

Tecan Annual Report 2021

# Scaling healthcare innovation globally.



# Scaling healthcare innovation globally.

## More innovation, yet more simplicity. More volume, yet better quality.

The last two years have been exceptional, for the world as well as for Tecan. We were called upon to help tackle the first pandemic where lab automation would play a crucial role. And our contribution was decisive in the global response to COVID-19.

But this is only the beginning. We have known for decades that several health challenges need attention beyond infectious diseases, notably cancer, rare and hereditary diseases, metabolic and cardiovascular diseases, among many others. The healthcare challenge will intensify as populations requiring healthcare grow larger and older. Innovations that facilitate early detection, disease prevention and precision therapies provide the prospect of alleviating the burden of both patients as well as the cost of healthcare. The necessary innovations and targeted medicines will come of age in research labs and then make their way into standard medical practice.

Take Next Generation Sequencing (NGS) as an example. Tecan has worked from the earliest stages with the innovators in the field. They needed to generate vast amounts of data to prove the technology's value, to scale processes and to make them robust. As clinicians see the value of sequencing in prediction, early detection and preventative strategies, they in turn need to validate applications. This will require the consistent high quality and standardization brought about by automation, reagent kits and turnkey solutions that are compliant to regulations. Today, NGS is starting to be integrated into many routine diagnostic procedures, and its clinical value is well accepted by the laboratory, the clinic as well as the patient. Surveillance of the SARS-CoV-2 virus mutations rely on NGS technologies, as do several newer approaches to the individual diagnosis of cancer, metabolic disorders and rare disorders.

Tecan was and still is involved in every stage of the NGS success story from the research lab to the clinic.

We clearly see our role in bringing innovation into healthcare and thereby broadening its impact. Hospitals strive to meet the increasing test volumes while maintaining the productivity and precision expected in all countries. Tecan is prepared to address this growing need.

We expanded our scope by acquiring Paramit. Paramit is a leading OEM developer and manufacturer of medical devices and life sciences instruments. The company delivers for example critical modules and systems to partners which drive innovation in robotic surgery, point-of-care and personal

testing devices, as well as systems for home hemodialysis and patient monitoring. Paramit is key to our ambition to scale healthcare innovation globally, well beyond the laboratory.

As the scaling of healthcare progresses, new innovations will inevitably arise. This will go hand in hand with the trend towards systems that are simpler to use, and that are even more intuitive, to eliminate human error.

**More innovation, yet more simplicity. More volume, yet better quality.** This will require Tecan's and Paramit's combined expertise in lab automation, life science instruments and medical devices. With Paramit now a part of Tecan, we continue to empower our partners and customers with scalability and productivity, reproducibility and standardization, precision, robustness at scale and regulatory compliance.

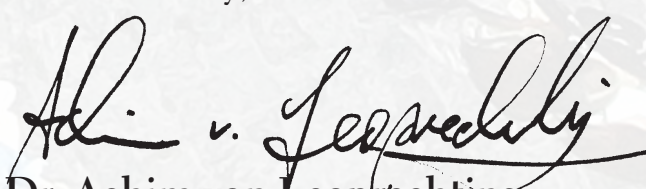
With this expanded vision, we have revised our purpose statement:

**At Tecan we are driven to improve people's lives and health. We do this by empowering our customers to scale healthcare innovation globally from life science to the clinic.**

Working early on in the innovation process in close collaboration with our customers, enables us to deliver leading products, services and solutions globally, that help make lab processes and medical procedures scalable, trusted, precise, compliant, and the data and outcomes ever more reproducible.

**Tecan is thereby prepared to empower this future.**

Sincerely,

  
Dr. Achim von Leoprechting  
Chief Executive Officer

# SARS-CoV-2 and infectious diseases.

## Preparedness and scalability

The COVID-19 pandemic has brought into sharp focus the challenge faced by research labs and clinical testing facilities when they need to scale up their innovations and workflows, since effective scale up for testing and diagnosis was needed within an incredibly short timeframe.

However, the timing also presented the industry with an opportunity: this was the first pandemic where automation was able to play a critical role, from antigen and PCR testing to viral sequencing and mRNA vaccine development. Tecan was called upon at an early stage of the pandemic for precisely this reason, providing a powerful response at a time of global need.

The scale of the pandemic put an immediate strain on laboratories conducting PCR testing, the gold standard for SARS-CoV-2 testing, as well as on labs screening drug candidates for treatments and developing vaccines. Even small labs and organizations had to rapidly shift focus and expand their output at an unprecedented rate, from R&D and manufacturing to clinical diagnostics.

Key to Tecan's rapid response was its ability to supply readily available, modular end-to-end solutions, many of which Tecan and its partners had developed and approved for nucleic acid purification and Next Generation Sequencing (NGS) sample prep, including adaptations of its Fluent® and Freedom EVO® instruments.

Tecan was intrinsic to several key activities to scale up COVID-19 responsiveness. First, Tecan Partnering supplied its existing *in vitro* diagnostics OEM partner companies with components, complete systems and disposable pipette tips to scale up testing. Then, as demand further increased, significantly higher testing throughput was achieved in a matter of months through a new partnership with Thermo Fisher Scientific to develop the Amplitude System, a completely new walk-away PCR solution, capable of running up to

8,000 tests a day. Ultimately, new high-capacity facilities were urgently needed to address the scale of the pandemic. Under normal circumstances, these would be developed from the ground up. Fortunately, through its Labwerx™ program, Tecan expedited design and implementation 'beyond the ordinary', and delivered fully customized solutions that dramatically improved time-to-market and scalability.

The effectiveness of the Tecan Labwerx approach is exemplified by work with the Hubrecht Institute in Utrecht, Netherlands. Researchers recognized that the gold standard PCR test worked well to identify SARS-CoV-2 positive patients, but that there were challenges with logistics, and a need for automation. What started with a fortuitous introduction to an automation expert from Genmab grew to involve additional partners. The successful collaboration led to significantly increased SARS-CoV-2 testing capacity in the Netherlands through the development of the STRIP-1 robot.<sup>1</sup>

Tecan Labwerx helped the Hubrecht Institute incorporate its Fluent system into the viral sample prep workflow. The whole RNA extraction process can now be carried out in 384-well format, increasing speed, and reducing the quantity of reagents required. The Dutch government has since ordered five more systems, with each platform capable of processing more than 10,000 samples in 24 hours.<sup>1</sup>

Tecan continues to play a substantial role in the COVID-19 pandemic response, rapidly deploying workflows to automate nucleic acid extraction and purification as well as sample preparation and assay setup, especially for NGS and PCR-based techniques. The result of this modular approach has been the successful scale-up of viral characterization, to a level where many thousands of samples can now be processed by a single lab.<sup>2</sup> How Tecan extrapolates the learnings and experience gained from the pandemic response will be the next step.

1. <https://www.tecan.com/tecan-journal/innovation-in-covid-19-testing-by-dutch-public-private-partnership>

2. <https://www.tecan.com/blog/pandemic-preparedness-scaling-up-for-the-healthcare-industry>

# Beyond SARS-CoV-2.

## Taking the guesswork out of diagnostics.

COVID-19 provides a unique opportunity to extend the progress made during the global pandemic to some of the world's biggest diagnostic challenges in infectious diseases and beyond.

Tecan's pandemic response demonstrated to the world that we can move quickly in collaboration with our partners to supply essential building blocks of instruments, deliver complete testing equipment as well as create custom-made instrument systems, at previously unfeasible scales. This is also true for needs beyond the COVID-19 response. Tecan is working with innovators of completely new approaches across a range of infectious diseases. Take, for example, the San Francisco Bay area-based company IDbyDNA Inc, where an automated test has been developed that can give detailed diagnostic reports on hundreds of pathogens associated with respiratory and urinary tract infections.<sup>1</sup>

The IDbyDNA test is based on metagenomics, the study of a collection of genetic material from a mixed community of organisms.<sup>2</sup> Metagenomics is a rapidly emerging and promising method for disease diagnosis, but the need for manual processing extends turnaround time, thereby limiting clinical adoption. Dr John Rossen and the IDbyDNA team have successfully automated a metagenomics approach to speed the transition of their assays from research to routine testing in clinics.

Current clinical metagenomics applications use shotgun sequencing, which is a broad, unbiased, and culture-independent technique to jointly analyze pathogen and host responses. It provides insights into complex co-infections, helps identify previously missed pathogens, and can even be used to predict phenotypes that

worsen disease outcomes. However, shotgun sequencing does not allow detailed analysis of several key aspects, such as antimicrobial resistance markers, and is expensive compared to targeted approaches.

IDbyDNA developed an innovative precision metagenomics approach to overcome these limitations. Their sequencing strategy, combined with advanced AI, is already being used for the diagnosis of respiratory and urinary tract infections, and to identify antimicrobial resistance markers. The company has partnered with Tecan to automate its workflow for clinical sample prep, taking advantage of Tecan Partnering's OEM outsourcing program.

For patients with an unknown respiratory complaint, we typically perform a single molecular or bacterial culture test for a suspected target organism, leading to low diagnostic success rates, with no causative pathogen detected in 60 percent of pneumonia cases.

IDbyDNA has created an assay that can identify over 270 pathogens and around 1,200 different antimicrobial resistance alleles in a single assay. As a consequence, the same assay can be used for a patient presenting with COPD symptoms as well as for a patient with suspected tuberculosis, for example. IDbyDNA have now adapted this approach to develop a single workflow that could be used for almost every disease area, including respiratory infections, genito-urinary infections, sepsis and many more.

IDbyDNA has already automated its data analysis and reporting, and is now automating all its laboratory workflows. This will include the library preparation and enrichment process, to make precision metagenomics a realistic alternative to real-time PCR for disease diagnostics in a clinical scenario. The next step is the move into the clinic itself.

1. <https://www.tecan.com/tecan-journal/taking-the-guesswork-out-of-diagnostics>

2. Afshinnekoo, E., Chou, C., Alexander, N., Ahsanuddin, S., Schuetz, A. N., & Mason, C. E. (2017). Precision Metagenomics: Rapid Metagenomic Analyses for Infectious Disease Diagnostics and Public Health Surveillance. *Journal of biomolecular techniques: JBT*, 28(1), 40-45. <https://doi.org/10.7171/jbt.17-2801-007>

# Closer to the clinic.

## Researching diseases for clinically relevant solutions

While COVID-19 still dominates the current healthcare debate, research into early detection and treatment of non-communicable diseases remains paramount. The experience and knowledge gained in the R&D lab are essential for the conversion of relevant solutions to the clinical market and into hospitals. Tecan plays a central role in this transition, supporting its customers as their partner of choice.

Take cancer, Alzheimer's or Huntington's disease – diseases where early detection is crucial. Imagine if we could identify these diseases long before symptoms manifest. It would then be possible to initiate preventative treatments with targeted therapies, and thereby further realize the promise of precision medicine.

Considering the immense healthcare burden of diabetes, cancer, and heart disease in our steadily ageing population, the urgency for scalable, global healthcare innovation from lab research to the clinic becomes evident. Innovative technologies to address healthcare challenges come of age in research labs and then make their way into standard medical practice. Tecan is advancing *in vitro* diagnostics (IVD) and medical technology by enabling transitions for technologies such as Next Generation Sequencing (NGS) and many others. By enabling the automation of tests, making them feasible at a scale for commercial labs, Tecan makes it possible for these tests to realize their potential in the clinic. In this way, Tecan is building bridges and acting as a chaperone towards adoption of these tests into routine practice.

Tecan has fulfilled this mission in numerous successful collaborations. For example, Tecan is enabling live cell imaging to develop a novel 3-D technology to reconstruct physiologically relevant and organ-specific human

microenvironments for drug discovery and development,<sup>1</sup> together with the US-based company zPREDICTA™. High throughput cell imaging and real-time cytometry of 3-D cell cultures can give daily resolution of cellular behavior and modulations of various immune cell populations to evaluate the efficacy of anticancer drugs.

Tecan's collaboration with US-based Ambry Genetics is in NGS. Ambry Genetics is an industry leader in genetic testing, translating scientific research into clinically actionable test results based on a deep understanding of the human genome and the biology of genetic diseases. The company operates a CLIA-licensed genetic testing lab, processing clinical samples with NGS, followed by Sanger sequencing to verify clinically relevant results. Ambry Genetics initiated a major project to automate their protocols to reduce test turnaround time. After considering a broad range of factors, including flexibility, third-party device integration, scalability, and price, Ambry selected the Tecan Fluent® to build a super lab to automate NGS of clinical samples and scale-up in a regulated environment.<sup>2</sup>

Tecan is drawing on decades of relevant experience and capabilities in this transition to the clinic that started in life science research. All our expertise in technologies, hardware and software platforms, and application know-how are brought into focus. For innovative solutions to evolve from research labs to the clinic, the robustness of these sophisticated methods is key. Tests must be easy to implement at higher volumes, with better quality, and more simplicity. This is precisely where the challenge lies, and the next step is to be taken.

END  
SHARED  
ZONE

<sup>1</sup> <https://www.tecan.com/tecan-journal/dont-miss-a-beat-with-live-cell-imaging>

<sup>2</sup> <https://www.tecan.com/blog/ambry-genetics-builds-a-superlab-to-automate-ngs-of-clinical-samples>

# Bridging the gap.

## A toolbox of clinically relevant solutions to generate results

How do you successfully advance a test from the bench of a research lab to the clinic? How do you transform innovative analytical concepts into clinically relevant solutions fit for the hospital? These questions are central to scaling healthcare innovation globally.

And that is exactly what Tecan has set out to do: to make these transitions successful. It takes both research lab and clinical expertise to develop a toolbox of relevant solutions that delivers results. In breakthrough advances, this involves bringing together different technologies. In addition, a profound knowledge and experience in developing systems for *in vitro* diagnostic (IVD) and medical applications regulated by the FDA and other bodies is essential. Tecan Partnering enables IVD companies to implement Tecan's technologies and 'IVD-ready' platforms to develop complete solutions, including kits and reagents, making them ready for routine use in hospitals. How does Tecan gain this valuable experience and know-how to benefit IVD companies and other customers?

It originates from our exposure to new applications, and the system adaptations we make to power them. For example, in computational biomedicine, a discipline at the forefront of epigenetics, Professor Christopher E. Mason at Weill Cornell Medical College, NY, has developed new technologies to catalog genetic and epigenetic changes caused by everything from cancers to novel viruses. "We were quickly able to use Tecan's DreamPrep™ NAP workstation to set up and run a high-throughput platform to extract and process genetic material obtained from either clinical samples or the environment. It is a real workhorse and very reliable, with the pre-programmed protocols working well.

Tecan enabled us to make a broad health impact and achieve high throughput, which directly equates to scalability," concluded Professor Mason.<sup>1</sup>

The value of this toolbox approach was also evident at Leiden University Medical Center in the Netherlands, which has integrated a standard Tecan Next Generation Sequencing (NGS) workstation into its molecular diagnostic testing and clinical research workflows.<sup>2</sup> The preconfigured solution has enabled the Center to quickly commission the platform for routine testing while having the flexibility to develop new protocols and conduct research studies.

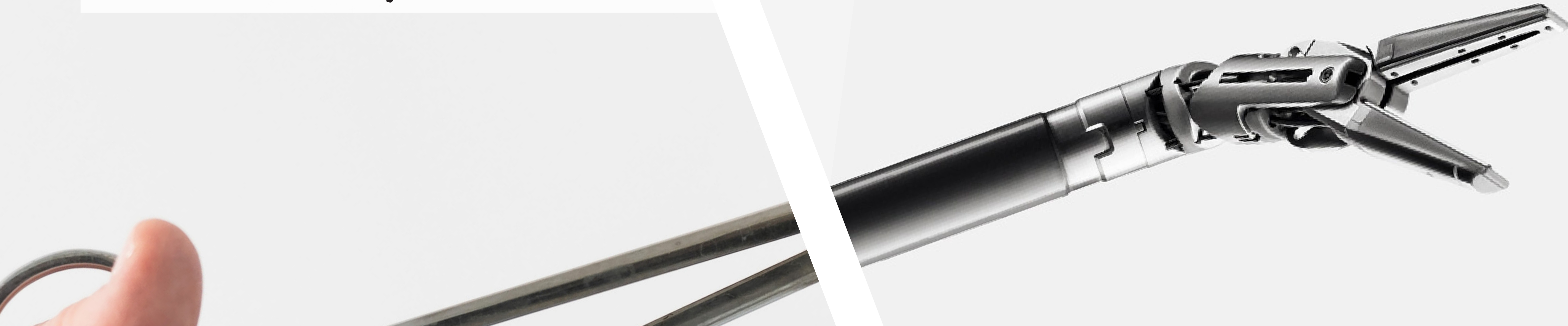
In hospital labs, there is a clear need for easy-to-use systems and ready-to-use diagnostic kits, especially when it comes to sophisticated technologies like NGS. When hospital and lab staff can use such advanced technologies without resource-intensive training, the barrier to widespread adoption is massively reduced. By partnering with Tecan, IVD companies gain access to the company's application and regulatory experience as well as proven technologies that make it possible for their technology to take the key step of transition into the clinic remarkably fast and with the highest confidence.

Tecan's recent acquisition of Paramit is yet another step towards fulfilling these ambitions in healthcare innovation. It extends Tecan's technology reach well beyond the lab, building a bridge to precision healthcare. The future of healthcare innovation just got a little bit closer.

1. <https://www.tecan.com/tecan-journal/computational-biomedicine-at-the-forefront-of-epigenomics>

2. <https://www.tecan.com/tecan-journal/2015/11/17/off-the-shelf-ngs-library-prep-for-ion-torrent-sequencing/>

# Precision beyond the lab.



## Expanding our horizons into medical devices

In 2021, Tecan's ambition to scale healthcare innovation globally culminated in the acquisition of Paramit, a leading OEM developer and manufacturer of medical devices and life sciences instruments.<sup>1</sup>

Paramit is key to Tecan's ambition of providing healthcare solutions globally. It brings well-established and unique expertise of precision production engineering, mechanical assembly, and electronics manufacturing to produce FDA-approved medical devices. The company's portfolio includes critical modules and systems for surgical robotics, point-of-care and personal testing devices, as well as systems for home hemodialysis and patient monitoring.<sup>2</sup>

Tecan's acquisition of Paramit enhances Paramit's capabilities and market leadership in life sciences and *in vitro* diagnostics (IVD), accelerates Tecan's entry into medical devices, and expands the combined businesses' total addressable market across the globe.

One example is Paramit's collaboration with Intuitive Surgical, Inc. (Intuitive). Intuitive, a leading pioneer of robotic-assisted surgery, brings more than two decades of leadership in minimally invasive surgery and medical diagnostic solutions. Its portfolio includes the hallmark da Vinci surgical system and the Ion endoluminal system. The company strives to make surgery more effective, less invasive and easier on surgeons, patients and their families.

Paramit has served as a long-term business collaborator with Intuitive, including work on several generations of core products that are used in the manufacture of Intuitive's surgical instruments, robotics, and training suites. Paramit's deep collaboration with Intuitive is testament to its approach toward product quality, manufacturing scale-up, speed and control, which are all necessary capabilities for advancing the development and manufacturing of FDA-cleared medical devices.

One of Paramit's key differentiators is vPoke<sup>®</sup> — a patented, computer-directed assembly technology that generates a rich device history record, providing component traceability, while reducing the potential for errors ('zero-defect manufacturing'). The name 'vPoke' is derived from the Japanese term 'poka-yoke', which loosely translates as 'mistake-proofing'. Poka-yoke uses techniques such as locking keys, fixtures, and robotics, to help avoid human error.<sup>3</sup>

With Paramit now a part of Tecan, our expertise in lab automation, life science instruments and medical devices will continue to empower partners and customers alike with scalability and productivity, reproducibility and standardization, precision, robustness at scale, and regulatory compliance.

Together, we have a common goal: to facilitate early detection, disease prevention and precision therapies, with the long-term prospect of alleviating the burden on both patients and the cost of healthcare. The acquisition creates a combined global platform with world-class design, development and manufacturing capabilities and scale that will be able to provide unparalleled support to customers in some of the fastest growing segments in healthcare.

1. <https://www.paramit.com/2021/08/02/paramit-corporation-completes-sale-to-the-tecan-group/>

2. <https://www.paramit.com/portfolio/>

3. <https://www.paramit.com/vpoke-mechanical-assembly/>

# The future is personal.

## Improving people's lives and health

Preventative therapies based on insight, prediction, and precision: ongoing healthcare developments and insights are shaping the future of medicine. Ambitions are significant, not least because the challenges of global healthcare demand immense determination.

Innovation will be central. Players that are prepared to move innovation from the research lab to the hospital will be essential to the process. Innovation, per definition, is synonymous with risk and uncertainty; healthcare requires reliability you can trust. Tecan assures the highest standards through our decades of experience and our steadfast compliance to global regulatory requirements.

Spurred by a global pandemic, our eyes have been opened to the world's potential to transform an idea into a solution. We can benefit from the momentum and improve healthcare through the adoption of innovative approaches across a range of disease areas. The many opportunities include disease prevention through the monitoring of risk biomarkers; early detection through noninvasive testing; broader testing procedures; precision treatments for every patient profile; and health and wellness empowerment from data on traits and ancestry provided by consumer genetics.

To address global healthcare needs, the world needs to think and act in scales never before conceived. It will need to extend science and technology from the minds of a few experts into the fingertips of many people from diverse disciplines. This is the route to provide solid diagnostic results to take confident decisions, made accessible to every healthcare provider.

The future is personal. And with the potential to imagine, it is in sight.

With the ability to engineer, it becomes a solution. Empowered by scale, it becomes reality.

Tecan is prepared to empower the future of medicine – scaling healthcare innovation globally.

RESEARCH  
UNDERSTANDING DISEASES

DRUG DISCOVERY  
& DEVELOPMENT  
BETTER MEDICINE

DRUG PRODUCTION  
MORE PRECISE THERAPIES

DIAGNOSTICS  
EARLIER DIAGNOSIS

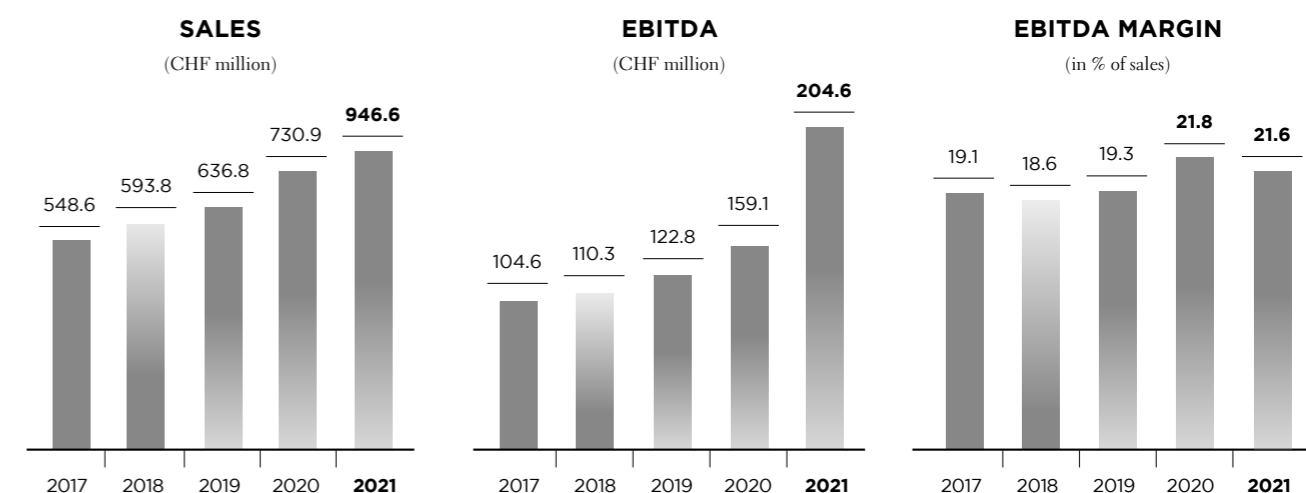
TREATMENT  
CURING AND PREVENTING  
DISEASE

# 2021 at a glance

## KEY FIGURES

CHF million	2020	2021	Δ in %
Order Entry	855.2	965.4	+12.9%
Sales	730.9	946.6	+29.5%
Sales in local currencies	730.2	946.6	+29.6%
Gross profit	354.9	408.6	+15.1%
in % of sales	48.6%	43.2%	
EBIT	121.4	145.5	+19.9%
in % of sales	16.6%	15.4%	
EBITDA	159.1	204.6	+28.6%
in % of sales	21.8%	21.6%	
Adjusted EBITDA	156.5	214.5	+37.0%
in % of sales	21.4%	22.7%	
Net profit	103.7	121.7	+17.3%
in % of sales	14.2%	12.9%	
EPS (CHF)	8.69	9.95	+14.5%

## FINANCIAL SUMMARY

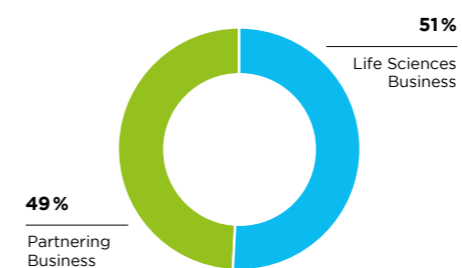


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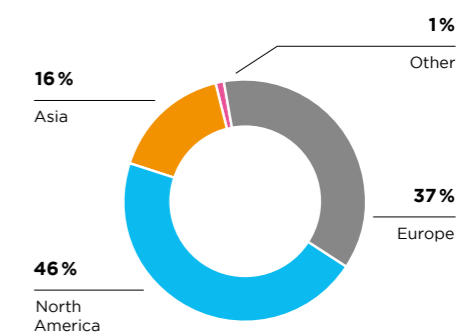
## SALES BY BUSINESS SEGMENTS

(in % of sales)



## SALES BY REGIONS

(in % of sales)



# Dear Shareholders

We are very pleased to report another highly successful fiscal year with double-digit sales growth and a significant increase in net profit. In many ways, 2021 also was a year of transformation for Tecan. With the acquisition of Paramit Corporation, the largest transaction in the company's history, we significantly widened Tecan's capabilities by adding around USD 300 million annualized revenues, strong development and operational capabilities for existing and new end markets, new hubs in the USA and Asia, and more than 1,000 new associates. This business combination provides us with a strong and scalable platform for future growth. With these differentiating combined capabilities and our strong market position we are confident that we will continue to be able to outperform the average growth rate of our underlying end markets.

## FINANCIAL RESULTS FULL-YEAR AND SECOND HALF OF 2021

Full-year order entry increased by 12.9% to CHF 965.4 million (2020: CHF 855.2 million), or by 13.0% in local currencies. Following a surge in orders for product lines supporting the global fight against the coronavirus pandemic in 2020, orders were only down 1.5% in Swiss francs and 1.4% in local currencies year-on-year on an organic basis, i.e. excluding Paramit's order entry in the last five months of the year. The effect of the high COVID-related orders in the prior-year period was particularly visible in the second half of 2021. Here, organic order entry was 18.4% below the prior-year figure in Swiss francs and 18.6% in local currencies. Including Paramit, however, order entry grew by 7.2% in Swiss francs and by 6.9% in local currencies in the second half of the year.

As order entry exceeded realized sales also on an organic basis, the order backlog excluding Paramit increased in the low single-digit percentage range to reach a record high as of December 31, 2021. Including orders from Paramit, order backlog even grew at a substantial double-digit rate.

Sales for fiscal year 2021 climbed by 29.5% to CHF 946.6 million (2020: CHF 730.9 million), corresponding to a growth of 29.6% in local currencies. On an organic basis, sales grew by 14.0% to CHF 833.3 million, or by 14.1% in local currencies. Organic sales growth was also driven by a rebound and some pent-up demand for products for non-COVID research and clinical applications. COVID-19-related product lines contributed mainly to sales in the first half of the year, with no meaningful contribution from COVID-related systems and instrument components in the second half of the year. Demand for pipette tips continued at elevated levels throughout the year based on a larger installed base of instruments with broad test menus, including usage for ongoing COVID-19 testing. With a first-time

revenue contribution of CHF 113.3 million from Paramit (CHF 105.6 million, excluding a one-off restatement in revenue recognition), sales in the second half rose by 17.0% in local currencies and by 16.6% in Swiss francs. As expected, organic sales in the second half of the year declined by 9.9% in Swiss francs and 10.2% in local currencies against the strong base in the prior-year period.

Reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 28.6% to CHF 204.6 million in the fiscal year 2021 (2020: CHF 159.1 million). Reported EBITDA includes all transaction and acquisition-related costs in connection with the Paramit acquisition (CHF 7.3 million). The reported EBITDA margin accordingly reached 21.6% of sales (2020: 21.8%). Adjusted EBITDA increased by 37% to CHF 214.5 million (2020: CHF 156.5 million) and excludes all transaction and acquisition-related costs and one-time pension plan effects. The adjusted EBITDA margin increased by 130 basis points to 22.7% of sales (2020: 21.4%). This increase was mainly driven by benefits of scale due to the significantly increased volumes and total operating costs that grew at a lower rate than sales, a favorable product mix of instruments as well as a higher contribution from consumables and spare parts.

Excluding Paramit, i.e. on a comparable basis with the updated outlook of August 18, 2021, the EBITDA margin increased to 23.1% (also excludes the Paramit revenue contribution). Tecan thus met its communicated outlook of expanding the EBITDA margin to "at least 23% of sales" on a like-for-like basis.

Reported net profit for the year 2021 rose by 17.3% to CHF 121.7 million (2020: CHF 103.7 million). This figure includes all trans-



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

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

action and acquisition-related costs in connection with the Paramit acquisition (CHF 7.3 million) as well as the accumulated amortization of acquired intangible assets (CHF 24.6 million). Reported net profit increased less than operating profit (earnings before interest and taxes; EBIT) as a lower financial result was recorded due to currency hedging losses that were partly related to the Paramit acquisition. Reported basic earnings per share increased by 14.5% to CHF 9.95 (2020: CHF 8.69). Adjusted earnings per share<sup>1</sup> reached CHF 12.89 and excludes transaction and acquisition-related costs, one-time pension plan effects as well as the accumulated amortization of acquired intangible assets.

Including effects from the Paramit acquisition, cash flow from operating activities reached CHF 169.9 million (2020: CHF 208.3 million), corresponding to 17.9% of sales (2020: 28.5%).

Details on the course of business of the Life Sciences Business and Partnering Business segments can be found in the relevant sections on pages 32 and 38. Details regarding the regional development of sales are discussed in the Chief Financial Officer's Report on page 108.

## OPERATING HIGHLIGHTS 2021

On June 23, Tecan announced that it had entered into a definitive agreement to acquire US-based Paramit Corporation and its affiliates for a total purchase consideration of USD 1.0 billion (CHF 920 million), the largest transaction in the company's history. Paramit, headquartered in Morgan Hill (CA), US, is a leading OEM developer and manufacturer of medical devices and life sciences instruments. The acquisition further extends Tecan's position in solutions

for life sciences and in-vitro diagnostics (IVD). It also adds a new business vertical in the attractive and fast-growing market for medical devices. The acquisition brings significant engineering as well as cost-competitive manufacturing capabilities, both in North America and in the APAC region. The acquisition of Paramit was successfully completed on August 2, 2021.

The year 2021 saw market introductions of new lab automation solutions and reagents in key research and diagnostic applications. To further drive its application-focused strategy, Tecan for example continued to launch new variants of the leading Fluent Automation Workstation, including a dedicated platform for whole blood pipetting in clinical environments and a solution for nucleic acid purification (NAP) that completely avoids sample loss when working with rare and precious samples. Tecan also introduced new important reagent and digital offerings. New reagent kits for example enable end-to-end processing of human samples to allow complete viral RNA-Seq library preparation in a single day. New offerings in Tecan's growing digital ecosystem include the development of a fully integrated, sample-to-result solution for PCR workflows and the FluentControl Scheduler, a new software that offers a number of features designed to simplify day-to-day laboratory automation for significantly increased throughput and workflow efficiency.

Tecan continued to invest substantially in research and development. By applying new digital tools such as advanced 3D simulation, Tecan was able to keep development projects on track, despite challenging global work conditions due to the pandemic. With several projects nearing market launch, Tecan anticipates important product introductions in both business segments.

<sup>1</sup>Adjusted earnings per share excludes transaction and acquisition-related costs (+7.3 million), one-time pension plan effects (+2.7 million) as well as the accumulated amortization of acquired intangible assets (+24.6 million) and was calculated with the reported Group tax rate of 11.8%.

At the beginning of 2021, Tecan became 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”. The new IVDR represents a major regulatory overhaul, requiring reclassification and certification of all EU-registered IVD assays and devices.

In the second half of 2021, Tecan's newly acquired Paramit Corporation received an US Food and Drug Administration (FDA) pre-approval inspection for manufacturing activities for a Class 3 medical device. This was the first time Paramit had been audited by the FDA and the audit was successfully concluded with zero formal observations.

Tecan firmly believes that a trust-based, purpose-driven, diverse and inclusive workplace culture makes a crucial difference in helping the company become an even more successful business in the long term. In order to continue to improve in a 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®. As a result of this survey and an additional in-depth Culture Audit™, Tecan was officially certified as a Great Place to Work in January 2021. Moreover, Tecan was ranked one of Switzerland's Best Workplaces in the Large Company category (more than 250 employees) in May.

The second survey that Tecan conducted in 2021 saw both higher participation rates and an improved “Trust Index™” score compared to the first survey in 2020, despite challenging global work conditions due to the pandemic.

## FOCUS AREAS FOR 2022

After the acquisition of Paramit Corporation a main focus will be on the integration of the new business. Even more though, we want to make Tecan the new home for our new colleagues' development and growth. Like Tecan, Paramit's culture is founded on the core values of trust, ambition and highest standards. The common values have already proven to be a strong basis for the ongoing integration of the teams. Paramit has facilities in Morgan Hill (CA) and in Penang, Malaysia and a recently acquired R&D facility named Emphysys in Boston (MA). Across these different sites, the company employs over 1,000 associates and we look very much forward to the first full year developing our joint new future with our new colleagues. The complementary skills of both companies in operations and development have already shown their appeal to new customers over the previous months. In addition, as one of the first steps of

the Paramit/Tecan integration, Tecan's OEM Cavo components business has started moving from its site in San Jose to the Paramit facility in Morgan Hill in order to expand production capacity to meet the high and growing demand for these products. Planning and executing this move as well as the production transfer of some of the products from San Jose to the Penang facility will be an area of focus in 2022. We are also making good progress to execute a joint commercial strategy that aims at attracting new customers particularly in the US to deliver topline synergies. Overall, we aim to utilize Paramit's market position to strengthen our combined market presence in the US. We will also broaden Paramit's business in Europe and the APAC region via the well-established Tecan commercial channels.

Tecan is a purpose-driven company and with our expanded scope after the Paramit acquisition, we have revised our purpose statement to describe our broader capabilities. This statement defines why we at Tecan come to work with passion and a strong commitment towards our customers:

At Tecan we are driven to improve people's lives and health by empowering our customers to scale healthcare innovation globally.

We strongly believe that our people and teams make all the difference and we aim to continuously improve the working culture and development opportunities for our associates globally. In other words, being the “Employer of choice” is a fundamental topic for Tecan, as it is through the dedication, expertise and creativity of our global team that we are able to continuously evolve and become better at what we do day by day. With such a rapidly growing number of employees, our focus is therefore on attracting the best people, offering meaningful development opportunities to advance careers regardless of gender, ethnicity or sexual orientation and ensuring a positive, welcoming and empowering working environment.

These activities are also part of our broad focus on growing our business sustainably. It is a conviction for us that our products, services and business practices add value to society. During 2021, we enhanced management of our social and environmental projects to the next level and we will continue with even more bandwidth the execution of these sustainability efforts in 2022. The process of calculating our total global greenhouse gas emissions footprint will be concluded during the year and it will help us to pinpoint the greatest sources of our emissions and take additional steps to address these, as we continue our decarbonization journey. To further demonstrate that Tecan is committed to step up activities in this regard, we signed the commitment to the Science Based Targets initiative in early 2022, and will set a Net Zero emissions reduction target within the next 24 months. More details on our activities can be found in the [Sustainability Report](#).

Our operational priorities for 2022 will focus on staying resilient in continued times of uncertainty. We expect a continued increased

level of demand mix uncertainty and the availability of freight space and of certain materials likely will remain challenging. The operations team has been doing a fantastic job in the last two years, and through the implementation of several operational mitigation measures, we are confident to be fully operational at our production sites and provide best in class support to our customers also in 2022.

Tecan will continue to invest substantially in research and development to position the business for sustained accelerated growth. Our focus remains on the defined core applications, genomics, protein analysis and cell and tissue analysis as well as selected medical procedures. As we see product usability, cost of ownership, quality and design for regulatory compliance as fundamental for our competitiveness, we will continue to increase our modular systems offerings for complete solutions also with enabling reagents, functional consumables and innovative software products. Digitalization overall is an ever growing element of our R&D activities, which in this field include intelligent automation controls, cutting edge user interfaces, smart components, cloud-based application support and service digitalization. With several projects nearing market launch in all business areas, we anticipate important product introductions, including the imminent launches of major new advanced genomics platforms with significant revenue potential in both business segments. Therefore, successfully launching our own new products and supporting our OEM partners with their upcoming market launches will be another key priority for 2022.

## OUTLOOK

Current developments in the various end markets indicate a healthy market environment. Tecan expects a continued recovery of non-COVID areas and no meaningful contribution from additional COVID-related systems and instrument components as already seen in the second half of 2021. Consumables are expected to stay at elevated levels of demand based on a larger installed base of instruments with broad test menus, including usage for ongoing COVID-19 testing.

Tecan is confident of organically offsetting most of the COVID-related sales from 2021, with a range of outcomes possible. Together with the good underlying growth expected for Paramit, Tecan therefore forecasts sales growth in the mid-teens percentage range in local currencies for the full year 2022.

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

After two years of substantial EBITDA margin improvements, including exceptional tailwind, some extraordinary effects and volume leverage, many of those effects are expected to normalize again in 2022. For 2022, Tecan expects an adjusted EBITDA margin, ex-

cluding acquisition and integration-related costs, at around 20% of sales (includes Paramit at an EBITDA margin of around 18% of sales). The underlying EBITDA margin will thus still be well above the pre-pandemic level (2019: 19.3%).

Acquisition and integration-related costs are expected to be in the mid-teens of millions in Swiss francs in 2022, the accumulated amortization of all acquired intangible assets is expected to amount to CHF 20-25 million.

Beyond 2022, based on a strengthened market position and the combined business with Paramit, Tecan expects to continue to outpace the average growth rate of the underlying end markets with an average organic growth rate in the mid to high single-digit percentage range in local currencies, while continuously improving profitability.

The expectations regarding profitability are based on an average exchange rate forecast for full year 2022 of one euro equaling CHF 1.08 and one US dollar equaling CHF 0.92.

The outlook 2022 does not take account of potential acquisitions during the course of the year.

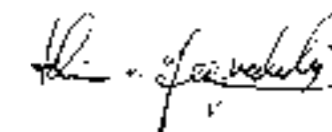
## EXPRESSION OF THANKS

On behalf of the Board of Directors and the Management Board, we would like to cordially thank our exceptional teams at Tecan for bringing us to this exciting point in our company history, and welcome once more our new colleagues from Paramit. We are also very grateful for the continued trust our customers and shareholders have placed in us and the support they provided in this dynamic evolution of Tecan over the past years.

Männedorf, March 10, 2022



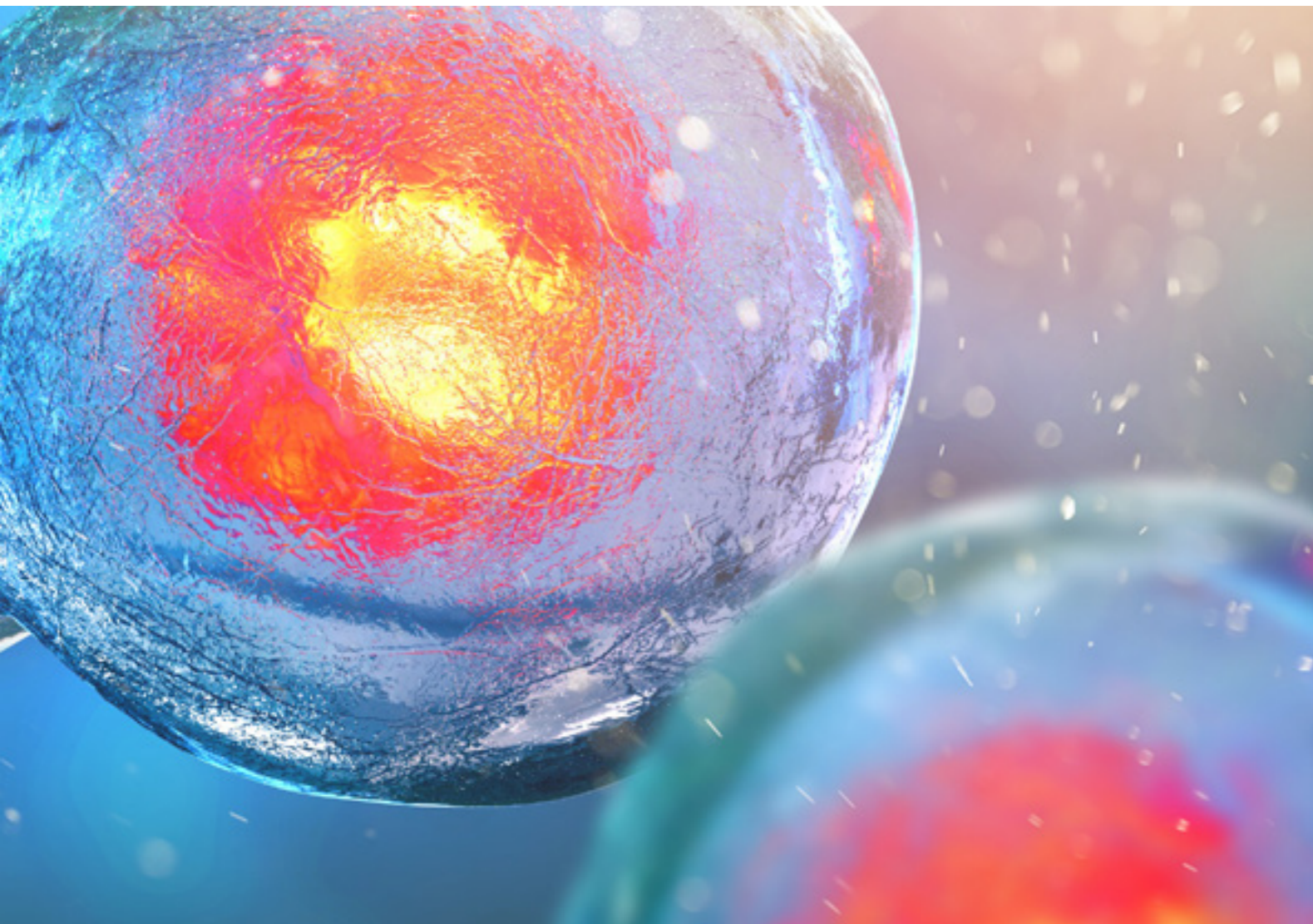
**DR. LUKAS BRAUNSCHWEILER**  
Chairman of the Board



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

# Markets and strategy

Tecan is a pioneer and has been the market leader in laboratory automation for more than 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. With the acquisition of Paramit Corporation in August 2021, Tecan further extended its position in solutions for life sciences and in-vitro diagnostics and added a new business vertical in the attractive and fast-growing market for medical devices.



## BUSINESS SEGMENTS & MARKETS



Tecan's solutions automate all types of repetitive work steps in the laboratory and make procedures more precise, more efficient and safer. They 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.

After the acquisition of Paramit, Tecan is able to provide an even more comprehensive value proposition for customers in the health-care industry. Paramit has developed and/or manufactured several FDA-approved medical devices, including critical modules and systems for surgical robotics, point-of-care and personal testing devices.

Paramit also works with life science companies developing and manufacturing high-precision instrumentation, including a range of products for genomics, proteomics and cell-analysis.

### UNIQUE POSITION WITH TWO STRONG PILLARS

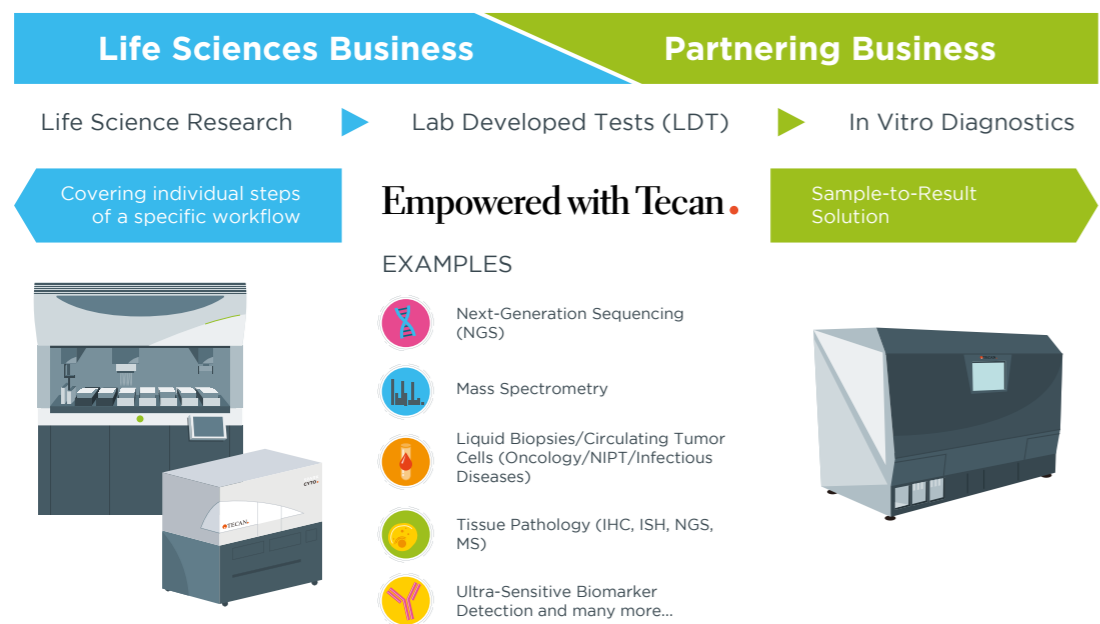
The Company serves some customers directly, but is also a leader in developing and manufacturing OEM instruments, components and modules that are distributed by partner companies. These are mainly diagnostics companies that market the products under their own names as total solutions together with the relevant test kits. With the acquisition of Paramit Tecan has expanded its OEM business also in the area of medical devices.

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 to modules and systems for surgical robotics and personal testing devices for medical technology companies. This puts Tecan in a unique position to combine insights from basic research with the requirements for solutions for routine clinical use.

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.

## Transition from Research to Diagnostics

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



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.

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, 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 au-

thorities 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 are ideally covered in one instrument (sample in, result out).

For companies in the in-vitro diagnostics sector, Tecan is a 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.

Despite 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.

## Medical devices are a new business vertical for Tecan.

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

Traditionally, Tecan's two main markets were diagnostics and life science research. The acquisition of Paramit further extends Tecan's position in solutions for life sciences and in-vitro diagnostics (IVD). It also adds a new business vertical in the attractive and fast-growing market for medical devices.

The majority of end-users originate from the diagnostics market. More than half of the Partnering Business sales addresses the needs of the diagnostics market and about half of the Life Sciences Business revenues are generated in this end market 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. However, the acquisition of Paramit also opens up new segments in the market for life science instruments, mainly for high-precision benchtop devices.

The largest customer segment that Paramit serves is the market of medical devices. Although this is a new business vertical for Tecan, it leverages the company's existing core competencies.

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 more than half 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 instru-

ments. However, the instruments are only partly developed and produced by the diagnostics 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. Customers then market these instruments under their own names, combined with their own reagents as a total solution, such as hospitals, major diagnostics laboratories and blood banks. The Partnering Business segment, before the Paramit acquisition, generated more than 90% of its sales in the diagnostic market, including Paramit, it is more than half of segment revenues. Paramit expands the total addressable market for diagnostic instruments with capabilities around smaller near-patient or point-of-care testing devices.

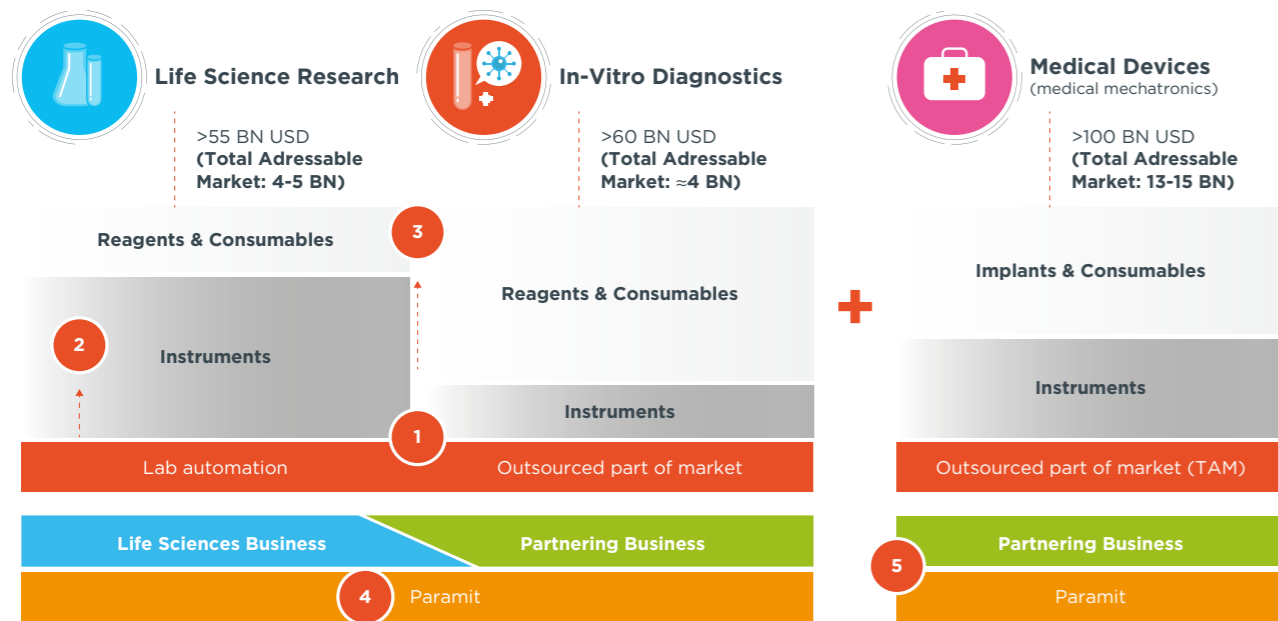
In its Life Sciences Business segment, Tecan distributes open automation platforms, mainly to major diagnostics laboratories. For example, these extract the DNA from patient samples for subsequent molecular diagnostic tests or prepare blood samples for next-generation sequencing. ELISA technology is 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, about half 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. The addressable market for Tecan has a market volume of more than USD 4 billion. The automated Liquid Handling & Robotics product group generates around USD 1.5 billion of the sales in this market segment with initial systems. It also represents the largest product area for instruments at Tecan. Detection instruments, the second largest instrument group at Tecan, account for about USD 0.5 billion in the lab automation 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 1.2 billion.

## Acquisition Significantly Expands Total Addressable Market

Adding a 4th and 5th strategic growth vector



The acquisition of Paramit expands the overall addressable market in life science research outside of the laboratory automation segment. Its clients are mainly US-based companies commercializing a range of products for genomics, proteomics and cell-analysis including flow cytometers, microfluidic instruments, and systems for electrophoresis, imaging, high-sensitivity biomarker detection, microarrays and sample preparation.

With medical devices, the addition of Paramit's capabilities and customer portfolio adds an entirely new business and growth vertical to Tecan. The targeted medical mechatronics sub-segment is part of the broader medical device market and consists of instruments and mechanical modules controlled by electronics. The Paramit portfolio includes components, modules and systems, based on robotic, micro fluidics, optical, laser and radio frequency technologies for key applications like surgical robotics, cardiovascular controllers for heart failure, reconstructive surgery, laser treatments and hemodialysis amongst others.

The addressable market of medical mechatronics products represents a significant opportunity of between USD 13-15 billion, there-by more than doubling Tecan's original total addressable market.

### STRATEGY FOR PROFITABLE GROWTH

The structure of Tecan's end markets of life science research, in-vitro diagnostics and medical mechatronics 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. The Paramit acquisition added a vector 4 and 5.

**1** In life science research and in-vitro diagnostics, 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. 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 organically 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. Additional potential can also be accessed through further 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.

**3** The third vector focuses on expanding recurring revenues in 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.

**4** Paramit now adds capabilities which will allow Tecan to further strengthen its customer offering for the life sciences research and in-vitro diagnostics markets through the Partnering Business – illustrated by vector 4. With its engineering as well as cost-competitive manufacturing capabilities, Paramit opens up new opportunities for a whole variety of benchtop size life science research instruments as well as near-patient and point-of-care diagnostic testing devices.

**5** Paramit brings complementary skills, capabilities and expertise in the manufacture of modules and complex systems also for the medical industry, adding a completely new business vertical in the attractive and fast-growing market for medical devices. While currently serving mainly US-based customers, Tecan will be able to strengthen Paramit's access to Europe and the APAC region as part of a joint commercial strategy that delivers topline synergies.

### 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.

Since 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 innovations that yield insights into the human proteome are still at an earlier stage but they are following in the footsteps of genomics.

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.

**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 diagnostic tests as well as surgical procedures that are carried out. This requires higher levels of productivity. The tests and procedures 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 bio-

logical 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.

**Tecan is Benefitting from Multiple Megatrends**



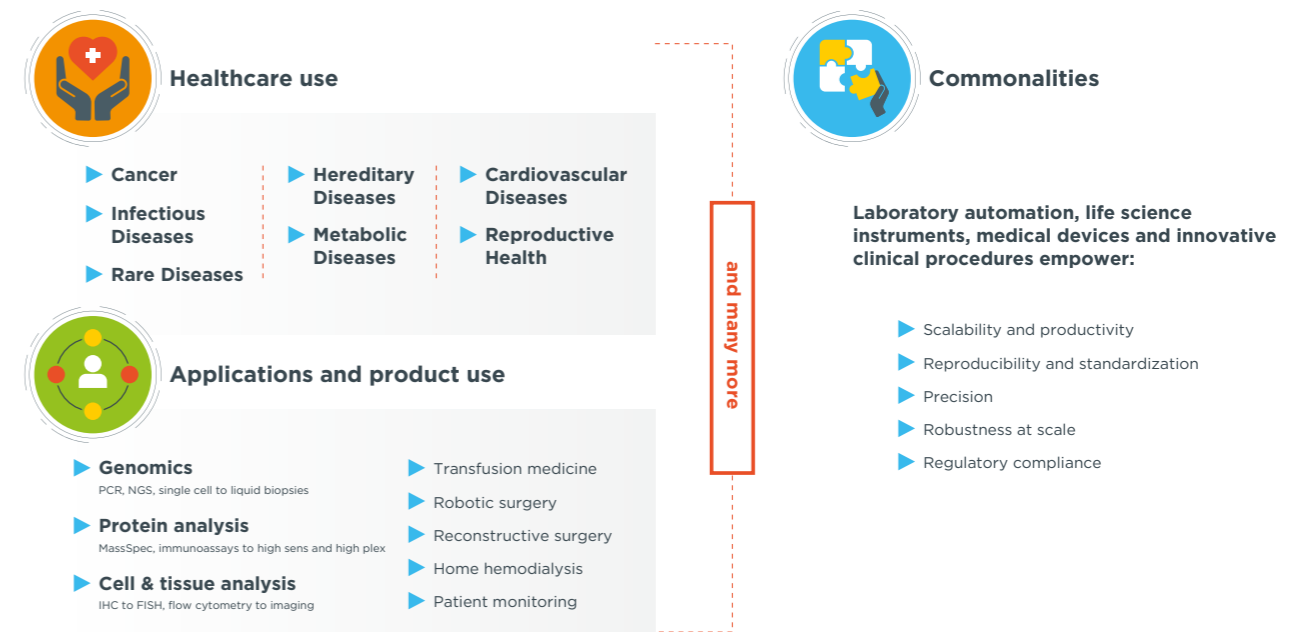
Megatrends

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, medical devices and surgical procedures 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>Innovative medical devices</b> such as in robotic surgery make surgery more effective and less invasive.</p> <p><b>As many diseases are being treated with increasing success</b>, people live longer. Tecan benefits from the increased demand for automated solutions for diagnostic testing and medical devices, e.g. for patient monitoring.</p>
<p><b>High levels of investment in healthcare for better prevention, diagnosis and treatments, also 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. Tecan supplies important automation solutions to upgrade laboratory infrastructure globally 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 innovative surgical procedures</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>Through its newly acquired Paramit business, Tecan also participates in market segments like robotic surgery and cardiovascular controllers.</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 directly to 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>

## Commonalities in Key Applications and Product Use Cases

From discovery of novel medications to better diagnosis and treatments of diseases



### CORE COMPETENCES AND COMMONALITIES

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. Tecan offers a wide-ranging portfolio of different modules to automate applications and work processes, such as examining DNA or cells.

Tecan expanded its capabilities and competences through the acquisition of Paramit.

Paramit is an expert at manufacturing complex electromechanical systems for the medical and life sciences industries. The company combines custom microfluidics, electronics, optics and motion control to help its clients create a range of products, from handheld or point-of-care devices to benchtop instruments and cart-based systems.

The acquisition will also bring significant engineering as well as cost-competitive manufacturing capabilities, both in North America and in the APAC region.

Paramit's patented, computer-directed assembly technology, vPoke®, resolves complex mechanical assembly into tightly controlled assembly steps for medical device and life science instruments. The process generates a rich device history record, providing component traceability, while reducing the potential for errors ("zero-defect manufacturing").

There are many commonalities for the various key applications and product use cases of the combined Tecan/Paramit portfolio that cover a variety of healthcare uses, such as cancer, infectious diseases, metabolic diseases and many more. The product and service offering allows scalability of processes and workflows as well as the scaling of the manufacturing itself, it increases reproducibility and standardization of processes and procedures, delivers precision and robustness. As the majority of customers are working in a regulated environment like diagnostics or medical devices, regulatory compliance is a must in these areas.

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.

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.

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 competences 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 competences and invested in regulatory compliance for years.



Every lab.

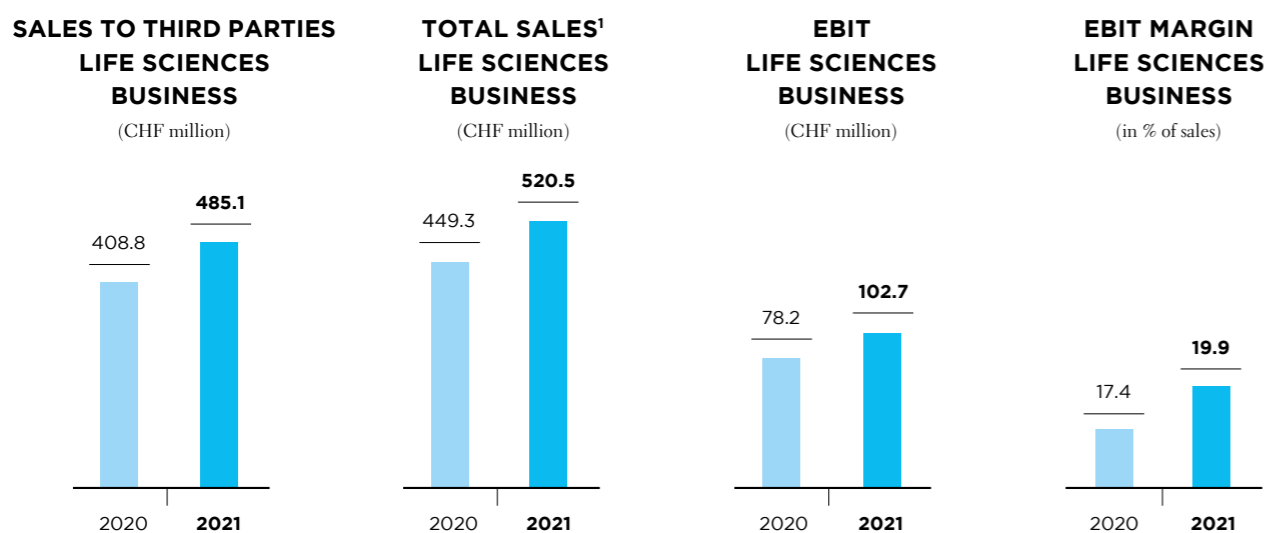
Every day.

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 more than 40 years. In 2021, the Life Sciences Business segment represented 51% of total sales of the Tecan Group.



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

## PERFORMANCE

Sales in the Life Sciences Business increased by 18.7% to CHF 485.1 million (2020: CHF 408.8 million) and were 19.0% above the prior-year period in local currencies. In the first half of the year, the Life Sciences Business continued to see a strong revenue contribution from products supporting the COVID-19 response, mainly liquid handling and automation workstations. Demand for the associated disposable pipette tips continued at an elevated level throughout the year. The coronavirus pandemic has structurally reshaped many laboratory processes, leading to higher overall demand for automation in other application areas as well. As a result, segment sales also benefited significantly from a recovery in other areas, including liquid handling and automation workstations for various life science research applications, detection instruments and research reagents for next-generation sequencing (NGS). This trend was most evident in the second half of the year, as sales in other areas nearly offset the significant

COVID-related sales in the second half of 2020. Thanks to this strong underlying performance, sales in the second half of the year decreased by only 2.0% in Swiss francs and 2.2% in local currencies.

Order entry in the Life Sciences Business was slightly below the prior-year period, but still exceeded reported segment sales in the fiscal year 2021.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) rose by 32.7% to CHF 102.7 million (2020: CHF 78.2 million). The operating profit margin increased to 19.9% of sales (2020: 17.4%). This positive performance is primarily a result of sales growth, a favorable product mix and the operating costs that grew at a lower rate than sales.

## HIGHLIGHTS OF 2021

- Launch of new variants of the Fluent® Automation Workstation to solve specific needs in key research and diagnostic applications
- Launch of FluentControl™ Scheduler to simplify automation of complex workflows
- Introduced important new reagent and digital offerings

## 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.

About half of these customers work in the field of life science research and applied markets. The other half of sales in this segment are generated from customers in the diagnostics market, for example large reference labs. During 2020 and 2021, 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 if requirements go beyond the ordinary. 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.

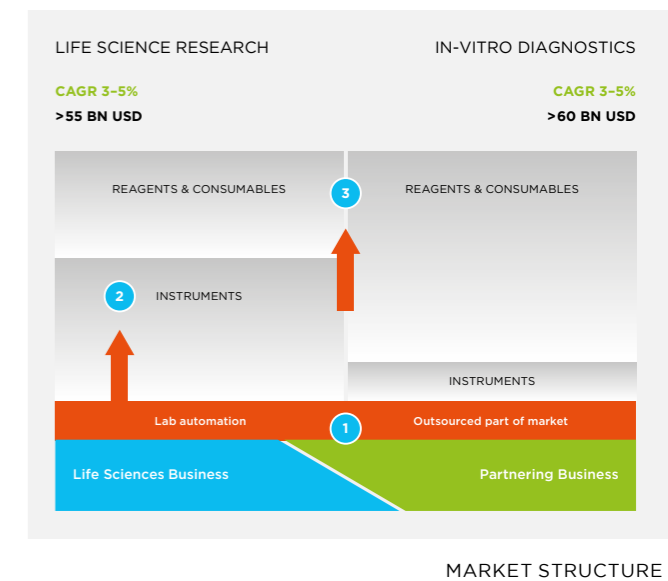
In the three core application areas, Tecan increasingly offers complete solutions, i.e. not only instruments but also selected reagents and functional consumables.

## 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.



FLUENT® MIX AND PIERCE WORKSTATION

In 2021, Tecan has launched the [Fluent® Mix and Pierce Workstation](#) to provide end-to-end automation for whole blood pipetting in clinical environments.

This newly developed instrument configuration 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.

Another market introduction in the key field of genomics was the [Frida Reader™ for Fluent](#).

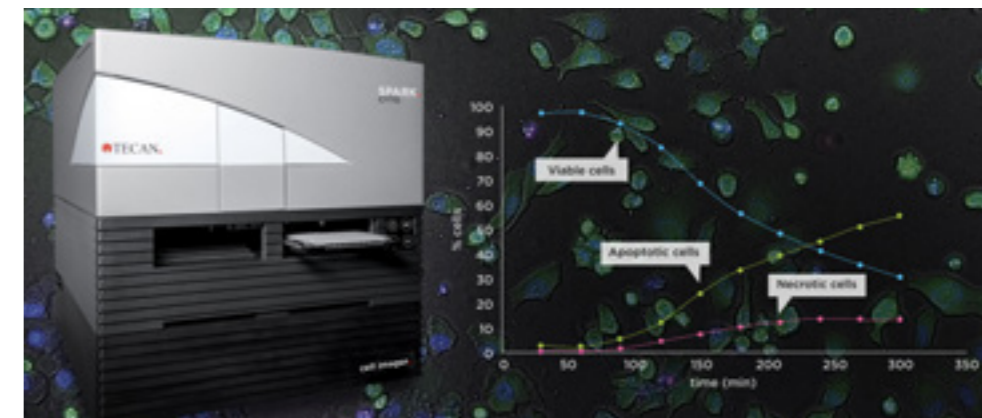
It offers researchers the ability to quantify nucleic acids without sample loss. This unique solution performs UV absorbance-based quantification and purity assessment in a hanging drop, avoiding the consumption of rare and precious samples following nucleic acid purification (NAP).

### 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 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 [Spark® Cyto](#) reader platform enables life science research laboratories to track the

SPARK® CYTO



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 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 several thousand scientific publications and enjoys great popularity across the world.

### 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.

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 corona virus pandemic to keep their fleets of PCR systems running at maximum capacity.

New offerings in Tecan's growing digital ecosystem include the [FluentControl Scheduler](#) for the [Fluent Automation Workstation](#). The [FluentControl Scheduler](#) is a new software that offers a number of features designed to simplify day-to-day laboratory automation for significantly increased throughput and workflow efficiency, streamlining workflows for laboratories that run various assays and processes in parallel.

## 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 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. For example, in early 2022, 32 units of the Fluent platform were delivered to a Chinese customer active in the innovative field of synthetic biology.

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 commercial 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.

Tecan maintains a distributor network in many other countries. During the Corona pandemic, these distributor relationships were deepened and will be further expanded in the future. In some countries, Tecan will also open its own subsidiaries in order to develop the market even more intensively.

## 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.

The offering of dedicated workstations was expanded in 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.

During the coronavirus pandemic, 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 53% of total segment sales in 2021.

## 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 diagnostics 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) in 2016, Tecan expanded its offer of dedicated total solutions to sample preparation solutions for mass spectrometry.

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 2018, Tecan acquired NuGEN Technologies (now Tecan Genomics) to further expand the Company's dedicated solutions offering into the new market segment of next-generation sequencing (NGS). 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



DREAMPREP™ NAP WORKSTATION

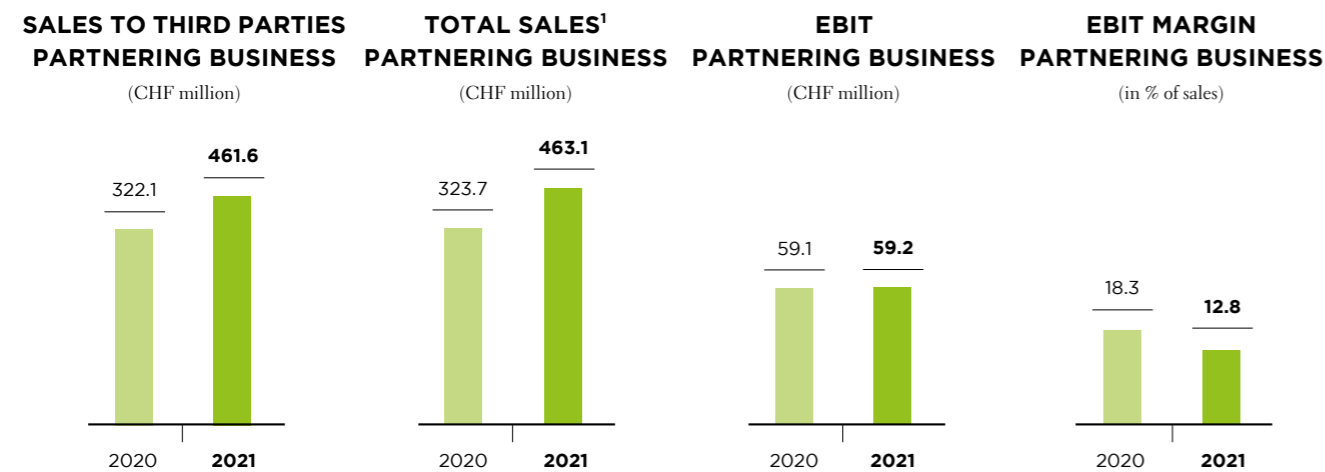
library preparation, in which many samples are processed in parallel and its correct performance is key to match the individual DNA sequences with the respective samples again after sequencing. The quality of prepared libraries has a significant impact on the sequencing process, the reproducibility and 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 over 40 years ago. With the acquisition of Paramit Corporation, a leading OEM developer and manufacturer of medical devices and life sciences instruments, Tecan's Partnering Business expanded significantly its commercial reach, its capabilities and its US and Asia presence. Including Paramit, this business segment's share of total Tecan Group sales increased to 49% in 2021.



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

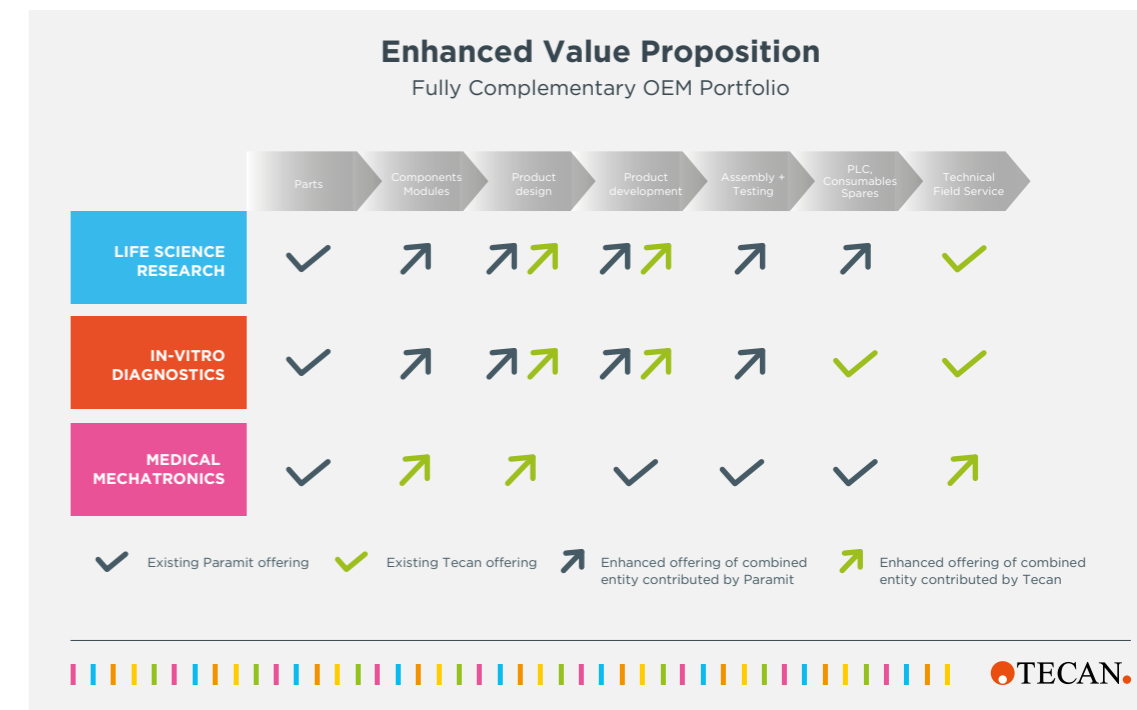
### PERFORMANCE

The Partnering Business generated sales of CHF 461.6 million during the year under review (2020: CHF 322.1 million), which corresponds to an increase of 43.3% in Swiss francs and 43.1% in local currencies. On an organic basis, i.e. excluding Paramit's sales in the last five months of the year, sales rose by 8.1% in Swiss francs and 8.0% in local currencies. Similar patterns to the Life Sciences Business were observed in the Partnering Business, with automation platforms and OEM components supporting COVID-19 testing contributing strongly to sales in the first half of the year, and disposable pipette tips throughout the year. In the course of the year, the demand for automation systems in other areas of in-vitro diagnostics recovered markedly and helped to offset the strong sales contribution from COVID-19-related systems in the

prior-year period. As expected, the base effect for the Partnering Business was more pronounced compared to the Life Sciences Business in the second half of the year and organic sales decreased by 20.3% in Swiss francs and 20.6% in local currencies.

Including the first-time sales contribution from Paramit, total segment sales increased by 42.1% in Swiss francs and 41.6% in local currencies in the second half of the year.

Operating profit in this segment (earnings before interest and taxes; EBIT) remained unchanged at CHF 59.2 million (2020: CHF 59.1 million), while the operating profit margin reached 12.8% of sales (2020: 18.3%). The integration costs and amortization of



ENHANCED VALUE PROPOSITION FOLLOWING PARAMIT ACQUISITION

acquired intangible assets recognized for the Group in connection with the acquisition of Paramit were recognized in the Partnering Business and had a lasting effect on the reported operating result for the segment. Excluding these acquisition-related effects, the underlying increase in profitability was due to economies of scale resulting from higher volumes and a favorable product mix.

### HIGHLIGHTS OF 2021

- Acquisition of Paramit Corporation, the largest transaction in the company's history
- Conclusion of major development project; several products nearing launches in 2022

### ORGANIZATION

In the Partnering Business, Tecan manages corporate customers 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® 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™ brand, Tecan takes over the development of the entire system, which it then manufactures under contract. Customers are

mainly diagnostics companies. With the acquisition of Paramit, Tecan's Partnering Business also expanded its reach into the life science research market and added a completely new business vertical in the attractive and fast-growing market for medical devices. Further information regarding the Paramit acquisition and the expansion of capabilities and markets can be found in the chapter "Markets and Strategy".

The combination of Paramit with Tecan's Partnering Business offering significantly enhances the customer value proposition. Paramit adds new capabilities and technologies, in custom design and custom development as well as in manufacturing. Paramit also extends Tecan's offering for life science research and expands it into medical mechatronics.

Tecan on the other hand adds significant R&D capabilities in software development as well as workflow expertise. Overall, significant potential exists to cross-leverage products and services and expand regionally.

### PRODUCT PORTFOLIO

In the Partnering Business, Tecan benefits from diagnostics, life science and medical device companies outsourcing instrument development and manufacturing, either entirely or for specific parts, to specialists like itself. This enables these companies to focus, for example on developing the diagnostic 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. With the acquisition of Paramit Tecan has expanded its OEM business also into the area of medical devices.

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. [www.partnering.tecan.com/customer-success-stories](http://www.partnering.tecan.com/customer-success-stories)

## Tecan Partnering – from a single pump to a fully integrated system and medical devices

### 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 Cavro® 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 Cavro® pumps and fluidic systems for precision handling of fluids in different sequencers. In 2020 and 2021, Tecan saw substantial demand for the Cavro 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

Under the Synergence brand Tecan designs and builds integrated lab automation solutions. Rapid market launch and low development costs are key for some OEM customers. In these cases, Tecan can adapt the products and automation 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 the coronavirus pandemic, 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 also able to run their COVID-19 PCR tests on their existing platforms.

### DEDICATED AUTOMATION SOLUTIONS

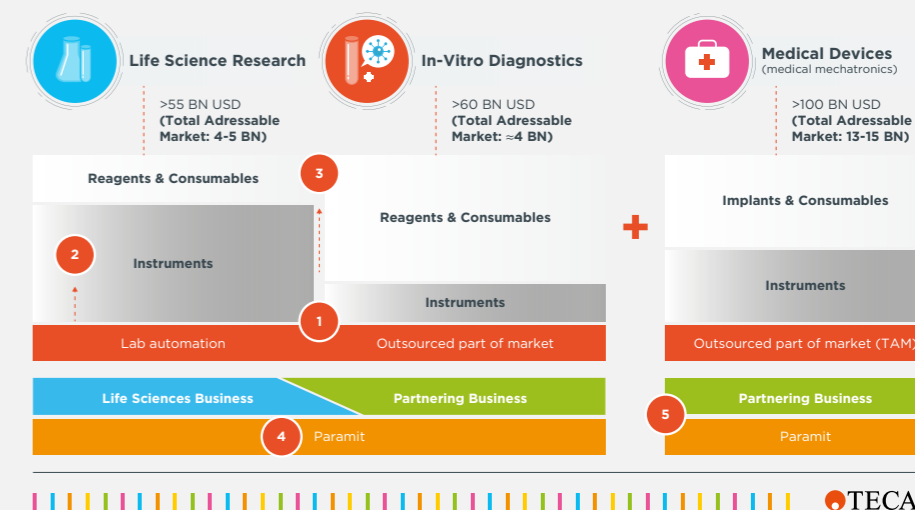
When an OEM customer is looking for a specific product, designed and manufactured to a specific functionality and cost, a dedicated system development can be the most suitable answer. Dedicated systems are usually most appropriate for products with a longer life cycle and when the specific functionality 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.

### MEDICAL DEVICES AND BENCHTOP INSTRUMENTS

Paramit has been designing and manufacturing medical devices, diagnostics and life science instruments for almost 30 years. Its portfolio is complementary to Tecan's and consists of surgical instruments, critical modules and systems for surgical robotics, point-of-care and personal testing devices, as well as diagnostic systems amongst others.

## Acquisition Significantly Expands Total Addressable Market

Adding a 4th and 5th strategic growth vector



Paramit also works with life science companies developing and manufacturing high-precision instrumentation. Its clients are mainly US-based companies commercializing a range of products for genomics, proteomics and cell-analysis including flow cytometers, microfluidic instruments, and systems for electrophoresis, imaging, high-sensitivity biomarker detection, microarrays and sample preparation.

### SEGMENT STRATEGY

The corporate strategy pursued 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. The acquisition of Paramit added additional vectors for the Partnering Business.

#### 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. Examples:

#### 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).

### 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. In 2021, Ortho Clinical Diagnostics announced the availability of enhanced [Ortho Vision Swift and Ortho Vision Max Swift Analyzers](#). The new suite offers labs more processing power, enhanced responsiveness, and advanced data security to ensure results that are consistently fast, accurate, and reliable.

### THERMO FISHER SCIENTIFIC LEVERAGING TECAN'S AUTOMATION TECHNOLOGY

In August 2020, Tecan entered into an 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 2021. 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 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.

For 2022, again several additional market launches are expected.

### 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 2021.

During the coronavirus pandemic, Tecan saw a substantial increase in demand for the Tecan Cavro 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.

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 Cavro 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.

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 need. It is one common software architecture, regardless of the specific hardware platform or application.

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.

## 2 4 BUILDING UP FURTHER PILLARS IN THE INSTRUMENT MARKET

In the Partnering Business segment, Tecan mainly supplied diagnostics companies with instruments and components. Further pillars in the instrument market for life science research were not effectively accessible to the Partnering Business, although the some two-thirds of sales in this market come from instruments and only about a third from reagents. Many of these instruments are bench-top systems that require a specific OEM manufacturing setup to be able to produce a high variety of those systems. Through Paramit's custom design and cost-competitive manufacturing capabilities, both in North America and in the APAC region, Tecan can now access this market segment. Equipped with proprietary computer-directed assembly technology, Paramit's facilities deliver ultra-flexible production planning. This patented, computer-directed assembly technology, [vPoke®](#), resolves complex mechanical assembly into tightly controlled assembly steps for medical device and life science instruments.

The process generates a rich device history record, providing component traceability, while reducing the potential for errors ("zero-defect manufacturing"). Life science instruments in [Paramit's portfolio](#) include flow cytometers, microfluidic instruments, and systems for electrophoresis, imaging, high-sensitivity biomarker detection, microarrays and sample preparation.

## 3 EXPANSION OF RECURRING REVENUES

The third vector focuses on expanding recurring revenues. In the past two years, 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, excluding Paramit, amounted to about one third of total segment sales in 2021. Paramit only has a small share from spare parts and services, which Tecan intends to grow in the future.

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.

## 5 EXPANDING INTO THE FAST-GROWING MARKET FOR MEDICAL DEVICES

In addition to the existing end-markets, Paramit now offers access and scale in a subsegment of the large medical device market called "medical mechatronics". With medical devices, the addition of Paramit's capabilities and customer portfolio adds an entirely new business and growth vertical to Tecan's Partnering Business. The Paramit portfolio includes components, modules and systems, based on robotics, micro fluidics, optical, laser and radio frequency technologies for key applications like surgical robotics, cardiovascular controllers for heart failure, reconstructive surgery, laser treatments and hemodialysis amongst others.

A close-up photograph of vibrant green moss. The foreground shows the intricate texture of the moss, with small, pointed leaves and tiny stems. The background is a soft, out-of-focus blur of green and yellow, suggesting sunlight filtering through leaves in a forest setting. In the upper right quadrant, there is a white rectangular box containing the word "Sustainability." in a black serif font, with a small red dot at the end of the word.

Sustainability.

# Message from the CEO

## DEAR READERS

At Tecan we are driven to improve people's lives and health. We do this by empowering our customers to scale healthcare innovation globally from life science to the clinic. In 2021, Tecan grew significantly as a business, organically as well as through the acquisition of Paramit Corporation and its affiliates. 2021 was also the year we took management of our social and environmental impacts to the next level, with the goal that we can rightly say "our products add value to society, our business practices too".

Tecan was founded in Switzerland on the principles of strong governance practices, an appreciation of the natural environment, and a culture of trust and respect between employers and employees. Tecan has pursued responsible business practices since its earliest days, and has specifically described these in the annual sustainability report since 2007. However, we know that more needs to be done to secure a resilient, equitable future. To ensure we play our part, in 2021 Tecan stepped up its sustainability efforts, putting in place a Sustainability Committee, hiring subject-matter experts, increasing the structure and activities that make up our sustainability programs and mapping out a journey that will enable Tecan to directly contribute to a sustainable future.

In our previous sustainability reports we have described how our activities support the United Nations Sustainable Development Goals (UN SDGs), and these long-term goals still provide the blueprint for the more sustainable future we are working towards. We now also set our own sustainability targets and joined the Science Based Targets Initiative, committing to develop within 24 months a "net zero" emissions reduction target and to set out how this will be achieved.

Tecan's main business activities are the design and development of innovative instruments, software, reagents and consumables for research, diagnostics and medical use and the execution of global sales and service activities. For our instruments and components, we focus on the final assembly, testing and packaging of these in our production sites. These activities have a relatively low environmental impact. Nevertheless, we have previously taken steps to improve our environmental impact, including offsetting all the emissions attributable to our Männedorf headquarters in 2020 and again in 2021, as well as completing a product footprint calculation of our industry leading Fluent™ workstation and offsetting the related emissions, subsequently offering our customers a certified climate neutral product. In 2021 we continued these efforts, calculating the footprint of another family of products as well as beginning the process of calculating our total global greenhouse gas emissions

footprint. This ongoing work will enable us to pinpoint the greatest sources of our emissions and take steps to address these, as we undertake our decarbonization journey.

Globally, humanity consumes more resources than the Earth can regenerate: measured annually, a year's worth of resources are estimated to have been consumed before August of each year, a situation inherently unsustainable and something we must all work to change. In 2021, Tecan increased efforts to reduce waste and to source a higher percentage of recycled content for our products and packaging. In our highly regulated field, even packaging is subject to strict requirements and changes often require testing and approvals that take time. We will continue these efforts in 2022 and see opportunities to improve our impact in this regard in both the short and medium term.

Tecan joined the UN Global Compact in 2018 and incorporates the Ten Principles of the UNGC into our strategies, policies and procedures. In 2021, this was particularly evident when we updated our [Supplier Code of Conduct](#), and 2022 will see an increase in our efforts to ensure that this Code is respected, as well as in our transparent reporting regarding these efforts.

We know that sustainability is important to our customers, investors and colleagues around the world, and we engage in customer questionnaires and ratings agencies' surveys with full transparency. With our EcoVadis Bronze rating, we are able to quickly indicate to our customers that we are managing our impacts and will continue to strengthen these efforts. Our conversations with our colleagues about sustainability have been given new platforms in 2021, with a dedicated [sustainability@tecan.com](mailto:sustainability@tecan.com) email address created, along with a company sustainability social media group open to all employees. Videos, podcasts, an employee newsletter and a focus on sustainability as one of four key topics at our annual Global Leadership Conference round out the ongoing dialogue, and it's been inspiring to learn about the number and quality of sustainability solutions and improvement ideas generated within Tecan.

Being the "Employer of choice" is a material topic for Tecan, as it's through the dedication of our global team that we are able to fulfill our purpose and live up to our customer promise, "Always there for you." We also recognize our responsibility as an employer to be aware of our impact on society, and to ensure we make a positive contribution not just through our products but in the way we enable our employees to develop and thrive, providing a healthy, supportive workplace culture that provides everyone with an equal oppor-

tunity to reach their full potential. With inequality increasing in many parts of the world and political dialogue too often inflammatory and divisive, we accept our role in driving towards the equitable future envisaged in the UN SDGs. Our employee engagement survey continues to be a defining measurement of our employees' motivation and satisfaction, and despite the potential for isolation, disconnect and additional stress brought by the various phases of the pandemic we were delighted to see both higher participation rates and an improved "Trust Index™" score in 2021, compared to our first Great Place to Work® survey in 2020. As a company with around 3,200 employees and a network of global suppliers and business partners, we strive to set a good example, recognizing that bringing about a more equal society takes conscious effort.

In 2020, Tecan celebrated 40 years since our founding by initiating the "Tecan Gives Back" program, harnessing the energy of our employees as they ran, walked, jogged or hiked. We matched the distance covered by each Tecan Gives Back team with a donation to one of four charities selected by employees. The initiative was such a success we repeated it in 2021, broadening the activities that would generate a donation to include community volunteering, low-impact sports, and cultural and wellness activities such as playing music, creative work and meditation. Many stories and pictures were shared throughout October as teams made up of colleagues from across Tecan's sites globally as well as some of our external business partners rose to the challenge, the combined efforts raising CHF 60,000 for the four new charities chosen. Community engagement and health and wellness of our employees are themes we'll explore further again in 2022.

Our 2021 Sustainability report sets out in more detail the topics touched on in this summary, reviewing our journey so far and providing the framework for our ongoing efforts. The targets set out in the report will provide a checkpoint, enabling us to show progress, and in 2022 we'll carry out the data collection and validation needed to set further measurable goals. But our sustainability activities aren't limited to areas that can be quantified – rather, our approach to managing our impacts is a mindset, ensuring the long-term consequences of our day-to-day choices are considered and evaluated as part of making sound business decisions. We invite your input on our progress, through our regular dialogue or via our dedicated [sustainability@tecan.com](mailto:sustainability@tecan.com), and we appreciate your continued interest in this integral aspect of our work.



**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

Tecan is a pioneer and global leader in laboratory automation. Founded in Switzerland in 1980, the company has more than 3,000 employees, with manufacturing, research and development sites in Europe, North America and Asia, and maintains a sales and service network in over 70 countries. Tecan Group Ltd. is the parent company, and is a limited corporation incorporated in Switzerland, whose shares are publicly traded. Tecan Group Ltd.'s registered office is at Seestrasse 103, 8708 Männedorf, Switzerland. The entities included in Tecan's sustainability report are indicated [here](#).

Tecan's main business activities are the design and development of innovative instruments, instrument components and modules, software, reagents and consumables for research, diagnostics and medical use and the execution of global sales and service activities. Tecan does not conduct animal testing, or participate in, or knowingly fund, any external studies that use embryonic stem cells, fetal tissue or cell lines. Clients include pharmaceutical, biotechnology and in-vitro diagnostic companies, university research departments, and diagnostics and other laboratories. As an original equipment manufacturer (OEM), Tecan also develops and manufactures OEM instruments and components that are then distributed by partner companies. Tecan's value chain also includes the distributor network and supply chain, which are described in this report.

Tecan acquired leading OEM developer and manufacturer of medical devices and life sciences instruments [Paramit Corporation](#) and its affiliates in August, 2021, and will include Paramit in the 2022 Sustainability Report. With the acquisition of Paramit, Tecan grew from approximately 2,000 employees to more than 3,000 employees, and at time of writing, integration is ongoing. A full overview of Tecan's employee profile is included in the ['social impact'](#) section of this report.

## SUSTAINABILITY AT TECAN

In 2021 Tecan created a sustainability committee, chaired by the CEO and made up of Management Board (MB) members responsible for specific ESG (environment, social and governance) areas, as well as Tecan's CFO, MB sustainability lead, and two subject matter experts who joined Tecan in Q3, 2021. The sustainability committee meets quarterly and sets Tecan's sustainability strategy and priorities, which are taken to the full MB for approval. Tecan's Board of Directors is briefed on developments by the CEO and MB sustainability lead during their regular meetings, as described in the more detailed overview of our Board in the [Corporate Governance](#) section of Tecan's Annual Report. There is no separate committee at Board level for sustainability, activities are reviewed by the full Board, and management of social and environmental risks and impacts has been delegated by the Board to Tecan's Management and is integrated into Tecan's overall strategy. Sustainability topics are included in Tecan's regular annual strategy development and review process, and [annual risk management process](#). Board members have varying levels of sustainability expertise, gained in their previous roles as CEOs or senior executives of companies with sustainability programs and in the case of one Board member, through actively working on a potential replacement for fossil fuels. A well-rounded understanding of business impacts is one of many criteria looked for in potential Board members; the opportunity to increase the visible diversity of Tecan's Board is also one of the many factors considered.

As management of sustainability topics is led by Tecan's CEO, it is the CEO and sustainability committee members that review Sustainability Report content. Sustainability targets are included in the short-term variable pay compensation criteria of all Management Board members, and all Tecan colleagues who have a variable pay component to their compensation (see also [compensation report](#)).

Throughout Tecan, management of social and environmental impacts is integrated into daily work. In addition, specific initiatives with a strong sustainability focus are tracked by Tecan's sustainability committee, as reflected in the "sustainability governance structure" pyramid. Current workstreams include working towards ISO 14001 certification of Headquarters, systematically increasing the assessment of suppliers' environmental and social impacts, and evaluating options to reduce the environmental impact of various products. Sustainability committee members are responsible for updating the sustainability committee on the progress of workstreams within their area, and the Management Board (MB) sustainability lead presents a summary to the MB after each committee meeting, along with any committee proposals that need MB approval.

### Tecan's Sustainability Committee members:

- Committee Chair: Achim von Leoprechting, CEO
- Management Board Sustainability Lead: Martin Braendle, Senior VP Corporate Communications & IR
- Sustainability Committee Secretary: Sarah Vowles, Associate Director Corporate Communications & Sustainability
- Marco Felicioni, Head of Environment, Health & Safety Office
- Ulrich Kanter, Head of Operations and IT
- Tania Micki, Chief Financial Officer
- Erik Norström, Head of Corporate Development
- Ingrid Pürgstaller, Chief People Officer
- Andreas Wilhelm, General Counsel and Secretary of the Board of Directors of Tecan Group Ltd.

### TECAN'S SUSTAINABILITY STRATEGY

Tecan's corporate purpose is to improve people's lives and health. This is achieved by empowering customers to scale healthcare innovation globally from life science to the clinic. Tecan's sustainability strategy supports the Company's purpose: developed by the sustainability committee in 2021, the sustainability strategy is now being integrated into Tecan's annual strategy development and review process, for presentation to the Board of Directors later in 2022. This strategy enables Tecan to say, "Our products add value to society, our business practices too". Both a description of how Tecan operates today and an aspiration indicating the areas in which Tecan will strengthen processes on an ongoing basis, the strategy states:

**From design through production to end-of-life, we maximize the positive impact of our products and business practices.** Tecan's products enable innovative healthcare, consider eco-design, and are produced with responsibly sourced materials. Our sites are carefully managed to minimize negative environmental impacts and implement opportunities to have a positive environmental impact. We consistently demonstrate excellence in product quality and safety, governance, and risk management, and have a measurable positive impact as an employer and in our communities.

Implementation of this strategy is further described in the [Environment](#), [Social Impact](#) and [Governance](#) sections of this sustainability report.

### TECAN'S SUSTAINABILITY GOVERNANCE STRUCTURE



**SUPPORT FOR THE UNITED NATIONS GLOBAL COMPACT AND UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)**

Tecan joined the UN Global Compact (UNGC) in 2018, and in doing so committed to a precautionary approach to environmental challenges, along with key social impact and good governance principles derived from UN instruments such as the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Adherence to these principles is tracked by Tecan's sustainability Group Function and reported on annually via the UNGC reporting platform. In 2022, timing of this reporting is anticipated to change to align with the timing of Tecan's sustainability report publication.

Tecan's sustainability Group Function is made up of the sustainability Management Board lead and his direct report, Tecan's sustainability lead. Tecan's sustainability lead is the sustainability committee secretary, responsible for preparing the committee meetings and driving the sustainability agenda.



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

Tecan supports the blueprint for a better future set out in the UN Sustainable Development Goals, and aligns in particular with goals 3, 5, 8 and 12.



**SDG 3 Good Health and Wellbeing.** Ensure healthy lives and promote well-being for all at all ages: Tecan's products and business purpose – improve people's lives and health, by empowering our customers to scale healthcare innovation globally from life science to the clinic – directly support this sustainable development goal. See our customer stories for an overview of the range of activities undertaken.



**SDG 5 Gender Equality.** Achieve gender equality and empower all women and girls: As an employer, Tecan works to advance equal opportunities for women, and to ensure equal treatment in the workplace. Efforts in this regard are outlined in the social impact section of this report.



**SDG 8 Decent work and economic growth.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all: Through ethical business practices and with an emphasis on creating a diverse, inclusive, positive work culture Tecan supports this Goal.



**SDG 12 Responsible consumption and production.** Ensure sustainable consumption and production patterns: Tecan works to support UN SDG 12 by adopting sustainable practices and continuing to integrate sustainability information into the reporting cycle, as set out in this report.

Additional SDGs are supported through the work of Tecan's customers, and through research projects supported by Tecan. The majority of Tecan's customers focus on activities intended to ultimately benefit human health. Notable exceptions include:

**TRAINING AN ENZYME TO BREAK DOWN PLASTIC**

At the ZHAW Zurich University of Applied Scientists, researchers have been working to boost the power of enzymes that can break down plastic. In 2016, Japanese researchers discovered in the soil at a plastic recycling plant in Osaka a protein that could break down PET. In a lab in Wädenswil, Switzerland, Rebecca Buller leads a team working to increase the abilities of PETase enzymes, applying the process of "directed evolution" to train the enzymes to break down larger volumes of PET. By mimicking natural evolution in a laboratory setting, selected enzyme properties can be improved. The ZHAW team is the first to incorporate an innovative robot and machine learning into this process, using a platform custom-made by Tecan, automating work that was previously done by hand and speeding up the processing of variants approximately tenfold. Artificial intelligence is used for enzyme development, with algorithms suggesting how the structure of the enzymes can be optimized. Ultimately the enzymes could be used to treat drinking water by breaking down microplastics, or even in the management of PET waste.

**ENABLING CONTINUOUS EMISSION MONITORING SYSTEMS**

To ensure compliance with environmental regulations governing pollution, many companies use continuous emission monitoring systems. Inspire Analytical Systems (IAS) is a German manufacturer of calibration gas generators for analyzers and sensors that offer highly precise and continuous monitoring of gas emissions. Robust automated pumps have been a key focus for IAS when developing devices, and in this area Tecan was able to offer an excellent solution. A partnership with IAS resulted in the ability to achieve higher precision for a broader range of volumes, using Tecan's Cavro Centris pump. This enables companies to calibrate emissions to stay within acceptable ranges, promoting better air quality and the associated benefits to the health of populations and ecosystems.

**ALGAE TO SOLVE THE CLIMATE CRISIS**

Could algae solve the challenges of food, water and fuel shortages, all whilst also reducing CO<sub>2</sub> in the atmosphere? Research teams at the Centre for Solar Biotechnology, which is based at the Institute for Molecular Bioscience (IMB) at The University of Queensland, Australia, are exploring a range of algae-based solutions in these areas. Together with various industry partners, 30 teams across the world are working on different aspects of algae, including collection and characterization of new species, development of novel strains and products using synthetic biology and gene editing technology, optimization of production and downstream processes, and techno-economic feasibility studies that are essential for successful scale-up and commercialization of algal products. Tecan systems have been adapted to enable steps such as exposing algae to different il-

lumination settings and atmospheric conditions, and through automation vast amounts of data can be gathered in just a few days. Data sets can be investigated and analyzed to a degree that would have been impossible with manual screens, with Tecan's instruments a key factor in a collaborative process that could lead to some planet-changing developments.

**STAKEHOLDER ENGAGEMENT**

Tecan's stakeholders include customers, investors and employees. Customer satisfaction is a priority for Tecan, as described in more detail in the "Customer focus" section of this report. Customer surveys enable a structured engagement process, and complement the ongoing dialogue that can form between Tecan and customers based on the long life of Tecan products and associated service of products. Tecan has regular dialogue with investors as described in the "Information policy" section of this report. Tecan regularly responds to requests for information from customers and ratings agencies, and through these and the other interactions is able to assess what topics are of most importance to these stakeholders. Tecan's engagement with employees is described in the "Social impact" section of this report. Stakeholder engagement enables Tecan to calibrate its business decisions to ensure an optimum outcome.

Tecan is a member of associations including:

- ALDA (Analytical, Life Science & Diagnostics Association), a "non-profit industry trade association for global companies that develop and market products and services used in life science research, drug discovery, QA/QC and food testing, and clinical and molecular diagnostics"
- MedTech Europe, an industry association with the mission to "make innovative medical technology available to more people, while helping healthcare systems move towards a sustainable path"
- The Regulatory Affairs Professionals Society (RAPS), which is based in the US and is "the largest global organization of and for those involved with the regulation of healthcare and related products," including medical devices, pharmaceuticals, biologics and nutritional products."
- Swiss MedTech, "the association of Swiss medical technology", which represents approximately 700 companies, and is a member of the umbrella group MedTech Europe
- The United Nations Global Compact (UNGC), an initiative based on CEO commitments to sustainability principles, and to supporting United Nations' goals
- WeAdvance, "the leading business association for gender equality in Switzerland" as described here.

## SUSTAINABILITY FOCUS AREAS

Tecan set out its material topics in 2021 with input from stakeholders gained via customer surveys and queries, ratings agencies' questionnaires, participation in industry, other associations and conversations with investors. Input from Tecan colleagues was also gathered through structured opportunities such as breakout sessions during Tecan's annual Global Leadership Conference, as well as through internal communications channels such as the sustainability Yammer group, dedicated sustainability email address, and team meetings. Stakeholders recognize that Tecan's business activities have a relatively small environmental impact and are at low risk of violating human rights. Material topics reflect areas in which Tecan's impacts are greatest, and in which Tecan works to have a positive impact.

### Material topics:

**Climate impact:** Reducing the greenhouse gas emissions generated by our business activities, including energy consumption, integrating eco-design principles into product research and development.

**Circular Economy:** Transitioning from a linear economic model to a circular economy, e.g. by optimizing the percentage of recycled content in our products and packaging, optimizing product lifespan,

integrating eco-design principles into product research and development, and reducing waste.

**Diversity, Equity and Inclusion (DEI):** Demonstrating equality of opportunity in business practices including hiring, training and promotions.

**Being the employer of choice:** Promoting employee health and safety, wellbeing, talent development, and a positive workplace culture.

**Community engagement:** Corporate volunteering and philanthropy in line with our business purpose.

**Product quality and safety:** Tecan strives to achieve the highest standards in product quality and safety, customer satisfaction and regulatory compliance.

**Governance and ethics:** Consistently demonstrating good business practices, including in areas such as anti-bribery and anti-corruption, data privacy and tax principles.

**Responsible sourcing:** Managing the social, governance and environmental impacts of our procurement activities.

Management of each material topic is described in the [Environment](#), [Social Impact](#) and [Governance](#) sections of this report.



OFFSET PROJECT: SOCIAL IMPACT, NATIONWIDE, INDIA

## ENVIRONMENT

Tecan's main business activities are the design and development of innovative instruments, instrument components and modules, software, reagents and consumables for research, diagnostics and medical use and the execution of global sales and service activities. For instruments and components, the largest source of revenue contribution, focus is on the final assembly, testing and packaging. These activities have a relatively low environmental impact. Nevertheless, Tecan aims to minimize any negative environmental impacts of its business activities and implement opportunities to have a positive environmental impact. Several steps have already been taken in this regard, and described in [our previous sustainability reports](#), including:

- Installing solar panels on the roof of our Männedorf headquarters, which is powered by renewable energy
- Redesigning packaging of one line of consumables (disposable pipette tips) to use approximately half as much packaging material, thereby also reducing emissions from shipping and logistics
- Completing a product footprint calculation of our flagship Fluent™ automation workstation and offsetting the emissions to create a certified climate neutral product

In 2021, cradle-to-grave carbon footprint calculations of an additional Tecan product family were completed, with the aim of pinpointing opportunities to reduce emissions and offsetting the remaining emissions, thereby offering additional certified climate neutral products.

### CLIMATE IMPACT

Tecan has reported environmental impact data in its Annual Report since 2007, and also participates in CDP reporting, recognizing the importance of transparency. 2021 data covers the same scope as that reported in the 2020 sustainability report, combined in one table. In 2021, Tecan began calculating its total global emissions footprint and expects this effort to be completed in mid-2022, to be reported in the 2022 sustainability report. As the [reports of the International Panel on Climate Change](#) make clear, rapid decarbonization is needed to keep global temperature raises below 1.5C above pre-industrial levels. To demonstrate that Tecan takes seriously the responsibility we all have in this regard, in early 2022 Tecan signed the commitment to the [Science Based Targets initiative](#), and will set a Net Zero emissions reduction target within the next 24 months. Previously, Tecan set the goal of, by 2022 and using a 2019 baseline, reducing by at least one third absolute direct and indirect emissions. The Company had reduced the emissions in scope by 31% by the end of 2021. The path to reaching the science based target will be described in future sustainability reports and on [tecan.com](#).

Tecan's motivation to responsibly manage the impact of its business activities aligns with input received from customers, investors and colleagues about the clear need for climate impact action. Responsibility within Tecan for managing climate impact falls within many different scopes, including those of:

- Site Managers, who are part of a global network managed by the Head of the Environment, Health & Safety Office, part of Global Operations
- Shipping and logistics managers: Tecan's Switzerland-based logistics lead has taken a number of steps to reduce the emissions from shipping, including working with suppliers that offer lower emissions options, and participating in suppliers' own offsetting schemes
- Service: The service team has developed remote service technologies and trainings that greatly reduce emissions previously generated by travel.

In 2022, the data gained by calculating Tecan's total global footprint will enable an identification of sources of high emissions and will facilitate the setting of emissions reductions targets related to specific activities, within the overall framework of meeting a science based target. It is anticipated that the global footprint data will show that Tecan's greatest sources of emissions are "scope 3" emissions in the accounting framework provided by the [Greenhouse Gas Protocol](#) i.e. generated through business activities such as the goods and services Tecan purchases.

Climate impact efforts are monitored overall by Tecan's sustainability Group Function, which also sponsors and coordinates the overall effort related to the Science Based Target commitment. Tecan's Head of the Environment, Health & Safety Office and Tecan's Head Global Operations are both members of Tecan's sustainability committee, as are the two members of Tecan's sustainability Group Function. All are responsible for keeping the sustainability committee informed of progress regarding managing Tecan's climate impact. The sustainability Management Board lead, who heads the sustainability Group Function, is also responsible for updating the Management Board and, together with Tecan's CEO, the Board of Directors, on this and all other sustainability topics.

## 2021 ENVIRONMENTAL DATA

	2021 Consumption	2021 (tCO <sub>2</sub> e)	2020 (tCO <sub>2</sub> e)	Change 2020 to 2021 (%)
Scope 1: Direct energy use per primary source		613.69	456.70	34.37%
<b>Stationary combustion (KWh)</b>	<b>2,092,571.2</b>	<b>383.28</b>	<b>311.70</b>	22.96%
Natural gas	2,092,571.2	383.28	311.70	22.96%
<b>Mobile combustion (Liters)</b>	<b>79,331.0</b>	<b>154.91</b>	<b>104.80</b>	47.81%
Diesel	30,823.8	77.37		
Petrol	48,507.2	77.54		
<b>Refrigerants (Kg)</b>	<b>39.3</b>	<b>75.50</b>	<b>40.20</b>	87.81%
Scope 2: Indirect energy use per primary source		696.46	1418.70	-50.91%
<b>Electricity (KWh)</b>	<b>5,270,592.2</b>	<b>527.26</b>	<b>1267.90</b>	-58.41%
Renewable	2,723,466.2	0.00		
Grid	2,547,126.0	527.26		
<b>Heating (KWh)</b>	<b>829,982.0</b>	<b>169.20</b>	<b>150.80</b>	12.20%
District heating	829,982.0	169.20		
<b>Emission intensity (scope 1 + 2 emissions in tCO<sub>2</sub>e/turnover in CHF millions)</b>		<b>1.38</b>	<b>2.57</b>	-46%
<b>Total Scope 1+2 (tCO<sub>2</sub>e)</b>		<b>1,310.15</b>	<b>1875.40</b>	-30.14%
Scope 3: Other indirect emissions		<b>2,770.13</b>	<b>2,157.50</b>	28.40%
<b>Business travel (all sites) (pkm)</b>	<b>9,291,545</b>	<b>1,882.17</b>	<b>342.6</b>	449.38%
Flights (all sites)	9,291,545	1,882.17		
<b>Purchased goods and services</b>		<b>18.15</b>	<b>27.3</b>	-33.52%
Water (cubic meters)	26315.3	5.55	9.3	-40.32%
Supply	13157.7			
Treatment	13157.7			
Paper (tonnes)	14.2	11.98	18	-33.44%
Unspecified	6.0	5.50		
Recycled	8.3	6.48		
Cardboard	0.8	0.62		
<b>Employee commuting and teleworking (only Männedorf)</b>		<b>393.05</b>	<b>1,399.40</b>	-71.91%
Public transport (pkm)	1,210,860.0	1.21		
Car (pkm)	1,464,750.0	255.31		
Teleworking (days WFH)	76,275.5	136.53		
<b>Waste generated in operations (tons)</b>	<b>283.9</b>	<b>78.28</b>	<b>63.5</b>	23.28%
General waste	132.1	61.67		
Organic	4.5	0.04		
Paper and cardboard	133.2	2.84		
Plastic	3.8	0.08		
Plastic	0.04	0.10		
Hazardous waste	5.6	13.13		
Radioactive	0.3	0.05		
Wood	2.4	0.05		
Bulky	0.6	0.26		
Glass	0.9	0.02		
Electronic	0.6	0.01		
Cartridge	0.1	0.03		

	2021 Consumption	2021 (tCO <sub>2</sub> e)	2020 (tCO <sub>2</sub> e)	Change 2020 to 2021 (%)
<b>Fuel and energy related activities</b>		<b>398.48</b>	<b>305.50</b>	30.44%
Diesel (liters)	30,823.8	18.80		
Grid Electricity (KWh)	2,547,126.0	208.86	181.90	14.82%
Renewable Electricity (KWh)	2,723,466.2	67.92		
Heating (KWh)	829,982.0	15.58	123.60	-87.39%
Gas (KWh)	2,092,571.2	65.60		
Petrol (liters)	48,507.2	21.72		
<b>TOTAL Scope 1+2+3 (tCO<sub>2</sub>e)</b>		<b>4080.29</b>	<b>4,032.70</b>	1.18%

Data covers all sites marked "P" [here](#) except PMAS and as indicated.

Tecan's energy consumption increased in 2021, with emissions also increasing, although an increase in renewable energy purchased resulted in reduced scope 2 emissions. Scope 3 emissions increased slightly, but a difference in emissions factors used in 2020 and 2021 hinders direct comparison. Tecan is currently conducting total

global footprint calculations with the same service provider and GHG protocol methodology used for the 2021 calculations. This will enable the identification of emissions reductions opportunities, and make year-on-year comparisons easier in future.

Tecan CO<sub>2</sub> emission target 2020-2022

"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)."

	2019	2020	2021	Delta
Scope 1	235.77	346.3	452.73	92.0%
Scope 2	1108.69	878.7	468.97	-57.7%
<b>Total</b>	<b>1344.46</b>	<b>1225.00</b>	<b>921.70</b>	<b>-31.4%</b>

DCPM not included in 2019 calculation

Company cars not included in 2019 calculation

Tecan's scope 1 emissions increased between 2019 – 2021, but the decrease in scope 2 emissions was such that overall, emissions fell by almost one third. A reduction of one third by 2022 was Tecan's

original goal. Tecan is now a participant in the Science Based Targets initiative, and will set a net zero emissions reduction target and long-term science based target accordingly.

## Eco-design

Eco-design provides Tecan with further opportunities to reduce its environmental impact. Tecan's Fluent™ Automation Workstation incorporated a number of eco-design features, including stand-by mode, which saves power when the system is not in use but allows it to be activated immediately, and "Zero-G", which reduces power to the motors when the system is on pause or within a run whenever an arm is not in use. The Fluent is an unusually quiet workstation, reflecting its efficient design: the field-orientated control protocol increases the efficiency stepper motors by up to 80%. Waste segre-

gation features allow for the separation and so optimal disposal of contaminated waste (plates and tips) versus clean waste (tip wafers and boxes), and efficient fixed tip washing protocols help to minimize the use of disposable tips.

Considering energy efficiency, waste and the opportunity to have a positive environmental impact is part of Tecan's structured research and development process, and will be highlighted more in future.

**CARBON OFFSETTING PROJECTS**

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 support high quality carbon offsetting projects. Carbon offset projects help other people in this world to enjoy better living conditions. Since they also demonstrably prevent 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 calculate the carbon emissions described below 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.

**HOW HEALTH AND CLIMATE BENEFIT FROM MICROCREDITS**

**Offset Project: Social Impact, Nationwide, India**

Over 700 million people in India cook over open fire. However, the smoke produced by this method of cooking has serious health implications. Our carbon offset project aims to counteract this problem: By granting microcredits, consumers are enabled to purchase efficient cookstoves and solar lights.

Families buy the products locally at market price – a best practice from the microfinance sector, as giving products away for free would hit the local economy and lower the value of the products. Buying the products locally strengthens small businesses, with the project additionally supporting suppliers with training and start-up capital. And the climate benefits: Using the efficient products saves an average of 100,000 tonnes of CO<sub>2</sub> per year.



**How does climate action with social impact projects work?**

Social Impact projects include one or more technologies that create direct social added value in addition to climate action. Such projects involve the distribution of efficient cooking stoves, solar-powered light sources or drinking water purification:

Efficient cooking stoves make better use of the energy supplied and reduce the smoke produced when cooking over an open fire. A similar problem exists when households do not have access to clean drinking water, as the water must be boiled over an open fire first before it can be used without hesitation. Remedies include the provision of drinking water treatment aids, such as filters, or access to groundwater from wells. In addition, solar lights help to illuminate the rooms and replace expensive paraffin lamps, which are a frequent cause of fire accidents.

**FOSSIL-FUEL PHASE-OUT IN A COAL PARADISE**

**Biomass, Soacha, Colombia**

Soacha is a fast-growing suburb in the metropolitan area of Bogotá. Young people from rural areas try their luck there; others had to leave their villages during the civil war. Countless simple mudbrick houses are being built, and brick kilns make a good living. Since coal is cheaply available in Colombia, nearly all of the region's 40 brickworks use it to fire their kilns.

Except for the Santander brickyard, that is. Its owner, Miguel Diaz, has converted his business so that it operates modern, energy-efficient kilns – and he also runs them with up to 80 percent renewable biomass. This way, the brickyard saves 18,000 tons of carbon emissions each year.

This exclusive ClimatePartner carbon offset project was the first project in Colombia to receive Gold Standard certification.



**How do biomass projects help fight global warming?**

Biomass projects involve energy being created from renewable biomass, which could be coconut shells, sawdust, wood chips, the residue of sugar cane processing, bamboo or wood from sustainable sources. No trees are felled, or fossil fuels burned, so no CO<sub>2</sub> is emitted. As an additional greenhouse gas reduction measure, such projects mostly involve preventing biomass from rotting in the open air, so that no methane (CH<sub>4</sub>) is released.

### Tecan's headquarters and site management

Tecan's Männedorf headquarters was an early example of a "green building", built with environmental impact in mind. It has a "living roof" which naturally reduces building energy consumption, as well as rooftop solar panels that generate around 10% of the building's electricity needs. LED lighting and automatic sunshades also reduce energy usage, and low-flow water systems ensure efficient water use. Charging stations powered by renewable energy are available free of charge for employees who have electric vehicles, and a subsidy for employees who commute using public transit also reduces overall environmental impact. For employees who need to travel between Tecan buildings or otherwise locally from Tecan's headquarters, hybrid vehicles are available. Impact is also managed at the employee canteen, which serves meals made from seasonal, local ingredients, always with a vegetarian option, and consciously avoids generating food waste. In 2020, the total carbon footprint of Tecan's headquarters was measured and offset through projects managed by Climate Partner, and this has been repeated in 2021. Water use and waste data specific to Tecan's headquarters is disclosed with emissions data in this report: Tecan's business activities are not water intensive, in any location – most water use is in Tecan's canteens, and bathrooms.

Ensuring facilities management best practices are shared among Tecan sites around the world is a priority for the short and mid-term. Tecan's Environment, Health & Safety Office is reviewing the related site-specific management systems already in place, and will implement a global EHS Management System in all Tecan entities by 2023. This will be certified to ISO 14001 and ISO 45001 standards. The current systems have enabled Tecan to uphold its strict Product Environmental Compliance policy, and are also reflected in Tecan's Code of Conduct, both of which are publicly available. The Product Environmental Compliance policy and facilities management systems and ambitions reflect Tecan's support of UN SDG 12.4, to "achieve the environmentally sound management of chemicals and all wastes throughout their life cycle..." and UN SDG 12.5, to "substantially reduce waste generation through prevention, reduction, recycling and reuse."

### The Factory in the Forest

The acquisition of Paramit Corporation and its affiliates in August 2021 brought an exceptionally green building into Tecan's portfolio, the award-winning "Factory in the Forest." Consciously designed to connect the building's occupants to nature, the facto-



FACTORY IN THE FOREST

ry optimizes use of indigenous plant life to create a unique workplace that also maximizes energy efficiency, water efficiency and use of natural light. With trees surrounding and even inside the building, the greenery provides protection from the sun, and roof gardens as well as a courtyard linking the office and production areas enable employees to directly access this environment. As the building's architects have noted, "Forests, critical for both macro and micro-climates, are also vital for our psychological well-being", a concept further explored in a book about the building. Building technology includes an innovative chilled-water radiant floor cooling system that is twice as energy efficient as conventional air conditioning, and dimmable daylight-responsive LED lighting as well as individual task lighting, which complement the diffused natural light to ensure an evenly lit work environment. A louver canopy provides shade and reduces energy consumption, and rainwater is collected and used for landscape irrigation. The "Factory in the Forest" is certified to the ISO 14001 standard.

### CIRCULAR ECONOMY

A circular economic model is one in which the creation of waste is avoided, in contrast to the linear "take-make-dispose" pattern of resource use seen more often today. Circular economy principles can be built into the design of products, as well as considered in their materials. The transition to renewable energy and materials underpins the approach. The need to transition to a circular economy is clear: every year, humanity uses more resources than the planet can regenerate, threatening the very ecosystems that enable life to flourish.

Tecan's business activities do not depend on the consumption of large amounts of natural resources or result in significant land use change. Nonetheless, there are opportunities to reduce Tecan's use of resources, for example by including a higher percentage of recycled content in the housing of some products, and in packaging. Tecan's products are highly regulated, which restricts what changes can be made to the content of products and can also restrict how these changes are made. These restrictions often apply also to the packaging that touches the product. There are also restrictions regarding product disposal, for example, plastics that have come into contact with certain medical samples are incinerated rather than recycled. In 2022, Tecan will increase work already underway to identify changes that can be made that would have a beneficial environmental impact, with the goal of setting a measurable target in this regard. These efforts support UN SDG 12.2, to "move towards a circular business model."

Tecan offers a broad portfolio of products including disposable pipette tips. However, Tecan is one of the few suppliers to leave it up to the customer, depending on the application, to decide

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 can make sense to use steel needles for reasons of sustainability, and some major customers choose to do this.

Ongoing efforts regarding new or alternative materials that could improve Tecan's environmental impact are led by a taskforce made up of colleagues from Research and Development, Operations, the Life Sciences Business, and the Corporate Development team. Tecan's sustainability Group Function advises and monitors the company's adoption of circular economy practices and assists in identifying further opportunities to pursue these. Tecan's sustainability Group Function and the Executive Vice President, Corporate Development are members of Tecan's sustainability committee, and update Committee members on progress, challenges and opportunities in the area of circular economy.



OFFSET PROJECT: BIOMASS, SOACHA, COLOMBIA

## SOCIAL IMPACT

Tecan is very aware of the enormous responsibility it bears for its employees, who are the foundation of the company's successful development. 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 ensure this, personnel policies are binding at all Tecan sites 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 United Nations' International Labour Organization (ILO). 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. By signing the [UN Global Compact](#), Tecan committed to these as well as to principles relating to human rights, business ethics and environmental responsibility. Tecan employees and external stakeholders are able to report potential events of misconduct over an independent, third party managed [whistleblowing platform](#), which ensures the highest standards of confidentiality and anonymity.

In 2021, Tecan included social impact and governance targets in Management Board short-term variable cash compensation, as described in the [Compensation Report](#). In 2022, social impact targets are again included, with ESG (environment, social and governance) targets linked directly to a total of 20% of the Management Board's short-term variable pay.

## TECAN'S EMPLOYEES

Tecan's employee demographics are shown in the charts and tables below.

As described, Tecan is working to increase the representation of women in management, and to evaluate additional opportunities

to collect diversity data. Additional data on training, and occupational health and safety, is also anticipated in future reports. Turnover data reflects the competitive environment and is being closely monitored. In the reporting period, turnover is higher in commercial functions in select regions, and lower in core competencies such as R&D.

	Unit	2018 <sup>1</sup>	2019 <sup>2</sup>	2019 <sup>3</sup>	2020	2021 <sup>4</sup>
<b>Number of employees</b>						
Employees	Number FTE	1,598	1,932	1,764	2,050	2 155,45
New positions created	Number FTE	116	334	166	118	104,96
<b>Employees by activity</b>						
Manufacturing and logistics	Number FTE	415	583		644	645
Sales and marketing	Number FTE	398	466		494	531
Customer service	Number FTE	280	314		331	375
Research and development	Number FTE	329	361		370	379
General and administration	Number FTE	176	208		211	226
<b>Employees by region</b>						
Switzerland	Number FTE	556	601		669	720,36
Other Europe	Number FTE	484	501		527	559,16
North America	Number FTE	408	555		569	583,55
Asia-Pacific	Number FTE	150	275		285	292,38

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

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

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

<sup>4</sup> Excluding an acquisition from 2021

## Investment in education (2021)

	Unit	2018 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1,2</sup>
Investments in basic and continuing training <sup>1</sup>	CHF	574,971	642,109	655,415	1,166,459
Investments in basic and continuing training <sup>1</sup>	CHF per employee	1,083	1,095	1,051	1,648

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

<sup>2</sup> Excluding NGT costs (Next Gen Tecan)

**Contract Types (2021)**

Employment Contract	Share in %
Fix employees	94.83%
Temporary and limited in time employees	3.80%
Apprentices, trainees, students	1.37%

**Employment**

	Unit	2018 <sup>1</sup>	2019 <sup>2</sup>	2020	2021
Full-time	in % of all employees	88.9%	89.0%	89.0%	89.3%
Part-time	in % of all employees	11.1%	11.0%	11.0%	10.7%

<sup>1</sup> Without Tecan Genomics (previously NuGEN Technologies)<sup>2</sup> Without the acquisition from 2019**Flexible Work Options (2021)**

Gender	Share in %
<b>Men</b>	
Full-time	93.9%
Part-time	6.1%
<b>Women</b>	
Full-time	80.9%
Part-time	19.1%

Age Group <sup>1</sup>	Share in %
<b>under 30 years old</b>	
Full-time	93.2%
Part-time	6.8%
<b>30-50 years old</b>	
Full-time	89.1%
Part-time	10.9%
<b>over 50 years old</b>	
Full-time	87.5%
Part-time	12.5%

Regions	Share in %
<b>Switzerland</b>	
Full-time	79.8%
Part-time	20.2%
<b>Other Europe</b>	
Full-time	86.6%
Part-time	13.4%
<b>North America</b>	
Full-time	98.6%
Part-time	1.4%
<b>Asia-Pacific</b>	
Full-time	99.3%
Part-time	0.7%

**Staff Turnover and Retention**

	Unit	2018 <sup>1</sup>	2019 <sup>2</sup>	2020	2021 <sup>4</sup>
Turnover rate (total)		13.8%	11.3%	11.8%	14.6%
Turnover rate (voluntary)		n.a.	8.7%	9.3%	12.6%
Average number of years of service <sup>3</sup>	Years	7.4	7.4	7.3	7.0
Average age	Years	42	42	42	41.9

<sup>1</sup> Without Tecan Genomics (previously NuGEN Technologies)<sup>2</sup> Including the acquisition from 2019<sup>3</sup> Without the acquisition from 2019<sup>4</sup> Without the acquisition from 2021**Staff Turnover Rate (2021)**

Region	Staff Turnover Rate (total)	Staff Turnover Rate (voluntary)
Switzerland	7.66%	5.93%
Other Europe	10.11%	8.02%
North America	20.65%	19.05%
Asia-Pacific	28.05%	24.71%
<b>Total</b>	<b>14.63%</b>	<b>12.60%</b>

**Management per Category (2021)**

Management by Gender	Share of Employees in %
<b>Men</b>	
Employee	66.1%
Management	33.9%
<b>Women</b>	
Employee	75.5%
Management	24.5%

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>61.9%</b>	<b>Men</b>	<b>70.3%</b>
Employee	79.8%	Employee	45.3%
Management	20.2%	Management	54.7%
<b>Women</b>	<b>38.1%</b>	<b>Women</b>	<b>29.7%</b>
Employee	85.1%	Employee	52.2%
Management	14.9%	Management	47.8%
<b>Asia-Pacific</b>		<b>Other Europe</b>	
<b>Men</b>	<b>62.1%</b>	<b>Men</b>	<b>61.8%</b>
Employee	76.9%	Employee	74.8%
Management	23.1%	Management	25.2%
<b>Women</b>	<b>37.9%</b>	<b>Women</b>	<b>38.2%</b>
Employee	88.3%	Employee	81.1%
Management	11.7%	Management	18.9%

**Age Groups (2021)**

Age Group	Share in % <sup>1</sup>
under 30 years old	14.8%
30-50 years old	60.0%
over 50 years old	25.2%

Age Group	Share in % <sup>1</sup>
<b>Men</b>	
under 30 years old	14.3%
30-50 years old	59.1%
over 50 years old	26.7%
<b>Women</b>	
under 30 years old	15.7%
30-50 years old	61.8%
over 50 years old	22.5%

<sup>1</sup> Without USA**New Hire Report (2021)**

By Age Group	New Hires in % <sup>1</sup>
under 30 years old	29.2%
30-50 years old	61.7%
over 50 years old	9.1%

<sup>1</sup> Without USA

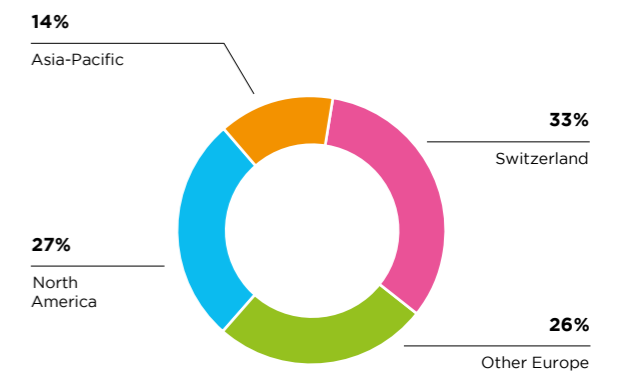
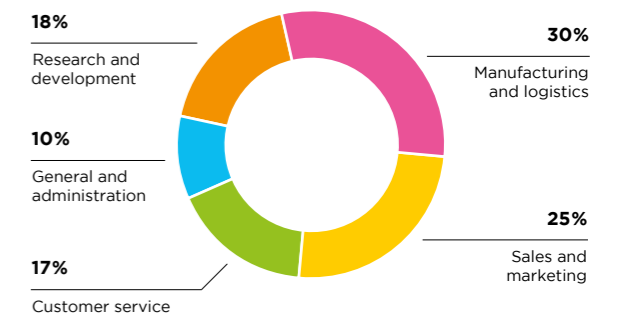
By Regions	New Hires in %
Switzerland	22.5%
Other Europe	25.1%
North America	30.4%
Asia-Pacific	22.0%

By Gender	New Hires in %
Men	66.0%
Women	34.0%

**Employee Well-Being (2021)<sup>\*</sup>**

Absence	Days per Employee	Absence rate
Accidents	0.79	0.30%
Sickness	4.56	1.75%
<b>Grand Total</b>	<b>5.35</b>	<b>2.05%</b>

Type of Accidents	Days per Employee	Absence rate
Accidents (not work-related)	0.7	0.3%
Accidents (work-related)	0.1	0.0%
<b>Grand Total</b>	<b>0.8</b>	<b>0.3%</b>

<sup>\*</sup> Data for Switzerland only**EMPLOYEES BY REGION****EMPLOYEES BY ACTIVITY**

## DIVERSITY, EQUITY AND INCLUSION

Tecan conducted employee engagement surveys in 2020 and 2021 and attained particularly high scores on questions related to diversity and inclusion: over 90% of employees said that people at Tecan are treated fairly regardless of their race or ethnic origin, sexual orientation, disability, or their gender. Employee feedback provided the welcome confirmation that Tecan is succeeding in its aim to offer a positive culture and a workplace free from discrimination, in which each employee has equal opportunity to reach their full potential. However, there are entrenched inequalities and biases in society that influence us all, and that Tecan as an employer can play an active role in combating.

Operating in Europe, North America and Asia, Tecan's businesses span many different legal jurisdictions, with varying rules governing the collection and use of employee data. For this reason, there is no single approach to diversity data within Tecan, and of the many aspects that can be included in diversity data, only the gender and age of employees are currently reported. In 2022, Tecan will evaluate what additional opportunities there are to collect data that could demonstrate Tecan's equal opportunity hiring practices and the journey employees take as they move through the company. This data might also be used to set internal or public DEI targets.

Tecan aims for greater diversity in senior management, and in recent years initiatives have been introduced that are known to increase gender equality in this regard, including:

- Flex time, allowing employees wherever possible and subject to local law, to choose when their required worktime is completed
- Support of part time work, which encourages equal sharing of caregiver responsibilities
- Diversity mentoring, a global program designed to embrace, support and empower diversity by matching selected candidates with members of senior management who receive training for this program.

Tecan joined [WeAdvance](#) in 2020, and is therefore able to offer employees access to the WeAdvance cross-company exchange and mentoring program as well as to research and events offered by the association. The goal of WeAdvance is to "reach a sustainable minimum of 30% female representation at all management levels across all member companies by 2030."

An equal pay audit conducted in 2021 and verified by an independent third party auditor showed no gender-based inequality in pay at Tecan in Switzerland, and it is anticipated that the same audit will be carried out in additional Tecan locations.

In Tecan US, Employee Resource Groups (ERGs) provide new employees with welcoming communities of colleagues with shared interests and experiences, and these groups also highlight diversity

within Tecan. Te-CAAP (Tecan Committee of African American Professionals), an ERG formed in 2020, grew in 2021 to 18 colleagues, even going global with the link made to colleagues in Switzerland. Te-CAAP's mission is "to champion a positive and inclusive environment for all African diaspora employees, and to foster education, discussion and dialogue among colleagues, inspiring awareness and growth within the company." Outreach and support for local communities is also an aim, as well as strengthening bonds and providing a change of pace through social events.

In 2021, Te-CAAP organized a [Day of Service](#) and a food bank drive in honor of Martin Luther King Jr. Day, and throughout February noted Black History Month with a weekly awareness campaign highlighting in turn Dr. Kizzmekia Corbett, James Weldon Johnson, Marshall Walter Major, and Henrietta Lacks. Juneteenth was also recognized, with a guest speaker providing an insightful perspective on the significance of this day, now a company holiday within Tecan US. "Journey to the Caribbean" combined a Caribbean-themed social event with the chance to learn about the contribution Caribbean Americans have made to the US since its founding, and the "On the Same Page" book club, launched jointly with the ERG Women Empowering Women, continues this dual approach.

WEW (Women Empowering Women) was founded as an ERG in 2021, and has 20 US-based members. A monthly newsletter highlights "The Women of Tecan," and events organized by WEW have included a financial skills workshop, chair yoga, and recognizing Women's Equality Day with an interactive session built around Shonda Rhime's "Year of Yes" Ted Talk. As with Te-CAAP, WEW events are open to all Tecan colleagues and are playing a significant part in creating the positive workplace culture Tecan strives to uphold.

Tecan's efforts as an employer support UN SDG 5.1, to "End all forms of discrimination against all women and girls everywhere" and contribute to UN SDG 5.5, "to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life". They also support UN SDG 8.5, "to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value."

## BEING THE EMPLOYER OF CHOICE

Tecan goes beyond the ethical behavior expected of good employers, offering a range of benefits, trainings and development globally. Appreciation of Tecan's efforts to nurture an inclusive, positive workplace culture have been reflected in the 2020 and 2021 employee survey results, and Tecan's certification as a Great Place to Work™ in Switzerland. The certification follows independent Trust Index™ surveys of all employees that provide a clear and accurate



picture of the workplace culture. The survey responses are anonymous, and response rates to these surveys have been exceptionally high, reaching 86% in 2021, compared to 78% in 2020. Overall, 77% of all respondents said Tecan is a great place to work, a very good score and above the benchmark of other Swiss companies, and an increase from a score of 75% in 2020. Following the 2020 survey, improvement actions were identified and carried out, and this was reflected in the improved overall Trust Index™ score, which increased from 69% in 2020 to 73% in 2021. Tecan scored particularly well in areas related to people feeling safe in the workplace – a validation of the Company's response to the pandemic – and as noted in the DEI section of this report, also on questions related to fair treatment regardless of race, disability, or sexual orientation, with more than 90% of employees giving positive responses to these questions, indicating 'high' and "very high" levels of satisfaction. In 2022, Tecan will extend the survey process to include Paramit colleagues, with the aim of establishing a baseline and then holding global surveys every two years. The related target has been set: By 2025, have increased engagement survey participation and trust level scores, compared to the 2022 baseline. This target is sponsored by Tecan's Chief People Officer.

Tecan promotes [innovation and creativity](#), and encourages colleagues to propose improvement ideas through "Time-boxed Innovations", a grassroots initiative managed by the Research and Development team. Ideas are submitted via a dedicated "innovation@" email address to a panel that meets regularly. Proposals that meet evaluation criteria including the clarity of the goal and clear ownership are

approved for "solution finding" and the rapid prototype and testing phase. Initiatives are driven by the colleagues that propose them, and often trigger technology developments, patent filings or features for future products. Formed in 2014, more than 80 Time-boxed innovations have been successfully pursued or are still ongoing, covering areas such as liquid handling, sensors, mechanical design, software and process control.

Employees' health and wellbeing is important to Tecan, and is supported in a variety of ways including offering free fresh fruit daily at the Männedorf headquarters, and making available free of charge standup paddleboards for use on Lake Zurich. Männedorf office space has height-adjustable ergonomic workstations and abundant natural light. Globally, a program to help colleagues strengthen resilience in difficult times was added to Tecan's online learning portal in 2021, and has been undertaken by teams as well as individuals. Transparent communication is valued at Tecan, and promoted through the leadership principles "curiosity," "courage" and "respect and brutal honesty." Senior leader podcasts discussing these principles were held in 2021, and 'leadership chats' in every region not only provided a chance to discuss positive behaviors but also brought regions closer, especially in Asia where holding the sessions regionally rather than only in individual countries enabled a strong regional bond to develop. Communications are also facilitated with monthly video messages from Tecan's CEO, and follow-up discussion on the internal social media platform. Senior management team members are approachable and accessible, and teams' best practices, learnings and successes are shared regularly through chan-

nels from newsletters to internal conferences. Tecan employees describe their experience working at Tecan on the [Tecan.com career pages](#).

### Training and development

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 of 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, 62 different types of trainings were offered in 2021, 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-month long 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 focuses on concrete projects, each sponsored by members of the Management Board. Ten colleagues have completed this program, and another 11 enrolled later in 2021. The first ten participants worked together to successfully complete three projects, and some have since undertaken new roles within Tecan, including follow-on work to the successfully delivered projects.

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. 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 impact, improving leadership and social competencies.

All employees participate in an annual performance review, and line managers are encouraged to seek employee input and provide

regular feedback regarding performance and performance management.

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 2021, Tecan again invested significantly in related 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, enabling 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 is intended to provide an effective performance record and offer employees the best possible training opportunities.

Tecan participates in providing high quality apprenticeships, to train future generations. There were 15 people enrolled in Tecan's Swiss apprenticeship program in 2021, contributing to UN SDG 8.6, to "substantially reduce the proportion of youth not in employment, education or training."

### COMMUNITY ENGAGEMENT

As part of Tecan's 40th anniversary celebrations in 2020, the company created the "Tecan Gives Back" campaign, sponsoring employees as they ran, walked, jogged or hiked throughout the month of September, and donating the funds raised to four charities chosen by Tecan employees. Based on employee feedback this campaign was repeated in October 2021 and broadened to include additional fitness and wellness activities such as tennis, yoga and meditation, as well as time spent volunteering and on restorative activities such as creative work, reading and playing a musical instrument. Business partners were also invited to participate, and the teams created linked Tecan employees with their new Paramit colleagues. Kilometers covered were tracked or were assigned to time spent, and the related app recorded some fierce competition as well as many fabulous snapshots from activities around the world. In total, CHF 60,000 was donated to the four charities highlighted here.

"Tecan Gives Back" combines several factors important to the company: support for charities, engagement with local communities, promotion of the health and well-being of Tecan colleagues, and promoting the opportunity for employees to engage with col-

leagues beyond their usual day to day network. The campaign will continue in 2022, as part of a growing focus on community engagement, health and well-being over the mid-term.

Community engagement is monitored by Tecan's sustainability Group Function, which reports to the sustainability committee on developments as needed. "Tecan Gives Back" is managed by Tecan's Communications and Marketing team, and local community engagement initiatives are managed by local teams. In 2021, for ex-

ample, Tecan US's Te-CAAP (Tecan Committee of African American Professionals) Employee Resource Group facilitated a variety of ways to mark Martin Luther King Day as a day of service, encouraging colleagues to contribute to [Ronald McDonald House](#), donate food or provide service at shelters, participate in a community clean-up, and bring joy by writing letters to seniors. A book drive was also organized, and a virtual food bank drive raised more than USD 2,000 for the Food Bank of Central & Eastern North Carolina. Te-CAAP's efforts were repeated in 2022, with similar success.

## 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 business purpose. Each charity provides a short description of its mission here:

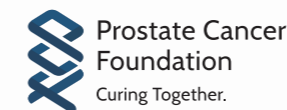
#### Lustgarten Foundation for Pancreatic Cancer Research

The Lustgarten Foundation funds the world's preeminent pancreatic cancer researchers, driving the pursuit of bold and innovative science toward earlier detection, better treatments and transforming pancreatic cancer into a curable disease. Our mission is rooted in the belief that research is fundamental, in fact, it is the only way to produce real results.



#### Prostate Cancer Foundation

The Prostate Cancer Foundation (PCF) is the world's leading philanthropic organization dedicated to funding life-saving prostate cancer research. Founded in 1993 by Mike Milken, PCF has raised more than USD 865 million in support of cutting-edge research including more than 2,200 research projects at 220 leading cancer centers in 22 countries around the world.



#### Parkinson's UK

Anyone can get Parkinson's, young or old. In the UK, around 145,000 people are already living with Parkinson's. Parkin-



son's gets worse over time and there's no cure yet. But we know we're close to major breakthroughs. By funding the right research into the most promising treatments, we get closer to a cure every day. Until then, we're here for everyone affected by Parkinson's.



The Childhood Cancer Research Foundation Switzerland Childhood Cancer is different. Even today only 4 of 5 children with cancer survive. The Childhood Cancer Research Foundation Switzerland focuses on raising funds for the research and development of innovative and promising new treatments for children with cancer.



## GOVERNANCE

### PRODUCT QUALITY AND SAFETY

Tecan's products are highly regulated, yet it is important to Tecan to go beyond legal requirements and strive for excellence in product quality and safety. This has been one of Tecan's core competencies since the company's founding, more than 40 years ago. The Company's values: ambition, trust and highest standards, are embodied by Tecan's central Quality and Regulatory organization (QARA). Tecan's approach to product development is characterized by a deep understanding of quality and regulatory requirements globally. QARA colleagues collaborate from an early stage, supporting the process in a series of structured stages that span the product's entire lifecycle, up to the point where it is withdrawn from the market. Tecan's commitment to quality is described at [Tecan.com](#), with the Quality and Regulatory Solutions brochure at [this link](#) setting out the expertise that enables Tecan to build regulatory requirements into a product order and ensure optimal product quality.

Each year, Tecan facilities are subject to a number of audits conducted by regulatory authorities, testing, monitoring and certification agencies, customers, and Tecan's own specialist teams. These experts inspect whether Tecan's facilities 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. Audits by customers cover areas including quality management systems processes, product design, validation documentation and post market product support. Customers recognize the high standards at Tecan with regard to the relevant requirements. Tecan is also subject to regular extensive audits by international authorities at its production sites. In the past seven years the US Food and Drug Administration (FDA), inspected Tecan's main production sites for instruments in Männedorf (Switzerland), Grödig (Austria) and San Jose (USA), as well as Tecan US, the Company's importer and sales and service arm for the Americas. All of these audits were successfully concluded with zero formal observations. In 2021, Tecan's newly acquired Paramit Corporation received an FDA pre-approval inspection for manufacturing activities for a Class 3 medical device; this was the first time Paramit had been audited by the FDA. This audit was also successfully concluded with zero formal observations. FDA audit findings are publicly available via the [FDA's compliance database webpage](#).

Tecan participates in the [Medical Device Single Audit Program \(MDSAP\)](#), which sets out a catalog of requirements for manufacturers of medical devices, drawn up by a number of participating countries. MDSAP aims to ensure that audits are performed in a standardized manner, in addition to covering all country-specific

regulatory requirements. Thus, manufacturers of medical devices 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. Tecan's production site for immunoassays in Hamburg (Germany) was successfully certified through the MDSAP program in 2017. By 2021, Tecan's production sites in Switzerland and Austria were also successfully certified, representing all Tecan production sites eligible to participate in MDSAP.

Regulatory requirements are increasing around the world. To ensure that the current versions of these are understood and implemented everywhere, Tecan maintains a robust program of regulatory intelligence monitoring. Through this program Tecan identifies new and upcoming drafts of regulations, participates in industry forums and on regulatory committees, and is an early adopter of new regulatory requirements affecting Tecan product lines. An example is the readiness and implementation of a new regulation in the EU: at the beginning of 2021, Tecan became 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. Prior to this, through a global project team Tecan internal experts translated and implemented the extensive requirements into the quality system fabric and as a result during early 2020, Tecan's IBL Hamburg facility successfully gained an [IVDR quality system certificate](#) well ahead of the required 2022 implementation date. This allowed IBL to begin submission and transfer of their IVD immunoassay reagent portfolio to the new IVDR regulatory certification standard. The valuable insights gained from this process are now applied to the registration of Tecan's complete portfolio of specialty IVD and instrument products, as well as to facilitate its OEM partners to ensure they are "IVDR ready", ahead of the original May 2022 transition deadline. The new EU IVDR is intended to increase the safety of 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 an ongoing requirement for notified body oversight over the entire product lifecycle.

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.

A major challenge post market is maintaining the product to current standards. Tecan continues to be an early adopter of new or revised standards to ensure not only its own product lines but those through our OEM partners remain compliant and current. As an example, Tecan's product risk management standards meet the requirements of the internationally accepted ISO 14971 for medical devices. This standard has been revised multiple times over the past 20 years to reflect current risk management practices and regulatory expectations. Recently, the standard was revised in 2019 requiring review and update to legacy product lines to reflect new requirements covering the lifespan of a product. Tecan implemented and released new procedures to incorporate a 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 quality system certification strategy, Tecan obtained a matrix certificate based on ISO 13485 for Tecan sales and service entities. The Company wants to ensure that all market 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. Tecan products must also satisfy the following important quality system regulations, 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.

Tecan's QARA team is organized at Group level to ensure ongoing improvements based on changes in regulations worldwide and monitoring of product quality, and for addressing any 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.

### Business processes

Business processes are an essential element in the organizational structure, and they are employed to understand, manage and coordinate 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.

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 key performance indicators. Each morning, the produc-

tion 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.

### Customer focus

For Tecan, client focus is the basis for a sustainably successful business model. 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 surveys, existing customers in different business areas and regions who have bought Tecan products in the past few years are asked about what matters most to them in the partnership, and their satisfaction levels. 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”.

Understanding what matters most to build trusted partnerships and driving long-term improvements is essential in order to guarantee high satisfaction levels over the long run, which also boosts loyalty to Tecan. Critical improvements have been identified through these surveys, and measures taken in 2021 as well as those previously implemented are expected to help continue to improve the overall customer experience. In addition to these comprehensive surveys, customer satisfaction is also continually measured as part of the broader customer satisfaction program, and to consolidate customer focus. Customers are also surveyed directly after transaction or at set intervals, with this feedback also providing the basis for continuous improvements.

### 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.

### GOVERNANCE AND ETHICS

It is important to Tecan to consistently demonstrate good business practices, with “Governance and ethics” being a material topic reflected in policies such as [Tecan’s Code of Conduct](#). Tecan’s Code of Conduct 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. 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 promotes compliance with standards on occupational health, safety and the environment, 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. Tecan has assessed all operations for risk related to corruption, and identified no significant risks.

Line managers are responsible for ensuring that all their staff know and understand the content of the Code of Conduct. The Code is available in English and German as well as seven 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. All employees globally must attend and successfully complete a training

course on the Code when joining Tecan, and then every two years following. For more advice and guidance on the Code of Conduct employees are encouraged to discuss with their line manager, and concerns can be raised anonymously via the whistleblower hotline.

Tecan has established several organizational control mechanisms with the aim of ensuring adherence to this Code, and consistently correct corporate behavior. 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. 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.

As in previous years, Tecan has not been involved in any significant instances of non-compliance with laws and regulations during the reporting period, including legal cases, rulings or other events related to corruption, bribery, anti-competitive behavior, anti-trust, or monopoly practices.

### Whistleblower hotline

Tecan employees (and third parties) who may possibly report events of misconduct are able to do so via a third party-managed whistleblower hotline, implemented in 2021. This dedicated mailbox and multi-language telephone hotline is run by EQS, a specialized provider of compliance solutions. Reports can be filed anonymously if preferred and all complaints are reviewed by Internal Audit, discussed with top management and addressed as necessary. 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 updated internal procedures and training modules in order to take into account opportunities and obligations related to the whistleblowing reports delivered over the EQS tool.

Tecan received 20 reports via the whistleblower platform in 2021, which corresponded to three cases. One case is still under investigation. Of the two resolved cases, in one, an independent Third

Party contracted by Tecan concluded that no breach of Tecan's Code of Conduct was identified. The other revealed a breach of the provision in the Code of Conduct regarding Tecan's workplace culture of respect and non-discrimination, and to affirm Tecan's "zero-tolerance" attitude towards harassment and discrimination, Tecan took appropriate measures.

### Distributors

Tecan 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. Internal Audit closely monitors the compliance of the business run through dealers and distributors. In particular, activity is focused on ensuring that all third party intermediaries explicitly commit to our Code of Conduct, demonstrate a sufficient understanding of it and pass background checks without issues of concerns (legal disputes, criminal investigations etc.) These steps are automated through the ethiXbase platform, implemented in 2021. The ethiXbase platform ensures a solid audit track of the checks performed and allows a "real time" detection of unethical behaviors which may potentially have been reported regarding our dealers and distributors in the press or in the dedicated data banks.

### Risk Management

To ensure sustainable corporate growth, it is crucial that any risks that could compromise this growth be recognized early on, assessed in terms of likelihood and consequences, and mitigated through an appropriate plan of measures. Tecan has a well-established global [risk management process](#) for this purpose. The process encompasses, among other factors, strategic risks, environmental and product risks, market and customer risks as well as occupational safety risks. It also focuses on political and economic developments as well as the possible impacts certain events may have on external partners such as customers or suppliers. Tecan continuously adjusts its risk management system in line with changes to the environment and takes current events into account in its risk assessment. Business continuity planning is designed to ensure Tecan's ability to withstand

supply chain interruptions. The Board of Directors reviews annually whether the risk assessment of business activities is appropriate and whether it takes into account both internal and external changes. Where necessary, new measures to mitigate risk are implemented. Tecan's risk management system is also regularly audited by a key insurer, who attests to the instrument's high standard, enabling a premium reduction. Some of the Company's employees hold risk management certification, so the Company does not have to depend exclusively on external experts.

### Climate Risk

Consequences and dangers that could be linked to climate change are part of risk management. For example, the consequences of flooding, fire, storms or other extreme weather conditions are evaluated. With Tecan's industry- and end-market exposure, product offering, and location of production sites, no significant risks with the potential to have a substantive financial or strategic impact on the business are expected to result from climate change itself or from regulatory requirements regarding climate change. In the medium term, Tecan plans to conduct scenario analyses to further test this assessment. In terms of climate change, new business opportunities are not expected to arise that could make a relevant contribution to business growth.

### IT and Cybersecurity

In the 21st century, many business risks are centered around the use of information technologies and systems. Tecan has a solid SAP-based application landscape for its core business processes, which integrates sales, customer service, production and the entire financial area in one platform and harmonizes processes. This platform also forms the basis for a "business intelligence reporting suite" with integrated planning modules, for instance for human resources or the budget process. Continuous updates ensure that Tecan always has the latest software versions, thus limiting outages and helping avoid large-scale, expensive update processes with long test phases.

In the financial area, an IT-based control system automatically recognizes and flags potential areas of conflict with regard to employees entrusted with a range of duties, which when combined could result in a risk of manipulation. Tecan also uses an internal, self-managed treasury system, executes all money transfers for all Group companies centrally, and manages their cash reserves. This has enabled Tecan to optimize the number of banks it uses in connection with its business activities, and transfer cash reserves to banks at lower risk of failure. The treasury system has also improved short-term financial planning and ensured an interest rate benefit compared with decentralized management.

All main IT infrastructure services offered by the Group worldwide are outsourced to servers of an external service provider. The data

is backed up redundantly, and the data centers are physically separated from one another and from the production sites. This enables Tecan to minimize the risk of critical data loss and increase data security. Global IT support is also available for Tecan sites in all regions, thereby reducing outages.

Tecan carries out regular cybersecurity audits, and related training is mandatory for all Tecan employees, with employees in key roles or demonstrating need receiving additional training.

Cybersecurity is key focus in relation to select Tecan products, as well as company operations. As the importance and benefits of global connectivity and open digital ecosystems become more widely appreciated, Tecan recognizes the cybersecurity vulnerabilities these initiatives inevitably introduce. At Tecan, end-to-end cybersecurity is factored in from the outset of system development, using a "zero trust" approach to ensure strict verification protocols are in place. The approach is extended all the way through to deployment and maintenance, with continual risk assessment and monitoring for all live software. With breaches a potential risk in any industry, Tecan focuses on ensuring appropriate controls are in place to protect the confidentiality and integrity of customers' data.

### Data privacy

Tecan is committed to handling all information (including personal, technical and commercial information) which employees, customers and other stakeholders entrust to it with due care, in compliance with applicable laws and solely for the purposes for which the information was provided or generated. When processing personal information, Tecan pays particular attention to the principles of transparency, lawfulness, proportionality and accountability. Tecan's Data Protection Governance Structure includes a certified Group Data Protection Officer who directly reports to Tecan's Management Board. Data protection is also supported by an online, easily accessible Data Subject Request Portal through which data subjects can invoke the rights they enjoy under applicable data protection laws.

### Tax Policy

Tecan's strict adherence to the Company's ethical code, respect for the environment, and full compliance to applicable laws and regulations in all the jurisdictions where Tecan operates applies also to the Company's approach to taxation. This is set out in the Tax Principles, available at [Tecan.com](#). The Tax Principles are owned by Tecan's CFO, who is a member of Tecan's Sustainability Committee.

### RESPONSIBLE SOURCING

Tecan's main business activities are the research, design and development of our products, the final assembly of these at our produc-

tion sites, and the sales and service activities that enable us to live up to our customer promise, "Always there for you". The products manufactured by Tecan are used in laboratories for life science research, in applied markets and in clinical diagnostics. The largest product group comprises laboratory instruments and instrument components for the automation of different repetitive work steps. Tecan products tend to be associated with specific Tecan production sites, and the sourcing for those sites is led by the site manager.

Due to the broad product portfolio and long life cycles of its products with ongoing spare parts support, Tecan 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 as the production site. As well as keeping Tecan close to its suppliers, this proximity enables Tecan to better manage cost efficiency, inventory needs, just-in-time delivery, freight cost, and quality aspects.

Direct suppliers are subject to an audit program and required to commit to the "Tecan Supplier Code of Conduct", which reflects the principles in Tecan's employee Code of Conduct and defines the minimum requirements by which all suppliers must abide. These refer to internationally recognized ethical standards relating to human rights, labor and the environment, as well as business practices. Tecan's Supplier Code of Conduct was updated in 2021, and is available [on Tecan.com](#). In 2022, Tecan will increase monitoring of adherence to this Code of Conduct, paying particular attention to any suppliers associated with a higher risk of a potential breach of the Code, whether because of their location or the goods being supplied.

It is important to Tecan to prevent the use of conflict minerals (gold, tin, tantalum, or tungsten) that are linked to human rights abuses, while supporting the necessary use of materials from legitimate sources. Although not within scope of the US Dodd Frank Act, which addresses the issue of conflict minerals, Tecan is committed to supporting its customers in complying with this legislation and adheres to the applicable elements of the OECD Due Diligence Guidance for responsible sourcing 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, as noted in the policy statement [on Tecan.com](#).

In 2022, Tecan has set the target of completing an ESG (environment, social and governance) assessment of critical suppliers. The target "number of major or critical Suppliers screened, as a % per

manufacturing site” is one of four ESG targets linked directly to a total of 20% of the Management Board’s short-term variable pay. Overall, management of Tecan’s supply chain is the responsibility of the Executive Vice President, Operations and IT, who is a member of Tecan’s Sustainability Committee and informs the committee of developments in this area. Compliance with legal requirements is monitored by Tecan’s General Counsel, and both these Sustainability Committee members sponsor the 2022 responsible sourcing target.

**SUSTAINABILITY REPORTING**

Tecan has pursued responsible business practices since its earliest days, and has specifically described these in the annual sustaina-

bility report since 2007. This annual sustainability report covers the calendar year 2021 except where stated otherwise, and contains no restatements of information. Currently, the sustainability report does not receive external assurance, and is reviewed as described.

In 2022 Tecan will increase systematic data collection, enabling further tracking of impacts and of the effect of improvement actions, for material topics. Tecan values transparency, and shares sustainability information via CDP reporting, EcoVadis, and UNGC reporting as well as through ratings agencies such as ISS, MSCI, Sustainalytics and more. Tecan is working towards GRI (Global Reporting Initiative) reporting standards, and so provides a GRI Index to the extent currently possible. For further information contact [sustainability@tecan.com](mailto:sustainability@tecan.com) or [sarah.vowles@tecan.com](mailto:sarah.vowles@tecan.com).

**2021 Sustainability Report**  
Overview Reported GRI Disclosures

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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 of December 31, 2021, the Company's market capitalization was CHF 7,043 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 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, 2021, the following shareholders held more than 3% of Tecan's shares:

	31.12.2020		31.12.2021	
	Shares	%	Shares	%
Chase Nominees Ltd., London (UK)	1,546,910	12.9%	1,546,910	12.2%
NN Group N.V., Amsterdam (NL)	848,426	7.1%	848,426	6.7%
UBS Fund Management (Switzerland) AG, Basel (CH)	575,537	4.8%	575,537	4.5%
BlackRock Inc., New York, NY (US)	575,116	4.8%	575,116	4.5%
APG Algemene Pensioen Groep N.V., Amsterdam (NL)	572,926	4.8%	572,926	4.5%
Norges Bank (the Central Bank of Norway), Oslo (NO)	-	<3%	391,724	3.1%
Credit Suisse Funds AG, Zürich (CH)	-	<3%	384,926	3.0%
Invesco Ltd., Atlanta, GA (US)	591,759	4.9%	-	<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

	2019	2020	2021
Shares	11,870,912	11,958,845	12,678,108
Nominal value per share (CHF)	0.10	0.10	0.10
Share capital (CHF)	1,187,091	1,195,885	1,267,811
Legal reserves (CHF)	79,824,359	91,121,487	456,865,297
Net retained earnings (CHF)	216,324,538	224,053,720	228,738,249
<b>Shareholders' equity (CHF)</b>	<b>297,335,988</b>	<b>316,371,092</b>	<b>686,871,357</b>
<b>Conditional share capital</b>			
<b>Reserved for employee participation plans</b>			
Shares	432,300	344,367	275,104
CHF	43,230	34,437	27,510
<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	1,650,000
CHF	230,000	230,000	165,000

As of December 31, 2021, the Company's share capital was CHF 1,267,810 and was divided into 12,678,108 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, 2021, 275,104 shares in the total nominal amount of CHF 27,510 were left under article 3a of the Articles of incorporation and 55,249 shares of the conditional share capital were reserved for outstanding employee stock options

and 87,892 for outstanding employee shares. These shares correspond to a share capital of CHF 14,314.

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.

In September 2021, the Board of Directors approved the creation of 650,000 new shares under the authorized capital in connection with a share placement for the partial financing of the acquisition of Paramit Corporation, CA. Consequently, the possibility to issue up to

1,150,000 registered shares with the right to restrict the pre-emptive rights of the shareholders according to article 3c paragraph 2 of the Articles of Incorporation was reduced to 500'000 shares and article 3c paragraph 2 of the Articles of Incorporation was adjusted accordingly.

#### **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. As a consequence of the issuance of 650,000 shares in September 2021 in connection with the partial financing of the acquisition of Paramit Corporation, CA, USA, under the authorized share capital per article 2c of the Articles of Corporation, the possibility to issue new shares under the conditional capital according to article 3b of the Articles of Incorporation, is currently reduced by 650,000 shares. 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 Chair 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 Chair or, in their 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 Chair attend for certain portions. At each meeting, the Chair 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 Chair of the Board has the deciding vote. Resolutions may be passed in writing unless a member requests oral deliberation. In the year 2021 most of the 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 three meetings of the Compensation Committee and several telephone conferences of the Nomination & 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

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

Since 2018, elected until 2022  
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+Cyr 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

## HEINRICH FISCHER

### Vice Chair of the Board

Since 2007, elected until 2022  
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 Administration 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

### Chair of the Compensation Committee

Since 2013, elected until 2022  
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

### Chair of the Audit Committee

Since 2012, elected until 2022  
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; 2013 Member of the Board Solvias Group, 2014 - 12/2021 CEO Solvias Group<sup>2</sup>, Headquarter in Kaiseraugst, Switzerland

#### Financial Expertise:

CEO of Solvias Group<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, Head Mergers and Acquisitions, Division Vaccines & Diagnostics, Novartis

#### Other activities:

BBI Group<sup>2</sup>, Member of the Board  
Nonprofit organizations: SMG (Swiss Management Association)<sup>2</sup>, Member of the Board; IMD Foundation<sup>2</sup>, Member of the Board

## DR. DANIEL R. MARSHAK

Since 2018, elected until 2022

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.

## DR. OLIVER FETZER

Since 2011, elected until 2022

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 Viridos

#### Financial Expertise:

More than ten years of experience as CEO, including taking company public. MS in Industrial Administration (MBA) from Carnegie Mellon. 9 years at the Boston Consulting Group including Partner and Managing Director

#### Other activities:

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

<sup>1</sup>Public company

<sup>2</sup>Private company

<sup>1</sup>Public company

<sup>2</sup>Private company

## COMMITTEES

The Board of Directors has appointed committees composed of members of the Board to prepare and implement its resolutions and to exercise its supervisory function. The Committees are assigned with specific duties and responsibilities. All other duties and responsibilities remain with the full Board of Directors, for instance the review of the Company's ESG approach, activities and risks and Cyber Security risks. The committees meet upon invitation of the respective chair 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			Chair
Heinrich Fischer	Member		Member
Dr. Oliver Fetzner	Member	Member	
Dr. Karen Hübscher	Chair		Member
Dr. Christa Kreuzburg		Chair	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 Chair. 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 Chair 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 General Counsel and 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

## 1 | 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

## 2 | 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

## 3 | 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

## 4 | ULRICH KANTER

### Executive Vice President Global Head of Operations & IT

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

## 5 | 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 und Vice President Global Product Marketing, 2013 to 2017 Executive Vice President, Head of Corporate Development, Tecan Group

**Other activities:**  
None



## 6 | 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

## 7 | INGRID PÜRGSTALLER

### Chief People Officer (CPO)

Member since 2020  
Joining Tecan in 2011  
1980  
Italian citizen  
Master Graduate in Psychology (University of Salzburg, Austria). Executive Master's Degree in Human Resources Development (Scuola Romana 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

## 8 | 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 Nötter & 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

## 9 | 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 (Massachusetts 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

## 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 2021.

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 defined 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 2021 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	2020	2021
Total auditing fees of the Group auditor	681	948
Total tax consulting fees of the Group auditor	-	70
Total other consulting fees of the Group auditor	31	30

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 publishes 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.

## 10 BLACKOUT PERIODS

The Insider Trading Policy of the Company defines two ordinary close periods (blackout periods). They begin on the close of trading on December 20 (as regard the full year results) and/or on June 20 (as regard the half year results) of each year and end at the opening of the SIX Swiss Exchange on the third trading day after Tecan's financial results for the full year and/or the half year have been released to the press. Tecan's CEO and CFO jointly shall declare extraordinary Closed Periods where appropriate. This rule applies certain defined functions and individuals who are potentially exposed to critical information. This group includes but is not limited to the members of the Management Board and of the Board of Directors.

## IMPORTANT DATES FOR INVESTORS

Date	Location	Event
March 15, 2022	Conference Call/ Webcast	Full Year Results 2021, Press Briefing on Annual Results and Analysts' Conference Call
April 12, 2022	Pfäffikon, SZ	Annual General Meeting
August 17, 2022	Conference Call/ Webcast	Half Year Results 2022

## FOR MAIL OR PHONE INQUIRIES, PLEASE CONTACT

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Empowered  
with  
Tecan.

# Compensation Report

Tecan's aim is to be the employer of choice in the life science industry and offer employees the possibility to help improve people's lives and health. To continuously create sustainable shareholder value and to keep being an employer of choice, Tecan seeks to attract and hire the best talent and retain key talent. The competition around talent has grown and needs a focused strategic and tactical approach. Guided by the company values trust, highest standards, and ambition, combined with the leadership principles courage, curiosity, respect and brutal honesty, Tecan is driven to make its mission a reality. To highlight, Tecan conducted in 2021 two important assessments: an analysis to measure gender salary gaps for equal work and an employee engagement survey. With regards to the gender salary gap analysis, which was validated by an independent auditor in compliance with Swiss Law, Tecan has demonstrated there are no relevant pay equity gaps between men and women at Tecan in Switzerland, which reflects Tecan's values. Tecan is committed to uphold a transparent and sustainable approach to compensation. The results of the second consecutive employee survey confirmed a continued positive impact of Tecan's culture activities on employees' engagement and trust.

This Compensation Report describes Tecan's compensation principles and system. It provides information about the method of determining compensation and discloses the compensation awarded during 2021 to the members of the Board of Directors and the Management Board. 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 CHAIR OF THE COMPENSATION COMMITTEE



**DR. CHRISTA KREUZBURG**  
Chair of the Compensation Committee

### DEAR SHAREHOLDERS

I am delighted to present you Tecan's Compensation Report for the financial year 2021.

This report describes our compensation principles and system which have a clear purpose. We want to be the employer of choice in our industry and attract and retain the most talented individuals. Our compensation system is designed to encourage the highest performance aligned with behaviors consistent with our values: trust, highest standards and ambition. We want to ensure that our compensation principles and system reward performance are competitive, and in the interests of our shareholders.

2021 was again an exceptional year for the world and Tecan. Similar to 2020, the contribution Tecan made to the fight against COVID was visible and tangible. Some patterns in customer demand continued from 2020, but we have also seen some return to pre-pandemic market conditions. While the market demand for certain COVID-19 product lines continued to be very high, we saw some rebound in other areas. The organization learned a lot in 2020 and overcame the challenges again in 2021. In addition, we face in our industry a high demand for talent and have a clear focus on retaining our employees and attracting new talent. I am proud that the team not only successfully navigated through the challenging environment, but also conducted a transformational acquisition, the largest Tecan has ever made. On August 1, 2021, we acquired Paramit. The post-merger integration process has started and will be an important focus this year. The journey with Paramit, with the addition of roughly 50% of employees to our existing base and new sites in the US and Asia, provides Tecan a much broader global footprint with new and exciting growth and career opportunities around the globe.

As in 2020, during 2021 our workforce needed to demonstrate extraordinary effort. We have observed that in these difficult times we grew even closer together. The commitment and engagement from everyone at Tecan to make the world a healthier place was probably never more tangible than during the times of the COVID pandemic. Our demonstrated impact was extraordinary and the engagement and passion of our employees who make this possible was confirmed by the results of our recent employee survey.

Fueled by strong demand and despite a demanding labour market, we were able to grow our revenue organically by 14.1% in local currencies and by 29.6% in local currencies including Paramit. As a result, we recorded a substantial increase in the reported EBITDA margin to 23.1% of sales for Tecan (excl. Paramit, acquisition and integration costs and one-off pension adjustments) and 21.6% including Paramit. This report explains how the company results drove the compensation awarded to members of the Management Board under the incentive plans.

We continued our path with a harmonized short term incentive plan with a standard set of group-wide strategic targets for all our senior management. It has proven to be a great vehicle to foster collaboration and to incentivize high performance across the entire company while creating a healthy and open work culture.

The Compensation Committee performed its regular activities during 2021. It included performance goal setting at the beginning of the year, 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).

We are committed to share 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
- Compensation model of the Board of Directors: the split between the fixed basic fee and the committee fees
- Compensation model of the Management Board: a description of the incentive plan performance criteria, their weights and a performance assessment at the end of the respective performance period
- 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 2022 until the 2023 Annual General Meeting, and on the maximum aggregate amount of compensation for the Management Board for the financial year 2023.

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

## GOVERNANCE

### ARTICLES OF INCORPORATION

As described in the Corporate Governance Report on page 86 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)

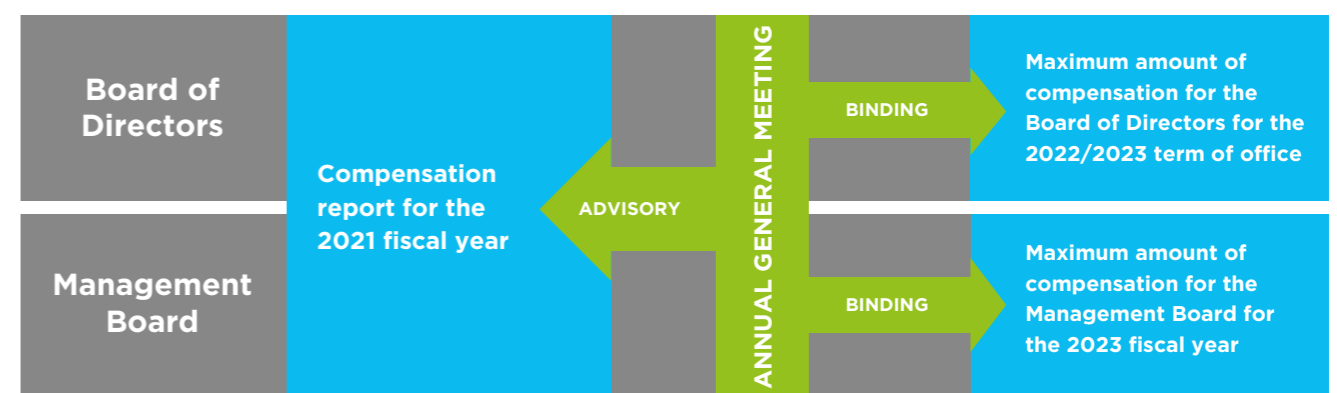
The full Articles of Incorporation are available on the corporate website: [www.tecan.com/tecan-corporate-policies](http://www.tecan.com/tecan-corporate-policies)

### 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 2022 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 2021 Annual General Meeting, the shareholders re-elected Dr. Christa Kreuzburg (Chair), 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 four meetings in total, which all members attended. 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 performance or compensation. The Chair 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 has taken the decision in 2021 due to high volatility in salary changes and due to Tecan’s growth strategy to benchmark every year the compensation of the Management Board. The compensation of the Board of Directors is more stable and will therefore be benchmarked from 2021 onwards only every three years. Both benchmarking exercises are executed 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 of members of the Board of Directors		Proposes	Reviews	Approves
Individual compensation of members of the Board of Directors		Proposes	Approves	
Maximum aggregate amount of compensation of the Management Board		Proposes	Reviews	Approves
Performance target setting and assessment of the 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 SUPPORTED BY 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.

In 2021 two external consulting companies provided benchmarking services to the Compensation Committee as described below. These companies do not have other mandates with Tecan.

As in the previous year, a benchmarking analysis of the compensation of the Management Board was conducted in 2021 by an independent external consultant. A demanding labor market combined with an increased volatility in compensation in the target industry as well as Tecan’s growth trajectory brought the Compensation Committee to the conclusion to perform from 2021 onwards an annual benchmarking analysis. In addition, considering Tecan’s increased global footprint the decision was taken to evaluate the compensation levels and structure in comparison to only one transnational peer group: The peer group<sup>1</sup> consists of listed companies only within life sciences and diagnostics comprising similar companies found within Tecan’s operating markets in Europe and the US. It is therefore more focused and homogenous and allows for more stability in the peer group in the coming years. With the current positioning, it allows Tecan to grow within the peer group as is currently anticipated. The EU/US peer group represented a 67%/33% 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 the peer group, the cash compensation paid to individual members of the Management Board was once more slightly below market practice. If the long-term incentive targets are achieved at maximum (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.

Based on the analysis, adjustments to the total cash components might need to be considered for specific roles in the Management Board.

In 2021 Tecan has also performed a benchmarking analysis of the structure and level of the Board compensation, which was conducted by an independent external consultant. For this purpose, a peer group<sup>2</sup> of Swiss companies listed on the SIX Swiss Exchange, excluding financial services and real estate, 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. As the compensation levels for the members of the Board of Directors were adjusted from the 2020 Annual General Meeting the decision was taken not to propose additional changes to the compensation of the Board of Directors.

**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 Com-

pany, achievement of strategic and corporate sustainability goals, position within the Management Board and labor market situation. The ultimate goal of the compensation system is to attract and retain highly qualified and motivated talent, 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> European Companies: Lonza Group AG, Mettler-Toledo International Inc, Eurofins Scientific SE, Smith & Nephew PLC, Carl Zeiss Meditec AG, Qiagen NV, GN Store Nord A/S, Evotec SE, Elekta AB, LivaNova PLC, Siegfried Holding AG, Bachem Holding AG; US Companies: PerkinElmer Inc, Bio-Techne Corp, Bruker Corp, Sotera Health Co, Neogenomics Inc, Medpace Holdings Inc

<sup>2</sup> Bachem Holding AG, BELIMO Automation AG, Clariant AG, Dätwyler Holding AG, Forbo Holding AG, Galenica Group, Idorsia Ltd, Logitech International S.A., Medacta Group SA, SFS Group AG, Siegfried Holding AG, Sonova Holding AG, Sulzer AG, Temenos Group AG, VAT Group AG, Vifor Pharma AG, Ypsomed Holding AG, Zur Rose Group

### 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 2021. 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, continue to be slightly below market levels. However, the Compensation Committee does not see the necessity to propose adjustments to the compensation levels at the upcoming Annual General Meeting. The compensation of the Board of Directors was approved by the Board of Directors, and at the 2021 Annual General Meeting, as described in illustration [3] below:

ILLUSTRATION [3]:

In CHF per year (gross)	Until 2021 Annual General Meeting			Since 2021 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	90,000	80,000	200,000	90,000	80,000
Fixed basic fee (shares)	100,000	55,000	45,000	100,000	55,000	45,000

	Until 2021 Annual General Meeting		Since 2021 Annual General Meeting	
	Committee Chair	Committee Member	Committee Chair	Committee Member
Audit Committee	30'000	10,000	30,000	10,000
Compensation Committee	30'000	10,000	30,000	10,000
Nomination Committee	30'000	10'000	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

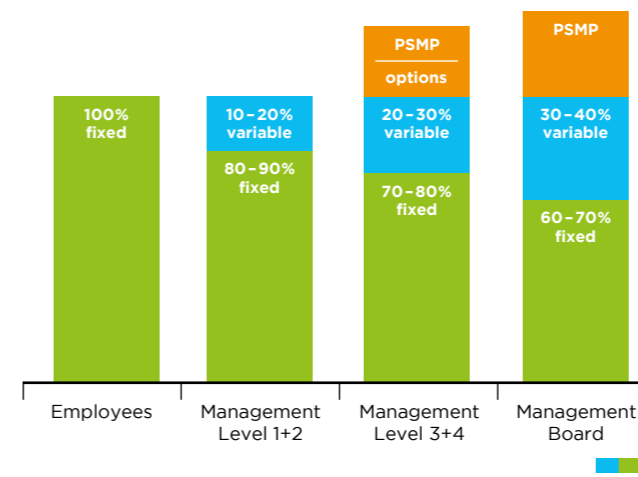
The compensation system for members of the Management Board (including the CEO) did not change compared to the previous year. It is defined in several regulations adopted by the Board of Directors and comprises:

- 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)

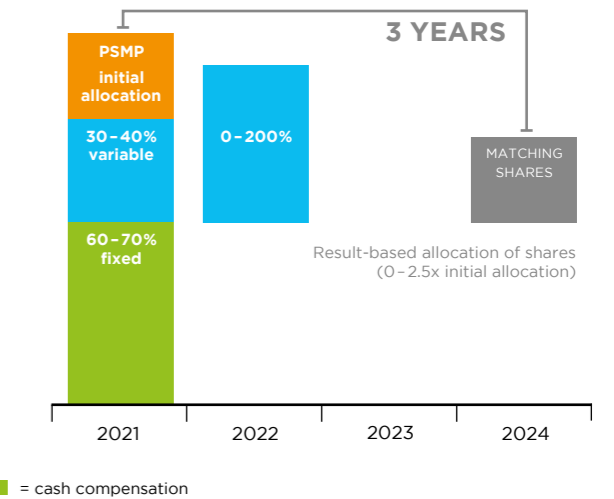
ILLUSTRATION [4]: COMPENSATION OF THE MANAGEMENT BOARD

	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 Sustainability 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 provides 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 follows:

- 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 long-term illness. Members of the Management Board 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 Chair of the Compensation Committee, in 2021 Tecan has chosen again to offer to all members of the Management Board a harmonized set of performance objectives. Hence, there are no individual performance goals in the short-term variable cash compensation and it 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 and assessed at the year end. For 2021, 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 corporate 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 2021, they were related to social and governance aspects. For social aspects the focus was set on employee engagement and cultural improvements and for governance the focus was on compliance to the new implemented delegation of authority guidelines. For each performance objective, the Board of Directors determines a threshold level of performance below where the payout percentage 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%. Payout levels between the threshold, the target and the maximum are 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 members of the Management Board.

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

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

2021 objectives	Rationale/driver	Weighting
Sales growth (Group)	To drive the top-line growth of Tecan	40%
EBITDA margin (Group)	To drive the bottom-line profitability of Tecan	40%
Corporate sustainability goals	To drive strategic initiatives that foster the sustainability of Tecan in environment, social, corporate governance 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 a three-year plan period.

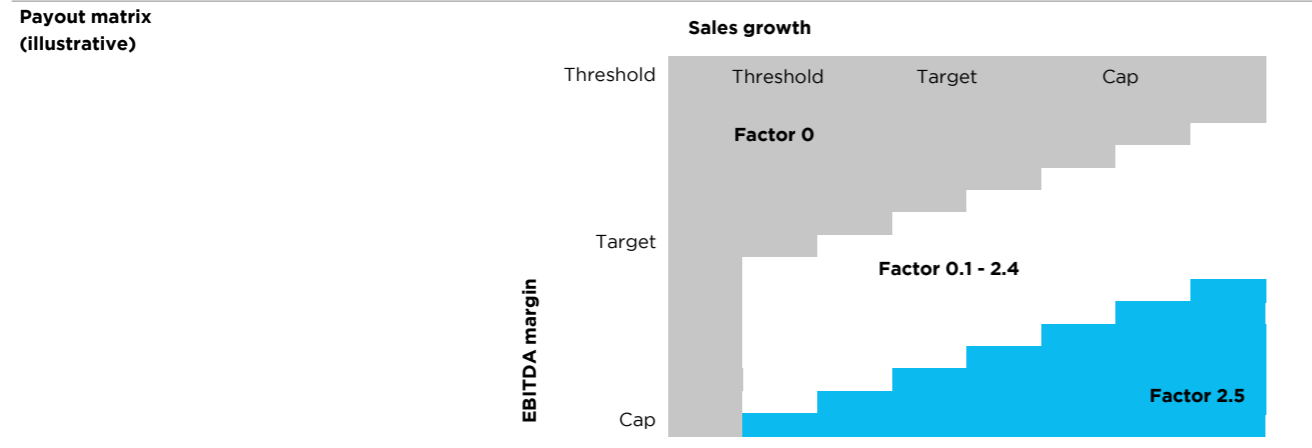
The target amount of the initial grant is expressed as a fixed monetary amount, which is converted into shares based on the Tecan share’s average closing price on the SIX Swiss Exchange during the first four months of the relevant financial year. The shares allocated are blocked for three years – starting in the grant year as “year 1”. For each granted share, members of the Management Board 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, members of the Management Board may receive from 0 up to 2.5 matching shares for each share granted in year one. 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 members of the Management Board. 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 is 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 deblock immediately with an allocation of matching shares as soon as possible after such occurrence. In case of a termination for cause of the employment contract by the employer, any entitlement to matching shares is forfeited and any initial grants of each running cycle have to be returned by the employee.

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

Performance objectives	Sales growth	EBITDA
<b>Driver/rationale</b>	To drive top-line growth of the company	To drive the bottom-line profitability of the company
<b>Weighting</b>	Two-thirds	One-third



<b>Payout matrix (actual examples of sales growth and EBITDA margin combination for a payout factor of 0.5)</b>	Sales growth (CAGR)	EBITDA margin
	1.5%	19.5%
	2.0%	19.25%
<b>Payout matrix (actual examples of sales growth and EBITDA margin combination for a payout factor of 1.2)</b>	Sales growth (CAGR)	EBITDA margin
	0.5%	20.75%
	6.5%	18.5%
<b>Payout matrix (actual examples of sales growth and EBITDA margin combination for a payout factor of 2.5)</b>	Sales growth (CAGR)	EBITDA margin
	0.5%	22.5%
	6.0%	20.25%
	10.0%	18.75%

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 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 other than those under the PSMP termination 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 2021 AND 2020**

	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)	2021	200	8	208	23	237	104	335
	2020	200	3	203	27	352	111	341
Heinrich Fischer (Vice Chairman)	2021	90	26	116	4	130	57	177
	2020	89	18	107	5	194	61	173
Dr. Oliver S. Fetzner	2021	80	33	113	-	107	47	160
	2020	79	20	99	-	159	50	149
Lars Holmqvist	2021	27	3	30	-	-	-	30
	2020	79	10	89	-	159	50	139
Dr. Karen Hübscher	2021	80	37	117	14	107	47	178
	2020	79	26	105	13	159	50	168
Dr. Christa Kreuzburg	2021	80	42	122	14	107	47	183
	2020	79	33	112	14	159	50	176
Dr. Daniel R. Marshak	2021	80	26	106	-	107	47	153
	2020	79	20	99	-	159	50	149
<b>Total</b>	<b>2021</b>	<b>637</b>	<b>175</b>	<b>812</b>	<b>55</b>	<b>795</b>	<b>349</b>	<b>1,216</b>
	2020	684	130	814	59	1,341	422	1,295

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

<sup>2</sup> Vesting condition: Graded vesting from May 1, 2020 to April 30, 2021 (Share Plan BoD 2020) and from May 1, 2021 to April 30, 2022 (Share Plan BoD 2021). Vested shares are transferred at the end of the service period (April 30, 2021 and April 30, 2022, respectively). The shares are fully included in the amount of fair value of shares granted

<sup>3</sup> Formula for 2020: Shares granted in 2020 \* fair value at grant (CHF 316.40) and formula for 2021: Shares granted in 2021 \* fair value at grant (CHF 437.60)

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 compensation period from the 2020 Annual General Meeting until the 2021 Annual General Meeting. The actual compensation paid to the Board of Directors for this term was CHF 1,214,508 and is therefore within the approved limits.

At the 2021 Annual General Meeting, shareholders approved a maximum aggregate compensation amount of CHF 1,300,000 for the Board of Directors for the term from the 2021 Annual General Meeting until the 2022 Annual General Meeting. This compensation period is not completed yet and a conclusive assessment will be provided in the 2022 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	Social benefits <sup>1</sup>	Short-term variable compensation <sup>2</sup>	Fair value of PSMP initial shares (in the year of grant) <sup>3</sup>	Fair value of PSMP matching shares (in the year of grant) <sup>4</sup>	Total compensation (granted)	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>5</sup> (CEO, since April 1, 2019)	2021	660	12	351	858	560	700	3,141	1,280	1,600	3,200
	2020	645	12	316	843	557	696	3,069	1,761	2,202	4,403
Tania Micki <sup>6</sup> (CFO, since Feb. 17, 2020)	2021	363	9	132	304	353	441	1,602	806	1,008	2,015
	2020	305	8	114	257	334	418	1,436	1,057	1,322	2,643
Other members of the Management Board <sup>7</sup>	2021	2,048	58	1,162	1,714	2,085	2,606	9,673	4,765	5,957	11,913
	2020	1,967	60	1,034	1,652	2,252	2,815	9,780	7,043	8,804	17,608
Dr. David Martyr <sup>9</sup> (former CEO, until March 31, 2019)	2021	-	-	-	-	-	-	-	-	-	-
	2020	58	1	227	-	-	-	286	-	-	-
Dr. Rudolf Eugster <sup>8/9</sup> (former CFO, until Feb. 29, 2020)	2021	-	-	-	-	-	-	-	-	-	-
	2020	61	239	122	50	68	85	625	214	268	535
<b>Total</b>	<b>2021</b>	<b>3,071</b>	<b>79</b>	<b>1,645</b>	<b>2,876</b>	<b>2,998</b>	<b>3,747</b>	<b>14,416</b>	<b>6,851</b>	<b>8,565</b>	<b>17,128</b>
	2020	3,036	320	1,813	2,802	3,211	4,014	15,196	10,075	12,596	25,189

<sup>1</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>2</sup> Payment will be made in the following year  
<sup>3</sup> 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>4</sup> Formula for 2021: Shares granted in 2021 \* fair value at grant (CHF 437.60)  
<sup>5</sup> 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> Formula for 2021: Shares granted in 2021 \* fair value at grant (CHF 437.60) \* 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>7</sup> Member of the Management Board with the highest compensation in 2020 and 2021  
<sup>8</sup> Member of the Management Board with the second highest compensation in 2020 and 2021  
<sup>9</sup> 2020: Total seven members, entry of a member April 1 (Head PB) and August 1 (CPO) and leaving of the former CPO, September 30  
<sup>7</sup> 2021: Total seven members  
<sup>8</sup> 2020: Including under taxable fringe benefits payout of accrued vacation of the former CFO at the end of the contract  
<sup>9</sup> 2021: Excluding employer's contribution to social security to matching shares granted in 2021 under the PSMP 2018-2020 plan to David Martyr, Rudolf Eugster and Markus Schmid (CHF 374,413)

Explanatory comments on the compensation table:

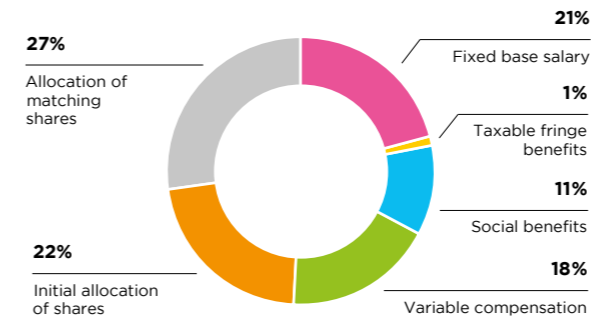
- The achievement of targets for short-term variable cash compensation in 2021 was similar to 2020 details of which are given below.

At the 2020 Annual General Meeting, shareholders approved a maximum aggregate compensation amount of CHF 18,500,000 for the Management Board for the financial year 2021. The actual

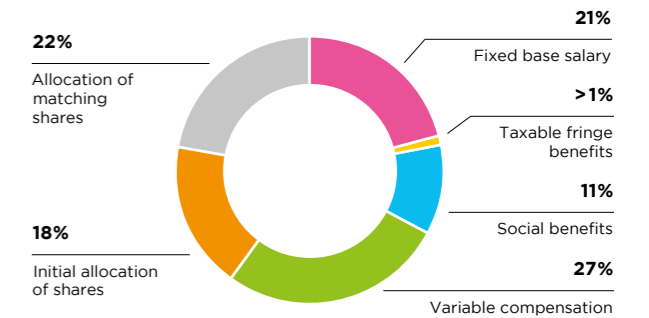
compensation awarded to the Management Board in 2021 was CHF 14,416,093 and is therefore within the approved limits.

**ILLUSTRATION [9]: COMPENSATION MIX**

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



**SALARY STRUCTURE CEO**



**PERFORMANCE IN 2021**

In the year under review, the Group sales growth and reported EBITDA margin, as well as the corporate sustainability objectives exceeded the pre-set targets. The volatility in customer demands, the difficult overall pandemic situation worldwide plus the difficulties in supply chain were handled by Tecan in an exceptional way. Therefore, the performance assessment at year end resulted in the following: the overall short-term variable cash compensation payout amounted to 195% of target for the CEO and all other members of the Management Board. In 2021, important ESG-related milestones were achieved regarding employee and company culture as well as corporate governance. In the year under review, the 2019 to 2021 PSMP cycle came to an end. The performance achievement over the performance period resulted in a matching share factor of 2.5. This reflects for the cycle 2019 to 2021 an average growth rate of 18.66% and an average EBITDA margin of 20.55%, therefore significantly outperforming the defined mid-term targets on the two performance criteria.

**COMPENSATION TO FORMER MEMBERS OF GOVERNING BODIES**

No compensation was paid to former members of the Board of Directors or the Management Board in 2021 after the end of their term of office or contract with Tecan, respectively. Former members of the Management Board received matching shares out of the PSMP 2018-2020 plan.

**COMPENSATION TO RELATED PARTIES**

No compensation was paid in 2021 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 2021 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 2021 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 2021**

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 13.2 on page 180 of this Annual Report).

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

At the 2022 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 2023 (binding vote)
- the 2021 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 2022 and the 2023 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 of the Board of Directors 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 2023 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 2023 <sup>1</sup>	Fiscal year 2022	Fiscal year 2021	Fiscal year 2020
Approved compensation amount	n.a.	18,500,000	18,500,000	18,500,000
Compensation awarded	n.a.	n.a. <sup>2</sup>	14,416,000	15,196,000

<sup>1</sup> to be proposed to the 2022 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, 10 March 2022

**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 2021. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections “Compensation 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 of the compensation report.



**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 2021 of Tecan Group Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

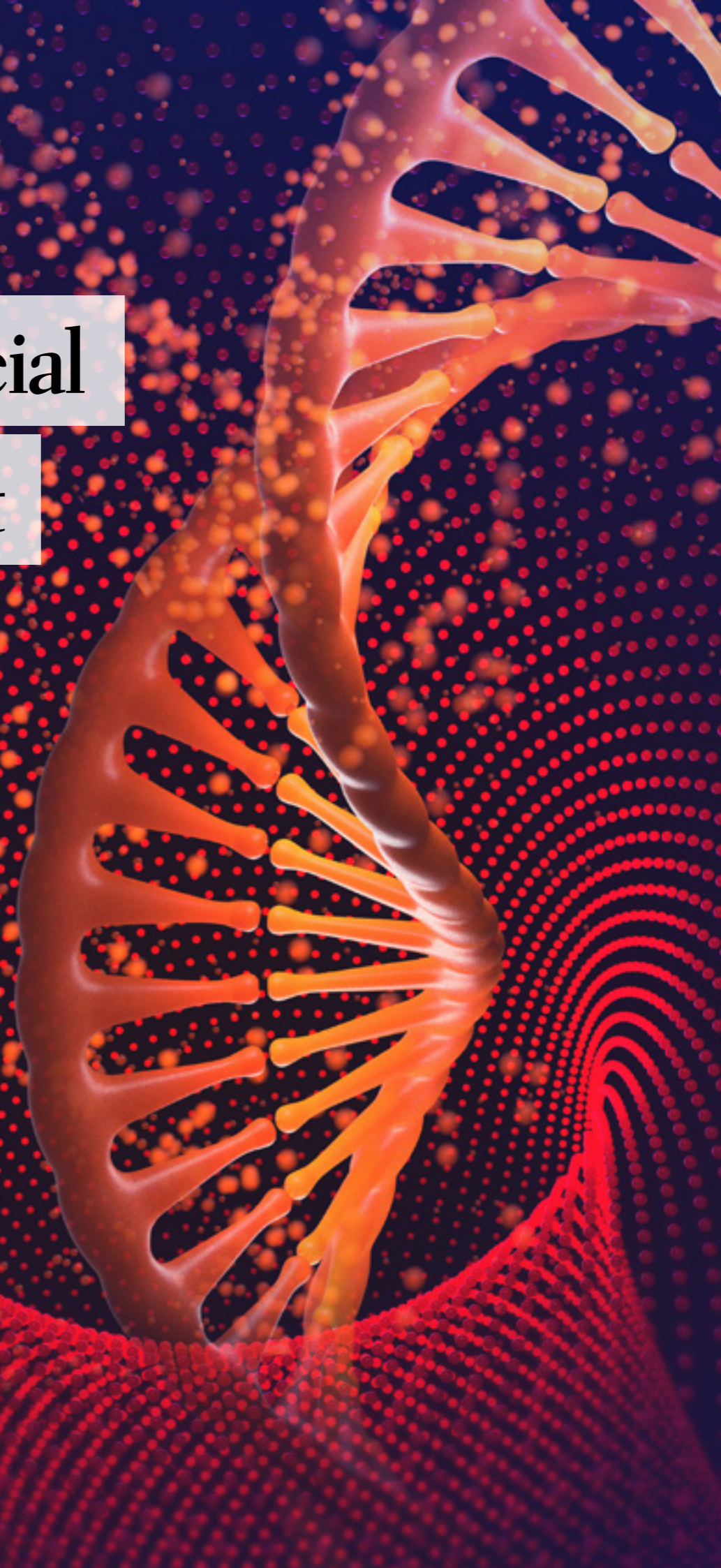
Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Pascal Solèr  
Licensed audit expert

Financial

Report

2021.



# Chief Financial Officer's Report



**TANIA MICKI**  
Chief Financial Officer

Reported net profit for the year 2021 rose to CHF 121.7 million.

## ORDER ENTRY AND SALES

Full-year order entry increased by 12.9% to CHF 965.4 million (2020: CHF 855.2 million), or by 13.0% in local currencies. Following a surge in orders for product lines supporting the global fight against the coronavirus pandemic in 2020, orders were only down 1.5% in Swiss francs and 1.4% in local currencies year-on-year on an organic basis, i.e. excluding Paramit's order entry in the last five months of the year. The effect of the high COVID-related orders in the prior-year period was particularly visible in the second half of 2021. Here, organic order entry was 18.4% below the prior-year figure in Swiss francs and 18.6% in local currencies. Including Paramit, however, order entry grew by 7.2% in Swiss francs and by 6.9% in local currencies in the second half of the year.

As order entry exceeded realized sales also on an organic basis, the order backlog excluding Paramit increased in the low single-digit percentage range to reach a record high as of December 31, 2021. Including orders from Paramit, order backlog even grew at a substantial double-digit rate.

Sales for fiscal year 2021 climbed by 29.5% to CHF 946.6 million (2020: CHF 730.9 million), corresponding to a growth of 29.6% in local currencies. On an organic basis, sales grew by 14.0% to CHF 833.3 million, or by 14.1% in local currencies. Organic sales growth was also driven by a rebound and some pent-up demand for products for non-COVID research and clinical applications. COVID-19-related product lines contributed mainly to sales in the first half of the year, with no meaningful contribution from COVID-related systems and instrument components in the second half of the year. Demand for pipette tips continued at elevated levels throughout the year based on a larger installed base of instruments with broad test menus, including usage for ongoing COVID-19 testing. With a first-time revenue contribution of CHF 113.3 million from Paramit (CHF 105.6 million, excluding a one-off adjustment in revenue recognition), sales in the second half rose by 17.0% in local currencies and by 16.6% in Swiss francs. As expected, organic sales in the second half of the year declined by 9.9% in Swiss francs and 10.2% in local currencies against the strong base in the prior-year period.

## REGIONAL DEVELOPMENT

In Europe, Tecan's full-year sales increased by 27.1% in Swiss francs and by 25.9% in local currencies. Organic sales grew by 16.6% in Swiss francs and by 15.5% in local currencies. The organic sales performance was driven by the Life Sciences Business, which recorded growth of 26.9% in local currencies, while sales in the Partnering Business grew by 1.7% in local currencies.

In the second half of the year, sales in Europe increased by 17.5% in Swiss francs and by 17.2% in local currencies. Excluding Paramit, sales declined by 2.0% in Swiss francs and 2.1% in local currencies in the second half year. Despite a strong base in the prior-year period, the Life Sciences Business achieved sales growth of 3.8% in local currencies in the last six months of the year, while organic sales in Partnering Business declined by 10.7%.

In North America, sales grew by 35.9% in Swiss francs and by 38.5% in local currencies in 2021. On an organic basis, full-year sales increased by 11.1% in Swiss francs and by 13.2% in local currencies. Similar to Europe, the organic sales development was driven by strong growth of 22.4% in local currencies in the Life Sciences Business, while the Partnering Business grew by 2.4%. In both business segments, sales development in the second half of the year was significantly impacted by a pandemic-related surge in demand in the prior-year period. Due to the high basis of comparison, sales in the Life Science business declined by 3.6% in local currencies, while organic sales of the Partnering Business segment fell by 39.3%. Including Paramit, sales in the second half grew by 19.6% in Swiss francs and 19.8% in local currencies.

In Asia, Tecan recorded an increase in sales of 23.0% in Swiss francs and 20.6% in local currencies. On an organic basis, sales grew by 19.1% in Swiss francs and by 16.8% in local currencies. Sales development in Japan was particularly strong, while organic sales in China were lower than in the prior-year period due to the high basis of comparison. This was also reflected in the fact that the Life Sciences Business only grew at a rate of 1.1% in local currencies, while the Partnering Business reported strong organic sales growth of 39.5%.

In the second half of the year, total sales in Asia increased by 14.1% in Swiss francs and 12.2% in local currencies, while organic sales grew by 7.0% in Swiss francs and 5.2% in local currencies. Organic sales development in the second half was driven by the Partnering Business with growth of 20.9% in local currencies, while sales in the Life Sciences Business declined by 4.6%.

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 408.6 million Swiss Francs (2020: CHF 354.9 million), which was 53.7 million or 15.1% above the prior-year figure. The increase was driven by the higher sales volumes. Excluding newly acquired Paramit, the gross profit margin was only slightly below the prior-year level (2020: 48.6%). Including the impact of the Paramit acquisition, the reported gross profit margin was 43.2% of sales.

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

- (-) Paramit acquisition impact (including CHF 13.6m amortization of acquired backlog)
- (-) Higher freight, logistics, inventory-related and material cost
- (+) Price
- (+) Product mix

## OPERATING EXPENSES LESS COST OF SALES

With +14.3%, operating expenses grew substantially less than sales (+29.5%) and totaled CHF 234.0 million or 28.3% of sales in 2021 (2020: CHF 234.0 million or 32.0% of sales). All costs include the costs of the acquired Paramit Corporation for the five months from August to December 2021.

Sales and Marketing increased by 13.4% to CHF 120.1 million with continued investments in the market units (2020: CHF 105.9 million). As a percentage of sales, they reached 12.7% of sales (2020: 14.5%).

At an absolute level, net research and development expenses increased to CHF 71.9 million (2020: CHF 62.0 million). R&D expenses increased at a higher rate than organic sales. As a percentage of total sales including Paramit, they reached 7.6% of sales (2020: 8.5%).

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 decreased to CHF 9.3 million (2020: CHF 15.3 million). Gross R&D was at CHF 86.8 million or 9.2% of sales (2020: CHF 78.5 million or 10.7% of sales).

General and administration expenses increased to CHF 75.5 million (2020: CHF 66.0 million), mainly related to corporate development activities. As a percentage of sales, G&A cost decreased to 8.0% of sales (2020: 9.0%).

## OPERATING PROFIT

Reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 28.6% to CHF 204.6 million in the fiscal year 2021 (2020: CHF 159.1 million). Reported EBITDA includes all transaction and acquisition-related costs in connection with the Paramit acquisition (CHF 7.3 million). The reported EBITDA margin accordingly reached 21.6% of sales (2020: 21.8%). Adjusted EBITDA increased by 37% to CHF 214.5 million (2020: CHF 156.5 million) and excludes all transaction and acquisition-related costs and one-time pension plan effects. The adjusted EBITDA margin increased by 130 basis points to 22.7% of sales (2020: 21.4%). This increase was mainly driven by benefits of scale due to the significantly increased volumes and total operating costs that grew at a lower rate than sales, a favorable product mix of instruments as well as a higher contribution from consumables and spare parts.

Excluding Paramit, i.e. on a comparable basis with the updated outlook of August 18, 2021, the EBITDA margin increased to 23.1% (also excludes the Paramit revenue contribution). Tecan thus met its communicated outlook of expanding the EBITDA margin to "at least 23% of sales" on a like-for-like basis.

The reported profit before interest and taxes, EBIT, increased by 19.9% to CHF 145.5 million, (2020: CHF 121.4 million). The EBIT margin reached 15.4% of sales (2020: 16.6%). Reported EBIT includes all transaction and acquisition-related costs in connection with the Paramit acquisition and also the accumulated amortization of acquired intangible assets which significantly increased due to the Paramit acquisition.

CHF 1,000 / unaudited	2020	2021
<b>Sales</b>	730,879	946,623
<b>GAAP operating profit (EBIT)</b>	<b>121,390</b>	<b>145,517</b>
Depreciation and amortization	37,716	59,044
<b>Non-GAAP EBITDA</b>	<b>159,106</b>	<b>204,561</b>
In % of sales	21.8%	21.6%
Adjustments for:		
Acquisition and integration costs	-	7,281
Swiss pension plans: past service costs	(2,575)	2,655
<b>Non-GAAP adjusted EBITDA</b>	<b>156,531</b>	<b>214,497</b>
In % of sales	21.4%	22.7%

## NET PROFIT AND EARNINGS PER SHARE

Reported net profit for the year 2021 rose by 17.3% to CHF 121.7 million (2020: CHF 103.7 million). This figure includes all transaction and acquisition-related costs in connection with the Paramit acquisition as well as the accumulated amortization of acquired intangible assets. Reported net profit increased less than operating profit (earnings before interest and taxes; EBIT) as a lower financial result was recorded due to currency hedging losses that were partly related to the Paramit acquisition.

Reported basic earnings per share increased by 14.5% to CHF 9.95 (2020: CHF 8.69). Adjusted earnings per share reached CHF 12.89. Adjusted earnings per share excludes transaction and acquisition-related costs (+7.3 million), one-time pension plan effects (+2.7 million) as well as the accumulated amortization of acquired intangible assets (+24.6 million) and was calculated with the reported Group tax rate of 11.8%.

## BALANCE SHEET AND EQUITY RATIO

Shareholder's equity at December 31, 2021 increased by 67.0% to CHF 1,224.9 million, mainly driven by the consolidation of the acquired Paramit Corporation (2020: CHF 733.7 million). Correspondingly, Tecan's equity ratio reached 61.4% as of December 31, 2021 (December 31, 2020: 66.2%).

## CASH FLOW

Including effects from the Paramit acquisition, cash flow from operating activities reached CHF 169.9 million (2020: CHF 208.3 million), corresponding to 17.9% of sales (2020: 28.5%).

To partly refinance the USD 1.0 billion (CHF 920 million) acquisition of Paramit Corporation, Tecan successfully raised CHF 250 million debt through the issuance of a fixed rate domestic straight bond. The bonds bear a 0.050% coupon and have a duration of 4 years (final maturity October 6, 2025). The bonds are listed and traded on the SIX Swiss Exchange (ISIN CH1137122755). Despite the debt financing, Tecan's net debt position only stood at CHF 9.2 million (cash and cash equivalents plus short-term time deposits minus bank liabilities, loans and bond debt). On December 31, 2020, Tecan was in a net liquidity position that had reached CHF 467.7 million.



**TANIA MICKI**  
Chief Financial Officer

## FIVE-YEAR CONSOLIDATED DATA

	2017 (Restated) <sup>1</sup>	2018	2019	2020	2021
CHF 1,000					
<b>Statement of profit or loss</b>					
Sales	548,559	593,795	636,819	730,879	946,623
Non-GAAP EBITDA	104,625	110,322	122,761	159,106	204,561
	19.1%	18.6%	19.3%	21.8%	21.6%
Non-GAAP adjusted EBITDA	-	-	-	156,531	214,497
	-	-	-	21.4%	22.7%
Operating profit (EBIT)	79,796	88,553	88,699	121,390	145,517
Financial result	(804)	(5,155)	(5,959)	(3,163)	(7,592)
Income taxes	(13,062)	(12,702)	(9,571)	(14,542)	(16,266)
Profit for the period	65,930	70,696	73,169	103,685	121,659
Research and development, gross	(51,069)	(51,086)	(59,857)	(62,043)	(71,867)
Personnel expenses	(187,451)	(197,320)	(220,254)	(259,640)	(306,324)
Depreciation of property, plant and equipment	(6,969)	(7,699)	(8,786)	(9,472)	(12,628)
Depreciation of right-of-use assets <sup>2</sup>	-	-	(10,513)	(10,915)	(12,232)
Amortization of intangible assets	(16,723)	(14,070)	(14,541)	(15,056)	(34,184)
Impairment losses	(1,137)	-	-	(2,051)	-
<b>Balance sheet</b>					
Current assets	602,194	596,048	615,499	777,986	671,859
Non-current assets	201,767	261,623	324,274	330,641	1,324,326
Total assets	803,961	857,671	939,773	1,108,627	1,996,185
Current liabilities	153,142	163,470	157,286	225,018	306,374
Non-current liabilities	100,698	81,792	123,420	149,958	464,916
Total liabilities	253,840	245,262	280,706	374,976	771,290
Shareholders' equity	550,121	612,409	659,067	733,651	1,224,895
<b>Statement of cash flows</b>					
Cash inflows from operating activities	99,428	92,702	98,804	208,335	169,855
Capital expenditure in property, plant and equipment and intangible assets	(19,641)	(26,193)	(23,937)	(41,288)	(39,719)
Acquisition of Paramit Group <sup>3</sup>	-	-	-	-	(817,447)
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>	-	(4,546)	(4,200)	-	-
Dividends paid	(20,315)	(23,462)	(24,835)	(26,242)	(27,612)
Proceeds from authorized share capital increase, net of transaction costs	-	-	-	-	351,652
Net proceeds from the issuance of a bond	-	-	-	-	249,445
<b>Other information</b>					
Number of employees (end of period)	1,482	1,662	1,932	2,050	3,291
Number of employees (average)	1,469	1,562	1,818	1,984	2,589
Research and development in % of sales	9.3%	8.6%	9.4%	8.5%	7.6%
Sales per employee	373	380	350	368	366
<b>Information per share</b>					
Basic earnings per share (CHF)	5.67	6.02	6.18	8.69	9.95
Gross dividend (CHF) <sup>4</sup>	2.00	2.10	1.10	1.15	1.40
Payout from statutory capital contribution reserve (CHF) <sup>4</sup>	0.00	0.00	1.10	1.15	1.40
Total payout (CHF) <sup>4</sup>	2.00	2.10	2.20	2.30	2.80
Total payout ratio	35.3%	34.9%	35.6%	26.5%	28.1%

<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 12, 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2020	2021
CHF 1,000			
<b>Sales</b>	4/5/6	<b>730,879</b>	<b>946,623</b>
Cost of sales		(375,963)	(538,054)
<b>Gross profit</b>		<b>354,916</b>	<b>408,569</b>
Sales and marketing		(105,944)	(120,106)
Research and development	8	(62,043)	(71,867)
General and administration		(65,981)	(75,468)
Other operating income	9	1,585	4,428
Other operating expenses	9	(1,143)	(39)
<b>Operating profit</b>	6	<b>121,390</b>	<b>145,517</b>
Financial income		32	706
Finance cost		(1,466)	(4,321)
Net foreign exchange losses		(1,729)	(3,977)
<b>Financial result</b>	10	<b>(3,163)</b>	<b>(7,592)</b>
<b>Profit before taxes</b>		<b>118,227</b>	<b>137,925</b>
Income taxes	13	(14,542)	(16,266)
<b>Profit for the period, attributable to owners of the parent</b>		<b>103,685</b>	<b>121,659</b>
<b>Earnings per share</b>			
Basic earnings per share (CHF/share)	11	8.69	9.95
Diluted earnings per share (CHF/share)	11	8.62	9.88

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

	Notes	2020	2021
CHF 1,000			
<b>Profit for the period</b>		<b>103,685</b>	<b>121,659</b>
<i>Other comprehensive income</i>			
Change in fair value of an unquoted equity instrument designated at fair value through other comprehensive income		1,588	76
Remeasurement of net defined benefit liability	12.3	(19,367)	23,807
Related income taxes		3,588	(4,398)
<b>Items that will not be reclassified to profit or loss, net of income taxes</b>		<b>(14,191)</b>	<b>19,485</b>
Net loss on cash flow hedges		-	(13,193)
Related income taxes	28.4.3	-	1,493
Translation differences		(10,471)	7,653
Related income taxes		13	(511)
<b>Items that may be reclassified subsequently to profit or loss, net of income taxes</b>		<b>(10,458)</b>	<b>(4,558)</b>
<i>Other comprehensive income, net of income taxes</i>		(24,649)	14,927
<b>Total comprehensive income for the period, attributable to owners of the parent</b>		<b>79,036</b>	<b>136,586</b>

## CONSOLIDATED BALANCE SHEET

## ASSETS

CHF 1,000	Notes	31.12.2020	31.12.2021
Cash and cash equivalents	14	148,440	121,006
Other current financial assets	15	322,478	120,908
Trade accounts receivable	16	122,800	128,333
Contract assets		548	23,864
Other accounts receivable		12,647	13,163
Inventories	17	159,453	249,112
Income tax receivables	13	2,266	3,215
Prepaid expenses		6,189	12,258
Assets held for sale	3.3	3,165	-
<b>Current assets</b>		<b>777,986</b>	<b>671,859</b>
Non-current financial assets	18	5,351	5,543
Property, plant and equipment	19	42,139	87,787
Right-of-use assets	20	37,082	62,546
Intangible assets and goodwill	21	213,908	1,137,769
Deferred tax assets	13	32,161	30,681
<b>Non-current assets</b>		<b>330,641</b>	<b>1,324,326</b>
<b>Assets</b>		<b>1,108,627</b>	<b>1,996,185</b>

## LIABILITIES AND EQUITY

CHF 1,000	Notes	31.12.2020	31.12.2021
Current financial liabilities	22	11,110	13,615
Trade accounts payable		11,858	27,550
Other accounts payable		17,245	16,321
Current contract liabilities	23	62,359	85,018
Current government grants	24	465	3,661
Income tax payables	13	20,206	27,985
Accrued expenses		76,478	97,292
Current provisions	25	25,297	34,932
<b>Current liabilities</b>		<b>225,018</b>	<b>306,374</b>
Non-current financial liabilities	22	28,309	300,606
Non-current contract liabilities	23	23,015	16,185
Non-current government grants	24	16,411	18,730
Liability for post-employment benefits	12.3	70,870	49,094
Non-current provisions	25	6,980	10,340
Deferred tax liabilities	13	4,373	69,961
<b>Non-current liabilities</b>		<b>149,958</b>	<b>464,916</b>
<b>Total liabilities</b>		<b>374,976</b>	<b>771,290</b>
Share capital		1,196	1,268
Capital reserve		47,999	403,657
Retained earnings		730,553	858,925
Translation differences		(46,097)	(38,955)
<b>Shareholders' equity</b>	26	<b>733,651</b>	<b>1,224,895</b>
<b>Liabilities and equity</b>		<b>1,108,627</b>	<b>1,996,185</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

CHF 1,000	Notes	2020	2021
<b>Profit for the period</b>		<b>103,685</b>	<b>121,659</b>
<b>Adjustments for</b>			
Depreciation, amortization and impairment losses	19/20/21	37,716	59,044
Change in government grants, liability for post-employment benefits and provisions	12.3/24/25	7,384	6,354
Interest income	10	(32)	(31)
Interest expenses	10	951	4,108
Income taxes	13	14,542	16,266
Equity-settled share-based payment expense	12.4	14,594	12,899
Fair value adjustment of contingent consideration	9	-	(1,554)
Other non-cash items		5,100	(2,706)
<b>Change in working capital</b>			
Trade accounts receivable	16	(5,737)	26,628
Inventories	17	(10,594)	(43,931)
Trade accounts payable		1,901	5,554
Contract liabilities	23	24,874	608
Other changes in working capital (net)		25,986	(13,213)
Income taxes paid		(12,035)	(21,830)
<b>Cash inflows from operating activities</b>		<b>208,335</b>	<b>169,855</b>
Investment in time deposits		(270,000)	(170,000)
Repayment of time deposits		-	370,000
Acquisition of an unquoted equity investment	18	(11)	(4,314)
Sale of an unquoted equity investment (held for sale)	3.3	4,588	198
Interest received		29	31
Acquisition of Paramit Group, net of cash acquired	3.2	-	(817,447)
Purchase of property, plant and equipment	19	(23,769)	(27,136)
Proceeds from sale of property Hombrechtikon (held for sale)	3.3	-	4,195
Proceeds from sale of other property, plant and equipment		64	122
Investment in intangible assets	21	(17,519)	(12,583)
Receipt of government grants	24	17,877	5,012
<b>Cash outflows from investing activities</b>		<b>(288,741)</b>	<b>(651,922)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

CHF 1,000	Notes	2020	2021
Dividends paid	26	(26,242)	(27,612)
Proceeds from employee participation plans	12.4	4,574	4,068
Proceeds from authorized share capital increase		-	357,500
Transaction costs paid		-	(5,838)
Increase in/repayment of short-term credit facilities	22	(2,153)	-
Payment of lease liabilities	22	(10,492)	(11,981)
Proceeds from bridge loan granted by a bank for acquisition of Paramit Group	22	-	750,000
Repayment of bridge loan	22	-	(750,000)
Increase in other bank loans	22	393	-
Repayment of other bank loans	22	(1,406)	(107,056)
Net proceeds from issuance of a bond	22	-	249,445
Interest paid		(948)	(4,048)
<b>Cash in/(out)flows from financing activities</b>		<b>(36,274)</b>	<b>454,478</b>
Effect of exchange rate fluctuations on cash held		(1,154)	155
<b>Decrease in cash and cash equivalents</b>		<b>(117,834)</b>	<b>(27,434)</b>
Cash and cash equivalents at January 1		266,274	148,440
<b>Cash and cash equivalents at December 31</b>	14	<b>148,440</b>	<b>121,006</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF 1,000	Notes	Share capital	Capital reserve	Retained earnings	Cash flow hedge reserve	Translation differences	Total shareholders' equity
<b>Balance at January 1, 2020</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 income, 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>-</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>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>
Profit for the period		-	-	121,659	-	-	121,659
Other comprehensive income, net of income taxes		-	-	19,485	(11,700)	7,142	14,927
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>141,144</b>	<b>(11,700)</b>	<b>7,142</b>	<b>136,586</b>
Dividends paid	26	-	-	(27,612)	-	-	(27,612)
New shares issued based on employee participation plans	12.4/26	7	4,061	-	-	-	4,068
Share-based payments, net of income taxes	12.4	-	-	14,840	-	-	14,840
Authorized share capital increase		65	357,435	-	-	-	357,500
Transaction costs		-	5,838	-	-	-	5,838
Transfer of cash flow hedge reserve to goodwill from acquisition of Paramit Group	28.4.3	-	-	-	11,700	-	11,700
<b>Balance at December 31, 2021</b>		<b>1,268</b>	<b>403,657</b>	<b>858,925</b>	<b>-</b>	<b>(38,955)</b>	<b>1,224,895</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, 2021. 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 10, 2022. Final approval is subject to acceptance by the Annual General Meeting of Shareholders on April 12, 2022.

### 2.2 COVID-19 PANDEMIC

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 30.0 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.

Due to a buildup of safety stock as well as uncertainty around the future COVID-related demand for consumables, additional slow-mover provisions in the amount of CHF 6.4 million had to be recognized in 2021.

Overall, the Group continued to benefit from a positive COVID-19 tailwind driven by instruments and consumables in the first half of 2021 and continued demand for consumables in the second half year. Furthermore, the non-COVID business has started to recover and normalize again throughout 2021.

### 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, 2021, the net liability for current income taxes was CHF 24.8 million and the net liability for deferred taxes was CHF 39.3 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.

In 2019, the OECD suggested a two-pillar approach to address the "Tax Challenges of the Digital Economy" resulting from the 2015 Base Erosion and Profit Shifting (BEPS) project. A stated goal of the Pillar One proposal is to allocate a greater share of residual profits to market/user jurisdictions by moving away from the traditional arm's length principle approach in certain respects and creating a standalone nexus rule without reference to physical presence. The Pillar Two goal is to ensure that large companies pay a minimum level of tax on income regardless of where it arises.

Tecan will be in scope of Pillar Two. The Pillar Two rules are anticipated to be brought generally into law in 2022 and take effect beginning in 2023. A commentary relating to the rules will be released by the OECD during 2022. Switzerland decided to implement Pillar Two by means of a constitutional amendment that should come into force on January 1, 2024. It is too early to assess the overall impact of these potential changes, as the tax laws and related regulations need to be enacted and implemented. Consequently, our income tax charge and cash flows could be impacted by the Pillar Two regulations.

#### 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 fulfillment of the individual purchase orders. The remaining balance of capitalized development costs as of December 31, 2021 amounted to CHF 40.2 million.

At December 31, 2021, 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 conditions 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 2021, the Group has capitalized development costs in the amount of CHF 38.0 million as disclosed in note 21.

#### 2.3.6 Impairment test on goodwill

At December 31, 2021 total goodwill amounted to CHF 767.1 million. The Group performed the mandatory annual impairment tests at the end of June for Life Sciences Business and Partnering Business. In addition a second impairment test for Partnering Business (including goodwill resulting from the acquisition of Paramit Group) was prepared end of December 2021. 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, 2021:

Standard/interpretation <sup>1</sup>
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
IFRS 16 'Leases' amended – Covid-19 Related Rent Concessions beyond June 30, 2021

<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 amended standards did not result in material 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
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
IAS 1 'Presentation of Financial Statements' amended – Disclosure of Accounting Principles	Reporting year 2023
IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' amended – Definition of Accounting Estimates	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.

*Contract manufacturing ('Partnering Business')* – Manufacturing services comprise the material management and the manufactory/assembly of instruments based on the customer's design input. Normally these performance obligations fulfill the criteria for revenue recognition 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.

*Engineering services without delivery of instruments ('Partnering Business')* – 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.

*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 (adaptation 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.

*Performance obligations satisfied over time* – method of revenue recognition and presentation (sale of complex instruments, contract manufacturing 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 lab-

oratory 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. In connection with the acquisition of Paramit Group, the Group applied hedge accounting.

#### 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 and bonds

*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 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 except for contract manufacturing for which the FIFO cost formula is more appropriate. 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.

#### 2.8.10 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:

Buildings	50 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.

#### 2.8.11 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 reasonable 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.

#### 2.8.12 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 order backlog	0 – 1 year
Acquired brand	2 – 13 years
Acquired client relationships	7 – 23 years
Acquired technology	6 – 16 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### 2.8.13 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.

#### 2.8.14 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.

#### 2.8.15 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.

### 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)	Currency	Share capital (LC 1,000)	Activities
Tecan Schweiz AG	Männedorf/Zurich (CH)	100%	CHF	5,000	R/P/D
Tecan Trading AG	Männedorf/Zurich (CH)	100%	CHF	300	S/D
• Pulssar Technologies S.A.S	Paris (FR)	100%	EUR	400	Liquidated in 2021*
Tecan Sales Switzerland AG	Männedorf/Zurich (CH)	100%	CHF	250	D
Tecan Austria GmbH	Grödig/Salzburg (AT)	100%	EUR	1,460	R/P
Tecan Sales Austria GmbH	Grödig/Salzburg (AT)	100%	EUR	35	D
Tecan Sales International GmbH	Grödig/Salzburg (AT)	100%	EUR	35	D
Tecan Landesholding GmbH	Crailsheim/Stuttgart (DE)	100%	EUR	25	S
• Tecan Deutschland GmbH	Crailsheim/Stuttgart (DE)	100%	EUR	51	D
• Tecan Software Competence Center GmbH	Mainz-Kastel (DE)	100%	EUR	103	R
• IBL International GmbH	Hamburg (DE)	100%	EUR	25	R/P/D
Tecan Benelux B.V.B.A.	Mechelen (BE)	100%	EUR	37	D
Tecan France S.A.S.	Lyon (FR)	100%	EUR	2,760	D
Tecan Iberica Instrumentacion S.L.	Barcelona (ES)	100%	EUR	30	D
Tecan Italia S.r.l.	Milano (IT)	100%	EUR	77	D
Tecan UK Ltd.	Reading (UK)	100%	GBP	500	D
Tecan Nordic AB	Stockholm (SE)	100%	SEK	100	D
Tecan US Group, Inc.	Morrisville, NC (US)	100%	USD	1,500	S
• Tecan US, Inc.	Morrisville, NC (US)	100%	USD	400	D
• Tecan Systems, Inc.	San Jose, CA (US)	100%	USD	26	R/P
• Tecan SP, Inc.	Baldwin Park/Los Angeles, CA (US)	100%	USD	472	R/P/D
• Tecan Genomics, Inc.	Redwood City, CA (US)	100%	USD	0	R/P/D
• DCPM, Inc.	Morgan Hill, CA (US)	100%	USD	58	P/D
• Paramit Acquisition Corp.	Morgan Hill, CA (US)	100%	USD	0	S*
– Paramit Corp.	Morgan Hill, CA (US)	100%	USD	0	P/D*
– Paramit Product Development – Silicon Valley, Inc.	Morgan Hill, CA (US)	100%	USD	0	R/D*
– Emphysys Holdings, Inc.	Boston, MA (US)	100%	USD	0	S*
– Emphysys, Inc.	Boston, MA (US)	100%	USD	0	R/D*
– Paramit Malaysia Sdn. Bhd.	Penang (MY)	100%	USD	0	P/D*
IBL International Corp.	Toronto (CA)	100%	USD	0	Liquidated in 2021*
Tecan Asia (Pte.) Ltd.	Singapore (SG)	100%	SGD	800	S
Tecan (Shanghai) Trading Co., Ltd.	Shanghai (CN)	100%	CNY	3,417	D
PMAS Co., Ltd	Ben Cat Town, Binh Duong Province (VN)	100%	VND	10,367,000	P
Tecan Japan Co., Ltd.	Kawasaki (JP)	100%	JPY	125,000	D
Tecan Australia Pty Ltd	Melbourne (AU)	100%	AUD	0	D

S = services, holding functions, R = research and development, P = production, D = distribution, \* = excluded from sustainability report

#### 3.2 CHANGE IN SCOPE OF CONSOLIDATION: ACQUISITION THROUGH BUSINESS COMBINATION

##### 3.2.1 Acquisition of Paramit Group

On August 2, 2021, the Group acquired 100% of the voting rights of Paramit Group, consisting of the following entities:

Company	Registered office	Participation in %	Activities
Paramit Acquisition Corp.		100%	S
• Paramit Corp.	Morgan Hill, CA (US)	100%	P/D
• Paramit Product Development – Silicon Valley, Inc.	Morgan Hill, CA (US)	100%	R/D
• Emphysys Holdings, Inc.	Boston, MA (US)	100%	S
• Emphysys, Inc.	Boston, MA (US)	100%	R/D
• Paramit Malaysia Sdn. Bhd.	Penang (MY)	100%	P/D

S = services, holding functions, R = research and development, P = production, D = distribution

Paramit develops and manufactures medical devices and life sciences instruments. The acquired Group provides its customers with fully integrated engineering, initial product design, prototype development, commercial scale manufacturing, test solutions and assembly services. Paramit employs about 1'000 employees. The acquisition will further extend the Group's position in solutions for

life sciences and in-vitro diagnostics (IVD). It will also add a new business vertical in the attractive and fast-growing market for medical devices. The acquisition will bring significant engineering as well as cost-competitive manufacturing capabilities, both in North America and in the APAC region.

The fair value of the identifiable assets and liabilities at the date of acquisition were (provisional):

	02.08.2021 Paramit Group
CHF 1,000	
Cash and cash equivalents	34,950
Trade accounts receivable (gross contractual amount of CHF 31.9 million)	31,639
Contract assets	16,673
Other accounts receivable	407
Inventories	44,802
Income tax receivables	3,818
Prepaid expenses	2,220
Property, plant and equipment	30,444
Right-of-use assets	27,897
Intangible assets	311,308
Deferred tax assets	1,220
<b>Assets</b>	<b>505,378</b>
Current financial liabilities	(109,017)
Trade and other accounts payable	(21,258)
Contract liabilities	(15,314)
Income tax payables	(2,657)
Accrued expenses	(16,116)
Current provisions	(8,872)
Non-current financial liabilities	(24,702)
Deferred tax liabilities	(79,903)
<b>Liabilities</b>	<b>(277,839)</b>
<b>Total identifiable net assets at fair value</b>	<b>227,539</b>

Details of the purchase consideration recognized at acquisition and the derivation of goodwill are as follows:

CHF 1,000	Notes	02.08.2021 Paramit Group
Cash consideration		828,331
Hedge loss transferred from equity; net of income taxes	28.4.3	11,700
Contingent consideration		12,409
<b>Total purchase consideration</b>		<b>852,440</b>
Less total identifiable net assets at fair value		(227,539)
<b>Goodwill arising on acquisition</b>		<b>624,901</b>

Analysis of the cash flows on acquisition:

CHF 1,000	Notes	
Cash paid		828,331
Hedge loss	28.4.3	13,193
Net cash acquired		(34,950)
Contingent consideration paid		10,872
<b>Net cash outflow</b>		<b>817,447</b>

The acquisition was accounted for using the acquisition method. The resulting goodwill includes expected synergies from the acquisition, the work force and potentially other intangible assets that could not be valued separately. The goodwill arising from this acquisition is not expected to be tax deductible. The accounting for the acquisition is provisional and subject to change regarding the valuation of inventories and income taxes. Further analysis has to be performed in order to confirm the assessment.

The consideration transferred is USD 940.9 million (CHF 852.4 million), including an estimated contingent consideration (earn-out) of USD 13.7 million (CHF 12.4 million) determined using a probability-weighted payment approach. The purchase price was paid in cash, financed with a short-term bridge loan that was granted by a bank. Later, the bridge loan was repaid and partially replaced by an authorized share capital increase and the issuance of a bond.

The contingent payment was based on an EBITDA-defined milestone and capped at USD 80 million (CHF 74 million). The earn-out period ended on September 30, 2021. The final settlement amount of USD 12.0 million (CHF 10.9 million) was paid shortly before year-end.

As part of the acquisition of the Paramit Group, the financing facilities of Paramit in the amount of USD 117.0 million (CHF 107.0 million) were settled by the Group immediately after closing of the transaction. The cash out flow is presented under 'Repayment of other bank loans' / cash from financing activities in the consolidated cash flow statement.

### 3.2.2 Contribution of acquired companies in the year of acquisition and consolidated numbers (unaudited)

CHF 1,000	2021
<b>Contribution of acquired companies from the date of acquisition</b>	
Months	5
Sales	113,313
Operating profit	(5,135)
<b>Consolidated numbers, if the acquisition occurred at the beginning of the reporting period</b>	
Sales	1,095,867
Operating profit <sup>1</sup>	152,498
Acquisition-related legal fees and due diligence costs, included in 'general and administration'	3,508

<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, 2021.

### 3.3 ASSETS AND DISPOSAL GROUPS HELD FOR SALE

There are no assets and disposal groups held for sale at December 31, 2021.

#### 3.3.1 Unquoted equity instrument (Andrew Alliance SA)

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. The contingent payment (earn-out) of CHF 0.2 million was paid in July 2021 and recognized in profit or loss of 2021.

#### 3.3.2 DISPOSAL GROUP 'PROPERTY HOMBRECHTIKON'

In December 2020 the management entered into sales negotiations with a potential buyer for the property in Hombrechtikon. Consequently, land and building were classified as held for sale at year-end. In January 2021, the Group signed a final purchase agreement with a total consideration of CHF 4.2 million. The gain of this transaction (CHF 1.0 million) was recognized in other operating income 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 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>

	Life Sciences Business			Partnering Business			Total 2021		
	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	189,762	1,097	190,859	155,509	-	155,509	345,271	1,097	346,368
Americas	208,856	-	208,856	228,387	-	228,387	437,243	-	437,243
Asia	74,078	-	74,078	75,634	-	75,634	149,712	-	149,712
Others	11,268	-	11,268	2,032	-	2,032	13,300	-	13,300
<b>Total</b>	<b>483,964</b>	<b>1,097</b>	<b>485,061</b>	<b>461,562</b>	<b>-</b>	<b>461,562</b>	<b>945,526</b>	<b>1,097</b>	<b>946,623</b>
<b>By products and services</b>									
Products	392,851	-	392,851	384,069	-	384,069	776,920	-	776,920
Services	91,113	-	91,113	77,493	-	77,493	168,606	-	168,606
Leases	-	1,097	1,097	-	-	-	-	1,097	1,097
<b>Total</b>	<b>483,964</b>	<b>1,097</b>	<b>485,061</b>	<b>461,562</b>	<b>-</b>	<b>461,562</b>	<b>945,526</b>	<b>1,097</b>	<b>946,623</b>
<b>By timing of revenue recognition</b>									
Point in time	427,137	-	427,137	331,351	-	331,351	758,488	-	758,488
Over time	56,827	-	56,827	130,211	-	130,211	187,038	-	187,038
Leases	-	1,097	1,097	-	-	-	-	1,097	1,097
<b>Total</b>	<b>483,964</b>	<b>1,097</b>	<b>485,061</b>	<b>461,562</b>	<b>-</b>	<b>461,562</b>	<b>945,526</b>	<b>1,097</b>	<b>946,623</b>

### 4.2 CONTRACT BALANCES

	Notes	31.12.2020	31.12.2021
CHF 1,000			
Trade accounts receivable	16	122,800	128,333
Contract assets		548	23,864
Current contract liabilities	23	(62,359)	(85,018)
Non-current contract liabilities	23	(23,015)	(16,185)

Trade accounts receivable are non-interest bearing and are generally on terms of 30 to 90 days. In 2021, CHF 2.8 million (2020: CHF 1.6 million) was recognized as allowance for expected credit losses.

Contract assets are initially recognized for revenue earned for the installation of complex instruments, contract manufacturing as well

as 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. There are no allowances for expected credit losses in 2020 and 2021. The increase in contract assets in 2021 is largely due to the acquisition of the Paramit Group.

Set out below is the amount of revenue recognized from

	2020	2021
CHF 1,000		
Amounts included in contract liabilities at the beginning of the year	32,901	62,359
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:

	31.12.2020			31.12.2021		
	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	62,359	216,271	278,630	85,018	370,235	455,253
More than one year	23,015	16,825	39,840	16,185	18,510	34,695
<b>Total transaction price allocated</b>	<b>85,374</b>	<b>233,096</b>	<b>318,470</b>	<b>101,203</b>	<b>388,745</b>	<b>489,948</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 consideration 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:

CHF 1,000	31.12.2020	31.12.2021
<b>Due date</b>		
Within one year	1,065	1,055
In 1 to 3 years	1,538	1,510
In 3 to 5 years	906	757
After 5 years	75	170
<b>Total future minimum lease receivables</b>	<b>3,584</b>	<b>3,492</b>

In financial year 2021, CHF 1.1 million (2020: CHF 1.0 million) were recognized as sales from leases in the consolidated statement of profit or loss.

## 6 SEGMENT INFORMATION

### 6.1 INFORMATION BY BUSINESS SEGMENTS

CHF 1,000	Life Sciences Business		Partnering Business		Corporate/consolidation		Group	
	2020	2021	2020	2021	2020	2021	2020	2021
Sales third	408,792	485,061	322,087	461,562	-	-	730,879	946,623
Intersegment sales	40,534	35,461	1,599	1,492	(42,133)	(36,953)	-	-
<b>Total sales</b>	<b>449,326</b>	<b>520,522</b>	<b>323,686</b>	<b>463,054</b>	<b>(42,133)</b>	<b>(36,953)</b>	<b>730,879</b>	<b>946,623</b>
<b>Operating profit</b>	<b>78,203</b>	<b>103,743</b>	<b>59,102</b>	<b>59,247</b>	<b>(15,915)</b>	<b>(17,473)</b>	<b>121,390</b>	<b>145,517</b>
Depreciation and amortization	(23,501)	(22,850)	(12,164)	(36,194)	-	-	(35,665)	(59,044)
Impairment losses	(2,051)	-	-	-	-	-	(2,051)	-

CHF 1,000	2020	2021
<b>Reconciliation of reportable segment sales</b>		
Total sales for reportable segments	773,012	983,576
Elimination of intersegment sales	(42,133)	(36,953)
<b>Total consolidated sales</b>	<b>730,879</b>	<b>946,623</b>
<b>Reconciliation of reportable segment profit</b>		
Total operating profit for reportable segments	137,305	162,990
Unallocated costs (business development, investor relations and other corporate costs) and consolidation entries	(15,915)	(17,473)
Financial result	(3,163)	(7,592)
<b>Total consolidated profit before taxes</b>	<b>118,227</b>	<b>137,925</b>

## 6.2 ENTITY-WIDE DISCLOSURES

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

CHF 1,000	Property, plant and equipment		Right-of-use assets		Intangible assets	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Switzerland	17,473	17,877	19,865	16,370	104,275	101,780
Other Europe	5,338	5,335	5,609	10,667	6,607	5,457
USA	17,387	40,651	8,820	33,229	103,026	976,823
Asia	1,941	23,924	2,788	2,280	-	53,709
<b>Total</b>	<b>42,139</b>	<b>87,787</b>	<b>37,082</b>	<b>62,546</b>	<b>213,908</b>	<b>1,137,769</b>

### Information about major customers

There were no sales to one individual customer that in aggregate exceeded 10% of total sales in 2020 and 2021.

## 7 OPERATING EXPENSES BY NATURE

CHF 1,000	Notes	2020	2021
Material costs		242,938	351,919
Personnel expenses	12.2	259,640	306,324
Depreciation of investment property		222	-
Depreciation of property, plant and equipment		9,472	12,628
Depreciation of right-of-use assets		10,915	12,232
Amortization of intangible assets		15,056	34,184
Impairment loss on capitalized development costs		2,051	-
Other operating costs		88,494	99,281
<b>Total operating costs incurred (gross)</b>		<b>628,788</b>	<b>816,568</b>
Capitalization of development costs in position inventories		(2,396)	(1,455)
Capitalization of development costs in position intangible assets	21	(15,318)	(9,579)
Other operating income		(1,585)	(4,428)
<b>Total operating expenses, according to statement of profit or loss</b>		<b>609,489</b>	<b>801,106</b>

## 8 RESEARCH AND DEVELOPMENT

CHF 1,000	Notes	2020	2021
Gross research and development costs incurred <sup>1</sup>		78,472	86,824
Reclassification of development costs related to engineering services to cost of sales		(12,121)	(15,973)
Capitalization of development costs in position inventories		(2,396)	(1,455)
Capitalization of development costs in position intangible assets	21	(15,318)	(9,579)
Amortization of development costs and acquired technology		13,406	12,050
<b>Total research and development (gross), according to statement of profit or loss</b>		<b>62,043</b>	<b>71,867</b>
Government research subsidies, recognized in other operating income		(147)	(1,152)
<b>Total research and development (net)</b>		<b>61,896</b>	<b>70,715</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 7.6% of sales (2020: 8.5%).

## 9 OTHER OPERATING RESULT

CHF 1,000	Notes	2020	2021
Government grants for research activities		147	1,152
Government grants in connection with COVID-19 related government support programs (temporary payments to social security funds on behalf of the Group)		768	27
Rental income from investment property Hombrechtikon		191	5
Gain from sale of property Hombrechtikon	3.3.2	-	1,030
Commissions income		342	309
Change in fair value of contingent consideration	3.3.1	-	1,554
Other operating income (miscellaneous)		137	351
<b>Total other operating income</b>		<b>1,585</b>	<b>4,428</b>

CHF 1,000	Notes	2020	2021
Write-off of requested government grants for research activities that were not approved		(608)	-
Maintenance cost for investment property Hombrechtikon		(310)	-
Depreciation of investment property Hombrechtikon		(222)	-
Other operating expenses (miscellaneous)		(3)	(39)
<b>Total other operating expenses</b>		<b>(1,143)</b>	<b>(39)</b>

## 10 FINANCIAL RESULT

CHF 1,000	Notes	2020	2021
<b>Financial income</b>			
Interest income		32	31
Contingent payment related to investment Andrew Alliance	3.3.1	-	198
Other		-	477
<b>Subtotal financial income</b>		<b>32</b>	<b>706</b>
<b>Financial expenses</b>			
Interest expenses bridge loan (amortized cost)		-	(2,100)
Interest expenses bond (amortized cost)		-	(61)
Interest expenses on lease liabilities		(530)	(542)
Other interest expenses		(421)	(1,405)
Net interest expense on liability for post-employment benefits		(149)	(74)
Other		(366)	(139)
<b>Subtotal financial expenses</b>		<b>(1,466)</b>	<b>(4,321)</b>
<b>Net foreign exchange gains/(losses)</b>			
FX derivatives measured at fair value through profit or loss		4,580	(7,506)
Other net foreign exchange (losses)/gains		(6,309)	3,529
<b>Subtotal net foreign exchange losses</b>		<b>(1,729)</b>	<b>(3,977)</b>
<b>Total financial result</b>		<b>(3,163)</b>	<b>(7,592)</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.

	2020	2021
<b>Average number of shares outstanding</b>	<b>11,934,355</b>	<b>12,225,180</b>
<b>Basic earnings per share (CHF/share)</b>	<b>8.69</b>	<b>9.95</b>
<b>Employee share option plans</b>		
Average number of shares under option total	75,662	59,498
Average number of shares under option dilutive	73,397	57,735
Average adjusted exercise price	218.67	257.43
Number of shares that would have been issued at market price	(36,998)	(26,756)
Adjustment for dilutive share options	36,399	30,979
<b>Employee share plans</b>		
Adjustment for not vested shares (other share plans)	1,423	977
Adjustment for contingently issuable shares (PSMP/matching shares)	58,610	61,685
<b>Average number of shares outstanding after dilution</b>	<b>12,030,787</b>	<b>12,318,821</b>
<b>Diluted earnings per share (CHF/share)</b>	<b>8.62</b>	<b>9.88</b>

## 12 EMPLOYEE BENEFITS

### 12.1 NUMBER OF EMPLOYEES

	2020	2021
FTE (full-time equivalent)		
Employees – year-end	2,050	3,291
Employees – average	1,984	2,589

### 12.2 PERSONNEL EXPENSES

Personnel expenses include the following:

	Notes	2020	2021
CHF 1,000			
Salaries and wages		204,930	242,238
Social security		24,657	31,568
Post-employment benefits relating to			
Defined contribution plans		2,424	2,575
Defined benefit plans	12.3	6,314	9,729
Share-based payment	12.4	14,594	12,899
Other personnel expenses		6,721	7,315
<b>Total personnel expenses</b>		<b>259,640</b>	<b>306,324</b>

### 12.3 LIABILITY FOR POST-EMPLOYMENT BENEFITS: DEFINED BENEFIT PLANS

#### 12.3.1 Characteristics of defined benefit plans and risks associated with them

	31.12.2020			31.12.2021		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
Number of plans	5	3	8	5	3	8
<b>Actives</b>						
Number	622	99	721	687	103	790
Defined benefit obligation (CHF 1,000)	185,688	4,481	190,169	177,083	4,861	181,944
Weighted average duration in years	22.0	8.4	21.5	19.1	8.1	18.7
<b>Retirees</b>						
Number	9	-	9	9	-	9
Defined benefit obligation (CHF 1,000)	3,585	-	3,585	3,138	-	3,138
Weighted average duration in years	7.3	-	7.3	7.3	-	7.3
<b>Total</b>						
Number	631	99	730	696	103	799

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	<b>Nature of the benefits provided</b> 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 a percentage of the insured salary.

#### Regulatory framework

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 86'040 (amount in 2021) 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).

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.

#### Specific plan rules

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 25'095 and CHF 86'040 are age-dependent and range from 8% to 19%. The saving credits for the part of the annual salary above CHF 86'040 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.

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.

#### Governance of the plan

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.

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.

#### Risks to which the plan exposes the Group

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.

#### Plan amendments, settlements or curtailments

In 2020 and 2021, the board of trustees has decided to reduce the conversion rates for calculating the pension annuity as from January 1, 2022 and January 1, 2023, respectively. These modifications were considered as plan amendments. The resulting negative past service costs of CHF 2.6 million in 2020 and CHF 7.0 million in 2021 were recognized immediately in profit or loss and are included in the corresponding personnel costs of 2020 and 2021.

In autumn 2021, the employees of the Swiss entities decided to move from the full insurance plan provided by Swiss Life Ltd. to a partial insurance plan provided by AXA foundation. The new pension solution is effective as of January 1, 2022. The resulting positive past service cost of CHF 9.7 million, mainly caused by higher conversion rates and improved orphan benefits, is included in the personnel expenses of 2021.

Country	Benefits	Funded/ Unfunded	Description and risks
Austria (International plans)	Long-service leave benefits	Unfunded	<p><b>Nature of the benefits provided</b> 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> 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 the twelfth part of the total annual salary of the last 12 months.</p> <p><b>Governance of the plan</b> Only the company (employer) is responsible for the governance of the plan.</p> <p><b>Risks to which the plan exposes the Group</b> 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> There were no plan amendments, settlements or curtailments during the financial years 2020 and 2021.</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:

	31.12.2020	31.12.2021
CHF 1,000		
<b>Swiss plans</b>		
Present value of obligations arising from retirement benefit plans (funded)	189,273	180,221
Related fair value of plan assets	(122,884)	(135,989)
<b>Deficit Swiss plans</b>	<b>66,389</b>	<b>44,232</b>
<b>International plans</b>		
Present value of obligations arising from retirement benefit plans (unfunded)	1,187	1,124
Present value of obligations arising from long-service leave benefit plans (unfunded)	3,294	3,738
<b>Deficit International plans</b>	<b>4,481</b>	<b>4,862</b>
<b>Total liability for post-employment benefits</b>	<b>70,870</b>	<b>49,094</b>

The components of defined benefit cost are as follows:

	2020			2021		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000						
Current service cost	8,569	320	8,889	6,790	284	7,074
Past service cost (plan amendment)	(2,575)	-	(2,575)	2,655	-	2,655
<b>Defined benefit cost included in operating profit</b>	<b>5,994</b>	<b>320</b>	<b>6,314</b>	<b>9,445</b>	<b>284</b>	<b>9,729</b>
Net interest cost on liability for post-employment benefits	132	17	149	61	13	74
<b>Defined benefit cost included in finance cost</b>	<b>132</b>	<b>17</b>	<b>149</b>	<b>61</b>	<b>13</b>	<b>74</b>
<b>Total defined benefit cost included in profit or loss</b>	<b>6,126</b>	<b>337</b>	<b>6,463</b>	<b>9,506</b>	<b>297</b>	<b>9,803</b>
<b>Actuarial (gains)/losses on obligations</b>						
Changes in demographic assumptions	-	(20)	(20)	(14,943)	1	(14,942)
Changes in financial assumptions	7,823	(351)	7,472	(3,434)	470	(2,964)
Experience adjustments	11,005	(47)	10,958	(9,204)	224	(8,980)
Return on plan assets (excluding interest income)	957	-	957	3,079	-	3,079
<b>Remeasurement loss/(gain) included in other comprehensive income</b>	<b>19,785</b>	<b>(418)</b>	<b>19,367</b>	<b>(24,502)</b>	<b>695</b>	<b>(23,807)</b>
Translation differences included in other comprehensive income	-	(49)	(49)	-	(229)	(229)
<b>Total defined benefit cost recognized</b>	<b>25,911</b>	<b>(130)</b>	<b>25,781</b>	<b>(14,996)</b>	<b>763</b>	<b>(14,233)</b>

The Group expects to contribute CHF 6.9 million to its defined benefit plans in 2022.

Changes in the present value of the defined benefit obligation are as follows:

	2020			2021		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000						
Balance at January 1	166,021	4,850	170,871	189,273	4,481	193,754
Current service cost	8,569	320	8,889	6,790	284	7,074
Past service cost	(2,575)	-	(2,575)	2,655	-	2,655
Employee contributions	4,452	-	4,452	4,924	-	4,924
Insurance premiums	(1,821)	-	(1,821)	(1,934)	-	(1,934)
Benefits paid	(4,691)	(241)	(4,932)	5,908	(382)	5,526
Interest expense	490	17	507	186	13	199
Actuarial losses/(gains)	18,828	(419)	18,409	(27,581)	695	(26,886)
Translation differences	-	(46)	(46)	-	(229)	(229)
<b>Balance at December 31</b>	<b>189,273</b>	<b>4,481</b>	<b>193,754</b>	<b>180,221</b>	<b>4,862</b>	<b>185,083</b>

Changes in the fair value of plan assets are as follows:

	2020			2021		
	Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000						
Balance at January 1	118,990	-	118,990	122,884	-	122,884
Employer contributions	6,553	-	6,553	7,161	-	7,161
Employee contributions	4,452	-	4,452	4,924	-	4,924
Insurance premiums	(1,821)	-	(1,821)	(1,934)	-	(1,934)
Benefits paid	(4,691)	-	(4,691)	5,908	-	5,908
Interest income	358	-	358	125	-	125
Return on plan assets (excluding interest income)	(957)	-	(957)	(3,079)	-	(3,079)
<b>Balance at December 31</b>	<b>122,884</b>	<b>-</b>	<b>122,884</b>	<b>135,989</b>	<b>-</b>	<b>135,989</b>

The investment risk for the Swiss plans is reinsured. Therefore the plan assets represent a receivable from the life insurance company. With the change to AXA, the Group will be fully exposed to the investment risk of its Swiss plans as from January 1, 2022.

### 12.3.3 Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.12.2020		31.12.2021	
	Swiss plans	International plans	Swiss plans	International plans
Discount rates	0.10%	0.32%	0.35%	0.47%
Rate of future salary increases	1.75%	1.63%	1.75%	3.19%
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	BVG2020G	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	31.12.2020			31.12.2021		
		Swiss plans	International plans	Total	Swiss plans	International plans	Total
CHF 1,000							
Discount rates	- 25 basis points	8,272	94	8,366	7,209	97	7,306
	+ 25 basis points	(7,681)	(93)	(7,774)	(5,407)	(98)	(5,505)
Rate of future salary increases	- 25 basis points	(1,125)	(87)	(1,212)	(1,802)	(90)	(1,892)
	+ 25 basis points	1,158	87	1,245	1,802	88	1,890
Life expectancy	- 1 year	(3,433)	(9)	(3,442)	(3,604)	(11)	(3,615)
	+ 1 year	3,475	5	3,480	3,605	5	3,610

(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				31.12.2020		31.12.2021	
	Grant date	Expiry date	Number granted	Exercise price	Remaining contractual life (years)	Number outstanding	Remaining contractual life (years)	Number outstanding
Plan 2015	02.11.2014	02.11.2021	34,260	100.4	0.8	1,828	-	-
Plan 2016	02.11.2015	02.11.2022	23,569	135.0	1.8	2,599	0.8	1,349
Plan 2017	02.11.2016	02.11.2023	23,907	162.8	2.8	3,679	1.8	2,672
Plan 2018	02.11.2017	02.11.2024	22,071	212.1	3.8	10,123	2.8	5,960
Plan 2019	02.11.2018	02.11.2025	23,921	228.7	4.8	24,394	3.8	14,626
Plan 2020	02.11.2019	02.11.2026	23,334	236.0	5.8	20,066	4.8	15,453
Plan 2021	02.11.2020	02.11.2027	9,056	434.2	6.8	9,056	5.8	8,139
Plan 2022	02.11.2021	02.11.2028	7,050	571.5	-	-	6.8	7,050
<b>Total</b>					<b>4.9</b>	<b>71,745</b>	<b>4.5</b>	<b>55,249</b>
Thereof exercisable at December 31						36,838		35,541

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:

	2020		2021	
	Weighted average exercise price (CHF)	Number	Weighted average exercise price (CHF)	Number
Balance at January 1	208.45	91,524	244.30	71,745
Granted	434.20	9,056	571.50	7,050
Exercised	185.60	(25,935)	215.72	(20,139)
Forfeited	230.97	(2,900)	227.64	(3,407)
<b>Balance at December 31</b>	<b>244.30</b>	<b>71,745</b>	<b>297.49</b>	<b>55,249</b>

The weighted average share price at the date of exercise was CHF 358.09 in 2020 and CHF 498.01 in 2021.

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 estimate 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 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>
Plan 2022	CHF 571.50	CHF 571.50	33.48%	7.0 years	0.24%	0.12%	<b>CHF 192.23</b>

<sup>1</sup> Historic volatility with an underlying period that depends on the option life

Data source: Financial data supplier

## 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
<b>Performance share matching plan (PSMP) 2019</b>					
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		
<b>Performance share matching plan (PSMP) 2020</b>					
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		
<b>Performance share matching plan (PSMP) 2021</b>					
Initial grant	Extended Management Board on March 10, 2021	7,990 shares	CHF 369.30	Immediate vesting <sup>1</sup>	None
	Other management on May 3, 2021	902 shares	CHF 435.30		
Matching shares	Extended Management Board on March 10, 2021	19,975 shares (maximum of potential shares granted)	CHF 364.70	January 1, 2021 to December 31, 2023	Three years of service and performance target
	Other management on May 3, 2021	2,255 shares (maximum of potential shares granted)	CHF 430.70		

<sup>1</sup> Vested shares are blocked until the end of the performance period.

Number of shares outstanding at December 31:

	2020	2021
Employee shares		
Balance at January 1	168,158	135,991
Granted	43,951	31,122
Deblocked and available to the participants	(64,236)	(57,302)
Forfeited	(11,882)	(841)
<b>Balance at December 31</b>	<b>135,991</b>	<b>108,970</b>
Thereof vested and transferred, but blocked until the end of the performance period	30,686	21,873

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, 2021:

Plan	Total base shares <sup>1</sup>	Matching share factor applied	Matching shares expected to vest <sup>2</sup>
PSMP 2019	13,857	2.5	34,642
PSMP 2020	12,133	2.5	30,333
PSMP 2021	8,849	2.5	22,123

<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 2021 – Board of Directors (BoD)</b>					
Annual grant	Board of Directors on April 13, 2021	795 shares	CHF 456.30	Graded vesting from May 1, 2021 to April 30, 2022	One year of service

### 12.4.3 Total expenses recognized

	2020	2021
CHF 1,000		
Expenses arising from equity-settled share option plans	1,168	762
Expenses arising from equity-settled performance share matching plans	13,060	11,771
Expenses arising from equity-settled other share plans	366	366
<b>Total expenses recognized, excluding social security costs</b>	<b>14,594</b>	<b>12,899</b>

## 13 INCOME TAXES

### 13.1 INCOME TAXES IN STATEMENT OF PROFIT OR LOSS AND RECONCILIATION

CHF 1,000	2020	2021
Current income taxes	19,377	32,118
Deferred income taxes	(4,835)	(15,852)
<b>Total income taxes</b>	<b>14,542</b>	<b>16,266</b>

The income tax expense can be analyzed as follows:

CHF 1,000	2020	2021
Profit before taxes	118,227	137,925
<b>Tax expense based on the Group's weighted average rate of 17.9% (2020: 20.3%)</b>	<b>24,052</b>	<b>24,635</b>
Deferred taxes: tax rate change on opening deferred taxes and tax rate used for calculation of deferred taxes different to currently effective rate	(336)	2,768
Non-deductible expenses and additional taxable income	352	4,852
Tax-free income and tax reductions	(378)	(2,633)
Transitional measures from Swiss tax reform	(10,364)	(12,580)
Impact of tax losses	(117)	106
Impact of investment in subsidiaries and investments at FVOCI	953	(779)
Unrecoverable withholding tax	(76)	652
Under/(over)provided in prior years	456	(755)
<b>Tax expense reported</b>	<b>14,542</b>	<b>16,266</b>

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 2021 decreased to 17.9%.

## 13.2 DEFERRED INCOME TAXES

### 13.2.1 Amounts recognized in the financial statements

Amounts recognized and movements in deferred tax assets and liabilities:

CHF 1,000	Net balance at January 1	in profit or loss	Recognized in OCI <sup>1</sup>	Translation differences	Translation differences directly in equity	31.12.2020		
						Net	Deferred tax assets	Deferred tax liabilities
<b>Deferred taxes arising from temporary differences</b>								
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)
<b>Subtotal</b>	<b>8,280</b>	<b>4,354</b>	<b>3,588</b>	<b>1,950</b>	<b>(65)</b>	<b>18,107</b>	<b>42,582</b>	<b>(24,475)</b>
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
<b>Total</b>	<b>18,080</b>	<b>4,835</b>	<b>3,588</b>	<b>1,950</b>	<b>(665)</b>	<b>27,788</b>	<b>32,161</b>	<b>(4,373)</b>

<sup>1</sup> Other comprehensive income

	Net balance at January 1	in profit or loss	Recognized		Acquired in business combination	Translation differences	31.12.2021		
			in OCI <sup>1</sup>	directly in equity			Net	Deferred tax assets	Deferred tax liabilities
CHF 1,000									
<b>Deferred taxes arising from temporary differences</b>									
Receivables and contract assets	(735)	852	-	-	(3,990)	(27)	(3,900)	635	(4,535)
Inventories	8,934	6,219	-	-	3,327	78	18,558	19,075	(517)
Property, plant and equipment	(167)	(91)	-	-	(3,202)	(37)	(3,497)	228	(3,725)
Right-of-use assets	(7,786)	6,848	-	-	(12,241)	(63)	(13,242)	290	(13,532)
Intangible assets	(9,495)	(600)	-	-	(76,030)	(754)	(86,879)	-	(86,879)
Liabilities and accrued expenses	12,495	(2,419)	-	-	12,155	150	22,381	22,478	(97)
Deferred revenue	-	4,343	-	-	-	(6)	4,337	4,337	-
Liability for post-employment benefits	12,984	370	(4,398)	-	-	(35)	8,921	8,921	-
Provisions	1,882	(608)	-	650	1,649	25	3,598	8,747	(5,149)
Other	(5)	(181)	-	-	(351)	(9)	(546)	220	(766)
<b>Subtotal</b>	<b>18,107</b>	<b>14,733</b>	<b>(4,398)</b>	<b>650</b>	<b>(78,683)</b>	<b>(678)</b>	<b>(50,269)</b>	<b>64,931</b>	<b>(115,200)</b>
Expected tax benefits from									
Tax loss carry-forwards	6,161	(1,656)	-	-	-	189	4,694	4,694	-
Swiss tax reform	5,328	3,427	-	-	-	-	8,755	8,755	-
Deferred taxes provided on expected dividends from subsidiaries									
	(1,808)	(652)	-	-	-	-	(2,460)	-	(2,460)
Offsetting									
							(47,699)	47,699	
<b>Total</b>	<b>27,788</b>	<b>15,852</b>	<b>(4,398)</b>	<b>650</b>	<b>(78,683)</b>	<b>(489)</b>	<b>(39,280)</b>	<b>30,681</b>	<b>(69,961)</b>

<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.

### 13.2.2 Expected tax benefits from tax loss carry-forwards

Deferred tax assets related to tax loss carry-forwards:

CHF 1,000	Gross value of tax loss carry-forwards not capitalized		Expected tax benefits	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021
<b>Expiring in</b>				
1 <sup>st</sup> - 5 <sup>th</sup> year			-	-
6 <sup>th</sup> year or beyond			3,817	2,678
Unlimited			2,344	2,016
<b>Tax loss carry-forwards capitalized</b>			<b>6,161</b>	<b>4,694</b>
<b>Expiring in</b>				
1 <sup>st</sup> - 5 <sup>th</sup> year	-	-	-	-
6 <sup>th</sup> year or beyond	11,393	13,262	796	926
Unlimited	-	-	-	-
<b>Tax loss carry-forwards not capitalized</b>	<b>11,393</b>	<b>13,262</b>	<b>796</b>	<b>926</b>
<b>Total tax loss carry-forwards</b>	<b>11,393</b>	<b>13,262</b>	<b>6,957</b>	<b>5,620</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.

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 are not capitalized at year-end:

CHF 1,000	Year	Gross value of tax benefits not capitalized		Expected tax benefits	
		31.12.2020	31.12.2021	31.12.2020	31.12.2021
<b>Tax benefits available for</b>					
Federal taxes	2026/27 - 2029	39,911	24,806	2,758	1,714
Cantonal taxes	2025 - 2029	387,839	354,749	45,610	41,718
<b>Tax benefits not capitalized</b>		<b>427,750</b>	<b>379,555</b>	<b>48,368</b>	<b>43,432</b>

### 13.2.4 Unrecognized deferred tax liabilities

At December 31, 2021, there are temporary differences of CHF 1'290.9 million (2020: CHF 445.6 million) related to investments in subsidiaries for which no deferred tax liabilities are 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

CHF 1,000	31.12.2020	31.12.2021
<b>Bank balances</b>		
Denominated in CHF	90,180	62,682
Denominated in EUR	11,168	22,971
Denominated in GBP	1,115	2,692
Denominated in USD	31,227	20,979
Denominated in CNY	9,054	5,192
Denominated in JPY	2,830	1,837
Denominated in other currencies	2,866	4,653
<b>Total cash and cash equivalents</b>	<b>148,440</b>	<b>121,006</b>
Effective interest rate	(0.10%)	(0.10%)

## 15 OTHER CURRENT FINANCIAL ASSETS

CHF 1,000	31.12.2020	31.12.2021
<b>Time deposits with a term of three months or more from the date of acquisition</b>		
Denominated in CHF	320,000	120,000
Current derivatives	2,478	908
<b>Total other current financial assets</b>	<b>322,478</b>	<b>120,908</b>

At year-end 2021, there is a time deposit with one bank that has a fixed term of 6 months and an interest rate of -0.45% (2020: time deposits with several banks that the parties can terminate at any time with notice periods of between three and six months and interest rates ranging from -0.4% to 0.0%).

The derivatives comprise foreign currency forwards and options with positive fair values. For detailed disclosures see note 28.

## 16 TRADE ACCOUNTS RECEIVABLE

CHF 1,000	31.12.2020	31.12.2021
<b>Trade accounts receivable</b>		
Denominated in CHF	28,836	17,070
Denominated in EUR	27,086	21,310
Denominated in GBP	4,874	4,674
Denominated in USD	54,256	81,337
Denominated in CNY	1,292	434
Denominated in JPY	3,975	3,130
Denominated in other currencies	4,114	3,212
<b>Subtotal trade accounts receivable</b>	<b>124,433</b>	<b>131,167</b>
<b>Allowance for expected credit losses</b>		
Individual impairment allowance account	(299)	(192)
Collective impairment allowance account	(1,334)	(2,642)
<b>Subtotal allowance for expected credit losses</b>	<b>(1,633)</b>	<b>(2,834)</b>
<b>Total trade accounts receivable</b>	<b>122,800</b>	<b>128,333</b>
Net increase/(decrease)	5,737	(26,628)
Acquisition through business combination	-	31,639
Translation differences	(4,454)	522
<b>Total change compared with previous year</b>	<b>1,283</b>	<b>5,533</b>

The maximum exposure to credit risk for trade accounts receivable at the reporting date by geographic region (location of the debtor) is:

CHF 1,000	31.12.2020	31.12.2021
Switzerland (domestic)	2,885	11,675
Euro-zone countries	36,372	34,138
Other European countries	6,371	10,050
North America	68,180	66,074
Asia	9,725	7,945
Other	900	1,285
<b>Total trade accounts receivable (excluding allowances)</b>	<b>124,433</b>	<b>131,167</b>

The Group's most significant customer accounts for 8.3% of the trade accounts receivable carrying amount at December 31, 2021 (December 31, 2020: 9.6%).

The movement in the allowance for impairment in respect of trade accounts receivable during the year was as follows:

CHF 1,000	2020	2021
<b>Individual impairment allowance account</b>		
Balance at January 1	(430)	(299)
Change in impairment losses	(140)	(86)
Write-offs	253	196
Translation differences	18	(3)
<b>Balance at December 31</b>	<b>(299)</b>	<b>(192)</b>
Amount of trade accounts receivable with individual impairment (gross)	62,244	19,144
<b>Collective impairment allowance account</b>		
Balance at January 1	(1,548)	(1,334)
Change in impairment losses	164	(1,328)
Translation differences	50	20
<b>Balance at December 31</b>	<b>(1,334)</b>	<b>(2,642)</b>

The due dates of trade accounts receivable that are collectively impaired are:

CHF 1,000	31.12.2020		31.12.2021	
	Gross	Impairment	Gross	Impairment
Not past due	44,595	(84)	66,364	(308)
Past due 1-30 days	9,137	(56)	29,466	(166)
Past due 31-90 days	6,733	(199)	12,336	(334)
Past due 91-180 days	1,033	(391)	2,870	(847)
Past due more than 180 days	691	(604)	987	(987)
<b>Total</b>	<b>62,189</b>	<b>(1,334)</b>	<b>112,023</b>	<b>(2,642)</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 2020 and 2021 represents less than 1% of sales.

## 17 INVENTORIES

	31.12.2020	31.12.2021
CHF 1,000		
Raw materials, semi-finished and finished goods	105,274	215,068
Allowance for slow-moving inventories	(12,783)	(22,886)
Work in progress	10,703	14,652
Capitalized customer-specific development costs	56,259	42,278
<b>Total inventories</b>	<b>159,453</b>	<b>249,112</b>
Net increase	10,594	43,931
Acquisition through business combination	-	44,802
Reclassifications	(78)	162
Translation differences	(3,010)	764
<b>Total change compared with previous year</b>	<b>7,506</b>	<b>89,659</b>
Amount of write-offs due to slow-moving inventories charged to the statement of profit or loss	7,235	3,276

## 18 NON-CURRENT FINANCIAL ASSETS

	31.12.2020	31.12.2021
CHF 1,000		
Unquoted equity investment (FVOCI)	4,325	4,223
Rent and other deposits	1,026	1,320
<b>Total non-current financial assets</b>	<b>5,351</b>	<b>5,543</b>

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 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

	Buildings	Leasehold improvements	Furniture and fittings	Machines and motor vehicles	EDP equipment	Equipment leased to customers <sup>1</sup>	Total 2021
CHF 1,000							
<b>At cost</b>							
Balance at January 1, 2021	-	13,969	13,594	67,712	19,855	2,936	118,066
Acquisition through business combination	14,046	3,504	1,562	9,117	2,215	-	30,444
Additions	-	1,546	1,216	21,222	3,071	562	27,617
Disposals	-	(225)	(640)	(2,115)	(2,747)	(8)	(5,735)
Translation differences	107	82	(81)	328	(50)	(143)	243
<b>Balance at December 31, 2021</b>	<b>14,153</b>	<b>18,876</b>	<b>15,651</b>	<b>96,264</b>	<b>22,344</b>	<b>3,347</b>	<b>170,635</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at January 1, 2021	-	10,589	11,528	36,289	15,916	1,605	75,927
Annual depreciation	113	1,558	843	6,762	2,920	432	12,628
Disposals	-	(225)	(634)	(2,186)	(2,357)	(8)	(5,410)
Translation differences	-	55	(80)	(109)	(71)	(92)	(297)
<b>Balance at December 31, 2021</b>	<b>113</b>	<b>11,977</b>	<b>11,657</b>	<b>40,756</b>	<b>16,408</b>	<b>1,937</b>	<b>82,848</b>
<b>Net book value</b>	<b>14,040</b>	<b>6,899</b>	<b>3,994</b>	<b>55,508</b>	<b>5,936</b>	<b>1,410</b>	<b>87,787</b>

The additions for machines and motor vehicles include payments of CHF 22.0 million for production lines that are under construction and not yet ready for use. Thereof CHF 17.2 million are linked to

a government grant (see note 24). At December 31, 2021, the outstanding purchase commitments for these production lines amount to CHF 10.4 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:

CHF 1,000	Property	Office equipment	Machines	Motor vehicles	Total
Balance at January 1, 2020	40,733	36	-	2,659	43,428
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>
Acquisition through business combination	27,897	-	-	-	27,897
Additions and subsequent measurement	8,330	8	-	1,366	9,704
Depreciation	(10,753)	(16)	(8)	(1,455)	(12,232)
Translation differences	150	(1)	(1)	(53)	95
<b>Balance at December 31, 2021</b>	<b>60,164</b>	<b>33</b>	<b>8</b>	<b>2,341</b>	<b>62,546</b>

The related lease liabilities are disclosed in note 22.

The amounts recognized in the statement of profit or loss are as follows:

CHF 1,000	2020	2021
Depreciation expense of right-of-use assets	10,915	12,232
Expense related to short-term leases	114	140
Expense related to low-value leases	62	-
Interest cost on lease liabilities (included in finance cost)	530	542
<b>Total amount recognized in profit or loss</b>	<b>11,621</b>	<b>12,914</b>

In financial year 2021, the Group paid a total amount of CHF 12.7 million (2020: CHF 11.2 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 74.2 million, of which CHF 18.1 million, particularly the headquarters in Switzerland, are considered in the valuation of the right-of-use assets as at December 31, 2021.

At year-end 2021, there is no material new lease commitment with commencement date after the balance sheet date (2020: none).

## 21 INTANGIBLE ASSETS AND GOODWILL

### 21.1 AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS

CHF 1,000	Software	Development costs	Patents	Acquired brand	Acquired client relationships	Acquired technology	Goodwill	Total 2020
<b>At cost</b>								
Balance at January 1, 2020	32,422	90,041	352	6,027	28,049	22,264	142,729	321,884
Internally developed	2,201	15,318	-	-	-	-	-	17,519
Disposal	-	(102)	-	-	-	-	-	(102)
Translation differences	(23)	(373)	(11)	(432)	(1,629)	(1,164)	(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>26,420</b>	<b>21,100</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	6,689	6,445	-	98,919
Annual amortization	1,323	9,049	20	517	1,860	2,287	-	15,056
Impairment	-	2,051	-	-	-	-	-	2,051
Disposal	-	(102)	-	-	-	-	-	(102)
Translation differences	(5)	-	(11)	(87)	(382)	(309)	-	(794)
<b>Balance at December 31, 2020</b>	<b>28,023</b>	<b>68,520</b>	<b>341</b>	<b>1,656</b>	<b>8,167</b>	<b>8,423</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>18,253</b>	<b>12,677</b>	<b>136,098</b>	<b>213,908</b>

CHF 1,000	Software	Development costs	Patents	Acquired order backlog	Acquired brand	Acquired client relationships	Acquired technology	Goodwill	Total 2021
<b>At cost</b>									
Balance at January 1, 2021	34,600	104,884	341	-	5,595	26,420	21,100	136,098	329,038
Acquisition through business combination	-	-	-	16,218	11,597	224,692	58,801	624,901	936,209
Internally developed	3,004	9,579	-	-	-	-	-	-	12,583
Translation differences	(6)	136	4	123	194	2,018	660	6,099	9,228
<b>Balance at December 31, 2021</b>	<b>37,598</b>	<b>114,599</b>	<b>345</b>	<b>16,341</b>	<b>17,386</b>	<b>253,130</b>	<b>80,561</b>	<b>767,098</b>	<b>1,287,058</b>
<b>Accumulated amortization and impairment losses</b>									
Balance at January 1, 2021	28,023	68,520	341	-	1,656	8,167	8,423	-	115,130
Annual amortization	1,471	8,107	-	13,637	977	6,049	3,943	-	34,184
Translation differences	(16)	(20)	4	(19)	5	34	(13)	-	(25)
<b>Balance at December 31, 2021</b>	<b>29,478</b>	<b>76,607</b>	<b>345</b>	<b>13,618</b>	<b>2,638</b>	<b>14,250</b>	<b>12,353</b>	<b>-</b>	<b>149,289</b>
<b>Net book value</b>	<b>8,120</b>	<b>37,992</b>	<b>-</b>	<b>2,723</b>	<b>14,748</b>	<b>238,880</b>	<b>68,208</b>	<b>767,098</b>	<b>1,137,769</b>

The amortization / impairment charge is recognized in the following line items of the statement of profit or loss:

CHF 1,000	2020	2021
Cost of sales	-	13,637
Sales and marketing	2,377	7,026
Research and development	13,407	12,050
General and administration	1,323	1,471
<b>Total amortization</b>	<b>17,107</b>	<b>34,184</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 investi-

gated 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 2021

The Group performed impairment tests on cash-generating units containing goodwill in June and December 2021, using the following key assumptions:

Goodwill Cash-generating unit	Method	Carrying amount (CHF 1,000)	Last 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	110,966	June 2021	Value in use	7.8%	5 years	0.0%
Goodwill Partnering Business Partnering Business	DCF-method	656,132	December 2021	Value in use	7.2%	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, 2021.

Based on the impairment tests 2021, 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.

### 21.2.2 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.

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 expect-

tations 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).

## 22 FINANCIAL LIABILITIES

CHF 1,000	Short-term credit facilities	Derivatives <sup>1</sup>	Bank loans	Leases	Total 2020
<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>-</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
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

	Derivatives <sup>1</sup>	Bank loans	Other bank loans	Bond	Contingent consideration <sup>2</sup>	Leases	Total 2021
CHF 1,000							
<b>Balance at January 1, 2021</b>	694	-	734	-	-	37,991	39,419
<i>Cash flows</i>							
Increase	-	750,000	-	249,445	-	-	999,445
Change	-	-	-	-	-	-	-
Repayment	-	(750,000)	(107,057)	-	(10,872)	-	(867,929)
Payments to lessors (including interests)	-	-	-	-	-	(12,523)	(12,523)
<i>Non-cash changes</i>							
Acquisition through business combination	-	-	106,047	-	12,412	27,672	146,131
Change in fair value	(132)	-	-	-	(1,554)	-	(1,686)
New leases and disposals	-	-	-	-	-	9,704	9,704
Amortized cost	-	-	-	62	-	-	62
Accretion of interest	-	-	-	-	-	542	542
Translation differences	-	-	930	-	14	112	1,056
<b>Balance at December 31, 2021</b>	<b>562</b>	<b>-</b>	<b>654</b>	<b>249,507</b>	<b>-</b>	<b>63,498</b>	<b>314,221</b>
Thereof current	562	-	-	-	-	13,053	13,615
Thereof non-current	-	-	654	249,507	-	50,445	300,606
<b>Analysis by currency</b>							
Denominated in CHF							266,141
Denominated in EUR							10,215
Denominated in USD							34,626
Denominated in other currencies							3,239
<b>Total</b>							<b>314,221</b>
<b>Analysis by interest rate</b>							
Interest-free							4,440
Fixed interest rate							
0% - 2%							304,060
2% - 4%							5,204
4% - 6%							517
<b>Total</b>							<b>314,221</b>

<sup>1</sup> See note 28

<sup>2</sup> See note 3.2

In 2021, the average interest rate paid on the bond was 0.05% and on other bank loans 0.8% (2020: 0.8%).

## 23 CONTRACT LIABILITIES

CHF 1,000	31.12.2020		31.12.2021	
	Current	Non-current	Current	Non-current
<i>Timing of revenue recognition: point in time</i>				
Advances for products	41,263	19,898	50,680	11,931
<i>Timing of revenue recognition: over time</i>				
Advances for products	1,069	-	9,675	-
Service contracts, including service-type warranties	20,027	3,117	24,663	4,254
<b>Total contract liabilities</b>	<b>62,359</b>	<b>23,015</b>	<b>85,018</b>	<b>16,185</b>
Acquisition through business combination			-	15,314
Net increase		24,874		608
Translation differences		(1,669)		(93)
<b>Total change (current and non-current) compared with previous year</b>		<b>23,205</b>		<b>15,829</b>

## 24 GOVERNMENT GRANTS

CHF 1,000	2020	2021
Balance at January 1	-	16,876
Received	17,877	5,012
Translation differences	(1,001)	503
<b>Balance at December 31</b>	<b>16,876</b>	<b>22,391</b>
Thereof current	465	3,661
Thereof non-current	16,411	18,730

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 30.0 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 facility is expected to start producing pipette tips in spring 2022.

## 25 PROVISIONS

CHF 1,000	Onerous contracts	Warranties and returns	WEEE <sup>1</sup>	Legal cases	Other	Total 2020
Balance at January 1, 2020	3,133	14,801	1,220	139	5,713	25,006
Provisions recognized	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)

CHF 1,000	Onerous contracts	Warranties and returns	WEEE <sup>1</sup>	Legal cases	Other	Total 2021
Balance at January 1, 2021	2,886	16,499	1,358	4,309	7,225	32,277
Acquisition through business combination	-	6,606	-	2,266	-	8,872
Provisions recognized	5,222	20,662	235	(322)	4,258	30,055
Provisions used	-	(19,098)	-	-	(4)	(19,102)
Provisions reversed	(5,663)	(654)	(8)	-	(411)	(6,736)
Reclassification	-	-	(49)	-	(74)	(123)
Translation differences	2	83	(53)	(10)	7	29
<b>Balance at December 31, 2021</b>	<b>2,447</b>	<b>24,098</b>	<b>1,483</b>	<b>6,243</b>	<b>11,001</b>	<b>45,272</b>
Thereof current	2,447	24,098	-	6,243	2,144	34,932
Thereof non-current	-	-	1,483	-	8,857	10,340

<sup>1</sup> WEEE = waste electrical and electronic equipment (directive 2002/96/EC)

The provision for legal cases (2021: CHF 6.2 million and 2020: CHF 4.3 million) relates to several legal cases with former customers and employees in different subsidiaries, for which the timing of settlement is uncertain at year-end.

The position 'other' contains provisions to cover commitments relating to other non-current employee benefits (2021: CHF 9.0 million and 2020: CHF 5.5 million), to controversial sales and use tax positions (2021: CHF 1.5 million and 2020: CHF 0.9 million) and to several minor items (2021: CHF 0.5 million and 2020: 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 ISSUED AND OUTSTANDING

	2020	2021
Shares (each share has a nominal value of CHF 0.10)		
Balance at January 1	11,870,912	11,958,845
New shares issued based on employee participation plans (conditional share capital increase)	87,933	69,263
Authorized share capital increase	-	650,000
<b>Balance at December 31</b>	<b>11,958,845</b>	<b>12,678,108</b>

### 26.4 DIVIDENDS PAID

	2020	2021	2022 Proposed
Number of shares eligible for dividend	11,927,914	12,005,310	12,678,108
Dividends paid (CHF/share)	1.10	1.15	1.40
Payout from statutory capital contribution reserve (CHF/share)	1.10	1.15	1.40

### 26.5 CONDITIONAL SHARE CAPITAL RESERVED FOR THE EMPLOYEE PARTICIPATION PLANS

	2020	2021
Shares (each share has a nominal value of CHF 0.10)		
Balance at January 1	432,300	344,367
New shares issued based on employee participation plans	(87,933)	(69,263)
<b>Balance at December 31</b>	<b>344,367</b>	<b>275,104</b>
Maximum of employee share options and employee shares outstanding	178,391	143,141

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

	31.12.2020	31.12.2021
<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	17.04.2022	17.04.2022
Shares (with a nominal value of CHF 0.10 each)	2,300,000	1,650,000
CHF	230,000	165,000

In September 2021, the Group placed 650'000 shares from the authorized share capital in a private placement by way of an accelerated bookbuilding process. The net proceeds were used to partly refinance the acquisition of the Paramit Group.

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. Therefore and due the placement of 650'000 shares from the authorized share capital in September 2021, the available conditional capital for future business development, is 650'000 lower than the 1'800'000 shares provided for in the commercial register. 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 2021: 61.4% and 2020: 66.2%), 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	
	31.12.2020	31.12.2021	2020	2021
CHF				
EUR	1	1.08	1.07	1.08
GBP	1	1.21	1.20	1.26
SEK	100	10.78	10.22	10.66
USD	1	0.89	0.94	0.91
SGD	1	0.67	0.68	0.68
CNY	1	0.14	0.14	0.14
JPY	100	0.86	0.88	0.83
AUD	1	0.68	0.65	0.69

## 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 2020</b>	Current financial liabilities	Trade and other payables/ accrued expenses	Non-current financial liabilities	<b>Total liabilities 2020</b>
CHF 1,000									
<b>Derivatives not designated as hedging instruments</b>									
Currency forwards and options	-	2,478	-	-	<b>2,478</b>	(694)	-	-	<b>(694)</b>
<b>Financial instruments measured at fair value through OCI (FVOCI)</b>									
Unquoted equity investment	-	-	-	4,325	<b>4,325</b>	-	-	-	-
<b>Financial instruments measured at amortized costs</b>									
Cash and cash equivalents	128,440	-	-	-	<b>128,440</b>	-	-	-	-
Time deposits	20,000	320,000	-	-	<b>340,000</b>	-	-	-	-
Receivables	-	-	122,911	-	<b>122,911</b>	-	-	-	-
Rent and other deposits	-	-	600	1,026	<b>1,626</b>	-	-	-	-
Payables and accrued expenses	-	-	-	-	-	(88,600)	-	-	<b>(88,600)</b>
Bank loans	-	-	-	-	-	-	-	(734)	<b>(734)</b>
<b>Other</b>									
Lease liabilities	-	-	-	-	-	(10,416)	-	(27,575)	<b>(37,991)</b>
<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	-	<b>11,936</b>	-	(16,981)	-	<b>(16,981)</b>
<b>Balance at December 31</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

	Cash and cash equivalents	Other current financial assets	Trade and other receivables	Non-current financial assets	Total assets 2021	Current financial liabilities	Trade and other payables/accrued expenses	Non-current financial liabilities	Total liabilities 2021
CHF 1,000									
<b>Derivatives not designated as hedging instruments</b>									
Currency forwards and options	-	908	-	-	908	(562)	-	-	(562)
<b>Financial instruments measured at fair value through OCI (FVOCI)</b>									
Unquoted equity investment	-	-	-	4,223	4,223	-	-	-	-
<b>Financial instruments measured at amortized costs</b>									
Cash and cash equivalents	121,006	-	-	-	121,006	-	-	-	-
Time deposits	-	120,000	-	-	120,000	-	-	-	-
Receivables	-	-	128,491	-	128,491	-	-	-	-
Rent and other deposits	-	-	2,357	1,320	3,677	-	-	-	-
Payables and accrued expenses	-	-	-	-	-	-	(124,924)	-	(124,924)
Bank loans	-	-	-	-	-	-	(654)	-	(654)
Bond	-	-	-	-	-	-	(249,507)	-	(249,507)
<b>Other</b>									
Lease liabilities	-	-	-	-	-	(13,053)	-	(50,445)	(63,498)
<b>Total financial instruments</b>	<b>121,006</b>	<b>120,908</b>	<b>130,848</b>	<b>5,543</b>	<b>378,305</b>	<b>(13,615)</b>	<b>(124,924)</b>	<b>(300,606)</b>	<b>(439,145)</b>
Reconciling items <sup>1</sup>	-	-	10,648	-	10,648	-	(16,239)	-	(16,239)
<b>Balance at December 31</b>	<b>121,006</b>	<b>120,908</b>	<b>141,496</b>	<b>5,543</b>	<b>388,953</b>	<b>(13,615)</b>	<b>(141,163)</b>	<b>(300,606)</b>	<b>(455,384)</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 main-

ly 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, bond 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.

#### 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

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, 2021, 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 0.4 million (2020: CHF 0.5 million) higher/lower, mainly as a result of cash positions held at variable rates.

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 is as follows:

CHF 1,000	31.12.2020				31.12.2021			
	CHF	EUR	USD	Other	CHF	EUR	USD	Other
Derivatives	-	-	1,981	(197)	-	-	206	140
Cash and cash equivalents	408	5,703	22,215	3,241	269	16,902	2,355	4,279
Receivables	225	3,461	10,465	902	(88)	2,770	1,494	1,523
Rent and other deposits	-	118	-	-	-	41	-	-
Payables and accrued expenses	(213)	(3,124)	(1,925)	(456)	(84)	(1,068)	(3,271)	(3,915)
Lease liabilities	-	-	-	(15)	-	-	-	(35)
<b>Total net exposure to currency</b>	<b>420</b>	<b>6,158</b>	<b>32,736</b>	<b>3,475</b>	<b>97</b>	<b>18,645</b>	<b>784</b>	<b>1,992</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:

CHF 1,000	31.12.2020		31.12.2021	
	Impact on profit higher/(lower)	Impact on OCI <sup>1</sup>	Impact on profit higher/(lower)	Impact on OCI <sup>1</sup>
If CHF had weakened against EUR by 10%	328	1,606	1,489	697
If CHF had strengthened against EUR by 10%	(328)	(1,606)	(1,489)	(697)
If CHF had weakened against USD by 10%	(3,142)	2,378	(8,709)	1,077
If CHF had strengthened against USD by 10%	3,142	(2,378)	8,717	(1,077)

<sup>1</sup> Other comprehensive income

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		Total	Contract value		
	Positive	Negative		1 and 90 days	Due within 91 and 360 days	1 and 2 years
CHF 1,000						
<b>Foreign currency forwards</b>						
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	-	-
<b>Balance at December 31, 2020</b>	<b>2,478</b>	<b>(694)</b>	<b>80,702</b>	<b>53,676</b>	<b>27,026</b>	<b>-</b>

	Fair value		Total	Contract value		
	Positive	Negative		1 and 90 days	Due within 91 and 360 days	1 and 2 years
CHF 1,000						
<b>Foreign currency forwards</b>						
Sell USD	722	(438)	110,826	48,749	62,077	-
Buy USD	-	(78)	(12,416)	(6,208)	(6,208)	-
Sell GBP	-	(46)	7,054	7,054	-	-
Sell SEK	3	-	655	655	-	-
Sell JPY	183	-	8,776	8,776	-	-
<b>Balance at December 31, 2021</b>	<b>908</b>	<b>(562)</b>	<b>114,895</b>	<b>59,026</b>	<b>55,869</b>	<b>-</b>

### 28.4.3 Hedge accounting

In connection with the acquisition of Paramit, the Group entered into a deal contingent forward agreement to purchase USD 677 million and two normal plain vanilla forwards to purchase another USD 350 million (total USD 1'027 million). The hedging agreements with an average forward rate of 0.92305 CHF/USD have matured at the day of the closing of the acquisition (August 2, 2021). On this day the purchase price in USD was transferred to the seller and a bridge loan in CHF was granted to the Group by a bank until the final financing structure of the transaction would be ready.

As the targeted transaction was considered as highly probable and all other conditions were met, the Group applied cash flow hedge

accounting. The proportion of the resulting loss on the hedging instruments that was determined to be effective (CHF 13.2 million) was recognized – net of income taxes – in other comprehensive income and allocated to the cash flow hedge reserve. Upon the closing of the transaction the amount of the cash flow hedge reserve was transferred to goodwill (see note 3.2.1). The remaining loss of the hedging instruments was considered as hedge ineffectiveness (CHF 4.4 million) which was recognized in profit or loss. The hedge ineffectiveness was caused by the contingent charge of the deal contingent forward and a lower estimated purchase price compared to the total of the forward agreements.

### 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>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)

	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>562</b>					
Outflow		53,914	27,477	26,437	-	-
Inflow		(53,290)	(27,054)	(26,237)	-	-
<b>Non-derivative financial liabilities</b>						
Payables and accrued expenses <sup>1</sup>	124,924	124,926	75,383	49,499	19	25
Bank loans	654	663	-	5	658	-
Bank loans	249,507	250,500	-	125	125	250,250
Lease liabilities	63,498	65,762	3,534	10,206	12,725	39,297
<b>Balance at December 31, 2021</b>	<b>439,145</b>	<b>442,475</b>	<b>79,340</b>	<b>60,035</b>	<b>13,527</b>	<b>289,572</b>

<sup>1</sup> Excluding reconciling items (see note 28.2)

Unused lines of credit amounting to CHF 40.0 million (2020: CHF 440.0 million) are available to the Group at December 31, 2021. In addition, the Group has uncommitted lines of credit

amounting to CHF 340.0 million (2020: 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 2020 and 2021.

### 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
	31.12.2020	31.12.2021				
Currency forwards	1,784	346	Level 2	Financial data supplier	(Forward rate - [spot rate +/- SWAP points]) * amount in foreign currency	Financial result
Unquoted equity investment	4,325	4,223	Level 3	n/a	Market sales multiples	Other comprehensive income (FVOCI)

*Unquoted equity investment – level 3 inputs:* End of 2020, the Group acquired an unquoted equity instrument for CHF 4.3 million. Total changes in fair value recognized during the period in other com-

prehensive income amount to CHF 0.1 million. A decrease in the forecasted sales of 10% would adversely impact the fair value by estimated CHF 0.4 million.

### 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 and the bond 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
	31.12.2020	31.12.2021	31.12.2020	31.12.2021			
Bank loans	(734)	(654)	(722)	(647)	Level 2	Financial data supplier	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.
Bond	-	(249,507)	-	(250,500)	Level 1	Financial data supplier	Market value available at SIX (security symbol TEC21)

## 30 CONTINGENT LIABILITIES, ENCUMBRANCE OF ASSETS AND OTHER COMMITMENTS

At December 31, 2020 and 2021, 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, 2021, the purchase commitments amounted to CHF 290.3 million (2020: CHF 139.9 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:

	2020	2021
CHF 1,000		
Short-term employee benefits	8,060	8,368
Post-employment benefits	540	544
Share-based payment <sup>1</sup>	10,666	9,791
<b>Total compensation</b>	<b>19,226</b>	<b>18,703</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.

## 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.

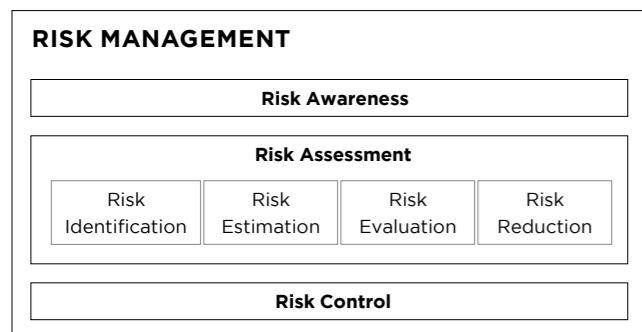
#### 33.2 RISK ASSESSMENT CYCLE

##### 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, 10 March 2022

### 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 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 113 to 168) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



#### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International 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 168).



### Revenue recognition

**Area of focus** The Group's revenues amounted to CHF 946.6 million for the year ended 31 December 2021. 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 2021, the Group reported CHF 767.1 million in goodwill (representing 38.4% of the Group's total assets and 62.6% 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 2.8.14 (Impairment) and 21 (Intangible assets and goodwill) in the consolidated financial statements for further details.

Due to the significance of the carrying value of goodwill and the complexity and judgment involved in performing the impairment test this matter was considered significant to our audit.

**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 the underlying cash flow projections.

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 accounting for uncertain income tax positions.

### Acquisition of Paramit Group

**Area of focus** As outlined in note 3.2.1, Tecan acquired 100% of the issued share capital of the Paramit Group for a purchase consideration of CHF 852.4 million (USD 940.9 million). As a result of the acquisition, goodwill of CHF 624.9 million (USD 690.0 million), other intangibles of CHF 311.3 million (USD 343.4 million) and remaining assets of CHF 194.1 million (USD 214.2 million) were recognized and liabilities of CHF 277.8 million (USD 306.6 million) were assumed. We focused on this transaction because of the complexity of applying acquisition accounting, the level of judgment relating to the identification and valuation of intangible assets, calculation of the related deferred taxes, valuation of tangible assets acquired, and the liabilities assumed and the significance of consideration paid on that particular transaction in 2021.

**Our audit response** As part of the audit we assessed the fair value of the identifiable assets acquired and liabilities assumed supporting the purchase price allocation as at the acquisition date. We compared the acquisition price to the purchase agreement and related appendices.

We also assessed, amongst others, the accounting for the purchase consideration, audited the identified assets and liabilities acquired, assessed the valuation of other intangibles including the underlying assumptions such as discount and growth rates, and assessed the appropriateness and completeness of the disclosures made in note 3.2.1. We involved our internal valuation specialists to assist us with the valuation of other intangibles performed by management's external valuation experts to evaluate the methods used and assumptions made. We included internal tax specialists on our team for the assessment of current and deferred taxes.

Our audit procedures did not lead to any reservations relating to acquisition of Paramit Group.



#### 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	31.12.2020	31.12.2021
CHF 1,000			
Cash and cash equivalents		205,619	23,967
Time deposits		-	120,000
Other accounts receivable from third parties		14	241
Other accounts receivable from subsidiaries		1,799	21,058
Prepaid expenses		12	18
<b>Current assets</b>		<b>207,444</b>	<b>165,284</b>
Investments in subsidiaries	3	144,398	361,143
Non-current loans to subsidiaries		32,000	756,720
Property, plant and equipment	1	1	2
<b>Non-current assets</b>		<b>176,399</b>	<b>1,117,865</b>
<b>Assets</b>		<b>383,843</b>	<b>1,283,149</b>

### LIABILITIES AND EQUITY

	Notes	31.12.2020	31.12.2021
CHF 1,000			
Current loans from subsidiaries		36,330	315,255
Other accounts payable to third parties		67	44
Other accounts payable to subsidiaries		31	1
Accrued expenses		876	805
<b>Current liabilities</b>		<b>37,304</b>	<b>316,105</b>
Bond	4	-	250,000
Provision for general business risks	5	30,000	30,000
Other non-current provisions		168	173
<b>Non-current liabilities</b>		<b>30,168</b>	<b>280,173</b>
<b>Total liabilities</b>		<b>67,472</b>	<b>596,278</b>
Share capital		1,196	1,268
Legal capital reserve (capital contribution reserve)		90,121	455,865
General legal retained earnings		1,000	1,000
Voluntary retained earnings		224,054	228,738
<b>Shareholders' equity</b>	6	<b>316,371</b>	<b>686,871</b>
<b>Liabilities and equity</b>		<b>383,843</b>	<b>1,283,149</b>

**INCOME STATEMENT OF TECAN GROUP LTD.**

	Notes	2020	2021
CHF 1,000			
Dividend income from subsidiaries		22,287	25,092
Interest income from third parties		2	-
Interest income from subsidiaries		448	1,161
Acquisition of Paramit Group - intra-group compensation of financing costs		-	19,633
<b>Operating income</b>		<b>22,737</b>	<b>45,886</b>
Personnel expenses		(1,322)	(1,373)
Other operating expenses		(1,480)	(1,377)
Depreciation of property, plant and equipment		(1)	(1)
Impairment on subsidiaries		(170)	(3,570)
Loss from liquidation of inactive subsidiaries		-	(10)
Transaction costs related to the issuance of a listed bond		-	(605)
Interest expense bond		-	(31)
Other financial expenses to third parties		(523)	(2,971)
Acquisition of Paramit Group - realized loss from currency hedges		-	(17,645)
Foreign exchange losses, net		(25)	(10)
<b>Operating expenses</b>		<b>(3,521)</b>	<b>(27,593)</b>
<b>Operating profit</b>		<b>19,216</b>	<b>18,293</b>
Gain on sale of a financial investment	7	1,588	197
<b>Extraordinary, non-recurring or prior-period income and expenses</b>		<b>1,588</b>	<b>197</b>
<b>Profit before taxes</b>		<b>20,804</b>	<b>18,490</b>
Income taxes		46	-
<b>Profit for the period</b>		<b>20,850</b>	<b>18,490</b>

**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 Bonds**

Bonds are valued at nominal value. All transactions costs less the bond premium are recognized immediately in the income statement.

**2.2.4 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, 2020 and December 31, 2021, except as noted below in note 3.2.

Company	Registered office	Participation in % (capital and votes)	Currency	Share capital (LC 1,000)	Activities
Tecan Schweiz AG	Männedorf/Zurich (CH)	100%	CHF	5,000	R/P/D
Tecan Trading AG	Männedorf/Zurich (CH)	100%	CHF	300	S/D
• Pulssar Technologies S.A.S	Paris (FR)	100%	EUR	400	Liquidated in 2021*
Tecan Sales Switzerland AG	Männedorf/Zurich (CH)	100%	CHF	250	D
Tecan Austria GmbH	Grödig/Salzburg (AT)	100%	EUR	1,460	R/P
Tecan Sales Austria GmbH	Grödig/Salzburg (AT)	100%	EUR	35	D
Tecan Sales International GmbH	Grödig/Salzburg (AT)	100%	EUR	35	D
Tecan Landesholding GmbH	Crailsheim/Stuttgart (DE)	100%	EUR	25	S
• Tecan Deutschland GmbH	Crailsheim/Stuttgart (DE)	100%	EUR	51	D
• Tecan Software Competence Center GmbH	Mainz-Kastel (DE)	100%	EUR	103	R
• IBL International GmbH	Hamburg (DE)	100%	EUR	25	R/P/D
Tecan Benelux B.V.	Mechelen (BE)	100%	EUR	37	D
Tecan France S.A.S.	Lyon (FR)	100%	EUR	2,760	D
Tecan Iberica Instrumentacion S.L.	Barcelona (ES)	100%	EUR	30	D
Tecan Italia S.r.l.	Milano (IT)	100%	EUR	77	D
Tecan UK Ltd.	Reading (UK)	100%	GBP	500	D
Tecan Nordic AB	Stockholm (SE)	100%	SEK	100	D
Tecan US Group, Inc.	Morrisville, NC (US)	100%	USD	1,500	S
• Tecan US, Inc.	Morrisville, NC (US)	100%	USD	400	D
• Tecan Systems, Inc.	San Jose, CA (US)	100%	USD	26	R/P
• Tecan SP, Inc.	Baldwin Park/Los Angeles, CA (US)	100%	USD	472	R/P/D
• Tecan Genomics, Inc.	Redwood City, CA (US)	100%	USD	0	R/P/D
• DCPM, Inc.	Morgan Hill, CA (US)	100%	USD	58	P/D
• Paramit Acquisition Corp.	Morgan Hill, CA (US)	100%	USD	0	S*
- Paramit Corp.	Morgan Hill, CA (US)	100%	USD	0	P/D*
- Paramit Product Development - Silicon Valley, Inc.	Morgan Hill, CA (US)	100%	USD	0	R/D*
- Emphysys Holdings, Inc.	Boston, MA (US)	100%	USD	0	S*
- Emphysys, Inc.	Boston, MA (US)	100%	USD	0	R/D*
- Paramit Malaysia Sdn. Bhd.	Penang (MY)	100%	USD	0	P/D*
IBL International Corp.	Toronto (CA)	100%	USD	0	Liquidated in 2021*
Tecan Asia (Pte.) Ltd.	Singapore (SG)	100%	SGD	800	S
Tecan (Shanghai) Trading Co., Ltd.	Shanghai (CN)	100%	CNY	3,417	D
PMAS Co., Ltd	Ben Cat Town, Binh Duong Province (VN)	100%	VND	10,367,000	P
Tecan Japan Co., Ltd.	Kawasaki(JP)	100%	JPY	125,000	D
Tecan Australia Pty Ltd	Melbourne (AU)	100%	AUD	0	D

S = services, holding functions, R = research and development, P = production, D = distribution, \* = excluded from sustainability report

#### 3.2 CHANGE IN INVESTMENTS IN SUBSIDIARIES

The Company indirectly acquired 100% of the voting rights of Paramit Acquisition Corp. through its subsidiary Tecan US Group, Inc. on August 2, 2021. To finance the acquisition of its subsidiary, a capital contribution amounting to CHF 220.3 million was paid to Tecan US Group, Inc. in 2021.

### 4 BOND

At year-end 2021, the Company has the following bond outstanding:

Company	Security symbol	Currency	Nominal value (1,000)	Interest rate	Maturity
Fixed-rate bond	TEC21	CHF	250,000	0,05%	October 6, 2025

### 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 share- holders' equity
CHF 1,000					
<b>Balance at January 1, 2020</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 (conditional share capital increase)	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>
Net profit	-	-	-	18,490	18,490
Dividend paid	-	(13,806)	-	(13,806)	(27,612)
New shares issued based on employee participation plans (conditional share capital increase)	7	27,953	-	-	27,960
Authorized share capital increase	65	357,435	-	-	357,500
Transaction costs	-	(5,838)	-	-	(5,838)
<b>Balance at December 31, 2021</b>	<b>1,268</b>	<b>455,865</b>	<b>1,000</b>	<b>228,738</b>	<b>686,871</b>

The Company's share capital is CHF 1,267,810.80, consisting of 12'678'108 registered shares with a nominal value of CHF 0.10 each (2020: share capital of CHF 1,195,884.50 consisting of 11,958,845 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

	31.12.2020	31.12.2021
<b>Conditional share capital</b>		
<b>Reserved for employee participation plans</b>		
Shares (with a nominal value of CHF 0.10 each)	344,367	275,104
CHF	34,437	27,510
Maximum of employee share options and employee shares outstanding	178,391	143,141
<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	17.04.2022	17.04.2022
Shares (with a nominal value of CHF 0.10 each)	2,300,000	1,650,000
CHF	230,000	165,000

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 2021 a total of 20,139 options (share option plans) were exercised and 49,124 shares transferred (share plans), increasing the Company's share capital by CHF 6,926 and decreasing the Company's conditional share capital by 69,263 shares (2020: a total of 25,935 options were exercised and 61,998 shares transferred, increasing the share capital by CHF 8,793 and decreasing the conditional share capital by 87,933 shares).

On April 26, 2006 and on April 7, 2020, the Annual General Meeting of Shareholders approved the creation of additional condition-

al and authorized share capital for the purpose of future business development. In September 2021, the Company placed 650,000 shares from the authorized share capital in a private placement by way of an accelerated bookbuilding process. The net proceeds were used to partly refinance the acquisition of Paramit Group.

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. Therefore and due the placement of 650,000 shares from the authorized share capital in September 2021, the available conditional capital for future business development, is 650,000 lower than the 1,800,000 shares provided for in the commercial register. The conditional share capital for employee participation plans is not affected by this rule.

## 7 GAIN ON SALE OF FINANCIAL INVESTMENTS

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 was released in July 2021.

## 8 NUMBER OF EMPLOYEES

	31.12.2020	31.12.2021
FTE (full-time equivalent)		
Employees - average	1.0	1.0

## 9 NUMBER OF SHARES AND SHARE OPTIONS

During the year the following number and value of shares were granted:

	2020		2021	
	Number	Value (CHF 1,000)	Number	Value (CHF 1,000)
<b>Board of Directors</b>				
Shares	1,341	369	795	363
<b>Employees</b>				
Shares	1,848	543	1,246	456
<b>Total</b>	<b>3,189</b>	<b>912</b>	<b>2,041</b>	<b>819</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.

## 10 GUARANTEES IN FAVOR OF THIRD PARTIES

The total amount of guarantees in favor of its subsidiaries was CHF 84.9 million). In addition, the Company is member of the CHF 85.6 million at December 31, 2021 (December 31, 2020: CHF 84.9 million). In addition, the Company is member of the VAT-group of Tecan Schweiz AG.

## 11 LIABILITIES FROM LEASE ARRANGEMENTS NOT INCLUDED IN THE BALANCE SHEET

The future minimum lease payments under non-cancellable leases are:

	31.12.2020	31.12.2021
CHF 1,000		
Liabilities from lease arrangements	34	20

## 12 SUBSEQUENT EVENTS

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

## 13 INFORMATION ACCORDING TO ARTICLE 663C OF THE SWISS CODE OF OBLIGATIONS

### 13.1 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>

	31.12.2020	31.12.2021
The Bank of New York Mellon SA/NV (BE) <sup>2</sup>	12.7%	13.0%
Chase Nominees Ltd., London (UK) <sup>2</sup>	9.8%	6.8%
Nortrust Nominees Ltd., London (UK) <sup>2</sup>	6.9%	5.8%
NN Group N.V., Amsterdam (NL)	5.5%	<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.

### 13.2 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.

#### 13.2.1 Share and option ownership of the Board of Directors

Number	Year	Total options	Total shares
Dr. Lukas Braunschweiler (Chairman)	2020	-	945
	2021	-	1,297
Heinrich Fischer (Vice Chairman)	2020	-	17,023
	2021	-	17,217
Dr. Oliver S. Fetzer	2020	-	2,875
	2021	-	3,034
Lars Holmqvist (until April 2021) <sup>1</sup>	2020	-	652
	2021	-	-
Dr. Karen Hübscher	2020	-	602
	2021	-	761
Dr. Christa Kreuzburg	2020	-	-
	2021	-	159
Dr. Daniel R. Marshak	2020	-	377
	2021	-	536
<b>Balance at December 31, 2020</b>		-	<b>22,474</b>
<b>Balance at December 31, 2021</b>		-	<b>23,004</b>

<sup>1</sup>Shares and share options in 2021 are not disclosed, because the member of the Board stepped down before year-end 2021.

#### 13.2.2 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)	2020	-	-	5,502
	2021	-	-	5,309
Tania Micki (CFO)	2020	-	-	1,067
	2021	-	-	1,873
Ralf Griebel	2020	-	-	986
	2021	-	-	1,697
Ulrich Kanter	2020	-	-	3,841
	2021	-	-	3,147
Dr. Klaus Lun	2020	-	-	3,997
	2021	-	-	3,306
Erik Norström	2020	-	-	3,278
	2021	-	-	2,690
Ingrid Pürgstaller	2020	49	49	464
	2021	98	98	1,033
Andreas Wilhelm	2020	-	-	3,313
	2021	-	-	2,725
Dr. Wael Yared	2020	-	-	2,085
	2021	-	-	2,773
<b>Balance at December 31, 2020</b>		49	<b>49</b>	<b>24,533</b>
<b>Balance at December 31, 2021</b>		98	<b>98</b>	<b>24,553</b>

<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 12, 2022 to allocate the voluntary retained earnings as follows:

CHF 1,000	31.12.2020 Approved	31.12.2021 Proposed
Carried forward from previous year	203,204	210,248
Net profit	20,850	18,490
<b>Available retained earnings</b>	<b>224,054</b>	<b>228,738</b>
Dividend paid as approved by the annual general meeting of shareholders on April 13, 2021: CHF 1.15 per share with a nominal value of CHF 0.10 each (total 12,005,310 shares eligible for dividend)	(13,806)	
Dividend proposed: CHF 1.40 per share with a nominal value of CHF 0.10 each (total 12,678,108 shares eligible for dividend) <sup>1</sup>		(17,749)
<b>Balance to be carried forward</b>	<b>210,248</b>	<b>210,989</b>

The Board of Directors also proposes to the Annual General Meeting of Shareholders to allocate the capital contribution reserve as follows:

CHF 1,000	31.12.2020 Approved	31.12.2021 Proposed
Carried forward from previous year	65,703	76,315
Conditional and authorized share capital increase	24,418	379,550
<b>Available capital contribution reserve</b>	<b>90,121</b>	<b>455,865</b>
Allocation to free reverse and payout as approved by the annual general meeting of shareholders on April 13, 2021: CHF 1.15 per share with a nominal value of CHF 0.10 each (total 12,005,310 shares eligible for payout)	(13,806)	
Allocation to free reserve and payout (exempt from Swiss withholding tax) proposed: CHF 1.40 per share with a nominal value of CHF 0.10 each (total 12,678,108 shares eligible for payout) <sup>1</sup>		(17,749)
<b>Balance to be carried forward</b>	<b>76,315</b>	<b>438,116</b>

<sup>1</sup>These numbers are based on the outstanding share capital at December 31, 2021. 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 70,183 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, 10 March 2022

## 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 173 to 180), for the year ended 31 December 2021.



### 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 2021 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 173 to 180).

### Carrying value of investments in subsidiaries

**Area of focus** As of 31 December 2021, investments in subsidiaries of the Company amounted to CHF 361.1 million and represent 28.1% 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 judgment and estimates involved in the Company's impairment test.

**Our audit response** Our audit procedures included understanding the Company's 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 carrying value 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 2021

Overall, the year 2021 was an above-average year for the stock market. A strong economic recovery and strong growth in corporate profits laid the basis for booming stock markets. Despite emerging concerns that major central banks will raise interest rates in several steps in 2022 and despite the contagious Corona variant Omicron, a friendly mood prevailed towards the end of the year. Several indices were able to surpass their previous record highs once again.

The SMI, which covers Swiss blue-chip stocks, advanced by 20.3% for the year. The SPI Extra, which comprises the small and mid-cap companies listed on the SIX Swiss Exchange, closed 22.2% higher.

At CHF 555.50, shares of Tecan once again finished the year at the highest closing price at year end (taking into consideration stock splits). Tecan's shares value increased by 28.1% in the year under review, markedly outperforming the relevant indices. Tecan's market capitalization thus amounted to CHF 7.0 billion at the end of the year.

#### 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 31.12.2020 AND 31.12.2021**



**SHARE PRICE PERFORMANCE BETWEEN 2019 AND 2021**



■ Tecan SW Equity ■ SPI Extra

**TECAN SHARE**

	2019	2020	2021
Numbers of shares issued	11,870,912	11,958,845	12,678,108
Number of treasury shares	0	0	0
Number of shares outstanding at December 31	11,870,912	11,958,845	12,678,108
Average number of shares outstanding	11,836,588	11,934,355	12,225,180
Share price at December 31 (CHF)	272	433.80	555.50
High (CHF)	277.8	469.60	594.50
Low (CHF)	190.8	236.60	362.00
Average number of traded shares per day <sup>1</sup>	20,854	46,349	27,745
Average trading volume per day (CHF) <sup>1</sup>	4,934,473	16,597,113	13,412,765

**INFORMATION PER SHARE**

	2019	2020	2021
Basic earnings per share (CHF/share)	6.18	8.69	9.95
Shareholders' equity at December 31 (CHF 1,000)	659,067	733,651	1'224'895
Dividend (CHF)	2.2	2.30	3.00 <sup>2</sup>
Dividend yield (%) <sup>3</sup>	0.81%	0.53%	0.54%

**FINANCIAL RATIOS**

	2019	2020	2021
Market capitalization (CHF million) <sup>4</sup>	3,228.9	5,187.7	7,042.7
Price Earnings Ratio <sup>6</sup>	44.01	49.92	55.8

<sup>1</sup> Including off-exchange trading

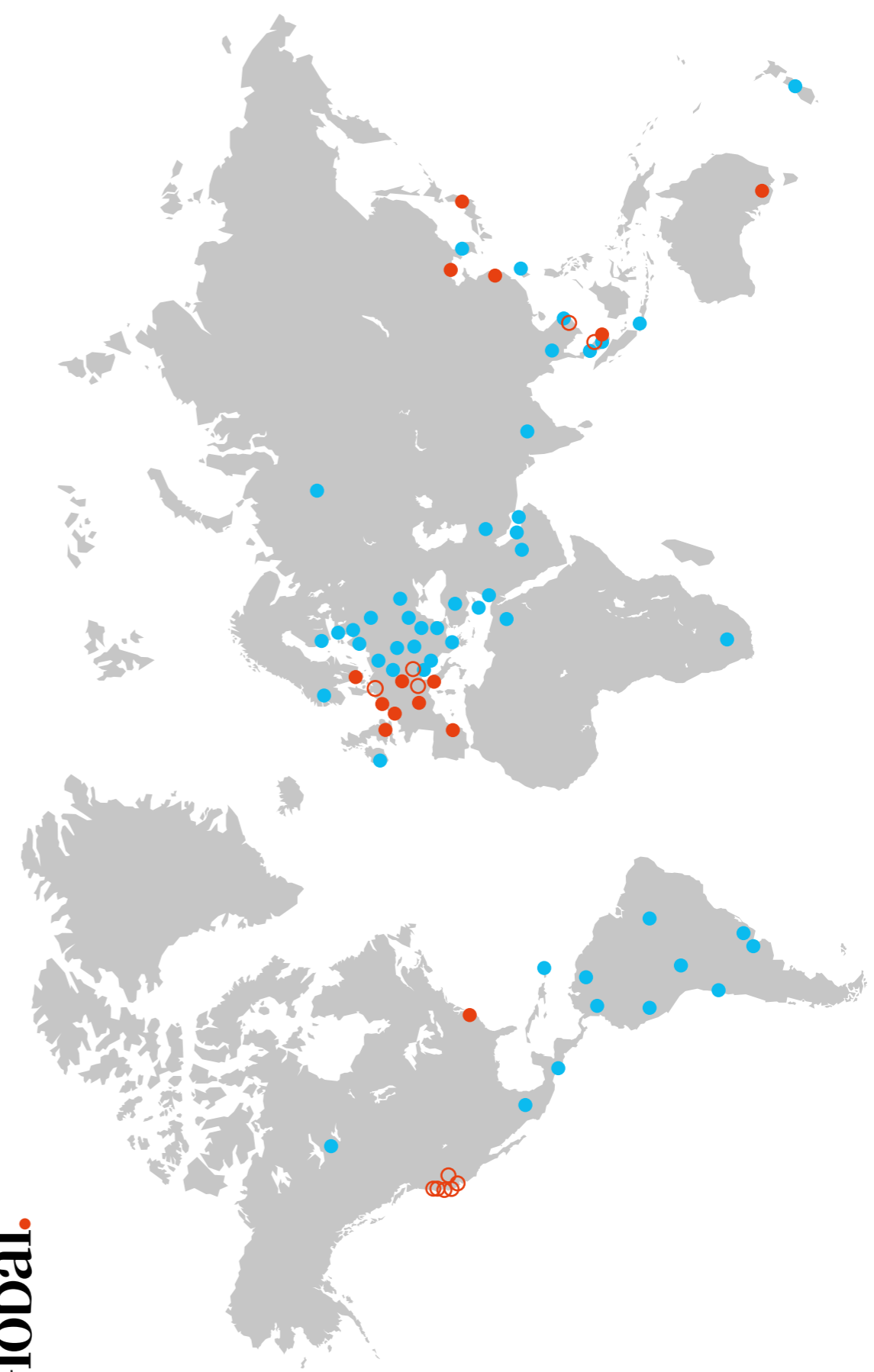
<sup>2</sup> Proposal to the Annual General Meeting of Shareholders on April 13, 2022

<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



● Sales office ○ R&D and manufacturing site ● Countries served by distributors

Global.

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France +33 4 72 76 04 80	Switzerland +41 44 922 81 11
Germany +49 79 51 94 170	UK +44 118 9300 300
Italy +39 02 92 44 790	USA +1 919 361 5200
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UP THERE, EVERYWHERE, Sweden

**Images**

Tecan Group Ltd., Switzerland  
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This Annual Report is available in English only.



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