consists of three members. It is chaired by the Chairman of the Board. The most important duties of this Committee include performance review and succession planning at the level of the Board of Directors and the Management Board; defining the selection criteria for members of the Board of Directors and the Management Board; and annually reviewing the performance of the Board of Directors, its committees and its individual members based on a defined evaluation plan. This Committee is also charged with monitoring risk management and corporate governance.

## INFORMATION AND CONTROL INSTRUMENTS

*The members of the Management Board* are actively involved in the various committees of the Board of Directors. The CEO, CFO, the internal auditors and sometimes the external statutory auditors attend the meetings of the Audit Committee, for example. In addition, members of the Management Board meet with individual Board members on an ad-hoc basis to discuss and delve more deeply into specific topics.

*The Board of Directors* receives monthly reports from the Group's management information system so that it can monitor financial and operational performance. All relevant guidelines are presented to the Board of Directors or the appropriate committees for approval to ensure shared responsibility for all major decisions.

*Internal Audit:* Since the internal auditors report to the Audit Committee, their independence is assured. All companies are audited every three years on the basis of a risk analysis. The annual audit plan consists of audits of all major companies and is approved by the Audit Committee. A summary of significant findings and recommendations is submitted directly to the Audit Committee with copies to the CEO, the CFO and the General Counsel. The reports are also made available to the external statutory auditors. During the year under review, Internal Audit focused its efforts on strengthening the internal control system for financial reporting and compliance. Other areas audited include compliance with laws and standards; the compliance, efficiency and effectiveness of business processes; and the implementation of recommendations made by the internal auditors. Additional information on risk management is given in Note 30 to the consolidated financial statements.

## 4 MANAGEMENT

### MANAGEMENT CONTRACTS AND RULES REGARDING OUTSIDE MANDATES

No agreements between the Company and third parties that are not part of the Tecan Group were entered into or renewed in the year under review for the purpose of delegating management responsibilities.

According to the Articles of Incorporation, the permitted number of other mandates of the members of the Management Board in the highest executive management or bodies of legal entities outside of the Company's group is limited to two mandates in listed and four mandates in non-listed companies, foundations and other legal entities that are registered in the commercial register. Mandates in different legal entities of the same group (including in joint ventures directly or indirectly owned by such a group or the Company that are not consolidated) are counted as one mandate per group, but may not exceed the number of 20 additional mandates if counted separately. Short-term transgressions of these maximum numbers by a maximum of two mandates per category are permitted during a maximum period of six months. Mandates held by members of the Management Board by order of the Company shall not be subject to the limitations set out above.



# Management Board



**DR. ACHIM VON  
LEOPRECHTING**

**Chief Executive Officer  
(CEO)**

Member since 2013  
Joining Tecan in 2013  
1968

German citizen  
PhD in Biology (University of  
Freiburg, Germany)

**Professional background:**  
1999 to 2002 Different positions in product management at Packard Bioscience, today part of PerkinElmer; 2002 to 2013 Several management positions and professional positions at PerkinElmer Inc. (NYSE: PKI), including Vice President and General Manager In Vitro Solutions

**Other activities:**  
Analytical, Life Science and Diagnostics Association (ALDA), Member of the Board



**TANIA  
MICKI**

**Chief Financial Officer  
(CFO)**

Member since 2020  
Joining Tecan in 2020  
1971

French and Swiss citizen  
MBA General Management (INSEAD, Fontainebleau, France), graduated ESCP (École Supérieure de Commerce de Paris) in Paris, France with major Finance/Audit/Accounting, BA in Russian (University Paris Nanterre, France)

**Professional background:**  
1996 to 2006 various financial positions at General Mills; 2006 to 2009 Vice President Finance, Planning and Analysis Europe, Gate Group; 2009 to 2010 Seed Supply Finance Lead EMEA, Monsanto; 2010 to 2020 variety of positions at Sulzer AG, most recently as Chief Risk Officer and Group Internal Audit Head, other positions included CFO Global Markets in a group-wide function

**Other activities:**  
EHL Holding SA, member of the Board of Directors and the Board of Trustees of the EHL Foundation



**RALF  
GRIEBEL**

**Executive Vice  
President  
Head of the Partnering  
Business division**

Member since 2020  
Joining Tecan in 2020  
1972

German citizen  
Graduate Engineer in Electrical Engineering and Computer Engineering (TH Mittelhessen University of Applied Sciences, Friedberg, Germany)

**Professional background:**  
1994 to 1996 R&D Engineer, AT&T Istel; 1997 to 2002 different positions in Applications and Business Development at Packard Bioscience, today part of PerkinElmer; 2002 to 2003 Technology Manager Europe, PerkinElmer LifeSciences in Cambridge (UK); 2003 to 2006 Technology Manager Integrated Solutions – Germany, Austria, Switzerland, PerkinElmer Life and Analytical Sciences; 2006 to 2013 Strategic Program Manager, STRATEC Biomedical AG; 2013 to 2014 Vice President Partnering Business, STRATEC Biomedical AG; 2014 to 2016 Senior Vice President Partnering Business, STRATEC SE; 2016 to 2020 Senior Vice President Partnering Business, STRATEC SE and Managing Director, Diatron MI

**Other activities:**  
None



**ULRICH  
KANTER**

**Executive Vice  
President  
Head of the Division  
Development and  
Operations**

Member since 2014  
Joining Tecan in 2014  
1963

German citizen  
Mechanical Engineer (Berufsakademie Mannheim, Germany) and Diploma in Business Administration (Verwaltungs- und Wirtschaftsakademie at the J.W. Goethe University Frankfurt, Germany)

**Professional background:**  
1995 to 2000 Vice President, Operations and Global Supply Chain Manager at AVL Medizintechnik (acquired by Roche Diagnostics in 2000); 2000 to 2014 diverse positions with increasing management responsibility at Roche Diagnostics, most recently as General Manager and Head of Research & Development in Graz, Austria

**Other activities:**  
Toolpoint for Lab Science, member of the Board



**DR. KLAUS  
LUN**

**Executive Vice  
President  
Head of the Life  
Sciences Business  
division**

Member since 2013  
Joining Tecan in 2013  
1972

Italian citizen  
M.Sc. Biology (University of Tübingen, Germany), Dr. rer. nat. in Neurobiology (equiv. Ph.D., University of Heidelberg, Germany), MBA (University of Mannheim, Germany)

**Professional background:**  
2002 to 2007 Variety of positions at the Lonza Group, most recently as a Senior Project Manager, 2007 to 2011 Director Business Development at Danaher Group (Leica Microsystems); 2011 to 2013 Several management positions at Molecular Devices Inc. (Danaher Group), most recently as Vice President Drug Discovery and Bioresearch and Vice President Global Product Marketing, 2013 to 2017 Executive Vice President, Head of Corporate Development, Tecan Group

**Other activities:**  
None



## ERIK NORSTRÖM

### Executive Vice President Head of Corporate Development

Member since 2017  
Joining Tecan in 2017  
1973  
Swedish and Swiss citizen  
M.Sc. in Chemical  
Engineering (Chalmers  
University of Technology,  
Göteborg, Sweden)  
B.Sc. in Business  
Administration (Göteborg  
University of Economics and  
Commercial Law, Sweden)

**Professional background:**  
2001 to 2008 Corporate  
Development Director at F.  
Hoffmann-La Roche AG,  
Basel; 2008 to 2012 Head of  
M&A and alliances at Nobel  
Biocare AG, Zürich; 2012  
to 2015 Head of Corporate  
Development and M&A  
Member of the Corporate  
Leadership Team at Nobel  
Biocare AG, Zürich;  
2015 to 2017 Corporate  
Vice President strategic  
development and M&A  
Member of the Corporate  
Leadership team at Chr.  
Hansen a/s, Copenhagen,  
Denmark

**Other activities:**  
Labforward GmbH,  
member of the Board



## INGRID PÜRGSTALLER

### Chief People Officer (CPO)

Member since 2020  
Joining Tecan in 2011  
1980  
Italian citizen  
Master Graduate in Psychol-  
ogy (University of Salzburg,  
Austria). Executive Master's  
Degree in Human Resources  
Development (Scuola Roma-  
na di Psicologia del Lavoro,  
Rome)

**Professional background:**  
2006 to 2008 Staff of the  
Italian Parliament, Italy; 2008  
to 2010 HR Recruiting and  
Training at Merck Serono;  
2010 – 2011 Consultant at  
Manres AG; 2011 – 2020  
Various human resources  
positions at Tecan; since 2019  
responsible for worldwide  
talent management

**Other activities:**  
None



## ANDREAS WILHELM

### Executive Vice President General Counsel and Secretary of the Board of Directors of Tecan Group Ltd.

Member since 2012  
Joining Tecan in 2004  
1969  
Swiss citizen  
Studies of law (University  
Berne, Switzerland), Master  
of Law Program (Boston  
University, USA), Admitted to  
the Swiss Bar

**Professional background:**  
1993 Judicial Clerk at District  
Court of Nidau; 1994 to 1995  
Legal Internship at Notter  
& Partner in Berne; 1996  
to 1999 Attorney-at-law at  
Grüninger Hunziker Roth  
Rechtsanwälte in Berne;  
2000 to 2004 Attorney-at-law  
at Bär & Karrer in Zurich;  
since 2004 Head Legal Affairs  
and Secretary of the Board  
of Directors of Tecan Group  
Ltd.

**Other activities:**  
None



## DR. WAEL YARED

### Executive Vice President Chief Technology Officer (CTO) Head Research and Development

Member since 2019  
Joining Tecan in 2019  
1962  
US citizen  
PhD in Robotics (Massachu-  
setts Institute of Technology),  
Cambridge, MA, USA

**Professional background:**  
1995 to 2002 Different  
positions at Arthur D. Little,  
Inc. and Cambridge Strategic  
Management Group; 2003 to  
2010 Vice President,  
Research & Development at  
VisEn Medical, Inc., today  
part of PerkinElmer; 2010 to  
2016 Vice President,  
Research & Development at  
PerkinElmer Life Sciences &  
Technology; 2016 to 2018  
Chief Technology Officer &  
Vice President, Corporate  
Development at BioAnalytix,  
Inc.

**Other activities:**  
None

## MEMBER WHO LEFT TECAN

## MARKUS SCHMID

### Executive Vice President Head of Corporate Human Resources & Internal Communications

until April 2020

## 5 CONTENT AND METHOD OF DETERMINING COMPENSATION AND STOCK OPTION PLANS

Pursuant to the Articles of Incorporation, each year the Compensation Report for the completed business year is submitted to the Annual General Meeting for a non-binding consultative vote. The process for the prospective approval of the compensation of the Board of Directors and of the Management Board as well as the statutory additional amount for further members of the Management Board are described in the Compensation Report.

Pursuant to the Articles of Incorporation, any loans, credits or securities granted to a member of the Board of Directors or the Management Board may not exceed an amount corresponding to 50% of such member's base salary. No such loans, credits or securities were outstanding at the end of 2020.

The Articles of Incorporation are available for consultation at [www.tecan.com/tecan-corporate-policies](http://www.tecan.com/tecan-corporate-policies). The provisions of the Articles of Incorporation regarding the compensation policy (article 18, sections 3, 4, 6 and 7) read as follows:

- For work performed in the interest of the Company, the members of the Board of Directors shall receive, in addition to reimbursements of costs and expenses, a compensation, the maximum amount of which must be approved by the Annual General Meeting. The compensation of the members of the Board of Directors may consist of an annual compensation and further non-performance-related compensation (such as remunerations for the membership in committees or the performance of special tasks or assignments) plus the employer's social security contributions and contributions to pension plans. The compensation may be paid in cash and partly in shares in the Company.
- For work performed in the interest of the Company, the members of the Management Board shall receive, in addition to reimbursements of costs and expenses, a compensation, the maximum amount of which must be approved by the Annual General Meeting. The compensation of the members of the Management Board may consist of (a) an annual base salary and further non-performance-related compensation plus the employer's social security contributions and contributions to pension plans, (b) performance-related cash compensation, and (c) compensation under the long-term participation plan, each plus the employer's social security contributions and contributions to pension plans, if applicable.
- The variable cash compensation shall be determined on the basis of financial targets of the Company's group and (quantitative and qualitative) personal targets (hereinafter referred to as "performance-related cash compensation"). The targets shall be de-

finied by the Board of Directors at the beginning of each year upon motion of the Compensation Committee. The performance-related cash compensation of the CEO may not exceed 150% of the base salary and the performance-related cash compensation of the other members of the Management Board may not exceed 100% of the base salary. The performance-related cash compensation is generally paid out in cash but may also be paid in the form of shares or other types of benefits.

- Within the scope of the long-term participation plan, the compensation of the members of the Management Board shall be determined on the basis of the Company's strategic and/or financial targets, which shall be measured over a period of at least three years. The targets shall be defined by the Board of Directors upon motion of the Compensation Committee. In addition, the members of the Management Board may be allowed to participate in the long-term participation plan on a voluntary basis. The compensation may be paid in the form of shares, entitlements to additional shares (matching shares), options, cash or other types of benefit as determined by the Board of Directors upon motion of the Compensation Committee. The Board of Directors upon motion of the Compensation Committee shall determine the conditions that apply to grants, vesting and blocking periods as well as the circumstances triggering accelerated vesting or de-blocking or forfeiture of any grants (e.g. in the event of death, invalidity, change of control, termination of employment contract). The Board of Directors upon motion of the Compensation Committee shall determine the maximum amount of compensation under the long-term participation plan in the compensation and participation plans or regulations.

The provisions of the Articles of Incorporation on pensions read as follows (article 20):

- The Company may establish one or more independent pension funds for occupational pension plans or may join existing pension funds. Contributions by the employer to such pension funds, as opposed to the regulated benefits paid by such pension funds, are a component of the compensation. Pension benefits directly accrued or paid by the employer due to country-specific regulations for occupational benefits shall be treated the same way as contributions to and benefits by pension funds. Under special circumstances, the Company may make payments for social security purposes outside the statutory social security system, including payments by the Company to the pension fund to finance a transitional pension in the event of early retirement. The value of such payments per member of the Management Board may not exceed the total amount of the last annual compensation paid to this very member. The value of the pension is determined in accordance with generally recognized actuarial rules.



The Compensation Report contains information on the structure of compensation and stock option plans as well as on actual compensation in 2020 and motions proposed to the Annual General Meeting that relate to the prospective approval of compensation of the Board of Directors and Management Board.

## 6 SHAREHOLDERS' PARTICIPATION RIGHTS

Each share entitles the bearer to one vote. Shareholders may only be represented at the Annual General Meeting by their legal representative, another shareholder with voting rights or the independent proxy. Proxy representation requires a written power of attorney that is only valid for the meeting for which it is issued. Article 13 paragraph 2 of the Company's Articles of Incorporation stipulates the matters for which a majority greater than that prescribed by law is required in order to pass a shareholders' resolution, namely a qualified majority of at least two-thirds of the votes represented and an absolute majority of the nominal stock value represented.

The types of transaction covered by this provision are as follows:

- The conversion of registered shares into bearer shares;
- The cancellation or modification of transferability restrictions (article 5 of the Articles of Incorporation);
- The dissolution and liquidation of the Company and the removal of article 13 paragraph 2 itself from the Articles of Incorporation, and the elimination or modification of the quorum specified in this provision.

Shareholders who together hold shares of at least 1% of the share capital may request in writing no later than 56 days prior to a General Meeting that a specific item be included on the agenda. Shareholders who together represent at least 10% of the share capital may request that a General Meeting be convened. Shareholders registered as having voting rights are informed by mail of the convening of a General Meeting at least 20 days prior to the meeting. The notice is also published in the Swiss Official Gazette of Commerce. As a rule, the share register is closed for new entries from around ten days before the day of the General Meeting until the day of the General Meeting. In connection with the implementation of the requirements of the Ordinance Against Excessive Compensation in Listed Companies, the responsibilities of the General Meeting were expanded in the Articles of Incorporation to include the responsibilities relating to the compensation of the Board of Directors and the Management Board.

## 7 CHANGE OF CONTROL AND DEFENSE MEASURES

The Company's Articles of Incorporation do not contain any rules on opting-out or opting-up in order to cancel or restrict the obligation to submit an offer pursuant to the Federal Act on Stock Exchanges and Securities Trading. One-third of the options issued in conjunction with ESOP (for details see consolidated financial statements, Note 10.4 "Share-Based Payment") vest each year (vesting period). During this vesting period, these options generally cannot be exercised. When there is a change of control (and the related change of the employment relationship), these options vest immediately and may be exercised immediately (accelerated vesting period). In the event of a change of control (and the related change of the employment relationship), the three-year blocking period for the shares allotted under PSMP will be lifted and the matching shares will be allocated before the usual time (see "Employee participation plans" in the Compensation Report). There are otherwise no change-of-control clauses included in agreements or compensation plans that benefit members of the Board of Directors, the Company's Management Board, or the Tecan Group.

## 8 STATUTORY AUDITORS

Date on which Ernst & Young AG (EY) took over the existing auditing mandate	April 13, 2016
Year in which the lead auditor took up his position	2018

### FEES PAID

CHF 1,000	2019	2020
Total auditing fees of the Group auditor	684	681
Total tax consulting fees of the Group auditor	-	-
Total other consulting fees of the Group auditor	45	31

The auditors are appointed by vote of the Annual General Meeting of Shareholders for a one-year term. The external audit is reviewed by the Audit Committee. The auditors attend the meetings of the Audit Committee at which the annual and semi-annual financial statements are discussed and preparations are made for approval by the Board of Directors. The auditors report on the audit focus and summarize the audit findings. The auditors submit recommendations regarding the scope of the audit and its focus for the upcoming audit period. At year's end, the Audit Committee reviews the performance of the auditors as well as the audit costs and submits a proposal to the Board of Directors regarding reappointment of the auditors. As a rule, the Company issues a new request for audit proposals every four years. The lead auditor must be changed every seven years.

## 9 INFORMATION POLICY

Tecan informs shareholders and the financial community on a continuous basis about significant developments in the Company. To do so, Tecan regularly published press releases, interim and annual reports, and information provided on the Company's website ([www.tecan.com](http://www.tecan.com)). In addition, the Company gives regular presentations to institutional investors at its headquarters and at several conferences and holds numerous individual and group meetings every year with members of the international financial community. Individual company publications are also available in printed form on request. They can also be downloaded from the Tecan website.

### IMPORTANT DATES FOR INVESTORS

Date	Location	Event
March 16, 2021	Männedorf	Full Year Results 2020, Press Briefing on Annual Results and Analysts' Conference
April 13, 2021	Pfäffikon, SZ	Annual General Meeting
August 18, 2021	Conference Call/ Webcast	Half Year Results 2021

### FOR MAIL OR PHONE INQUIRIES, PLEASE CONTACT

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A full-page background image showing a microscopic view of cells, likely muscle or epithelial cells, stained with a blue dye. The cells are arranged in a honeycomb-like pattern, with distinct cell boundaries and internal structures visible.

Empowered

with

Tecan.



# Compensation Report

Tecan's aim is to improve quality of life and to make the world a healthier and safer place. To achieve this, the contribution of our employees is key. Our values and success strongly depend on the dedication of our employees. To create continuous, sustainable shareholder value and to be the employer of choice in our industry, we aim to attract and retain the best available talent in a very competitive global employment market. Trust, highest standards and ambition are our defined company values, guiding us on the path to making our mission a reality. We take our responsibility to uphold a transparent and sustainable approach to compensation seriously.

This Compensation Report describes Tecan's compensation principles and system, and provides information about the method of determining compensation for the members of the Board of Directors and the Management Board. It further discloses the compensation awarded to the members of the Board of Directors and the Management Board of Tecan Group Ltd. (Tecan) during the reporting year. It complies with the Ordinance against Excessive Compensation in Listed Stock Companies (OeEC), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of the Swiss national federation *economiesuisse*.

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## MESSAGE FROM THE CHAIRWOMAN OF THE COMPENSATION COMMITTEE



**DR. CHRISTA KREUZBURG**

Chairwoman of the Compensation Committee

### DEAR SHAREHOLDERS

As the Chairwoman of Tecan's Compensation Committee I am pleased to share with you Tecan's Compensation Report for the financial year 2020.

The purpose of our compensation system is to attract, engage and retain highly talented employees; to inspire best-in-class performance; and to encourage behavior aligned with our values. We are keen to ensure that our compensation principles and system properly reward performance and are in line with the market and the interests of our shareholders.

2020 was an exceptional year for the entire world, including Tecan. Tecan's contribution to the fight against Covid made our purpose tangible to everyone. Customer demand patterns changed completely. While the market demand for certain Tecan products increased significantly, demand for others collapsed. The organization faced many challenges that were overcome thanks to the dedication and commitment of our employees. Our entire workforce put in extraordinary efforts through the whole of 2020 and the situation is expected to continue well into 2021. Therefore, as an expression of our gratitude, we decided to grant employees not eligible for variable pay a special compensation payment. This amounted to an average of CHF 2,800 per employee.

Despite the market turmoil and the challenges associated with managing a workforce implementing drastic changes in production mix in the midst of a pandemic, our revenue grew by 18.7% in local currencies and we recorded a substantial increase in the reported EBITDA margin to 21.8% of sales. This report explains how the company results impacted the compensation payments awarded to the members of the Management Board under the incentive plans.

At the end of 2019, the Compensation Committee decided to harmonize the performance objectives under the short-term incentive plan for 2020 in order to foster collaboration across the company: the individual performance objectives have been replaced by group-wide strategic targets for Tecan's senior management. Therefore, the entire short-term incentive depends on collective performance. This decision has proved to be an important vehicle to manage the challenges of this very exceptional and demanding year. The adjustment has also had an important and positive impact on Tecan's culture.

The Compensation Committee performed its regular activities during 2020, such as the performance goal setting at the beginning of the year and the corresponding performance assessment of the Management Board at year end, the determination of the compensation for the members of the Management Board and for the Board of Directors, as well as the preparation of the Compensation Report and the "say-on-pay" vote for the Annual General Meeting of Shareholders (Annual General Meeting).

Building on additional disclosures introduced in the 2019 Compensation Report, we remain committed to sharing detailed information regarding the compensation system and the compensation awarded to the Board of Directors and the Management Board. Specifically, we provide details around:

- governance: compensation decisions, including the role of the shareholders, the Compensation Committee and external advisors
- the compensation model of the Board of Directors: the split between the fixed basic fee and the committee fees
- the compensation model of the Management Board: a description of the performance criteria in the incentive plans, their weightings and a performance assessment at the end of the respective performance period
- the compensation table of the Management Board: including the compensation granted (and the compensation realized) in the reporting year

This Compensation Report will be submitted to an advisory vote at the upcoming Annual General Meeting. Shareholders will also be asked to vote on the maximum aggregate amount of compensation for the Board of Directors for the term of office from the 2021 until the 2022 Annual General Meeting, and on the maximum aggregate amount of compensation for the Management Board for the financial year 2022.

On behalf of the Board of Directors, I would like to thank you for your continued support. We hope that you find this Compensation Report informative. We are confident that our compensation system rewards performance in a balanced and sustainable manner, in line with shareholders' interests.



## GOVERNANCE

### ARTICLES OF INCORPORATION

As described in the Corporate Governance Report on page 76 of this Annual Report, the Articles of Incorporation of Tecan include the following provisions on compensation:

- tasks and responsibilities of the Compensation Committee (Art. 17)
- compensation principles applicable to the Board of Directors and the Management Board (Art. 18 and 23)
- shareholders' voting modalities on compensation motions at the Annual General Meeting, including the additional amount for members of the Management Board who were nominated after the shareholders' approval on the maximum compensation amount (Art. 18)
- provisions around credits and loans to the Board of Directors and the Management Board (Art. 20)
- maximum permissible number of external mandates for members of the Board of Directors and the Management Board (Art. 21)
- provisions related to contractual agreements with members of the Management Board and the Board of Directors (Art. 22)

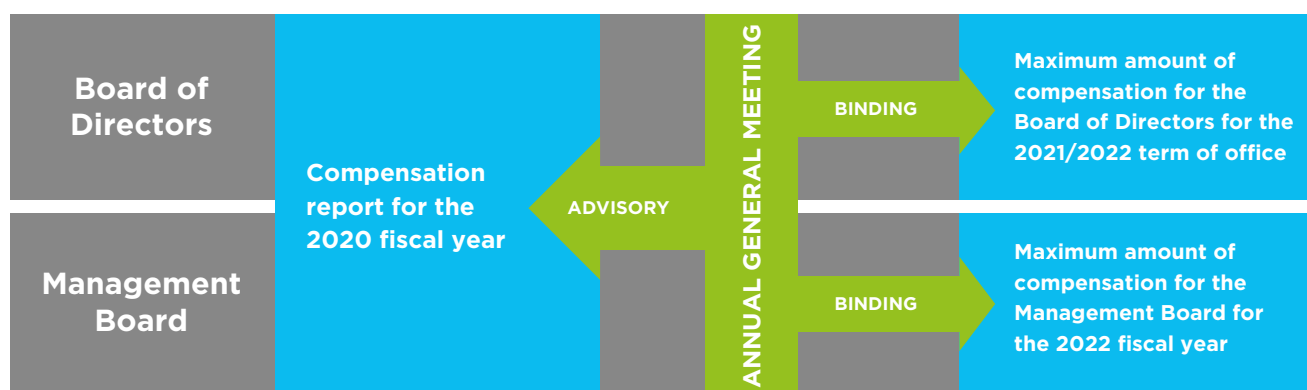
The full Articles of Incorporation are available on the corporate website: [www.tecan.com/tecan-corporate-policies](http://www.tecan.com/tecan-corporate-policies)

### ROLE OF SHAREHOLDERS ON COMPENSATION

The Ordinance against Excessive Compensation in Listed Companies took effect on January 1, 2014. The compensation and approval mechanism at Tecan was amended accordingly in 2015 and is set out in the Company's Articles of Incorporation.

Each year, the Board of Directors proposes to the shareholders at the Annual General Meeting for its approval the maximum aggregate amount of compensation to the Board of Directors for the period until the next Annual General Meeting and to the Management Board for the following financial year. In addition, the Board of Directors presents the Compensation Report for a retrospective, advisory shareholder vote. The voting mechanism on the compensation motions is shown in illustration [1]. For further details on the compensation votes at the upcoming 2021 Annual General Meeting, please refer to the section "Outlook and Motions on Compensation at the Annual General Meeting".

### ILLUSTRATION [1]: COMPENSATION AND APPROVAL MECHANISM



## COMPENSATION COMMITTEE

The Compensation Committee supports the Board of Directors and acts as preparatory body on all relevant compensation matters related to the Board of Directors and the Management Board. In accordance with the Articles of Incorporation and the Organizational Regulations of Tecan, the Compensation Committee is composed of at least two members of the Board of Directors who are elected individually by the Annual General Meeting for a period of one year. At the 2020 Annual General Meeting, the shareholders re-elected Dr. Christa Kreuzburg (Chairwoman), Dr. Oliver Fetzner and Dr. Dan Marshak as members of the Compensation Committee.

The Compensation Committee meets as often as business requires. In the year under review, the Compensation Committee held three meetings in total and a formal decision was taken by circular resolution. All members attended all meetings and took part in the circular resolution by email. The CEO, CFO and Chief People Officer (CPO) may be invited to attend the meetings in an advisory capacity. Invited members of the Management Board do not take part in discussions on agenda items concerning their own perfor-

mance or compensation. The Chairwoman of the Compensation Committee reports to the Board of Directors regularly on the activities of the Committee. Minutes are kept of the meetings and are available to all members of the Board of Directors.

The Compensation Committee acts in a preparatory capacity and proposes motions to the Board of Directors for approval. The Board of Directors approves the compensation policies for the entire Group as well as the general conditions of employment for members of the Management Board. The Compensation Committee benchmarks every other year the compensation of the Management Board and the Board of Directors with the help of independent external consultants. The Compensation Committee proposes and submits compensation amounts to the Board of Directors for approval. The Board of Directors reviews and approves the performance achievement of the members of the Management Board and the actual variable cash compensation to be paid out. The approval and authority levels of the different bodies on compensation matters are detailed in illustration [2] below.

## ILLUSTRATION [2]: DECISION AUTHORITIES IN COMPENSATION MATTERS

	CEO	Compensation Committee	Board of Directors	Annual General Meeting
Group compensation policy and principles		Proposes	Approves	
Maximum aggregate amount of compensation for the Board of Directors		Proposes	Reviews	Approves
Individual compensation of Board members		Proposes	Approves	
Maximum aggregate amount of compensation for the Management Board		Proposes	Reviews	Approves
Performance target setting and assessment of CEO		Proposes	Approves	
Performance target setting and assessment of other members of the Management Board	Proposes	Approves	Reviews	
CEO compensation		Proposes	Approves	
Individual compensation of other members of the Management Board	Proposes	Reviews	Approves	
Compensation report	Proposes	Reviews	Approves	Advisory vote

## BENCHMARKING AND EXTERNAL CONSULTANTS

Tecan periodically reviews the total compensation for the members of the Management Board and Board of Directors, comparing data from executive compensation surveys and published benchmarks from companies of similar size in terms of market capitalization, revenue, number of employees, geographic reach, etc., and/or which are operating in related industries. Every two years, alternately, the compensation for the Board of Directors and for the Management Board is benchmarked against prevalent market practice by independent external consultants and, if necessary, adjustments are proposed.

In 2020 and 2019, two external consulting companies provided benchmarking services to the Compensation Committee as described below. These companies do not have other mandates with Tecan.

In 2020 a benchmarking analysis of the compensation of the Management Board was conducted by an independent external consultant. The compensation levels and structure were evaluated in comparison with two different peer groups: 1. a Swiss Peer Group<sup>1</sup> – selected firms with similar size in terms of revenue and number of employees with Tecan being positioned between the 25<sup>th</sup> percentile and median of the peer group; financial services and heavy industry companies were excluded; 2. a life science and diagnostics peer group<sup>2</sup> comprising similar companies found within Tecan's other operating markets in Europe and the US. The EU/US peer

group represented a 65%/35% split. Companies in the peer group operate in the same industry and target similar candidates and therefore compete with Tecan in the recruitment market. As a general outcome and compared to both peer groups, the cash compensation paid to individual members of the Management Board was slightly below market practice. If the long-term incentive targets are achieved (and only then), the total compensation may increase to levels above the market median. Consistent with earlier benchmarking exercises conducted in the past, the analysis showed that the compensation system at Tecan is more weighted towards the long-term incentive, while short-term compensation is positioned below market levels.

In 2019 a benchmarking analysis of the structure and level of the Board compensation was conducted by an independent external consultant. For this purpose, a peer group of Swiss companies<sup>3</sup> listed on the SIX Swiss Exchange, excluding financial services, was selected. The peer group was well balanced in terms of market capitalization, revenue size, and headcount. This analysis showed that while the compensation structure was broadly in line with prevalent market practice, the compensation levels at Tecan were slightly below market. Based on this analysis and after several years with no adjustments, the compensation levels for the members of the Board of Directors were adjusted from the 2020 Annual General Meeting onwards to achieve market median compensation levels, see details in table below.

## COMPENSATION PRINCIPLES

Tecan applies a set of uniform compensation policies, which are systematic, transparent and focused on the long-term perspective.

In line with good corporate governance, the compensation for the Board of Directors is fixed and does not contain any performance-based elements. This strengthens the Board's independence in exercising its supervisory duties towards executive management. The fixed compensation is delivered in cash and in shares to strengthen the alignment with shareholders' interests.

The compensation for the members of the Management Board is based on the following factors: financial performance of the Company, achievement of strategic goals, position held and labor market situation. The ultimate goal of the compensation system is to attract and retain highly qualified and motivated talents, to ensure their long-term loyalty to the Company, incentivize performance and to align their interests with those of the shareholders. The fixed and variable cash compensation programs are designed to cover the basic requirements, while the long-term incentive plan aligns total compensation with the long-term financial success of the Group and the value creation for shareholders of the Company.

<sup>1</sup> Sulzer, Georg Fischer, Schmolz + Bickenbach, Geberit, ViforPharma, Sonova, Landis & Gyr, Conzeta, Stäubli Holding, Kongsberg Automotive, SIX Group, Zehnder Group, Belimo Holding, Burckhardt Compression, Burkhalter Holding, Basilea.

<sup>2</sup> Abbott Laboratories, Danaher Corporation, Lonza, Eurofins, Smith & Nephew, Beckman Coulter, PerkinElmer, Eppendorf Group, Jenoptik, Biotronik, Promega, Groupe LFB, Hamilton, Vectura, Sebia, Quotient Sciences, Biotage.

<sup>3</sup> Also, Bachem, Belimo, Bell, Bucher Industries, Conzeta, Dätwyler, Dormakaba, Forbo, Galenica, Idorsia, Landis+Gyr, SFS, Siegfried, Sulzer, VAT and Ypsomed.



## COMPENSATION SYSTEM OF THE BOARD OF DIRECTORS

There is no performance-based compensation and members of the Board of Directors are not insured in the Company pension plan. The fixed compensation consists of a fee for services paid in cash and in Restricted Share Units (RSUs), as well as additional committee fees paid in cash. The cash compensation is paid in two settlements in May and November, while the RSUs are allocated annually at the beginning of the term of office on the basis of the Tecan share's average closing price on the SIX Swiss Exchange during the first four months of the relevant financial year. The RSUs fully vest and are converted into Tecan shares upon completion of the annual term, or pro rata in the event of an early exit.

As mentioned above in the section “Benchmarking and External Consultant”, the structure and level of compensation for the Board of Directors was benchmarked against market practice in 2019. The outcome of the analysis showed that, while the structure of compensation was broadly in line with the market, the compensation levels and in particular the committee fees, unchanged for several years, were below market levels. Therefore, the Compensation Committee proposed to adjust the compensation levels, which was approved by the Board of Directors, as of the 2020 Annual General Meeting, as described illustration [3] below:

### ILLUSTRATION [3]: COMPENSATION OF THE BOARD OF DIRECTORS

In CHF per year (gross)	Until 2020 Annual General Meeting			Since 2020 Annual General Meeting		
	Chair of the Board	Vice-chair of the Board	Member of the Board	Chair of the Board	Vice-chair of the Board	Member of the Board
Fixed basic fee (cash)	200,000	85,000	75,000	200,000	90,000	80,000
Fixed basic fee (shares)	100,000	50,000	40,000	100,000	55,000	45,000

	Until 2020 Annual General Meeting		Since 2020 Annual General Meeting	
	Committee Chair	Committee Member	Committee Chair	Committee Member
Audit Committee	20,000	10,000	30,000	10,000
Compensation Committee	15,000	10,000	30,000	10,000
Nomination Committee	7,500	5,000	30,000	10,000

In addition, members of the Board of Directors receive committee fees for ad-hoc committee meeting participation. They receive

reimbursement for business travel expenditures incurred, and a travel fee (for members located in the US only).

## COMPENSATION SYSTEM OF THE MANAGEMENT BOARD

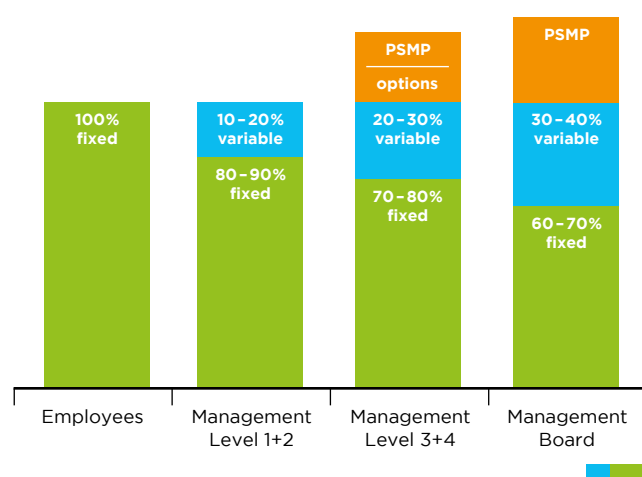
The compensation system for members of the Management Board (including the CEO) did not change compared to the previous year. It is defined in several regulations adopted by the Board of Directors and comprises:

- fixed base salary
- employee benefits, such as pension benefits, Company car and expense allowance
- short-term variable cash compensation
- long-term equity incentive award, as a fixed monetary amount which is converted into shares and serves as initial grant for the Performance Share Matching Plan (PSMP)

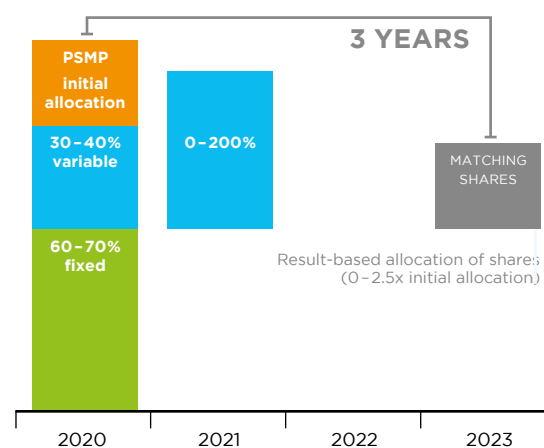
### ILLUSTRATION [4]: COMPENSATION OF THE MANAGEMENT BOARD

	Vehicle	Purpose	Plan period	Performance measured
Fixed base salary	Monthly salary in cash	Attract and retain	Continuous	
Benefits	Monthly benefits	Attract and retain	Continuous	
Short-term variable cash compensation	Annual bonus in cash	Reward annual performance	1 year	sales growth EBITDA margin strategic corporate goals achievement
Long-term equity incentive award – PSMP	Grant of initial shares and matching shares	Reward long-term performance Align with shareholders' interests	3 year	sales growth EBITDA margin

### STRUCTURE OF THE COMPENSATION SYSTEM



### STRUCTURE OF THE COMPENSATION SYSTEM MANAGEMENT BOARD



The compensation structure is based on a variable pay policy adopted by the Board of Directors, which provide for a total target cash compensation determined individually, consisting of a fixed base salary and a short-term variable cash compensation component. The total target cash compensation (assuming 100% target performance achievement under the short-term variable cash compensation) is weighted as following:

- CEO: 60% fixed base salary and 40% short-term variable cash compensation
- other members of the Management Board: 70% fixed base salary and 30% short-term variable cash compensation

In addition, members of the Management Board are eligible to an annual grant under the long-term equity incentive plan (PSMP).

The compensation is subject to mandatory employer social security contributions (AHV/ALV). These contributions are paid by Tecan and are disclosed in the compensation report in compliance with Tecan's reporting obligations.

### FIXED BASE SALARY AND BENEFITS

The fixed base salary is a component of compensation paid in cash, typically monthly. It reflects the scope and key responsibilities of the role as well as the qualification and skills required to perform the role, along with the employee's skill set and experience.

Fixed base salaries of the Management Board are reviewed annually, taking into consideration the benchmark information, market movement, economic environment, and individual performance.

In addition, the members of the Management Board participate in the pension and insurance plan of Tecan which is also offered to all employees in Switzerland. Benefits consist mainly of contributions to the retirement and insurance plan which is designed to provide a reasonable level of protection for employees and their dependents with respect to the risk of retirement, disability, death, and illness. Management Board members are also provided with a company car and are eligible to an expense allowance in line with the expense regulation, which is approved by the Swiss tax authorities.

The monetary value of that and other elements of compensation is evaluated at fair value and is included in the compensation table in illustration [8].

### SHORT-TERM VARIABLE CASH COMPENSATION

The short-term variable cash compensation is an annual variable incentive designed to reward the performance of the Group over a time horizon of one year.

The short-term variable cash compensation target (i.e. at 100% target achievement of the performance objectives) is expressed as a proportion of the total target cash compensation, as explained above, i.e. 40% of the total target cash compensation for the CEO and 30% for the other members of the Management Board.

As mentioned in the Message from the Chairwoman of the Compensation Committee, the performance objectives for the Management Board have been harmonized for 2020. Therefore, the performance measurement in the short-term variable cash compensation does no longer include any individual goals and is solely based on Group financial performance objectives and corporate sustainability goals. The ambitious growth and profitability targets are set annually before the beginning of the financial year by the Board of Directors. For 2020, the financial performance indicators were the same as in previous years: sales growth and EBITDA margin of the Group. They are equally weighted and account for 80% of the short-term variable cash compensation. The sustainability goals amount to 20% of the short-term variable cash compensation and are defined at Group level based on the strategic sustainability priorities of the Company. For 2020, they were related to social aspects, specifically to customer satisfaction and the company culture. For each performance objective, the Board of Directors determines a threshold level of performance below which the payout is 0%, a target level of performance corresponding to a 100% payout and a maximum level of performance, above which the payout is capped at 200%. The payout level between those points is calculated by linear interpolation.

In addition, the Articles of Incorporation stipulate that the short-term variable cash compensation may not exceed 150% of the fixed salary for the CEO and 100% for the other Management Board members.

The respective weightings of the performance objectives are included in illustration [5].

### ILLUSTRATION [5]: PERFORMANCE OBJECTIVES FOR THE SHORT-TERM VARIABLE CASH COMPENSATION

2020 objectives	Rationale/driver	Weighting
Sales growth (Group)	To drive the top-line growth of Tecan	30-40%
EBITDA margin (Group)	To drive the bottom-line profitability of Tecan	30-40%
Strategic corporate objectives	To drive strategic initiatives that foster growth, product quality, customer satisfaction, compliance, corporate culture and talent management	20%
<b>Total</b>		<b>100%</b>



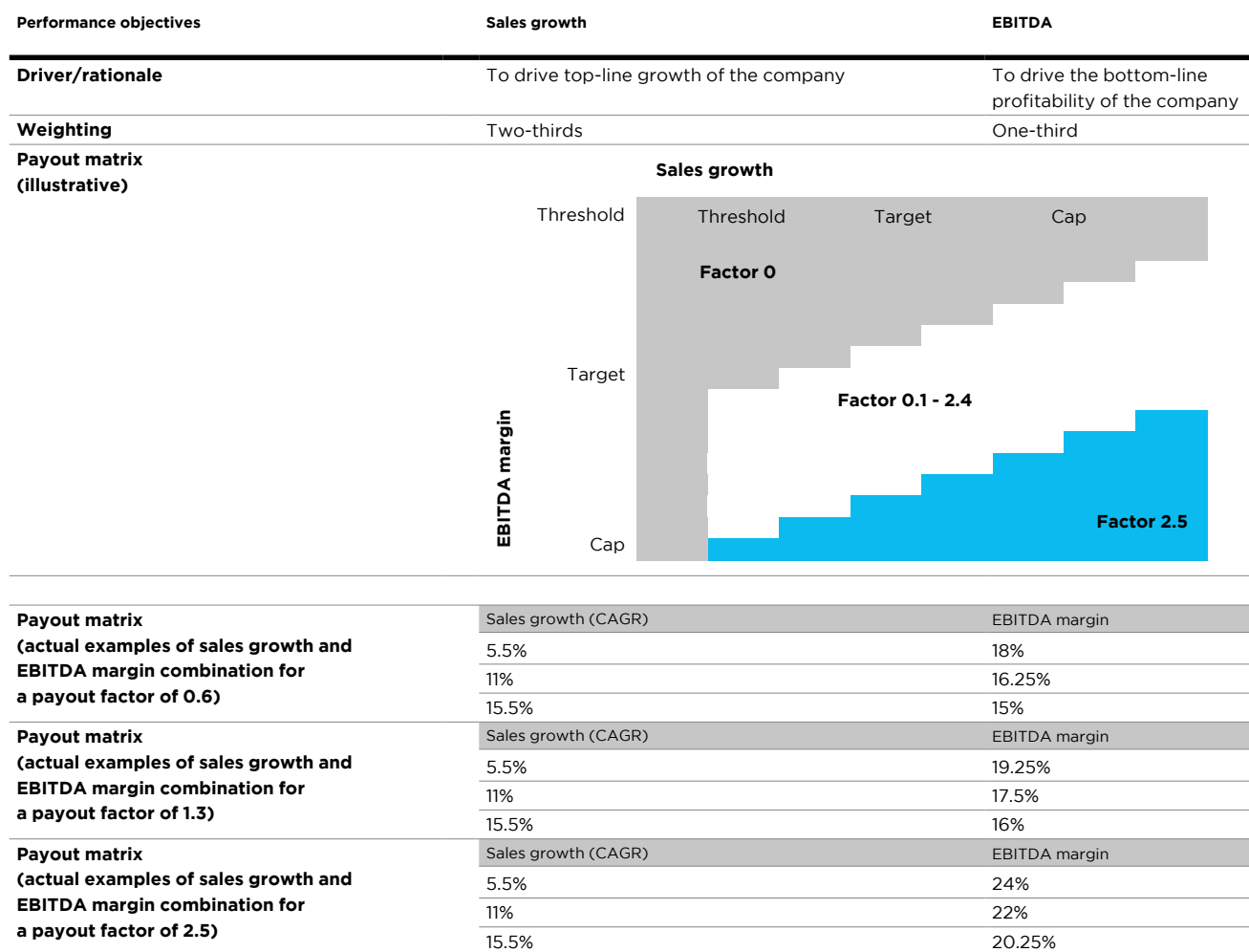
### **LONG-TERM EQUITY INCENTIVE AWARD - PERFORMANCE SHARE MATCHING PLAN (PSMP)**

In addition to the cash compensation, the members of the Management Board participate in a long-term equity incentive award, the Performance Share Matching Plan. The PSMP consists of an initial grant of registered shares and a potential subsequent allocation of matching shares based on the achievement of performance objectives during the three-year plan period.

The target amount of the initial grant is expressed as a fixed monetary amount, which is converted into shares based on the Tecan share's average closing price on the SIX Swiss Exchange during the first four months of the relevant financial year. The shares allocated are blocked for three years – starting in the grant year as “year 1”. For each granted share, participants are eligible to receive additional shares (“matching shares”) at the end of the three-year measurement cycle if certain performance objectives are reached. This mechanism ensures that the interests of the Management Board are aligned with those of the shareholders and it also ensures a permanent minimum level of share ownership of the CEO and of each member of the Management Board that is equivalent to the initial grants of three years.

Depending on the performance achievement during the three-year period, Management Board members may receive from 0 up to 2.5 matching shares for each share granted initially. The performance is assessed using a payout matrix based on two performance criteria: sales growth in local currencies and EBITDA margin. The matrix combines the performance of each of the criteria to calculate the payout, thus providing for a balanced focus on both top-line and bottom-line achievements. Every year, Tecan's Board of Directors reviews and approves a rolling five-year mid-term business plan presented by the Management Board, including targets for sales growth in local currencies and EBITDA margin. In case the mid-term targets are achieved for the three years covering a specific PSMP, an additional 1.25 matching shares for each initial share will be allocated to participants. A payout factor of 2.5 would require an achievement significantly above the defined mid-term targets on the two performance criteria. An achievement level below a certain threshold on any of the criteria results in no additional matching shares. Different combinations of sales growth and EBITDA margin achievements within those ranges lead to payouts between a factor of 0 and a factor of 2.5. The parameter grid is specified each year on a forward-looking basis for the coming three-year period (i.e. financial objectives are pre-determined upfront). In case of voluntary resignation (other than for retirement), the entitlement to any matching shares forfeit. The initial shares granted are subject to a regular blocking period. In case of death, invalidity or change of control, the initially granted shares unblock immediately with an allocation of matching shares as soon as possible after such occurrence.

## ILLUSTRATION [6]: PERFORMANCE OBJECTIVES FOR THE PERFORMANCE MATCHING SHARES (EXAMPLES)



The above chart illustrates that the design of the PSMP is effective: in line with Tecan's ambitious target-setting, substantial progress

needs to be made to reach the maximum payout factor of 2.5 upon expiry of the performance cycle.

## EMPLOYMENT CONTRACTS

Members of the Management Board are employed under employment contracts of unlimited duration. The employment contract of the CEO is subject to a notice period of 12 months, while all other employment contracts of the members of the Management

Board are subject to a notice period of 6 months. They are not contractually entitled to any severance payments, or any change of control provisions. Their contracts do not contain non-competition provisions.

## COMPENSATION TO THE BOARD OF DIRECTORS (AUDITED)

### ILLUSTRATION [7]: COMPENSATION TO THE BOARD OF DIRECTORS IN 2020 AND 2019

	Year	Fixed fee	Committee fee	Total cash compensation	Social benefits <sup>1</sup>	Share award plan: shares granted (number) <sup>2</sup>	Fair value of shares granted <sup>3</sup>	Total compensation
CHF 1,000								
Dr. Lukas Braunschweiler (Chairman)	<b>2020</b>	<b>200</b>	<b>3</b>	<b>203</b>	<b>27</b>	<b>352</b>	<b>111</b>	<b>341</b>
	2019	200	8	208	26	454	104	338
Heinrich Fischer (Vice Chairman)	<b>2020</b>	<b>89</b>	<b>18</b>	<b>107</b>	<b>5</b>	<b>194</b>	<b>61</b>	<b>173</b>
	2019	85	22	107	4	227	52	163
Dr. Oliver S. Fetzner	<b>2020</b>	<b>79</b>	<b>20</b>	<b>99</b>	<b>-</b>	<b>159</b>	<b>50</b>	<b>149</b>
	2019	75	20	95	-	181	41	136
Lars Holmqvist	<b>2020</b>	<b>79</b>	<b>10</b>	<b>89</b>	<b>-</b>	<b>159</b>	<b>50</b>	<b>139</b>
	2019	75	10	85	-	181	41	126
Dr. Karen Hübscher	<b>2020</b>	<b>79</b>	<b>26</b>	<b>105</b>	<b>13</b>	<b>159</b>	<b>50</b>	<b>168</b>
	2019	75	13	88	11	181	41	140
Dr. Christa Kreuzburg	<b>2020</b>	<b>79</b>	<b>33</b>	<b>112</b>	<b>14</b>	<b>159</b>	<b>50</b>	<b>176</b>
	2019	75	20	95	11	181	41	147
Daniel R. Marshak	<b>2020</b>	<b>79</b>	<b>20</b>	<b>99</b>	<b>-</b>	<b>159</b>	<b>50</b>	<b>149</b>
	2019	75	20	95	-	181	41	136
<b>Total</b>	<b>2020</b>	<b>684</b>	<b>130</b>	<b>814</b>	<b>59</b>	<b>1,341</b>	<b>422</b>	<b>1,295</b>
	2019	660	113	773	52	1,586	362	1,187

<sup>1</sup>Employer's contribution to social security.

<sup>2</sup>Vesting condition: Graded vesting from May 1, 2019 to April 30, 2020 (Share Plan BoD 2019) and from May 1, 2020 to April 30, 2021 (Share Plan BoD 2020). Vested shares are transferred at the end of the service period (April 30, 2020 and April 30, 2021, respectively). The shares are fully included in the amount of fair value of shares granted.

<sup>3</sup>Formula for 2019: Shares granted in 2019 \* fair value at grant (CHF 228.40) and formula for 2020: Shares granted in 2020 \* fair value at grant (CHF 316.40).

At the 2019 Annual General Meeting, shareholders approved a maximum aggregate compensation amount of CHF 1,450,000 for the Board of Directors for the compensation period from the 2019 Annual General Meeting until the 2020 Annual General Meeting. The actual compensation paid to the Board of Directors for this term was CHF 1,295,000 and is therefore within the approved limits.

At the 2020 Annual General Meeting, shareholders approved a maximum aggregate compensation amount of CHF 1,450,000 for the Board of Directors for the term from the 2020 Annual General Meeting until the 2021 Annual General Meeting. This compensation period is not completed yet and a conclusive assessment will be provided in the 2021 Compensation Report.



## COMPENSATION TO THE MANAGEMENT BOARD (AUDITED)

### COMPENSATION AT GRANT VALUE

The illustration [8] shows the compensation of the CEO and the other members of the Management Board granted in the reporting year.

### ILLUSTRATION [8]: GRANTED COMPENSATION

	Year	Fixed Base Salary	Taxable fringe benefits <sup>1</sup>	Social benefits <sup>2</sup>	Short- term variable compensation <sup>3</sup>	Fair value of PSMP initial shares (in the year of grant) <sup>4</sup>	Fair value of PSMP matching shares (in the year of grant) <sup>5</sup>	<b>Total compensation (granted)</b>	Number of granted / awarded shares		
									PSMP: number of shares initial grant	PSMP: number of matching shares (at factor 1.25)	PSMP: number of matching shares (at maximum)
CHF 1,000 (gross amounts)											
Dr. Achim von Leoprechting <sup>6</sup> (CEO, since April 1, 2019)	2020	645	12	316	843	557	696	3,069	1,761	2,202	4,403
	2019	526	8	269	329	518	648	2,298	2,268	2,835	5,670
Tania Micki (CFO, since Feb. 17, 2020)	2020	305	8	114	257	334	418	1,436	1,057	1,322	2,643
	2019										
Other members of the Management Board <sup>8</sup>	2020	1,967	60	1,034	1,652	2,252	2,815	9,780	7,043	8,804	17,608
	2019	1,506	188	843	645	1,648	2,060	6,891	7,217	9,021	18,043
Dr. David Martyr (former CEO until March 31, 2019) <sup>6</sup>	2020	58	1	227	-	-	-	286	-	-	-
	2019	690	11	443	437	764	956	3,301	3,347	4,184	8,368
Dr. Rudolf Eugster (former CFO, until Feb. 29, 2020) <sup>7</sup>	2020	61	239	122	50	68	85	625	214	268	535
	2019	359	3	227	152	377	471	1,589	1,651	2,064	4,128
<b>Total</b>	2020	3,036	320	1,813	2,802	3,211	4,014	15,196	10,075	12,596	25,189
	2019	3,081	210	1,782	1,563	3,308	4,135	14,079	14,483	18,104	36,208

<sup>1</sup>2019: Including the third third of the special payment to a new MB member for lost LTI as well as the relocation costs for a new MB member

2020: Including payout of accrued vacation of the former CFO at the end of the contract

<sup>2</sup>Employer's contribution to social security and contributions to post-employment benefit plans (including social security on shares transferred during the reporting period)

<sup>3</sup>Payment will be made in the following year

<sup>4</sup>Formula for 2019: Shares granted in 2019 \* fair value at grant (CHF 228.40)

Formula for 2020: Shares granted in 2020 \* fair value at grant (CHF 316.40) and additional grant for new CPO with a fair value at grant (CHF 390.60)

<sup>5</sup>Formula for 2019: Shares granted in 2019 \* fair value at grant (CHF 228.40) \* 1.25

Formula for 2020: Shares granted in 2020 \* fair value at grant (CHF 316.40) \* 1.25. The disclosed amount corresponds to the fair value of the matching shares at the time of grant (e.g. based on performance achievement at target). This value may differ from the value of the accruals disclosed under IFRS reporting, as those are based on a best-estimate at the end of the reporting year.

<sup>6</sup>2019: Member of the Management Board with the highest compensation in 2019

2020: Member of the Management Board with the highest compensation in 2020

<sup>7</sup>2019: Member of the Management Board with the second highest compensation in 2019

<sup>8</sup>2019: Total six members (entry of a member August, 3; one member becomes CEO on April, 1)

2020: Total seven members (entry of a member April 1 [Head PB] and August 1 [CPO] and leaving of the former CPO, September 30)

#### Explanatory comments on the compensation table:

- The achievement of targets for short-term variable cash compensation was higher in 2020 than in 2019, details of which are given below.
- The allotment CHF value of the long-term equity award (PSMP) decreased slightly compared to the previous year, although the number of members of the Management Board increased from eight to nine. The slight decrease is the result of three new appointments within the Management Board in the financial year and the replacement of the CEO in the previous year.

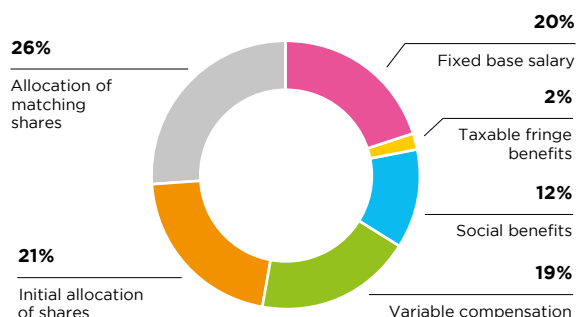
At the 2019 Annual General Meeting, shareholders approved a maximum aggregate compensation amount of CHF 18,500,000 for the Management Board for the financial year 2020. The actual

compensation awarded to the Management Board in 2020 was CHF 15,196,000 and is therefore within the approved limits.

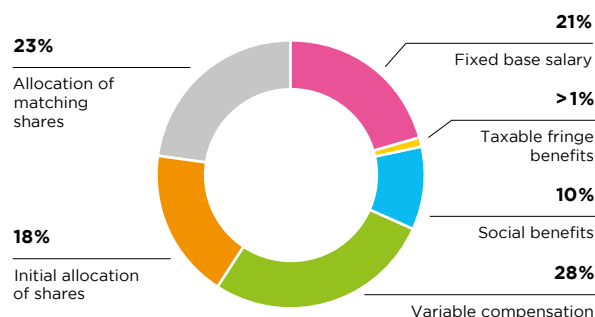
## ILLUSTRATION [9]: COMPENSATION MIX

### PERFORMANCE IN 2020

#### SALARY STRUCTURE MANAGEMENT BOARD (WITHOUT CEO)



#### SALARY STRUCTURE CEO



In the year under review, the Group sales growth and reported EBITDA margin, as well as the corporate strategic objectives exceeded the pre-set targets. Considering the broader context in 2020, where Tecan did not apply for any kind of state support and followed the regular dividend payment policy (and will continue to do so for 2020), the Board of Directors decided that the incentive plan rules can be applied without adjustments for the business year 2020 and that it was not justified or necessary to apply discretion in the compensation decisions. Specifically, the original performance objectives were not amended and no adjustments were made in the performance assessment at year end. Consequently, the overall short-term variable cash compensation payout amounted to 196% of target for the CEO and all other members of the Management Board. In 2020, important ESG-related milestones were achieved regarding employee and company culture as well as customer-related goals which were even accelerated despite the effects of the COVID-19 pandemic. In the year under review, the 2018 to 2020 PSMP cycle came to an end. The performance achievement over the performance period resulted in a matching share factor of 2.5.

### COMPENSATION TO FORMER MEMBERS OF GOVERNING BODIES

No compensation was paid to former members of the Board of Directors or the Management Board in 2020 after the end of their term of office or contract with Tecan, respectively.

### RELATED PARTY COMPENSATION

No compensation was paid in 2020 or the previous year to parties related to present or former members of the Board of Directors or the Management Board.

### LOANS AND CREDITS

#### CURRENT AND FORMER MEMBERS OF GOVERNING BODIES

Neither in 2020 nor in the previous year were any loans or credits extended to current or former members of the Board of Directors or the Management Board that remained outstanding at the end of the year.

#### RELATED PARTIES

Neither in 2020 nor in the previous year were any loans or credits extended to related parties of current or former members of the Board of Directors or the Management Board that remained outstanding at the end of the year.

## SHAREHOLDINGS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD IN 2020

Information regarding participations of the Board of Directors and Management Board in Tecan Group Ltd. can be found in the Notes to the financial statements of Tecan Group Ltd. (Note 12.2 on pages 178-179 of this Annual Report).

## OUTLOOK AND MOTIONS ON COMPENSATION AT THE ANNUAL GENERAL MEETING

At the 2021 Annual General Meeting, the Board of Directors will propose:

- the maximum aggregate compensation amount for the Board of Directors, for the next term of office (binding vote)
- the maximum aggregate compensation amount for the Management Board, for the financial year 2022 (binding vote)
- the 2020 Compensation Report (retrospective advisory vote)

## MAXIMUM AGGREGATE COMPENSATION AMOUNT FOR THE BOARD OF DIRECTORS

The maximum aggregate compensation amount for the Board of Directors for the term of office between the 2021 and the 2022 Annual General Meeting submitted to vote is based on the following elements:

- seven members of the Board of Directors
- fixed basic fee paid in cash and Restricted Share Units
- committee fees paid in cash
- additional committee fees for ad-hoc committees and a travel fee (for members located in the US only)

## MAXIMUM AGGREGATE COMPENSATION AMOUNT FOR THE MANAGEMENT BOARD

The maximum aggregate compensation amount to the Management Board for the financial year 2022 submitted to vote is based on the following elements:

- nine members of the Management Board
- short-term variable cash compensation: the maximum amount assumes that the defined performance objectives are significantly exceeded and that the short-term variable cash compensation payout amounts to 200% (maximum)
- long-term equity incentive award (PSMP): the maximum amount is based on a matching share factor of 2.5 (maximum). A possible share price appreciation during the three-year vesting period is not considered

Illustration [10] below shows a comparison between the maximum aggregate compensation amounts approved and the compensation effectively awarded in recent years.

## ILLUSTRATION [10]: COMPENSATION APPROVED VERSUS AWARDED (MANAGEMENT BOARD)

In CHF per year (gross)	Fiscal year 2022 <sup>1</sup>	Fiscal year 2021	Fiscal year 2020	Fiscal year 2019
Approved compensation amount	n.a.	18,500,000	18,500,000	18,500,000
Compensation awarded	n.a.	n.a. <sup>2</sup>	15,196,000	14,079,000

<sup>1</sup> to be proposed to the 2021 Annual General Meeting

<sup>2</sup> compensation period not yet completed

Note: The approved compensation amount is based on the assumption that all performance indicators under both the short-term variable cash compensation and the PSMP will be significantly over-achieved and that the payout factor will be at the maximum possible level. The approved compensation amount does not account for

any share price appreciation over the three-year period of the PSMP. The awarded compensation amount is based on the short-term variable cash compensation effectively paid and on the fair value of the initial shares and of the matching shares granted under the PSMP in the respective year.





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To the General Meeting of  
Tecan Group Ltd., Männedorf

Zurich, 11 March 2021

## Report of the statutory auditor on the compensation report

We have audited the compensation report of Tecan Group Ltd. for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections “Compensation to the Board of Directors”, “Compensation to the Management Board”, “Compensation to former members of governing bodies”, “Related party compensation” and “Loans and credits” on pages 101 to 103.



### Board of Directors' responsibility

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



### Auditor's responsibility

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

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

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



**Opinion**

In our opinion, the compensation report for the year ended 31 December 2020 of Tecan Group Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Pascal Solèr  
Licensed audit expert



The background of the entire page is a dark blue field filled with a dense pattern of small, glowing red and orange dots. A large, three-dimensional DNA double helix structure is rendered in a gradient of orange and red, winding diagonally from the bottom left towards the top right. The helix has a glossy, translucent appearance. In the lower-left quadrant, there are three stacked, light gray rectangular boxes containing the text 'Financial', 'Report', and '2020.' respectively. The text is in a black, serif font. The overall aesthetic is high-tech and scientific, suggesting themes of genetics, data, or future technology.

Financial

Report

2020.



# Chief Financial Officer's Report



**TANIA MICKI**  
Chief Financial Officer  
(since February 2020)

---

Reported net  
profit for the year  
2020 rose to  
CHF 103.7 million.

## ORDER ENTRY AND SALES

In the year under review, Tecan recorded a surge in orders for product lines supporting the global fight against the coronavirus pandemic. Full-year order entry increased by 33.9% to CHF 855.2 million (2019: CHF 638.6 million), or by 38.5% in local currencies. After orders already grew by 24.3% in local currencies in the first half of the year, with an increase of 51.8% in local currencies order entry accelerated further in the second half. Order backlog even grew at a significantly higher rate than full-year order entry to reach a record high as of December 31, 2020.

Sales for fiscal year 2020 climbed by 14.8% to CHF 730.9 million (2019: CHF 636.8 million), corresponding to growth of 18.7% in local currencies. The growth trend accelerated in the second half of the year, with sales increasing by 23.5% in Swiss francs and 27.8% in local currencies.

Demand for pipette tips increased drastically due to the testing needs associated with COVID-19. As a result, overall recurring sales of services, consumables and reagents also increased in the full year 2020 by 26.2% in local currencies and 21.3% in Swiss francs, thus amounting to 43.6% of total sales (2019: 41.3%).

## REGIONAL DEVELOPMENT

In Europe, Tecan's full-year sales increased by 9.6% in local currencies and by 7.6% in Swiss francs. The increase in sales was driven by the Life Sciences Business, with instrument installations supporting PCR-based testing as part of the European COVID-19 response. Sales of the Partnering Business declined in Europe as several customers saw lower demand based on the decrease in doctor visits and related lower volumes in routine diagnostic testing as well as restricted access to labs. Sales growth in local currencies accelerated in the second half of the year to 12.9%.

In North America, sales grew by 24.9% in local currencies and 19.5% in Swiss francs in 2020, with both business segments delivering double-digit growth rates in local currencies. Sales in local currencies increased even by 43.3% in the second half of the year, reflecting a surge in demand for COVID-19 related products.

In Asia, Tecan recorded a significant increase in sales of 22.7% in local currencies and 17.5% in Swiss francs. This increase was driven by double-digit growth rates in both business segments. Growth in China outpaced that of the Asia region as a whole, bringing the total business in China to over CHF 80 million in the year. In the second half, sales in Asia increased by 20.8% in local currencies and 16.8% in Swiss francs.

The reader is referred to the "Life Sciences Business" and "Partnering Business" sections of this Annual Report for a detailed description of the business performance of the individual segments.

## GROSS PROFIT

Gross profit increased to 354.9 million Swiss Francs (2019: CHF 297.3 million), which was 57.6 million or 19.4% above the prior-year figure. The reported gross profit margin increased to 48.6% – 190 basis points higher compared to the prior year (2019: 46.7%).

Several factors impacted the gross profit margin level. Main effects contributing:

- (+) Product mix, despite a higher contribution from consumables
- (+) Price
- (-) Underabsorption of service organization due to closed facilities and restricted access to labs
- (-) Higher freight and logistics cost mainly due to less capacity available
- (-) Exchange rate impact

## OPERATING EXPENSES LESS COST OF SALES

In 2020, operating expenses grew less than sales and totaled CHF 234.0 million or 32.0% of sales (2019: CHF 209.4 million or 32.9% of sales).

Sales and Marketing increased slightly less than sales to CHF 105.9 million despite continued investments in the market units (2019: CHF 92.9 million).

At an absolute level, net research and development expenses increased to CHF 62.0 million (2019: CHF 59.9 million). As a percentage of sales, they reached 8.5% of sales (2019: 9.4%).

Overall R&D activities and gross expenses ("gross R&D") were also higher compared to the prior-year period, including capitalization of development costs and customer funding of OEM projects. Capitalization of development costs increased to CHF 15.3 million driven by milestone completion as projects neared market launch (2019: CHF 12.4 million). Gross R&D was at CHF 78.5 million or 10.7% of sales (2019: CHF 77.8 million or 12.2% of sales).

General and administration expenses increased to CHF 66.0 million (2019: CHF 56.6 million), mainly due to more cost on the corporate level mostly related to performance-based personnel cost and investments in process improvement and digitalization projects.

## OPERATING PROFIT

Reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 29.6% to CHF 159.1 million in the fiscal year 2020 (2019: CHF 122.8 million). The increase in reported EBITDA was mainly driven by benefits of scale due to the significantly higher volumes. In addition to common economies of scale, reported EBITDA benefited from an even more positive impact as the overall cost base was not yet fully adjusted to support the business on a sustainable basis. The results development was also helped by a one-time positive effect from an adjustment of the Swiss pension plan as well as increased capitalization of development costs as projects neared market launch. On the other hand, exchange rate movements in major currencies versus the Swiss franc had a negative impact on the reported EBITDA, comparable to the one-time positive effects.

The reported EBITDA margin grew correspondingly by 250 basis points to 21.8% of sales (2019: 19.3%). Assuming exchange rates in line with 2019, the reported EBITDA margin would have stood at 22.5% of sales.

The profit before interest and taxes, EBIT, with an increase of 36.9% grew more than sales to CHF 121.4 million (2019: CHF 88.7 million). The EBIT margin increased to 16.6% of sales (2019: 13.9%).



## NET PROFIT AND EARNINGS PER SHARE

Reported net profit for the year 2020 rose by 41.7% to CHF 103.7 million (2019: CHF 73.2 million). Thanks to an improved financial result, net profit increased by more than operating profit (earnings before interest and taxes; EBIT). The net profit margin amounted to 14.2% of sales (2019: 11.5%), while earnings per share rose strongly to CHF 8.69 (2019: CHF 6.18).

## BALANCE SHEET AND EQUITY RATIO

Shareholders' equity at December 31, 2020 increased by 11.3% to CHF 733.7 million (2019: CHF 659.1 million). Correspondingly, Tecan's equity ratio reached 66.2% as of December 31, 2020 (December 31, 2019: 70.1%).

## CASH FLOW

Cash flow from operating activities more than doubled to CHF 208.3 million (2019: CHF 98.8 million), due to a focus on cash collection and management. Thus, cash flow from operating activities corresponded to 28.5% of sales (2019: 15.5%).

Net liquidity (cash and cash equivalents plus short-term time deposits minus bank liabilities and loans) reached CHF 467.7 million (June 30, 2020: CHF 354.0 million; December 31, 2019: CHF 312.4 million).



**TANIA MICKI**

Chief Financial Officer (since February 2020)

## FIVE-YEAR CONSOLIDATED DATA

	2016	2017 (Restated) <sup>1</sup>	2018	2019	2020
CHF 1,000					
<b>Statement of profit or loss</b>					
Sales	506,227	548,559	593,795	636,819	730,879
EBITDA	89,031	104,625	110,322	122,761	159,106
Operating profit (EBIT)	68,137	79,796	88,553	88,699	121,390
Financial result	(2,709)	(804)	(5,155)	(5,959)	(3,163)
Income taxes	(10,886)	(13,062)	(12,702)	(9,571)	(14,542)
Profit for the period	54,542	65,930	70,696	73,169	103,685
Research and development, gross	(47,090)	(51,069)	(51,086)	(59,857)	(62,043)
Personnel expenses	(174,217)	(187,451)	(197,320)	(220,254)	(259,640)
Depreciation of property, plant and equipment	(6,750)	(6,969)	(7,699)	(8,786)	(9,472)
Depreciation of right-of-use assets <sup>2</sup>	-	-	-	(10,513)	(10,915)
Amortization of intangible assets	(14,144)	(16,723)	(14,070)	(14,541)	(15,056)
Impairment losses	-	(1,137)	-	-	(2,051)
<b>Balance sheet</b>					
Current assets	534,290	602,194	596,048	615,499	777,986
Non-current assets	201,871	201,767	261,623	324,274	330,641
Total assets	736,161	803,961	857,671	939,773	1,108,627
Current liabilities	141,956	153,142	163,470	157,286	225,018
Non-current liabilities	107,120	100,698	81,792	123,420	149,958
Total liabilities	249,076	253,840	245,262	280,706	374,976
Shareholders' equity	487,085	550,121	612,409	659,067	733,651
<b>Statement of cash flows</b>					
Cash inflows from operating activities	118,801	99,428	92,702	98,804	208,335
Capital expenditure in property, plant and equipment and intangible assets	(14,322)	(19,641)	(26,193)	(23,937)	(41,288)
Acquisition of DCPM/PMAS <sup>3</sup>	-	-	-	(20,846)	-
Acquisition of NuGEN Technologies, Inc. <sup>3</sup>	-	-	(43,805)	-	-
Acquisition of Pulsar Technologies S.A.S. <sup>3</sup>	-	(2,895)	-	-	-
Acquisition of SPEware Group <sup>3</sup>	(40,390)	-	(4,546)	(4,200)	-
Dividends paid	(20,122)	(20,315)	(23,462)	(24,835)	(26,242)
<b>Other information</b>					
Number of employees (end of period)	1,447	1,482	1,662	1,932	2,050
Number of employees (average)	1,368	1,469	1,562	1,818	1,984
Research and development in % of sales	9.3%	9.3%	8.6%	9.4%	8.5%
Sales per employee	370	373	380	350	368
<b>Information per share</b>					
Basic earnings per share (CHF)	4.74	5.67	6.02	6.18	8.69
Gross dividend (CHF) <sup>4</sup>	1.75	2.00	2.10	1.10	1.15 <sup>5</sup>
Payout from statutory capital contribution reserve (CHF) <sup>4</sup>	0.00	0.00	0.00	1.10	1.15 <sup>5</sup>
Total payout (CHF) <sup>4</sup>	1.75	2.00	2.10	2.20	2.30 <sup>5</sup>
Total payout ratio	36.9%	35.3%	34.9%	35.6%	26.5%

<sup>1</sup>Restated due to introduction of IFRS 15<sup>2</sup>IFRS 16 introduced in 2019 (modified retrospective method)<sup>3</sup>Net of cash acquired<sup>4</sup>Payment is made in following year<sup>5</sup>Proposal to the Annual General Meeting of Shareholders on April 13, 2021

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CHF 1,000	Notes	2019	2020
<b>Sales</b>	4/5/6	<b>636,819</b>	<b>730,879</b>
Cost of sales		(339,552)	(375,963)
<b>Gross profit</b>		<b>297,267</b>	<b>354,916</b>
Sales and marketing		(92,888)	(105,944)
Research and development	8	(59,857)	(62,043)
General and administration		(56,649)	(65,981)
Other operating income	9	1,327	1,585
Other operating expenses	9	(501)	(1,143)
<b>Operating profit</b>	6	<b>88,699</b>	<b>121,390</b>
Financial income		23	32
Finance cost		(1,426)	(1,466)
Net foreign exchange losses		(4,556)	(1,729)
<b>Financial result</b>	10	<b>(5,959)</b>	<b>(3,163)</b>
<b>Profit before taxes</b>		<b>82,740</b>	<b>118,227</b>
Income taxes	13	(9,571)	(14,542)
<b>Profit for the period, attributable to owners of the parent</b>		<b>73,169</b>	<b>103,685</b>
<b>Earnings per share</b>			
Basic earnings per share (CHF/share)	11	6.18	8.69
Diluted earnings per share (CHF/share)	11	6.13	8.62

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CHF 1,000	Notes	2019	2020
<b>Profit for the period</b>		<b>73,169</b>	<b>103,685</b>
<i>Other comprehensive income</i>			
Change in fair value and sale of an unquoted equity instrument designated at fair value through other comprehensive income		(1,167)	1,588
Related income taxes		91	-
Remeasurement of net defined benefit liability	12.3	(16,625)	(19,367)
Related income taxes		3,547	3,588
<b>Items that will not be reclassified to profit or loss, net of income taxes</b>		<b>(14,154)</b>	<b>(14,191)</b>
Translation differences		(5,287)	(10,471)
Related income taxes		97	13
<b>Items that may be reclassified subsequently to profit or loss, net of income taxes</b>		<b>(5,190)</b>	<b>(10,458)</b>
<i>Other comprehensive loss, net of income taxes</i>		<i>(19,344)</i>	<i>(24,649)</i>
<b>Total comprehensive income for the period, attributable to owners of the parent</b>		<b>53,825</b>	<b>79,036</b>



## CONSOLIDATED BALANCE SHEET

### ASSETS

CHF 1,000	Notes	31.12.2019	31.12.2020
Cash and cash equivalents	14	266,274	148,440
Other current financial assets	15	50,500	322,478
Trade accounts receivable	16	121,517	122,800
Contract assets		468	548
Other accounts receivable		12,159	12,647
Inventories	17	151,947	159,453
Income tax receivables	13	3,098	2,266
Prepaid expenses		6,536	6,189
Assets held for sale	3.3	3,000	3,165
<b>Current assets</b>		<b>615,499</b>	<b>777,986</b>
Non-current financial assets	18	1,173	5,351
Investment property	3.3	3,428	-
Property, plant and equipment	19	29,393	42,139
Right-of-use assets	20	43,428	37,082
Intangible assets and goodwill	21	222,965	213,908
Deferred tax assets	13	23,887	32,161
<b>Non-current assets</b>		<b>324,274</b>	<b>330,641</b>
<b>Assets</b>		<b>939,773</b>	<b>1,108,627</b>

### LIABILITIES AND EQUITY

CHF 1,000	Notes	31.12.2019	31.12.2020
Current financial liabilities	22	14,682	11,110
Trade accounts payable		10,403	11,858
Other accounts payable		16,717	17,245
Current contract liabilities	23	36,222	62,359
Current government grants	24	-	465
Income tax payables	13	14,404	20,206
Accrued expenses		45,153	76,478
Current provisions	25	19,705	25,297
<b>Current liabilities</b>		<b>157,286</b>	<b>225,018</b>
Non-current financial liabilities	22	34,484	28,309
Non-current contract liabilities	23	25,947	23,015
Non-current government grants	24	-	16,411
Liability for post-employment benefits	12.3	51,881	70,870
Non-current provisions	25	5,301	6,980
Deferred tax liabilities	13	5,807	4,373
<b>Non-current liabilities</b>		<b>123,420</b>	<b>149,958</b>
<b>Total liabilities</b>		<b>280,706</b>	<b>374,976</b>
Share capital		1,187	1,196
Capital reserve		43,434	47,999
Retained earnings		650,085	730,553
Translation differences		(35,639)	(46,097)
<b>Shareholders' equity</b>	26	<b>659,067</b>	<b>733,651</b>
<b>Liabilities and equity</b>		<b>939,773</b>	<b>1,108,627</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

CHF 1,000	Notes	2019	2020
<b>Profit for the period</b>		<b>73,169</b>	<b>103,685</b>
<b>Adjustments for</b>			
Depreciation, amortization and impairment losses	19/20/21	34,062	37,716
Change in government grants, liability for post-employment benefits and provisions	12.3/24/25	1,691	7,384
Interest income	10	(23)	(32)
Interest expenses	10	1,008	951
Income taxes	13	9,571	14,542
Equity-settled share-based payment expense	12.4	12,046	14,594
Other non-cash items		1,215	5,100
<b>Change in working capital</b>			
Trade accounts receivable	16	(16,625)	(5,737)
Inventories	17	21,828	(10,594)
Trade accounts payable		(4,019)	1,901
Contract liabilities	23	(9,335)	24,874
Other changes in working capital (net)		(9,205)	25,986
Settlement of contingent consideration	3.2	(800)	-
Income taxes paid		(15,779)	(12,035)
<b>Cash inflows from operating activities</b>		<b>98,804</b>	<b>208,335</b>
Investment in time deposits		(50,000)	(270,000)
Acquisition of an unquoted equity investment	18	(167)	(11)
Sale of an unquoted equity investment (held for sale)	3.3	-	4,588
Interest received		23	29
Acquisition of DCPM/PMAS, net of cash acquired	3.2	(20,846)	-
Settlement of contingent consideration	3.2	(4,200)	-
Purchase of property, plant and equipment	19	(9,407)	(23,769)
Proceeds from sale of property, plant and equipment	19	71	64
Investment in intangible assets	21	(14,530)	(17,519)
Receipt of government grants	24	-	17,877
<b>Cash outflows from investing activities</b>		<b>(99,056)</b>	<b>(288,741)</b>
Proceeds from employee participation plans	12.4	4,583	4,574
Dividends paid	26	(24,835)	(26,242)
Payment of lease liabilities	22	(9,960)	(10,492)
Increase in/repayment of short-term credit facilities	22	1,033	(2,153)
Increase in bank loans	22	640	393
Repayment of bank loans	22	-	(1,406)
Interest paid		(856)	(948)
<b>Cash outflows from financing activities</b>		<b>(29,395)</b>	<b>(36,274)</b>
Effect of exchange rate fluctuations on cash held		(915)	(1,154)
<b>Decrease in cash and cash equivalents</b>		<b>(30,562)</b>	<b>(117,834)</b>
Cash and cash equivalents, net of bank overdrafts at January 1		296,836	266,274
<b>Cash and cash equivalents, net of bank overdrafts at December 31</b>	14	<b>266,274</b>	<b>148,440</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Capital reserve	Retained earnings	Translation differences	Total share-holders' equity
CHF 1,000						
<b>Balance at January 1, 2019</b>		<b>1,177</b>	<b>38,861</b>	<b>602,820</b>	<b>(30,449)</b>	<b>612,409</b>
Profit for the period		-	-	73,169	-	73,169
Other comprehensive loss, net of income taxes		-	-	(14,154)	(5,190)	(19,344)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>59,015</b>	<b>(5,190)</b>	<b>53,825</b>
Dividends paid	26	-	-	(24,835)	-	(24,835)
New shares issued based on employee participation plans	12.4/26	10	4,573	-	-	4,583
Share-based payments, net of income taxes	12.4	-	-	13,085	-	13,085
<b>Total contributions by and distributions to owners</b>		<b>10</b>	<b>4,573</b>	<b>(11,750)</b>	<b>-</b>	<b>(7,167)</b>
<b>Balance at December 31, 2019</b>		<b>1,187</b>	<b>43,434</b>	<b>650,085</b>	<b>(35,639)</b>	<b>659,067</b>
Profit for the period		-	-	103,685	-	103,685
Other comprehensive loss, net of income taxes		-	-	(14,191)	(10,458)	(24,649)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>89,494</b>	<b>(10,458)</b>	<b>79,036</b>
Dividends paid	26	-	-	(26,242)	-	(26,242)
New shares issued based on employee participation plans	12.4/26	9	4,565	-	-	4,574
Share-based payments, net of income taxes	12.4	-	-	17,216	-	17,216
<b>Total contributions by and distributions to owners</b>		<b>9</b>	<b>4,565</b>	<b>(9,026)</b>	<b>-</b>	<b>(4,452)</b>
<b>Balance at December 31, 2020</b>		<b>1,196</b>	<b>47,999</b>	<b>730,553</b>	<b>(46,097)</b>	<b>733,651</b>



# Notes to the consolidated financial statements

## 1 REPORTING ENTITY

The Tecan Group is a global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The Group specializes in the development, production and distribution of automation solutions for laboratories in the life sciences sector. Its clients include pharmaceutical and biotechnology companies, university research departments, forensic and diagnostic laboratories. As an original equipment manufacturer, the Group also develops and manufactures OEM instruments and components that are then distributed by partner companies. Founded in Switzerland in 1980, the Group has manufacturing, research and development sites in both Europe and North America and maintains a sales and service network in 52 countries.

The ultimate parent company is Tecan Group Ltd., a limited company incorporated in Switzerland, whose shares are publicly traded. Tecan Group Ltd.'s registered office is located at Seestrasse 103, 8708 Männedorf, Switzerland.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements are the consolidated financial statements of Tecan Group Ltd. and its subsidiaries (together referred to as the 'Group') for the year ended December 31, 2020. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements are presented in Swiss francs (CHF), rounded to the nearest thousand. They are prepared on the historical cost basis except for derivative financial instruments, one investment in an unquoted equity instrument and contingent considerations in connection with business combinations, which are stated at their fair value.

The consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2021. Final approval is subject to acceptance by the Annual General Meeting of Shareholders on April 13, 2021.

### 2.2 COVID-19 PANDEMIC

The global health and economic crisis resulting from the COVID-19 pandemic affects the Group in its day-to-day operations. The related impacts encompass a significant change in product mix as well as cost effects. For example, with numerous laboratories closed in most of the countries, the local service teams had no or only limited access to the customers sites particularly in April and May. Therefore, the service cost center was showing higher under-absorption, reflecting

the under-utilization of the installation and service department. In addition, the Group had to accept higher freight costs caused by the partial cessation of flight operations and other restrictions on international trade. Also, an increase in safety stocks was required to limit the impact of any supply chain interruptions for production. On the other hand, travel spend went down, partly offsetting the adverse costs mentioned above.

The Group has also seen a significant increase in order entry due to higher demand mainly for Liquid Handling instruments and respective consumables as a result of the pandemic. This led to increased sales albeit with significant shifts in the product mix due to changes in the business environment of its customers.

In October 2020 the U.S. Department of Defense and the U.S. Department of Health and Human Services awarded a government grant of USD 32.9 million (CHF 29.8 million) to support the build-up of U.S. pipette tip manufacturing for COVID-19 testing. Disposable pipette tips are key components for molecular tests for SARS-CoV-2 and other assays performed on fully automated, high throughput systems. The funding enables the Group to launch new production capacity in the U.S. and to increase the domestic supply for critical medical resources.

### 2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of these financial statements. If in the future such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the year in which the circumstances change.

The valuation of the following material positions is based on critical accounting estimates and judgments:

#### 2.3.1 Revenue recognition – performance obligations satisfied over time

The Group applies the cost-to-cost method in accounting for performance obligations satisfied over time as outlined in the accounting and valuation principles (see note 2.7.1). The use of the cost-to-cost method requires management to determine the stage of completion by reference to the contract costs incurred for work performed to date in proportion to the estimated total contract costs. Based on the estimated stage of completion, a respective portion of the expected revenue is recognized. If circumstances arise that may change the original estimates of revenues, costs or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the statement of profit or loss in the period in which the

circumstances that give rise to the revision become known to the management. See notes 4 and 23 for more details.

### 2.3.2 Performance share matching plan (PSMP) – matching share factor

The Group established performance share matching plans. The number of matching shares is determined based on the following formula: number of shares from initial grant that qualify for matching shares, multiplied by the matching share factor. The matching share factor is dependent on the achievement of specific performance targets. In any case, the matching share factor will not be lower than 0.0 or higher than 2.5. A change in estimate of the matching share factors applied in the current period, will impact the results of future periods. See note 12.4 for more details.

### 2.3.3 Income taxes

At December 31, 2020, the net liability for current income taxes was CHF 17.9 million and the net asset for deferred taxes was CHF 27.8 million. Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. Various internal and external factors may have favorable or unfavorable effects on the income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws, regulations and/or rates (particularly in relation to the Swiss tax reform, see note 13.2.3 for more details), changing interpretations of existing tax laws or regulations (particularly in relation to the acceptance of intra-group transfer prices), and changes in overall levels of pre-tax earnings. Such changes could impact the assets and liabilities recognized in the balance sheet in future periods.

### 2.3.4 Inventories – capitalized development costs

In 2010, the Group entered into an OEM agreement with a global diagnostics company. The agreement comprises the development and supply of a dedicated diagnostic instrument. The related customer-specific development costs were capitalized in the position inventories as part of the production costs. The delivery of the instruments, which takes place over a period of more than 10 years, started in October 2014. The customer requests the units with individual purchase orders. The Group recognizes the corresponding development costs in cost of sales upon fulfilment of the individual purchase orders. The remaining balance of capitalized development costs as of December 31, 2020 amounted to CHF 54.5 million.

At December 31, 2020, the net realizable value of the position was higher than the capitalized development costs. However, the assessment is highly dependent on the best estimate of the future sales quantity. A decrease in estimate could require write-downs in future periods.

### 2.3.5 Intangible assets – capitalized development costs

After the technical feasibility of in-house developed products has been demonstrated, the Group starts to capitalize the related development costs until the product is ready for market launch. However, there can be no guarantee that such products will complete the development phase or will be commercialized, or that market con-

ditions will not change in the future, requiring a revision of management's assessment of future cash flows related to those products. Such changes could lead to additional amortization and impairment charges. At the end of 2020, the Group has capitalized development costs in the amount of CHF 36.4 million as disclosed in note 21.

### 2.3.6 Impairment test on goodwill

At December 31, 2020 total goodwill amounted to CHF 136.1 million. The Group performed the mandatory annual impairment tests at the end of June for goodwill Partnering Business and Life Sciences Business. Based on these tests, there was no need for the recognition of any impairment. However, the calculation of the recoverable amounts requires the use of estimates and assumptions. The key assumptions are disclosed in note 21.

### 2.3.7 Lease liabilities and right-of-use assets

The application of IFRS 16 'Leases' requires the Group to make judgments and estimates that affect the valuation of the lease liabilities (see note 22) and the valuation of right-of-use assets (see note 20). These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Group generally comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The extent to which options have been included in the valuation is shown in Note 20.2.

## 2.4 INTRODUCTION OF NEW AND REVISED/AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies are consistent with those applied in the previous year, except for the introduction of the following new or revised/amended standards and interpretations, effective as from January 1, 2020:

#### Standard/interpretation<sup>1</sup>

Conceptual Framework for Financial Reporting
IAS 1 'Presentation of Financial Statements' amended and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' amended – Definition of Material
IFRS 3 'Business Combinations' amended – Definition of a Business
Interest Rate Benchmark Reform – Phase 1 – Amendments to IFRS 9, IAS 39 and IFRS 7
IFRS 16 'Leases' amended – COVID-19-Related Rent Concessions (early application)

<sup>1</sup>IAS = International Accounting Standards, IFRS = International Financial Reporting Standards, IFRIC = Interpretations as by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee)

The adoption of the conceptual framework and amended standards did not result in substantial changes to the Group's accounting policies.

## 2.5 NEW AND REVISED/AMENDED STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The following new and revised/amended standards and interpretations have been issued, but are not yet effective and are not applied early in these consolidated financial statements:

Standard/interpretation <sup>1</sup>	Effective date for the Group
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reporting year 2021
IAS 16 'Property, Plant and Equipment' amended – Proceeds before Intended Use	Reporting year 2022
IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' amended – Onerous Contracts (Cost of Fulfilling a Contract)	Reporting year 2022
IFRS 3 'Business Combinations' amended – Reference to the Conceptual Framework	Reporting year 2022
Annual Improvements to IFRS Standards 2018 - 2020	Reporting year 2022
IAS 1 'Presentation of Financial Statements' amended – Classification of Liabilities as Current or Non-current	Reporting year 2023
IFRS 10 amended 'Consolidated Financial Statements' and IAS 28 amended 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be defined

<sup>1</sup>IAS = International Accounting Standards, IFRS = International Financial Reporting Standards, IFRIC = Interpretations as by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee)

The Group intends to adopt these standards, if applicable, when they become effective. The changes, individually and in the aggregate, are not expected to have a significant impact on the balance sheet, results of operations and cash flows of the Group upon adoption.

## 2.6 CONSOLIDATION PRINCIPLES

### 2.6.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right 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 that control commences until the date that control ceases.

On the loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognized in profit or loss.

When control is transferred in the event of a business combination, the Group is applying the acquisition method at the acquisition date.

### 2.6.2 Transactions eliminated upon consolidation

Intra-Group balances and transactions, and any unrealized profits arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

### 2.7 FOREIGN CURRENCY TRANSLATION

Generally, all Group companies have identified their local currency as their functional currency. Transactions in other currencies are initially reported using the exchange rate at the date of the transaction. Gains and losses from the settlement of such transactions, as well as gains and losses on translation of monetary assets and liabilities denominated in other currencies, are included in profit or loss.

Translation differences arising on intra-Group loans that, in substance, are part of the net investment in a foreign operation, are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operation.

Upon consolidation, assets and liabilities of Group companies using functional currencies other than Swiss francs (foreign entities) are translated into Swiss francs (presentation currency) using year-end exchange rates. Revenues, expenses and cash flows are translated at the average exchange rates for the year. Translation differences due to the changes in exchange rates between the beginning and the end of the year and the difference between net profits translated at the average and year-end exchange rates are recognized in other comprehensive income. On the disposal of a foreign operation, the identified cumulative currency translation differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized.

## 2.8 ACCOUNTING AND VALUATION PRINCIPLES

### 2.8.1 Revenue recognition, contract assets and liabilities

*Sale of standard instruments and other goods such as spare parts, trade products, consumables or reagents* – The sale of standard instruments and other goods is generally considered as one performance obligation. The Group recognizes revenue at the point in time, when control of the asset is transferred to the customer, generally upon delivery.

*Sale of complex instruments* – The sale of complex instruments generally follows the same principles as the sale of standard instruments. However, as the sale of a complex instrument requires significant installation and application work at the customer's site, control of the asset is only transferred and accordingly revenue recognized upon the written acceptance by the customer. For sales orders with multiple instruments and high integrations costs, the Group determines the number of performance obligations individually and assesses whether the performance obligation(s) is/are satisfied over time. For revenue to be recognized over time, the

following criteria must be fulfilled cumulatively: The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

*Sale of customized instruments ('Partnering Business')* – The sale of customized instruments comprises the development and supply of instruments with a customer-specific design. The development (adaption of existing Tecan-technology to the customer's specifications) and supply of the instruments is generally considered as one performance obligation due to the limited usability of and control over the pure development result for the customer. Therefore, the related customer-specific development costs are capitalized in the position inventories as part of the production costs. Once the development is completed, the customer requests the units with individual purchase orders. The Group recognizes the corresponding development costs in cost of sales upon fulfilment of the individual purchase orders.

*Engineering services without delivery of instruments* – Engineering services are generally considered as one performance obligation. Revenue is recognized upon finalization of the project (at a point in time). For larger engineering orders that follow a standard milestone process, the Group assesses whether the performance obligation is satisfied over time. For revenue to be recognized over time, the following criteria must be fulfilled cumulatively: The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

*Performance obligations satisfied over time – method of revenue recognition and presentation (sale of complex instruments and engineering services)* – The progress is generally measured by using a cost-to-cost approach: costs incurred for the work performed to date in proportion to the estimated total project costs. According to the progress, pro rata sales are recognized in the statement of profit or loss. In the balance sheet, projects in progress – netted against customers' advances – are recognized as net assets (included in the position 'contract assets') or net liabilities (included in the position 'contract liabilities'). When it is probable that the total costs will exceed contract revenue, the rules of IAS 37 – 'Onerous Contracts' are applied.

*Service contracts* – Revenue from service contracts is recognized over time based on the time elapsed.

*Warranty obligations* – The Group provides standard warranties for the repair of defects that existed at the time of sale, as required by law. These warranties qualify as assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 'Provisions'. In addition, the Group offers warranty extensions to its customers. Such warranty extensions are accounted for as service-type warranties according to IFRS 15, representing separate performance obligations to which the Group allocates a portion of the consideration based on the relative stand-alone selling price. For these service-type

warranties, revenue is recognized over time based on the time elapsed

*Bundles of goods and services* – Typically, instruments are sold together with other goods and services. The sale of other goods such as spare parts or consumables and services such as additional training or application work that are part of the same contract with a customer (bundles of goods and services), but qualify for the identification of separate performance obligations, are recognized separately from the sale of the instrument as revenues. The consideration (including any discounts) is allocated in proportion to the relative stand-alone selling prices of the identified performance obligations.

## 2.8.2 Segment reporting

*Chief operating decision maker* – Segment information is presented in the same manner as in the internal reporting to the chief operating decision maker. The chief operating decision maker, responsible for strategic decisions, for the assessment of the segments' performance and for the allocation of resources to the segments, is the Board of Directors of Tecan Group Ltd.

*Reportable segments* – The following reportable segments were identified:

- **Life Sciences Business (end-customer business):** The business segment 'Life Sciences Business' supplies end users with automated workflow solutions directly. These solutions include laboratory instruments, software packages, application know-how, services, consumables and spare parts.
- **Partnering Business (OEM business):** The business segment 'Partnering Business' develops and manufactures OEM instruments and components that are distributed by partner companies under their own names.

*Operating segments / segment assets and liabilities* – The operating segments are equivalent to the reportable segments. No operating segments have been aggregated. Segment assets, purchases of property, plant and equipment and intangible assets as well as segment liabilities are not reported to the chief operating decision maker.

## 2.8.3 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other operating income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is initially recognized in deferred income and subsequently released as other operating income in equal amounts over the expected useful life of the related asset. The Group receives government grants for research activities and in connection with COVID-19 related government support programs, mainly in the form of temporary payments to social security funds on behalf of the Group and subsidies for production lines in order to increase the supply of critical consumables.



#### 2.8.4 Employee benefits – retirement and long-service leave benefit plans

*Defined benefit plans* – The Group has both defined contribution and defined benefit retirement plans. Defined contribution plans are retirement benefit plans under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. All other retirement benefit plans are defined benefit plans.

*Liability for post-employment benefits* – The liability recognized in the balance sheet in regard to defined benefit retirement benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets for funded plans. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method, considering possible risk sharing arrangements.

*Asset for post-employment benefits* – When the calculation results in a benefit to 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.

*Defined benefit costs* – The components of defined benefit costs are as follows:

- Service costs, which are recognized in the statement of profit or loss within operating result
- Interest expense or income on net liability or asset, which is recognized in the statement of profit or loss within financial result
- Remeasurements, which are recognized in other comprehensive income

*Service costs* – Service costs include current service costs, past service costs and gains or losses on plan curtailments and settlements. When the benefits of a plan are changed, or when a plan is curtailed or settled, the portion of the changed benefits related to employee service in prior periods (past service costs), or the gains or losses on curtailments and settlements, are recognized immediately in profit or loss when the plan amendments or curtailments and settlements occur.

*Interest expense or income* – Interest expense or income is calculated by applying the discount rate to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.

*Remeasurements* – Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest income) and the effect of the asset ceiling (if applicable). Remeasurements are recognized in other comprehensive income and cannot be reclassified to profit or loss.

*Long-service leave benefits* – The method of accounting for liabilities concerning long-service leave benefits is similar to the one used for defined benefit retirement plans.

*Defined contribution plans* – Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

#### 2.8.5 Employee benefits – termination benefits

Termination benefits result from either the Group's decision to terminate the employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The event that gives rise to an obligation is the termination of employment rather than employee service. A liability for termination benefits is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when the Group recognizes any related restructuring costs.

#### 2.8.6 Employee benefits – share-based payment

*Amount recognized as an expense* – The Group has introduced several equity-settled share-based compensation plans, for which the fair value of shares or share options granted is recognized within operating result and a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares or share options (vesting period). The amount recognized as an expense is adjusted by an expected forfeiture rate to reflect the expected number of shares or share options that will vest.

*Fair value at grant* – The fair value of the shares granted represents the market value of one Tecan share adjusted for expected dividend payments during the vesting period. The fair value of the share options granted is measured using a trinomial model, taking into account the terms and conditions upon which the share options were granted.

#### 2.8.7 Income taxes

*Current and deferred income taxes* – Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (transactions with owners), in which case it is recognized in other comprehensive income or equity.

*Deferred taxes on temporary differences* – Deferred taxes are provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting profit nor taxable profit, and differences relating to investments in subsidiaries to the

extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

*Realization of tax benefits* - Deferred tax assets resulting from temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

*Deferred taxes provided on expected dividends from subsidiaries* – In addition, deferred taxes are provided on expected future dividend distributions from subsidiary companies (non-recoverable withholding taxes).

## 2.8.8 Financial instruments

### 2.8.8.1 Cash and cash equivalents, time deposits and receivables

*Measurement category:* Financial assets at amortized cost without significant financing component

These financial assets are initially measured at the transaction price (nominal value). Subsequently the transaction price is reduced by impairment losses (see below). Foreign exchange gains/losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Accounting for impairment losses on receivables: The Group recognizes an allowance for impairment that represents its estimate of lifetime expected credit losses, applying the simplified approach according to IFRS 9. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

Cash and cash equivalents comprise cash balances and time deposits with a term of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 2.8.8.2 Rent and other deposits

*Measurement category:* Financial assets at amortized cost with significant financing component

These financial assets are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Subsequently the financial instrument is measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains/losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

### 2.8.8.3 Derivatives and contingent considerations

*Measurement category:* Financial assets and liabilities at fair value through profit or loss (FVTPL)

These financial assets and liabilities are initially measured at fair value without any transaction costs, the latter being directly expensed. Subsequently these financial instruments continue to be measured at fair value. Net gains and losses are recognized in profit or loss.

The Group uses derivative financial instruments to economically hedge certain exposures to foreign exchange rate risks. Hedge accounting is not applied.

### 2.8.8.4 Unquoted equity investment

*Measurement category:* Financial assets at fair value through other comprehensive income (FVOCI)

This category only includes equity instruments which the Group intends to hold for the foreseeable future. The classification is determined upon initial recognition on an investment-by-investment basis and is irrevocable.

The financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Subsequently the financial instrument continues to be measured at fair value. Net gains and losses are recognized in other comprehensive income and are not recycled to profit or loss on de-recognition. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

### 2.8.8.5 Current bank liabilities, payables and accrued expenses

*Measurement category:* Financial liabilities at amortized cost without significant financing component

These financial liabilities are initially measured at the transaction price (nominal value). Subsequently these financial instruments continue to be measured at the transaction price. Foreign exchange gains/losses are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

### 2.8.8.6 Bank loans

*Measurement category:* Financial liabilities at amortized cost with significant financing component

These financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Subsequently these financial instruments are measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains/losses are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

## 2.8.9 Borrowing costs

The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset

as part of the cost of that asset. Other borrowing costs are expensed. During the reporting period, no asset qualified for capitalization of borrowing costs (previous year: none).

### 2.8.10 Inventories

Inventories are stated at the lower of purchase or production cost and net realizable value. Production costs include raw materials, components and semi-finished products, direct production costs (internal labor and external services) and production overheads. The Group applies the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made for slow-moving items and obsolete items are written off.

### 2.8.11 Property, plant and equipment

**Valuation** – Property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see separate accounting policy). The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads and borrowing costs, if they are directly attributable to a qualifying asset.

**Depreciation** – Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment from the date they are available for use. The estimated useful lives are as follows:

Land	indefinite useful life
Buildings	25 years
Leasehold improvements	shorter of useful life or lease term
Furniture and fittings	4 – 8 years
Machines and motor vehicles	2 – 8 years
Tools in connection with OEM contracts	units of production method
EDP equipment	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Component approach** – Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment (component approach).

**Repair and maintenance** – Costs for repair and maintenance are recognized as an expense as incurred.

### 2.8.12 Right-of-use assets and related lease liabilities

**Commencement date, lease term and options** – The Group recognizes a right-of-use asset and a lease liability at the date the underlying asset is available for use (lease commencement date). The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered

by an option to terminate the lease, if it is reasonably certain not to be exercised. For this purpose, the non-cancellable lease term is compared with an internal benchmark lease term. An optional term that begins after the benchmark lease term is generally not considered. For option events that take place earlier, management assesses the circumstances on a case-by-case basis.

**Right-of-use assets** – Right-of-use assets are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognized, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred, and restoration costs. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

**Lease liabilities / initial measurement** – At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments (excluding any non-lease components) to be made over the lease term. The lease payments include fixed payments less any incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

**Lease liabilities / subsequent measurement** – After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimated of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

**Discount rate** – In calculating the present value of the lease liability the Group is using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate.

**Short-term leases and leases of low-value assets** – The Group applies the short-term lease recognition exemption to its short-term leases of property. These leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of service equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### 2.8.13 Intangible assets

*Software* – Expenditure on the implementation of software, including licenses and external consulting fees, is capitalized.

*Research costs* – Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

*Development costs* – Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, external services, personnel, temporary employees, overhead and borrowing costs, if they are directly attributable to a qualifying asset. Other development expenditure is recognized in profit or loss as incurred.

*Intangible assets acquired in a business combination* – All identifiable intangible assets that are recognized applying the acquisition method are stated initially at fair value. The following valuation methods are used in order to determine the fair values at the acquisition date: multi-period excess earnings method, relief from royalty method and replacement cost approach.

*Valuation and amortization* – Intangible assets are measured at cost less accumulated amortization (see below) and impairment losses (see separate accounting policy). Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

Software	3 – 5 years
Development costs	3 – 5 years
Patents	3 – 5 years
Acquired brand	2 – 13 years
Acquired technology	6 – 10 years
Acquired client relationships	7 – 20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 2.8.14 Goodwill

*Goodwill* – Goodwill represents the future economic benefits arising from a business combination that are not capable of being individually identified and separately recognized as assets or liabilities.

*Initial measurement* – For acquisitions, the Group measures goodwill at the acquisition date as

- the fair value of the consideration transferred, plus
- the recognized amount of any non-controlling interests in the acquiree, plus
- if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree, less
- the net recognized amount of the identifiable net assets acquired.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

*Subsequent measurement* – After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

### 2.8.15 Impairment

*Recognition of an impairment loss* – The carrying amount of the Group's non-financial assets other than inventories, contract assets and deferred tax assets, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being the higher of its fair value less costs of disposal and its value in use, is estimated. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually. An impairment loss is recognized in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

*Reversal of an impairment loss* – Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reviewed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

### 2.8.16 Provisions

*Recognition of a provision* – 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 a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

*Provision for warranties and returns* – A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical data.

### 2.8.17 Treasury shares

In case the Group purchases own shares, the consideration paid is recognized as treasury shares and presented as a deduction from equity until these shares are cancelled or sold. Any consideration received from the sale of these shares is recognized in equity.



### 3 SCOPE OF CONSOLIDATION

#### 3.1 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The scope of the consolidation does not include an interest in any of the following:

- Subsidiaries with non-controlling interests
- Associates
- Joint arrangements

The following subsidiaries are included in the consolidated financial statements:

Company	Registered office	Participation in % (capital and votes)	Share capital (LC 1,000)	Currency	Activities
Tecan Schweiz AG	Männedorf/Zurich (CH)	100%	5,000	CHF	R/P/D
Tecan Trading AG	Männedorf/Zurich (CH)	100%	300	CHF	S/D
• Pulssar Technologies S.A.S	Paris (FR)	100%	400	EUR	inactive
Tecan Sales Switzerland AG	Männedorf/Zurich (CH)	100%	250	CHF	D
Tecan Austria GmbH	Grödig/Salzburg (AT)	100%	1,460	EUR	R/P
Tecan Sales Austria GmbH	Grödig/Salzburg (AT)	100%	35	EUR	D
Tecan Sales International GmbH	Grödig/Salzburg (AT)	100%	35	EUR	D
Tecan Landesholding GmbH	Crailsheim/Stuttgart (DE)	100%	25	EUR	S
• Tecan Deutschland GmbH	Crailsheim/Stuttgart (DE)	100%	51	EUR	D
• Tecan Software Competence Center GmbH	Mainz-Kastel (DE)	100%	103	EUR	R
• IBL International GmbH	Hamburg (DE)	100%	25	EUR	R/P/D
Tecan Benelux B.V.B.A.	Mechelen (BE)	100%	37	EUR	D
Tecan France S.A.S.	Lyon (FR)	100%	2,760	EUR	D
Tecan Iberica Instrumentacion S.L.	Barcelona (ES)	100%	30	EUR	D
Tecan Italia S.r.l.	Milano (IT)	100%	77	EUR	D
Tecan UK Ltd.	Reading (UK)	100%	500	GBP	D
Tecan Nordic AB	Stockholm (SE)	100%	100	SEK	D
Tecan US Group, Inc.	Morrisville, NC (US)	100%	1,500	USD	S
• Tecan US, Inc.	Morrisville, NC (US)	100%	400	USD	D
• Tecan Systems, Inc.	San Jose, CA (US)	100%	26	USD	R/P
• Tecan SP, Inc.	Baldwin Park/Los Angeles, CA (US)	100%	472	USD	R/P/D
• Tecan Genomics, Inc.	Redwood City, CA (US)	100%	0	USD	R/P/D
• DCPM, Inc.	Morgan Hill, CA (US)	100%	58	USD	P/D
IBL International Corp.	Toronto (CA)	100%	0	USD	inactive
Tecan Asia (Pte.) Ltd.	Singapore (SG)	100%	800	SGD	S
Tecan (Shanghai) Trading Co., Ltd.	Shanghai (CN)	100%	3,417	CNY	D
PMAS Co., Ltd	Ben Cat Town, Binh Duong Province (VN)	100%	10,367,000	VND	P
Tecan Japan Co., Ltd.	Kawasaki(JP)	100%	125,000	JPY	D
Tecan Australia Pty Ltd	Melbourne (AU)	100%	0	AUD	D

S = services, holding functions, R = research and development, P = production, D = distribution

### 3.2 CHANGE IN SCOPE OF CONSOLIDATION: ACQUISITION THROUGH BUSINESS COMBINATION

#### 3.2.1 Assets and liabilities arising from acquisitions in 2019

The fair value of the identifiable assets and liabilities and the net cash outflow at the date of acquisition were:

	31.05.2019 DCPM/PMAS
CHF 1,000	
Cash and cash equivalents	297
Trade accounts receivable (gross contractual amount)	1,106
Inventories	3,225
Other current assets	427
Property, plant and equipment	4,670
Right-of-use assets	2,961
Intangible assets	5,599
Deferred tax assets	53
<b>Assets</b>	<b>18,338</b>
Current financial liabilities	(448)
Trade and other accounts payable	(2,799)
Income tax payables	(10)
Accrued expenses and current provisions	(850)
Non-current financial liabilities	(2,513)
Deferred tax liabilities	(2,096)
<b>Liabilities</b>	<b>(8,716)</b>
<b>Total identifiable net assets at fair value</b>	<b>9,622</b>
Goodwill arising on acquisition	11,521
<b>Consideration transferred for the business combination</b>	<b>21,143</b>
Cash acquired	(297)
<b>Net cash outflow (including holdback)</b>	<b>20,846</b>

The purchase price allocation is considered as completed.

#### 3.2.2 Acquisition on May 31, 2019: DCPM/PMAS

The holdback of USD 3.0 million that was paid into an escrow account upon acquisition, was released to the seller beginning of June 2020 without any deductions.

#### 3.2.3 Acquisition on September 30, 2016: Tecan SP, Inc.

The second and final instalment of the contingent consideration in the amount of USD 5.0 million was paid at the beginning of 2019.

### 3.2.4 Contribution of acquired companies in the year of acquisition and consolidated numbers (unaudited)

	2019
CHF 1,000	
<b>Contribution of acquired companies from the date of acquisition</b>	
Months	7
Sales	4,993
Operating profit	829
<b>Consolidated numbers, if the acquisition occurred at the beginning of the reporting period</b>	
Sales	640,370
Operating profit <sup>1</sup>	89,670
Acquisition-related legal fees and due diligence costs, included in 'general and administration'	1,045

<sup>1</sup>In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would have been the same as if the acquisition had occurred on January 1, 2019.

### 3.3 ASSETS AND DISPOSAL GROUPS HELD FOR SALE

#### 3.3.1 Unquoted equity instrument

Towards the end of 2019 the management started sales negotiations for the unquoted equity instrument. Therefore, the financial asset of CHF 3.0 million was classified as held for sale at year-end 2019. The Group continued to measure the investment at fair value through other comprehensive income (FVOCI) in accordance with IFRS 9 using the discounted cash flow method with level 3 inputs of the fair value hierarchy.

In January 2020, the Group signed a final share purchase agreement with a cash consideration of CHF 4.6 million. The resulting gain of CHF 1.6 million was recognized in other comprehensive income of 2020. In addition, an amount of CHF 0.2 million was paid into an escrow account to secure contractual representations and warranties. This contingent asset will be recognized in profit or loss when the account is released in July 2021.

#### 3.3.2 Disposal group 'property Hombrechtikon'

In the second half of 2016, management committed to a plan to sell the Hombrechtikon manufacturing facility after having transferred all business activities to Männedorf. Accordingly, land and building were presented as a disposal group held for sale and valued at the lower of the carrying amount and fair value less cost to sell. At year-end 2018, the facility was classified as an investment property and valued at cost less accumulated depreciation (cost model). Efforts to sell the facility continued. However, a sale in the next 12 months was no longer considered highly probable.

Towards the end of 2020 the Group entered into sales negotiations with a potential buyer. Consequently, land and building were again classified as held for sale. In January 2021, the Group signed a final purchase contract with a total consideration of CHF 4.2 million. The gain from this transaction less any commissions will be recognized in other operating result of 2021.

## 4 SALES – REVENUE FROM CONTRACTS WITH CUSTOMERS

### 4.1 DISAGGREGATION OF REVENUE AND RECONCILIATION TO SEGMENT INFORMATION

	Life Sciences Business			Partnering Business			Total 2019		
	Revenue contracts with customers	Leases	Sales Segment	Revenue contracts with customers	Leases	Sales Segment	Revenue contracts with customers	Leases	Total sales
CHF 1,000									
<b>By regions (location of customer)</b>									
Europe	117,735	920	118,655	134,726	-	134,726	252,461	920	253,381
Americas	166,585	-	166,585	102,587	-	102,587	269,172	-	269,172
Asia	67,577	-	67,577	35,976	-	35,976	103,553	-	103,553
Others	8,342	-	8,342	2,371	-	2,371	10,713	-	10,713
<b>Total</b>	<b>360,239</b>	<b>920</b>	<b>361,159</b>	<b>275,660</b>	<b>-</b>	<b>275,660</b>	<b>635,899</b>	<b>920</b>	<b>636,819</b>
<b>By products and services</b>									
Products	284,482	-	284,482	224,259	-	224,259	508,741	-	508,741
Services	75,757	-	75,757	51,401	-	51,401	127,158	-	127,158
Leases	-	920	920	-	-	-	-	920	920
<b>Total</b>	<b>360,239</b>	<b>920</b>	<b>361,159</b>	<b>275,660</b>	<b>-</b>	<b>275,660</b>	<b>635,899</b>	<b>920</b>	<b>636,819</b>
<b>By timing of revenue recognition</b>									
Point in time	310,098	-	310,098	260,495	-	260,495	570,593	-	570,593
Over time	50,141	-	50,141	15,165	-	15,165	65,306	-	65,306
Leases	-	920	920	-	-	-	-	920	920
<b>Total</b>	<b>360,239</b>	<b>920</b>	<b>361,159</b>	<b>275,660</b>	<b>-</b>	<b>275,660</b>	<b>635,899</b>	<b>920</b>	<b>636,819</b>



	Life Sciences Business			Partnering Business			Total 2020		
	Revenue contracts with customers	Leases	Sales Segment	Revenue contracts with customers	Leases	Sales Segment	Revenue contracts with customers	Leases	Total sales
CHF 1,000									
<b>By regions (location of customer)</b>									
Europe	146,928	1,034	147,962	124,588	-	124,588	271,516	1,034	272,550
Americas	175,160	-	175,160	146,472	-	146,472	321,632	-	321,632
Asia	72,416	-	72,416	49,307	-	49,307	121,723	-	121,723
Others	13,254	-	13,254	1,720	-	1,720	14,974	-	14,974
<b>Total</b>	<b>407,758</b>	<b>1,034</b>	<b>408,792</b>	<b>322,087</b>	<b>-</b>	<b>322,087</b>	<b>729,845</b>	<b>1,034</b>	<b>730,879</b>
<b>By products and services</b>									
Products	328,711	-	328,711	266,544	-	266,544	595,255	-	595,255
Services	79,047	-	79,047	55,543	-	55,543	134,590	-	134,590
Leases	-	1,034	1,034	-	-	-	-	1,034	1,034
<b>Total</b>	<b>407,758</b>	<b>1,034</b>	<b>408,792</b>	<b>322,087</b>	<b>-</b>	<b>322,087</b>	<b>729,845</b>	<b>1,034</b>	<b>730,879</b>
<b>By timing of revenue recognition</b>									
Point in time	355,578	-	355,578	307,692	-	307,692	663,270	-	663,270
Over time	52,180	-	52,180	14,395	-	14,395	66,575	-	66,575
Leases	-	1,034	1,034	-	-	-	-	1,034	1,034
<b>Total</b>	<b>407,758</b>	<b>1,034</b>	<b>408,792</b>	<b>322,087</b>	<b>-</b>	<b>322,087</b>	<b>729,845</b>	<b>1,034</b>	<b>730,879</b>

## 4.2 CONTRACT BALANCES

	31.12.2019	31.12.2020
CHF 1,000		
Trade accounts receivable (see note 16)	121,517	122,800
Contract assets	468	548
Current contract liabilities (see note 23)	(36,222)	(62,359)
Non-current contract liabilities (see note 23)	(25,947)	(23,015)

Trade accounts receivable are non-interest bearing and are generally on terms of 30 to 90 days. In 2020, CHF 1.6 million (2019: CHF 2.0 million) was recognized as allowance for expected credit losses.

Contract assets are initially recognized for revenue earned for the installation of complex instruments and for engineering services

without delivery of instruments, if the contracts fulfil the criteria for revenue recognition over time. The amounts recognized as contract assets are reclassified to trade accounts receivable to the extent they can be billed to the customer. In 2020, CHF 0.0 million (2019: 0.4 million) was recognized as allowance for expected credit losses.

Set out below is the amount of revenue recognized from

	2019	2020
CHF 1,000		
Amounts included in contract liabilities at the beginning of the year	38,044	32,901
Performance obligations satisfied in previous years	-	-

### 4.3 PERFORMANCE OBLIGATIONS

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	31.12.2019			31.12.2020		
	Contract liabilities	Performance obligations not yet billed	Total remaining performance obligations	Contract liabilities	Performance obligations not yet billed	Total remaining performance obligations
CHF 1,000						
<b>Expected to be recognized</b>						
Within one year	36,222	122,424	158,646	62,359	216,271	278,630
More than one year	25,947	20,674	46,621	23,015	16,825	39,840
<b>Total transaction price allocated</b>	<b>62,169</b>	<b>143,098</b>	<b>205,267</b>	<b>85,374</b>	<b>233,096</b>	<b>318,470</b>

## 5 SALES – INCOME FROM OPERATING LEASE ARRANGEMENTS (GROUP AS LESSOR)

The operating leases relate to arrangements in which the Group provides instruments free of charge in return for a minimum commitment of the customer for consumables or reagents. The Group did not enter into any finance lease contracts. The total considera-

tion of such combined contracts is allocated to the lease component and the sale of the consumables and reagents in proportion to the estimated stand-alone values of the lease and the minimum commitment for consumables and reagents.

The future minimum lease receivables under non-cancellable operating leases are:

	31.12.2019	31.12.2020
CHF 1,000		
<b>Due date</b>		
Within one year	1,036	1,065
In 1 to 3 years	1,694	1,538
In 3 to 5 years	792	906
After 5 years	123	75
<b>Total future minimum lease receivables</b>	<b>3,645</b>	<b>3,584</b>

In financial year 2020, CHF 1.0 million (2019: CHF 0.9 million) were recognized as sales from leases in the consolidated statement of profit or loss.

## 6 SEGMENT INFORMATION

### 6.1 INFORMATION BY BUSINESS SEGMENTS

	Life Sciences Business		Partnering Business		Corporate/consolidation		Group	
	2019	2020	2019	2020	2019	2020	2019	2020
CHF 1,000								
Sales third	361,159	408,792	275,660	322,087	-	-	636,819	730,879
Intersegment sales	13,176	40,534	1,367	1,599	(14,543)	(42,133)	-	-
<b>Total sales</b>	<b>374,335</b>	<b>449,326</b>	<b>277,027</b>	<b>323,686</b>	<b>(14,543)</b>	<b>(42,133)</b>	<b>636,819</b>	<b>730,879</b>
<b>Operating profit</b>	<b>56,690</b>	<b>78,203</b>	<b>46,179</b>	<b>59,102</b>	<b>(14,170)</b>	<b>(15,915)</b>	<b>88,699</b>	<b>121,390</b>
Depreciation and amortization	(22,778)	(23,501)	(11,284)	(12,164)	-	-	(34,062)	(35,665)
Impairment losses	-	(2,051)	-	-	-	-	-	(2,051)

	2019	2020
CHF 1,000		
<b>Reconciliation of reportable segment sales</b>		
Total sales for reportable segments	651,362	773,012
Elimination of intersegment sales	(14,543)	(42,133)
<b>Total consolidated sales</b>	<b>636,819</b>	<b>730,879</b>
<b>Reconciliation of reportable segment profit</b>		
Total operating profit for reportable segments	102,869	137,305
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(14,170)	(15,915)
Financial result	(5,959)	(3,163)
<b>Total consolidated profit before taxes</b>	<b>82,740</b>	<b>118,227</b>

### 6.2 ENTITY-WIDE DISCLOSURES

#### Non-current assets by regions (by location of assets)

	Property, plant and equipment		Right-of-use assets		Intangible assets	
	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020
CHF 1,000						
Switzerland	14,402	17,473	19,828	19,865	104,130	104,275
Other Europe	5,605	5,338	7,352	5,609	7,651	6,607
North America	7,124	17,387	13,075	8,820	111,184	103,026
Asia	2,262	1,941	3,173	2,788	-	-
<b>Total</b>	<b>29,393</b>	<b>42,139</b>	<b>43,428</b>	<b>37,082</b>	<b>222,965</b>	<b>213,908</b>

#### Information about major customers

There are no sales to one individual customer that in aggregate exceeded 10% of total sales in 2020 (2019: one individual customer (CHF 78.7 million) relating to the business segment 'Partnering Business').

## 7 OPERATING EXPENSES BY NATURE

	2019	2020
CHF 1,000		
Material costs	219,914	242,938
Personnel expenses (see note 12.2)	220,254	259,640
Depreciation of investment property	222	222
Depreciation of property, plant and equipment	8,786	9,472
Depreciation of right-of-use assets	10,513	10,915
Amortization of intangible assets	14,541	15,056
Impairment loss on capitalized development costs	-	2,051
Other operating costs	91,550	88,494
<b>Total operating costs incurred (gross)</b>	<b>565,780</b>	<b>628,788</b>
Capitalization of development costs in position inventories	(3,945)	(2,396)
Capitalization of development costs in position intangible assets (see note 21)	(12,388)	(15,318)
Other operating income	(1,327)	(1,585)
<b>Total operating expenses, according to statement of profit or loss</b>	<b>548,120</b>	<b>609,489</b>

## 8 RESEARCH AND DEVELOPMENT

	2019	2020
CHF 1,000		
Gross research and development costs incurred <sup>1</sup>	77,788	78,472
Reclassification of development costs related to engineering services to cost of sales	(12,547)	(12,121)
Capitalization of development costs in position inventories	(3,945)	(2,396)
Capitalization of development costs in position intangible assets (see note 21)	(12,388)	(15,318)
Amortization of development costs and acquired technology	10,949	13,406
<b>Total research and development (gross), according to statement of profit or loss</b>	<b>59,857</b>	<b>62,043</b>
Government research subsidies, recognized in other operating income	(1,077)	(147)
<b>Total research and development (net)</b>	<b>58,780</b>	<b>61,896</b>

<sup>1</sup>The amount includes the cost of materials, external services, personnel, temporary employees and overhead.

Costs for research and the development of new products (gross) amounted to 8.5% of sales (2019: 9.4%).

## 9 OTHER OPERATING RESULT

	2019	2020
CHF 1,000		
Government grants for research activities	1,077	147
Government grants in connection with COVID-19 related government support programs (temporary payments to social security funds on behalf of the Group)	-	768
Rental income from investment property Hombrechtikon	141	191
Commissions income	75	342
Other operating income (miscellaneous)	34	137
<b>Total other operating income</b>	<b>1,327</b>	<b>1,585</b>



	2019	2020
CHF 1,000		
Write-off of requested government grants for research activities that were not approved	-	(608)
Maintenance cost for investment property Hombrechtikon	(279)	(310)
Depreciation of investment property Hombrechtikon	(222)	(222)
Other operating expenses (miscellaneous)	-	(3)
<b>Total other operating expenses</b>	<b>(501)</b>	<b>(1,143)</b>

## 10 FINANCIAL RESULT

	2019	2020
CHF 1,000		
<b>Financial income</b>		
Interest income	23	32
<b>Subtotal financial income</b>	<b>23</b>	<b>32</b>
<b>Finance cost</b>		
Interest expenses	(396)	(421)
Interest cost on lease liabilities	(612)	(530)
Net interest expense on liability for post-employment benefits	(308)	(149)
Other	(110)	(366)
<b>Subtotal finance cost</b>	<b>(1,426)</b>	<b>(1,466)</b>
<b>Net foreign exchange gains/(losses)</b>		
FX derivatives measured at fair value through profit or loss	(3,220)	4,580
Other net foreign exchange losses	(1,336)	(6,309)
<b>Subtotal net foreign exchange losses</b>	<b>(4,556)</b>	<b>(1,729)</b>
<b>Total financial result</b>	<b>(5,959)</b>	<b>(3,163)</b>

## 11 EARNINGS PER SHARE

The earnings per share are based on the consolidated profit for the period and the average number of shares outstanding, excluding treasury shares.

	2019	2020
<b>Average number of shares outstanding</b>	<b>11,836,588</b>	<b>11,934,355</b>
<b>Basic earnings per share (CHF/share)</b>	<b>6.18</b>	<b>8.69</b>
<b>Employee share option plans</b>		
Average number of shares under option total	91,524	75,662
Average number of shares under option dilutive	89,034	73,397
Average adjusted exercise price	198.86	218.67
Number of shares that would have been issued at market price	(65,094)	(36,998)
Adjustment for dilutive share options	23,939	36,399
<b>Employee share plans</b>		
Adjustment for not vested shares (other share plans)	1,630	1,423
Adjustment for contingently issuable shares (PSMP/matching shares)	73,813	58,610
<b>Average number of shares outstanding after dilution</b>	<b>11,935,970</b>	<b>12,030,787</b>
<b>Diluted earnings per share (CHF/share)</b>	<b>6.13</b>	<b>8.62</b>

## 12 EMPLOYEE BENEFITS

### 12.1 NUMBER OF EMPLOYEES

	2019	2020
FTE (full-time equivalent)		
Employees – year-end	1,932	2,050
Employees – average	1,818	1,984

### 12.2 PERSONNEL EXPENSES

Personnel expenses include the following:

	Notes	2019	2020
CHF 1,000			
Salaries and wages		170,177	204,930
Social security		22,994	24,657
Post-employment benefits relating to			
Defined contribution plans		2,523	2,424
Defined benefit plans	12.3	7,232	6,314
Share-based payment	12.4	12,046	14,594
Other personnel expenses		5,282	6,721
<b>Total personnel expenses</b>		<b>220,254</b>	<b>259,640</b>

### 12.3 LIABILITY FOR POST-EMPLOYMENT BENEFITS: DEFINED BENEFIT PLANS

#### 12.3.1 Characteristics of defined benefit plans and risks associated with them

	31.12.2019			31.12.2020		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
Number of plans	5	3	8	5	3	8
<b>Actives</b>						
Number	592	100	692	622	99	721
Defined benefit obligation (CHF 1,000)	162,254	4,850	167,104	185,688	4,481	190,169
Weighted average duration in years	21.1	10.0	20.5	22.0	8.4	21.5
<b>Retirees</b>						
Number	9	-	9	9	-	9
Defined benefit obligation (CHF 1,000)	3,767	-	3,767	3,585	-	3,585
Weighted average duration in years	7.8	-	7.8	7.3	-	7.3
<b>Total</b>						
Number	601	100	701	631	99	730

Within the Group, various defined benefit plans exist, which differ in their purpose and financing according to local needs:

Country	Benefits	Funded/ Unfunded	Description and risks
Switzerland (Swiss plans)	Retirement, death-in-service and disability benefits	Funded	<p><b>Nature of the benefits provided</b></p> <p>The pension plans of Tecan Group Ltd., Tecan Schweiz AG, Tecan Sales Switzerland AG and Tecan Trading AG are plans with guarantee of a minimum interest credit on the savings and fixed conversion rates at retirement. Disability and death benefits are defined as percentage of the insured salary.</p> <p><b>Regulatory framework</b></p> <p>The plan provides benefits based on the LPP/BVG law, which stipulates the minimum requirements of the mandatory employer-sponsored pension plan in Switzerland. In particular, annual salary up to CHF 85'320 (amount in 2020) must be insured and the financing is age-dependent with contribution rates in per cent of the insured salary ranging from 7% to 18%. The conversion rate to calculate the annuity based on the accrued savings capital is 6.8% at normal retirement age (65 for men and 64 for women).</p> <p>Under LPP/BVG law, the plan must be fully funded on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or a combination of both.</p> <p><b>Specific plan rules</b></p> <p>The saving credits for the retirement benefits are defined in percentage of the insured salary. The saving credits for the part of the annual salary between CHF 24'885 and CHF 85'320 are age-dependent and range from 8% to 19%. The saving credits for the part of the annual salary above CHF 85'320 amount to 14% for the employees and to 18% or 19% for the members of the management. The conversion rate for the mandatory part of the savings capital is 6.8% at normal retirement age. For the exceeding part of the savings capital, the conversion rate is defined by the board of trustees.</p> <p>The annual disability pension amounts to 70% of the insured salary, the annual partner's pension to 50% of the insured salary or to 60% of the current retirement pension. In case of death before retirement an additional lump-sum of 200% of the insured salary is paid.</p> <p><b>Governance of the plan</b></p> <p>The companies are affiliated to the collective foundation Swiss Life Collective BVG Foundation. The collective foundation is a separate legal entity. The foundation is responsible for the governance of the plan; the foundation's board of trustees is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. The foundation has set up investment guidelines, defining in particular the strategic allocation with ranges.</p> <p>Additionally, there are pension committees for each affiliated company composed of an equal number of representatives from the company and the employees. The pension committee is responsible for the set-up of the plan benefits.</p> <p><b>Risks to which the plan exposes the Group</b></p> <p>The plan provider Swiss Life Collective BVG Foundation has reinsured the risks disability, death, longevity and the investment risk with Swiss Life Ltd. Therefore, the only risks for the Group are that the Swiss Life Collective BVG Foundation terminates the affiliation contract or increases the premiums.</p> <p><b>Plan amendments, settlements or curtailments</b></p> <p>In 2020 the board of trustees has decided to reduce the conversion rate for calculating the annuity relating to the exceeding part of the savings capital, starting from January 1, 2022. This modification is considered as a plan amendment. The resulting past service costs amounting to CHF 2.6 million were recognized immediately in profit or loss and are included in the personnel costs of 2020.</p>

Country	Benefits	Funded/ Unfunded	Description and risks
Austria (International plans)	Long-service leave benefits	Unfunded	<p><b>Nature of the benefits provided</b></p> <p>The severance-payments plan of Tecan Austria GmbH and Tecan Sales Austria GmbH guarantees a one-time lump sum payment, once the employee leaves the company. The plan was closed for new members at December 31, 2002. Plan participants are all employees with at least 3 years of service and an entry-date before January 1, 2003. The membership to this plan is mandatory.</p> <p><b>Regulatory framework</b></p> <p>The plan provides benefits according to Austrian law (AngG 23 and 23a) which stipulates benefits in case of retirement, death (50%), disability or termination of employment. Vesting is after 3 years of service, whereas all rights forfeit in the case of voluntary termination.</p> <p>The level of the benefits depends on the period of service in the company and amounts to a lump-sum payment of 2 monthly salaries after 3 years of service up to 12 monthly salaries after 25 years of service. The monthly salary is defined as twelfth part of the total annual salary of the last 12 months.</p> <p><b>Governance of the plan</b></p> <p>Only the company (employer) is responsible for the governance of the plan.</p> <p><b>Risks to which the plan exposes the Group</b></p> <p>The plan is exposed to an inflation risk as well as to the risk of salary increases. There is no longevity risk because the payments are due latest at retirement.</p> <p><b>Plan amendments, settlements or curtailments</b></p> <p>There were no plan amendments, settlements or curtailments during the financial years 2019 and 2020.</p>
Other (International plans)	Retirement benefits	Unfunded	There are two minor retirement benefit plans in Tecan Japan Co., Ltd. and Tecan Italia S.r.l. for only a limited number of participants.

### 12.3.2 Amounts recognized in the financial statements

The amounts recognized in the balance sheet are as follows:

	31.12.2019	31.12.2020
CHF 1,000		
<b>Swiss plans</b>		
Present value of obligations arising from retirement benefit plans (funded)	166,021	189,273
Related fair value of plan assets	(118,990)	(122,884)
<b>Deficit Swiss plans</b>	<b>47,031</b>	<b>66,389</b>
<b>International plans</b>		
Present value of obligations arising from retirement benefit plans (unfunded)	1,179	1,187
Present value of obligations arising from long-service leave benefit plans (unfunded)	3,671	3,294
<b>Deficit International plans</b>	<b>4,850</b>	<b>4,481</b>
<b>Total liability for post-employment benefits</b>	<b>51,881</b>	<b>70,870</b>



The components of defined benefit cost are as follows:

	2019			2020		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000						
Current service cost	6,927	305	7,232	8,569	320	8,889
Past service cost (plan amendment)	-	-	-	(2,575)	-	(2,575)
<b>Defined benefit cost included in operating profit</b>	<b>6,927</b>	<b>305</b>	<b>7,232</b>	<b>5,994</b>	<b>320</b>	<b>6,314</b>
Net interest cost on liability for post-employment benefits	257	51	308	132	17	149
<b>Defined benefit cost included in finance cost</b>	<b>257</b>	<b>51</b>	<b>308</b>	<b>132</b>	<b>17</b>	<b>149</b>
<b>Total defined benefit cost included in profit or loss</b>	<b>7,184</b>	<b>356</b>	<b>7,540</b>	<b>6,126</b>	<b>337</b>	<b>6,463</b>
<b>Actuarial (gains)/losses on obligations</b>						
Changes in demographic assumptions	-	36	36	-	(20)	(20)
Changes in financial assumptions	14,839	251	15,090	7,823	(351)	7,472
Experience adjustments	2,356	48	2,404	11,005	(47)	10,958
Return on plan assets (excluding interest income)	(905)	-	(905)	957	-	957
<b>Remeasurement loss included in other comprehensive income</b>	<b>16,290</b>	<b>335</b>	<b>16,625</b>	<b>19,785</b>	<b>(418)</b>	<b>19,367</b>
Translation differences included in other comprehensive income	-	(152)	(152)	-	(49)	(49)
<b>Total defined benefit cost recognized</b>	<b>23,474</b>	<b>539</b>	<b>24,013</b>	<b>25,911</b>	<b>(130)</b>	<b>25,781</b>

The Group expects to contribute CHF 7.1 million to its defined benefit plans in 2021.

Changes in the present value of the defined benefit obligation are as follows:

	2019			2020		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000						
Balance at January 1	131,269	4,434	135,703	166,021	4,850	170,871
Current service cost	6,927	305	7,232	8,569	320	8,889
Past service cost	-	-	-	(2,575)	-	(2,575)
Employee contributions	4,125	-	4,125	4,452	-	4,452
Insurance premiums	(1,724)	-	(1,724)	(1,821)	-	(1,821)
Benefits paid	6,921	(123)	6,798	(4,691)	(241)	(4,932)
Interest expense	1,308	51	1,359	490	17	507
Actuarial losses	17,195	335	17,530	18,828	(419)	18,409
Translation differences	-	(152)	(152)	-	(46)	(46)
<b>Balance at December 31</b>	<b>166,021</b>	<b>4,850</b>	<b>170,871</b>	<b>189,273</b>	<b>4,481</b>	<b>193,754</b>

Changes in the fair value of plan assets are as follows:

	2019			2020		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000						
Balance at January 1	101,612	–	101,612	118,990	–	118,990
Employer contributions	6,100	–	6,100	6,553	–	6,553
Employee contributions	4,125	–	4,125	4,452	–	4,452
Insurance premiums	(1,724)	–	(1,724)	(1,821)	–	(1,821)
Benefits paid	6,921	–	6,921	(4,691)	–	(4,691)
Interest income	1,051	–	1,051	358	–	358
Return on plan assets (excluding interest income)	905	–	905	(957)	–	(957)
<b>Balance at December 31</b>	<b>118,990</b>	<b>–</b>	<b>118,990</b>	<b>122,884</b>	<b>–</b>	<b>122,884</b>

The investment risk for the Swiss plans is reinsured. Therefore the plan assets represent a receivable from the life insurance company.

### 12.3.3 Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.12.2019		31.12.2020	
	Swiss plans	International plans	Swiss plans	International plans
Discount rates	0.35%	1.14%	0.10%	0.32%
Rate of future salary increases	1.75%	2.43%	1.75%	1.63%
Rate of future pension increases	0.00%	0.00%	0.00%	0.00%
Rates for the projection of savings capital <sup>1</sup>	1.00%	n/a	1.00%	n/a
Mortality tables <sup>2</sup>	BVG2015G	various	BVG2015G	various

<sup>1</sup>Swiss plans: the rate is only applied to the mandatory part

<sup>2</sup>Model 'Continuous Mortality Investigation (CMI)'

### Sensitivities of significant actuarial assumptions

The discount rate, the rate of future salary increase and the life expectancy were identified as significant actuarial assumptions. The following impacts on the defined benefit obligation are to be expected:

	Change in actuarial assumptions	31.12.2019			31.12.2020		
		Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000							
Discount rates	- 25 basis points	6,794	75	6,869	8,272	94	8,366
	+ 25 basis points	(6,359)	(148)	(6,507)	(7,681)	(93)	(7,774)
Rate of future salary increases	- 25 basis points	(1,170)	(140)	(1,310)	(1,125)	(87)	(1,212)
	+ 25 basis points	1,183	68	1,251	1,158	87	1,245
Life expectancy	- 1 year	(2,917)	(14)	(2,931)	(3,433)	(9)	(3,442)
	+ 1 year	2,951	14	2,965	3,475	5	3,480

(positive = increase in obligation/negative = decrease in obligation)

The sensitivity analysis is based on realistically possible changes at the end of the reporting period. Each change in significant assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

## 12.4 EMPLOYEE PARTICIPATION PLANS - SHARE-BASED PAYMENT

### 12.4.1 Employee share option plans

The terms and conditions of the outstanding grants are as follows:

Plan	Plan terms				31.12.2019		31.12.2020	
	Grant date	Expiry date	Number granted	Exercise price	Remaining contractual life (years)	Number outstanding	Remaining contractual life (years)	Number outstanding
Plan 2014	02.11.13	02.11.20	35,112	95.0	0.8	1,539	–	–
Plan 2015	02.11.14	02.11.21	34,260	100.4	1.8	4,461	0.8	1,828
Plan 2016	02.11.15	02.11.22	23,569	135.0	2.8	5,615	1.8	2,599
Plan 2017	02.11.16	02.11.23	23,907	162.8	3.8	7,113	2.8	3,679
Plan 2018	02.11.17	02.11.24	22,071	212.1	4.8	15,102	3.8	10,123
Plan 2019	02.11.18	02.11.25	23,921	228.7	5.8	34,360	4.8	24,394
Plan 2020	02.11.19	02.11.26	23,334	236.0	6.8	23,334	5.8	20,066
Plan 2021	02.11.20	02.11.27	9,056	434.2	–	–	6.8	9,056
<b>Total</b>					<b>5.3</b>	<b>91,524</b>	<b>4.9</b>	<b>71,745</b>
Thereof exercisable at December 31						37,761		36,838

All plans are granted to members of the management level 3 and 4 and have a contractual life of 7 years. The vesting conditions are one / two / three years of service for 33%/33%/34% of options. One

option grants the right to purchase one Tecan share with settlement by physical delivery (equity-settled). All outstanding options are fully covered by the conditional share capital.

The number and weighted average exercise price of the share options are as follows:

	2019	Number	2020	Number
	Weighted average exercise price (CHF)		Weighted average exercise price (CHF)	
Balance at January 1	177.29	90,040	208.45	91,524
Granted	233.40	36,234	434.20	9,056
Exercised	149.21	(32,265)	185.60	(25,935)
Forfeited	212.43	(2,485)	230.97	(2,900)
<b>Balance at December 31</b>	<b>208.45</b>	<b>91,524</b>	<b>244.30</b>	<b>71,745</b>

The weighted average share price at the date of exercise was CHF 246.99 in 2019 and CHF 358.09 in 2020.

The expenses, recognized in profit or loss, are calculated as follows:

The fair value of services received in return for the share options granted is measured by reference to the share options vested multiplied by their fair value at grant date (measurement date). The es-

timate of the fair value is based on a trinomial model. Changes in the fair value of the option after the grant date do not change the fair value of the services received.

Fair value of share options and key assumptions (not yet vested share option plans):

Grant	Share price	Exercise price	Expected volatility <sup>1</sup>	Option life	Expected dividends	Risk-free interest rate	Fair value
Plan 2018	CHF 212.10	CHF 212.10	22.73%	7.0 years	1.30%	(0.01%)	<b>CHF 42.37</b>
Plan 2019	CHF 228.70	CHF 228.70	20.89%	7.0 years	1.38%	0.21%	<b>CHF 42.59</b>
Plan 2020	CHF 236.00	CHF 236.00	24.43%	7.0 years	0.74%	(0.40%)	<b>CHF 52.32</b>
Plan 2021	CHF 434.20	CHF 434.20	33.09%	7.0 years	0.31%	(0.50%)	<b>CHF 138.04</b>

<sup>1</sup>Historic volatility with an underlying period that depends on the option life

Data source: Bloomberg

## 12.4.2 Employee share plans

### 12.4.2.1 Performance share matching plans (PSMP)

The terms and conditions of the outstanding grants are as follows, whereby all shares are delivered physically (equity-settled) and free of charge:

Plan	Employees entitled/grant date	Number of shares granted	Fair value at grant	Vesting period	Vesting conditions
Performance share matching plan (PSMP) 2018					
Initial grant	Extended Management Board on March 7, 2018	15,137 shares	CHF 191.30	Immediate vesting <sup>1</sup>	None
	Other management on May 2, 2018	1,639 shares	CHF 218.20		
Matching shares	Extended Management Board on March 7, 2018	37,843 shares (maximum of potential shares granted)	CHF 187.30	January 1, 2018 to December 31, 2020	Three years of service and performance target
	Other management on May 2, 2018	4,098 shares (maximum of potential shares granted)	CHF 214.20		
Performance share matching plan (PSMP) 2019					
Initial grant	Extended Management Board on March 6, 2019	16,360 shares	CHF 225.30	Immediate vesting <sup>1</sup>	None
	Other management on May 2, 2019	1,816 shares	CHF 226.30		
Matching shares	Extended Management Board on March 6, 2019	35,555 shares (maximum of potential shares granted)	CHF 221.10	January 1, 2019 to December 31, 2021	Three years of service and performance target
	Other management on May 2, 2019	4,540 shares (maximum of potential shares granted)	CHF 222.10		
Performance share matching plan (PSMP) 2020					
Initial grant	Extended Management Board on March 4, 2020	11,766 shares	CHF 296.80	Immediate vesting <sup>1</sup>	None
	Other management on May 4, 2020	1,290 shares	CHF 314.20		
Matching shares	Extended Management Board on March 4, 2020	27,670 shares (maximum of potential shares granted)	CHF 292.40	January 1, 2020 to December 31, 2022	Three years of service and performance target
	Other management on May 4, 2020	3,225 shares (maximum of potential shares granted)	CHF 309.80		

<sup>1</sup>Vested shares are blocked until the end of the performance period.

Number of shares outstanding at December 31:

	2019	2020
Employee shares		
Balance at January 1	190,695	168,158
Granted	58,271	43,951
Deblocked and available to the participants	(79,710)	(64,236)
Forfeited	(1,098)	(11,882)
<b>Balance at December 31</b>	<b>168,158</b>	<b>135,991</b>
Thereof vested and transferred, but blocked until the end of the performance period	34,510	30,686



The expenses, recognized in profit or loss, are calculated as follows:

The fair value of services received in return for the shares granted is measured by reference to the shares vested multiplied by their fair value at grant date (measurement date). The fair value at grant represents the market value of one Tecan share adjusted for expected dividend payments during the vesting period. Changes in the fair value of the shares after the grant date do not change the fair value of the services received.

The number of matching shares is determined based on the following formula: number of shares from initial grant that qualify for matching shares, multiplied by the matching share factor. The matching share factor is dependent on the achievement of specific economic profit targets. In any case, the matching share factor will not be lower than 0.0 and not higher than 2.5.

Number of matching shares expected to vest at December 31, 2020:

Plan	Total base shares <sup>1</sup>	Matching share factor applied	Matching shares expected to vest <sup>2</sup>
PSMP 2018	15,933	2.5	39,833
PSMP 2019	13,955	2.0	27,910
PSMP 2020	12,233	2.5	30,583

<sup>1</sup>Only shares that qualify for matching shares

<sup>2</sup>Not adjusted for expected fluctuation

#### 12.4.2.2 Other share plans

The terms and conditions of the outstanding grants are as follows, whereby all shares are delivered physically (equity-settled) and free of charge:

Plan	Employees entitled/grant date	Number of shares granted	Fair value at grant	Vesting period	Vesting conditions
<b>Share plan 2020 – Board of Directors (BoD)</b>					
Annual grant	Board of Directors on April 7, 2020	1,341 shares	CHF 275.40	Graded vesting from May 1, 2020 to April 30, 2021	One year of service

#### 12.4.3 Total expenses recognized

	2019	2020
CHF 1,000		
Expenses arising from equity-settled share option plans	1,325	1,168
Expenses arising from equity-settled performance share matching plans	10,342	13,060
Expenses arising from equity-settled other share plans	379	366
<b>Total expenses recognized, excluding social security costs</b>	<b>12,046</b>	<b>14,594</b>

## 13 INCOME TAXES

### 13.1 INCOME TAXES IN STATEMENT OF PROFIT OR LOSS AND RECONCILIATION

	2019	2020
CHF 1,000		
Current income taxes	13,849	19,377
Deferred income taxes	(4,278)	(4,835)
<b>Total income taxes</b>	<b>9,571</b>	<b>14,542</b>

The income tax expense can be analyzed as follows:

	2019	2020
CHF 1,000		
Profit before taxes	82,740	118,227
<b>Tax expense based on the Group's weighted average rate of 20.3% (2019: 19.8%)</b>	<b>16,387</b>	<b>24,052</b>
Effect of tax rate change on opening deferred taxes	209	(336)
Swiss tax reform - revaluation of deferred tax positions	(310)	-
Non-deductible expenses and additional taxable income	322	352
Tax-free income and tax reductions	(5,514)	(378)
Transitional measures from Swiss tax reform	(3,635)	(10,364)
Impact of tax losses	1,134	(117)
Impact of investment in subsidiaries and investments at FVOCI	346	953
Unrecoverable withholding tax	5	(76)
Underprovided in prior years	627	456
<b>Tax expense reported</b>	<b>9,571</b>	<b>14,542</b>

<sup>1</sup>See note 13.2.3

The tax rate of the Group is the weighted average tax rate obtained by applying the currently effective rate for each individual jurisdiction to its respective profit before taxes. As a result of changes in the

country mix of the profit before taxes, the Group's expected tax rate for 2020 increased to 20.3%.

## 13.2 DEFERRED INCOME TAXES

### 13.2.1 Amounts recognized in the financial statements

Amounts recognized and movements in deferred tax assets and liabilities:

							31.12.2019		
	Net balance at January 1	in profit or loss	Recognized in OCI <sup>1</sup>	directly in equity	Acquired in business combination	Translation differences	Net	Deferred tax assets	Deferred tax liabilities
CHF 1,000									
<b>Deferred taxes arising from temporary differences</b>									
Receivables and contract assets	(153)	(432)	-	-	3	(3)	(585)	399	(984)
Inventories	5,632	565	-	-	71	(114)	6,154	6,686	(533)
Property, plant and equipment	(45)	322	-	-	(741)	20	(444)	498	(942)
Right-of-use assets	-	(8,951)	-	-	(711)	159	(9,503)	1	(9,504)
Intangible assets	(10,085)	564	-	-	(1,567)	231	(10,857)	26	(10,883)
Liabilities and accrued expenses	3,524	8,486	-	-	817	(210)	12,617	12,617	-
Liability for post-employment benefits	5,650	299	3,547	-	-	(19)	9,477	9,477	-
Provisions	1,905	(655)	-	425	80	(47)	1,708	4,851	(3,143)
Other	(224)	32	-	-	5	(100)	(287)	31	(317)
<b>Subtotal</b>	<b>6,204</b>	<b>230</b>	<b>3,547</b>	<b>425</b>	<b>(2,043)</b>	<b>(83)</b>	<b>8,280</b>	<b>34,586</b>	<b>(26,306)</b>
Expected tax benefits from									
Tax loss carry-forwards	7,771	419	-	-	-	(141)	8,049	8,049	-
Swiss tax reform	-	3,635	-	-	-	-	3,635	3,635	-
Deferred taxes provided on expected dividends from subsidiaries									
	(1,879)	(5)	-	-	-	-	(1,884)	-	(1,884)
Offsetting								(22,383)	22,383
<b>Total</b>	<b>12,096</b>	<b>4,279</b>	<b>3,547</b>	<b>425</b>	<b>(2,043)</b>	<b>(224)</b>	<b>18,080</b>	<b>23,887</b>	<b>(5,807)</b>

<sup>1</sup>Other comprehensive income

	Net balance January 1	in profit or loss	Recognized in OCI <sup>1</sup>	directly in equity	Translation differences	31.12.2020		
						Net	Deferred tax assets	Deferred tax liabilities
CHF 1,000								
Deferred taxes arising from temporary differences								
Receivables and contract assets	(585)	(126)	-	-	(24)	(735)	267	(1,002)
Inventories	6,154	3,113	-	-	(333)	8,934	9,466	(532)
Property, plant and equipment	(444)	242	-	-	35	(167)	465	(632)
Right-of-use assets	(9,503)	1,453	-	-	264	(7,786)	1	(7,787)
Intangible assets	(10,857)	654	-	-	708	(9,495)	13	(9,508)
Liabilities and accrued expenses	12,617	480	-	-	(602)	12,495	12,495	-
Liability for post-employment benefits	9,477	(71)	3,588	-	(10)	12,984	12,984	-
Provisions	1,708	(1,679)	-	1,950	(97)	1,882	6,412	(4,530)
Other	(287)	288	-	-	(6)	(5)	479	(484)
Subtotal	8,280	4,354	3,588	1,950	(65)	18,107	42,582	(24,475)
Expected tax benefits from								
Tax loss carry-forwards	8,049	(1,288)	-	-	(600)	6,161	6,161	-
Swiss tax reform	3,635	1,693	-	-	-	5,328	5,328	-
Deferred taxes provided on expected dividends from subsidiaries	(1,884)	76	-	-	-	(1,808)	-	(1,808)
Offsetting							(21,910)	21,910
Total	18,080	4,835	3,588	1,950	(665)	27,788	32,161	(4,373)

<sup>1</sup>Other comprehensive income

Temporary differences on intangible assets primarily relate to assets recognized during the purchase price allocation process for business combinations.

The Group recognized net deferred tax assets of CHF 5.9 million for a tax group that reported a net loss in the current and previous period. This net loss position is mainly due to one-off effects. The Group expects to recover the net deferred tax assets in future periods.



### 13.2.2 Expected tax benefits from tax loss carry-forwards

Deferred tax assets related to tax loss carry-forwards:

	Gross value of tax loss carry-forwards not capitalized		Expected tax benefits	
	31.12.2019	31.12.2020	31.12.2019	31.12.2020
CHF 1,000				
<b>Expiring in</b>				
1 <sup>st</sup> - 5 <sup>th</sup> year			1,048	-
6 <sup>th</sup> year or beyond			5,654	3,817
Unlimited			1,347	2,344
<b>Tax loss carry-forwards capitalized</b>			<b>8,049</b>	<b>6,161</b>
<b>Expiring in</b>				
1 <sup>st</sup> - 5 <sup>th</sup> year	-	-	-	-
6 <sup>th</sup> year or beyond	42,429	11,393	2,860	796
Unlimited	-	-	-	-
<b>Tax loss carry-forwards not capitalized</b>	<b>42,429</b>	<b>11,393</b>	<b>2,860</b>	<b>796</b>
<b>Total tax loss carry-forwards</b>	<b>42,429</b>	<b>11,393</b>	<b>10,909</b>	<b>6,957</b>

### 13.2.3 Expected tax benefits from the Swiss tax reform

On May 19, 2019, the Swiss electorate passed the Federal Act on Tax Reform and AHV Financing (TRAF). The tax reform abolishes the tax regimes for holding, domiciliary and mixed companies as of January 1, 2020 and introduces new tax measures. To the extent that the tax reform requires cantonal and communal tax law changes, these have to be implemented through modification of the cantonal tax law. On September 1, 2019, in a public vote, the electorate of the canton of Zurich accepted the respective revision of the cantonal tax law. The relevant changes to the Group include a decrease in the statutory income tax rate in the canton of Zurich, effective as from January 1, 2021. Therefore, the Group

has revalued its Swiss deferred tax positions in 2019 which resulted in a non-recurring deferred tax benefit (CHF 0.3 million) and a positive non-recurring effect on both other comprehensive income (CHF 0.4 million) and equity (CHF 0.1 million).

As part of the TRAF and cantonal tax practice, transitional measures were introduced in order to ease the transition from the current reliefs to the new tax measures. For the Group, these measures allow amongst others the tax-effective amortization of a step-up amount over a period of up to 10 years.

Expected tax benefits related to the step-up mechanism that were not capitalized at year-end:

		Gross value of tax benefits not capitalized		Expected tax benefits	
		31.12.2019	31.12.2020	31.12.2019	31.12.2020
CHF 1,000					
<b>Tax benefits available for</b>					
Federal taxes	2026 - 2029	48,249	39,911	3,334	2,758
Cantonal taxes	2025 - 2029	545,666	387,839	64,170	45,610
<b>Tax benefits not capitalized</b>		<b>593,915</b>	<b>427,750</b>	<b>67,504</b>	<b>48,368</b>

### 13.2.4 Unrecognized deferred tax liabilities

At December 31, 2020, there were temporary differences of CHF 445.6 million (2019: CHF 377.2 million) related to investments in subsidiaries for which no deferred tax liabilities were recognized since the Group controls the timing of reversal of the

temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The corresponding unrecognized amount is not material.

## 14 CASH AND CASH EQUIVALENTS

	31.12.2019	31.12.2020
CHF 1,000		
<b>Bank balances</b>		
Denominated in CHF	225,492	90,180
Denominated in EUR	20,707	11,168
Denominated in GBP	867	1,115
Denominated in USD	9,756	31,227
Denominated in CNY	5,853	9,054
Denominated in JPY	989	2,830
Denominated in other currencies	2,610	2,866
<b>Total cash and cash equivalents</b>	<b>266,274</b>	<b>148,440</b>
Effective interest rate	(0.09%)	(0.10%)

Cash and cash equivalents as per cash flow statement comprise cash and cash equivalents as per balance sheet and bank overdrafts that are included in the position 'current financial liabilities'.

## 15 OTHER CURRENT FINANCIAL ASSETS

	31.12.2019	31.12.2020
CHF 1,000		
Time deposits with a term of three months or more from the date of acquisition		
Denominated in CHF	50,000	320,000
Current derivatives	500	2,478
<b>Total other current financial assets</b>	<b>50,500</b>	<b>322,478</b>

The time deposits with several banks are interest-bearing ranging from -0.4% to 0.0% and the parties can terminate the contracts at any time with notice periods of between three and six months.

The derivatives comprise foreign currency forwards and options with positive fair values. For detailed disclosures see note 28.

## 16 TRADE ACCOUNTS RECEIVABLE

	31.12.2019	31.12.2020
CHF 1,000		
<b>Trade accounts receivable</b>		
Denominated in CHF	32,293	28,836
Denominated in EUR	22,463	27,086
Denominated in GBP	4,527	4,874
Denominated in USD	51,661	54,256
Denominated in CNY	3,290	1,292
Denominated in JPY	3,392	3,975
Denominated in other currencies	5,869	4,114
<b>Subtotal trade accounts receivable</b>	<b>123,495</b>	<b>124,433</b>
<b>Allowance for expected credit losses</b>		
Individual impairment allowance account	(430)	(299)
Collective impairment allowance account	(1,548)	(1,334)
<b>Subtotal allowance for expected credit losses</b>	<b>(1,978)</b>	<b>(1,633)</b>
<b>Total trade accounts receivable</b>	<b>121,517</b>	<b>122,800</b>
Net increase	16,625	5,737
Acquisition through business combination	1,106	-
Translation differences	(1,657)	(4,454)
<b>Total change compared with previous year</b>	<b>16,074</b>	<b>1,283</b>

The maximum exposure to credit risk for trade accounts receivable at the reporting date by geographic region was:

	31.12.2019	31.12.2020
CHF 1,000		
Switzerland (domestic)	4,537	2,885
Euro-zone countries	39,266	36,372
Other European countries	4,026	6,371
North America	61,723	68,180
Asia	12,949	9,725
Other	994	900
<b>Total trade accounts receivable (excluding allowances)</b>	<b>123,495</b>	<b>124,433</b>

The Group's most significant customer accounts for 9.6% of the trade accounts receivable carrying amount at December 31, 2020 (December 31, 2019: 9.4%).

The movement in the allowance for impairment in respect of trade accounts receivable during the year was as follows:

	2019	2020
CHF 1,000		
<b>Individual impairment allowance account</b>		
Balance at January 1	(1,107)	(430)
Change in impairment losses	(80)	(140)
Write-offs	756	253
Translation differences	1	18
<b>Balance at December 31</b>	<b>(430)</b>	<b>(299)</b>
Amount of trade accounts receivable with individual impairment (gross)	58,904	62,244
<b>Collective impairment allowance account</b>		
Balance at January 1	(2,439)	(1,548)
Change in impairment losses	865	164
Translation differences	26	50
<b>Balance at December 31</b>	<b>(1,548)</b>	<b>(1,334)</b>

The due dates of trade accounts receivable that are collectively impaired were:

	31.12.2019		31.12.2020	
	Gross	Impairment	Gross	Impairment
CHF 1,000				
Not past due	45,714	(82)	44,595	(84)
Past due 1–30 days	9,415	(56)	9,137	(56)
Past due 31–90 days	6,785	(193)	6,733	(199)
Past due 91–180 days	2,159	(541)	1,033	(391)
Past due more than 180 days	518	(676)	691	(604)
<b>Total</b>	<b>64,591</b>	<b>(1,548)</b>	<b>62,189</b>	<b>(1,334)</b>

The Group did not experience any severe financial difficulties with its debtors in the past. The sum of all recognized final write-offs of trade accounts receivable in 2019 and 2020 represents less than 1% of sales.



## 17 INVENTORIES

	31.12.2019	31.12.2020
CHF 1,000		
Raw materials, semi-finished and finished goods	95,454	105,274
Allowance for slow-moving inventories	(15,225)	(12,783)
Work in progress	4,837	10,703
Capitalized customer-specific development costs	66,881	56,259
<b>Total inventories</b>	<b>151,947</b>	<b>159,453</b>
Net (decrease)/increase	(21,828)	10,594
Acquisition through business combination	3,225	-
Reclassifications	-	(78)
Translation differences	(1,159)	(3,010)
<b>Total change compared with previous year</b>	<b>(19,762)</b>	<b>7,506</b>
Amount of write-offs due to slow-moving inventories charged to the statement of profit or loss	3,444	7,235

## 18 NON-CURRENT FINANCIAL ASSETS

	31.12.2019	31.12.2020
CHF 1,000		
Non-current derivatives	149	-
Unquoted equity investment (FVOCI)	-	4,325
Rent and other deposits	1,024	1,026
<b>Total non-current financial assets</b>	<b>1,173</b>	<b>5,351</b>

The derivatives comprise foreign currency forwards and options with positive fair values. For detailed disclosures see note 28.

The acquisition of the investment was closed in 2020. However, the majority of the payment was made in January 2021.

## 19 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fittings	Machines and motor vehicles	EDP equipment	Equipment leased to customers <sup>1</sup>	Total 2019
CHF 1,000						
<b>At cost</b>						
Balance at January 1, 2019	11,546	14,404	48,453	21,805	2,093	98,301
Acquisition through business combination	14	24	4,632	-	-	4,670
Additions	1,202	921	4,237	2,358	689	9,407
Disposals	(160)	(1,259)	(2,447)	(3,457)	(38)	(7,361)
Translation differences	(106)	(172)	(866)	(300)	(140)	(1,584)
<b>Balance at December 31, 2019</b>	<b>12,496</b>	<b>13,918</b>	<b>54,009</b>	<b>20,406</b>	<b>2,604</b>	<b>103,433</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at January 1, 2019	9,465	12,458	32,696	17,657	972	73,248
Annual depreciation	739	653	4,885	2,134	375	8,786
Disposals	(158)	(1,244)	(2,100)	(3,401)	(8)	(6,911)
Translation differences	(89)	(134)	(544)	(257)	(59)	(1,083)
<b>Balance at December 31, 2019</b>	<b>9,957</b>	<b>11,733</b>	<b>34,937</b>	<b>16,133</b>	<b>1,280</b>	<b>74,040</b>
<b>Net book value</b>	<b>2,539</b>	<b>2,185</b>	<b>19,072</b>	<b>4,273</b>	<b>1,324</b>	<b>29,393</b>

<sup>1</sup>See note 5

	Leasehold improvements	Furniture and fittings	Machines and motor vehicles	EDP equipment	Equipment leased to customers <sup>1</sup>	Total 2020
CHF 1,000						
<b>At cost</b>						
Balance at January 1, 2020	12,496	13,918	54,009	20,406	2,604	103,433
Additions	1,939	563	18,627	2,218	422	23,769
Disposals	(177)	(676)	(2,918)	(2,352)	-	(6,123)
Translation differences	(289)	(211)	(2,006)	(417)	(90)	(3,013)
<b>Balance at December 31, 2020</b>	<b>13,969</b>	<b>13,594</b>	<b>67,712</b>	<b>19,855</b>	<b>2,936</b>	<b>118,066</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at January 1, 2020	9,957	11,733	34,937	16,133	1,280	74,040
Annual depreciation	1,090	628	4,908	2,476	370	9,472
Disposals	(176)	(665)	(2,722)	(2,321)	-	(5,884)
Translation differences	(282)	(168)	(834)	(372)	(45)	(1,701)
<b>Balance at December 31, 2020</b>	<b>10,589</b>	<b>11,528</b>	<b>36,289</b>	<b>15,916</b>	<b>1,605</b>	<b>75,927</b>
<b>Net book value</b>	<b>3,380</b>	<b>2,066</b>	<b>31,423</b>	<b>3,939</b>	<b>1,331</b>	<b>42,139</b>

<sup>1</sup>See note 5

The additions for machines and motor vehicles include payments of CHF 10.8 million for production lines that are under construction and not yet ready for use. Thereof CHF 9.0 million are linked to a

government grant (see note 24). At December 31, 2020, the outstanding purchase commitments for these production lines amounted to CHF 15.5 million.

## 20 RIGHT-OF-USE ASSETS (GROUP AS LESSEE)

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor see note 5.

### 20.1 AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS

The amounts recognized in the balance sheet are as follows:

	Property	Office equipment	Machines	Motor vehicles	Total
CHF 1,000					
Balance at January 1, 2019	45,313	61	-	3,253	48,627
Acquisition through business combination	2,961	-	-	-	2,961
Additions and subsequent measurement	1,729	(1)	-	1,180	2,908
Depreciation	(8,775)	(23)	-	(1,715)	(10,513)
Disposals	-	-	-	(3)	(3)
Translation differences	(495)	(1)	-	(56)	(552)
<b>Balance at December 31, 2019</b>	<b>40,733</b>	<b>36</b>	<b>-</b>	<b>2,659</b>	<b>43,428</b>
Additions and subsequent measurement	4,159	32	26	1,549	5,766
Depreciation	(9,325)	(19)	(9)	(1,562)	(10,915)
Disposals	-	(7)	-	(109)	(116)
Translation differences	(1,027)	-	-	(54)	(1,081)
<b>Balance at December 31, 2020</b>	<b>34,540</b>	<b>42</b>	<b>17</b>	<b>2,483</b>	<b>37,082</b>

The related lease liabilities are disclosed in note 22.

The amounts recognized in the statement of profit or loss are as follows:

	2019	2020
CHF 1,000		
Depreciation expense of right-of-use assets	10,513	10,915
Expense related to short-term leases	73	114
Expense related to low-value leases	-	62
Interest cost on lease liabilities (included in finance cost)	612	530
<b>Total amount recognized in profit or loss</b>	<b>11,198</b>	<b>11,621</b>

In financial year 2020, the Group paid a total amount of CHF 11.2 million (2019: CHF 10.6 million) to its lessors.

### 20.2 ADDITIONAL DISCLOSURES

The Group has several property lease contracts that include renewal and termination options. Where useful, the Group aims to incorporate options into its leases in order to maximize operational flexibility. Normally, these options are exercisable only by the lessee and not by the lessors. For the main locations, the undiscounted potential future rental payments relating to periods following the exercise date of the options are estimated at CHF 47.1 million, of

which CHF 15.0 million, particularly the headquarters in Switzerland, are considered in the valuation of the right-of-use assets as at December 31, 2020.

At year-end 2020, there was no material new lease commitment with commencement date after the balance sheet date (2019: CHF 2.8 million).

## 21 INTANGIBLE ASSETS AND GOODWILL

### 21.1 AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS

	Software	Development costs	Patents	Acquired brand	Acquired technology	Acquired client relationships	Goodwill	Total 2019
CHF 1,000								
<b>At cost</b>								
Balance at January 1, 2019	30,729	77,721	355	6,146	21,273	24,973	133,498	294,695
Acquisition through business combination	-	-	-	-	1,400	4,199	11,521	17,120
Internally developed	2,142	12,388	-	-	-	-	-	14,530
Disposal	(429)	-	-	-	-	(526)	-	(955)
Translation differences	(20)	(68)	(3)	(119)	(409)	(597)	(2,290)	(3,506)
<b>Balance at December 31, 2019</b>	<b>32,422</b>	<b>90,041</b>	<b>352</b>	<b>6,027</b>	<b>22,264</b>	<b>28,049</b>	<b>142,729</b>	<b>321,884</b>
<b>Accumulated amortization and impairment losses</b>								
Balance at January 1, 2019	25,859	48,933	276	714	4,292	5,495	-	85,569
Annual amortization	1,187	8,599	60	546	2,290	1,859	-	14,541
Disposal	(328)	-	-	-	-	(526)	-	(854)
Translation differences	(13)	(10)	(4)	(34)	(137)	(139)	-	(337)
<b>Balance at December 31, 2019</b>	<b>26,705</b>	<b>57,522</b>	<b>332</b>	<b>1,226</b>	<b>6,445</b>	<b>6,689</b>	<b>-</b>	<b>98,919</b>
<b>Net book value</b>	<b>5,717</b>	<b>32,519</b>	<b>20</b>	<b>4,801</b>	<b>15,819</b>	<b>21,360</b>	<b>142,729</b>	<b>222,965</b>

	Software	Development costs	Patents	Acquired brand	Acquired technology	Acquired client relationships	Goodwill	Total 2020
CHF 1,000								
<b>At cost</b>								
Balance at January 1, 2020	32,422	90,041	352	6,027	22,264	28,049	142,729	321,884
Internally developed	2,201	15,318	-	-	-	-	-	17,519
Disposal	-	(102)	-	-	-	-	-	(102)
Translation differences	(23)	(373)	(11)	(432)	(1,164)	(1,629)	(6,631)	(10,263)
<b>Balance at December 31, 2020</b>	<b>34,600</b>	<b>104,884</b>	<b>341</b>	<b>5,595</b>	<b>21,100</b>	<b>26,420</b>	<b>136,098</b>	<b>329,038</b>
<b>Accumulated amortization and impairment losses</b>								
Balance at January 1, 2020	26,705	57,522	332	1,226	6,445	6,689	-	98,919
Annual amortization	1,323	9,049	20	517	2,287	1,860	-	15,056
Impairment	-	2,051	-	-	-	-	-	2,051
Disposal	-	(102)	-	-	-	-	-	(102)
Translation differences	(5)	-	(11)	(87)	(309)	(382)	-	(794)
<b>Balance at December 31, 2020</b>	<b>28,023</b>	<b>68,520</b>	<b>341</b>	<b>1,656</b>	<b>8,423</b>	<b>8,167</b>	<b>-</b>	<b>115,130</b>
<b>Net book value</b>	<b>6,577</b>	<b>36,364</b>	<b>-</b>	<b>3,939</b>	<b>12,677</b>	<b>18,253</b>	<b>136,098</b>	<b>213,908</b>



The amortization / impairment charge is recognized in the following line items of the statement of profit or loss:

	2019	2020
CHF 1,000		
Cost of sales	-	-
Sales and marketing	2,405	2,377
Research and development	10,949	13,407
General and administration	1,187	1,323
<b>Total amortization</b>	<b>14,541</b>	<b>17,107</b>

## 21.2 IMPAIRMENT TESTS

For the purpose of impairment testing, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit from the synergies of the corresponding business combination. Subsequently, the recoverable amount of the cash-generating unit (higher of fair value less costs of disposal and value in use) is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash-generating unit exceeds its recoverable amount. Value in use is normally assumed to be higher than the fair value less costs of disposal; therefore, fair value less costs of disposal is only investigated when value in use is lower than the carrying amount of the cash-generating unit.

Value in use is calculated according to the discounted cash flow method. The cash flow projections are based on a five-year financial planning period. Cash flows beyond the five-year period are extrapolated applying the estimated long-term growth rates stated below. The expected growth in sales is based on external market studies and internal assessments prepared by management. Future cash flows are discounted using the weighted average cost of capital (WACC). The discount rates applied are pre-tax.

### 21.2.1 Financial year 2020

The Group performed impairment tests on cash-generating units containing goodwill in June 2020, using the following key assumptions:

Goodwill Cash-generating unit	Method	Carrying amount (CHF 1,000)	Test date	Basis for recoverable amount	Pre-tax discount rate	Projection period	Long-term growth rate
Goodwill Life Sciences Business Life Sciences Business	DCF-method	109,843	June 2020	Value in use	7.9%	5 years	0.0%
Goodwill Partnering Business Partnering Business	DCF-method	26,255	June 2020	Value in use	7.8%	5 years	0.0%

In addition, the Group prepared mandatory impairment tests for capitalized development costs relating to products that are not yet launched on the market at August 31, 2020.

Based on the impairment tests 2020, there was no need for the recognition of any impairment. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

Certain product lines were adversely affected by lockdowns as customers closed or restricted access to their facilities due to the COVID-19 pandemic. A review of the detection products line, one of those significantly affected, has triggered an aperiodic impairment test for products launched in recent years. The tests have shown that one product which was introduced in 2019 did not meet the expectations of the original launch plan anymore. Consequently, the Group recognized an impairment on the capitalized development costs of CHF 2.1 million, which was charged to the segment Life Sciences Business. The recoverable amount of the assets corresponded to their value in use (CHF 1.7 million).

### 21.2.2 Financial year 2019

The Group performed impairment tests on cash-generating units containing goodwill in June 2019, using the following key assumptions:

Goodwill Cash-generating unit	Method	Carrying amount (CHF 1,000)	Test date	Basis for recoverable amount	Pre-tax discount rate	Projection period	Long-term growth rate
Goodwill Life Sciences Business Life Sciences Business	DCF-method	115,776	June 2019	Value in use	9.9%	5 years	0.0%
Goodwill Partnering Business Partnering Business	DCF-method	26,953	June 2019	Value in use	9.9%	5 years	0.0%

In addition, the Group prepared mandatory impairment tests for capitalized development costs relating to products that are not yet launched on the market at August 31, 2019.

Based on the impairment tests 2019, there was no need for the recognition of any impairment.

## 22 FINANCIAL LIABILITIES

	Short-term credit facilities and bank overdrafts	Derivatives <sup>1</sup>	Bank loans	Contingent consideration <sup>2</sup>	Leases	Total 2019
CHF 1,000						
<b>Balance at January 1, 2019</b>	1,129	4,306	1,182	4,916	48,627	60,160
<i>Cash flows</i>						
Increase	-	-	640	-	-	640
Change	1,033	-	-	-	-	1,033
<i>Settlement</i>						
Initial fair value (cash flow from investing activities)	-	-	-	(4,200)	-	(4,200)
Remainder (cash flow from operating activities)	-	-	-	(800)	-	(800)
Payments to lessors (including interests)	-	-	-	-	(10,572)	(10,572)
<i>Non-cash changes</i>						
Acquisition through business combination	-	-	-	-	2,961	2,961
Change in fair value	-	(3,024)	-	-	-	(3,024)
New leases and disposals	-	-	-	-	2,905	2,905
Accretion of interest	-	-	-	-	612	612
Change in bank overdrafts	(9)	-	-	-	-	(9)
Translation differences	-	-	(58)	84	(566)	(540)
<b>Balance at December 31, 2019</b>	<b>2,153</b>	<b>1,282</b>	<b>1,764</b>	<b>-</b>	<b>43,967</b>	<b>49,166</b>
Thereof current	2,153	1,274	1,425	-	9,830	14,682
Thereof non-current	-	8	339	-	34,137	34,484
<b>Analysis by currency</b>						
Denominated in CHF						19,912
Denominated in EUR						7,832
Denominated in USD						14,775
Denominated in other currencies						6,647
<b>Total</b>						<b>49,166</b>
<b>Analysis by interest rate</b>						
Interest-free						1,282
Variable interest rates						2,153
Fixed interest rate						
0% - 2%						31,739
2% - 4%						13,174
4% - 6%						818
<b>Total</b>						<b>49,166</b>

<sup>1</sup>See note 28<sup>2</sup>See note 3,2

	Short-term credit facilities	Derivatives <sup>1</sup>	Bank loans	Leases	Total 2020
CHF 1,000					
<b>Balance at January 1, 2020</b>	2,153	1,282	1,764	43,967	49,166
<i>Cash flows</i>					
Increase	-	-	393	-	393
Change	(2,153)	-	-	-	(2,153)
Repayment	-	-	(1,406)	-	(1,406)
Payments to lessors (including interests)	-	-	-	(11,022)	(11,022)
<i>Non-cash changes</i>					
Change in fair value	-	(588)	-	-	(588)
New leases and disposals	-	-	-	5,650	5,650
Accretion of interest	-	-	-	530	530
Translation differences	-	-	(17)	(1,134)	(1,151)
<b>Balance at December 31, 2020</b>	-	<b>694</b>	<b>734</b>	<b>37,991</b>	<b>39,419</b>
Thereof current	-	694	-	10,416	11,110
Thereof non-current	-	-	734	27,575	28,309
<b>Analysis by currency</b>					
Denominated in CHF					20,076
Denominated in EUR					5,204
Denominated in USD					9,944
Denominated in other currencies					4,195
<b>Total</b>					<b>39,419</b>
<b>Analysis by interest rate</b>					
Interest-free					694
Variable interest rates					-
Fixed interest rate					
0% - 2%					27,403
2% - 4%					10,675
4% - 6%					647
<b>Total</b>					<b>39,419</b>

<sup>1</sup>See note 28

In 2020, the average interest rate paid on bank loans was 0.8% (2019: 0.8%).

## 23 CONTRACT LIABILITIES

	31.12.2019		31.12.2020	
	Current	Non-current	Current	Non-current
CHF 1,000				
<i>Timing of revenue recognition: point in time</i>				
Advances for products	14,349	22,667	41,263	19,898
<i>Timing of revenue recognition: over time</i>				
Advances for products	990	-	1,069	-
Service contracts, including service-type warranties	20,883	3,280	20,027	3,117
<b>Total contract liabilities</b>	<b>36,222</b>	<b>25,947</b>	<b>62,359</b>	<b>23,015</b>
Net (decrease)/increase		(9,335)		24,874
Translation differences		(687)		(1,669)
<b>Total change (current and non-current) compared with previous year</b>		<b>(10,022)</b>		<b>23,205</b>

## 24 GOVERNMENT GRANTS

	2020
CHF 1,000	
Balance at January 1	-
Received	17,877
Translation differences	(1,001)
<b>Balance at December 31</b>	<b>16,876</b>
Thereof current	465
Thereof non-current	16,411

In October 2020 the U.S. Department of Defense and the U.S. Department of Health and Human Services awarded a government grant of USD 32.9 million (CHF 29.8 million) to support the build-up of a U.S. pipette tip manufacturing for COVID-19 testing. Disposable pipette tips are key components for molecular tests for SARS-CoV-2 and other assays performed on fully automated, high throughput systems. The funding enables the Group to launch new production capacity in the U.S. and to increase the domestic supply for critical medical resources.

This government grant is linked to the purchase and installation of new production lines reported in position property, plant and equipment (see note 19). The new U.S. manufacturing is expected to start producing pipette tips in fall 2021.



## 25 PROVISIONS

	Onerous contracts	Warranties and returns	WEEE <sup>1</sup>	Legal cases	Other	Total 2019
CHF 1,000						
Balance at January 1, 2019	2,828	13,799	1,152	227	6,026	24,032
Acquisition through business combination	-	210	-	-	640	850
Provisions made	2,376	16,569	111	-	969	20,025
Provisions used	(105)	(15,227)	(5)	-	(551)	(15,888)
Provisions reversed	(1,960)	(410)	-	(82)	(1,311)	(3,763)
Reclassification	-	-	1	-	(1)	-
Translation differences	(6)	(140)	(39)	(6)	(59)	(250)
<b>Balance at December 31, 2019</b>	<b>3,133</b>	<b>14,801</b>	<b>1,220</b>	<b>139</b>	<b>5,713</b>	<b>25,006</b>
Thereof current	3,133	14,801	-	139	1,632	19,705
Thereof non-current	-	-	1,220	-	4,081	5,301

<sup>1</sup>WEEE = waste electrical and electronic equipment (directive 2002/96/EC)

	Onerous contracts	Warranties and returns	WEEE <sup>1</sup>	Legal cases	Other	Total 2020
CHF 1,000						
Balance at January 1, 2020	3,133	14,801	1,220	139	5,713	25,006
Provisions made	79	20,218	150	4,250	2,195	26,892
Provisions used	(15)	(17,431)	(7)	-	(112)	(17,565)
Provisions reversed	(298)	(811)	-	(80)	(322)	(1,511)
Reclassification	-	-	-	-	(101)	(101)
Translation differences	(13)	(278)	(5)	-	(148)	(444)
<b>Balance at December 31, 2020</b>	<b>2,886</b>	<b>16,499</b>	<b>1,358</b>	<b>4,309</b>	<b>7,225</b>	<b>32,277</b>
Thereof current	2,886	16,499	-	4,309	1,603	25,297
Thereof non-current	-	-	1,358	-	5,622	6,980

<sup>1</sup>WEEE = waste electrical and electronic equipment (directive 2002/96/EC)

The provision for legal cases (2020: CHF 4.3 million and 2019: CHF 0.1 million) relates to several legal cases with former customers and employees in different subsidiaries, for which the timing of settlement was uncertain at year-end.

The position 'other' contains provisions to cover commitments relating to other non-current employee benefits (2020: CHF 5.5 million and 2019: CHF 3.8 million), to controversial sales and use tax positions (2020: CHF 0.9 million and 2019: CHF 1.0 million) and to several minor items (2020: CHF 0.8 million and 2019: CHF 0.8 million).

## 26 SHAREHOLDERS' EQUITY

### 26.1 SHARE CAPITAL AND CAPITAL RESERVE

Holders of ordinary shares are entitled to dividends and to one vote per share at the General Meetings of Shareholders. All payments of the shareholders in excess of the nominal value of the share (CHF 0.10 / share) are classified to capital reserve (share premium).

### 26.2 NATURE AND PURPOSE OF THE EQUITY RESERVES

#### 26.2.1 Translation differences

The translation differences comprise all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currency into the reporting currency (CHF).

### 26.3 MOVEMENTS IN SHARES OUTSTANDING

	2019	2020
Shares (each share has a nominal value of CHF 0.10)		
Balance at January 1	11,766,372	11,870,912
New shares issued based on employee participation plans	104,540	87,933
<b>Balance at December 31</b>	<b>11,870,912</b>	<b>11,958,845</b>

### 26.4 DIVIDENDS PAID

	2019	2020	2021 Proposed
Number of shares eligible for dividend	11,826,232	11,927,914	11,958,845
Dividends paid (CHF/share)	2.10	1.10	1.15
Payout from statutory capital contribution reserve (CHF/share)	-	1.10	1.15

### 26.5 CONDITIONAL SHARE CAPITAL RESERVED FOR THE EMPLOYEE PARTICIPATION PLANS

	2019	2020
Shares (each share has a nominal value of CHF 0.10)		
Balance at January 1	536,840	432,300
New shares issued based on employee participation plans	(104,540)	(87,933)
<b>Balance at December 31</b>	<b>432,300</b>	<b>344,367</b>
Maximum of employee share options and employee shares outstanding	226,757	178,391

## 26.6 CONDITIONAL AND AUTHORIZED SHARE CAPITAL FOR THE PURPOSE OF FUTURE BUSINESS DEVELOPMENT

	31.12.2019	31.12.2020
<b>Conditional share capital</b>		
Shares (with a nominal value of CHF 0.10 each)	1,800,000	1,800,000
CHF	180,000	180,000
<b>Authorized share capital</b>		
Expiry date	17.04.2020	17.04.2022
Shares (with a nominal value of CHF 0.10 each)	2,300,000	2,300,000
CHF	230,000	230,000

The Articles of Incorporation of Tecan Group Ltd. (the ultimate holding company) require that the existing conditional share capital for future business development shall be reduced if and to the extent authorized capital is used and that the authorized capital shall be

reduced if and to the extent new shares are created under the respective conditional capital. However, the conditional share capital for employee participation plans is not affected by this rule.

## 26.7 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base in order to ensure investor, creditor and market confidence and to sustain future development of business. It is the Group's target to keep a minimum equity ratio of 30% (reported in 2020: 66.2% and 2019:70.1%), which limits the level of borrowings. Changes to this target are subject to the Board of Directors' approval. In addition, all covenants relating to bank liabilities must be satisfied at any time.

The Board of Directors monitors both the earnings per share and the ability of the Group to undertake future business development. Amongst others it may initiate share buyback programs in order to rebalance the position of the Group in relation to these targets. The level of dividend payments to shareholders shall be kept on a constant and ongoing level.

There were no changes in the Group's approach to capital management during the year.

## 27 FOREIGN EXCHANGE RATES

The following foreign exchange rates were used for the preparation of the consolidated financial statements:

		Closing exchange rates		Average exchange rates January to December	
		31.12.2019	31.12.2020	2019	2020
CHF					
EUR	1	1.09	1.08	1.11	1.07
GBP	1	1.27	1.21	1.27	1.20
SEK	100	10.33	10.78	10.51	10.22
USD	1	0.97	0.89	0.99	0.94
SGD	1	0.72	0.67	0.73	0.68
CNY	1	0.14	0.14	0.14	0.14
JPY	100	0.89	0.86	0.91	0.88
AUD	1	0.68	0.68	0.69	0.65

## 28 FINANCIAL RISK MANAGEMENT

### 28.1 INTRODUCTION

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and foreign currency risk) and liquidity risk. The Group's risk management 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 economically hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors (Treasury Policy). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's

operating units. The 'Treasury Policy' provides principles for specific areas, such as credit risk, interest rate risk, foreign currency risk, use of derivative financial instruments and investment of excess liquidity.

This note presents information about the Group's exposure to each of the risks arising from financial instruments and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

### 28.2 CLASSES OF FINANCIAL INSTRUMENTS

	Cash and cash equivalents	Other current financial assets	Trade and other receivables	Non-current financial assets	<b>Total assets 2019</b>	Current financial liabilities	Trade and other paya- bles/accrued expenses	Non-current financial liabilities	<b>Total liabilities 2019</b>
CHF 1,000									
<b>Financial instruments measured at fair value through profit or loss (FVTPL)</b>									
Currency forwards and options	-	500	-	149	<b>649</b>	(1,274)	-	(8)	<b>(1,282)</b>
<b>Financial instruments measured at amortized costs</b>									
Cash and cash equivalents	266,274	-	-	-	<b>266,274</b>	-	-	-	-
Time deposits	-	50,000	-	-	<b>50,000</b>	-	-	-	-
Receivables	-	-	121,775	-	<b>121,775</b>	-	-	-	-
Rent and other deposits	-	-	656	1,024	<b>1,680</b>	-	-	-	-
Current bank liabilities	-	-	-	-	-	(2,153)	-	-	<b>(2,153)</b>
Bank loans	-	-	-	-	-	(1,425)	-	(339)	<b>(1,764)</b>
Payables and accrued expenses	-	-	-	-	-	-	(55,893)	-	<b>(55,893)</b>
<b>Other</b>									
Lease liabilities	-	-	-	-	-	(9,830)	-	(34,137)	<b>(43,967)</b>
<b>Total financial instruments</b>	<b>266,274</b>	<b>50,500</b>	<b>122,431</b>	<b>1,173</b>	<b>440,378</b>	<b>(14,682)</b>	<b>(55,893)</b>	<b>(34,484)</b>	<b>(105,059)</b>
Reconciling items <sup>1</sup>	-	-	11,245	-	<b>11,245</b>	-	(16,380)	-	<b>(16,380)</b>
<b>Balance at December 31, 2019</b>	<b>266,274</b>	<b>50,500</b>	<b>133,676</b>	<b>1,173</b>	<b>451,623</b>	<b>(14,682)</b>	<b>(72,273)</b>	<b>(34,484)</b>	<b>(121,439)</b>

<sup>1</sup>Receivables/payables arising from VAT/other non-income taxes and social security.



	Cash and cash equivalents	Other current financial assets	Trade and other receivables	Non-current financial assets	Total assets 2020	Current financial liabilities	Trade and other payables/accrued expenses	Non-current financial liabilities	Total liabilities 2020
CHF 1,000									
<b>Financial instruments measured at fair value through profit or loss (FVTPL)</b>									
Currency forwards and options	-	2,478	-	-	2,478	(694)	-	-	(694)
<b>Financial instruments measured at fair value through OCI (FVOCI)</b>									
Unquoted equity investment	-	-	-	4,325	4,325	-	-	-	-
<b>Financial instruments measured at amortized costs</b>									
Cash and cash equivalents	148,440	-	-	-	148,440	-	-	-	-
Time deposits	-	320,000	-	-	320,000	-	-	-	-
Receivables	-	-	122,911	-	122,911	-	-	-	-
Rent and other deposits	-	-	600	1,026	1,626	-	-	-	-
Bank loans	-	-	-	-	-	-	-	(734)	(734)
Payables and accrued expenses	-	-	-	-	-	-	(88,600)	-	(88,600)
<b>Other</b>									
Lease liabilities	-	-	-	-	-	(10,416)	-	(27,575)	(37,991)
<b>Total financial instruments</b>	<b>148,440</b>	<b>322,478</b>	<b>123,511</b>	<b>5,351</b>	<b>599,780</b>	<b>(11,110)</b>	<b>(88,600)</b>	<b>(28,309)</b>	<b>(128,019)</b>
Reconciling items <sup>1</sup>	-	-	11,936	-	11,936	-	(16,981)	-	(16,981)
<b>Balance at December 31, 2020</b>	<b>148,440</b>	<b>322,478</b>	<b>135,447</b>	<b>5,351</b>	<b>611,716</b>	<b>(11,110)</b>	<b>(105,581)</b>	<b>(28,309)</b>	<b>(145,000)</b>

<sup>1</sup>Receivables/payables arising from VAT/other non-income taxes and social security.

## 28.3 CREDIT RISKS

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from cash and cash equivalents, time deposits, derivatives and trade accounts receivable.

All domestic and international bank relationships are selected by the CFO and Group Treasury. Only banks and financial institutions that are ranked in the top class of the respective country are accepted.

The credit risk with trade accounts receivable (see note 16) is limited, as the Group has numerous clients located in various geographical regions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. For the purpose of risk control, the customers are grouped as follows (risk groups): governmental organizations, listed public limited companies, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance or letters of credit; these limits are reviewed regularly (credit check).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. There are no commitments that could increase this exposure to more than the carrying amounts.

## 28.4 MARKET RISKS

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other prices will affect the Group's result or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

### 28.4.1 Interest rate risks

At the reporting date the Group had the following interest-bearing financial instruments: cash and cash equivalents, time deposits, rent deposits and bank liabilities. All cash and cash equivalents mature or reprise in the short-term, no longer than three months.

Borrowings mainly bear interest at fixed rates. Cash and cash equivalents and borrowings issued at variable rates expose the Group to cash flow interest rate risk. For the interest rate profile of the Group's interest-bearing financial liabilities refer to note 22.

The Group does not account for any fixed rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The Group Treasury manages the interest rate risk in order to reduce the volatility of the financial result as a consequence of interest rate

movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, the Group Treasury focuses on an internal long-term benchmark interest rate and considers the amount of cash and cash equivalents held at a variable interest rate. Currently the interest rate exposure is not hedged.

At December 31, 2020, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been CHF 0.5 million (2019: CHF 0.8 million) higher/lower, mainly as a result of cash positions held at variable rates.

#### 28.4.2 Foreign currency risks

The Group incurs foreign currency risks on sales, purchases and borrowings denominated in a currency other than the functional currency of the respective Group companies. On a consolidated

basis, the Group is also exposed to currency fluctuations between the Swiss franc (CHF) and the functional currencies of its Group companies. The two major currencies giving rise to currency risks are the Euro (EUR) and the US dollar (USD).

The Group centralizes its foreign currency exposure in a few locations only. The hedging policy of the Group is to cover the foreign currency exposure to a certain percentage of the operating activities (forecast sales and purchases). The Group uses forward exchange contracts, currency options and swaps to hedge its foreign currency risk on specific future foreign currency cash flows. These contracts have maturities of up to 18 months.

The Group does not hedge its net investment in foreign entities and the related foreign currency translation of local earnings.

The Group's exposure to foreign currency risk arising on financial instruments denominated in a currency different from the functional currency of the entity holding the instruments was as follows:

	31.12.2019				31.12.2020			
	CHF	EUR	USD	Other	CHF	EUR	USD	Other
CHF 1,000								
Derivatives	-	-	(688)	55	-	-	1,981	(197)
Cash and cash equivalents	943	5,239	2,537	1,448	408	5,703	22,215	3,241
Receivables	76	1,097	4,481	2,913	225	3,461	10,465	902
Rent and other deposits	-	54	-	-	-	118	-	-
Current bank liabilities	-	-	-	(2,153)	-	-	-	-
Payables and accrued expenses	(145)	(3,337)	(790)	(701)	(213)	(3,124)	(1,925)	(456)
Lease liabilities	-	-	-	(19)	-	-	-	(15)
<b>Total net exposure to currency</b>	<b>874</b>	<b>3,053</b>	<b>5,540</b>	<b>1,543</b>	<b>420</b>	<b>6,158</b>	<b>32,736</b>	<b>3,475</b>

At December 31, if the CHF had moved against the USD and EUR with all other variables held constant, post-tax profit and other comprehensive income (OCI) for the year would have been:

	31.12.2019		31.12.2020	
	Impact on profit higher/(lower)	Impact on OCI higher/(lower)	Impact on profit higher/(lower)	Impact on OCI higher/(lower)
CHF 1,000				
If CHF had weakened against EUR by 10%	234	2,506	328	1,606
If CHF had strengthened against EUR by 10%	(234)	(2,506)	(328)	(1,606)
If CHF had weakened against USD by 10%	(4,624)	2,714	(3,142)	2,378
If CHF had strengthened against USD by 10%	4,270	(2,714)	3,142	(2,378)

Foreign currency risks from financial instruments with impact on post-tax profit primarily relate to CHF/USD forwards and options.

The derivative financial instruments used as economic hedges of foreign currencies are summarized in the table below:

	Fair value			Contract value		
	Positive	Negative	Total	1 and 90 days	Due within 91 and 360 days	1 and 2 years
CHF 1,000						
Foreign currency forwards						
Sell USD	418	(1,057)	75,901	33,358	30,747	11,796
Buy USD	83	(224)	(27,363)	(14,793)	(12,570)	-
Sell GBP	48	-	2,866	2,866	-	-
Sell SEK	7	-	516	516	-	-
Foreign currency options						
Sell USD	93	-	1,934	1,160	774	-
Buy USD	-	(1)	(4,834)	(2,900)	(1,934)	-
Balance at December 31, 2019	649	(1,282)	49,020	20,207	17,017	11,796

	Fair value		Total	Contract value		
	Positive	Negative		1 and 90 days	Due within 91 and 360 days	1 and 2 years
CHF 1,000						
Foreign currency forwards						
Sell USD	2,478	-	78,065	45,545	32,520	-
Buy USD	-	(497)	(10,899)	(5,405)	(5,494)	-
Sell GBP	-	(167)	8,355	8,355	-	-
Sell SEK	-	(8)	404	404	-	-
Sell JPY	-	(10)	4,198	4,198	-	-
Sell AUD	-	(12)	579	579	-	-
Balance at December 31, 2020	2,478	(694)	80,702	53,676	27,026	

## 28.5 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Group Treasury manages the Group's liquidity to ensure sufficient liquidity to meet all liabilities when due, under both normal and stressed conditions, without facing unacceptable losses or risking damage to the Group's reputation.

It is the Group's target to have a cash reserve or committed credit lines in the amount of 10% of its annual sales budget centralized at Tecan Group Ltd. and Tecan Trading AG. Changes to this target are subject to the Board of Directors' approval. All cash in Tecan Group Ltd. and Tecan Trading AG, which does not count against such a cash reserve, is considered as excess liquidity. Excess liquidity can be invested in instruments such as time deposits, government and corporate bonds, shares of publicly listed companies and capital protected instruments.

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount	Contractual cash flows	Between 1 and 90 days	Between 91 and 360 days	Between 1 and 2 years	Over 2 years
CHF 1,000						
<b>Derivative financial liabilities</b>						
<b>Foreign currency forwards</b>	<b>1,281</b>					
Outflow		65,113	28,219	34,960	1,934	-
Inflow		(63,587)	(27,370)	(34,346)	(1,871)	-
<b>Foreign currency options</b>	<b>1</b>					
Outflow		-	-	-	-	-
Inflow		-	-	-	-	-
<b>Non-derivative financial liabilities</b>						
Current bank liabilities	2,153	2,153	2,153	-	-	-
Payables and accrued expenses <sup>1</sup>	55,893	55,893	32,485	23,408	-	-
Bank loans	1,764	1,777	1,428	3	3	343
Lease liabilities	43,967	45,550	2,678	7,767	9,736	25,369
<b>Balance at December 31, 2019</b>	<b>105,059</b>	<b>106,899</b>	<b>39,593</b>	<b>31,792</b>	<b>9,802</b>	<b>25,712</b>

<sup>1</sup>Excluding reconciling items (see note 28.2)

	Carrying amount	Contractual cash flows	Between 1 and 90 days	Between 91 and 360 days	Between 1 and 2 years	Over 2 years
CHF 1,000						
<b>Derivative financial liabilities</b>						
<b>Foreign currency forwards</b>	<b>694</b>					
Outflow		24,900	16,074	8,826	-	-
Inflow		(24,200)	(15,724)	(8,476)	-	-
<b>Non-derivative financial liabilities</b>						
Payables and accrued expenses <sup>1</sup>	88,600	88,600	30,025	58,575	-	-
Bank loans	734	749	-	5	5	739
Lease liabilities	37,991	38,646	2,848	7,895	9,367	18,536
<b>Balance at December 31, 2020</b>	<b>128,019</b>	<b>128,695</b>	<b>33,223</b>	<b>66,825</b>	<b>9,372</b>	<b>19,275</b>

<sup>1</sup>Excluding reconciling items (see note 28.2)

Unused lines of credit amounting to CHF 440.0 million (2019: CHF 437.8 million) were available to the Group at December 31, 2020. In addition, the Group had uncommitted lines of credit

amounting to CHF 94.9 million (2019: CHF 94.9 million) for the purpose of financing possible future business combinations.



## 29 FAIR VALUE MEASUREMENT AND DISCLOSURES

### 29.1 FAIR VALUE HIERARCHY

To increase consistency and comparability in fair value measurements and related disclosures, IFRS 13 established a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure their value.

*Level 1 inputs:* Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.

*Level 2 inputs:* Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

*Level 3 inputs:* Unobservable inputs for the asset or liability.

There have been no transfers between the levels in 2019 and 2020.

### 29.2 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS AFTER INITIAL RECOGNITION

The following table shows the valuation techniques used in the determination of fair values for assets and liabilities measured at fair value on a recurring basis after initial recognition:

Position	Net carrying amount in balance sheet measured at fair value (CHF 1,000)		Level	Data source	Model	Change in fair value recognized in position
	31.12.2019	31.12.2020				
Currency forwards	(725)	1,784	Level 2	Bloomberg	(forward rate - [spot rate +/- forward points]) * amount in foreign currency	Financial result
Currency options	92	-	Level 2	Bloomberg	Black-Scholes model	Financial result
Unquoted equity investment	-	4,325	Level 3	n/a	Discounted cash flow method	Other comprehensive income (FVOCI)

*Unquoted equity investment – level 3 inputs:* The Group acquired an unquoted equity investment for CHF 4.3 million at the end of December 2020.

### 29.3 FAIR VALUE DISCLOSURES FOR FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

The carrying amount of financial instruments measured at amortized costs (see note 28.2) is a reasonable approximation of their fair value due to their short-term nature. Bank loans are the

only exception due to their long-term nature. Their fair values are disclosed in the following table.

Position	Net carrying amount in balance sheet measured at amortized cost (CHF 1'000)		Fair value disclosure (CHF 1,000)		Level	Data source	Model
	31.12.2019	31.12.2020	31.12.2019	31.12.2020			
Bank loans	(1,764)	(734)	(1,757)	(722)	Level 2	Bloomberg	The fair value is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 29.4 FAIR VALUE DISCLOSURES FOR INVESTMENT PROPERTY

Position	Net carrying amount in balance sheet measured at cost less depreciation (CHF 1,000)		Fair value disclosure (CHF 1,000)		Level	Data source	Model
	31.12.2019	31.12.2020	31.12.2019	31.12.2020			
Land and building in Hombrechtikon (investment property)	3,428	n/a	3,867	n/a	Level 3	n/a	Net rental method See note 3.3

*Land and building in Hombrechtikon – level 3 inputs:* Beside of the discount rate, the expected future rental income is the most significant unobservable input. It is based on the highest and best use

of the property that differs from the current use due to its change in purpose. The valuation was not prepared by an independent valuer.

## 30 CONTINGENT LIABILITIES, ENCUMBRANCE OF ASSETS AND OTHER COMMITMENTS

At December 31, 2019 and 2020, the Group had no significant contingent liabilities to third parties, and none of the Group's assets were pledged, assigned or subject to retention of title.

*Purchase commitments* - In the ordinary course of business, the Group regularly enters into relationships with suppliers whereby the Group commits itself to purchase certain minimum quantities of raw materials for the manufacturing of its products in order to

benefit from better pricing conditions and a stable supply. Such commitments reflect normal business operations, are in line with the Group's manufacturing plans and product life cycles and are not in excess of current market prices. The Group recognizes a provision for onerous contracts if and to the extent such commitments exceed the Group's expected purchase quantities. At December 31, 2020, the purchase commitments amounted to CHF 139.9 million (2019: CHF 109.4 million).

## 31 RELATED PARTIES

The Group has a related party relationship with its subsidiaries and with key management personnel (members of the Board of Directors and the Management Board).

The total compensation paid to the key management personnel was:

	2019	2020
CHF 1,000		
Short-term employee benefits	6,911	8,060
Post-employment benefits	549	540
Share-based payment <sup>1</sup>	8,459	10,666
<b>Total compensation</b>	<b>15,919</b>	<b>19,226</b>

<sup>1</sup>See note 12.4 for more details

For further details concerning compensation, please refer to the compensation report. The information reported in this note and the information provided in other parts of the annual report may differ due to different recognition and valuation principles.

In connection with the acquisition of DCPM/PMAS in 2019, the Group entered into lease arrangements with related parties comprising minimum commitments of CHF 2.7 million for a lease term of five years.

## 32 SUBSEQUENT EVENTS

There were no events subsequent to the balance sheet date which would require adjustments to or disclosures in these consolidated financial statements.

## 33 GROUP RISK MANAGEMENT

### 33.1 INTRODUCTION

Group risk management is a systematic assessment that addresses all kind of risks posing a potential threat to the business activities of the Group. It is the umbrella process for all other risk management activities throughout the Group. The risk assessment process is coordinated by the CFO; however, the ultimate responsibility is with the Board of Directors.

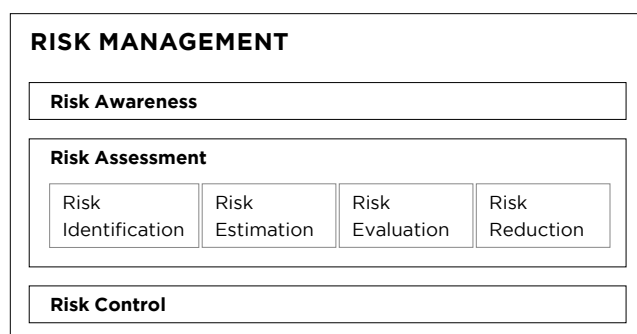
### 33.2 RISK ASSESSMENT CYCLE

#### 33.2.1 Initiation of risk assessment

The Group risk assessment cycle takes place every two years unless otherwise mandated by the Board of Directors or by a triggering event. A review during the intermediate year assesses the need for action.

In a first step, the Board of Directors determines the risk acceptance and appoints the risk assessment team. The risk acceptance defines which combinations of risk characteristics (probability and severity of damage) are acceptable and which are not acceptable for the Group. This definition is the basis for the risk classification (see below). The risk assessment team includes representatives from various functions and disciplines such as Finance, Quality & Regulatory, Advisory & Support, Operations and Internal Audit.

The risk assessment team follows the process that is presented below:



#### 33.2.2 Risk identification

The risk assessment team conducts periodic workshops to identify potential risks in the following categories:

- Hazard risk
- Financial risk
- Operational risk
- Strategic risk

Furthermore, the risk assessment team considers the results of all other risk management activities within the Group:

- Product-related risk management
- IT risk management
- Business risk management for significant business units and market units
- Strategy
- Mid-term plan
- Budget

#### 33.2.3 Risk estimation and evaluation

Each of the identified risks is estimated and evaluated and finally classified to the following risk categories:

- *Acceptable risk*: No further risk mitigation actions required.
- *Elevated risk*: Further risk mitigation actions recommended. Requires justification and approval by the CFO if no further measures are taken.
- *Unacceptable risk*: Further risk mitigation actions are strongly recommended. Requires justification and approval by the Board of Directors if no further measures are taken.

#### 33.2.4 Risk reduction, risk report and approval

Risk reduction measures must be investigated and implemented for risks that are elevated or unacceptable, unless the risks are explicitly accepted by the risk assessment team.

As a result, the risk assessment team prepares a risk summary report containing all significant risks and measures taken. The final status of the risk assessment is reported to the Executive Management. The Board of Directors finalizes the risk assessment cycle with its approval. Risks remaining unacceptable must each be approved individually.

#### 33.2.5 Risk control

Risk management is a dynamic process and forms a part of all planning and other activities of the Group. Within the process of ongoing risk control, members of the risk assessment team continuously collect information about risk factors and risk-related information. If any new potential elevated or unacceptable risk arises, it is brought immediately to the attention of the CFO.



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To the General Meeting of  
Tecan Group Ltd., Männedorf

Zurich, 11 March 2021

## Statutory auditor's report on the audit of the consolidated financial statements



### Opinion

We have audited the consolidated financial statements of Tecan Group Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated balance sheet, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 113 to 167) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (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

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

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





address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 113 to 167).

### Revenue recognition

**Area of focus** The Group's revenues amounted to CHF 731 million for the year ended 31 December 2020. For goods sold and services rendered, sales are recorded at the time when the customer receives control of the goods or services transferred. Revenue recognition from products with material application and installation work requires a written acceptance by the customer. Revenue from service contracts is recognized pro-rata based on the full contract period. Refer to note 2.8.1 (Accounting and valuation principles: Revenue recognition, contract assets and liabilities) in the consolidated financial statements for further details.

Revenue recognition is significant to our audit as the Group generates revenues from different streams (goods sold and services rendered) and due to the risks that transactions may be recorded in the incorrect period.

**Our audit response** Our audit procedures included assessing the application of the Group's revenue recognition policies. We tested a sample of transactions near the year-end and agreed the details of these transactions to underlying documentation, such as the contractual terms, to ensure that revenue has been recognized in the appropriate period and in the appropriate amount. For sales transactions where material application and installation work were required, we evaluated whether written customer acceptance had been received before revenue was recognized.

Our audit procedures did not lead to any reservations concerning the recognition and measurement of revenue.

### Carrying value of goodwill

**Area of focus** As at 31 December 2020, the Group reported CHF 136.1 million in goodwill (representing 12.3% of the Group's total assets and 18.5% of the Group's total equity). For purposes of the annual impairment test, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit from the synergies of the corresponding business combination. The recoverable amount (higher of fair value less costs of disposal and value in use) of the cash-generating unit is compared to its carrying amount. An impairment loss is recognized if the carrying amount of the cash-generating unit exceeds its recoverable amount. Refer to notes 2.8.15 (Impairment) and 21 (Intangible assets and goodwill) in the consolidated financial statements for further details.

The goodwill impairment test is significant to our audit due to the significance of the carrying value of goodwill and the complexity and judgment involved in performing the impairment test.

**Our audit response** Our audit procedures included understanding the Group's goodwill impairment testing process and the determination of key assumptions.



We evaluated the Group's impairment testing model and key assumptions involving valuation specialists. We further corroborated the Company's key assumptions applied based on internally and externally available evidence and underlying data, including the evaluation of underlying cash flow projections under the current Covid-19 environment.

Our audit procedures did not lead to any reservations relating to the carrying value of goodwill.

### Income taxes – Accounting for uncertain tax positions

**Area of focus** The Group operates in multiple tax jurisdictions that are regulated by various tax laws and is subject to periodic tax audits by local tax authorities. The Group is required to use significant judgment in estimating the appropriate amount to record in respect to uncertain income tax positions. Refer to note 2.3.3 (Critical accounting estimates and judgments: Income taxes) in the consolidated financial statements for further details.

The accounting for uncertain income tax positions is significant to our audit due to the complexity and judgment involved in the Group's identification and determination of uncertain income tax positions.

**Our audit response** Our audit procedures included evaluating the Group's judgments used in the determination of uncertain income tax positions, involving local and group tax specialists. Our procedures focused on considering the status of past and current tax audits in relevant jurisdictions, analyzing the Group's correspondence with the relevant tax authorities and corroborating the assumptions utilized with supporting evidence.

Our audit procedures did not lead to any reservations relating to the valuation of uncertain income tax positions.



### Other information in the annual report

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

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

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



### **Responsibility of the Board of Directors for the consolidated financial statements**

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

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



### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



### **Report on other legal and regulatory requirements**

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

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

Ernst & Young Ltd

Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Pascal Solèr  
Licensed audit expert

## BALANCE SHEET OF TECAN GROUP LTD.

## ASSETS

	Notes	31.12.2019	31.12.2020
CHF 1,000			
Cash and cash equivalents		128,454	205,619
Current loans to subsidiaries		16,846	-
Other accounts receivable from third parties		79	14
Other accounts receivable from subsidiaries		3,278	1,799
Prepaid expenses		13	12
<b>Current assets</b>		<b>148,670</b>	<b>207,444</b>
Investments in subsidiaries	3	144,568	144,398
Financial investments	4	3,000	-
Non-current loans to subsidiaries		32,000	32,000
Property, plant and equipment		1	1
<b>Non-current assets</b>		<b>179,569</b>	<b>176,399</b>
<b>Assets</b>		<b>328,239</b>	<b>383,843</b>

## LIABILITIES AND EQUITY

	Notes	31.12.2019	31.12.2020
CHF 1,000			
Current loans from subsidiaries		-	36,330
Other accounts payable to third parties		70	67
Other accounts payable to subsidiaries		18	31
Income tax payables		157	-
Accrued expenses		568	876
<b>Current liabilities</b>		<b>813</b>	<b>37,304</b>
Provision for general business risks	5	30,000	30,000
Other non-current provisions		90	168
<b>Non-current liabilities</b>		<b>30,090</b>	<b>30,168</b>
<b>Total liabilities</b>		<b>30,903</b>	<b>67,472</b>
Share capital		1,187	1,196
Legal capital reserve (capital contribution reserve)		78,824	90,121
General legal retained earnings		1,000	1,000
Voluntary retained earnings		216,325	224,054
<b>Shareholders' equity</b>	6	<b>297,336</b>	<b>316,371</b>
<b>Liabilities and equity</b>		<b>328,239</b>	<b>383,843</b>

## INCOME STATEMENT OF TECAN GROUP LTD.

CHF 1,000	2019	2020
Royalties from subsidiaries	1,852	-
Sale of Tecan brands <sup>1</sup>	p.m.	-
Dividend income from subsidiaries	13,202	22,287
Interest income from third parties	-	2
Interest income from subsidiaries	780	448
Foreign exchange gains, net	247	-
<b>Operating income</b>	<b>16,081</b>	<b>22,737</b>
Personnel expenses	(1,190)	(1,322)
Other operating expenses	(1,333)	(1,480)
Depreciation of property, plant and equipment	(1)	(1)
Impairment on subsidiary IBL International Corp.	-	(170)
Interest expense to third parties	(292)	(523)
Foreign exchange losses, net	-	(25)
<b>Operating expenses</b>	<b>(2,816)</b>	<b>(3,521)</b>
<b>Operating profit</b>	<b>13,265</b>	<b>19,216</b>
Reversal of impairments on investments in subsidiaries due to Swiss tax reform	2,439	-
Impairment on financial investments	(1,167)	-
Gain on sale of financial investments	-	1,588
<b>Extraordinary, non-recurring or prior-period income and expenses</b>	<b>1,272</b>	<b>1,588</b>
<b>Profit before taxes</b>	<b>14,537</b>	<b>20,804</b>
Income taxes	(157)	46
<b>Profit for the period</b>	<b>14,380</b>	<b>20,850</b>

<sup>1</sup>Tecan brands were sold to subsidiary Tecan Trading AG on December 31, 2019 for CHF 1.-.



# Notes to the financial statements of Tecan Group Ltd.

## 1 REPORTING ENTITY

Tecan Group Ltd. is a limited company incorporated in Switzerland, whose shares are publicly traded. Tecan Group Ltd.'s registered office is located at Seestrasse 103, 8708 Männedorf, Switzerland.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements of Tecan Group Ltd. (the 'Company') have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (32<sup>nd</sup> title) introduced on January 1, 2013. They are a supplement to the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). While the consolidated financial statements reflect the economic situation of the Group as a whole, the information reported in the Company's financial statements relates to the ultimate parent company alone. The retained earnings disclosed in these financial statements provide the basis for the decision regarding the distribution of earnings to be made during the Annual General Meeting of Shareholders.

Subsidiaries include all legal entities which are directly or indirectly owned and controlled by the Company.

As consolidated financial statements are provided, the Company is exempt from the disclosure of a management report, a cash flow statement and extended information in the notes.

## 2.2 ACCOUNTING AND VALUATION PRINCIPLES

### 2.2.1 Loans

Loans are valued at historical costs adjusted for foreign currency translation differences and less any impairment of value.

### 2.2.2 Investments in subsidiaries

Investments are valued at historical costs less any impairment of value, applying the single-asset-valuation principle.

### 2.2.3 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that the outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### 3 INVESTMENTS IN SUBSIDIARIES

#### 3.1 OVERVIEW (DIRECT AND INDIRECT INVESTMENTS)

The investments in directly and indirectly held subsidiaries are the same for the years ended December 31, 2019 and December 31, 2020, except as noted below in note 3.2.

Company	Registered office	Participation in % (capital and votes)	Share capital (LC 1,000)	Currency	Activities
Tecan Schweiz AG	Männedorf/Zurich (CH)	100%	5,000	CHF	R/P/D
Tecan Trading AG	Männedorf/Zurich (CH)	100%	300	CHF	S/D
• Pulssar Technologies S.A.S	Paris (FR)	100%	400	EUR	inactive
Tecan Sales Switzerland AG	Männedorf/Zurich (CH)	100%	250	CHF	D
Tecan Austria GmbH	Grödig/Salzburg (AT)	100%	1,460	EUR	R/P
Tecan Sales Austria GmbH	Grödig/Salzburg (AT)	100%	35	EUR	D
Tecan Sales International GmbH	Grödig/Salzburg (AT)	100%	35	EUR	D
Tecan Landesholding GmbH	Crailsheim/Stuttgart (DE)	100%	25	EUR	S
• Tecan Deutschland GmbH	Crailsheim/Stuttgart (DE)	100%	51	EUR	D
• Tecan Software Competence Center GmbH	Mainz-Kastel (DE)	100%	103	EUR	R
• IBL International GmbH	Hamburg (DE)	100%	25	EUR	R/P/D
Tecan Benelux B.V.B.A.	Mechelen (BE)	100%	37	EUR	D
Tecan France S.A.S.	Lyon (FR)	100%	2,760	EUR	D
Tecan Iberica Instrumentacion S.L.	Barcelona (ES)	100%	30	EUR	D
Tecan Italia S.r.l.	Milano (IT)	100%	77	EUR	D
Tecan UK Ltd.	Reading (UK)	100%	500	GBP	D
Tecan Nordic AB	Stockholm (SE)	100%	100	SEK	D
Tecan US Group, Inc.	Morrisville, NC (US)	100%	1,500	USD	S
• Tecan US, Inc.	Morrisville, NC (US)	100%	400	USD	D
• Tecan Systems, Inc.	San Jose, CA (US)	100%	26	USD	R/P
• Tecan SP, Inc.	Baldwin Park/Los Angeles, CA (US)	100%	472	USD	R/P/D
• Tecan Genomics, Inc.	Redwood City, CA (US)	100%	0	USD	R/P/D
• DCPM, Inc.	Morgan Hill, CA (US)	100%	58	USD	P/D
IBL International Corp.	Toronto (CA)	100%	0	USD	inactive
Tecan Asia (Pte.) Ltd.	Singapore (SG)	100%	800	SGD	S
Tecan (Shanghai) Trading Co., Ltd.	Shanghai (CN)	100%	3,417	CNY	D
PMAS Co., Ltd	Ben Cat Town, Binh Duong Province (VN)	100%	10,367,000	VND	P
Tecan Japan Co., Ltd.	Kawasaki(JP)	100%	125,000	JPY	D
Tecan Australia Pty Ltd	Melbourne (AU)	100%	0	AUD	D

S = services, holding functions, R = research and development, P = production, D = distribution

#### 3.2 CHANGE IN INVESTMENTS IN SUBSIDIARIES

The Company indirectly acquired 100% of the voting rights of DCPM, Inc. through its subsidiary Tecan US Group, Inc. on May 31 2019. At the same time and in conjunction with the transaction of its subsidiary, the Company directly acquired 100% of the voting rights of PMAS Co, Ltd. To finance the acquisition of its subsidiary,

capital contributions amounting to USD 19 million were paid to Tecan US Group, Inc. in 2019.

There were no changes in investments in subsidiaries in 2020.

## 4 FINANCIAL INVESTMENTS

Company	Registered office	Participation in % (capital and votes)	Purpose
Andrew Alliance SA	Vernier/Geneva (CH)	6.1%	Development, production and marketing of scientific instruments for life sciences

The Company sold its investment Andrew Alliance SA in January 2020 for a cash consideration of CHF 4.6 million. The resulting gain was recognized in the income statement of 2020. In addition, an amount of CHF 0.2 million was paid into an escrow account to

secure contractual representations and warranties. This amount will be recognized in the income statement when the account is released in July 2021.

## 5 PROVISION FOR GENERAL BUSINESS RISKS

The provision for general business risks relates to investments in subsidiaries.

## 6 SHAREHOLDERS' EQUITY

### 6.1 CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Legal capital reserve (capital contribution reserve)	General legal retained earnings	Voluntary retained earnings	Total shareholders' equity
CHF 1,000					
<b>Balance at January 1, 2019</b>	<b>1,177</b>	<b>55,032</b>	<b>1,000</b>	<b>226,780</b>	<b>283,989</b>
Net profit	-	-	-	14,380	14,380
Dividend paid	-	-	-	(24,835)	(24,835)
New shares issued based on employee participation plans	10	23,792	-	-	23,802
<b>Balance at December 31, 2019</b>	<b>1,187</b>	<b>78,824</b>	<b>1,000</b>	<b>216,325</b>	<b>297,336</b>
Net profit	-	-	-	20,850	20,850
Dividend paid	-	(13,121)	-	(13,121)	(26,242)
New shares issued based on employee participation plans	9	24,418	-	-	24,427
<b>Balance at December 31, 2020</b>	<b>1,196</b>	<b>90,121</b>	<b>1,000</b>	<b>224,054</b>	<b>316,371</b>

The Company's share capital is CHF 1'195'884.50, consisting of 11'958'845 registered shares with a nominal value of CHF 0.10 each (2019: share capital of CHF 1'187'091.20 consisting of 11'870'912 registered shares with a nominal value of CHF 0.10 each).

The amount of the legal capital reserve (capital contribution reserve) is subject to review and confirmation by the Swiss federal tax authorities.

### 6.2 CONDITIONAL AND AUTHORIZED SHARE CAPITAL

In 1997, a conditional share capital of CHF 130'000 reserved for employee participation plans was approved. The conditional share capital consisted of 1'300'000 registered shares with a nominal value of CHF 0.10 each. Since 1999, several employee participation plans have been introduced based on this conditional share capital. Between February 2011 and June 2015 the employee participation plans were funded with treasury shares. In 2020 a total of 25'935 options (share option plans) were exercised and 61'998 shares transferred (share plans), increasing the Company's share capital by CHF 8'793 and decreasing the Company's conditional share capital

by 87'933 shares (2019: a total of 32'265 options were exercised and 72'275 shares transferred, increasing the share capital by CHF 10'454 and decreasing the conditional share capital by 104'540 shares).

On April 26, 2006 and on April 7, 2020, the Annual General Meeting of Shareholders approved the creation of additional conditional and authorized share capital for the purpose of future business development.

	31.12.2019	31.12.2020
<b>Conditional share capital</b>		
<b>Reserved for employee participation plans</b>		
Shares (with a nominal value of CHF 0.10 each)	432,300	344,367
CHF	43,230	34,437
Maximum of employee share options and employee shares outstanding	226,757	178,391
<b>Reserved for future business development</b>		
Shares (with a nominal value of CHF 0.10 each)	1,800,000	1,800,000
CHF	180,000	180,000
<b>Authorized share capital</b>		
<b>Reserved for future business development</b>		
Expiry date	17.04.2020	17.04.2022
Shares (with a nominal value of CHF 0.10 each)	2,300,000	2,300,000
CHF	230,000	230,000

The Articles of Incorporation of Tecan Group Ltd. require that the existing conditional share capital for future business development shall be reduced if and to the extent authorized capital is used and that the authorized capital shall be reduced if and to the extent new

shares are created under the respective conditional capital. However, the conditional share capital for employee participation plans is not affected by this rule.

## 7 NUMBER OF EMPLOYEES

	31.12.2019	31.12.2020
FTE (full-time equivalent)		
Employees – average	1.0	1.0

## 8 NUMBER OF SHARES AND SHARE OPTIONS

During the year the following number and value of shares were granted:

	2019		2020	
	Number	Value (CHF 1,000)	Number	Value (CHF 1,000)
Board of Directors				
Shares	1,586	360	1,341	369
Employees				
Shares	2,205	490	1,848	543
<b>Total</b>	<b>3,791</b>	<b>850</b>	<b>3,189</b>	<b>912</b>

The numbers and values disclosed include the maximum amount of matching shares granted. The final amount of matching shares that will vest is not only subject to a service period of three years,

but also to the achievement of specific performance targets on the Group level.

## 9 GUARANTEES IN FAVOR OF THIRD PARTIES

The total amount of guarantees in favor of its subsidiaries was CHF 84.9 million at December 31, 2020 (December 31, 2019:

CHF 87.1 million). In addition, the Company is member of the VAT-group of Tecan Schweiz AG.

## 10 LIABILITIES FROM LEASE ARRANGEMENTS NOT INCLUDED IN THE BALANCE SHEET

The future minimum lease payments under non-cancellable leases are:

	31.12.2019	31.12.2020
CHF 1,000		
Liabilities from lease arrangements	6	34

## 11 SUBSEQUENT EVENTS

There were no events subsequent to the balance sheet date which would require adjustments to or disclosures in these financial statements.

## 12 INFORMATION ACCORDING TO ARTICLE 663C OF THE SWISS CODE OF OBLIGATIONS

### 12.1 SIGNIFICANT SHAREHOLDERS

According to the information available to the Board of Directors, the following shareholders have reached or exceeded 5% of the share capital of Tecan Group Ltd.<sup>1</sup>

	31.12.2019	31.12.2020
The Bank of New York Mellon SA/NV (BE) <sup>2</sup>	12.0%	12.7%
Chase Nominees Ltd., London (UK) <sup>2</sup>	18.5%	9.8%
Nortrust Nominees Ltd., London (UK) <sup>2</sup>	7.2%	6.9%
NN Group N.V., Amsterdam (NL)	5.7%	5.5%

<sup>1</sup>Percentages are based on the actual share capital at the end of the reporting period.

<sup>2</sup>Nominee status - voting rights limited to 2% in accordance with article 5 of the articles of incorporation.

### 12.2 SHARE AND OPTION OWNERSHIP OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

For details of the employee participation plans please refer to note 12.4 of the consolidated financial statements.

#### 12.2.1 Share and option ownership of the Board of Directors

Number	Year	Total options	Total shares
Dr. Lukas Braunschweiler (Chairman)	2019	-	491
	2020	-	945
Heinrich Fischer (Vice Chairman)	2019	-	16,796
	2020	-	17,023
Dr. Oliver S. Fetzner	2019	-	2,694
	2020	-	2,875
Lars Holmqvist	2019	-	471
	2020	-	652
Dr. Karen Hübscher	2019	-	421
	2020	-	602
Dr. Christa Kreuzburg	2019	-	1,000
	2020	-	-
Dr. Daniel R. Marshak	2019	-	196
	2020	-	377
<b>Balance at December 31, 2019</b>		-	22,069
<b>Balance at December 31, 2020</b>		-	22,474



## 12.2.2 Share and option ownership of the Management Board

Number	Year	ESOP 2020 <sup>3</sup>	Total options	Total shares
Strike price in CHF		236,0		
Expiring in		2026		
Dr. Achim von Leoprechting (CEO)	2019	-	-	5,619
	2020	-	-	5,502
Tania Micki (CFO)	2019	-	-	-
(since March 2020) <sup>1</sup>	2020	-	-	1,067
Dr. Rudolf Eugster (former CFO)	2019	-	-	5,718
(until February 2020) <sup>2</sup>	2020	-	-	-
Ralf Griebel	2019	-	-	-
(since April 2020) <sup>1</sup>	2020	-	-	986
Ulrich Kanter	2019	-	-	4,571
	2020	-	-	3,841
Dr. Klaus Lun	2019	-	-	4,712
	2020	-	-	3,997
Erik Norström	2019	-	-	2,492
	2020	-	-	3,278
Ingrid Pürgstaller	2019	-	-	-
(since August 2020) <sup>1</sup>	2020	49	49	464
Markus Schmid	2019	-	-	3,927
(until April 2020) <sup>2</sup>	2020	-	-	-
Andreas Wilhelm	2019	-	-	3,927
	2020	-	-	3,313
Dr. Wael Yared	2019	-	-	1,134
	2020	-	-	2,085
<b>Balance at December 31, 2019</b>		-	-	<b>32,100</b>
<b>Balance at December 31, 2020</b>		<b>49</b>	<b>49</b>	<b>24,533</b>

<sup>1</sup>Shares and share options in 2019 are not disclosed, because the member of the Board joined after year-end 2019.

<sup>2</sup>Shares and share options in 2020 are not disclosed, because the member of the Board stepped down before year-end 2020.

<sup>3</sup>Vested options from employee share option plan 2020

## APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes to the Annual General Meeting of Shareholders on April 13, 2021 to allocate the voluntary retained earnings as follows:

	31.12.2019 Approved	31.12.2020 Proposed
CHF 1,000		
Carried forward from previous year	201,945	203,204
Net profit	14,380	20,850
<b>Available retained earnings</b>	<b>216,325</b>	<b>224,054</b>
Dividend paid as approved by the annual general meeting of shareholders on April 7, 2020: CHF 1.10 per share with a nominal value of CHF 0.10 each (total 11,927,914 shares eligible for dividend)	(13,121)	
Dividend proposed: CHF 1.15 per share with a nominal value of CHF 0.10 each (total 11,958,845 shares eligible for dividend) <sup>1</sup>		(13,753)
<b>Balance to be carried forward</b>	<b>203,204</b>	<b>210,301</b>

The Board of Directors also proposes to the Annual General Meeting of Shareholders to allocate the capital contribution reserve as follows:

	31.12.2019 Approved	31.12.2020 Proposed
CHF 1,000		
Carried forward from previous year	55,032	65,703
New shares issued based on employee participation plans	23,792	24,418
<b>Available capital contribution reserve</b>	<b>78,824</b>	<b>90,121</b>
Allocation to free reserve and payout as approved by the annual general meeting of shareholders on April 7, 2020: CHF 1.10 per share with a nominal value of CHF 0.10 each (total 11'927'914 shares eligible for payout)	(13,121)	
Allocation to free reserve and payout (exempt from Swiss withholding tax) proposed: CHF 1.15 per share with a nominal value of CHF 0.10 each (total 11,958,845 shares eligible for payout) <sup>1</sup>		(13,753)
<b>Balance to be carried forward</b>	<b>65,703</b>	<b>76,368</b>

<sup>1</sup>These numbers are based on the outstanding share capital at December 31, 2020. The number of shares eligible for dividend and payout may change due to the repurchase or sale of treasury shares and the issuance of up to 90'477 new shares from the conditional share capital reserved for employee participation plans.



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To the General Meeting of  
Tecan Group Ltd., Männedorf

Zurich, 11 March 2021

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Tecan Group Ltd. (the "Company"), which comprise the balance sheet, income statement and notes (pages 172 to 179), for the year ended 31 December 2020.



### Board of Directors' responsibility

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



### Auditor's responsibility

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

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



### Opinion

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



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

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements (pages 172 to 179).

#### Valuation of investments in subsidiaries

**Area of focus** As of 31 December 2020, investments in subsidiaries of the Company amounted to CHF 144.4 million and represent 37.6% of total assets. Investments in subsidiaries are valued at historical cost less any impairment of value. The Company values investments in subsidiaries individually (single-asset-valuation principle). Refer to note 2.2.2 (Investments in subsidiaries) in the financial statements for further details.

Investments in subsidiaries are significant to our audit due to the complexity and judgment involved in the Company's impairment test.

**Our audit response** Our audit procedures included understanding the Company's investment in subsidiaries impairment testing process and the determination of key assumptions. We evaluated the Company's impairment testing model and key assumptions. We further corroborated the Company's key assumptions applied based on internally and externally available evidence and underlying data.

Our audit procedures did not lead to any reservations relating to the valuation of investments in subsidiaries.

**Report on other legal requirements**

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

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

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

Ernst & Young Ltd

Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Pascal Solèr  
Licensed audit expert



# Performance of the Tecan share in 2020

The year 2020 was also exceptional for the stock markets in many respects. Despite the Corona pandemic and an economic slump, many stock markets were able to make gains over the last twelve months. The SMI, which covers Swiss blue-chip stocks, advanced only by about 0.8% for the year. The SPI Extra, which comprises the small and mid-cap companies listed on the SIX Swiss Exchange, closed 8.1% higher.

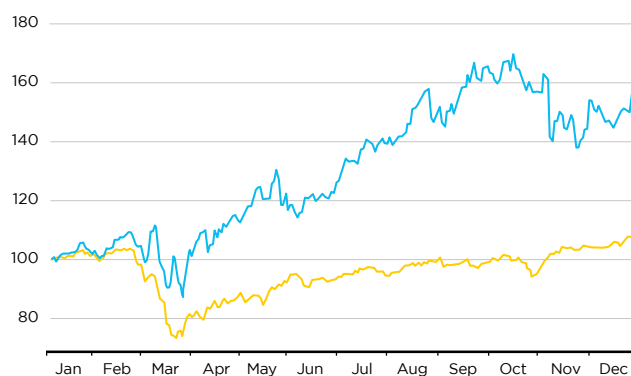
At CHF 433.80, shares of Tecan finished the year at the highest closing price at year end (taking into consideration stock splits). Tecan's shares value increased by 59.5% in the year under review, markedly outperforming the relevant indices. Tecan's market capitalization thus amounted to CHF 5.2 billion at the end of the year.

Due to the positive development of market capitalization as well as the increase in average trading volumes, the SIX Swiss Exchange included Tecan in its SMI Midcap Index (SMIM) effective October 15. The SMIM (SMI Mid) comprises the 30 largest midcap stocks on the Swiss stock market that are not included in the blue-chip SMI index (the SMI comprises the 20 largest stocks). As of year-end 2020, among all companies listed on the SIX Swiss Exchange Tecan has moved up to position 42 in the index ranking (2019: 58th place).

## SHARE INFORMATION

Listing:	SIX Swiss Exchange
Stock name:	Tecan Group
Security number:	1210019
ISIN:	CH0012100191
Bloomberg:	TECN SW
Reuters:	TECN.S

### SHARE PRICE PERFORMANCE BETWEEN 31.12.2019 AND 31.12.2020



■ Tecan SW Equity ■ SPI Extra

### SHARE PRICE PERFORMANCE BETWEEN 2018 AND 2020



## TECAN SHARE

	2018	2019	2020
Numbers of shares issued	11,766,372	11,870,912	11,958,845
Number of treasury shares	0	0	0
Number of shares outstanding at December 31	11,766,372	11,870,912	11,958,845
Average number of shares outstanding	11,740,655	11,836,588	11,934,355
Share price at December 31 (CHF)	190.80	272.00	433.80
High (CHF)	255.80	277.80	469.60
Low (CHF)	180.00	190.80	236.60
Average number of traded shares per day <sup>1</sup>	22,129	20,854	46,349
Average trading volume per day (CHF) <sup>1</sup>	4,863,069	4,934,473	16,597,113

## INFORMATION PER SHARE

	2018	2019	2020
Basic earnings per share (CHF/share)	6.02	6.18	8.69
Shareholders' equity at December 31 (CHF 1,000)	612,409	659,067	733,651
Dividend (CHF)	2.10	2.20	2.30 <sup>2</sup>
Dividend yield (%) <sup>3</sup>	1.10%	0.81%	0.53%

## FINANCIAL RATIOS

	2018	2019	2020
Market capitalization (CHF million) <sup>4</sup>	2,245.0	3,228.9	5,187.7
Enterprise Value (CHF million) <sup>5</sup>	1,955.4	2,916.5	4,720.0
Price Earnings Ratio <sup>6</sup>	31.69	44.01	49.92

<sup>1</sup> Including off-exchange trading

<sup>2</sup> Proposal to the Annual General Meeting of Shareholders on April 13, 2021

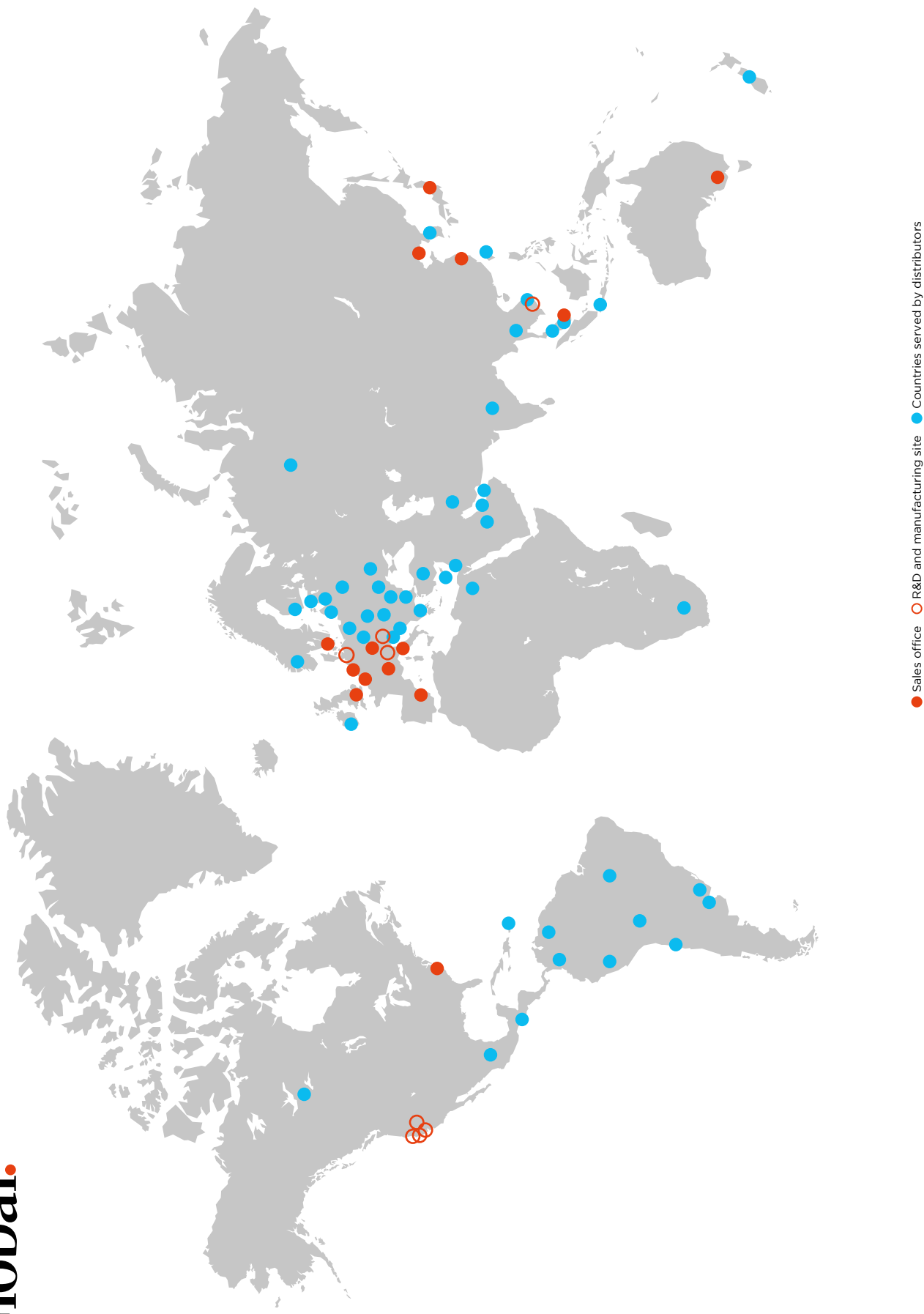
<sup>3</sup> At share price as of Dec 31

<sup>4</sup> Number of shares issued multiplied with share price as of Dec 31

<sup>5</sup> Market capitalization minus net liquidity

<sup>6</sup> Share price as of Dec 31 divided by basic earnings per share

Global.



## TECAN GROUP

### Corporate Headquarters

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This Annual Report is available in English and German and can also be found at the website [www.tecan.com](http://www.tecan.com). For the Financial Report, the English report is the authoritative version.







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