

# **Finance Report 2020**

**Excerpt from the  
58<sup>th</sup> Annual Report 2020/2021**



**EMS-CHEMIE HOLDING AG**  
Domat/Ems Switzerland

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## **EMS-CHEMIE HOLDING AG**

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## Share Performance

	2020	2019	2018	2017	2016
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	23 381 277
Treasury shares	0	0	0	0	7 751
Information per share (in CHF):					
Dividend per share	17.00 <sup>1)</sup>	20.00	19.75	18.50	17.00
Of which ordinary dividend	13.00	15.60	15.50	14.50	13.00
Of which extraordinary dividend	4.00	4.40	4.25	4.00	4.00
Earnings per share	18.57	22.54	22.22	20.59	19.19
Cash flow per share <sup>2)</sup>	21.12	25.01	24.61	22.98	21.89
Equity per share <sup>3)</sup>	68.32	71.09	69.48	65.20	60.09
Stock prices <sup>4)</sup>					
High	880.00	646.50	691.00	707.00	547.50
Low	496.60	458.00	447.60	508.00	404.50
At December 31	853.00	636.50	467.00	650.50	517.50
Market capitalisation on December 31 (CHF millions)	19 950.8	14 887.1	10 922.7	15 214.6	12 103.8

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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<sup>1)</sup> Proposal of the Board of Directors.

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

<sup>3)</sup> Excluding non-controlling interests.

<sup>4)</sup> Source: SIX Swiss Exchange AG.

## Key Figures 2016–2020

EMS Group  
Annual Report 2020/2021

CHF millions	2020	2019	2018	2017	2016
Net sales revenue	1 802.3	2 152.7	2 318.3	2 145.8	1 983.1
Change in % against previous year	–16.3%	–7.1%	+8.0%	+8.2%	+4.1%
Change in local currencies	–4.8%	–2.1%	+6.4%	+7.5%	+3.8%
Of which in Switzerland	4.0%	3.7%	3.4%	3.2%	3.1%
Net operating income (EBIT)	515.1	623.7	620.2	582.0	547.7
Change in % against previous year	–17.4%	+0.6%	+6.6%	+6.3%	+16.9%
In % of net sales revenue	28.6%	29.0%	26.8%	27.1%	27.6%
Net financial income	–4.4	–3.5	–2.0	0.9	–5.2
Income taxes	71.1	88.4	95.8	98.5	86.9
Net income	439.7	531.9	522.3	484.4	455.5
Change in % against previous year	–17.3%	+1.8%	+7.8%	+6.3%	+19.0%
In % of net sales revenue	24.4%	24.7%	22.5%	22.6%	23.0%
Cash flow <sup>1)</sup>	494.0	584.9	575.5	537.4	511.8
Change in % against previous year	–15.5%	+1.6%	+7.1%	+5.0%	+16.6%
In % of net sales revenue	27.4%	27.2%	24.8%	25.0%	25.8%
Investments	48.3	62.9	60.2	49.3	71.5
In % of cash flow	9.8%	10.8%	10.5%	9.2%	14.0%
Balance sheet total	2 077.5	2 213.3	2 157.6	2 100.0	1 984.6
Assets					
Current assets	1 399.5	1 547.7	1 517.9	1 460.4	1 337.5
Non-current assets	678.0	665.6	639.7	639.6	647.1
Equity and liabilities					
Current liabilities	290.7	351.9	365.2	390.6	366.6
Non-current liabilities	162.6	175.8	147.8	158.9	190.2
Equity <sup>2)</sup>	1 597.8	1 662.7	1 625.1	1 525.0	1 405.0
Balance sheet equity ratio	76.9%	75.1%	75.3%	72.6%	70.8%
Return on equity	27.2%	31.7%	32.0%	31.6%	31.9%
Number of employees on December 31 <sup>3)</sup>	2 521	2 648	2 939	2 912	2 897

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

<sup>2)</sup> Excluding non-controlling interests.

<sup>3)</sup> Excluding apprentices (2020: 132; 2019: 129; 2018: 136; 2017: 138; 2016: 144).

## Remuneration Report

### 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 40 % of the total remuneration sum (2019/2020: 41 %).

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

The following remuneration was paid in the reporting year (1.5.2020–30.4.2021):

		2020/2021 (CHF '000)	2019/2020 (CHF '000)
<b>Board of Directors</b>	<b>Function</b>	<b>Remuneration</b>	
Dr U. Berg	Chairman (until 8.8.2020)	175	242
B. Merki	Chairman (since 9.8.2020)	154	137
M. Martullo	Vice-Chairman and CEO	242	239
Dr J. Streu	Member	125	130
Ch. Mäder	Member	137	150
Total Board of Directors		833	898
<b>Executive Management</b>			
Total remuneration paid to the Executive Management was Of this, KCHF 1 136 (2019/2020: KCHF 1 146) was variable remuneration components. The highest remuneration for a member of Executive Management in the reporting year was KCHF 1 033 (2019/2020: KCHF 1 024) and of this, KCHF 523 (2019/2020: KCHF 523) as variable remuneration component, paid to M. Martullo, independent of her remuneration as Member of the Board of Directors.		2 829	2 777
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.		3 662	3 675
<b>Advisory board</b>	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. Due to the COVID 19 pandemic, the Board of Directors and Executive Management of EMS voluntarily took a 15% reduction in fees and fixed salaries for 7 months in 2020 as a sign of solidarity. 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 2021: Approval of the remuneration 2020/2021

Total sum of remuneration to the Board of Directors to be approved: KCHF 833.

Total sum of remuneration to Executive Management to be approved: KCHF 2 829.

## Report of the statutory auditor on the remuneration report

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

We have audited the remuneration report of EMS-CHEMIE HOLDING AG for the year ended 30 April 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the table labeled “audited” on page 18 of the remuneration report.

#### Board of Directors’ responsibility

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

#### Auditor’s responsibility

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

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

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

#### Opinion

In our opinion, the remuneration report for the year ended 30 April 2021 of EMS-CHEMIE HOLDING AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd



Willy Hofstetter  
Licensed audit expert  
(Auditor in charge)



Gianantonio Zanetti  
Licensed audit expert

Zurich, 25 June 2021

## Consolidated Income Statement

	Notes	2020 (CHF '000)	2019 (CHF '000)
Net sales revenue from goods and services		1 802 348	2 152 739
Inventory changes, semi-finished and finished goods		(33 747)	22 100
Capitalized costs and other operating income	1	30 699	56 688
Material expenses		(917 396)	(1 204 910)
Personnel expenses	2	(213 412)	(238 537)
Other operating expenses	3	(99 035)	(111 338)
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		<b>569 457</b>	<b>676 742</b>
Depreciation and amortization	8, 23	(54 320)	(53 015)
<b>NET OPERATING INCOME (EBIT)</b>		<b>515 137</b>	<b>623 727</b>
Financial income	5	581	423
Financial expenses	6	(5 007)	(3 883)
<b>NET INCOME BEFORE TAXES</b>		<b>510 711</b>	<b>620 267</b>
Income taxes	7	(71 050)	(88 401)
<b>NET INCOME</b>		<b>439 661</b>	<b>531 866</b>
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		434 340	527 140
Non-controlling interests	17	5 321	4 726
Earnings per share in CHF:			
Basic	26	18.57	22.54
Diluted	26	18.57	22.54

## Consolidated Statement of Comprehensive Income

Net income recognized in income statement		439 661	531 866
Actuarial gains from defined benefit pension plans, net of tax		1 368	(13 822)
Items that will not be reclassified to income statement, net of tax		1 368	(13 822)
Net changes from cash flow hedges, net of tax	14	(10 384)	3 905
Currency translation differences		(23 407)	(18 195)
Items that are or may be reclassified to profit or loss		(33 791)	(14 290)
Other comprehensive income		(32 423)	(28 113)
<b>COMPREHENSIVE INCOME</b>		<b>407 238</b>	<b>503 753</b>
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		402 894	499 554
Non-controlling interests	17	4 344	4 199

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

# Consolidated Balance Sheet

EMS Group  
Consolidated Financial Statements  
Annual Report 2020/2021

	Notes	31.12.2020 (CHF '000)	31.12.2019 (CHF '000)
<b>NON-CURRENT ASSETS</b>		678 076	665 638
Intangible assets	8	59 884	64 208
Property, plant and equipment	8	536 658	543 363
Rights of use of leased assets	8	16 966	15 795
Investments		188	188
Other non-current assets	9	49 074	26 807
Derivative financial instruments	14	0	0
Deferred income tax assets	7	15 306	15 277
<b>CURRENT ASSETS</b>		1 399 459	1 547 671
Inventories	10	404 375	449 588
Trade receivables	11	299 511	321 666
Income tax assets		11 800	11 119
Other current assets	12	521 978	495 191
Derivative and other financial assets	13	6 450	17 224
Cash and cash equivalents	15	155 345	252 883
<b>TOTAL ASSETS</b>		2 077 535	2 213 309
<b>EQUITY</b>		1 624 250	1 685 645
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 597 810	1 662 697
Share capital	16	234	234
Retained earnings and reserves		1 597 576	1 662 463
Equity, attributable to non-controlling interests	17	26 440	22 948
<b>LIABILITIES</b>		453 285	527 664
<b>Non-current liabilities</b>		162 569	175 763
Non-current financial liabilities	18	16 918	14 949
Other non-current liabilities		17	16
Deferred income tax liabilities	7	69 410	80 355
Employee benefit liability	19	56 401	60 343
Provisions	20	19 823	20 100
<b>Current liabilities</b>		290 716	351 901
Derivative financial instruments	14	1 957	617
Current financial liabilities	18	5 515	6 211
Trade payables		86 093	128 492
Income tax liabilities		80 496	87 066
Provisions	20	1 368	1 377
Other current liabilities	21	115 287	128 138
<b>TOTAL EQUITY AND LIABILITIES</b>		2 077 535	2 213 309

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.



## Consolidated Statement of Changes in Equity

(CHF '000)	Share capital	Capital reserves (share premium)	Treasury shares	Retained earnings	Hedging reserves from IFRS 9	Translation differences	Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	Equity, attributable to non-controlling interests	Equity
<b>At 31.12. 2018</b>	<b>234</b>	<b>25 676</b>	<b>0</b>	<b>1 687 009</b>	<b>10 202</b>	<b>(98 045)</b>	<b>1 625 076</b>	<b>19 586</b>	<b>1 644 662</b>
Net changes from cash flow hedges					3 905		3 905		3 905
Actuarial gains from defined benefit pension plans				(13 823)			(13 823)		(13 823)
Currency translation differences						(17 668)	(17 668)	(527)	(18 195)
<b>Other comprehensive income</b>				<b>(13 823)</b>	<b>3 905</b>	<b>(17 668)</b>	<b>(27 586)</b>	<b>(527)</b>	<b>(28 113)</b>
Net income recognized in income statement				527 140			527 140	4 726	531 866
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>513 317</b>	<b>3 905</b>	<b>(17 668)</b>	<b>499 554</b>	<b>4 199</b>	<b>503 753</b>
Transactions with treasury shares							0		0
Dividends paid				(461 933)			(461 933)	(837)	(462 770)
<b>At 31.12. 2019</b>	<b>234</b>	<b>25 676</b>	<b>0</b>	<b>1 738 393</b>	<b>14 107</b>	<b>(115 713)</b>	<b>1 662 697</b>	<b>22 948</b>	<b>1 685 645</b>
Net changes from cash flow hedges					(10 384)		(10 384)		(10 384)
Actuarial gains from defined benefit pension plans				1 368			1 368		1 368
Currency translation differences						(22 430)	(22 430)	(977)	(23 407)
<b>Other comprehensive income</b>				<b>1 368</b>	<b>(10 384)</b>	<b>(22 430)</b>	<b>(31 446)</b>	<b>(977)</b>	<b>(32 423)</b>
Net income recognized in income statement				434 340			434 340	5 321	439 661
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>435 708</b>	<b>(10 384)</b>	<b>(22 430)</b>	<b>402 894</b>	<b>4 344</b>	<b>407 238</b>
Transactions with treasury shares							0		0
Dividends paid				(467 781)			(467 781)	(852)	(468 633)
<b>At 31.12. 2020</b>	<b>234</b>	<b>25 676</b>	<b>0</b>	<b>1 706 320</b>	<b>3 723</b>	<b>(138 143)</b>	<b>1 597 810</b>	<b>26 440</b>	<b>1 624 250</b>

	2020	2019
Equity attributable to shareholders of EMS-Holding AG, in % of total assets	76.9%	75.1%

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2019: KCHF 47) not eligible for distribution.

On February 12, 2021, the company announced that the Board of Directors will propose a dividend payment of CHF 17.00 per each share to the ordinary annual shareholder meeting on August 7, 2021 (CHF 13.00 ordinary dividend, CHF 4.00 extraordinary dividend).

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

## Consolidated Statement of Cash Flows

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	Notes	2020 (CHF '000)	2019 (CHF '000)
Net income		439 661	531 866
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right of use of leased assets	8, 23	54 320	53 015
Loss from disposal of property, plant and equipment, net	3	682	695
Increase/(decrease) of provisions	20	946	(970)
(Income)/loss from sale of fully consolidated investment	1	0	(25 483)
Unrealised currency translation (gains)/losses on foreign exchange positions		4 779	4 776
Change assets and liabilities of post-employment benefits, net	19	(2 121)	160
Net interest income	5, 6	94	405
Dividends on available-for-sale securities	5	0	(2)
Expenses for income taxes	7	71 050	88 401
Changes in net working capital		(8 155)	(12 715)
Taxes paid		(88 028)	(86 587)
Interest paid		(675)	(826)
Provisions used	20	(1 023)	(634)
<b>CASH FLOW FROM OPERATING ACTIVITIES A</b>		<b>471 530</b>	<b>552 101</b>
Purchase of intangible assets and property, plant and equipment	8	(48 308)	(62 917)
Disposal of intangible assets and property, plant and equipment	8	1 345	2 852
(Increase) in other non-current assets	9	(22 510)	(21 152)
Decrease in other non-current assets	9	0	337
Interest received		602	350
Dividends received		0	2
Paid withholding taxes	12	(171 396)	(153 028)
Received withholding taxes	12	142 314	91 371
Cash inflow from sale of fully consolidated investment	24	0	37 780
Investments of current financial assets	13	0	(10 343)
Divestments of current financial assets	13	10 774	0
<b>CASH FLOW FROM INVESTING ACTIVITIES B</b>		<b>(87 179)</b>	<b>(114 748)</b>
Dividends paid to shareholders of EMS-CHEMIE HOLDING AG		(467 781)	(461 933)
Dividends paid to non-controlling interests	17	(852)	(837)
Payment for the repayment portion of the leasing liabilities		(4 807)	(3 957)
Borrowing of interest-bearing liabilities	18	51	0
Repayment of interest-bearing liabilities	18	(2)	(368)
<b>CASH FLOW FROM FINANCING ACTIVITIES C</b>		<b>(473 391)</b>	<b>(467 095)</b>
Increase/(decrease) in cash and cash equivalents (A + B + C)		(89 040)	(29 742)
Cash and cash equivalents at 1. 1.		252 883	286 933
Translation difference on cash and cash equivalents		(8 498)	(4 308)
Cash and cash equivalents at 31.12.	15	155 345	252 883

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.

These financial statements reflect the impact of the COVID-19 outbreak as well as the actions taken by various governments, where already in place. Any indications for impairment of assets have been analyzed. As of December 31, 2020, no impairment losses had to be recognized.

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

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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

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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 20.

#### Employee benefits

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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 19.

## 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 capitalised 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.

### Changes in accounting policies

The EMS Group has applied certain standards and amendments for the first time that are effective for financial years beginning on or after January 1, 2020. This does not result in any material changes for the consolidated financial statements of the EMS Group.

#### Amendments to IFRS 16 – Leases:

On May 28, 2020, the IASB issued Covid-19-related Rent Concessions – Amendment to IFRS 16 Leases (Amendments to IFRS 16: Rent Concessions related to COVID-19).

The EMS Group has assessed the impact of lease concessions related to the COVID-19-pandemic. It was determined that no action is required.

The EMS Group has not early adopted any standards, interpretations or amendments that have been published but are not yet effective.

### 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)

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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

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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

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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

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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

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Inventories used for production are valued at their historical purchase or production cost or at their net realisable 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

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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

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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.

### Securities

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Securities include marketable securities traded on stock exchanges. Initial measurement of all security transactions is done at the date of fulfilment of the contract (settlement date accounting) at fair value. Subsequent measurement is done at fair value. Their business model is classified as "held for trading", with the changes in fair value recorded in the income statement as financial income or expense.

### Cash and cash equivalents

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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

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Other current financial assets include fixed-term deposits or money market instruments with a notice period of more than 3 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

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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

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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 amortised 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

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

### Provisions

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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

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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

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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

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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

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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 amortisation 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

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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

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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		
		2020	2019	2020	2019	
Euro	EUR	1	1.070	1.113	1.084	1.085
US Dollar	USD	1	0.939	0.994	0.881	0.968
Japanese Yen	JPY	100	0.879	0.912	0.855	0.891
Chinese Renminbi	CNY	100	13.606	14.391	13.490	13.870
Taiwan Dollar	TWD	100	3.185	3.214	3.140	3.226

### 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 utilised.

### 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 include 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

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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

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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 risk. 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.

#### Other price risks: securities risks

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Among "other price risks" are securities risks. Available-for-sale securities can be influenced by changes in fair values.

Available-for-sale securities are held for fund management purposes. The risk of loss in value is reduced by reviews prior to investing and continuous monitoring of the performance of investments and changes in their risk profile.

### 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 76.9% as at December 31, 2020 (December 31, 2019: 75.1%). The EMS Group has no external minimum capital requirements.

Treasury shares are bought and sold on the basis of active management. The EMS Group does not have any financial covenants with minimal 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	
	2020	2019	2020	2019	2020	2019
Net sales revenue recognized at a point in time	1 589 008	1 897 645	206 103	246 767	1 795 111	2 144 412
Net sales revenue recognized over time	7 237	8 327	0	0	7 237	8 327
Total net sales revenue with third parties	1 596 245	1 905 972	206 103	246 767	1 802 348	2 152 739
Operating profit before depreciation and amortisation	507 386	600 301	62 071	76 441	569 457	676 742
Depreciation, amortization and impairments <sup>1)</sup>	48 969	47 234	5 351	5 781	54 320	53 015
Operating profit	458 417	553 067	56 720	70 660	515 137	623 727
Net financial income					(4 426)	(3 460)
Profit before taxes					510 711	620 267
Income taxes					(71 050)	(88 401)
Net profit					439 661	531 866

No net sales revenues exist between the segments.

(CHF '000)	High Performance Polymers		Specialty Chemicals		Non-segment assets/liabilities		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Segment assets <sup>2)</sup>	1 576 119	1 809 430	346 071	137 056	155 345	266 823	2 077 535	2 213 309
Segment liabilities <sup>3)</sup>	412 167	511 189	34 913	10 301	6 205	6 174	453 285	527 664
Investments	39 785	60 471	8 523	2 446			48 308	62 917

### Segment information by geographical region

(CHF '000)	Total net sales revenue (customers)		Total net sales revenue (production)		Segment assets <sup>2)</sup>	
	2020	2019	2020	2019	2020	2019
Europe	954 922	1 163 719	1 304 424	1 560 257	1 549 501	1 559 741
<i>thereof Switzerland</i>	72 814	80 090	895 826	1 023 582	1 363 761	1 369 402
<i>thereof Germany</i>	366 140	440 775	199 394	241 786	65 753	66 988
Asia	507 629	574 258	264 356	312 156	263 810	264 518
<i>thereof China</i>	292 265	310 326	147 155	167 000	170 261	158 220
America	317 370	391 879	233 567	280 326	100 162	112 406
<i>thereof USA</i>	210 068	255 901	173 237	203 909	84 983	98 229
Others	22 426	22 883	0	0	8 717	9 820
Non-segment assets					155 345	266 823
Total	1 802 348	2 152 739	1 802 348	2 152 739	2 077 535	2 213 309

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.

<sup>1)</sup> See note 8.

<sup>2)</sup> Segmented assets: Assets without cash and cash equivalents, securities, fixed deposits in other current and non-current financial assets and investments in associated companies. Reporting unit EMS-SERVICES as of 1.1.2020 in the business area Specialty Chemicals.

<sup>3)</sup> Segmented liabilities: Liabilities without current and non-current bank loans. Reporting unit EMS-SERVICES as of 1.1.2020 in the business area Specialty Chemicals.

## Consolidated Income Statement

EMS Group  
Consolidated Financial Statements  
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Notes	2020 (CHF '000)	2019 (CHF '000)
1	Capitalized costs and other operating income	
	Capitalized costs	13 492
	Other operating income	17 207
	Income from sale of fully consolidated investment	0
	Total capitalized costs and other operating income	30 699
2	Personnel expenses	
	Wages and salaries	167 101
	Subcontractor salaries	12 053
	Expenses for defined benefit plans (see note 19)	6 787
	Legal/contractual social insurance	22 221
	Other personnel expenses	5 250
	Total personnel expenses	213 412
3	Other operating expenses	
	Rents	2 111
	Leasing	1 037
	Repairs and maintenance	26 050
	Insurance, duties, fees	6 541
	Energy	32 820
	Administration, promotion	18 919
	Losses on disposal of property, plant and equipment, net	682
	Supplies	6 939
	Other operating expenses	3 936
	Total other operating expenses	99 035
4	Research and development	
	Expenditures for research and development amount to	45 956
	In percent of net sales revenue	2.5%
5	Financial income	
	Other interest income	581
	Interest income on loans and receivables	0
	Total interest income	581
	Foreign exchange gains, net	0
	Total financial income	581

Notes	2020 (CHF '000)	2019 (CHF '000)
6		
Financial expenses		
Interest expenses	432	563
Interest on Sales contracts	243	263
Foreign exchange losses, net	3 843	2 545
Bank charges and commissions	489	512
Total financial expenses	5 007	3 883
7		
Income taxes		
Current income taxes actual year	84 814	93 900
Current income taxes previous years	(2 722)	(4 696)
Deferred income taxes	(11 042)	(803)
Total income taxes	71 050	88 401

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

	2020			2019		
	Amount before taxes	Taxes	Amount after taxes	Amount before taxes	Taxes	Amount after taxes
Actuarial gains from defined benefit pension plans	1 652	(284)	1 368	(16 675)	2 853	(13 822)
Cash flow hedges	(11 681)	1 297	(10 384)	4 237	(332)	3 905
Currency translation differences	(23 407)	0	(23 407)	(18 197)	0	(18 197)
Comprehensive income	(33 436)	1 013	(32 423)	(30 635)	2 521	(28 114)
Treasury shares	0	0	0	0	0	0

#### Breakdown of the income tax expenses

Net income before income taxes	510 711	620 267
Expected income tax rate	16.3%	16.2%
Expected income taxes	83 288	100 762
Utilisation of previously unrecognized tax losses	(308)	(79)
Losses for the current year for which no deferred tax asset was recognized	0	(34)
Tax exemption	(13 710)	(9 924)
Expenses not being deductible for tax purposes	924	408
Taxes from previous years	(2 722)	(4 696)
Impact of changed deferred income tax rates	(343)	(3 189)
Withholding tax on dividends and other	3 921	5 153
Effective income taxes	71 050	88 401
Effective income tax rate	13.9%	14.3%

Notes	2020 (CHF '000)		2019 (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.	15 277	80 355	14 839	82 694
Increase/Decrease via income statement	736	(10 306)	(1 321)	(2 124)
Increase/Decrease via other comprehensive income/Equity	(284)	(1 297)	2 853	332
Translation differences	(423)	658	(1 094)	(547)
At 31.12.	15 306	69 410	15 277	80 355
Note to the deferred income tax				
Calculation according to the "balance sheet liability method":				
Deferred income taxes on non-current assets	0	61 610	0	61 534
Deferred income taxes on current assets	0	8 512	0	16 383
Deferred income taxes on liabilities	0	(1 726)	0	1 324
Deferred income taxes on pension liabilities	7 317	0	7 898	0
Deferred income taxes on provisions and accruals	7 989	1 014	7 379	1 114
Total deferred income tax liabilities	15 306	69 410	15 277	80 355
Deferred income taxes on non-current assets affect mainly property, plant and equipment, on current assets inventories.				
As at December 31, 2020, temporary differences of KCHF 16 801 (2019: KCHF 17 379) 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	5 820	1 900	17 178	3 790
Of which to be carried forward for up to:				
1 year	639	138	32	5
2 years	476	162	5 826	1 002
3 years	235	80	1 141	235
4 years	3 393	1 154	4 810	1 635
5 years	1 077	366	0	0
More than 5 years	0	0	5 369	913

## 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 1.1.2019	50 595	9 389	4 100	64 084
Cost	50 444	49 918	33 788	134 150
Accumulated amortization and impairment	0	(47 143)	(22 799)	(69 942)
Net book value	50 444	2 775	10 989	64 208
2019				
At 1.1.	50 595	9 389	4 100	64 084
Additions	0	0	338	338
Disposals	0	0	(22)	(22)
Disposals from sale of investment	0	0	(45)	(45)
Amortization	0	(6 590)	(1 471)	(8 061)
Reclassifications	0	0	8 162	8 162
Translation differences	(151)	(24)	(73)	(248)
At 31.12.	50 444	2 775	10 989	64 208
Cost	50 444	49 918	33 788	134 150
Accumulated amortization and impairment	0	(47 143)	(22 799)	(69 942)
Net book value	50 444	2 775	10 989	64 208
2020				
At 1.1.	50 444	2 775	10 989	64 208
Additions	0	0	116	116
Disposals	0	0	0	0
Disposals from sale of investment	0	0	0	0
Amortization	0	(1 989)	(1 438)	(3 427)
Reclassifications	0	0	98	98
Translation differences	(756)	(264)	(91)	(1 111)
At 31.12.	49 688	522	9 674	59 884
Cost	49 688	47 295	32 802	129 785
Accumulated amortization and impairment	0	(46 773)	(23 128)	(69 901)
Net book value	49 688	522	9 674	59 884

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 49 688 (2019: KCHF 50 444) 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% (2019: 2.0%).
- The discount rate before taxes is 8.6% (2019: 8.0%).

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. 2019	21 781	147 243	310 056	19 976	48 622	547 678
Cost	24 191	351 838	1 050 405	67 252	48 623	1 542 309
Accumulated depreciation and impairment	(2 410)	(204 595)	(740 349)	(47 276)	(1)	(994 631)
Net book value	21 781	147 243	310 056	19 976	48 622	547 678
2019						
At 1.1.	21 781	147 243	310 056	19 976	48 622	547 678
Additions	3	431	2 475	2 507	57 163	62 579
Disposals	(234)	(620)	(2 021)	(561)	(20)	(3 456)
Disposals from sale investment	(570)	(6 949)	(2 147)	(363)	(1 502)	(11 531)
Depreciation	(99)	(6 922)	(28 555)	(5 249)	0	(40 825)
Impairment	0	0	0	0	0	0
Reclassifications	11	1 588	9 075	2 101	(20 938)	(8 163)
Translation differences	(237)	(1 081)	(1 187)	(317)	(97)	(2 919)
At 31.12.	20 655	133 690	287 696	18 094	83 228	543 363
Cost	23 110	343 447	1 013 045	64 028	83 229	1 526 859
Accumulated depreciation and impairment	(2 455)	(209 757)	(725 349)	(45 934)	(1)	(983 496)
Net book value	20 655	133 690	287 696	18 094	83 228	543 363
2020						
At 1.1.	20 655	133 690	287 696	18 094	83 228	543 363
Additions	0	175	4 742	1 668	41 607	48 192
Disposals	(252)	(657)	(831)	(263)	(32)	(2 035)
Disposals from sale investment	0	0	0	0	0	0
Depreciation	(91)	(6 989)	(34 086)	(4 285)	0	(45 451)
Impairment	0	0	(574)	(8)	0	(582)
Reclassifications	0	11 267	83 923	1 631	(96 914)	(93)
Translation differences	(799)	(2 479)	(2 714)	(369)	(375)	(6 736)
At 31.12.	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



Notes

III. Rights-of-use of leased assets

(CHF '000)	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Total
2019				
At 1.1.	17 255	334	567	18 156
Additions	1 461	24	353	1 838
Disposals from sale of investment	(29)	(40)	0	(69)
Depreciation	(3 559)	(113)	(457)	(4 129)
At 31.12.	15 128	205	463	15 795
2020				
At 1.1.	15 128	205	463	15 795
Additions	55	0	5 976	6 031
Disposals from sale of investment	0	0	0	0
Depreciation	(3 607)	(99)	(1 154)	(4 860)
At 31.12.	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

	2020 (CHF '000)	2019 (CHF '000)
9 Other non-current assets		
Other non-current assets	43 671	21 152
Non-current interest-bearing financial assets	58	67
Assets from employee benefits (see note 19)	5 345	5 588
Total other non-current assets	49 074	26 807
Other non-current assets mainly comprise loans to third parties.		
10 Inventories		
Raw materials and supplies	195 221	202 011
Semi-finished goods, work in progress	10 902	8 998
Finished products	215 288	250 086
Value adjustments	(17 036)	(11 507)
Total inventories	404 375	449 588
11 Trade receivables		
Trade receivables from third parties	302 537	326 386
Allowances for doubtful receivables	(3 026)	(4 720)
Total trade receivables	299 511	321 666

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.

Notes

Expiration of receivables from goods and services and allowance matrix.

	Default rate in %	2020		2019	
		Gross value	Allowance	Gross value	Allowance
Not due	0.7%	278 101	(1 857)	294 663	(1 989)
Overdue <30 days	3%	21 747	(652)	23 965	(719)
Overdue 30 to 60 days	5%	733	(37)	3 721	(186)
Overdue 60 to 90 days	15%	1 581	(237)	1 595	(239)
Overdue >90 days	65%	374	(243)	2 441	(1 587)
Total		302 537	(3 026)	326 386	(4 720)

Change in allowances of trade receivables from goods and services

	2020	2019
At 1.1.	4 720	7 220
Increase in allowances	382	28
Decrease in allowances	(1 952)	(2 350)
Losses on trade receivables	(33)	(80)
Reclassifications	(1 919)	(2 270)
Translation differences	(124)	(178)
At 31.12.	3 026	4 720

Notes	2020 (CHF '000)	2019 (CHF '000)
12 Other current assets		
Withholding tax receivables	460 504	431 422
Prepayments and accrued income	10 833	11 479
Contract assets	14 615	14 009
Other receivables	36 026	38 281
Total other current assets	521 978	495 191
There is no allowance on Contract assets calculated because the expected default rate is 0%.		
13 Derivative and other financial assets		
Derivative financial instruments	5 583	15 924
Other current financial assets	867	1 300
Total other current financial assets	6 450	17 224

Notes		2020 (CHF '000)	2019 (CHF '000)	
14	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	335 784	281 624
		Positive replacement value CHF	0	11 205
		Negative replacement value CHF	1 878	0
	USD/CHF	Notional amount CHF	75 870	223 400
		Positive replacement value CHF	5 469	2 541
		Negative replacement value CHF	78	617
	CNY/CHF	Notional amount CHF	6 794	42 979
		Positive replacement value CHF	78	2 179
		Negative replacement value CHF	0	0
	MXN/CHF	Notional amount CHF	3 062	0
		Positive replacement value CHF	36	0
		Negative replacement value CHF	0	0
Total		Notional amount CHF	421 509	548 003
		Positive replacement value CHF	5 583	15 925
		Negative replacement value CHF	1 957	617
Thereof:				
Current portion		Notional amount CHF (<12 months)	421 509	548 003
		Positive replacement value CHF (<12 months)	5 583	15 925
		Negative replacement value CHF (<12 months)	1 957	617
Non-current portion		Notional amount CHF (1–5 years)	0	0
		Positive replacement value CHF (1–5 years)	0	0
		Negative replacement value CHF (1–5 years)	0	0

The EMS Group uses a combination of derivative financial instruments and forward exchange transactions to hedge to foreign exchange risk. Derivative financial instruments were closed mostly for hedge purposes. Forwards are settled to hedge cashflows resulting of expected future sales in EUR, USD and CNY and expected future purchases in JPY. These transactions are highly realistic and contain approximately 85% of the total expected sales in EUR, approx. 40% of the sales in USD and approx. 60% 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	2020 (CHF '000)	2019 (CHF '000)			
Net changes from cash flow hedges in equity, after taxes					
At 1.1.	14 107	10 202			
Transfer to consolidated income statement	0	(71)			
Fair value adjustments	(11 681)	4 308			
Income taxes recognized directly in equity	1 297	(332)			
Total net changes from cash flow hedges in equity, after taxes	(10 384)	3 905			
At 31.12.	3 723	14 107			
15 Cash and cash equivalents					
Deposits	155 265	252 243			
Cash and cash equivalents	80	640			
Total cash and cash equivalents	155 345	252 883			
16 Share capital					
	Par value	Number of issued registered shares	Number of treasury shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 31.12. 2018	CHF 0.01	23 389 028	0	23 389 028	234
Purchase of treasury shares		–	0	0	–
Sale of treasury shares		–	0	0	–
At 31.12. 2019	CHF 0.01	23 389 028	0	23 389 028	234
Purchase of treasury shares		–	0	0	–
Sale of treasury shares		–	0	0	–
At 31.12. 2020	CHF 0.01	23 389 028	0	23 389 028	234
17 Non-controlling interests					
This item reflects the non-controlling interest in capital and profit/loss for the year. Non-controlling interest 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.				22 948	19 586
Dividends paid				(852)	(837)
Net income				5 321	4 726
Translation differences				(977)	(527)
At 31.12.				26 440	22 948

Notes	2020 (CHF '000)	2019 (CHF '000)
18 Non-current financial liabilities		
The non-current financial liabilities are composed as follows:		
Non-current liabilities	16 875	14 904
Bank loan JPY: Average interest rate: 1.11% (2019: 1.11%)	43	45
Total non-current bank loans	16 918	14 949
The carrying amounts of non-current financial liabilities in JPY correspond to their fair values, as the interest rates are variable.		
At 1.1.	14 949	45
Refund non-current financial liabilities	(2)	0
Borrowing non-current lease liabilities	1 971	14 904
Translation differences	0	0
At 31.12.	16 918	14 949
The current financial liabilities are composed as follows:		
Current lease liabilities	385	1 132
Bank loan JPY: Average interest rate: 0.33% (2019: 0.31%)	5 130	5 079
Total current bank loans	5 515	6 211
At 1.1.	6 211	5 447
Refund short-term bank loans	(6 143)	(5 560)
Borrowing current financial liabilities	5 130	5 079
Borrowing current lease liabilities	385	1 132
Translation differences	(68)	113
At 31.12.	5 515	6 211
Lease liabilities		
At 1.1.	16 036	0
Additions	6 031	19 992
Interest	243	263
Payments	(5 050)	(4 219)
At 31.12.	17 260	16 036
Of which: Current lease liabilities	385	1 132
Non-current lease liabilities	16 875	14 904

#### 19 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 and 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 2020, the minimum interest rate was 1.00% (2019: 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 2020	Pension plans CH	Other post-employment benefit plans	Total 2019
<b>Funded plans</b>						
– Fair value of plan assets	326 640	5 345	331 985	328 877	5 588	334 465
– Defined benefit obligation	(369 593)	(6 784)	(376 377)	(375 227)	(7 032)	(382 259)
<b>Over/(under) funding</b>	<b>(42 953)</b>	<b>(1 439)</b>	<b>(44 392)</b>	<b>(46 350)</b>	<b>(1 444)</b>	<b>(47 794)</b>
<b>Unfunded plans</b>						
– defined benefit obligation	0	(772)	(772)	0	(886)	(886)
<b>Net recognized asset/(liability)</b>	<b>(42 953)</b>	<b>(2 211)</b>	<b>(45 164)</b>	<b>(46 350)</b>	<b>(2 330)</b>	<b>(48 680)</b>
Jubilees	0	(5'075)	(5'075)	0	(5 207)	(5 207)
Provision for termination pay	0	(726)	(726)	0	(762)	(762)
<b>(Net liability)/asset</b>	<b>(42 953)</b>	<b>(8 012)</b>	<b>(50 965)</b>	<b>(46 350)</b>	<b>(8 299)</b>	<b>(54 649)</b>
<b>Reported in balance sheet</b>						
– Other non-current assets (see note 9)			5 345			5 588
– Employee benefit liability			(56 401)			(60 343)
<b>Net recognized asset/(liability)</b>			<b>(51 056)</b>			<b>(54 755)</b>

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)	
	2020	2019	2020	2019	2020	2019
Balance at 1.1.	375 227	351 181	(328 877)	(321 289)	46 350	29 892
<b>Included in profit or loss</b>						
Current service cost	9 377	8 517	0	0	9 377	8 517
Past service cost	(2 683)	0	0	0	(2 683)	0
Interest cost (income)	751	2 809	(658)	(2 570)	92	238
<b>Total</b>	<b>7 445</b>	<b>11 326</b>	<b>(658)</b>	<b>(2 570)</b>	<b>6 787</b>	<b>8 756</b>
<b>Included in OCI</b>						
Remeasurements loss (gain):						
– Actuarial loss (gain) arising from:						
– demographic assumptions	0	0	0	0	0	0
– financial assumptions	2 481	28 132	0	0	2 481	28 132
– experience adjustment	1 404	(1 430)	0	0	1 404	(1 430)
excluding interest income	0	0	(5 538)	(10 027)	(5 538)	(10 027)
<b>Total</b>	<b>3 885</b>	<b>26 702</b>	<b>(5 538)</b>	<b>(10 027)</b>	<b>(1 653)</b>	<b>16 675</b>
<b>Other</b>						
Employers' contributions	0	0	(8 530)	(8 973)	(8 530)	(8 973)
Employees' contributions	5 883	6 183	(5 883)	(6 183)	(0)	0
Vested benefits paid in/(paid out), net	(22 846)	(20 166)	22 846	20 166	0	0
<b>Total</b>	<b>(16 963)</b>	<b>(13 983)</b>	<b>8 433</b>	<b>5 009</b>	<b>(8 530)</b>	<b>(8 973)</b>
<b>Balance at 31.12.</b>	<b>369 593</b>	<b>375 227</b>	<b>(326 640)</b>	<b>(328 877)</b>	<b>42 953</b>	<b>46 350</b>

EMS expects to pay MCHF 8.28 into defined benefit plans in 2021.

	2020 (CHF '000)	2019 (CHF '000)
Plan assets		
Liquidity	75 780	1 36 483
Bonds CHF*	52 262	46 043
Bonds EUR*	3 266	0
Swiss shares*	82 673	9 866
Property	102 860	1 10 174
Mortgages, loans	6 533	6 578
Other investments	3 266	19 733
<b>Total</b>	<b>326 640</b>	<b>328 877</b>

\* Plan assets with market prices.

Notes	2020 (CHF '000)	2019 (CHF '000)
Actuarial assumptions as of 31.12.		
Discount rate	0.15 %	0.20 %
Future salary growth	1.00 %	1.00 %
Mortality table	BVG 2015 GT	BVG 2015 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 %	(24 731)	(25 195)
Discount rate -0.5 %	28 024	28 558
Future salary growth +0.5 %	1 187	1 250
Future salary growth -0.5 %	(1 290)	(1 316)
Life expectancy +1 year	11 774	11 802
Life expectancy -1 year	(12 132)	(12 159)

At December 31, 2020, the weighted average duration of the defined benefit obligation was 14.3 years (2019: 14.3 years).

## 20 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12. 2019	16 417	3 244	1 816	21 477
Increase via income statement	0	2 277	675	2 952
Decrease via income statement	0	(1 831)	(175)	(2 006)
Amounts used	0	(696)	(327)	(1 023)
Translation differences	(17)	(1)	(191)	(209)
At 31.12. 2020	16 400	2 993	1 798	21 191
Of which: Current portion of provisions	0	0	1 368	1 368
Non-current portion of provisions	16 400	2 993	430	19 823

Provisions for environmental risks cover expected measures for ecological requirements, measures 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.

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, 2020.



Notes	2020 (CHF '000)	2019 (CHF '000)
21 Other current liabilities		
Contract liabilities	6 391	6 238
Prepaid expenses and deferred income	76 986	82 868
Liabilities to social security institutions	1 545	2 873
Other current liabilities	30 365	36 159
Total other current liabilities	115 287	128 138
In 2020 sales of CHF 7 million are booked out of contract liabilities (2019: CHF 8 million).		
22 Liabilities, net/(net cash position)		
Bank loans (see note 18)	5 173	5 124
Hedges with a negative replacement value (see note 14)	1 957	617
Liabilities	7 130	5 741
less		
Other short-term financial assets (see note 13)	(867)	(1 300)
Hedges with a positive replacement value (see note 14)	(5 583)	(15 924)
Current Interest-bearing financial assets (see note 12)	(460 504)	(431 422)
Non current Interest-bearing financial assets (see note 9)	(58)	(67)
Cash and cash equivalents (see note 15)	(155 345)	(252 883)
Liabilities, net/(net cash position), without lease liabilities	(615 227)	(695 855)
Non-current lease liabilities (see note 18)	16 875	14 904
Current lease liabilities (see note 18)	385	1 132
Liabilities, net/(net cash position) including lease liabilities	(597 967)	(679 819)

## Consolidated Statement of Cash flows and further details

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Notes	2020 (CHF '000)	2019 (CHF '000)
23 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization intangible assets	3 427	8 061
Depreciation property, plant and equipment	46 033	40 825
Depreciation right of use of leased assets	4 860	4 129
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	54 320	53 015
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.		
24 Income from sale of fully consolidated investment		
On November 26, 2019, EMS-PATVAG s.r.o. was sold to the Austrian Hirtenberger Holding GmbH. No sales of investments were made in 2020.		
Received consideration	0	39 239
Property, plant and equipment and intangible assets	0	(11 576)
Inventories	0	(4 327)
Other assets	0	(1 940)
Liabilities	0	1 589
Translation differences, reclassified to income statement	0	2 498
Total divested net assets	0	(13 756)
Income from sale of fully consolidated investment (see note 1)	0	25 483
Payments	0	39 239
Cash and cash equivalents sold	0	(1 459)
Cash flow of sale of fully consolidated investment	0	37 780
25 Contingent liabilities		
Contingent liabilities at the end of the year amount to	9 470	16 097
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 20).		

Notes	2020 (CHF '000)	2019 (CHF '000)
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 16)	23 389 028	23 389 028
Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	434 340	527 140
Basic earnings per share (CHF)	18.57	22.54
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 (2019: 14 224 143 registered shares) Amount of holding	60.82 %	60.82 %
BLOMI Holding AG, Zug, 2 363 300 registered shares (2019: 2 263 000 registered shares) Amount of holding	10.10 %	9.68 %
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 2020/2021.		
Breakdown of the total compensation		
Short-term employee benefits to the members of the Board of Directors and Executive Management	3 500	3 750
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total compensation	3 500	3 750

Notes	2020 (CHF '000)	2019 (CHF '000)
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)	43 671	21 219
Trade receivables (see note 11)	299 511	321 666
Derivative financial instruments (see note 14)	5 583	15 925
Other short-term financial assets (see note 13)	867	1 300
Cash and cash equivalents (see note 15)	155 345	252 883
Total financial assets	504 977	612 993

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 11.

#### Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12. 2020 (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 18)	5 515	5 515	5 515	0	0
Non-current bank loans (see note 18)	16 918	16 918	0	16 918	0
Trade payables	86 093	86 093	86 093	0	0
Prepaid expenses and deferred income*	51 656	51 656	51 656	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 14)	1 957	421 509	421 509	0	0
Total financial liabilities	162 139	581 691	564 773	16 918	0

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

At 31.12. 2019 (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 18)	6 211	6 211	6 211	0	0
Non-current bank loans (see note 18)	14 949	14 949	0	14 949	0
Trade payables	128 492	128 492	128 492	0	0
Prepaid expenses and deferred income*	49 919	49 919	49 919	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 14)	617	548 003	548 003	0	0
Total financial liabilities	200 188	747 574	732 625	14 949	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 1.3 million (2019: CHF 2.1 million). A 100 basis point fall in the interest rate for deposits and bank loans would increase net income after taxes by CHF 0.5 million (2019: CHF 0.3 million decrease).

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 31.12.2020 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 11)	2 039	147 318	59 845	7 414	53 092	30 176
Loans to group companies	26 585	140 631	1 410	13 937	1 214	12 551
Trade payables	0	(41 426)	(19 431)	(1 990)	(14 605)	(5 256)
Loans from group companies	0	(4 552)	(18 343)	0	0	(3 101)
Current bank loans (see note 18)	0	0	0	(5 130)	0	0
Non-current bank loans (see note 18)	0	0	0	(43)	0	0
Derivative financial instruments (see note 14)	0	(335 784)	(75 870)	0	(6 794)	(3 062)
<b>Currency exposure, net</b>	<b>28 624</b>	<b>(93 813)</b>	<b>(52 389)</b>	<b>14 188</b>	<b>32 907</b>	<b>31 308</b>
At 31.12.2019 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 11)	2 829	151 294	66 300	11 666	51 570	28 256
Loans to group companies	16 462	142 535	1 548	13 187	1 248	11 794
Trade payables	0	(63 410)	(20 605)	(8 216)	(16 334)	(5 522)
Loans from group companies	0	0	0	0	0	0
Current bank loans (see note 18)	0	0	0	(5 079)	0	0
Non-current bank loans (see note 18)	0	0	0	(45)	0	0
Derivative financial instruments (see note 14)	0	(281 624)	(223 400)	0	(42 979)	0
<b>Currency exposure, net</b>	<b>19 291</b>	<b>(51 205)</b>	<b>(176 157)</b>	<b>11 513</b>	<b>(6 495)</b>	<b>34 528</b>

### 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 -21.2 million (2019: CHF -19.3 million). Per currency: EUR: CHF -10.6 million (2019: CHF -8.8 million), USD: CHF -4.0 million (2019: CHF -4.6 million), JPY: CHF +0.0 million (2019: CHF +0.2 million), CNY: CHF -3.8 million. (2019: CHF -3.5 million), other currencies: CHF -2.5 million (2019: CHF -2.3 million).

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase/(decrease) equity after taxes by CHF -47.3 million (2019: CHF +22.1 million decrease/increase). Per currency: EUR: CHF -38.8 million (2019: CHF +3.7 million), USD: CHF -4.7 million (2019: CHF +18.7 million), JPY: CHF -1.2 million (2019: CHF -1.1 million), CNY: CHF +0.4 million. (2019: CHF +1.8 million), other currencies: CHF -3.0 million (2019: CHF -1.0 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. 2020 (CHF '000)	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Derivative financial instruments (see note 14)		5 583		5 583
<b>Financial liabilities:</b>				
Derivative financial instruments (see note 14)		(1 957)		(1 957)
<hr/>				
At 31.12. 2019 (CHF '000)	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Derivative financial instruments (see note 14)		15 924		15 924
<b>Financial liabilities:</b>				
Derivative financial instruments (see note 14)		(617)		(617)

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	2020 (CHF '000)	2019 (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 18.		
Cash and cash equivalents (see note 15)	155 345	252 883
Other short-term financial assets (see note 13)	867	1 300
Other non-current assets (see note 9)	43 671	21 152
Trade receivables (see note 11)	299 511	321 666
Loans and receivables	344 049	344 118
Derivative financial instruments (assets; see note 13)	5 583	15 924
Non-current bank loans (see note 18)	16 918	14 949
Current bank loans (see note 18)	5 515	6 211
Trade payables	86 093	128 492
Prepaid expenses and deferred income (see note 21)	51 656	48 119
Financial liabilities measured at amortized cost	160 182	197 771
Derivative financial instruments (liabilities; see note 14)	1 957	617

### 30 Other lease disclosures

The Group incurred interest expense on lease liabilities of CHF 0.2 million (2019: 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 4.8 million (2019: CHF 4.0 million).

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

The following amounts are included in the income statement	2020	2019
Depreciation right-of-use	4 860	4 129
Interest expenses for lease liabilities	243	263
Lease expenses relating to low-value assets	1 037	2 470
Total	6 140	6 862

The EMS Group had a liquidity outflow for leasing in 2020 of TCHF 6 087 (2019: TCHF 6 689). The non-cash additions for rights-of-use and lease liabilities amounted to 2020 TCHF 6 031 (2019: TCHF 19 992).

Minimum lease payments	2020	2019
Less than 1 year	4 683	4 299
1 to 5 years	12 354	10 858
thereafter	2 582	3 162
Total	19 619	18 319

The lease agreements concern mainly buildings and cars.

### 31 Change in scope of consolidation

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2020

Disposals:

EMS-Patent AG merged with EMS-CHEMIE AG in May 2020 with retroactive effect from January 1, 2020.

2019

Disposals:

EMS-PATVAG s.r.o.: The company was sold to the Austrian Hirtenberger Holding GmbH on November 26, 2019.

### 32 Subsequent events

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The consolidated financial statements were approved by the Board of Directors on March 25, 2021 and need to be approved by the Annual General Meeting on August 7, 2021.

Between December 31, 2020 and March 25, 2021 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 31.12.2020)

Name	Domicile	Country
EMS-CHEMIE HOLDING AG EMS-INTERNATIONAL FINANCE (Guernsey) Ltd.	Domat/Ems Guernsey	Switzerland Guernsey
<b>BUSINESS AREA HIGH PERFORMANCE POLYMERS</b>		
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 (Ukraine) LLC 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 Zaporozhie 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 Ukraine 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.)
<b>BUSINESS AREA SPECIALTY CHEMICALS</b>		
EMS-GRILTECH * 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
UAH	23	100.00%	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

### Statutory auditor's 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 31 December 2020 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, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### Basis for opinion

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

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

## Taxation

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### Area of focus

The Group operates across a number of different tax jurisdictions and is subject to periodic challenge by tax authorities on a range of direct and indirect tax matters including customs duties during the normal course of business. Compliance with these requirements can, by nature, be ascertained only with delay on the basis of official statements, final tax assessments or completed tax audits.

The evaluation of taxation includes a significant element of judgement in the estimates and assumptions to be made regarding the correct application of tax regulations and compliance with the respective authorities' tax practices.

These estimates and assumptions are based on the information available as at the balance sheet date. Consequently, there is a risk that the actual results may deviate from these estimates and assumptions and therefore due to their significance to the financial statements as a whole, combined with the judgement and estimation required to determine their values, the evaluation of current and deferred tax balances is considered to be a key audit matter.

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### Our audit response

We mainly performed the following audit procedures:

- We obtained an overview of the current status of open tax assessment periods, procedures and tax audits;
- We examined correspondence with tax authorities;
- We analysed management's assessment of identified uncertain tax positions;
- We reviewed the estimates and assumptions made with the assistance of our tax specialists;
- We compared the estimates and assumptions made to those of the previous year and analyzed changes;
- We reviewed tax exposures estimated by management and the risk analysis associated with these exposures along with claims or assessments made by tax authorities to date.

Our audit procedures did not lead to any reservations concerning the valuation of current and deferred tax balances and provisions.

## Other information in the Finance Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises page 4 (Share performance) and page 7 (Key Figures 2016–2020) of the Annual Report, but does not include the consolidated financial statements and our auditor's reports thereon, which we obtained prior to the date of this auditor's report and the remaining parts of the finance 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 in the finance report and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the finance report when it becomes available 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the consolidated financial statements

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

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

## Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Willy Hofstetter  
Licensed audit expert  
(Auditor in charge)



Gianantonio Zanetti  
Licensed audit expert

Zurich, March 25, 2021

# **Financial Statements EMS-CHEMIE HOLDING AG**

**for the financial year May 1, 2020 – April 30, 2021**



## Income Statement May 1, 2020 to April 30, 2021

	Notes	2020/2021 (CHF '000)	2019/2020 (CHF '000)
<b>INCOME</b>			
Dividends from subsidiaries		429 185	400 437
License fees from subsidiaries / third parties and other revenue	2.1	14 433	56 355
Other financial income	2.2	30 269	46 122
Other operating income		42	22
<b>Total income</b>		<b>473 929</b>	<b>502 936</b>
<b>EXPENSES</b>			
Financial expenses	2.3	10 674	4 027
Other operating expenses	2.4	1 251	9 531
Direct taxes		3 907	4 628
<b>Total expenses</b>		<b>15 832</b>	<b>18 186</b>
<b>Net income</b>		<b>458 097</b>	<b>484 750</b>

## Balance Sheet as at April 30, 2021

EMS-CHEMIE HOLDING AG  
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	Notes	30.04.2021 (CHF '000)	30.04.2020 (CHF '000)
Non-current assets		286 341	297 460
Investments in subsidiaries	2.5	274 440	274 440
Non-current financial assets	2.6	11 901	23 020
Current assets		550 645	538 676
Prepaid expenses and accrued income		4	7 593
Current financial assets	2.6	100	100
Other current receivables	2.7	545 599	485 978
Cash and cash equivalents		4 942	45 005
<b>TOTAL ASSETS</b>		<b>836 986</b>	<b>836 136</b>

Equity		783 497	793 181
Share capital	2.8	234	234
Legal retained earnings			
General legal reserve		47	47
Free reserves		10 000	10 000
Available earnings	2.9	773 216	782 900
Liabilities		53 489	42 955
Long-term liabilities		3 074	3 074
Provisions		3 074	3 074
Short-term liabilities		50 415	39 881
Accrued expenses and deferred income	2.10	205	311
Other short-term liabilities	2.11	50 210	39 570
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>836 986</b>	<b>836 136</b>
Balance sheet equity ratio		93.6 %	94.9 %



## Notes to the Financial Statements 2020/2021

### 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 assets at banks. Loans granted in foreign currencies are valued at historical exchange rates or at the lower balance sheet rate.

#### 1.4 Dividends and license fees from subsidiaries

Dividend income is recognized at the time of receipt of payment, licensing income 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	2020/2021 (CHF '000)	2019/2020 (CHF '000)
2.1 License fees from subsidiaries/third parties and other financial income		
License fees from third parties	1	0
License fees from subsidiaries	14 312	56 355
Other revenue	120	0
Total other financial income	14 433	56 355
On March 31, 2021, the trademark rights were sold by EMS-CHEMIE HOLDING AG to EMS-CHEMIE AG with retroactive effect from January 1, 2021.		
On April 24, 2020, the patents were sold by EMS-CHEMIE Holding AG to EMS-CHEMIE AG with retroactive effect from January 1, 2020.		
2.2 Other financial income		
Interest income	510	477
Foreign exchange gains	29 759	20 162
Profit from sale of fully consolidated investment	0	25 483
Total other financial income	30 269	46 122
EMS-PATVAG s.r.o: The company was sold to the Austrian Hirtenberger Holding GmbH on November 26, 2019.		

Notes	2020/2021 (CHF '000)	2019/2020 (CHF '000)
2.3 Financial expenses		
Interest expenses	1 073	1 395
Bank charges, duties, fees	128	107
Foreign withholding taxes	2 050	1 983
Foreign exchange losses	7 423	542
Total financial expenses	10 674	4 027
2.4 Other operating expenses		
Fee for contract research	106	7 653
Administration	1 145	1 878
Total other operating expenses	1 251	9 531
EMS-CHEMIE HOLDING AG was beneficial owner of various intellectual property until January 1, 2021 for which it receives royalty payments.		
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. As in the prior year, there were no changes in the period from January 1, 2021 to April 30, 2021.		
On June 5, 2020, EMS-Patent AG was merged with EMS-CHEMIE AG retroactively as of January 1, 2020.		
	30.04.2021	30.04.2020
2.6 Financial assets		
Deposits with Banks	100	100
Loans and investments to subsidiaries	10 621	13 551
Loans to other group companies	0	9 469
Noncurrent assets	1 280	0
Total financial assets	12 001	23 120
Thereof current	100	100
Thereof non-current	11 901	23 020
2.7 Other current receivables		
Receivables from third parties	512 964	483 319
Receivables from subsidiaries	32 635	2 659
Total other current receivables	545 599	485 978
Receivables from third parties consist of withholding tax credits, taxes and prepayments.		
Receivables from subsidiaries include in short-term loan and current accounts from the cash-pools.		

Notes	30.04.2021 (CHF '000)	30.04.2020 (CHF '000)
2.8 Share capital The EMS-CHEMIE Holding has the following significant shareholders: EMESTA HOLDING AG, Freienbach, 14 224 143 registered shares (2019/2020: 14 224 143 registered shares) Amount of holding	60.82%	60.82%
BLOMI Holding AG, Zug, 2 363 000 registered shares (2019/2020: 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.		
	2020/2021	2019/2020
2.9 Available earnings		
At 1. 5.	782 900	760 083
Dividends paid	(467 781)	(461 933)
Net income	458 097	484 750
At 30. 4.	773 216	782 900
2.10 Accrued expenses and deferred income The item includes accruals for third party services.		
	30.04.2021	30.04.2020
2.11 Other short-term liabilities		
Other liabilities due to third parties	2 330	9 974
Other liabilities due to subsidiaries	47 880	29 596
Total other short-term liabilities	50 210	39 570
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.		
2.12 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.		
<b>3. Other disclosures</b>		
3.1 Contingent liabilities		
Guarantees (maximum liability)	54 044	47 093

Notes	30.04.2021	30.04.2020
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### 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	
Dr U. Berg	Chairman (until 8.8.2020)	0	3 600
M. Martullo	Vice-Chairman	0*	0*
Dr J. Streu	Member	0	0
B. Merki	Chairman (since 9.8.2020)	0	0
C. Mäder	Member	200	200
Total Board of Directors		200	3 800
Executive Management	Function		
M. Martullo	CEO	0*	0*
P. Germann	Member	0	0
S. Baumgärtner	CFO	0	0
Dr U. Zimmerli	Member (1.8.2018–29.2.2020)	0	0
Dr C. Kleiner	Member (since 1.8.2020)	0	0
Total Executive Management		0	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.

## Proposed appropriation of available earnings

	2020/2021 (CHF)	2019/2020 (CHF)
Balance brought forward	315 118 950	298 149 584
Net income	458 097 133	484 749 926
Total available earnings	773 216 084	782 899 510
The Board of Directors proposes the following appropriation of available earnings:		
Payment of an ordinary dividend of CHF 13.00 (previous year CHF 15.60) gross and an extraordinary dividend of CHF 4.00 (previous year CHF 4.40) gross per registered share entitled to dividend	(304 057 364)	(364 868 837)
	(93 556 112)	(102 911 723)
Balance to be carried forward	375 602 608	315 118 950

## Statutory Auditor's Report

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

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of EMS-CHEMIE HOLDING AG, which comprise the balance sheet, income statement and notes (pages 60 to 65), for the year ended 30 April 2021.

#### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements for the year ended 30 April 2021 comply with Swiss law and the company's articles of incorporation.

## Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd



Willy Hofstetter  
Licensed audit expert  
(Auditor in charge)



Gianantonio Zanetti  
Licensed audit expert

Zurich, 25 June 2021