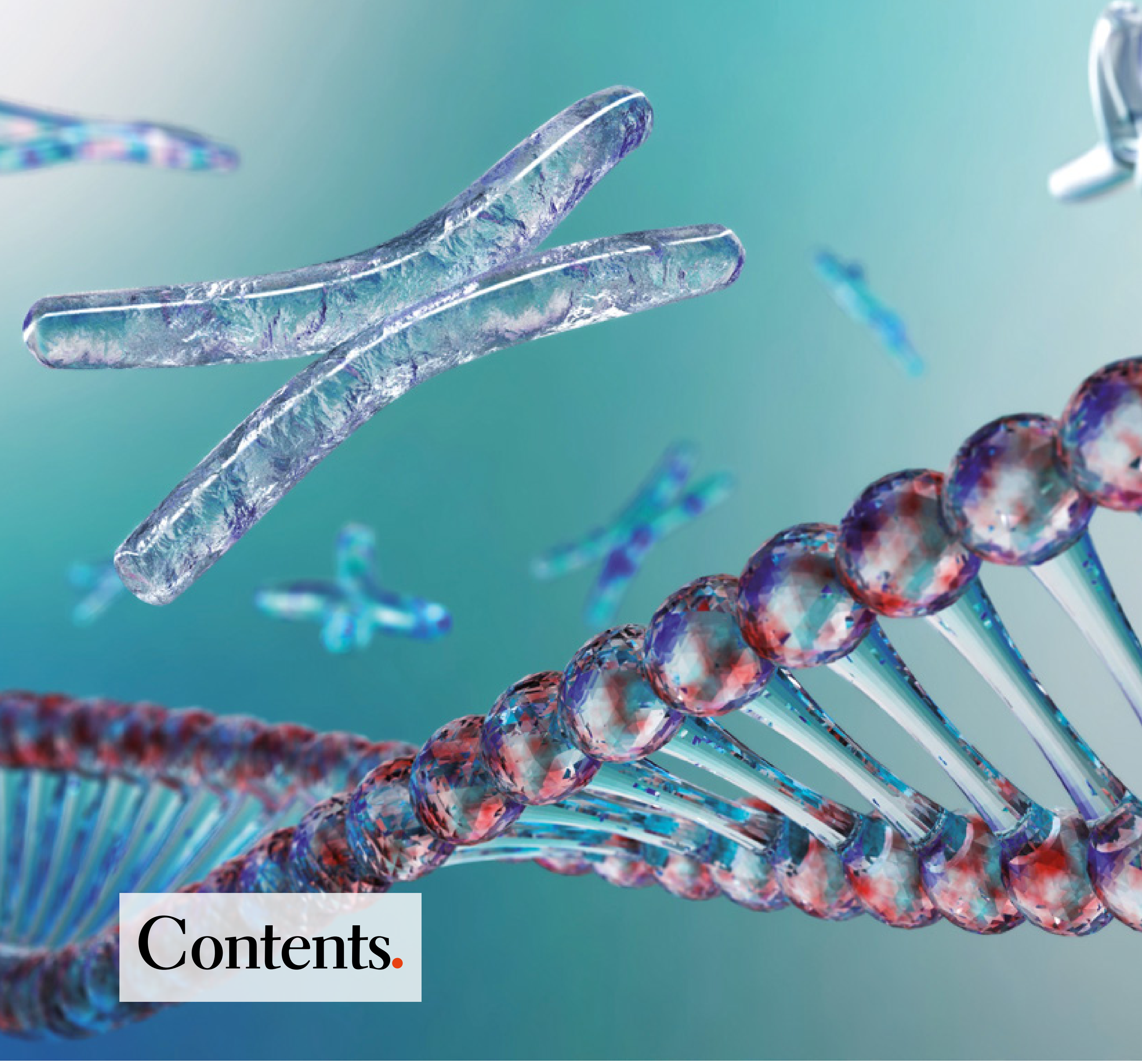
Then and now:
40 years of human discovery.



Contents.

Available on the App Store

40 years

Dear Shareholders

Tecan saw strong demand for a number of its product lines to help in the global fight against the coronavirus pandemic, resulting in a substantial increase in sales and a surge in orders in the first half of 2020. Tecan has an important role to play in this unprecedented time, and we recognize the responsibility we have as part of the international effort to turn the tide on COVID-19. Our laboratory automation solutions and our disposable pipette tip business saw a substantial increase in demand, and we took a number of steps to expand the production capacity and supply of those product lines. At the same time, parts of our business faced significant headwinds, largely in non COVID-19 research and diagnostic testing.

This year we are celebrating Tecan's 40th anniversary. The company's purpose has always been to positively impact healthcare and the lives of all individuals, but Tecan's contribution has probably never been more apparent than during these times. We couldn't be more proud of our employees as they stepped up to the challenge presented by the COVID-19 pandemic, passionately supporting our customers in research, therapeutic and vaccine development and to an even larger degree with the scale-up of diagnostic testing.

FINANCIAL RESULTS FOR THE FIRST HALF OF 2020

Order entry increased by 24.3% in local currencies or 20.4% in Swiss francs. At CHF 374.0 million in the first six months of the year (H1 2019: CHF 310.6 million), order entry significantly exceeded the sales realized during the reporting period. Product lines supporting the global fight against the coronavirus pandemic saw a substantial increase in demand and, as a result, the order backlog again grew significantly to reach a record high as of June 30, 2020.

Sales climbed by 8.0% in local currencies or 4.7% in Swiss francs to CHF 310.0 million in the first half of the year (H1 2019: CHF 296.1 million). Demand for product lines used in the context of the coronavirus pandemic more than offset weaker sales trends in other areas of the portfolio, which were adversely affected by lockdowns as customers closed or restricted access to their facilities. Both business segments were impacted by this overall demand pattern and experienced pronounced headwinds and tailwinds.

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 first half of 2020 by 13.9% in local currencies and 9.9% in Swiss francs, thus amounting to 46.6% of total sales (H1 2019: 44.4%).

The reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose to CHF 60.2 million in the reporting period (H1 2019: CHF 49.3 million). With an increase of 22.0%, reported EBITDA grew faster than sales due to several positive factors: 1.) as development projects progressed and neared product launch, more development costs were capitalized and were not recognized in research and development expenses, 2.) several operating cost items were lower, delayed or will be shifted to the second half of the year due to lockdown measures associated with the COVID-19 pandemic, 3.) an adjustment of the Swiss pension plan resulted in a one-time positive effect from past service costs. In addition, the reported EBITDA margin of the prior-year period included non-recurring costs of around 90 basis points. Acquisition-related costs for completed acquisitions were comparable in both periods. The reported EBITDA margin grew correspondingly to 19.4% of sales in the first half of 2020 (H1 2019: 16.6%).

DR. LUKAS BRAUNSCHWEILER
Chairman of the Board

DR. ACHIM VON LEOPRECHTING
Chief Executive Officer (since April 2019)

Reported net profit in the first half of 2020 rose by 42.2% to CHF 36.0 million (H1 2019: CHF 25.3 million). Thanks to a lower tax rate in connection with the tax reform in Switzerland, net profit increased by more than operating profit (earnings before interest and taxes; EBIT). The net profit margin amounted to 11.6% of sales (H1 2019: 8.6%). Earnings per share rose strongly to CHF 3.02 (H1 2019: CHF 2.14).

Cash flow from operating activities more than doubled due to a focus on cash collection and management and reached CHF 82.8 million in the first half of 2020 (H1 2019: CHF 36.0 million), corresponding to 26.7% of sales (H1 2019: 12.1%).

INFORMATION BY BUSINESS SEGMENT

LIFE SCIENCES BUSINESS (END-CUSTOMER BUSINESS)

Sales in the Life Sciences Business increased by 4.3% to CHF 169.4 million (H1 2019: CHF 162.4 million) in the first half of the year and were 9.0% above those of the prior-year period 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.

However, 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.

Order entry in the Life Sciences Business outpaced recognized revenues significantly in the first half of the year, with order backlog increasing at a substantial double-digit rate.

Despite continued acquisition-related costs, operating profit in this segment (earnings before interest and taxes; EBIT) rose to CHF 22.5 million (H1 2019: CHF 19.0 million). The operating profit margin was 12.6% of sales (H1 2019: 11.2%).

PARTNERING BUSINESS (OEM BUSINESS)

The Partnering Business generated sales of CHF 140.6 million in the period under review (H1 2019: CHF 133.7 million), which corresponds to an increase of 6.8% in local currencies and 5.2% 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 routine diagnostics were adversely impacted.

Order entry growth also outpaced sales development in the Partnering Business, with the order backlog increasing at a double-digit rate.

Operating profit in this segment (earnings before interest and taxes; EBIT) increased to CHF 26.3 million (H1 2019: CHF 25.0 million), while the operating profit margin was unchanged at 18.6% of sales (H1 2019: 18.6%).

ADDITIONAL INFORMATION

REGIONAL DEVELOPMENT

The regional performance was significantly impacted by the COVID-19 pandemic overall and the timing of the onset in different parts of the world.

In Europe, Tecan's sales in the first six months of 2020 increased by 6.0% in local currencies and by 3.3% in Swiss francs. The increase in sales was driven by the Life Sciences Business, with various larger 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 suffered from the decrease in doctor visits and related lower volumes in routine diagnostic testing as well as restricted access to labs.

In North America, sales in the first six months of 2020 rose by 2.9% in local currencies and by 0.1% in Swiss francs. The Partnering Business delivered double-digit revenue growth, mainly supplying platforms, components and disposable pipette tips for molecular coronavirus testing. By contrast, sales in the Life Sciences Business declined in the first half of the year as the local business suffered from closed facilities and restricted access to labs to perform instrument installations. However, demand for higher throughput automation systems accelerated substantially in the course of the second quarter in North America, and the Life Sciences Business recorded a double-digit increase in order entry for the first half of the year.

In Asia, Tecan recorded a significant increase in sales of 25.3% in local currencies and 18.4% in Swiss francs. This increase was driven by double-digit growth rates in both business segments. From as early as the beginning of the year, Tecan started to support local in-vitro diagnostic companies in China and South Korea, existing customers of the Partnering Business, with automation platforms for PCR-based COVID-19 testing. The Life Sciences Business performed particularly well in Australia and, when quarantines and lockdown measures started to be eased, also saw accelerating demand for its product portfolio in other markets in the Asia-Pacific region. Of particular note was the sales growth of Tecan in China, which outpaced that of the Asia region as a whole.

OPERATING HIGHLIGHTS IN THE FIRST HALF OF 2020

During the first half of the year, all priorities were focused on ensuring the health and safety of Tecan employees, limiting any supply chain and freight interruptions and maintaining business continuity to support customers in these challenging times.

At the beginning of the year, efforts to keep Tecan associates safe were first focused on the China team. As COVID-19 spread to other parts of the world in the second quarter, the company quickly adopted a global "work from home" policy and significantly restricted travel. Tecan also activated its Pandemic Plan and implemented various measures and safety protocols at all sites to protect employees and keep business operations running.

To ensure a continued flow of goods and production, a COVID-19 task force was set up to diligently monitor the supplier base from the beginning of the outbreak. Products were categorized based on criticality of material availability, and stocking levels were maintained or increased as appropriate. All manufacturing sites introduced shift operations and production teams were segregated and separated to work in smaller, isolated groups. Through the implementation of these measures, Tecan continued to be fully operational at all production sites and provided undisrupted support to customers.

In anticipation of increased COVID-19 clinical testing and high customer demand associated with the global pandemic, Tecan 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.

At the same time, Tecan continued to invest in research and development to position the business for sustained accelerated growth. Earlier in the year, Tecan launched the DreamPrep™ NAP, an integrated, fully automated solution simplifying nucleic acid extraction workflows. It combines the high productivity and precision of the Fluent automation platform with a Tecan Infinite 200 reader for integrated quantitation and normalization as well as dedicated reagents from a partner company. The DreamPrep NAP is also well positioned to help labs quickly and effectively scale up COVID-19 testing to accommodate larger test volumes.

Tecan also made good progress with a number of ongoing development projects in the Partnering Business.

STRONG BALANCE SHEET – HIGH EQUITY RATIO

Tecan's equity ratio was 69.8% as of June 30, 2020 (December 31, 2019: 70.1%). Net liquidity (cash and cash equivalents plus short-term time deposits minus bank liabilities and loans) reached CHF 354.0 million (June 30, 2019: CHF 264.5 million; December 31, 2019: CHF 312.4 million). At the Tecan Group Annual General Meeting on April 7, 2020, shareholders approved an increase in the dividend from CHF 2.10 to CHF 2.20 per registered share. Half of the dividend, i.e. CHF 1.10, was paid out from the available capital contribution reserve and was therefore not subject to withholding tax. The payout took place on April 15, 2020.

OUTLOOK FOR FULL-YEAR 2020 RAISED

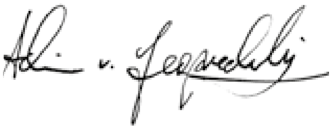
Based on the positive business performance in the first six months of 2020, as well as on the high order backlog and the anticipated demand in the second half of the year, Tecan raised its outlook for full-year 2020. Due to the ongoing pandemic, this outlook is still subject to greater uncertainty than usual. In particular, these updated projections are based on the assumptions that supply chains remain undisrupted and all production sites stay fully operational.

Tecan now forecasts sales growth for full-year 2020 to be in the high single-digit percentage range in local currencies (previously "mid- to high single-digit percentage range").

At the same time, Tecan now expects a reported EBITDA margin in fiscal year 2020 closer to 20% of sales (previously "reported EBITDA margin of around 19.6% of sales"), despite a worsening of the currency environment. The revised forecasts for average exchange rates in full-year 2020 now assume one US dollar equaling CHF 0.95 (previously CHF 0.98) and one euro equaling CHF 1.08 (unchanged), leading to a negative foreign exchange rate impact that is already factored into the updated outlook.

The outlook 2020 does not take account of potential acquisitions during the course of the year.

DR. LUKAS BRAUNSCHWEILER
Chairman of the Board



DR. ACHIM VON LEOPRECHTING
Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

January to June, CHF 1,000	Notes	2019	2020
Sales	4, 5	**296,120**	**310,004**
Cost of sales		(155,145)	(163,900)
Gross profit		**140,975**	**146,104**
Sales and marketing		(46,891)	(48,593)
Research and development		(29,550)	(25,322)
General and administration		(31,544)	(29,560)
Other operating income		270	247
Other operating expenses		(275)	(252)
Operating profit	5	**32,985**	**42,624**
Financial income		14	16
Finance cost		(790)	(656)
Net foreign exchange losses		(2,106)	(650)
Financial result		**(2,882)**	**(1,290)**
Profit before taxes		**30,103**	**41,334**
Income taxes	7	(4,765)	(5,296)
Profit for the period, attributable to owners of the parent		**25,338**	**36,038**
Earnings per share			
Basic earnings per share (CHF/share)		2.14	3.02
Diluted earnings per share (CHF/share)		2.13	3.01

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

January to June, CHF 1,000	Notes	2019	2020
Profit for the period		**25,338**	**36,038**
Other comprehensive income			
Change in fair value and sale of an unquoted equity instrument	3.2	(1,000)	1,588
Related income taxes		78	(318)
Remeasurement of net defined benefit liability		(11,886)	(1,196)
Related income taxes		1,973	223
Items that will not be reclassified to profit or loss, net of income taxes		**(10 835)**	**297**
Translation differences	10	(2,058)	(3,951)
Related income taxes		31	61
Items that may be reclassified subsequently to profit or loss, net of income taxes		**(2,027)**	**(3,890)**
Other comprehensive loss, net of income taxes		*(12,862)*	*(3,593)*
Total comprehensive income for the period, attributable to owners of the parent		**12,476**	**32,445**

INTERIM CONSOLIDATED BALANCE SHEET

ASSETS

CHF 1,000	Notes	31.12.2019	30.06.2020
Cash and cash equivalents		266,274	189,677
Other current financial assets		50,500	170,906
Trade accounts receivable		121,517	96,366
Contract assets		468	645
Other accounts receivable		12,159	15,026
Inventories	8	151,947	162,924
Income tax receivables		3,098	3,970
Prepaid expenses		6,536	8,236
Assets held for sale		3,000	-
Current assets		**615,499**	**647,750**
Non-current financial assets	11	1,173	1,018
Investment property		3,428	3,317
Property, plant and equipment		29,393	29,394
Right-of-use assets		43,428	40,704
Intangible assets and goodwill		222,965	223,050
Deferred tax assets		23,887	23,350
Non-current assets		**324,274**	**320,833**
Assets		**939,773**	**968,583**

LIABILITIES AND EQUITY

CHF 1,000	Notes	31.12.2019	30.06.2020
Current financial liabilities	11	14,682	15,584
Trade accounts payable		10,403	16,985
Other accounts payable		16,717	20,039
Current contract liabilities		36,222	45,544
Income tax payables		14,404	12,529
Accrued expenses		45,153	43,785
Current provisions		19,705	19,116
Current liabilities		**157,286**	**173,582**
Non-current financial liabilities	11	34,484	31,804
Non-current contract liabilities		25,947	24,535
Liability for post-employment benefits		51,881	52,286
Non-current provisions		5,301	5,319
Deferred tax liabilities		5,807	5,080
Non-current liabilities		**123,420**	**119,024**
Total liabilities		**280,706**	**292,606**
Share capital		1,187	1,194
Capital reserve		43,434	45,535
Retained earnings		650,085	668,777
Translation differences		(35,639)	(39,529)
Shareholders' equity	9	**659,067**	**675,977**
Liabilities and equity		**939,773**	**968,583**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

January to June, CHF 1,000	Notes	2019	2020
Profit for the period		**25,338**	**36,038**
Adjustments for			
Depreciation and amortization		16,314	17,542
Change in provisions and liability for post-employment benefits		(2,100)	(1,042)
Interest income		(14)	(16)
Interest expenses		587	456
Income taxes		4,765	5,296
Equity-settled share-based payment transactions		10,762	8,030
Other non-cash items		(180)	1,649
Change in working capital			
Trade accounts receivable		5,592	23,432
Inventories	8	(112)	(12,251)
Trade accounts payable		(3,963)	6,703
Contract liabilities		(3,116)	8,687
Other changes in working capital (net)		(11,798)	(3,723)
Settlement of contingent consideration		(800)	-
Income taxes paid		(5,306)	(7,959)
Cash inflows from operating activities		**35,969**	**82,842**
Investment in time deposits		-	(120,000)
Sale of an unquoted equity investment	3.2	-	4,588
Interest received		14	14
Acquisition of DCPM/PMAS, net of cash acquired	3.1	(21,226)	-
Settlement of contingent consideration		(4,200)	-
Purchase of property, plant and equipment		(4,712)	(4,972)
Proceeds from sale of property, plant and equipment		38	5
Investment in intangible assets		(6,635)	(10,242)
Cash outflows from investing activities		**(36,721)**	**(130,607)**
Proceeds from employee participation plans		1,170	2,108
Dividends paid	9.2	(24,835)	(26,242)
Payment of lease liabilities		(4,860)	(5,217)
Increase in/repayment of short-term credit facilities		2,299	3,001
Increase in bank loans		568	239
Repayment of bank loans		-	(1,397)
Interest paid		(430)	(454)
Cash outflows from financing activities		**(26,088)**	**(27,962)**
Effect of exchange rate fluctuations on cash held		(303)	(870)
Decrease in cash and cash equivalents		**(27,143)**	**(76,597)**
Cash and cash equivalents, net of bank overdrafts at January 1		296,836	266,274
Cash and cash equivalents, net of bank overdrafts at June 30		**269,693**	**189,677**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January to June, CHF 1,000	Notes	Share capital	Capital reserve	Retained earnings	Translation differences	Total share-holders' equity
Balance at January 1, 2019		**1,177**	**38,861**	**602,820**	**(30,449)**	**612,409**
Profit for the period		-	-	25,338	-	25,338
Other comprehensive loss, net of income taxes		-	-	(10,835)	(2,027)	(12,862)
Total comprehensive income for the period		**-**	**-**	**14,503**	**(2,027)**	**12,476**
Dividends paid		-	-	(24,835)	-	(24,835)
New shares issued based on employee participation plans		8	1,162	-	-	1,170
Share-based payments, net of income taxes		-	-	11,428	-	11,428
Total contributions by and distributions to owners	9	**8**	**1,162**	**(13,407)**	**-**	**(12,237)**
Balance at June 30, 2019		**1,185**	**40,023**	**603,916**	**(32,476)**	**612,648**
Balance at January 1, 2020		**1,187**	**43,434**	**650,085**	**(35,639)**	**659,067**
Profit for the period		-	-	36,038	-	36,038
Other comprehensive loss, net of income taxes		-	-	297	(3,890)	(3,593)
Total comprehensive income for the period		**-**	**-**	**36,335**	**(3,890)**	**32,445**
Dividends paid		-	-	(26,242)	-	(26,242)
New shares issued based on employee participation plans		7	2,101	-	-	2,108
Share-based payments, net of income taxes		-	-	8,599	-	8,599
Total contributions by and distributions to owners	9	**7**	**2,101**	**(17,643)**	**-**	**(15,535)**
Balance at June 30, 2020		**1,194**	**45,535**	**668,777**	**(39,529)**	**675,977**

Notes to the interim condensed consolidated financial statements

1 REPORTING ENTITY

The Tecan Group is a global provider of automated laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The Group specializes in the development, production, marketing and support of automated workflow 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These unaudited financial statements are the interim condensed consolidated financial statements of Tecan Group Ltd. and its subsidiaries (together referred to as the 'Group') for the six-month period ending June 30, 2020. The financial statements are prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and should be read in conjunction with the consolidated financial statements 2019 as they provide an update of previously reported information. The interim condensed consolidated financial statements were authorized for issue on August 10, 2020.

The preparation of these interim condensed 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 interim condensed consolidated 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 period in which the circumstances change.

The Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

Income tax expense is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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.

2.3 INTRODUCTION OF NEW AND REVISED/AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements 2019, except for the adoption of the following new or revised/amended standards and interpretations, effective as from January 1, 2020:

Standard/interpretation[1]
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 – Amendments to IFRS 9, IAS 39 and IFRS 7
IFRS 16 'Leases' amended – Covid-19-Related Rent Concessions (early application)

[1] 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.

2.4 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 interim condensed consolidated financial statements:

Standard/interpretation[1]	Effective date for the Group
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

[1] IAS = International Accounting Standards, IFRS = International Financial Reporting Standards, IFRIC = Interpretations as by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee)

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.

3 SCOPE OF CONSOLIDATION

3.1 INFORMATION ON ACQUISITION IN PREVIOUS YEAR – ACQUISITION OF DCPM/PMAS

The Group acquired 100% of the voting rights of a long-term supplier on May 31, 2019.The initial accounting for the acquisition of DCPM/PMAS was based on the assumption that the Group would take the election pursuant to section 338(h)(10) of the US tax law, under which a legal share deal is treated as an asset deal for tax purposes. Consequently, no deferred tax liabilities were recognized for the US entity DCPM in the interim report 2019.

However, after a detailed analysis, it was concluded that the election would not be advantageous for the Group. Accordingly, the opening balance of DCPM/PMAS was adjusted for deferred tax liabilities of CHF 2.1 million in the second half of 2019. The purchase price allocation is considered as completed.

The adjusted fair value of the identifiable assets and liabilities and the net cash outflow at the date of acquisition were:

CHF 1,000	31.05.2019 DCPM/PMAS
Cash and cash equivalents	297
Trade accounts receivable (gross contractual value)	1,106
Inventories	3,225
Other current asset	427
Property, plant and equipment	4,670
Right-of-use assets	2,961
Intangible assets	5,599
Deferred tax assets	53
Assets	**18,338**
Current financial liabilities	(448)
Trade and other accounts payable	(2,799)
Income tax payable	(10)
Accrued expenses and current provisions	(850)
Non-current financial liabilities	(2,513)
Deferred tax liabilities	(2,096)
Liabilities	**(8,716)**
Total identifiable net assets at fair value	**9,622**
Goodwill arising on acquisition	11,521
Consideration transferred for the business combination	**21,143**
Cash acquired	(297)
Deferred closing adjustment (receivable)	380
Net cash outflow (including holdback)	**21,226**

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 DISPOSAL GROUP HELD FOR SALE '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 total estimated consideration of CHF 4.6 million. The gain from this transaction of CHF 1.6 million was recognized in other comprehensive income of 2020.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 DISAGGREGATION OF REVENUE AND RECONCILIATION TO SEGMENT INFORMATION

	Life Sciences Business			Partnering Business			Total 2019		
January to June, CHF 1,000	Revenue contracts with customers	Leases	Sales segment	Revenue contracts with customers	Leases	Sales segment	Revenue contracts with customers	Leases	Total sales
By regions (location of customer)									
Europe	50,942	452	51,394	70,174	-	70,174	121,116	452	121,568
Americas	78,319	-	78,319	45,380	-	45,380	123,699	-	123,699
Asia	29,334	-	29,334	17,097	-	17,097	46,431	-	46,431
Others	3,324	-	3,324	1,098	-	1,098	4,422	-	4,422
Total	**161,919**	**452**	**162,371**	**133,749**	**-**	**133,749**	**295,668**	**452**	**296,120**
By products and services									
Products	125,944	-	125,944	106,203	-	106,203	232,147	-	232,147
Services	35,975	-	35,975	27,546	-	27,546	63,521	-	63,521
Leases	-	452	452	-	-	-	-	452	452
Total	**161,919**	**452**	**162,371**	**133,749**	**-**	**133,749**	**295,668**	**452**	**296,120**
By timing of revenue recognition									
Transferred at a point in time	137,215	-	137,215	126,646	-	126,646	263,861	-	263,861
Transferred over time	24,704	-	24,704	7,103	-	7,103	31,807	-	31,807
Leases	-	452	452	-	-	-	-	452	452
Total	**161,919**	**452**	**162,371**	**133,749**	**-**	**133,749**	**295,668**	**452**	**296,120**

	Life Sciences Business			Partnering Business			**Total 2020**		
January to June, CHF 1,000	Revenue contracts with customers	Leases	Sales segment	Revenue contracts with customers	Leases	Sales segment	Revenue contracts with customers	Leases	Total sales
By regions (location of customer)									
Europe	61,231	508	61,739	63,843	-	63,843	125,074	508	125,582
Americas	72,425	-	72,425	51,437	-	51,437	123,862	-	123,862
Asia	31,014	-	31,014	23,981	-	23,981	54,995	-	54,995
Others	4,183	-	4,183	1,382	-	1,382	5,565	-	5,565
Total	**168,853**	**508**	**169,361**	**140,643**	**-**	**140,643**	**309,496**	**508**	**310,004**
By products and services									
Products	131,225	-	131,225	115,574	-	115,574	246,799	-	246,799
Services	37,628	-	37,628	25,069	-	25,069	62,697	-	62,697
Leases	-	508	508	-	-	-	-	508	508
Total	**168,853**	**508**	**169,361**	**140,643**	**-**	**140,643**	**309,496**	**508**	**310,004**
By timing of revenue recognition									
Transferred at a point in time	142,666	-	142,666	132,831	-	132,831	275,497	-	275,497
Transferred over time	26,187	-	26,187	7,812	-	7,812	33,999	-	33,999
Leases	-	508	508	-	-	-	-	508	508
Total	**168,853**	**508**	**169,361**	**140,643**	**-**	**140,643**	**309,496**	**508**	**310,004**

5 SEGMENT INFORMATION

5.1 SEGMENT INFORMATION BY BUSINESS SEGMENTS

January to June, CHF 1,000	Life Sciences Business 2019	Life Sciences Business 2020	Partnering Business 2019	Partnering Business 2020	Corporate/ consolidation 2019	Corporate/ consolidation 2020	Group 2019	Group 2020
Sales to third parties	162,371	169,361	133,749	140,643	-	-	296,120	310,004
Intersegment sales	6,971	9,379	718	745	(7,689)	(10,124)	-	-
Total sales	**169,342**	**178,740**	**134,467**	**141,388**	**(7,689)**	**(10,124)**	**296,120**	**310,004**
Operating profit	**18,960**	**22,466**	**25,036**	**26,316**	**(11,011)**	**(6,158)**	**32,985**	**42,624**
Depreciation and amortization	(11,397)	(11,179)	(4,917)	(6,363)	-	-	(16,314)	(17,542)

January to June, CHF 1,000	2019	2020
Reconciliation of reportable segment sales		
Total sales for reportable segments	303,809	320,128
Elimination of intersegment sales	(7,689)	(10,124)
Total consolidated sales	**296,120**	**310,004**
Reconciliation of reportable segment profit		
Total operating profit for reportable segments	43,996	48,782
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(11,011)	(6,158)
Financial result	(2,882)	(1,290)
Total consolidated profit before taxes	**30,103**	**41,334**

5.2 ENTITY-WIDE DISCLOSURES

Non-current assets by regions (by location of assets)

CHF 1,000	Property, plant and equipment 31.12.2019	Property, plant and equipment 30.06.2020	Right-of-use assets 31.12.2019	Right-of-use assets 30.06.2020	Intangible assets 31.12.2019	Intangible assets 30.06.2020
Switzerland	14,402	14,861	19,828	20,812	104,130	106,821
Other Europe	5,605	5,447	7,352	6,072	7,651	7,001
North America	7,124	7,018	13,075	11,070	111,184	109,228
Asia	2,262	2,068	3,173	2,750	-	-
Total	**29,393**	**29,394**	**43,428**	**40,704**	**222,965**	**223,050**

Information about major customers

There are sales to one individual customer (CHF 32.6 million) relating to the business segment Partnering Business that in aggregate exceeded 10% of total sales in the first half of 2020 (first half of 2019: one individual customer [CHF 37.0 million] relating to the business segment Partnering Business that in aggregate exceeded 10% of total sales).

6 OPERATING EXPENSES BY NATURE

January to June, CHF 1,000	2019	2020
Material costs	100,398	101,724
Personnel costs	112,873	121,121
Depreciation of property, plant and equipment	4,072	4,729
Depreciation of right-of-use assets	5,148	5,457
Amortization of intangible assets	7,094	7,356
Other operating costs	41,177	37,755
Total operating cost incurred (gross)	**270,762**	**278,142**
Capitalization of development costs in position inventories	(2,179)	(1,225)
Capitalization of development costs in position intangible assets	(5,178)	(9,290)
Other operating income	(270)	(247)
Total operating expenses, according to statement of profit or loss	**263,135**	**267,380**

In April 2020 the Swiss pension plan was adjusted. The conversion rate used to calculate the annuity relating to the exceeding part of savings capital will be reduced, starting from January 1, 2022. This modification is considered a plan amendment. The resulting positive past service costs amounting to CHF 2.2 million were recognized immediately in profit or loss and are included in the personnel costs of 2020.

7 INCOME TAXES – 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.

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. As a consequence, the Group started to capitalize corresponding deferred tax assets in 2019.

Deferred tax assets capitalized in connection with the step-up amount:

CHF 1,000	2020
Balance at January 1	3,635
Write-off deferred tax asset for corresponding tax benefits received in current period	(363)
Recognition of deferred tax assets for tax benefits in future periods (non-recurring)	1,817
Balance at June 30	**5,089**

The calculation of the deferred tax assets related to the Swiss tax reform required management to make significant estimates and assumptions. The final outcome is still uncertain and might lead to adjustments in future years.

8 INVENTORIES

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 amounted to CHF 59.1 million at the end of June 2020 (December 31, 2019: CHF 65.3 million).

Further information regarding this critical accounting estimate and judgment can be found in note 2.2.4 of the consolidated financial statements 2019.

9 SHAREHOLDERS' EQUITY AND EMPLOYEE PARTICIPATION PLANS

9.1 MOVEMENTS IN SHARES OUTSTANDING

Shares (each share has a nominal value of CHF 0.10)	Shares issued	Treasury shares	Shares outstanding
Balance at January 1, 2019	11,766,372	-	11,766,372
New shares issued based on employee participation plans	82,109	-	82,109
Balance at June 30, 2019	**11,848,481**	**-**	**11,848,481**
Balance at January 1, 2020	11,870,912	-	11,870,912
New shares issued based on employee participation plans	74,420	-	74,420
Balance at June 30, 2020	**11,945,332**	**-**	**11,945,332**

9.2 DIVIDENDS PAID

	2019	**2020**
Number of shares eligible for dividend and payout	11,826,232	11,927,914
Dividends paid (CHF/share)	2.10	1.10
Payout from statutory capital contribution reserve (CHF/share)	-	1.10

9.3 CONDITIONAL SHARE CAPITAL RESERVED FOR THE EMPLOYEE PARTICIPATION PLANS

Shares (each share has a nominal value of CHF 0.10)	2019	**2020**
Balance at January 1	536,840	432,300
New shares issued based on employee participation plans	(82,109)	(74,420)
Balance at June 30	**454,731**	**357,880**
Maximum of employee share options and employee shares outstanding	228,080	184,109

9.4 CONDITIONAL AND AUTHORIZED SHARE CAPITAL FOR THE PURPOSE OF FUTURE BUSINESS DEVELOPMENT

	2019	2020
Conditional share capital		
Shares (with a nominal value of CHF 0.10 each)	1,800,000	1,800,000
CHF	180,000	180,000
Authorized share capital		
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

9.5 EMPLOYEE SHARE OPTION PLANS

(See note 12.4.1 of the consolidated financial statements 2019 for the terms and principal conditions)

Movements in employee share options:

Employee share options	2019	2020
Balance at January 1	90,040	91,524
Granted	12,900	-
Exercised	(9,834)	(12,745)
Forfeited or expired	(1,364)	(1,615)
Balance at June 30	**91,742**	**77,164**
Thereof exercisable at period-end	31,276	25,016

9.6 EMPLOYEE SHARE PLANS (PERFORMANCE SHARE MATCHING PLANS [PSMP] AND OTHER SHARE PLANS)

(See note 12.4.2 of the consolidated financial statements 2019 for the terms and principal conditions)

Movements in employee shares:

Employee shares			2019	2020
Balance at January 1			192,314	169,744
PSMP Management	Plan 2015 and 2016	Matching shares vested and transferred	(52,382)	(47,356)
PSMP Management	New plan current year	Initial shares transferred (blocked)	18,176	12,733
PSMP Management	New plan current year	Maximum of matching shares granted	40,095	30,088
PSMP Management	All plans	Matching shares forfeited	6	(10,758)
PSMP Management	All plans	Shares deblocked	-	(78)
Board of Directors	Plan 2017 and 2018	Shares vested and transferred	(1,717)	(1,586)
Board of Directors	New plan current year	Shares granted	1,684	1,323
Balance at June 30			**198,176**	**154,110**
Thereof vested and transferred, but blocked until the end of the performance period			61,838	47,165

10 PRINCIPAL EXCHANGE RATES

CHF		Closing exchange rates 31.12.2019	30.06.2020	Average exchange rates January to June 2019	2020
EUR	1	1.09	1.06	1.13	1.06
USD	1	0.97	0.95	1.00	0.97

11 FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

11.1 CLASSES OF FINANCIAL INSTRUMENTS

CHF 1,000	Cash and cash equivalents	Other current financial assets	Trade and other receivables	Non-current financial assets	**Total assets 2019**	Current financial liabilities	Trade and other payables/ accrued expenses	Non-current financial liabilities	**Total liabilities 2019**
Financial instruments measured at fair value through P&L (FVTPL)									
Currency forwards and options	-	500	-	149	**649**	(1,274)	-	(8)	**(1,282)**
Financial instruments measured at amortized costs[1]									
Cash and cash equivalents	266,274	-	-	-	**266,274**	-	-	-	**-**
Time deposits	-	50,000	-	-	**50,000**	-	-	-	**-**
Receivables	-	-	121,775	-	**121,775**	-	-	-	**-**
Rent and other deposits	-	-	656	1,024	**1,680**	-	-	-	**-**
Current bank liabilities	-	-	-	-	**-**	(2,153)	-	-	**(2,153)**
Bank loans	-	-	-	-	**-**	(1,425)	-	(339)	**(1,764)**
Payables and accrued expenses	-	-	-	-	**-**	-	(55,893)	-	**(55,893)**
Other									
Lease liabilities	-	-	-	-	**-**	(9,830)	-	(34,137)	**(43,967)**
Total financial instruments	**266,274**	**50,500**	**122,431**	**1,173**	**440,378**	**(14,682)**	**(55,893)**	**(34,484)**	**(105,059)**
Reconciling items[2]	-	-	11,245	-	**11,245**	-	(16,380)	-	**(16,380)**
Balance at December 31, 2019	**266,274**	**50,500**	**133,676**	**1,173**	**451,623**	**(14,682)**	**(72,273)**	**(34,484)**	**(121,439)**

[1] The carrying amount of financial instruments measured at amortized costs 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 (fair value of TCHF 1'757).

[2] Receivables/payables arising from VAT/other non-income taxes and social security.

CHF 1,000	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**
Financial instruments measured at fair value through P&L (FVTPL)									
Currency forwards and options	-	906	-	13	**919**	(175)	-	(16)	**(191)**
Financial instruments measured at amortized costs[1]									
Cash and cash equivalents	189,677	-	-	-	**189,677**	-	-	-	**-**
Time deposits	-	170,000	-	-	**170,000**	-	-	-	**-**
Receivables	-	-	96,524	-	**96,524**	-	-	-	**-**
Rent and other deposits	-	-	616	1 005	**1,621**	-	-	-	**-**
Current bank liabilities	-	-	-	-	**-**	(5,154)	-	-	**(5,154)**
Bank loans	-	-	-	-	**-**	-	-	(571)	**(571)**
Payables and accrued expenses	-	-	-	-	**-**	-	(60,930)	-	**(60,930)**
Other									
Lease liabilities	-	-	-	-	**-**	(10,255)	-	(31,217)	**(41,472)**
Total financial instruments	**189,677**	**170,906**	**97,140**	**1,018**	**458,741**	**(15,584)**	**(60,930)**	**(31,804)**	**(108,318)**
Reconciling items[2]	-	-	14,252	-	**14,252**	-	(19,879)	-	**(19,879)**
Balance at June 30, 2020	**189,677**	**170,906**	**111,392**	**1,018**	**472,993**	**(15,584)**	**(80,809)**	**(31,804)**	**(128,197)**

[1] The carrying amount of financial instruments measured at amortized costs 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 (fair value of TCHF 576).

[2] Receivables/payables arising from VAT/other non-income taxes and social security .

11.2 FAIR VALUE HIERARCHY (LEVEL) AND VALUATION TECHNIQUES USED

Position	Level	Data source	Model
Currency forwards	Level 2	Bloomberg	(Forward rate - [spot rate +/- forward points]) * amount in foreign currency
Currency options	Level 2	Bloomberg	Black-Scholes model
Bank loans	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.

There have been no transfers between the levels in 2019 and 2020.

12 SUBSEQUENT EVENTS

There were no events subsequent to the balance sheet date which would require adjustments to or disclosures in these interim condensed consolidated financial statements.

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Images
Tecan Group Ltd., Switzerland
Adobe Stock

Translation
Lionbridge, Switzerland

Printing
Printlink AG,
Switzerland

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This Interim Report is available in English and German and can also be found at the website www.tecan.com. For the Financial Report, the English report is the authoritative version.

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