
Demerger Report

[unofficial translation]

dated 27 May 2021

of

Sulzer AG (CHE-102.210.767)

*(hereinafter **Sulzer**)*

Neuwiesenstrasse 15

8401 Winterthur

regarding the spin-off of the Applicator Systems Division

and the incorporation of medmix AG, Zug

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Preamble

The board of directors of Sulzer hereby submits the Demerger Report pursuant to article 39 Merger Act (hereinafter **MA**) regarding the spin-off of the Applicator Systems Division to the yet to be incorporated medmix AG, Zug. Sulzer subsequently remains in existence as a legal entity.

1. Purpose and Effects of the Demerger

1.1. Companies Involved

1.1.1. Sulzer as Transferring Company

The transferring company, Sulzer, is a Swiss stock corporation pursuant to article 620 et seqq. of the Swiss Code of Obligations (hereinafter **CO**), having its registered seat in Winterthur (CHE-102.210.767). The share capital of Sulzer amounts to CHF 342,623.70 and is divided into 34,262,370 fully paid-in registered shares with a nominal value of CHF 0.01 each. The registered shares are listed on the SIX Swiss Exchange Ltd in accordance with the International Reporting Standard.

Sulzer is a global leader in fluid engineering specialized in pumping, agitation, mixing, separation and application technologies for fluids of all types. In about 180 manufacturing facilities and service centers across the globe Sulzer Group's workforce contains approximately 15,000 employees. Sulzer as a group holding company currently does not have any employees. In 2020 Sulzer Group generated a turnover of CHF 3.3 billion.

The corporate bodies of Sulzer are currently composed as follows:

Board of directors

- Peter Löscher, chairman of the board of directors, member of the Strategy and Sustainability Committee
- Suzanne Thoma, vice chairwoman of the board of directors, member of the Nomination and Remuneration Committee, member of the Strategy and Sustainability Committee
- Matthias Bichsel, member of the board of directors, chairman of the Strategy and Sustainability Committee

- Mikhail Lifshitz, member of the board of directors, member of the Strategy and Sustainability Committee
- Alexey Moskov, member of the board of directors, member of the Audit Committee
- David Metzger, member of the board of directors, member of the Audit Committee
- Gerhard Roiss, member of the board of directors, chairman of the Nomination and Remuneration Committee, member of the Audit Committee
- Hanne Birgitte Breinbjerg Sørensen, member of the board of directors, chairwoman of the Audit Committee, member of the Nomination and Remuneration Committee

Group Executive Committee

- Grégoire Poux-Guillaume, Chief Executive Officer
- Jill Ghim Ha Lee, Chief Financial Officer
- Armand Sohet, Chief Human Resources Officer
- Frédéric Lalanne, Division President Pumps Equipment
- Daniel Bischofberger, Division President Rotating Equipment Services
- Girts Cimermans, Division President Applicator Systems
- Torsten Wintergerste, Division President Chemtech

Auditor

- KPMG Ltd, Zurich

Further information about Sulzer is available on <https://www.sulzer.com/> and in the 2020 annual report.

1.1.2. medmix AG as New Company

In the course of the spin-off, a new Swiss stock corporation pursuant to article 620 et seqq. CO under the business name medmix AG having its registered seat in Zug (hereinafter **medmix**) shall be incorporated. The share capital of medmix

will amount to CHF 342,623.70 and will be divided into 34,262,370 fully paid-in registered shares with a nominal value of CHF 0.01 each. The registered shares of medmix shall be listed on SIX Swiss Exchange Ltd in accordance with the International Reporting Standard.

medmix shall, as a Swiss holding company, hold all interests in Applicator Systems AG, Zug, a subsidiary of Sulzer, which belongs to the Applicator Systems Division and which shall be transferred in the course of the spin-off. medmix shall continue to operate the Applicator Systems Division through Applicator Systems AG and its subsidiaries.

The Applicator Systems Division, also called «Applicator Systems» (APS), comprises the «Sulzer Mixpac Systems» (SMS) business unit, which has been designated as such by Sulzer since 2007 and has been operated as an independent division since 2017 after the acquisition of GEKA in 2016. The Applicator Systems Division has originally evolved from the SMS business unit and by the acquisition of the GEKA business units and the Haselmeier Group and some further acquisitions. The Applicator Systems Division offers a global platform for high-precision plastic molding, assembly, decoration, and filling technologies for mixing and applicator solutions. It targets customers in the medical, pharmaceutical, dental, industrial adhesives and the cosmetics sector.

In the financial year 2020, the Applicator Systems Division generated a revenue of approximately CHF 350 million. On a full-time equivalent basis, the workforce of the Applicator Systems Division contains approximately 1,800 employees.

The articles of association of medmix will correspond to the draft attached as [Annex 1.1.2](#) to this Demerger Report.

The following persons are expected to be appointed as corporate bodies of medmix:

Board of directors

- Grégoire Poux-Guillaume, French citizen, in Zug, chairman of the board of directors
- Jill Ghim Ha Lee, citizen of Singapore, in Zug, member of the board of directors
- Marco Musetti, Italian citizen, in Zug, member of the board of directors

Group Executive Committee / Management

- Girts Cimermans, Latvian citizen, in Wollerau, Chief Executive Officer
- Jennifer Dean, Australian citizen, in Fällanden, Chief Financial Officer
- Friedrich von Gadow, German citizen, in Winterthur, Chief Human Resources Officer

Auditor

- KPMG Ltd, Zurich

1.2. Procedure and Purpose of the Demerger

On 27 May 2021, the board of directors of Sulzer drew up a demerger plan pursuant to article 29 MA regarding the spin-off of the Applicator Systems Division of Sulzer (hereinafter **Demerger Plan**).

According to the Demerger Plan the following steps are envisioned:

Step 1: Demerger resolution of Sulzer

On or around 20 September 2021, the extraordinary shareholders' meeting of Sulzer shall approve the Demerger Plan.

At the extraordinary shareholders' meeting of 20 September 2021, the shareholders shall adopt the following resolution:

- Approval of the Demerger Plan.

Step 2: Completion of the spin-off by way of incorporation of medmix

In a second step, the spin-off and the incorporation of medmix shall be consummated by registration with the commercial register. The new registered shares of medmix shall be issued to the existing shareholders of Sulzer (see also sections 2 and 3).

The spin-off as outlined in this Demerger Report results in a complete carve-out of the Applicator Systems Division from Sulzer Group, which leads to a

respective concentration in business activities of medmix as described in section 1.1.2. Applicator Systems AG, Zug, which operates the Applicator Systems Division as an intermediate holding company, shall be held by medmix, which, in turn, is organized as an independent holding company.

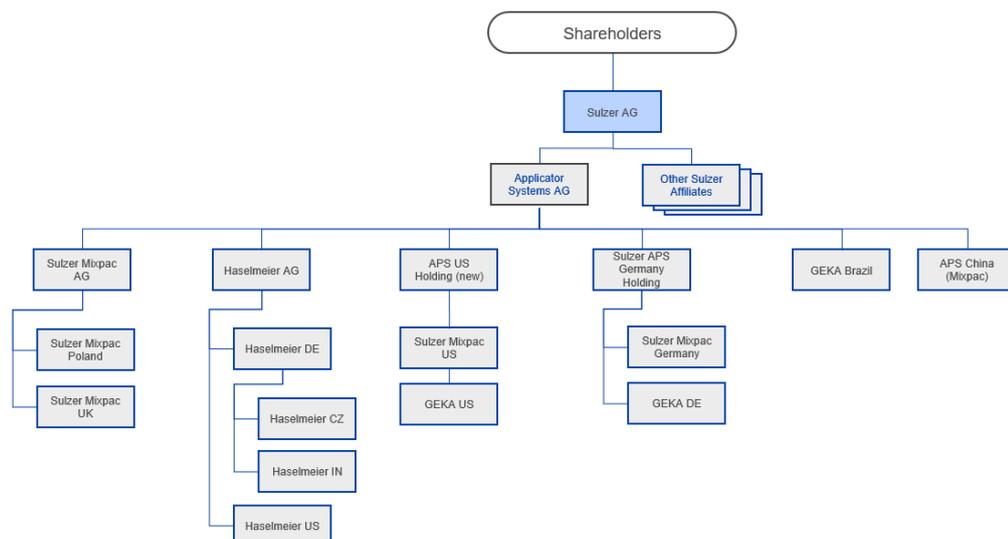
In a further step, which is generally not related to the demerger, it is planned to implement a capital increase from authorized capital in medmix (see section 1.6).

1.3. Effects of the Spin-Off

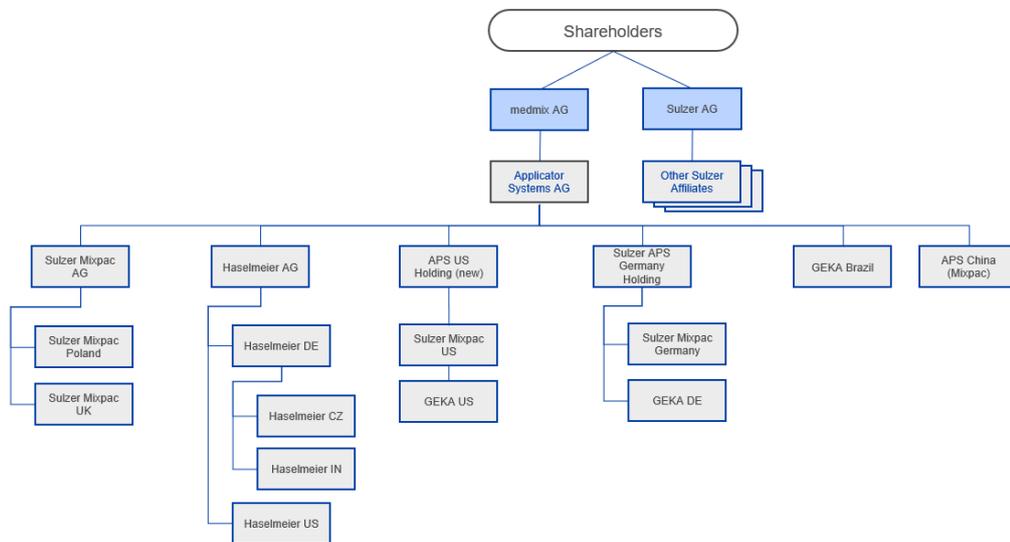
With respect to the shareholder structure of Sulzer, the spin-off will have the following effects for Sulzer’s shareholders:

Overview

Prior to the spin-off:



After the spin-off:



The capital structure of Sulzer will be mirrored in the capital structure of medmix and the participation ratio of each shareholder of Sulzer in medmix will correspond to the previous participation ratio of such shareholder in Sulzer.

Since the nominal value of the registered shares of Sulzer amounts to CHF 0.01 each, no further share split of such registered shares or a reduction of the nominal value can be carried out and since the number of registered shares in medmix received by each shareholder of Sulzer will correspond to the number of registered shares such shareholder holds in Sulzer, the currently existing capital contribution reserves of Sulzer will be reduced in the amount of CHF 342,623.70 and converted into nominal capital of medmix in the course of the spin-off. The share capital of Sulzer will not be decreased.

The new registered shares of medmix will be issued as uncertificated securities pursuant to article 973c CO and organized as intermediated securities in accordance with the Swiss Intermediated Securities Act.

The date for determining the shareholders of Sulzer who are entitled to receive registered shares in medmix is expected to be 29 September 2021, after close of trading.

It is expected that shareholders of Sulzer holding their shares in a securities deposit account will get credited their shares in medmix in their accounts on 30 September 2021. The exact date of credit depends on the safekeeping bank of the respective shareholders and cannot be influenced by any of the companies involved.

1.4. Tax Implications

From a Swiss perspective, the spin-off of the Applicator Systems Division will be tax neutral for both companies involved and for the shareholders. Shareholders subject to foreign tax rules are hereby informed that no analysis regarding foreign tax implications has been made.

1.5. Other Effects of the Demerger

The spin-off will not have any effects on the rights and obligations of Sulzer's shareholders.

Furthermore, as described in section 7 below, the board of directors assumes that the spin-off outlined herein will not have any effects on the situation of Sulzer's creditors.

1.6. Capital Increase of medmix

The articles of association of medmix (cf. [Annex 1.1.2](#)) provide in § 3a for an authorized share capital in accordance with article 651 CO in the maximum nominal amount of CHF 80,000. Therefore, the board of directors of medmix is authorized to increase the share capital in a total amount of CHF 80,000 by issuing a maximum of 8,000,000 shares in medmix with a nominal value of CHF 0.01 each.

Provision § 3a in the articles of association regarding authorized share capital authorizes the board of directors to withdraw the shareholders' subscription rights for good cause, in particular if it serves the fast and seamless placement of the new shares. In this event, the new shares must be issued at market conditions.

2. Demerger Plan

2.1. Scope

According to the Demerger Plan dated 27 May 2021, assets, liabilities, receivables, debts, rights, obligations and contractual relationships of Sulzer associated with the Applicator Systems Division with an asset surplus as of 31 December 2021 amounting to CHF 423,647,000 in total shall be transferred from Sulzer to the yet to be incorporated medmix within the course of the spin-off. The universal succession (*Universalsukzession*) includes all assets, liabilities,

receivables, debts, rights, obligations and contractual relationships as inventoried pursuant to the Demerger Plan. This includes, in particular, Sulzer's 100% shareholding in Applicator Systems AG, Zug, and its subsidiaries.

On 25 May 2021, Sulzer (as borrower) entered into a loan agreement with Sulzer Capital B.V., a subsidiary of Sulzer (as lender), in the amount of CHF 80,000,000. The loan is due for payment to Sulzer on 30 June 2021. As part of the debt split between the companies, the unfulfilled part of the loan agreement with Sulzer Capital B.V., namely the repayment and interest payment obligations under the loan agreement, will be transferred to medmix in the course of the spin-off, while the loan proceeds will remain with Sulzer. The equity of medmix will therefore decrease by CHF 80,000,000 compared to the demerger balance sheet as at 1 January 2021 plus the interest accrued since 30 June 2021. Its liabilities will increase by the same amount.

Since the balance sheet date of 31 December 2020, the following transactions have also been carried out outside the operating business of Sulzer, which relate to the Applicator Systems Division to be spun off:

- Dividend distribution by Sulzer Mixpac AG to Sulzer in the amount of CHF 34,000,000, financed by a loan from Sulzer to Sulzer Mixpac AG in the amount of CHF 35,000,000;
- Dividend distribution of Sulzer Mixpac USA Inc. to Sulzer US Holding Inc., a direct subsidiary of Sulzer, in the amount of USD 8,000,000; and
- Acquisition of Sulzer Mixpac (UK) Ltd. from Sulzer (UK) Holding Ltd. by Sulzer Mixpac AG for GBP 13,959,000, financed by a loan from Sulzer to Sulzer Mixpac AG in the amount of CHF 17,880,960.

These transactions have a reducing effect on the consolidated equity of the new medmix Group in the corresponding amount of CHF 34,000,000 or the equivalent in Swiss Francs of USD 8,000,000 and GBP 13,959,000.

2.2. Symmetric Demerger

This spin-off qualifies as a symmetric demerger pursuant to article 31(2)(a) MA. Prior to and after the spin-off the shareholders of Sulzer have the same participation ratio in both of the companies involved, Sulzer and medmix (see also section 1.3).

2.3. Effective Date

The transfer of the Applicator Systems Division with benefits and risks shall be effective as of 1 January 2021. From this date any actions carried out by Sulzer shall be considered as having been carried out on the account of medmix.

The demerger will become legally effective upon registration with the commercial register. At this time, all assets, liabilities, receivables, debts, rights, obligations and contractual relationships are transferred by operation of law to medmix.

2.4. Condition Precedent

The Demerger Plan is subject to the condition precedent of the approval by the shareholders' meeting of Sulzer.

3. Allocation Ratio and Cash Settlement

The demerger is structured as a symmetric spin-off by way of incorporation of a new company, in which the ownership interest of each shareholder in Sulzer corresponds to the ownership interest of such shareholder in the yet to be incorporated medmix (ratio 1:1). Membership continuity is fully preserved. There is no cash settlement.

4. Terms of the Valuation of Shares

In view of the fully preserved membership continuity of Sulzer's shareholders pursuant to section 3, a valuation of the shares is not required.

5. Supplementary Financial or Other Personal Contribution Obligations

There are no supplementary financial contributions or other personal contribution obligations to be imposed either on Sulzer's or medmix' shareholders or any other persons in connection with the spin-off.

6. Impact on Employees

Sulzer currently does not have any employees. Therefore, no employment agreements will be transferred from Sulzer to medmix in the course of the spin-off.

7. Impact on Creditors

With the completion of the spin-off, all assets, liabilities, receivables, debts, rights, obligations and contractual relationships associated with the Applicator Systems Division pursuant to the inventory of the Demerger Plan shall be transferred to medmix.

Pursuant to article 45 and article 46(1) MA, the board of directors of Sulzer must notify the creditors of the companies involved in the demerger about the spin-off by public announcement in the Swiss Official Gazette of Commerce which must be published three times, and must provide security for their claims if such creditors so request within two months of public announcement. Pursuant to article 46(2) MA, security may be waived if Sulzer proves that the settlement of such claims is not at risk due to the spin-off.

The spin-off affects creditors of Sulzer whose claims will not be transferred to medmix to the extent that the reserves of Sulzer will be lower after the spin-off as they were prior to the spin-off, but the solvency of Sulzer will not be affected.

With regard to the aforementioned, the board of directors of Sulzer assumes that the spin-off will not result in any negative effects on the situation of the existing creditors.

8. Regulatory Approvals

In the view of the board of directors of Sulzer, the spin-off does not trigger any regulatory approval requirements.

9. Approval by the Board of Directors

This Demerger Report was approved by the board of directors of Sulzer on 27 May 2021.

Annexes:

1.1.2 Articles of Association of medmix (draft)

[Signatures on the following page]

Signatures

Sulzer AG

[sig. Peter Löscher]

Peter Löscher
Chairman of the board of directors

[sig. Suzanne Thoma]

Suzanne Thoma
Vice chairwoman of the board of directors

Annex 1.1.2 – Articles of Association of medmix (Draft)

[separate document]