

60th ANNUAL REPORT 2022/2023

EMS

EMS-CHEMIE HOLDING AG

Domat/Ems Schweiz

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Dear Shareholders

2022 followed a strong financial year 2021, characterized by exceptional demand as compensation for the pandemic year 2020. Energy and raw materials were tight, prices were rising. First inflationary developments were noticeable already at the beginning of the year. In February 2022, the world was shaken by the Ukraine conflict, triggering general uncertainty among consumers. Sanctions were imposed and fears of upcoming energy shortages caused a massive rise in energy as well as raw material prices. Subsequently, inflation increased and central banks had to raise interest rates. As a result, global purchasing power declined and economic development slowed. In China, rigorous lockdown measures and the real estate crisis increasingly depressed the consumer mood. A widespread wave of infection in December 2022 and January 2023 caused consumer and production deficit to plummet. The subsequent recovery was sluggish.

EMS had already prepared for cautious and unstable economic development at the beginning of 2022. The proven strategy of specialties was continued. Planned new development and expansion projects to generate new business were pursued in 2022 more than ever. Together with customers, new products and solutions providing energy and cost savings were realized and launched. Remarkable increases in raw material prices made corresponding sales price increases for customers inevitable. As a result, pleasing growth of net sales could be achieved in all regions. Overall, record net sales and the second highest net profit in the 87 years of company history, were achieved.

In special recognition of innovative performance, the international Society of Plastics Engineers (SPE) presented EMS with three first places in the «SPE-Automotive Awards». EMS took first place with an innovative center console support structure for electric vehicles, a water pump for electric vehicles and a challenging electro-pneumatic brake module for trucks.

Especially in turbulent times, it is necessary to prepare for the future. The investment program announced last year with more than CHF 300 million for increased capacity and energy efficiency at the main production site in Domat/Ems, is being implemented as planned. Other production sites will also undergo expansion. New production processes were developed, with focus on higher efficiency and increased sustainability through significantly lower energy consumption.

For a long time now, EMS has been pioneer and role model with regard to sustainability. As industrial company we are already today CO₂-neutral – worldwide and at all our sites! We also enable our customers to achieve continual and sustainable CO₂-savings through development of lighter-weight parts, application of energy-saving process materials and lower processing temperatures. We have set ourselves further ambitious targets in the field of sustainability for the next years. In this way, we aim to reduce our energy consumption by a further 30%.

2023 started again in an extraordinarily demanding and challenging way. High core inflation and rising interest rates are causing the European economy to persist at a low level. In China, recovery is developing very sluggishly. EMS will continue to follow the proven strategy of specialties in the main area of High Performance Polymers.

In the currently strained economic situation, innovative solutions focusing on cost, energy and CO₂-savings are in particular demand. With its customer-oriented development competency, EMS is particularly well suited as development partner. In addition, with its strong financial position, EMS can quickly realize opportunities arising in the market and achieve disproportionately high growth compared to the market.

Economically uncertain times often require exceptional action. We would like to take this opportunity to thank our employees and management for their full commitment and daily efforts towards the company's success. In particular, we would also like to thank all our customers and business partners throughout the world for their many years of valued cooperation and loyalty.

At this point we also thank you, dear shareholders, for your faith and solidarity. We look forward to follow the demanding way ahead of us with you, and to strongly build the future together.



Bernhard Merki
Chairman of the
Board of Directors



Magdalena Martullo-Blocher
CEO and Vice-Chairman
of the Board of Directors

Share Performance

	2022	2021	2020	2019	2018
Number of registered shares	23 389 028	23 389 028	23 389 028	23 389 028	23 389 028
Shares entitled to dividend	23 389 028	23 389 028	23 389 028	23 389 028	23 389 028
Treasury shares	0	0	0	0	0
Information per share (in CHF):					
Dividend per share	20.00 ¹⁾	21.00	17.00	20.00	19.75
Of which ordinary dividend	15.75	16.50	13.00	15.60	15.50
Of which extraordinary dividend	4.25	4.50	4.00	4.40	4.25
Earnings per share	22.75	23.53	18.57	22.54	22.22
Cash flow per share ²⁾	25.02	26.01	21.12	25.01	24.61
Equity per share ³⁾	77.63	76.91	68.32	71.09	69.48
Stock prices ⁴⁾					
High	1 046.00	1 035.00	880.00	646.50	691.00
Low	591.50	793.50	496.60	458.00	447.60
At December 31	626.00	1 021.00	853.00	636.50	467.00
Market capitalization on December 31 (CHF million)	14 641.5	23 880.2	19 950.8	14 887.1	10 922.7

Registered shares are listed on the SIX Swiss Exchange.

EMS-CHEMIE	Security number 1.644.035	ISIN CH0016440353	Investdata/Reuters EMSN
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¹⁾ Proposal of the Board of Directors.

²⁾ Cash flow = net income plus write-downs on intangible assets, property, plant and equipment plus value adjustments to securities.

³⁾ Excluding non-controlling interests.

⁴⁾ Source: SIX Swiss Exchange AG.

Course of Business 2022/2023

Recovery of the global economy stopped abruptly in the 2nd quarter of 2022. The Ukraine conflict caused great uncertainty and massively higher energy prices, particularly in Europe. Raw material prices rose enormously. Existing inflationary tendencies increased, forcing central banks to raise interest rates. As a result, global purchasing power decreased. In China, rigorous lockdown measures, the real-estate crisis and a nationwide wave of infection with COVID-19 in December 2022 and January 2023, led to a comprehensive consumer deficit and production shortage.

EMS had already prepared for a moderate and unstable economy at the beginning of 2022. The proven strategy of specialties was continued and planned new development and expansion projects to generate new business were pursued now more than ever. In this way, pleasing growth of net sales was achieved in all geographic regions.

Consolidated net sales rose by 8.3% to CHF 2,442 million (2,254). Adjusted for currency influences, net sales rose by 12.6%. Net operating income (EBIT) reached CHF 611 million (640), and, due to the market environment and currency situation, it was 4.6% lower than in the record year 2021. The operational cash flow (EBITDA) amounted to CHF 661 million (696). The EBIT margin was 25.0% (28.4%); the EBITDA margin 27.1% (30.9%).

For 2023, EMS is expecting weaker global economic development. The European economy is expected to persist at a low level, in China, recovery is likely to be sluggish. Uncertainties regarding future geopolitical development, open energy issues and further increases in interest rates to combat inflation, are depressing the consumer mood.

EMS will continue to follow the proven strategy of specialties in the main area of High Performance Polymers. Innovative solutions in particular with regard to cost, fuel and CO₂ savings are in great demand in the currently challenging economic situation. As longstanding development partner to international customers, EMS provides these, achieving disproportionately high growth compared to the market.

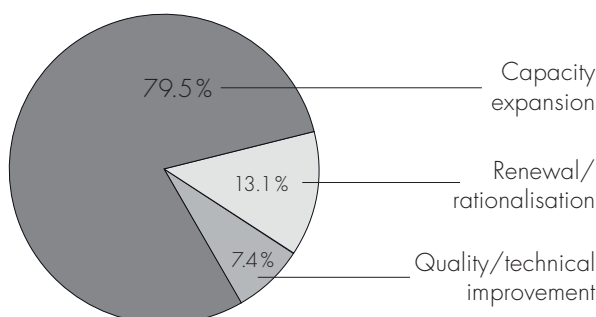
EMS is confident for the future. The planned investment program including over CHF 300 million to increase capacity and energy efficiency is being implemented.

Net sales and operating income (EBIT) are expected to be below previous year.

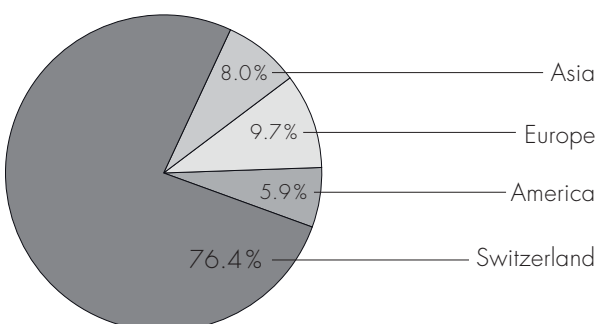
Investments

Overall investments in 2022 amounted to CHF 94 million (80). The majority of this sum was invested in expanding production capacity.

Investment by application



Investment by country and region



EMS Group production (quantity) by country

Switzerland	53.5%
Germany	9.8%
USA	8.9%
China	7.4%
Belgium	4.2%
Japan	3.4%
Czech Republic	2.8%
Mexico	2.3%
Taiwan	1.7%
Spain	1.2%
India	1.2%
Brazil	1.2%
Great Britain	1.0%
Russia	0.5%
Others	0.9%

EMS Group net sales by country

Germany	20.4%
China	15.6%
USA	12.6%
Japan	6.3%
France	5.3%
Italy	4.9%
Switzerland	4.0%
Mexico	3.2%
Spain	2.3%
Czech Republic	2.0%
Poland	1.8%
India	1.7%
Austria	1.6%
Great Britain	1.5%
Sweden	1.5%
Brazil	1.4%
South Korea	1.1%
Hungary	1.1%
Slovakia	1.0%
Taiwan	0.9%
Others	9.8%

Management structure

At the 2022 Annual General Meeting, Bernhard Merki, Magdalena Martullo, Dr Joachim Streu and Christoph Mäder were elected to the Board of Directors for a term of office lasting until the next ordinary Annual General Meeting.

Personnel

At the end of December 2022, the EMS Group had a total of 2 693 (2 646) employees (excluding apprentices). At the end of the year, the EMS Group employed 130 (134) apprentices in Switzerland covering 16 (16) different vocational fields. A total of 37 (29) apprentices successfully completed their professional training during the year under review.

Business areas

The EMS Group operates globally in the business areas of High Performance Polymers and Specialty Chemicals. These areas are further structured into Business Units.

High Performance Polymers

EMS-GRIVORY manufactures high-quality, customized high-performance polymers (polyamide granulate) which, thanks to high performance and economic processing, are used in many varied applications with focus on the field of automotive construction, in the electro and electronics industry, optics and many other industrial sectors. EMS-GRIVORY creates innovative system solutions together with customers throughout the world. Services provided to customers include feasibility studies, design and manufacture of prototypes, component testing and mould optimisation with special significance given to reduction in weight and total costs.

The Business Unit EMS-EFTEC, specialised in bonding, coating, sealing and damping, focuses on cost and weight-saving solutions for the global automotive industry.

In the reporting year 2022, the main area of High Performance Polymers generated net sales amounting to CHF 2,188 million (2,010) with a net operating income (EBIT) of CHF 548 million (571). Innovative products and solutions were launched in the global markets. Development activity remained high and significant capacity increases could be realized.

Specialty Chemicals

EMS-GRILTECH is specialised in the development and production of fibers, bonding agents for high-performance tires, fusible adhesives and adhesive yarn for technical and textile applications, powder-coatings and reactive diluents.

New specialities were also introduced onto the market in the secondary area of Specialty Chemicals. Net sales amounted to CHF 254 million (244), net operating income to CHF 63 million (69).

CHF millions	2022	2021	2020	2019	2018
Net sales revenue	2 441.9	2 253.8	1 802.3	2 152.7	2 318.3
Change in % against previous year	+8.3%	+25.1%	–16.3%	–7.1%	+8.0%
Change in local currencies	+12.6%	+24.6%	–4.8%	–2.1%	+6.4%
Of which in Switzerland	4.0%	3.8%	4.0%	3.7%	3.4%
Net operating income (EBIT)	611.1	640.3	515.1	623.7	620.2
Change in % against previous year	–4.6%	+24.3%	–17.4%	+0.6%	+6.6%
In % of net sales revenue	25.0%	28.4%	28.6%	29.0%	26.8%
Net financial income	–4.5	1.0	–4.4	–3.5	–2.0
Income taxes	71.7	88.5	71.1	88.4	95.8
Net income	534.9	552.9	439.7	531.9	522.3
Change in % against previous year	–3.3%	+25.8%	–17.3%	+1.8%	+7.8%
In % of net sales revenue	21.9%	24.5%	24.4%	24.7%	22.5%
Cash flow ¹⁾	585.3	608.3	494.0	584.9	575.5
Change in % against previous year	–3.8%	+23.1%	–15.5%	+1.6%	+7.1%
In % of net sales revenue	24.0%	27.0%	27.4%	27.2%	24.8%
Investments	94.0	79.9	48.3	62.9	60.2
In % of cash flow	16.1%	13.1%	9.8%	10.8%	10.5%
Balance sheet total	2 316.0	2 324.7	2 077.5	2 213.3	2 157.6
Assets					
Current assets	1 570.6	1 622.8	1 399.5	1 547.7	1 517.9
Non-current assets	745.4	701.9	678.0	665.6	639.7
Equity and liabilities					
Current liabilities	373.8	380.2	290.7	351.9	365.2
Non-current liabilities	97.8	116.1	162.6	175.8	147.8
Equity ²⁾	1 815.8	1 798.9	1 597.8	1 662.7	1 625.1
Balance sheet equity ratio	78.4%	77.4%	76.9%	75.1%	75.3%
Return on equity	29.3%	30.6%	27.2%	31.7%	32.0%
Number of employees on December 31 ³⁾	2 693	2 646	2 521	2 648	2 939

¹⁾ Cash flow = net income plus write-downs on intangible assets, property, plant and equipment plus value adjustments to securities.

²⁾ Excluding non-controlling interests.

³⁾ Excluding apprentices (2022: 136; 2021: 134; 2020: 132; 2019: 129; 2018: 136).

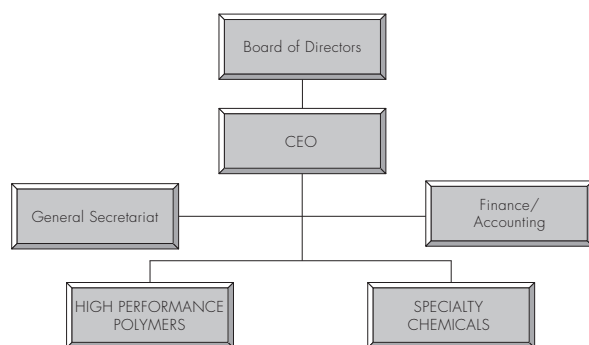
Corporate Governance

EMS-CHEMIE HOLDING AG, a holding company by Swiss law, is committed to responsible corporate governance and oversight. The structure and content of this report comply with the SIX Swiss Exchange Directive on Information Relating to Corporate Governance (DCG). Detailed principles and rules are also laid down in the company's Articles of Association at www.ems-group.com/articlesofassociation and in the Organisational Rules of the EMS Group. All data refer to the situation as at December 31, 2022, except where stated otherwise.

1. Group structure and shareholders

1.1 Group structure

The EMS Group is active worldwide in the two business areas High Performance Polymers and Specialty Chemicals. The organisational breakdown is based on product types. The Group's operating structure is as follows:



The companies of the EMS Group are grouped together in the EMS-CHEMIE HOLDING AG, which has its registered office in Domat/Ems, Switzerland. EMS-CHEMIE HOLDING AG is the only listed company within the scope of consolidation. EMS registered shares (EMSN, ISIN: CH0016440353) are listed on the SIX Swiss Exchange. As at December 31, 2022, the market capitalization of EMS amounted to CHF 1 464 1.5 million. No subsidiaries hold EMS registered shares.

An overview of the unlisted subsidiaries belonging to the consolidated EMS Group can be found in note 33 in the financial section.

Segment reporting by business area and geographical region can be found on page 32.

1.2 Significant shareholders

In the 2022 calendar year, two shareholders held more than 3% of the equity of EMS-CHEMIE HOLDING AG:

EMESTA HOLDING AG holds 60.82% of the share capital of EMS-CHEMIE HOLDING AG and BAUMI HOLDING AG 10.1%.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2. Capital structure

2.1 Capital/

2.2 Authorised and conditional capital in particular

The ordinary share capital of EMS-CHEMIE HOLDING AG amounts to CHF 233 890.28. No authorized or conditional capital exists.

2.3 Changes in capital

Information on capital changes can be found on page 4 (Share Performance), in the financial section on page 22 (Consolidated Statement of Changes in Equity) and in note 17 on page 41 (Share capital).

2.4 Shares and participation certificates/ 2.5 Profit sharing certificates

The fully paid share capital is divided into 23 389 028 registered shares with a par value of CHF 0.01 each. All registered shares are entitled to dividends. Each registered share entitles the holder to one vote at the Annual General Meeting. No participation certificates or profit sharing certificates exist.

2.6 Limitations on transferability and nominee registrations

On request, purchasers of shares of EMS-CHEMIE HOLDING AG are entered in the share register as voting shareholders without restrictions, provided they expressly declare that the registered shares were acquired in their own name and on their own account.

The Board of Directors may decide to register or reject people whose request for registration does not include an express declaration that they hold

the shares on their own account ("Nominees"), and with whom the company has entered into an agreement to this effect, in the register of shareholders with voting rights up to a maximum of 2% of the share capital entered in the commercial register.

The Articles of Association do not provide for any privileges or restrictions on transferability.

2.7 Convertible bonds and warrants/options

There are no convertible bonds or warrants/options issued.

3. Board of Directors

3.1 Members of the Board of Directors/

3.2 Other activities and vested interests

Board of Directors

Name	Nationality	Status	Year of birth	First elected in	Term of office exp.
Bernhard Merki	Swiss	Non-executive	1962	August 2014	2023
Magdalena Martullo	Swiss	Executive	1969	August 2001	2023
Dr Joachim Streu	German	Non-executive	1956	August 2013	2023
Christoph Mäder	Swiss	Non-executive	1959	August 2018	2023

On December 31, 2022, the Board of Directors of EMS-CHEMIE HOLDING AG consisted of the following four members:

Bernhard Merki (1962, Swiss citizen, Dipl. Masch.-Ing. HTL) was elected Chairman of the Board of Directors of EMS CHEMIE HOLDING AG in August 2020 after being a non-executive member of the Board of Directors of EMS-CHEMIE HOLDING AG since August 2014. From 1988 to 2013 he held different management positions within the Netstal Group, Näfels, Switzerland; the last ten years as CEO. From 2014 to 2018 he was CEO of the 4B AG in Hochdorf, Switzerland. From 2003 to 2012, Bernhard Merki served as member of the Executive Committee of the Krauss Maffei AG, Germany, and from 2006 until 2012 as Vice President of the Board of Directors of Netstal-Maschinen AG. From 2005 to 2012 he was President of EUROMAP, the European association for plastics and rubber machinery manufacturers. From 2019 to 2020 he was Chairman of the Board of Directors of Hochdorf Holding AG, Switzerland. Since 2010, he has been a member and since 2020 Chairman of the Board of Directors of RONDO Burgdorf AG and of the Seewer Holding AG, Switzerland. Also since 2019, Bernhard Merki has been a member of the Board of Directors of Ferrum AG, Switzerland. Since

2021, he has been Chairman of the Board of Directors of FST Beteiligungen AG and Fostag Formenbau AG as well as a member of the Board of Directors of QualySense AG, Switzerland. Since 2022, Bernhard Merki has been Chairman of the Board of Directors of Georg Utz Holding AG, Switzerland. Since 2020, he has been a member of the University Council of the Eastern Switzerland University of Applied Sciences in St.Gallen, Switzerland.

Magdalena Martullo (1969, Swiss citizen, Master of Business Administration) is Executive Vice-Chairman of the Board of Directors and Chief Executive Officer of the EMS Group. She joined EMS in 2001 and took command of the Group in 2004 when her father was elected to the Swiss Federal Council and sold his shares to his four children. Due to her shareholding in the EMESTA HOLDING AG, she is today majority shareholder of the EMS-CHEMIE HOLDING AG together with her sister Rahel Blocher. Magdalena Martullo graduated from the Hochschule St.Gallen (HSG) in Business Administration. Before joining the EMS Group she held different positions with Rivella AG and Johnson & Johnson AG as well as for various other companies in Switzerland and abroad. She also leads the Board Committee on Economic

Policy for scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech, where she has been a member of the Executive Board since 2004. Since 2015, she has been member of Swiss Parliament for the Swiss People's Party of the Grisons in the National Council. Magdalena Martullo is Vice President of the Swiss People's Party of Switzerland and member of the party leadership committee, where she is responsible for economic policies. She is also Vice President and member of the party leadership committee of the Swiss People's Party of the Grisons. In 2017 she was elected member of the Executive Board of *economiesuisse*, the national Swiss business federation.

Dr Joachim Streu (1956, German citizen, Diploma and Ph.D. in organic chemistry) has been non-executive Member of the Board of Directors of EMS-CHEMIE HOLDING AG since August 2013. He worked for BASF from 1984 to 2011 where he held many international responsibilities. From 1987 to 1995 he was active in different positions for the BASF subsidiary Elastogran GmbH (thermoplastic polyurethanes and polyurethane systems). From 1995 until 2001 Dr Streu was Director of BASF Polyurethanes in Brussels. From 1995 until 1998 he was Head of Marketing for the polyurethane chemicals business worldwide and from 1998 to 2001 Vice President of the Global Business Unit Polyurethane Specialties. From 2001 to 2004 he was Group Vice President of the

Global Business Unit Styrene. From 2004 to 2008 he was Head of BASF Management Consulting and from 2008 to 2010 President of the BASF Division Styrenics. He has worked as an independent corporate consultant since 2012.

Christoph Mäder (1959, Swiss citizen, Master of Law, Attorney-at-Law, University of Basel, Switzerland) was a member of the Executive Team of Syngenta from 2000 until April 2018. He is Vice-President of the Board of Directors of Lonza Group AG, Vice-President of the Bâloise Holding AG and a member of the Board of Directors of Assivalor AG as well as a member of the Board of Trustees of the Swiss Youth Science Foundation «Schweizer Jugend forscht». For many years he was also a board member (2006 until 2018) and Chairman (2008 until 2014) of scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech and other science-based industries. From 2008 until 2019 he was a member of the Board Committee of *economiesuisse* and has been Chairman since October 2020. Since 2021 Christoph Mäder has been member of the Bank Council of the Swiss National Bank.

None of the non-executive members of the Board of Directors have ever been a member of any Executive Management within the EMS Group, nor do any of them currently have a direct or indirect business relationship with companies in the EMS Group.

Attendance at meetings of the Board of Directors and committees 2022

Name	Function	Attendance at meetings		
		Board of Directors	Audit Committee	Remuneration Committee
Bernhard Merki	Chairman	12	8	5
Magdalena Martullo	Vice-Chairman and CEO	12		
Dr Joachim Streu	Member	12	8 ¹⁾	5
Christoph Mäder	Member	12	8	5 ¹⁾
Total meetings		12	8	5
Total duration (hours)		1-9	1-3	1-2

¹⁾ Chairman

3.3 Number of permitted activities outside the EMS Group

As per Article 19 of the Articles of Association, members of the Board of Directors must not hold more than 15 additional mandates.

3.4 Elections and terms of office

The Chairman and the members of the Board of Directors as well as the members of the Remuneration Committee are elected individually by the Annual General Meeting for a term of office lasting until the next ordinary Annual General Meeting. Re-election is possible.

3.5 Internal organisational structure

Duties of the Board of Directors

The Board of Directors is the highest executive body of the EMS Group. It is responsible for supervising and monitoring the company's management and that of its affiliated companies which together form the EMS Group. With the exception of the Chairman and the Members of the Remuneration Committee, who are elected by the Annual General Meeting, the Board of Directors constitutes itself. The Board of Directors has delegated most of the operational management of the EMS Group to the CEO. Special tasks can be delegated to individual members of the Board of Directors or to separate special committees.

Board committees: Members, tasks, areas of responsibility

There are two committees: the Audit Committee and the Remuneration Committee. Their tasks and responsibilities are set out in guidelines. Both committees have assessment, advisory and monitoring functions but no decision-making powers.

As of December 31, 2022, the Audit Committee consisted of three non-executive, independent members of the Board of Directors (Dr Joachim Streu, Chairman, Bernhard Merki, member, Christoph Mäder, member). It assesses the effectiveness of external reporting, internal finance and accounting, internal control systems and compliance with accounting principles. The Audit Committee makes recommendations to the entire Board of Directors regarding presentation of individual and consolidated financial statements to the Annual General Meeting. It also assesses the performance and remuneration of the external auditors.

As per December 31, 2022, the Remuneration Committee consisted of three non-executive members of the Board of Directors (Christoph Mäder, Chairman, Dr Joachim Streu, member, Bernhard Merki, member). The Remuneration Committee is concerned with the remuneration policy of the EMS Group (Board of Directors, Executive Management, senior executives). It supports the Board of Directors, in particular in the writing of the Remuneration Report.

Working methods of the Board of Directors and its committees

The Board of Directors and its committees meet as frequently as business demands. The Board of Directors conducts a self-evaluation once a year. The Board of Directors held twelve meetings in 2022, each lasting between one and nine hours. The Audit Committee held eight meetings, each lasting between one and three hours, while the Remuneration Committee held five meetings, each lasting between one and two hours.

The Head of Finance (CFO) also attends the meetings of the Board of Directors and the Audit Committee. Other members of Executive Management and Heads of Business Units are invited to attend meetings of the Board of Directors when it discusses matters relevant to their areas of responsibility. To constitute a quorum, a majority of the members of the Board of Directors must be present. The Board of Directors takes decisions and carries out elections with the majority vote of the members present at the meeting. The Chairman does not have a casting vote. Resolutions can also be passed by telephone, electronic media or circular, provided that no member requests discussion in person. Individual members are obliged to abstain from voting on personal matters or on matters involving persons with whom they are closely associated.

Members of Executive Management are invited to attend committee meetings where matters relevant to their areas of responsibility are to be discussed. The provisions relating to meetings and resolutions of the Board of Directors and to the requirement for its members to abstain, also apply to the committees. At the next plenary meeting of the Board of Directors after their committees have met, the committee Chairman reports on the proceedings and submits proposals to the Board for its decision.

3.6 Definition of areas of responsibility

The Board of Directors makes decisions regarding all matters not reserved for the Annual General Meeting or another body by law, the Articles of Association or the Organisational Rules. Subject to article 716a of the Swiss Code of Obligations (non-transferable and inalienable duties of the Board of Directors), the Board of Directors has delegated most of the operational management of the EMS Group to Executive Management. These duties and responsibilities particularly include proposing the strategy for the EMS Group to the Board of Directors, achieving the operative and financial results of the EMS Group, reviewing the budgets and medium-term plans of Business Units, deciding on scheduled capital investments up to CHF 5 million and on unscheduled capital investments up to CHF 0.5 million, reaching decisions on the procurement of external capital (e.g. bonds, bank loans) up to CHF 30 million, issuing guarantees in accordance with the guarantee concept proposed to the Board of Directors, receiving periodic reports on business performance and all other significant events, deciding on the initiation and conduct of legal proceedings and submitting proposals to the Board of Directors for legal proceedings of fundamental significance, approving the organization up to the level of employees directly subordinate to Heads of Business Units, submitting proposals to the Board of Directors on the acquisition and disposal of equity holdings, assigning powers to the members of the board of trustees who protect the interests of the employer in EMS Group pension schemes, proposing authorised signatories to the Board of Directors, permitting heads of Business Units and their direct subordinates to accept seats on Boards of Directors, political offices or honorary offices, enacting the rules of the EMS Group and maintaining personal contact with executive managers of other companies and with important customers.

3.7 Information and control instruments vis-à-vis the Executive Management

The Board of Directors receives consolidated quarterly financial statements prepared in accordance with IFRS. Along with the income statement, these mainly provide information on the balance sheet, the cash flow account and changes in equity. Additionally, at the end of each month, the Board of Directors receives a written report from the CEO regarding business performance during

that month and the expected monthly result. On the 4th working day of the following month, it receives the monthly income statement with the most important key figures, which are compared with the budgeted figures and those of the previous year. It is also provided, in the same detail, with monthly updated forecast calculations for the end of the year. This serves to monitor the achievability of the budget. Furthermore, at each meeting of the Board of Directors, the CEO and CFO report on the course of business and on all matters relevant to the Group, while the two committee Chairmen report on the matters they have dealt with, detailing their significant findings and assessment and submitting proposals accordingly. Every year, the Board of Directors discusses and approves the budget for the following year, as well as rolling medium-term planning for the next three years. The CEO informs the members of the Board of Directors of any extraordinary events without delay by circular or other appropriate means. At Board meetings, any member of the Board may request information from other members or from Executive Management on any of the company's affairs. Between meetings of the Board of Directors, any member may request information from the CEO on the course of business, and – with the approval of the Chairman – on specific business events, and/or may inspect business documents. At their own discretion, members of the Board of Directors visit Group companies and participate in the two-monthly Management Meetings held by Executive Management with the Heads of the Business Units in order to form an independent view of the Group's operating activities and the implementation of its strategy.

As part of an overall internal audit plan commissioned by the Board of Directors, during the year under review 24 internal audits were conducted by Group Internal Audit, no audit by Group Tax and 5 audits by Group Legal, mainly regarding accounting and compliance topics at Group companies. Group Financial Controlling discusses all audit findings in detail with the companies and Business Units concerned, and the most important measures are agreed on. In the event of disagreement between the auditors and the company audited, the different positions are stated transparently. An audit report is prepared containing the overall audit findings. Members of the Audit Committee, the CEO and the CFO each receive a copy of every internal audit report. Following each audit report, the CEO and CFO present the Audit

Committee with the measures to be implemented by Group management. All significant measures are continuously monitored by the Audit Committee. In the event of discrepancies, the CEO and CFO must comment on them and present proposals for corrective measures. Although Group Financial Controlling is subordinate to the CFO, it reports directly to the Chairman of the Audit Committee with regard to these activities. Group Financial Controlling also regularly keeps the Audit Committee informed of such changes in the field of accounting. The legal service of the EMS Group reports regularly to the Board of Directors on any legal changes important to EMS. Twice a year, the Audit Committee is notified of all litigation cases that are underway or impending. Besides the status of the individual cases, the report focuses on risks and opportunities they represent, costs and other possible effects.

Risk management constitutes an integral component of planning and reporting activities at EMS. At Executive Management and Business Unit level, risks are identified annually as part of the medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the gravity of the risk and probability of its occurrence. The identification and assessment of changes in risk play an important part in this process. Measures are defined to reduce significant risks. In the course of planning discussions, the CEO and CFO report to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them.

4. Executive Management

4.1 Members of Executive Management/ 4.2 Other activities and vested interests

Magdalena Martullo (1969, Swiss citizen, Master of Business Administration) is Executive Vice-Chairman of the Board of Directors and Chief Executive Officer of the EMS Group. She joined EMS in 2001 and took command of the Group in 2004 when her father was elected to the Swiss Federal Council and sold his shares to his four children. Due to her shareholding in the ERESTA HOLDING AG, she is today majority shareholder of the EMS-CHEMIE HOLDING AG together with her sister Rahel Blocher. Magdalena Martullo gradu-

ated from the Hochschule St.Gallen (HSG) in Business Administration. Before joining the EMS Group she held different positions with Rivella AG and Johnson & Johnson AG as well as for various other companies in Switzerland and abroad. She also leads the Board Committee on Economic Policy for scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech, where she has been a member of the Executive Board since 2004. Since 2015, she has been member of Swiss Parliament for the Swiss People's Party of the Grisons in the National Council. Magdalena Martullo is Vice President of the Swiss People's Party of Switzerland and member of the party leadership committee, where she is responsible for economic policies. She is also Vice President and member of the party leadership committee of the Swiss People's Party of the Grisons. In 2017 she was elected member of the Executive Board of *economiesuisse*, the national Swiss business federation.

Peter Germann (1959, Swiss citizen, Master of Business Administration) has been a member of Executive Management since January 2004 and Head of Finance (CFO) ad interim since April 2023. He already held the position of Head of Finance (CFO) of the EMS Group from 1994 to 2017 – interrupted by one year as Head of Finance with the Ascom Group. Peter Germann previously held a variety of management positions, his last position being Head of Finance with the Arbonia-Forster Group.

Dr Christoph Kleiner (1961, Swiss citizen, doctorate in chemistry from the University of Basel) has been member of Executive Management of the EMS Group since August 2020. From 1990 to 1997, Dr. Christoph Kleiner held various leadership positions in research & development and production of polymer additives with Ciba Geigy. From 1998 to 2007 he was responsible for the manufacture of active pharmaceutical ingredients in Switzerland and the USA for the pharmaceutical company Siegfried and latterly for strategic projects and acquisitions of the Siegfried Group. Following this, Dr. Kleiner joined Quadrant as technical director of Quadrant EPP Europe, before becoming Managing Director EPP Global Operations after the take-over by Mitsubishi Chemical and being responsible for all worldwide production locations of Mitsubishi Chemical Advanced Materials until mid-June 2020.

Oliver Flühler (1971, Swiss citizen, Master of Business Administration, University of Zurich, Switzerland, Certified Public Accountant) was from May 2022 until the end of March 2023 member of the Executive Management and the EMS Group's Chief Financial Officer (CFO). After different positions in auditing, management consulting and industry, Oliver Flühler joined Hero Switzerland in 2005, became their CFO in 2007 and Vice President Group Controlling for the Hero Group in 2009. At the end of 2013 he then transferred to the 4B Group, where he was as CFO responsible for Management Services. As a member of the Swiss People's Party, Oliver Flühler has been a member of the parliament of Canton Schwyz since 2020.

Urs Janssen (1968, Swiss citizen, Mechanical Engineer FH, Executive MBA University of St.Gallen) joined Executive Management of the EMS Group on March 1st 2023. From May 2019 to February 2023 he was Business Unit Leader for EMS-SERVICES and plant manager at Domat/Ems. Prior to this, from 2011 until 2019, Urs Janssen held various positions with Dätwyler Cabling Solutions AG, first as Vice President Global Operations from April 2011 until March 2015 and then as Managing Director Europe from April 2015 until April 2019. In addition, Urs Janssen has acted as Vice President of the Handelskammer und Arbeitgeberverband Graubünden since 2019.

Members of Executive Management are nominated by the CEO and appointed by the Board of Directors. They are subordinate to the CEO, whom they assist in the task of managing and supervising the EMS Group. Executive Management usually meets every two weeks. In addition, the Secretary General attends these meetings in an advisory function. The duties and responsibilities of Executive Management are listed in section 3.6 (Definition of areas of responsibility).

4.3 Number of permitted activities outside the EMS Group

As per Article 19 of the Articles of Association, members of Executive Management must not hold more than 15 additional mandates.

4.4 Management contracts

No management contracts with third parties exist.

5. Remuneration, shareholdings and loans

Details about remuneration, participation and loans are given in the Remuneration Report on page 17 and 18, resp. in the appendix to the annual financial statement of the EMS-CHEMIE HOLDING AG in note 3.2.

6. Shareholders' participation

Shareholders' participation rights are laid down in the Articles of Association of EMS-CHEMIE HOLDING AG (www.ems-group.com/articlesofassociation).

6.1 Voting-rights and representation restrictions

Voting-right restrictions apply solely to nominees. No rules exist governing the granting of exceptions.

A registered shareholder may only be represented at the Annual General Meeting by his/her legal representative, by another shareholder who has voting rights or by the Independent Proxy. Shareholders may also issue powers of attorney or directives to the Independent Proxy electronically. The Independent Proxy is elected by the Annual General Meeting for a term of office lasting until the next ordinary Annual General Meeting; re-election is permissible. Shares held by the company do not confer voting rights at the Annual General Meeting and do not bear a dividend.

6.2 Statutory quorums

Unless not otherwise provided by law, the General Meeting of Shareholders shall pass resolutions and hold elections on the basis of an absolute majority of the votes cast.

6.3 Convocation of the General Meeting of Shareholders

The Ordinary Annual General Meeting of Shareholders is convened in accordance with legal requirements and the company's Articles of Association. It is convened by publication of a single notice in the Swiss Official Gazette of Commerce (SHAB) and selected Swiss newspapers, and by written invitations sent to the addresses of the shareholders and beneficiaries entered in the share register. The period of notice is 20 days. Extraordinary General Meetings of Shareholders are held in the cases prescribed by law and as required.

6.4 Agenda

One or more shareholders representing together 10% or more of the company's shares may request that a particular item be added to the agenda. A request to add an item to the agenda must be submitted in writing at least 40 days in advance of the Annual General Meeting, specifying the subject to be discussed and containing the proposed motions.

6.5 Inscriptions into the share register

The cut-off date for entering registered shareholders in the share register with regard to participation at the General Meeting of Shareholders is around 10 calendar days before the General Meeting. The cut-off date will in each case be determined by the Board of Directors and is stated in the invitation. Registered shares sold between the cut-off date and the General Meeting of Shareholders do not carry any voting rights. There are no rules governing the granting of exceptions.

7. Changes in control and defence measures

7.1 Duty to make an offer

According to Article 3 paragraph 2 of the Articles of Association, a party acquiring shares above the legal threshold potentially triggering a public offer in EMS-CHEMIE HOLDING AG is not obliged to submit a public purchase offer (opting-out clause).

7.2 Clauses on change of control

There are no clauses relating to change of control.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

BDO AG, Schiffbaustrasse 2, 8031 Zurich, Switzerland, has acted as the statutory auditor of EMS-CHEMIE HOLDING AG since 2022. The statutory auditor is appointed by the Annual General Meeting for a one-year term of office. Christoph Tschumi has been the lead auditor since 2022. The person, leading the revision, is allowed to execute the mandate for seven years at the longest (art. 730a par. 2 CO).

8.2 Audit fees

The EMS Group paid BDO a global total of CHF 645 000 for services relating to the audit of the Group's annual financial statements.

8.3 Additional fees

BDO invoiced additional services worth CHF 2 000 in 2022.

8.4 Information tools pertaining to the external audit

The Audit Committee monitors the independence and performance of the independent statutory auditor on behalf of the Board of Directors and verifies the financial reporting of EMS (regarding the meetings held see section 3.5, page 11). The independent statutory auditor was invited to attend one meeting of the Audit Committee. Executive Management is responsible for financial accounting and continuous financial reporting, including the internal control system. The independent statutory auditor, BDO AG, is responsible for giving an opinion on whether the accounting records and the annual financial statements comply with Swiss law and the company's Articles of Association. BDO AG is responsible for providing an assessment of the consolidated financial statements (income statement, statement of comprehensive income, balance sheet, changes in equity, statement of cash flows and notes), in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and with Swiss law. The Audit Committee is also responsible for monitoring the relevant activities of Executive Management and the independent statutory auditor.

9. Blackout periods

Until the announcement of market-relevant information or projects, the Board of Directors, Executive Management and any employees involved are prohibited from effecting transactions with equity securities or other financial instruments of EMS-CHEMIE HOLDING AG or potential target companies.

The following governs the regularly recurrent blackout periods with regard to financial reporting:

- Annual Results of the EMS Group: December 10, every year until publication of the corresponding media information.

- First-quarter report (Jan.–March): March 15, every year until publication of the corresponding media information.
- Half-year report: June 15, every year until publication of the corresponding media information.
- Third-quarter report (Jan.–Sept.): September 15, every year until publication of the corresponding media information..

10. Information policy

EMS publishes quarterly net sales figures, together with a commentary on the course of business and outlook for the future. The half-year and annual financial statements are prepared in accordance with IFRS. EMS also issues ad-hoc reports on important events as and when they occur.

Calendar of events of the EMS Group

July 14, 2023:

Half-year report 2023 (Media conference)

August 12, 2023:

Annual General Meeting 2023
of EMS-CHEMIE HOLDING AG

End of August 2023:

Definitive Half-year report 2023

October 2023:

Third-quarter report 2023

February 2024:

Annual results 2023 (Media conference)

April 2024:

First-quarter report 2024

Further details regarding dates can be found at www.ems-group.com/calendar.

Subscription to ad-hoc reports received by e-mail can be made at www.ems-group.com/newsletter.

Further information is available on the company website: www.ems-group.com.

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Sustainability

Economic, social and ecological sustainability forms the foundation for EMS' industrial activity.

Its business model, with weight-saving system solutions, leads to a reduction in annual CO₂ emissions of 35 000 tons per year for EMS' customers.

EMS places great value on the most environmentally compatible and sustainable production possible. In this way, EMS already reduced CO₂ emissions at its largest production site worldwide at Domat/Ems (Switzerland) by more than 80% with the start-up of a biomass power station in 2006. In addition, since 2020, the electricity supply at production and sales locations in Switzerland and Germany is 100% CO₂-neutral hydroelectricity. Through further measures EMS has produced CO₂-free at all locations worldwide since July 1, 2020.

The continual reduction of emissions, refuse and waste water is planned and implemented by EMS in a target-oriented way with on-going plant improvements as well as replacement and expansion investments.

Requirements of business partners, employees and the environment are satisfied by EMS through responsible economic, social and ecological behaviour. The various requirements are processed in the integrated quality management system, where targets, measures and priorities on the levels of quality, safety, environmental protection and health are defined and implemented. All these targets and measures are planned in the business areas and specified and approved by Executive Management within the framework of multi-year planning and the one-year plan. Line management ensures implementation.

The employees are EMS' most important capital. They guarantee the innovative strength and strong competitiveness of EMS. Their safety, health and training are given first priority.

EMS is aware of its social responsibility and at its locations worldwide, supports varied local activities in the fields of sport, culture and education. Due to the exemplary training of apprentices, EMS was designated one of the best apprenticeship companies in Switzerland (more details at www.emax-gr.ch).

Further details about environmental protection and safety can be found in the publication "Data and Trends" at www.ems-group.com/sustainability.

Remuneration system, competence and method of determining

The remuneration system for members of the Board of Directors and Executive Management consists, as per the Articles of Association, of a fixed remuneration and a possible variable remuneration component, which are paid out in cash only. EMS has no participation plan. The fixed and any possible variable remuneration component are independent of each other. The variable remuneration component may form a central part of the overall remuneration package. The principle criteria for the variable remuneration component are the achievement of earnings targets and

project objectives. The Board of Directors determines the variable remuneration component at its discretion taking target achievement into account.

The remuneration sum is defined by the Board of Directors at the proposal of the Remuneration Committee and after consultation with the CEO. Variable remuneration components are paid in May of the following year. According to the current contracts, members of the Board of Directors only receive a fixed remuneration. In the reporting year, the variable remuneration component of members of Executive Management amounts on average to 36% of the total remuneration sum (2021/2022: 45%).

Remuneration for the reporting period and comparison with previous period (audited by the Statutory Auditors)

The following remuneration was paid in the reporting year (1.5.2022–30.4.2023):

		2022/2023 (CHF '000)	2021/2022 (CHF '000)
Board of Directors	Function	Remuneration	
B. Merki	Chairman	242	242
M. Martullo	Vice-Chairman and CEO	236	236
Dr J. Streu	Member	135	136
Ch. Mäder	Member	151	151
Total Board of Directors		764	765
Executive Management			
Total remuneration paid to the Executive Management was Of this, KCHF 1 121 (2021/2022: KCHF 1 492) was variable remuneration components. The highest remuneration for a member of Executive Management in the reporting year was KCHF 1 049 (2021/2022: KCHF 1 154) and of this, KCHF 523 (2021/2022: KCHF 628) as variable remuneration component, paid to M. Martullo, independent of her remuneration as Member of the Board of Directors.		3 109	3 350
Total remuneration paid to the Board of Directors and Executive Management was The remuneration is paid exclusively in cash. EMS has no stock option program.		3 873	4 115
Advisory board	There is no advisory board.		
No remuneration was paid to former members of the Board of Directors or Executive Management in connection with any earlier function within the company. Furthermore, all remuneration for current or former members of the Board of Directors, Executive Management and related parties was paid based on standard market terms. During the year, the personal composition of the Executive Board changed.			

Voting of the Annual General Meeting on remuneration

According to Article 23 of the Articles of Association, the Board of Directors annually requests the Annual General Meeting for approval, for the board of Directors and Executive Management separately, of the remuneration for the previous business year. Any remuneration already paid is subject to subsequent approval by the Annual General Meeting.

Credit Facilities

As per Article 20 of the Articles of Association, members of the Board of Directors and Executive Management may be granted loans and credit facilities. Such loans and credit facilities must not

in aggregate exceed the amount of 50 MCHF, may only be granted on standard market terms and in compliance with the applicable withdrawal rules.

Neither the current nor previous members of the Board of Directors or Executive Management or persons associated to them have received loans or credit facilities.

Proposals to the Annual General Meeting 2023: Approval of the remuneration 2022/2023

Total sum of remuneration to the Board of Directors to be approved: KCHF 764.

Total sum of remuneration to Executive Management to be approved: KCHF 3 109.

Report of the statutory auditor on the remuneration report To the General Meeting of EMS-CHEMIE HOLDING AG, Domat/Ems

Opinion

We have audited the Remuneration Report of EMS-CHEMIE HOLDING AG (the Company) for the year ended April 30, 2023. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked «audited by the Statutory Auditors» on page 17 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 17 to 18) complies with Swiss law and art. 14–16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibilities for the Audit of the Remuneration Report» section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter

The remuneration report of EMS-CHEMIE HOLDING AG for the year ended April 30, 2022 was audited by another statutory auditor who expressed an unmodified opinion on this remuneration report on July 1, 2022.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked «audited by the Statutory Auditor» in the Remuneration Report, the consolidated financial statements, the standalone financial statements and our auditor's reports thereon.

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

In connection with our audit of the Remuneration Report our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of directors' Responsibilities for the Remuneration Report

The board of directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The board of directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14–16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

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

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

BDO Ltd



Christoph Tschumi
Auditor in Charge
Licensed Audit Expert



ppa. Andreas Kern
Licensed Audit Expert

Zurich, July 5, 2023

Consolidated Income Statement

	Notes	2022 (CHF '000)	2021 (CHF '000)
Net sales revenue from goods and services		2 441 909	2 253 846
Inventory changes, semi-finished and finished goods		132 963	69 264
Capitalized costs and other operating income	1	33 178	28 887
Material expenses		(1 581 670)	(1 308 594)
Personnel expenses	2	(246 369)	(236 169)
Other operating expenses	3	(118 517)	(111 467)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)		661 494	695 767
Depreciation and amortization	8, 24	(50 424)	(55 436)
NET OPERATING INCOME (EBIT)		611 070	640 331
Financial income	5	905	2 261
Financial expenses	6	(5 426)	(1 239)
NET INCOME BEFORE TAXES		606 549	641 353
Income taxes	7	(71 694)	(88 476)
NET INCOME		534 855	552 877
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		532 100	550 320
Non-controlling interests	18	2 755	2 557
Earnings per share in CHF:			
Basic	26	22.75	23.53
Diluted	26	22.75	23.53

Consolidated Statement of Comprehensive Income

Net income recognized in income statement		534 855	552 877
Actuarial gains from defined benefit pension plans, net of tax		812	34 812
Items that will not be reclassified to income statement, net of tax		812	34 812
Net changes from cash flow hedges, net of tax	15	4 228	24 664
Currency translation differences		(31 022)	(10 228)
Items that are or may be reclassified to profit or loss		(26 794)	14 436
Other comprehensive income		(25 982)	49 248
COMPREHENSIVE INCOME		508 873	602 125
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		508 011	598 750
Non-controlling interests	18	862	3 375

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

EMS Group
Consolidated Financial Statements
Annual Report 2022/2023

	Notes	31.12.2022 (CHF '000)	31.12.2021 (CHF '000)
NON-CURRENT ASSETS		745 409	701 867
Intangible assets	8	58 791	60 128
Property, plant and equipment	8	607 526	564 719
Rights of use of leased assets	8	13 177	16 138
Investments		188	188
Other non-current assets	9	35 372	40 122
Other non-current financial instruments	10	8 676	8 089
Deferred income tax assets	7	21 679	12 483
CURRENT ASSETS		1 570 591	1 622 809
Inventories	11	677 734	518 216
Trade receivables	12	333 078	345 951
Income tax assets		8 460	7 535
Other current assets	13	170 770	613 705
Derivative and other financial assets	14	131 984	26 807
Cash and cash equivalents	16	248 565	110 595
TOTAL ASSETS		2 316 000	2 324 676
EQUITY		1 844 389	1 828 327
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 815 788	1 798 947
Share capital	17	234	234
Retained earnings and reserves		1 815 554	1 798 713
Equity, attributable to non-controlling interests	18	28 601	29 380
LIABILITIES		471 611	496 349
Non-current liabilities		97 821	116 100
Non-current financial liabilities	19	8 904	11 918
Other non-current liabilities		0	14
Deferred income tax liabilities	7	72 388	69 964
Employee benefit liability	20	9 659	14 184
Non-current derivative financial instruments	15	24	0
Provisions	21	6 846	20 020
Current liabilities		373 790	380 249
Current derivative financial instruments	15	11	412
Current financial liabilities	19	4 620	7 493
Trade payables		131 556	143 839
Income tax liabilities		98 594	93 587
Provisions	21	1 694	1 505
Other current liabilities	22	137 315	133 413
TOTAL EQUITY AND LIABILITIES		2 316 000	2 324 676

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(CHF '000)	Share capital	Capital reserves (share premium)	Retained earnings	Hedging reserves	Translation from IFRS 9	Equity, attributable differences EMS-CHEMIE HOLDING AG	Equity, attributable to shareholders of interests	Equity to non-controlling
At 31.12. 2020	234	25 676	1 706 320	3 723	(138 143)	1 597 810	26 440	1 624 250
Net changes from cash flow hedges				24 664		24 664		24 664
Actuarial gains from defined benefit pension plans			34 812			34 812		34 812
Currency translation differences					(11 046)	(11 046)	818	(10 228)
Other comprehensive income			34 812	24 664	(11 046)	48 430	818	49 248
Net income recognized in income statement			550 320			550 320	2 557	552 877
Comprehensive income	0	0	585 132	24 664	(11 046)	598 750	3 375	602 125
Transactions with treasury shares						0		0
Dividends paid			(397 613)			(397 613)	(435)	(398 048)
At 31.12. 2021	234	25 676	1 893 839	28 387	(149 189)	1 798 947	29 380	1 828 327
Net changes from cash flow hedges				4 228		4 228		4 228
Actuarial gains from defined benefit pension plans			812			812		812
Currency translation differences					(29 129)	(29 129)	(1 893)	(31 022)
Other comprehensive income			812	4 228	(29 129)	(24 089)	(1 893)	(25 982)
Net income recognized in income statement			532 100			532 100	2 755	534 855
Comprehensive income	0	0	532 912	4 228	(29 129)	508 011	862	508 873
Transactions with treasury shares						0		0
Dividends paid			(491 170)			(491 170)	(1 641)	(492 811)
At 31.12. 2022	234	25 676	1 935 581	32 615	(178 318)	1 815 788	28 601	1 844 389

	2022	2021
Equity attributable to shareholders of EMS-CHEMIE Holding AG, in % of total assets	78.4 %	77.4 %

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2021: KCHF 47) not eligible for distribution. On February 10, 2023, the company announced that the Board of Directors will propose a dividend payment of CHF 20 per each share to the ordinary annual shareholder meeting on August 12, 2023 (CHF 15.75 ordinary dividend, CHF 4.25 extraordinary dividend).

For further information and data refer to page 4, "Share Performance".

Consolidated Statement of Cash Flows

EMS Group
Consolidated Financial Statements
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	Notes	2022 (CHF '000)	2021 (CHF '000)
Net income		534 855	552 877
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right of use of leased assets	8, 24	50 424	55 436
Loss from disposal of property, plant and equipment, net	3	95	745
Increase/(decrease) of provisions	21	(12 485)	516
Unrealised currency translation (gains/)/losses on foreign exchange positions		10 337	(10 251)
Change assets and liabilities of post-employment benefits, net	20	(2 872)	161
Net interest income	5, 6	(136)	68
Expenses for income taxes	7	71 694	88 476
Changes in net working capital		(210 390)	(90 458)
Taxes paid		(74 429)	(78 411)
Interest paid		(752)	(668)
Provisions used	21	(448)	(177)
CASH FLOW FROM OPERATING ACTIVITIES A		365 893	518 314
Purchase of intangible assets and property, plant and equipment	8	(93 966)	(79 926)
Disposal of intangible assets and property, plant and equipment	8	458	899
Decrease in other non-current assets	9	166	133
Interest received		834	790
Paid withholding taxes	13	(236 694)	(194 757)
Received withholding taxes	13	710 082	132 507
Investments of current financial assets	14	(105 177)	(20 357)
CASH FLOW FROM INVESTING ACTIVITIES B		275 703	(160 711)
Dividends paid to shareholders of EMS-CHEMIE HOLDING AG		(491 170)	(397 613)
Dividends paid to non-controlling interests	18	(1 641)	(435)
Payment for the repayment portion of the leasing liabilities		(4 736)	(5 242)
Repayment of interest-bearing liabilities	19	(2 944)	(2 194)
CASH FLOW FROM FINANCING ACTIVITIES C		(500 491)	(405 484)
Increase/(decrease) in cash and cash equivalents (A + B + C)		141 105	(47 881)
Cash and cash equivalents at 1.1.		110 595	155 345
Translation difference on cash and cash equivalents		(3 135)	3 131
Cash and cash equivalents at 31.12.	16	248 565	110 595

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Consolidated accounting principles

General information on the consolidated financial statements

The consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows of the EMS Group. The consolidation is based on individual financial statements of subsidiaries prepared according to uniform Group accounting principles and in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They also comply with Swiss law.

The preparation of consolidated financial statements and related disclosures in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results may differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period in which they are determined to be necessary.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Significant estimates and assumptions made by management

Impairment of non-current assets

To ascertain whether impairment has occurred, estimates are made of the expected future cash flows arising from the use and possible disposal of such assets. Significant assumptions are made in relation to such calculations, including sales figures, margins and discounting rates. It is also possible for useful life expectancies to be reduced, the intended use of property, plant and equipment to change, production sites to be relocated or closed, and production plants to generate lower-than-expected sales in the medium term. The carrying amounts for property, plant and equipment and intangible assets are shown in note 8.

Provisions for litigation risks, environmental risks and other provisions

In the course of their ordinary business operations, Group companies may be involved in legal proceedings. If considered necessary, provisions for litigation risks, environmental risks and other provisions are measured using available information on the basis of the realistically expected net cash outflow. Other provisions primarily cover warranty claims arising from the sale of goods or services. Future reporting periods may therefore be affected by changes in the estimates of expected or actual cash outflows. The carrying amounts for provisions are shown in note 21.

Employee benefits

The EMS Group operates various retirement plans on behalf of its employees. In the case of defined benefit plans, statistical assumptions are made in order to estimate future developments. When parameters alter due to changes in the economic situation or different market conditions, subsequent results may differ significantly from the actuarial opinions and calculations. The carrying amounts of reported employee retirement assets and liabilities are shown in note 20.

Taxes

Measurement of current direct and indirect tax liabilities is subject to interpretation of the tax legislation in the countries concerned. The accuracy of tax declarations and appropriateness of liabilities are judged in the context of final assessments or inspections by the tax authorities. Furthermore, the judgment as to whether tax-loss carry forwards can be capitalized requires critical assessment of their usability in terms of netting with future profits, which are dependent on numerous imponderables. The book values of the current deferred income tax assets and deferred income tax liabilities are shown in note 7. The current deferred income tax assets and deferred income tax liabilities are shown in the balance sheet on a separate line.

Inventories

Inventories used for production are valued at their historical purchase or production cost or at their net realizable value, whichever is lower. Purchased inventories are measured at cost, while internally generated products are measured at manufacturing cost. Besides individual costs, the cost of production also includes a proportionate allocation of manufacturing overheads. Based on a range analysis, items with a slow turnover rate are written down by 20% to 100%.

Changes in accounting policies

In 2022, the EMS Group has implemented various minor amendments to existing standards and interpretations, which have no material impact on the Group's overall results and financial position.

Consistency

The principles of valuation and consolidation remain unchanged from the previous year, with the exception of the changes described above.

Scope of consolidation

The scope of consolidation includes all companies in and outside Switzerland which are controlled – directly or indirectly – by EMS-CHEMIE HOLDING AG, either by holding more than 50% of the voting rights or by contracts or other agreements (see note 33 "List of subsidiaries"). The equity method of accounting is applied in the case of associated companies that are not directly or indirectly controlled by EMS-CHEMIE HOLDING AG (shareholding normally between 20% and 50% of voting rights).

Method of consolidation

The financial statements of majority-owned companies are fully consolidated. Assets and liabilities, income and expenses are incorporated in full. Capital consolidation is effected using the acquisition method. Intercompany transactions and relations have been eliminated in the course of consolidation. Unrealized profits from intercompany deliveries are eliminated in the income statement. All assets and liabilities of acquired companies are valued at fair value at the time of acquisition. Any positive difference between the resulting fair value of the net assets and contingent liabilities acquired and the cost of acquisition is capitalized as goodwill. Results for acquired companies are included in consolidation as from the date on which control was transferred.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

In the case of disposal of companies the deconsolidation is effected through the income statement as of the date when control is relinquished. The companies' results are then included in the consolidation up to such date.

Balance sheet date

The balance sheet date of subsidiaries is December 31. The balance sheet date of EMS-CHEMIE HOLDING AG is April 30. In accordance with uniform Group accounting principles an interim closing is prepared for the holding company as of December 31.

Valuation principles

The consolidated financial statements are based on historical costs. Exceptions are securities and derivative financial instruments, which are measured at fair value, as well as employee benefit assets and liabilities, which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

Intangible assets (excluding goodwill)

This item consists of acquired customer relationships, patents, trademarks, software and other intangible assets. Intangible assets are valued at their acquisition cost less depreciation and impairment. Depreciation is amortized on a straight-line basis over its limited, economic life. These are 7 years for customer relationships and generally 3–12 years for patents, trademarks and software.

Goodwill

This item consists of goodwill acquired in a business combination. Goodwill represents the excess of the sum of purchase price, the amount of non-controlling interests in the acquired company and the fair value of the previously held share of equity over the total fair value of the assets, liabilities and contingent liabilities. For the valuation of non-controlling interests, a choice exists per transaction. The non-controlling interest can either be measured at

fair value at the acquisition date or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is subject to an annual impairment test.

Property, plant and equipment

Property, plant and equipment are shown at purchase price or manufacturing cost less depreciation and impairments. Assets are depreciated using the straight-line method over their estimated useful lives. Useful lives are estimated in terms of the asset's physical life expectancy, corporate policy on asset renewals and technological and commercial obsolescence. The value of the capitalized property, plant and equipment is periodically reviewed. An impairment loss is recorded when the carrying amount exceeds the recoverable amount.

Repairs and maintenance are expensed as incurred. Investments in improvements or renewals of assets are capitalized if they increase economic benefit.

Depreciation periods are as follows:

- Land: normally not depreciated
- Plant under construction: normally not depreciated
- Buildings: 25–50 years
- Technical plant and machinery: 7–25 years
- Other property, plant and equipment: 5–15 years

Investments

Shares in associated companies are included using the equity method. Other investments are classified as available-for-sale. The valuation is the same as described under "securities".

Inventories

Inventories used for production are valued at their historical purchase or production cost or at their net realizable value, whichever is lower. Inventories are valued using the "fifo" (first-in, first-out) method. Besides individual costs, the cost of production also includes a proportionate allocation of manufacturing overheads.

Financial assets – classifications and categories

The classification of financial assets is dependent on the business model for managing the financial assets and their contractual cash flow characteristics. IFRS 9 specifies the business models “hold to collect”, “hold to collect and sell” and “held for trading”. Financial instruments whose cash flows are solely payments of principal and interest on the outstanding principal amount (“SPPI”) are classified and measured depending on the objective of the business model at amortized cost or at fair value through other comprehensive income.

Trade receivables

This item is measured on the basis of the original invoiced amount less allowances for doubtful accounts. Such allowances are formed on the basis of future expected credit losses using the simplified approach, as trade receivables are considered short term (with payment terms 30 to 60 days) and do not include an interest component. The expected credit losses are based on forward-looking assumptions and of historically observed default rates. The allowance represents the difference between the invoiced amount and the recoverable amount.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank account balances and short or medium-term deposits within an original maturity of less than three months. Cash and cash equivalents are valued at their nominal value. This definition is also used for the cash flow statement.

Other current financial assets

Other current financial assets include fixed-term deposits or money market instruments with a notice period of more than three months. Those are entered with financial institutions of high-grade credit rating (“investment grade”). The applicable business model is classified as “hold to collect” with the objective to collect the contractual cash flows (interest income) and the principal amount at maturity. They are measured at amortized costs.

Impairments for other current financial assets are recognized in financial income/expenses when at the balance sheet date a significant increase in the risk of default is observed. This is the case if the

counterparty does not hold an investment grade rating anymore. In a next level, when objective evidence exists that the counterparty is insolvent or in substantial financial difficulties, individual value adjustments are recognized.

Derivative financial instruments

Initial measurement of all derivative financial instruments is done at the date of transaction (trade date accounting) at fair value excluding transaction costs. Subsequent measurement is done at fair value within the balance sheet position Derivative financial instruments. Changes in fair value are shown within the financial income.

Non-current financial liabilities

Non-current financial liabilities are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, non-current bank loans are stated at amortized cost.

Non-current financial liabilities are classified as current if they are due to be repaid within twelve months after the balance sheet date, even if an agreement has been concluded on the long-term refinancing or rescheduling of payment commitments after the balance sheet date but prior to the approval of the financial results for publication.

Liabilities and deferred income

This item includes current and non-current debts, valued at the amount of repayment, and deferred income.

Provisions

Provisions are set up for legal or constructive obligations if these obligations resulting from a past event and existing at balance sheet date will most probably lead to a cash outflow and if the amounts can be reliably estimated. A provision is recognized when the probability is above 50%. Such a provision is valued in accordance with management’s best estimate of the weighted possibility.

If the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Swiss group entities participate in individual, legally independent pension funds, which are managed autonomously. These funds are fully funded by employee and employer contributions. Present and former employees or their surviving dependents, respectively, receive benefits for retirement, disability or in case of death, depending on the regulations of the individual pension funds.

For the purpose of the consolidated financial statements, the corresponding employee benefit obligations resulting from the Swiss plans are calculated on an annual basis. These plans are considered to be defined benefit plans for which independent actuaries calculate the future employee benefit obligations for each plan by using actuarial assumptions and methods in accordance with IFRS. For pension funds with defined benefit obligations, such obligations are calculated based on past and expected future service periods, the expected development of salaries and the indexation of pensions using the "Projected Unit Credit Method".

The amount recognized in the consolidated financial statements represents the deficit or surplus of the defined benefit plans (net pension liability or asset). However, in case of a surplus the recognized asset is limited to the present value of the economic benefits from future reductions in contributions.

The components of pension costs from defined benefit plans are recognized as follows:

- service costs and net interest income or expense are recognized in profit or loss as part of personnel expenses;
- remeasurements are recognized in other comprehensive income.

Service costs comprise current service costs, any past service costs, and gains and losses on settlements. Gains and losses on plan curtailments are treated equally to past service costs. Employee contributions reduce the service costs and are deducted from these costs depending on the individual pension fund regulations or in cases where there is a factual obligation to do so.

Net interest income or expense result from the multiplication of the net defined benefit liability (or asset) at the beginning of the financial year with the actuarial discount rate, under consideration of changes resulting from the payments of contribution and annuities throughout the financial year.

Remeasurements comprise:

- actuarial gains and losses from changes of the present value of the defined benefit liability (asset) arising from changes in actuarial assumptions and experience adjustments;
- the actual return on plan assets, excluding amounts included in net interest income or expense; and
- changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in net interest income or expense.

The employees of foreign group entities are covered either by state managed social welfare schemes or independent defined contribution pension plans.

The expenses which are recognized in the statement of profit or loss for these defined contribution pension plans represent the employer contributions made to these plans.

Hedge accounting

Hedge accounting as defined by IFRS 9 is used for the hedging of currency risks. This includes the use of cash flow hedges, which hedge future purchases and sales in foreign currencies with a high likelihood of occurrence. At initial recognition of cash flow hedges, the effective portion of the gain/loss of the hedging instrument is recognized in other comprehensive income and the ineffective portion immediately in the income statement. Gains and losses from cash flow hedges shown in equity are transferred to the income statement on the date on which the forecasted transaction is recorded in the income statement.

The goal of hedge accounting is to match the impact of the hedged item and the hedging instrument in the income statement.

Net sales revenue

Invoicing for goods and services is recognized as sales at the point in time when the control over the goods is transferred to the customer. The performance obligations primarily consist of the delivery of manufactured products (polymers) to the agreed specifications depending on contractual terms. In the EMS Group more than 90% of the net sales are recognized according to the following five international commercial terms (Incoterms®): CIP (Carriage and Insurance Paid), FCA (Free Carrier), CIF (Cost, Insurance and Freight), EXW (EX Works) and DAP (Delivered at Place). Net sales revenue is stated after deduction of value added taxes and any deduction of discounts and credits.

A minor part of the net sales revenue is recognized over time, which is related to rendered services in regards to the project business (long-term construction contracts) in the segment High Performance Polymers.

Research and development costs

Research and development costs are charged to the income statement for the year in which they incur under the following headings: wages and salaries, material expenses and amortization on research and development assets. Development costs are capitalized only and insofar as it can be assumed with a high degree of probability that sufficient future income will be generated to cover the costs arising in connection with the development of the product or process.

Impairment

The carrying amounts of property, plant and equipment and of intangible assets are reviewed as of the balance sheet date. If there are any indications of permanent impairment, the recoverable amount is determined. The recoverable amount corresponds to the higher of the fair value less costs to sell or the value in use. In cases where the carrying amount is higher than the recoverable amount, the difference is booked in the income statement.

For the impairment test the corporate assets are collected at the lowest level for which cash flows can be identified separately (cash-generating units). For estimating the value in use, the future cash

flows are discounted to the present value with a discount rate before taxes which includes the current market expectations, the time value of money and the specific risks of the assets.

Fair values

The carrying amounts for securities and financial assets stated at fair value are calculated at stock exchange prices applicable on the balance sheet date. Values for derivative financial instruments are based on replacement values or recognized valuation models such as option price models (Black-Scholes). If there is no separate disclosure in the notes to the consolidated financial statements of the EMS Group, the fair values are considered to be in line with the carrying amounts at the balance sheet date.

Foreign currencies

The financial statements of the individual Group companies are presented in the currency of the primary economic environment in which the respective company operates (functional currency). The consolidated financial statements are prepared in Swiss francs, the Group's reporting currency.

Financial statements in foreign currencies are translated as follows: current assets, non-current assets and liabilities at year-end exchange rates. All items in the income statement and the net income are translated using the average exchange rate for the year. The exchange rate differences are carried to equity without affecting net income (translation adjustment).

In case of disposal of a subsidiary abroad, the translation difference, accumulated during the period when the subsidiary was a consolidated company, is added to profit (or loss) from sale of this company.

The foreign currency positions in the financial statements of the consolidated companies are translated as follows: Foreign currency transactions are translated at the exchange rate of the transaction day. At year-end the balances of monetary foreign currencies are translated at the exchange rate prevailing at year-end. The differences are recognized in the income statement (transaction gains and losses).

The most important exchange rates are:

	Unit	Average exchange rates		Year-end exchange rates		
		2022	2021	2022	2021	
Euro	EUR	1	1.005	1.082	0.986	1.034
US dollar	USD	1	0.955	0.914	0.925	0.915
Japanese yen	JPY	100	0.730	0.833	0.701	0.794
Chinese renminbi	CNY	100	14.199	13.168	13.260	14.350
Taiwan dollar	TWD	100	3.208	3.271	3.008	3.316

Income taxes

Current income taxes are calculated on the taxable profit.

Deferred income taxes are recognized to reflect the tax impact on differences in the valuation of assets and liabilities for Group consolidation purposes and for local taxation purposes and are recognized in the consolidated income statement, unless they relate to a transaction which is recognized in equity or other comprehensive income. These deferred income taxes are continuously adjusted to take account of any changes to local fiscal law. Deferred income taxes are set up using the balance sheet liability method, under which deferred tax assets or liabilities are set up for all temporary differences between the tax values and the values entered in the consolidated financial statements. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Earnings per share

Earnings per share are based on the consolidated net income attributable to the shareholders of EMS-CHEMIE HOLDING AG which is divided by the weighted average number of shares issued. The diluted earnings per share figure additionally includes all the shares that could potentially be issued following the exercising of option or conversion rights, for instance.

Segment reporting

Internal reporting to the Board of Directors (= Chief Operating Decision Maker) is based on the two business areas of "High Performance Polymers" and "Specialty Chemicals". The same accounting principles are applied as for the consolidated financial statements.

The strategy, and therefore the allocation of resources, is decided by the Board of Directors. The yearly budgets and medium-term plans of the two business areas are approved by the Board of Directors. Operating performance is monitored quarterly by the Board of Directors. The segmentation is prepared to the level of EBIT. A splitting of financial income and expenses and of taxes is not useful because those functions are executed on Group level. All assets and liabilities are contributed to the business area or geographical region either direct or via useful rate assessment.

Financial risk management

General

Risk management constitutes an integral part of planning and reporting activities at the EMS Group. At Executive Management and Business Unit level, risks are identified annually as part of medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the risk level and probability of its occurrence. In the course of planning discussions, the CEO and CFO report to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them. The policy for the risk management remains unchanged from the previous year.

The EMS Group is exposed to various financial risks arising from its business activities such as credit risks, liquidity risks and market risks. The financial risks are reported monthly to the Board of Directors. The specific financial risks are described below.

Credit risks

Credit risks arise from the possibility that the counterparty to a transaction may be unable or unwilling to meet their obligations. Fixed-term deposits and derivative financial instruments are only entered into with counterparties that have a high credit standing. Trade receivables are subject to a policy of active risk management focusing on the assessment of country risk, credit availability, ongoing evaluation of credit standing and account monitoring procedures. There are no significant concentrations within counterparty credit risks. Within trade receivables, this is due to the EMS Group's large number of customers and their wide geographical spread, which has been permanently

verified. Country risk limits and exposures are continuously monitored. The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposure to high-quality counterparties, ongoing reviews of credit ratings, and limiting individual aggregate credit exposure accordingly. There are no collateral or similar contracts.

Liquidity risks

Liquidity risk is the risk that the EMS Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The cash flows and liquidity requirements of the EMS Group are supervised by central treasury. The goal is to have the liquidity required for day-to-day operations available at all times.

Market risks

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

This risk is not hedged.

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The EMS Group operates internationally and is exposed to exchange rate risks. The EMS Group uses partly derivative financial instruments in the usual course of business to cover the risks. The EMS Group's treasury unit conducts the trade by order of Executive Management or Head of Business Unit, monitors exposure and prepares the relevant reports which are submitted monthly to Executive Management and the Board of Directors. The liquidity required for day-to-day operations must be available at all times.

Capital management

The capital managed by the EMS Group consists of the consolidated equity including non-controlling interests. The EMS Group has set the following goals for the management of its capital:

- maintaining a healthy and sound balance sheet structure based on continuing values;
- ensuring the necessary financial resources to be able to make investments and acquisitions;
- achieving a return for shareholders that is appropriate to the risk;
- distribution of financial resources not required for operational business to the shareholders.

Capital is monitored on the basis of the equity ratio which is calculated as being equity (including non-controlling interests) as a percentage of total assets. The balance sheet equity ratio is 79.6% as at December 31, 2022 (December 31, 2021: 78.6%). The EMS Group has no external minimum capital requirements.

There were no changes in the EMS Group's approach to capital management in the reporting period.

Segment Information

Segment information by business area

(CHF '000)	High Performance Polymers		Specialty Chemicals		Total	
	2022	2021	2022	2021	2022	2021
Net sales revenue recognized at a point in time	2 177 160	2 000 061	254 231	243 635	2 431 391	2 243 696
Net sales revenue recognized over time	10 518	10 150	0	0	10 518	10 150
Total net sales revenue with third parties	2 187 678	2 010 211	254 231	243 635	2 441 909	2 253 846
Operating profit before depreciation and amortization	593 151	621 992	68 343	73 775	661 494	695 767
Depreciation, amortization and impairments ¹⁾	45 474	50 517	4 950	4 919	50 424	55 436
Operating profit	547 677	571 475	63 393	68 856	611 070	640 331
Net financial income					(4 521)	1 022
Profit before taxes					606 549	641 353
Income taxes					(71 694)	(88 476)
Net profit					534 855	552 877

No net sales revenues exist between the segments.

(CHF '000)	High Performance Polymers		Specialty Chemicals		Non-segment assets/liabilities		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets ²⁾	1 696 796	1 897 343	370 639	316 738	248 565	110 595	2 316 000	2 324 676
Segment liabilities ³⁾	419 552	456 747	51 446	35 986	613	3 616	471 611	496 349
Investments	92 253	77 173	1 713	2 753			93 966	79 926

Segment information by geographical region

(CHF '000)	Total net sales revenue (customers)		Total net sales revenue (production)		Segment assets ²⁾	
	2022	2021	2022	2021	2022	2021
Europe	1 301 894	1 217 319	1 795 619	1 690 334	1 536 659	1 734 201
<i>thereof Switzerland</i>	97 793	86 051	1 306 090	1 246 951	1 263 351	1 522 078
<i>thereof Germany</i>	497 806	481 090	239 679	227 614	129 355	89 481
Asia	670 399	661 531	343 556	320 266	325 152	344 314
<i>thereof China</i>	380 689	382 656	180 548	180 178	210 791	222 612
America	446 476	353 336	302 734	243 246	205 624	135 566
<i>thereof USA</i>	308 492	237 521	216 407	178 259	145 577	99 831
Others	23 140	21 661	0	0	0	0
Non-segment assets					248 565	110 595
Total	2 441 909	2 253 846	2 441 909	2 253 846	2 316 000	2 324 676

Invoicing and cost attribution between segments are subject to the same conditions as with third parties.

Most important customers

No single customer accounts for more than 10% of total net sales revenue.

¹⁾ See note 8.

²⁾ Segmented assets: assets without cash and cash equivalents, securities, fixed deposits in other current and non-current financial assets and investments in associated companies.

³⁾ Segmented liabilities: liabilities without current and non-current bank loans.

Consolidated Income Statement

EMS Group
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Notes	2022 (CHF '000)	2021 (CHF '000)
1	Capitalized costs and other operating income	
	Capitalized costs	18 706
	Other operating income	14 472
	Total capitalized costs and other operating income	33 178
2	Personnel expenses	
	Wages and salaries	188 406
	Subcontractor salaries	18 959
	Expenses for defined benefit plans (see note 20)	7 831
	Legal/contractual social insurance	23 490
	Other personnel expenses	7 683
	Total personnel expenses	246 369
3	Other operating expenses	
	Rents	2 600
	Leasing	2 148
	Repairs and maintenance	35 610
	Insurance, duties, fees	5 828
	Energy	42 978
	Administration, promotion	21 983
	Losses on disposal of property, plant and equipment, net	95
	Supplies	1 190
	Other operating expenses	6 085
	Total other operating expenses	118 517
4	Research and development	
	Expenditures for research and development amount to	46 646
	In percent of net sales revenue	1.9%
5	Financial income	
	Other interest income	905
	Interest income on loans and receivables	0
	Total interest income	905
	Foreign exchange gains, net	0
	Total financial income	905

Notes	2022 (CHF '000)	2021 (CHF '000)
6		
Financial expenses		
Interest expenses	563	439
Interest on sales contracts	3 997	229
Foreign exchange losses, net	997	0
Bank charges and commissions	677	571
Total financial expenses	5 426	1 239
7		
Income taxes		
Current income taxes actual year	77 248	94 192
Current income taxes previous years	1 928	1 617
Deferred income taxes	(7 482)	(7 333)
Total income taxes	71 694	88 476

The ultimate holding company is incorporated in Switzerland.

The subsidiaries operate in different countries with different tax laws and tax rates. The expected income tax rate corresponds to the weighted average of the tax rates in the tax jurisdictions in which the EMS Group operates.

Due to the mix of the EMS Group's taxable income and changes in some local tax rates, the expected income tax rate changes from year to year.

Taxation on other items in the statement of comprehensive income and equity

	2022		2021			
	Amount before taxes	Taxes	Amount after taxes	Amount before taxes	Taxes	Amount after taxes
Actuarial gains from defined benefit pension plans	981	(169)	812	41 925	(7 113)	34 812
Cash flow hedges	4 826	(598)	4 228	28 307	(3 643)	24 664
Currency translation differences	(31 021)	0	(31 021)	(10 228)	0	(10 228)
Comprehensive income	(25 214)	(767)	(25 981)	60 004	(10 756)	49 248
Treasury shares	0	0	0	0	0	0

Breakdown of the income tax expenses

Net income before income taxes	606 549	641 353
Expected income tax rate	15.0%	15.8%
Expected income taxes	91 031	101 206
Utilization of previously unrecognized tax losses	(658)	(152)
Losses for the current year for which no deferred tax asset was recognized	0	0
Tax exemption	(25 362)	(18 063)
Expenses not being deductible for tax purposes	19	389
Taxes from previous years	1 928	1 617
Impact of changed deferred income tax rates	40	101
Withholding tax on dividends and other	4 696	3 378
Effective income taxes	71 694	88 476
Effective income tax rate	11.8%	13.8%

Notes	2022 (CHF '000)		2021 (CHF '000)	
	Deferred income tax assets	Deferred income tax liabilities	Deferred income tax assets	Deferred income tax liabilities
Deferred income taxes: Change in recognized assets/liabilities				
At 1. 1.	12 483	69 964	15 306	69 410
Increase/decrease via income statement	9 694	2 641	7 906	573
Increase/decrease via other comprehensive income/equity	(767)	0	(10 756)	0
Translation differences	269	(217)	27	(19)
At 31. 12.	21 679	72 388	12 483	69 964
Note to the deferred income tax				
Calculation according to the "balance sheet liability method":				
Deferred income taxes on non-current assets	11 100	60 732	0	60 902
Deferred income taxes on current assets	5 814	8 633	0	9 557
Deferred income taxes on liabilities	0	2 871	0	(495)
Deferred income taxes on pension liabilities	0	63	282	0
Deferred income taxes on provisions and accruals	4 765	89	12 201	0
Total deferred income tax liabilities	21 679	72 388	12 483	69 964
Deferred income taxes on non-current assets affect mainly property, plant and equipment on current assets inventories.				
As at December 31, 2022, temporary differences of KCHF 16 647 (2021: KCHF 17 265) existed from investments in subsidiaries. A deferred tax liability was not recognized as the Group controls the date of the reversal of the related contingent temporary differences and does not expect them to be realized in the near future.				
Tax loss carryforwards				
	Tax loss carryforwards	Tax effect	Tax loss carryforwards	Tax effect
Total tax loss carryforwards for which no deferred income taxes were recognized	5 079	1 478	6 969	2 082
Of which to be carried forward for up to:				
1 year	241	60	258	67
2 years	161	36	488	143
3 years	2 694	824	3 447	1 151
4 years	1 951	550	1 864	534
5 years	32	8	912	187
More than 5 years	0	0	0	0

Consolidated Balance Sheet as at December 31

Notes

8 Intangible assets, property, plant and equipment, and rights of use of leased assets

I. Intangible assets

(CHF '000)	Goodwill	Customer and supplier relationships	Others	Total
At 1.1. 2021	49 688	522	9 674	59 884
Cost	49 688	47 295	32 802	129 785
Accumulated amortization and impairment		(46 773)	(23 128)	(69 901)
Net book value	49 688	522	9 674	59 884
2021				
At 1.1.	49 688	552	9 674	59 884
Additions	0	0	971	971
Disposals	0	0	0	0
Amortization	0	(552)	(1 482)	(2 004)
Reclassifications	0	0	952	952
Translation differences	291	0	34	325
At 31.12.	49 979	0	10 149	60 128
Cost	49 979	47 295	33 277	130 551
Accumulated amortization and impairment	0	-47 295	(23 128)	(70 423)
Net book value	49 979	0	10 149	60 128
2022				
At 1.1.	49 979	0	10 149	60 128
Additions	0	0	75	75
Disposals	0	0	0	0
Amortization	0	0	(1 505)	(1 505)
Reclassifications	0	0	103	103
Translation differences	89	0	(99)	(10)
At 31.12.	50 068	0	8 723	58 791
Cost	50 068	46 786	35 110	131 964
Accumulated amortization and impairment	0	(46 786)	(26 387)	(73 173)
Net book value	50 068	0	8 723	58 791

The other intangible assets mainly contain patents, trademarks and capitalized software usage rights.

Impairment test for goodwill:

The cash-generating unit for the impairment test of the total goodwill of KCHF 50 068 (2021: KCHF 49 979) is the Business Unit EMS-EFTEC (business area "High Performance Polymers"). Its recoverability is tested yearly on the basis of future cash flows. The recoverable amount calculated by impairment testing is based on the value in use.

The following assumptions form the basis:

- The cash flows for the first three years were determined on the basis of medium-term plans.
- The cash flows of the following years were calculated with an annual growth rate of 2.0% (2021: 2.0%).
- The discount rate before taxes is 14.9% (2021: 8.6%).

The projections are based on knowledge and experience and also on judgements made by management as to the probable economic development of the relevant markets.

Impairment testing as of the closing date confirmed the recoverability of goodwill. A deterioration of the assumptions by 10% would not impair goodwill. Even if cash flow forecasts were based on zero growth, the carrying amount would not exceed the recoverable amount. An increase of 10 percentage points in the assumed discount rate would not alter the results of the impairment test.

Notes

II. Property, plant and equipment

(CHF '000)	Land incl. development cost	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Plant under construction	Total
At 1.1. 2021	19 513	135 007	338 156	16 468	27 514	536 658
Cost	21 982	348 341	1 080 369	64 386	27 514	1 542 592
Accumulated depreciation and impairment	(2 469)	(213 334)	(742 213)	(47 918)	0	(1 005 934)
Net book value	19 513	135 007	338 156	16 468	27 514	536 658
2021						
At 1.1.	19 513	135 007	338 156	16 468	27 514	536 658
Additions	6	146	2 112	1 502	75 189	78 955
Disposals	0	(71)	(857)	(205)	(1 097)	(2 230)
Depreciation	(95)	(7 024)	(36 671)	(4 400)	0	(48 190)
Impairment	0	0	0	0	0	0
Reclassifications	3 340	2 845	16 446	2 561	(26 134)	(942)
Translation differences	(94)	833	172	(50)	(393)	468
At 31.12.	22 670	131 736	319 358	15 876	75 079	564 719
Cost	25 302	350 564	1 087 764	62 612	75 079	1 601 321
Accumulated depreciation and impairment	(2 632)	(218 828)	(768 406)	(46 736)	0	(1 036 602)
Net book value	22 670	131 736	319 358	15 876	75 079	564 719
2022						
At 1.1.	22 670	131 736	319 358	15 876	75 079	564 719
Additions	8	220	2 474	1 540	89 649	93 891
Disposals	(7)	(26)	(201)	(197)	(122)	(553)
Depreciation	(98)	(7 005)	(32 565)	(4 496)	0	(44 164)
Impairment	0	0	0	0	0	0
Reclassifications	0	11 978	20 418	5 714	(38 191)	(81)
Translation differences	(496)	(1 958)	(2 241)	(415)	(1 176)	(6 286)
At 31.12.	22 077	134 945	307 243	18 022	125 239	607 526
Cost	24 698	358 430	1 090 120	66 614	125 239	1 665 101
Accumulated depreciation and impairment	(2 621)	(223 485)	(782 877)	(48 592)	0	(1 057 575)
Net book value	22 077	134 945	307 243	18 022	125 239	607 526

Notes

III. Rights of use of leased assets

(CHF '000)	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Total
At 1.1.2021	11 575	106	5 285	16 966
Cost	18 741	302	6 896	25 938
Accumulated depreciation and impairment	(7 166)	(195)	(1 611)	(8 972)
Net book value	11 575	106	5 285	16 966
2021				
At 1.1.	11 575	106	5 285	16 966
Additions	4 112	80	221	4 413
Depreciation	(3 789)	(103)	(1 350)	(5 242)
At 31.12.	11 898	83	4 156	16 137
Cost	22 131	360	6 598	29 088
Accumulated depreciation and impairment	(10 233)	(276)	(2 442)	(12 951)
Net book value	11 898	83	4 156	16 138
2022				
At 1.1.	11 898	83	4 156	16 138
Additions	1 220	0	574	1 794
Reclassification	(706)	0	706	0
Depreciation	(3 327)	(74)	(1 354)	(4 755)
At 31.12.	9 085	9	4 082	13 177
Cost	21 683	49	7 540	29 271
Accumulated depreciation and impairment	(12 598)	(40)	(3 458)	(16 095)
Net book value	9 085	9	4 082	13 177

	2022 (CHF '000)	2021 (CHF '000)
9 Other non-current assets		
Other non-current assets	30 780	35 163
Assets from employee benefits (see note 20)	4 592	4 959
Total other non-current assets	35 372	40 122
Other non-current assets mainly comprise loans to third parties.		
10 Other non-current financial instruments		
Derivative financial instruments	7 517	6 764
Non-current interest-bearing financial assets	1 159	1 325
Total other non-current financial assets	8 676	8 089

Notes	2022 (CHF '000)	2021 (CHF '000)
11 Inventories		
Raw materials and supplies	264 701	229 079
Semi-finished goods, work in progress	9 358	10 935
Finished products	420 526	305 481
Value adjustments	(16 851)	(27 279)
Total inventories	677 734	518 216
12 Trade receivables		
Trade receivables from third parties	336 310	349 468
Allowances for doubtful receivables	(3 232)	(3 517)
Total trade receivables	333 078	345 951

Allowances for doubtful receivables are determined on the basis of future expected credit losses and calculated using a provision matrix. It is based on forward-looking assumptions and historically observed default rates.

Expiration of receivables from goods and services and allowance matrix

	Default rate in %	2022		2021	
		Gross value	Allowance	Gross value	Allowance
Not due	0.7%	312 911	(2 108)	325 740	(2 198)
Overdue <30 days	3%	21 434	(643)	18 961	(569)
Overdue 30 to 60 days	5%	1 045	(52)	3 635	(182)
Overdue 60 to 90 days	15%	339	(51)	334	(50)
Overdue >90 days	65%	581	(378)	798	(519)
Total		336 310	(3 232)	349 468	(3 517)

Change in allowances of trade receivables from goods and services

At 1.1.		3 517	3 026
Increase in allowances		1 574	1 148
Decrease in allowances		(1 514)	(557)
Losses on trade receivables		(160)	(72)
Reclassifications		(1 354)	(485)
Translation differences		(345)	(100)
At 31.12.		3 232	3 517

	2022 (CHF '000)	2021 (CHF '000)
13 Other current assets		
Withholding tax receivables	49 366	522 754
Prepayments and accrued income	32 057	16 849
Contract assets	27 784	26 834
Other receivables	61 563	47 268
Total other current assets	170 770	613 705

There is no allowance on contract assets calculated because the expected default rate is 0%.

Notes		2022 (CHF '000)	2021 (CHF '000)	
14	Derivative and other financial assets			
	Derivative financial instruments	29 276	25 994	
	Other current financial assets	102 708	813	
	Total other current financial assets	131 984	26 807	
15	Derivative financial instruments			
	The following summary shows the most important derivative financial instruments:			
	Financial instruments effective for hedge accounting purposes			
Currency swaps and forward rate agreements	EUR/CHF	Notional amount CHF	352 223	524 433
		Positive replacement value CHF	17 723	30 547
		Negative replacement value CHF	0	0
	USD/CHF	Notional amount CHF	224 317	126 767
		Positive replacement value CHF	9 751	2 084
		Negative replacement value CHF	0	0
	CNY/CHF	Notional amount CHF	96 422	96 107
		Positive replacement value CHF	6 313	126
		Negative replacement value CHF	0	395
	CZK/EUR	Notional amount CHF	47 527	1 026
		Positive replacement value CHF	3 006	0
		Negative replacement value CHF	0	17
	JPY/CHF	Notional amount CHF	1 527	0
		Positive replacement value CHF	0	0
		Negative replacement value CHF	34	0
Total		Notional amount CHF	722 016	748 332
		Positive replacement value CHF	36 793	32 758
		Negative replacement value CHF	34	413
Thereof:				
Current portion		Notional amount CHF (<12 months)	592 898	633 979
		Positive replacement value CHF (<12 months)	29 276	25 994
		Negative replacement value CHF (<12 months)	10	412
Non-current portion		Notional amount CHF (1–5 years)	129 118	114 353
		Positive replacement value CHF (1–5 years)	7 517	6 764
		Negative replacement value CHF (1–5 years)	24	0

The EMS Group uses a combination of derivative financial instruments and forward exchange transactions to hedge foreign exchange risk. Derivative financial instruments were closed mostly for hedge purposes. The notional amounts of the previous year were adjusted. Forwards are settled to hedge cash flows resulting of expected future sales in EUR, USD and CNY and expected future purchases in JPY. These transactions are highly realistic and contain approx. 40% of the total expected sales in EUR, approx. 30% of the sales in USD and approx. 50% of the sales in CNY. The total amount of forwards varies with the amount of sales and purchases in foreign currencies as well as with the deviation of exchange rates.

Derivative financial instruments were mostly effected for hedging purposes. Forward rate agreements are used for the hedging of future purchases and sales in foreign currencies. The replacement value is understood to be the fair value of derivative financial instruments. Positive replacement values are the values that are lost if the counterparty cannot deliver (maximum default risk). This risk is considered to be minimal, as the counterparties are first-rate financial institutions. Any derivatives are reported at fair value.

Notes	2022 (CHF '000)	2021 (CHF '000)		
Net changes from cash flow hedges in equity, after taxes				
At 1.1.	28 387	3 723		
Transfer to consolidated income statement	3 023	(16)		
Fair value adjustments	1 803	28 323		
Income taxes recognized directly in equity	(598)	(3 643)		
Total net changes from cash flow hedges in equity, after taxes	4 228	24 664		
At 31.12.	32 615	28 387		
16 Cash and cash equivalents				
Deposits	248 507	1 10 533		
Cash and cash equivalents	58	62		
Total cash and cash equivalents	248 565	1 10 595		
17 Share capital				
	Par value	Number of issued registered shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 31.12. 2020	CHF 0.01	23 389 028	23 389 028	234
Purchase of treasury shares		–	–	–
Sale of treasury shares		–	–	–
At 31.12. 2021	CHF 0.01	23 389 028	23 389 028	234
Purchase of treasury shares		–	–	–
Sale of treasury shares		–	–	–
At 31.12. 2022	CHF 0.01	23 389 028	23 389 028	234
18 Non-controlling interests				
This item reflects the non-controlling interest in capital and profit/loss for the year. Non-controlling interests exist at EFTEC China Ltd., EMS-UBE Ltd. and Wuhu EFTEC Chemical Products Ltd.				
The change in non-controlling interests is as follows:				
At 1.1.		29 380		26 440
Dividends paid		(1 641)		(435)
Net income		2 755		2 557
Translation differences		(1 893)		818
At 31.12.		28 601		29 380

Notes	2022 (CHF '000)	2021 (CHF '000)
19 Non-current financial liabilities		
The non-current financial liabilities are composed as follows:		
Non-current liabilities	8 869	11 878
Bank loan JPY: Average interest rate: 1.00% (2021: 1.00%)	35	40
Total non-current bank loans	8 904	11 918
The carrying amounts of non-current bank loans in JPY correspond to their fair values, as the interest rates are variable.		
At 1.1.	11 918	16 918
Refund non-current financial liabilities	0	0
Refund non-current lease liabilities	(3 009)	(4 997)
Borrowing non-current financial liabilities	0	0
Borrowing non-current lease liabilities	0	0
Translation differences	(5)	(3)
At 31.12.	8 904	11 918
The current financial liabilities are composed as follows:		
Current lease liabilities	4 620	4 554
Bank loan JPY: Average interest rate: 0.33% (2021: 0.33%)	0	2 939
Total current bank loans	4 620	7 493
At 1.1.	7 493	5 515
Refund short-term bank loans	(2 939)	(4 765)
Refund current lease liabilities	(4 862)	0
Borrowing current financial liabilities	0	2 939
Borrowing current lease liabilities	4 928	4 169
Translation differences	0	(365)
At 31.12.	4 620	7 493
Lease liabilities		
At 1.1.	16 432	17 260
Additions	1 796	4 413
Interest	189	229
Payments	(4 928)	(5 471)
At 31.12.	13 489	16 432
Of which: Current lease liabilities	4 620	4 554
Non-current lease liabilities	8 869	11 878

20 Employee benefit liability

All Swiss group entities have their individual, legally independent pension funds. The board of trustees of each pension fund is the body charged with governance and comprises an equal number of employee and employer representatives. The board of the pension fund is required by law and by regulations of the pension fund to act in the best interest of the pension fund and its beneficiaries. Resolutions must be passed on a basis of parity. The board is responsible for the determination

of any adjustments to be made to the pension regulations as well as for determining the funding requirements of the plan. The funding requirements are subject to the legal minimum requirements of the Swiss Federal Law on Occupational Retirement, Surviving Dependants' and Disability Pension (BVG) and its implementing provisions. The minimum insured salary and the minimum retirement credits are defined in the BVG. The minimum interest rate which has to be applied to these minimum retirement assets is determined by the Swiss Federal Council at least every two years. In 2022, the minimum interest rate was 1.00% (2021: 1.00%). The pension funds are subject to oversight by the regulating authority (Stiftungsaufsicht).

All pension plans, with the exception of the "Kaderversicherung" (management insurance scheme) which is funded by the employer only, are jointly funded by employees and the employer. However, the group entities contribute a proportionally higher part to the plan than the employees.

The pension benefits are based on the pension balance. Retirement credits and interest are added to this balance annually. At the time of retirement, the insured individual can choose between either a lifelong annuity or a capital payment. The annuity is calculated by multiplication of the pension balance with the currently applicable conversion rate. In addition to the retirement benefits, pension benefits include disability benefits and widow's and/or orphans' pension. These are calculated as a percentage of the insured annual salary.

If an employee decides to leave the company, the pension balance of this employee is transferred to the pension fund of the new employer or to an independent benefits scheme. Following the design of defined benefit plans and the legal provisions of the BVG, there are actuarial risks such as the market (investment) risk, interest rate risk, disability risk and longevity risk associated with such plans.

In order to limit the risks arising from retirement benefits, long-term disability benefits and widow's and/or orphans' pensions which were incurred after January 1, 2013, a risk reinsurance contract was entered into with an insurance company. This contract replaced a Stop Loss Reinsurance which existed since January 1, 2008, with the same insurance company. The new contract contains a provision that transfers the risks of death and disability and the related regulatory benefit payments to the insurance company on a back-to-back basis.

Beginning January 1, 2021, the conversion rate was reduced from 5.0891% to 4.9%. As a result of this change, the Group's defined benefit liability was reduced by KCHF 2 683.

Balance sheet reconciliation

	Pension plans CH	Other post-employment benefit plans	Total 2022	Pension plans CH	Other post-employment benefit plans	Total 2021
Funded plans						
– Fair value of plan assets	336 973	4 592	341 565	344 272	4 959	349 231
– Defined benefit obligation	(278 077)	(4 660)	(282 737)	(345 755)	(6 345)	(352 100)
– Change in effect of asset ceiling	(58 371)	0	(58 371)	0	0	0
Over/(under) funding	525	(68)	457	(1 483)	(1 386)	(2 869)
Unfunded plans						
– Defined benefit obligation	0	(848)	(848)	0	(833)	(833)
Net recognized asset/(liability)	525	(916)	(391)	(1 483)	(2 219)	(3 702)
Jubilees	0	(4 078)	(4 078)	0	(4 627)	(4 627)
Provision for termination pay	0	(598)	(598)	0	(721)	(721)
(Net liability)/asset	525	(5 592)	(5 067)	(1 483)	(7 567)	(9 050)
Reported in balance sheet						
– Other non-current assets (see note 9)			4 592			4 959
– Employee benefit liability			(9 659)			(14 184)
Net recognized asset/(liability)			(5 067)			(9 225)

The Swiss pension plans represent more than 95% of the plan assets and defined benefit obligation and are therefore disclosed in detail below.

Notes

Movement in net defined benefit (asset)/liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2022	2021	2022	2021	2022	2021
Balance at 1.1.	345 755	369 593	(344 272)	(326 640)	1 483	42 953
Included in profit or loss						
Current service cost	7 826	9 184	0	0	7 826	9 184
Past service cost	0	0	0	0	0	0
Interest cost (income)	1 038	555	(1 033)	(490)	5	64
Total	8 864	9 739	(1 033)	(490)	7 831	9 249
Included in OCI						
Remeasurements loss (gain):						
– Actuarial loss (gain) arising from:						
– demographic assumptions	0	(16 205)	0	0	0	(16 205)
– financial assumptions	(67 238)	(6 476)	0	0	(67 238)	(6 476)
– experience adjustment	4 315	3 617	0	0	4 315	3 617
– Excluding interest income	0	0	3 751	(22 778)	3 751	(22 778)
– Change in effect of asset ceiling	0	0	0	0	58 371	0
Total	(62 924)	(19 064)	3 751	(22 778)	(802)	(41 842)
Other						
Employers' contributions	0	0	(9 212)	(8 877)	(9 212)	(8 877)
Employees' contributions	6 417	6 138	(6 417)	(6 138)	0	0
Vested benefits paid in/(paid out), net	(20 035)	(20 651)	20 210	20 651	175	0
Total	(13 618)	(14 513)	4 581	5 636	(9 037)	(8 877)
Balance at 31.12.	278 077	345 755	(336 973)	(344 272)	525	1 483

EMS expects to pay MCHF 9.06 (MCHF 8.83) into defined benefit plans in 2023.

	2022 (CHF '000)	2021 (CHF '000)
Plan assets		
Liquidity	178 596	159 743
Bonds CHF*	23 588	38 903
Bonds foreign currencies*	0	0
Swiss shares*	20 218	30 984
Property	107 831	107 757
Mortgages, loans	6 740	6 885
Other investments	0	0
Total	336 973	344 272

* Plan assets with market prices.

Notes	2022 (CHF '000)	2021 (CHF '000)
Actuarial assumptions as of 31.12.		
Discount rate	2.30 %	0.30 %
Future salary growth	1.50 %	1.00 %
Mortality table	BVG 2020 GT	BVG 2020 GT

Sensitivity analysis

The following sensitivity analysis shows the impact of a reasonable possible change in the principal actuarial assumptions on defined benefit obligations at the reporting date.

Discount rate +0.5 %	(13 992)	(21 257)
Discount rate -0.5 %	15 496	23 939
Future salary growth +0.5 %	361	927
Future salary growth -0.5 %	(407)	(1 028)
Life expectancy +1 year	6 644	10 165
Life expectancy -1 year	(6 907)	(10 443)

At December 31, 2022, the weighted average duration of the defined benefit obligation was 10.6 years (2021: 13.1 years).

21 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12. 2021	16 400	2 986	2 139	21 525
Increase via income statement	0	2	1 637	1 639
Decrease via income statement	(12 447)	(780)	(897)	(14 124)
Amounts used	0	0	(448)	(448)
Translation differences	0	(4)	(48)	(52)
At 31.12. 2022	3 953	2 204	2 383	8 540
Of which: Current portion of provisions	0	0	1 694	1 694
Non-current portion of provisions	3 953	2 204	689	6 846

Provisions for environmental risks cover expected measures for ecological requirements, for water protection, and for the recultivation and restoration of environmental conditions at existing production or storage sites. The non-current provision has an expected average maturity of 4 to 8 years. The provision was recalculated on the basis of a current expert opinion.

The provision was recalculated on the basis of a current expert opinion.

Within the provisions for litigation risks, the risk arising from litigation processes is adequately covered as at the time of preparation of the financial statements.

Warranty provisions are mainly included within other provisions.

The non-current provisions for litigation risks and the non-current other provisions are expected with an average maturity of 2 years.

The provisions are not discounted as the time value of money is not material. In relation to the total provisions, the interest effect would be < 5 % as per December 31, 2022.

Notes	2022 (CHF '000)	2021 (CHF '000)
22 Other current liabilities		
Contract liabilities	6 077	6 842
Prepaid expenses and deferred income	85 873	84 635
Liabilities to social security institutions	1 874	1 720
Other current liabilities	43 491	40 216
Total other current liabilities	137 315	133 413
In 2022, sales of CHF 11 million are booked out of contract liabilities (2021: CHF 10 million).		
23 Liabilities, net(/net cash position)		
Bank loans (see note 19)	35	2 979
Hedges with a negative replacement value (see note 15)	34	413
Liabilities	69	3 392
Less		
Other short-term financial assets (see note 14)	(102 708)	(813)
Hedges with a positive replacement value (see note 15)	(36 793)	(32 758)
Current Interest-bearing financial assets (see note 13)	(49 366)	(522 754)
Non current interest-bearing financial assets (see note 10)	(1 159)	(1 325)
Cash and cash equivalents (see note 16)	(248 565)	(1 10 595)
Liabilities, net(/net cash position), without lease liabilities	(438 522)	(664 853)
Non-current lease liabilities (see note 19)	8 869	11 878
Current lease liabilities (see note 19)	4 620	4 554
Liabilities, net(/net cash position) including lease liabilities	(425 033)	(648 421)

Consolidated Statement of Cash Flows and further details

EMS Group
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Notes	2022 (CHF '000)	2021 (CHF '000)
24 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization intangible assets	1 505	2 004
Depreciation property, plant and equipment	44 164	48 190
Depreciation right of use of leased assets	4 755	5 242
Total depreciation, amortization and impairment of intangible assets, and property, plant and equipment	50 424	55 436
For the breakdown of the depreciation, amortization and impairment of intangible assets, and property, plant and equipment, please refer to note 8 and to the segment reporting.		
25 Contingent liabilities		
Contingent liabilities at the end of the year amount to	17 073	6 298
This mainly relates to issued guarantees. No legal proceedings are known to be in progress within the EMS Group which could have a significant impact on the Group's financial position in excess of the provisions booked in the balance sheet (see note 21).		
26 Earnings per share – EPS		
Earnings per share are calculated by dividing the net income attributable to the shareholders of EMS-CHEMIE HOLDING AG by the weighted average number of shares outstanding (excluding treasury shares). Diluted earnings per share factor in any potential dilution which may be caused by the exercising of warrant and conversion rights on outstanding bond issues.		
Basic earnings per share		
Weighted average of registered shares outstanding (see note 17)	23 389 028	23 389 028
Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	532 100	550 320
Basic earnings per share (CHF)	22.75	23.53
There is no earnings dilution; diluted earnings per share correspond to basic earnings per share.		
27 Significant shareholders		
EMESTA HOLDING AG, Freienbach, 14 224 143 registered shares (2021: 14 224 143 registered shares)		
Amount of holding	60.82%	60.82%
BAUMI Holding AG, Freienbach, 2 363 000 registered shares (2021: 2 363 000 registered shares)		
Amount of holding	10.10%	10.10%

Notes	2022 (CHF '000)	2021 (CHF '000)
28 Transactions with related parties		
EMESTA HOLDING AG, Freienbach (majority shareholder), the pension funds, members of the Board of Directors and members of the Executive Management as well as the close members of their families and associated companies are regarded as related parties.		
The members of the Board of Directors or Executive Management as well as the close members of their families did not receive any credits, advances or other types of loans. No related party transactions took place with them.		
The bonuses included in the reporting year consist of the bonuses estimated in the reporting year. The definitive bonuses for the reporting year are announced after the publication of this financial report and are presented in the remuneration report 2022/2023.		
Breakdown of the total compensation		
Short-term employee benefits to the members of the Board of Directors and Executive Management	3 800	4 200
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total compensation	3 800	4 200
Neither the members of the Board of Directors and the Executive Management nor their related parties have any conversion rights or options in EMS-CHEMIE HOLDING AG.		
The detailed disclosures of compensation as per Swiss law can be found in the remuneration report.		
29 Financial risk management		
Credit risks		
Overview of financial assets		
Other non-current financial assets (see note 9)	30 780	35 163
Non-current interest-bearing financial assets (see note 10)	1 159	1 325
Trade receivables (see note 12)	333 078	345 951
Derivative financial instruments (see note 15)	36 793	32 758
Other short-term financial assets (see note 14)	102 708	813
Cash and cash equivalents (see note 16)	248 565	110 595
Total financial assets	753 083	526 604
The maximum credit risk is equal to the carrying amount of the respective assets. There are no collateralized financial assets. For the analysis of due dates and allowances for doubtful trade receivables, see note 12.		

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12. 2022 (CHF '000)	Carrying amount	Contractual Cash flows	<1 year	Maturity date 1–5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 19)	4 620	4 620	4 620	0	0
Non-current bank loans (see note 19)	8 904	8 904	0	8 904	0
Trade payables	131 556	131 556	131 556	0	0
Prepaid expenses and deferred income*	68 252	68 252	68 252	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 15)	10	722 016	592 898	129 118	0
Total financial liabilities	213 342	935 348	797 326	138 022	0

* The prepaid expenses and deferred income only include the prepaid expenses and deferred income affecting liquidity.

At 31.12. 2021 (CHF '000)	Carrying amount	Contractual Cash flows	<1 year	Maturity date 1–5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 19)	7 493	7 493	7 493	0	0
Non-current bank loans (see note 19)	11 918	11 918	0	11 918	0
Trade payables	143 839	143 839	143 839	0	0
Prepaid expenses and deferred income*	55 664	55 664	55 664	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 15)	412	748 332	633 979	114 353	0
Total financial liabilities	219 326	967 246	840 975	126 271	0

* The prepaid expenses and deferred income only include the prepaid expenses and deferred income affecting liquidity.

Market risks

Interest rate risks

Sensitivity analysis of interest rate risks

The bank loans have variable interest rates. No derivative financial instruments on interest rates are used. A 100 basis point rise in the interest rate for deposits and bank loans would increase net income after taxes by CHF 2.2 million (2021: CHF +0.9 million). A 100 basis point fall in the interest rate for deposits and bank loans would decrease net income after taxes by CHF 0.7 million (2021: CHF –0.5 million).

This sensitivity analysis assumes that all other assumptions, e.g. currency rates, remain unchanged. The sensitivity analysis was performed on the same basis as for the previous year.

Currency risks

Overview currency exposure, net

At 31.12.2022 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	3 028	160 774	68 100	20 722	54 802	26 710
Loans to group companies	0	365 214	44 711	7 925	0	35 270
Trade payables	(61)	(55 290)	(28 539)	(17 438)	(14 903)	(6 479)
Loans from group companies	0	(4 654)	(5 543)	0	0	0
Current bank loans (see note 19)	0	0	0	0	0	0
Non-current bank loans (see note 19)	0	0	0	(40)	0	0
Derivative financial instruments (see note 15)	0	(352 223)	(224 317)	(1 527)	(96 422)	(47 527)
Currency exposure, net	2 967	113 821	(145 588)	9 642	(56 523)	7 974
At 31.12.2021 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	4 770	167 636	62 197	23 438	56 546	32 341
Loans to group companies	20 553	134 187	6 914	10 563	861	10 997
Trade payables	0	(58 210)	(21 589)	(25 296)	(23 533)	(6 863)
Loans from group companies	0	(4 654)	(5 543)	0	0	0
Current bank loans (see note 19)	0	0	0	(2 939)	0	0
Non-current bank loans (see note 19)	0	0	0	(40)	0	0
Derivative financial instruments (see note 15)	0	(524 433)	(126 767)	0	(96 107)	(1 026)
Currency exposure, net	25 323	(285 474)	(84 788)	5 726	(62 233)	35 449

Sensitivity analysis of currency risks

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase (/decrease) net income after taxes by CHF -21.1 million (2021: CHF -20.8 million). Per currency: EUR: CHF -10.5 million (2021: CHF -10.9 million), USD: CHF -4.0 million (2021: CHF -4.1 million), JPY: CHF +0.0 million (2021: CHF +0.0 million), CNY: CHF -4.0 million (2021: CHF -3.3 million), other currencies: CHF -2.0 million (2021: CHF -2.5 million).

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase (/decrease) equity after taxes by CHF -7.4 million (2021: CHF +74.6 million decrease/increase). Per currency: EUR: CHF +16.8 million (2021: CHF +69.6 million), USD: CHF +7.2 million (2021: CHF +8.4 million), JPY: CHF -0.8 million (2021: CHF -0.9 million), CNY: CHF +2.9 million (2021: CHF +0.2 million), other currencies: CHF -1.6 million (2021: CHF -2.8 million).

This sensitivity analysis was performed at the balance sheet date and assumes that all other assumptions, e.g. interest rates, remain unchanged. The sensitivity analysis was performed on the same basis as for the previous year.

Financial assets / liabilities: fair value hierarchy

At 31.12. 2022 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 15)		29 276		29 276
Financial liabilities:				
Derivative financial instruments (see note 15)		(10)		(10)

At 31.12. 2021 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 15)		25 994		25 994
Financial liabilities:				
Derivative financial instruments (see note 15)		(412)		(412)

There were no transfers between the levels of the fair value hierarchy.

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

Notes	2022 (CHF '000)	2021 (CHF '000)
Categories of financial assets and liabilities		
The carrying amounts of financial assets and liabilities correspond approximately to the fair values in accordance with IFRS. Regarding the fair values of bank loans see note 19.		
Cash and cash equivalents (see note 16)	248 565	110 595
Other short-term financial assets (see note 14)	102 708	813
Other non-current financial instruments (see note 10)	1 159	1 325
Other non-current assets (see note 9)	30 780	35 163
Trade receivables (see note 12)	333 078	345 951
Loans and receivables	467 725	383 252
Derivative financial instruments (assets; see note 15)	36 793	32 758
Non-current bank loans (see note 19)	8 904	11 918
Current bank loans (see note 19)	4 620	7 493
Trade payables	131 556	143 839
Prepaid expenses and deferred income (see note 22)	68 252	55 664
Financial liabilities measured at amortized cost	213 332	218 914
Derivative financial instruments (liabilities; see note 15)	10	412

Notes	2022 (CHF '000)	2021 (CHF '000)
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30 Other lease disclosures

The Group incurred interest expense on lease liabilities of CHF 0.2 million (2021: CHF 0.2 million). The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is not significant. The total cash outflow for leases amounted to CHF 4.9 million (2021: CHF 5.2 million).

There are no significant lease commitments for leases not commenced at year-end.

The following amounts are included in the income statement	2022	2021
Depreciation right of use	4 755	5 242
Interest expenses for lease liabilities	189	229
Lease expenses relating to low-value assets	2 148	483
Total	7 092	5 954

The EMS Group had a liquidity outflow for leasing in 2022 of TCHF 7 076 (2021: TCHF 5 878). The non-cash additions for rights of use and lease liabilities amounted in 2022 to TCHF 1 794 (2021: TCHF 4 413).

Minimum lease payments	2022	2021
Less than 1 year	4 620	4 554
1 to 5 years	8 532	11 226
thereafter	0	995
Total	13 152	16 775

The lease agreements concern mainly buildings and cars.

31 Change in scope of consolidation

2022

No changes

2021

Disposals:

EFTEC (Ukraine) LLC was liquidated with effect from January 1, 2021.

32 Subsequent events

The consolidated financial statements were approved by the Board of Directors on March 27, 2023, and need to be approved by the Annual General Meeting on August 12, 2023.

Between December 31, 2022, and March 27, 2023, there were no subsequent events requiring an adjustment of the book values of Group assets and liabilities or needed to be published here.

Notes

33 List of subsidiaries (at 31.12.2022)

Name	Domicile	Country
EMS-CHEMIE HOLDING AG EMS-INTERNATIONAL FINANCE (Guernsey) Ltd.	Domat/Ems Guernsey	Switzerland Guernsey
BUSINESS AREA HIGH PERFORMANCE POLYMERS		
EMS-CHEMIE AG EMS-CHEMIE (France) S.A. EMS-CHEMIE (UK) Ltd. EMS-CHEMIE (Japan) Ltd. EMS-UBE Ltd. EMS-CHEMIE (Korea) Ltd. EMS-CHEMIE (Italia) S.r.l. EMS-INVENTA AG EMS-CHEMIE (Produktion) AG EMS-CHEMIE (Taiwan) Ltd. EMS-CHEMIE (China) Ltd. EMS-CHEMIE (Suzhou) Ltd. EMS-CHEMIE (Suzhou) Trading Ltd. EMS-TOGO Corp. EMS-CHEMIE (North America) Inc. EFTEC North America, L.L.C.	Domat/Ems Chaville Stafford Tokyo Ube Gyeonggi-do Como Männedorf Domat/Ems Hsin Chu Hsien Shanghai Suzhou Suzhou Taylor, MI Sumter, SC Taylor, MI	Switzerland France UK Japan Japan South Korea Italy Switzerland Switzerland Taiwan (R.O.C.) China (People's Rep.) China (People's Rep.) China (People's Rep.) USA USA USA
EFTEC Europe Holding AG EMS-CHEMIE (Luxembourg) Sàrl EMS-CHEMIE (Switzerland) AG EFTEC (Shanghai) Engineering Co. Ltd. EFTEC (Changshu) Engineering Co. Ltd. EFTEC AG EFTEC Sàrl EFTEC Brasil Ltda. EFTEC (Elabuga) OOO EFTEC (Nizhniy Novgorod) OOO EFTEC Mexico S.A. de C.V. Grupo Placosa EFTEC S.A. de C.V. Placosa S.A. de C.V. Recubrimientos Modernos S.A. de C.V. EFTEC (India) Ltd. EFTEC Engineering GmbH EMS-CHEMIE (Deutschland) GmbH EMS-CHEMIE (Deutschland) Vertriebs GmbH EFTEC (Czech Republic) a.s. EFTEC SL d.o.o. EFTEC (Slovakia) s.r.o. EFTEC (Romania) S.R.L. EFTEC Ltd. EFTEC NV EFTEC Systems S.A. EFTEC Asia Pte. Ltd. EFTEC (Thailand) Co. Ltd. EFTEC China Ltd. Foshan EFTEC Automotive Materials Co., Ltd. Shanghai EFTEC Chemical Products Ltd. Changchun EFTEC Chemical Products Ltd. Wuhu EFTEC Chemical Products Ltd. EFTEC (Shanghai) Services Co. Ltd. EFTEC (Changshu) Automotive Materials Limited	Zug Senningerberg Romanshorn Shanghai Changshu Romanshorn Chaville Santana de Parnaiba Elabuga Nizhniy Novgorod Cuernavaca Cuernavaca Cuernavaca Cuernavaca Pune Markdorf Gross-Umstadt Gross-Umstadt Zlin Novo mesto Bratislava Budeasa Rhigos Genk Zaragoza Singapore Rayong Hong Kong Foshan Shanghai Changchun Wuhu Shanghai Changshu	Switzerland Luxembourg Switzerland China (People's Rep.) China (People's Rep.) Switzerland France Brazil Russia Russia Mexico Mexico Mexico Mexico India Germany Germany Germany Czech Republic Slovenia Slovakia Romania UK Belgium Spain Singapore Thailand China (People's Rep.) China (People's Rep.) China (People's Rep.) China (People's Rep.) China (People's Rep.) China (People's Rep.) China (People's Rep.)
BUSINESS AREA SPECIALTY CHEMICALS		
EMS-GRILTECH* EMS-SERVICES* EMS-CHEMIE (Neumünster) Holding GmbH EMS-CHEMIE (Neumünster) GmbH & Co. KG EMS-CHEMIE (Neumünster) Verwaltungs GmbH	Neumünster Neumünster Neumünster	Germany Germany Germany

Currency	Share capital (in '000)	Amount of holding	Category	Consolidation
CHF	234		D	K
CHF	60	100.00%	D	K
CHF	100	100.00%	V, D	K
EUR	1951	100.00%	V	K
GBP	1530	100.00%	V	K
JPY	210000	100.00%	V	K
JPY	1500000	66.65%	P, V	K
KRW	113000	100.00%	V	K
EUR	1300	100.00%	V	K
CHF	50	100.00%	D	K
CHF	100	100.00%	P	K
TVND	281000	100.00%	P, V	K
CNY	5000	100.00%	V	K
CNY	98693	100.00%	P, V	K
CNY	3000	100.00%	V	K
USD	750	100.00%	D	K
USD	3385	100.00%	P, V	K
USD	38222	100.00%	P, V	K
CHF	8000	100.00%	D	K
EUR	200	100.00%	D	K
EUR	100	100.00%	V, D	K
CNY	886	100.00%	P, V	K
CNY	765	100.00%	P, V	K
CHF	2500	100.00%	P, V	K
EUR	8	100.00%	V	K
BRL	541	100.00%	P, V	K
RUB	37514	100.00%	P, V	K
RUB	37200	100.00%	P, V	K
MXN	50	100.00%	V	K
MXN	19451	100.00%	D	K
MXN	47409	100.00%	P	K
MXN	550	100.00%	D	K
INR	15000	100.00%	P, V	K
EUR	25	100.00%	P, V	K
EUR	2556	100.00%	P	K
EUR	25000	100.00%	V	K
CZK	47569	100.00%	P, V	K
EUR	10	100.00%	V	K
EUR	7	100.00%	V	K
RON	8083	100.00%	P, V	K
GBP	352	100.00%	P, V	K
EUR	1240	100.00%	P, V	K
EUR	944	100.00%	P, V	K
USD	3518	100.00%	D, V	K
THB	49500	100.00%	P, V	K
USD	33206	75.00%	D	K
CNY	6849	100.00%	P, V	K
CNY	20750	100.00%	D	K
CNY	27500	100.00%	P, V	K
CNY	6650	60.00%	P, V	K
CNY	952	100.00%	D	K
CNY	80110	100.00%	P, V	K
EUR	25	100.00%	D	K
EUR	3000	100.00%	P	K
EUR	25	100.00%	D	K

Statutory Auditor's Report

To the General Meeting of EMS-CHEMIE HOLDING AG, Domat/Ems

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EMS-CHEMIE HOLDING AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 20 to 55) give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 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 (ISA) 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.

Other matter

The consolidated financial statements of EMS-CHEMIE HOLDING AG for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 24, 2022.

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.

Key audit matter

How the Key audit matter was addressed in the audit

Income taxes

EMS Group operates internationally in different tax jurisdictions. Various laws and local interpretations as well as practice guidance in the field of direct taxation must be applied. Compliance with these requirements can, by nature, be ascertained only with delay on the basis of final tax assessments and completed tax audits.

Income taxes is considered a key audit matter due to the following reasons:

The evaluation of income taxes includes a significant element of judgement in the estimates and assumptions to be made regarding the correct application of tax regulations in the respective tax jurisdictions.

We refer to the information on the consolidated accounting principles and to note 7 "Income taxes".

We obtained an overview of the tax situation in the respective tax jurisdictions as well as status of preliminary and final tax assessments, open tax assessment periods, tax procedures and tax audits.

We examined important correspondence with tax authorities.

We analyzed management's assessment of identified uncertain tax positions.

We assessed the estimates and assumptions made with the assistance of our tax specialists.

We compared the estimates and assumptions made to those of previous year and analyzed changes.

We verified the correct disclosure in the consolidated financial statements.

Existence and valuation of inventories

As of December 31, 2022, EMS Group discloses inventories in the amount of net CHF 678 million. Inventories are valued at historical purchase or production costs or, if lower, at realizable values less sales and completion costs. Value adjustments are made based on analyses of turnover rates and expected usage analysis.

Existence and valuation of inventories are considered a key audit matter due to the following reasons:

Inventories contribute with approximately 29% significantly to total assets. Physical inventory counts as well as valuation are based on assumptions and estimates.

We refer to the information on the consolidated accounting principles and to note 11 "Inventories".

We examined the adequacy of the consolidated accounting principles in respect to inventories.

We obtained an understanding of the process and internal controls in the area of inventories and performed control tests of the relevant key controls related to accuracy of existence.

We attended the physical inventory count at selected warehouse locations.

We performed sample tests in respect to applied purchase prices and calculation of production costs.

We performed data analytic tests in the area of material purchasing.

We tested the calculations of the valuation allowances on various inventory types in terms of applied data, calculation parameters and consistency to prior years and assessed the estimates regarding adequacy.

We verified the correct disclosure in the consolidated financial statements.

Other information

The board of directors is responsible for the other information. The other information comprises page 4 (Share Performance) and page 7 (Key Figures 2018–2022) which we obtained prior to the date of this report on the finance report, but does not include the consolidated financial statements and our auditor's report thereon and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

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

Responsibilities 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, ISA 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: 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.

BDO Ltd.



Christoph Tschumi
Auditor in Charge
Licensed Audit Expert



ppa. Andreas Kern
Licensed Audit Expert

Financial Statements **EMS-CHEMIE HOLDING AG**

for the financial year May 1, 2022 – April 30, 2023



Income Statement May 1, 2022 to April 30, 2023

	Notes	2022/2023 (CHF '000)	2021/2022 (CHF '000)
INCOME			
Dividends from subsidiaries		501 656	552 101
License fees from subsidiaries / third parties and other revenue	2.1	152	155
Other financial income	2.2	8 315	4 636
Other operating income		0	29
Total income		510 123	556 921
EXPENSES			
Financial expenses	2.3	7 586	5 399
Other operating expenses	2.4	1 306	1 189
Direct taxes		2 353	1 529
Total expenses		11 245	8 117
Net income		498 878	548 804

Balance Sheet as at April 30, 2023

EMS-CHEMIE HOLDING AG
Financial Statements
Annual Report 2022/2023

	Notes	30.04.2023 (CHF '000)	30.04.2022 (CHF '000)
Non-current assets		345 587	351 813
Investments in subsidiaries	2.5	274 440	274 440
Non-current financial assets	2.6	71 147	77 373
Current assets		680 806	615 415
Prepaid expenses and accrued income		848	9
Current financial assets	2.6	150 100	1 587
Other current receivables	2.7	515 115	608 531
Cash and cash equivalents		14 744	5 288
TOTAL ASSETS		1 026 393	967 228

Equity		942 397	934 688
Share capital	2.8	234	234
Legal retained earnings			
General legal reserve		47	47
Free reserves		10 000	10 000
Available earnings	2.9	932 116	924 407
Liabilities		83 997	32 540
Long-term liabilities		3 074	3 074
Provisions		3 074	3 074
Short-term liabilities		80 923	29 466
Accrued expenses and deferred income	2.10	288	192
Other short-term liabilities	2.11	80 634	29 274
TOTAL EQUITY AND LIABILITIES		1 026 393	967 228
Balance sheet equity ratio		91.8 %	96.6 %

Notes to the Financial Statements 2022/2023

1. Principles

1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 Investments in subsidiaries

The investments are valued using generally accepted valuation principles at cost or at the lower of the value in use at the balance sheet date.

1.3 Financial assets

Financial assets include loans and fixed term deposits. Loans granted in foreign currencies are valued at historical exchange rates or at the lower balance sheet rate.

1.4 Dividends

Dividend income is recognized when the legal claim is created.

1.5 Foregoing a cash flow statement and additional disclosures in the notes

As EMS-CHEMIE HOLDING AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information as well as a cash flow statement in accordance with the law.

2. Information on income statement and balance sheet items

Notes	2022/2023 (CHF '000)	2021/2022 (CHF '000)
2.1 License fees from subsidiaries/third parties and other financial income		
Other revenue	152	155
Total other financial income	152	155
2.2 Other financial income		
Interest income	1 808	600
Foreign exchange gains	6 507	4 036
Total other financial income	8 315	4 636
2.3 Financial expenses		
Interest expenses	223	713
Bank charges, duties, fees	115	127
Foreign withholding taxes and non-recoverable withholding taxes*	0	687
Foreign exchange losses	7 247	3 872
Total financial expenses	7 586	5 399
*From fiscal year 2022/2023 foreign withholding taxes and non-recoverable withholding taxes are shown under direct taxes.		
2.4 Other operating expenses		
Administration	1 306	1 189
Total other operating expenses	1 306	1 189

Notes	2022/2023 (CHF '000)	2021/2022 (CHF '000)
2.5 Investments in subsidiaries Details of the investments can be seen in note 33, "List of subsidiaries" in the consolidated financial statements of the EMS-Group. There were no changes in the period from January 1, 2023 to April 30, 2023.		
	30.04.2023	30.04.2022
2.6 Financial assets		
Fixed term deposits	150 100	100
Loans and investments to subsidiaries	70 174	77 735
Noncurrent assets	973	1 125
Total financial assets	221 247	78 960
Thereof current	150 100	1 587
Thereof non-current	71 147	77 373
2.7 Other current receivables		
Receivables from third parties	85	580 526
Receivables from subsidiaries	515 030	28 005
Total other current receivables	515 115	608 531
Receivables from third parties consist of withholding tax credits, taxes and prepayments. Receivables from subsidiaries include other receivables, short-term loans and current accounts from the cash-pools.		
2.8 Share capital The EMS-CHEMIE Holding has the following significant shareholders: EMESTA HOLDING AG, Freienbach, 14 224 143 registered shares (2021/2022: 14 224 143 registered shares) Amount of holding	60.82%	60.82%
BAUMI Holding AG, Freienbach, 2 363 000 registered shares (2021/2022: 2 363 000 registered shares) Amount of holding	10.10%	10.10%
No other representation of significant shareholders is known to the Board of Directors.		
	2022/2023	2021/2022
2.9 Available earnings		
At 1. 5.	924 407	773 216
Dividends paid	(491 170)	(397 613)
Net income	498 878	548 804
At 30. 4.	932 116	924 407
2.10 Accrued expenses and deferred income The item includes accruals for third party services.		

Notes	30.04.2023 (CHF '000)	30.04.2022 (CHF '000)
2.11 Other short-term liabilities		
Other liabilities due to third parties	114	96
Other liabilities due to subsidiaries	80 520	29 178
Total other short-term liabilities	80 634	29 274
Other short-term liabilities due to third parties include particularly liabilities for income taxes. Other short-term liabilities due to subsidiaries mainly include current accounts from the cash pools and short-term loans.		

3. Other disclosures

3.1 Contingent liabilities		
Guarantees (maximum liability)	51 839	52 572

EMS-CHEMIE HOLDING AG forms with all EMS companies in Switzerland the VAT group CHE-116.326.689 with joint liability.

- 3.2 Shareholding
 Existing shareholdings, conversion rights and options in EMS-CHEMIE HOLDING AG held by the members of the Board of Directors, members of the Executive Management and related parties:

Board of Directors	Function	Number of registered shares	
B. Merki	Chairman	0	0
M. Martullo	Vice-Chairman	0*	0
Dr J. Streu	Member	0	0*
C. Mäder	Member	200	200
Total Board of Directors		200	200
Executive Management	Function		
M. Martullo	CEO	0*	0
P. Germann	Member, CFO a.i.	0	0*
O. Flühler	CFO (from 1.5.2022 until 31.3.2023)	0	0
U. Janssen	Member (since 1.3.2023)	1	0
Dr C. Kleiner	Member	0	0
Total Executive Management		1	0

* Excluding EMESTA-HOLDING AG, in which Ms M. Martullo holds a 49.9% stake (see note 2.8).

The members of the Board of Directors, Executive Management and related parties did not hold any conversion rights or options in EMS-CHEMIE HOLDING AG.

- 3.3 Full-time equivalents
 In the reporting period and in the prior year period, EMS-CHEMIE HOLDING AG employed fewer than 10 employees on average.

- 3.4 Subsequent events
 There were no subsequent events requiring an adjustment of book values of EMS-CHEMIE HOLDING AG assets and liabilities or needed to be published here.

Proposed appropriation of available earnings

	2022/2023 (CHF)	2021/2022 (CHF)
Balance brought forward	433 237 402	375 602 608
Net income	498 878 317	548 804 383
Total available earnings	932 115 719	924 406 990
The Board of Directors proposes the following appropriation of available earnings:		
Payment of an ordinary dividend of CHF 15.75 (previous year CHF 16.50) gross and an extraordinary dividend of CHF 4.25 (previous year CHF 4.50) gross per registered share entitled to dividend	(368 377 191)	(385 918 962)
	(99 403 369)	(105 250 626)
Balance to be carried forward	464 335 159	433 237 402

Statutory Auditor's Report

To the general meeting of EMS-CHEMIE HOLDING AG, Domat/Ems

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EMS-CHEMIE HOLDING AG (the Company), which comprise the balance sheet as at April 30, 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 60 to 65) comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibilities for the Audit of the Financial Statements» section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter

The financial statements of EMS-CHEMIE HOLDING AG for the year ended April 30, 2022 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on July 1, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The board of directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

BDO Ltd



Christoph Tschumi
Auditor in Charge
Licensed Audit Expert



ppa. Andreas Kern
Licensed Audit Expert

Zurich, July 5, 2023

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Annual Report 2022/2023

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