

Finance Report 2021

**Excerpt from the
59th Annual Report 2021/2022**



EMS-CHEMIE HOLDING AG
Domat/Ems Switzerland

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Share Performance

	2021	2020	2019	2018	2017
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	0
Information per share (in CHF):					
Dividend per share	21.00 ¹⁾	17.00	20.00	19.75	18.50
Of which ordinary dividend	16.50	13.00	15.60	15.50	14.50
Of which extraordinary dividend	4.50	4.00	4.40	4.25	4.00
Earnings per share	23.53	18.57	22.54	22.22	20.59
Cash flow per share ²⁾	26.01	21.12	25.01	24.61	22.98
Equity per share ³⁾	76.91	68.32	71.09	69.48	65.20
Stock prices ⁴⁾					
High	1 035.00	880.00	646.50	691.00	707.00
Low	793.50	496.60	458.00	447.60	508.00
At December 31	1 021.00	853.00	636.50	467.00	650.50
Market capitalisation on December 31 (CHF millions)	23 880.2	19 950.8	14 887.1	10 922.7	15 214.6

Registered shares are listed on the SIX Swiss Exchange.

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

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

³⁾ Excluding non-controlling interests.

⁴⁾ Source: SIX Swiss Exchange AG.

Key Figures 2017–2021

CHF millions	2021	2020	2019	2018	2017
Net sales revenue	2 253.8	1 802.3	2 152.7	2 318.3	2 145.8
Change in % against previous year	+25.1%	–16.3%	–7.1%	+8.0%	+8.2%
Change in local currencies	+24.6%	–4.8%	–2.1%	+6.4%	+7.5%
Of which in Switzerland	3.8%	4.0%	3.7%	3.4%	3.2%
Net operating income (EBIT)	640.3	515.1	623.7	620.2	582.0
Change in % against previous year	+24.3%	–17.4%	+0.6%	+6.6%	+6.3%
In % of net sales revenue	28.4%	28.6%	29.0%	26.8%	27.1%
Net financial income	1.0	–4.4	–3.5	–2.0	0.9
Income taxes	88.5	71.1	88.4	95.8	98.5
Net income	552.9	439.7	531.9	522.3	484.4
Change in % against previous year	+25.8%	–17.3%	+1.8%	+7.8%	+6.3%
In % of net sales revenue	24.5%	24.4%	24.7%	22.5%	22.6%
Cash flow ¹⁾	608.3	494.0	584.9	575.5	537.4
Change in % against previous year	+23.1%	–15.5%	+1.6%	+7.1%	+5.0%
In % of net sales revenue	27.0%	27.4%	27.2%	24.8%	25.0%
Investments	79.9	48.3	62.9	60.2	49.3
In % of cash flow	13.1%	9.8%	10.8%	10.5%	9.2%
Balance sheet total	2 324.7	2 077.5	2 213.3	2 157.6	2 100.0
Assets					
Current assets	1 622.8	1 399.5	1 547.7	1 517.9	1 460.4
Non-current assets	701.9	678.0	665.6	639.7	639.6
Equity and liabilities					
Current liabilities	380.2	290.7	351.9	365.2	390.6
Non-current liabilities	116.1	162.6	175.8	147.8	158.9
Equity ²⁾	1 798.9	1 597.8	1 662.7	1 625.1	1 525.0
Balance sheet equity ratio	77.4%	76.9%	75.1%	75.3%	72.6%
Return on equity	30.6%	27.2%	31.7%	32.0%	31.6%
Number of employees on December 31 ³⁾	2 646	2 521	2 648	2 939	2 912

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

²⁾ Excluding non-controlling interests.

³⁾ Excluding apprentices (2021: 134; 2020: 132; 2019: 129; 2018: 136; 2017: 138).

Consolidated Income Statement

	Notes	2021 (CHF '000)	2020 (CHF '000)
Net sales revenue from goods and services		2 253 846	1 802 348
Inventory changes, semi-finished and finished goods		69 264	(33 747)
Capitalized costs and other operating income	1	28 887	30 699
Material expenses		(1 308 594)	(917 396)
Personnel expenses	2	(236 169)	(213 412)
Other operating expenses	3	(111 467)	(99 035)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)		695 767	569 457
Depreciation and amortization	8, 24	(55 436)	(54 320)
NET OPERATING INCOME (EBIT)		640 331	515 137
Financial income	5	2 261	581
Financial expenses	6	(1 239)	(5 007)
NET INCOME BEFORE TAXES		641 353	510 711
Income taxes	7	(88 476)	(71 050)
NET INCOME		552 877	439 661
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		550 320	434 340
Non-controlling interests	18	2 557	5 321
Earnings per share in CHF:			
Basic	26	23.53	18.57
Diluted	26	23.53	18.57

Consolidated Statement of Comprehensive Income

Net income recognized in income statement		552 877	439 661
Actuarial gains from defined benefit pension plans, net of tax		34 812	1 368
Items that will not be reclassified to income statement, net of tax		34 812	1 368
Net changes from cash flow hedges, net of tax	15	24 664	(10 384)
Currency translation differences		(10 228)	(23 407)
Items that are or may be reclassified to profit or loss		14 436	(33 791)
Other comprehensive income		49 248	(32 423)
COMPREHENSIVE INCOME		602 125	407 238
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		598 750	402 894
Non-controlling interests	18	3 375	4 344

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

	Notes	31.12.2021 (CHF '000)	31.12.2020 (CHF '000)
NON-CURRENT ASSETS		701 867	678 076
Intangible assets	8	60 128	59 884
Property, plant and equipment	8	564 719	536 658
Rights of use of leased assets	8	16 138	16 966
Investments		188	188
Other non-current assets	9	40 122	49 016
Other non-current financial instruments	10	8 089	58
Deferred income tax assets	7	12 483	15 306
CURRENT ASSETS		1 622 809	1 399 459
Inventories	11	518 216	404 375
Trade receivables	12	345 951	299 511
Income tax assets		7 535	11 800
Other current assets	13	613 705	521 978
Derivative and other financial assets	14	26 807	6 450
Cash and cash equivalents	16	110 595	155 345
TOTAL ASSETS		2 324 676	2 077 535
EQUITY		1 828 327	1 624 250
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 798 947	1 597 810
Share capital	17	234	234
Retained earnings and reserves		1 798 713	1 597 576
Equity, attributable to non-controlling interests	18	29 380	26 440
LIABILITIES		496 349	453 285
Non-current liabilities		116 100	162 569
Non-current financial liabilities	19	11 918	16 918
Other non-current liabilities		14	17
Deferred income tax liabilities	7	69 964	69 410
Employee benefit liability	20	14 184	56 401
Provisions	21	20 020	19 823
Current liabilities		380 249	290 716
Derivative financial instruments	15	412	1 957
Current financial liabilities	19	7 493	5 515
Trade payables		143 839	86 093
Income tax liabilities		93 587	80 496
Provisions	21	1 505	1 368
Other current liabilities	22	133 413	115 287
TOTAL EQUITY AND LIABILITIES		2 324 676	2 077 535

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
At 31.12. 2019	234	25 676	0	1 738 393	14 107	(115 713)	1 662 697	22 948	1 685 645
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)
Other comprehensive income				1 368	(10 384)	(22 430)	(31 446)	(977)	(32 423)
Net income recognized in income statement				434 340			434 340	5 321	439 661
Comprehensive income	0	0	0	435 708	(10 384)	(22 430)	402 894	4 344	407 238
Transactions with treasury shares							0		0
Dividends paid				(467 781)			(467 781)	(852)	(468 633)
At 31.12. 2020	234	25 676	0	1 706 320	3 723	(138 143)	1 597 810	26 440	1 624 250
Net changes from cash flow hedges					24 664		24 664		24 664
Actuarial gains from defined benefit pension plans				34 812			34 812		34 812
Currency translation differences						(11 046)	(11 046)	818	(10 228)
Other comprehensive income				34 812	24 664	(11 046)	48 430	818	49 248
Net income recognized in income statement				550 320			550 320	2 557	552 877
Comprehensive income	0	0	0	585 132	24 664	(11 046)	598 750	3 375	602 125
Transactions with treasury shares							0		0
Dividends paid				(397 613)			(397 613)	(435)	(398 048)
At 31.12. 2021	234	25 676	0	1 893 839	28 387	(149 189)	1 798 947	29 380	1 828 327
								2021	2020
Equity attributable to shareholders of EMS-Holding AG, in % of total assets								77.4 %	76.9 %

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2020: KCHF 47) not eligible for distribution.

On February 11, 2022, the company announced that the Board of Directors will propose a dividend payment of CHF 21.00 per each share to the ordinary annual shareholder meeting on August 13, 2022 (CHF 16.50 ordinary dividend, CHF 4.50 extraordinary dividend).

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

Consolidated Statement of Cash Flows

	Notes	2021 (CHF '000)	2020 (CHF '000)
Net income		552 877	439 661
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right of use of leased assets	8, 24	55 436	54 320
Loss from disposal of property, plant and equipment, net	3	745	682
Increase/(decrease) of provisions	21	516	946
Unrealised currency translation (gains)/losses on foreign exchange positions		(10 251)	4 779
Change assets and liabilities of post-employment benefits, net	20	161	(2 121)
Net interest income	5, 6	68	94
Expenses for income taxes	7	88 476	71 050
Changes in net working capital		(90 458)	(8 155)
Taxes paid		(78 411)	(88 028)
Interest paid		(668)	(675)
Provisions used	21	(177)	(1 023)
CASH FLOW FROM OPERATING ACTIVITIES A		518 314	471 530
Purchase of intangible assets and property, plant and equipment	8	(79 926)	(48 308)
Disposal of intangible assets and property, plant and equipment	8	899	1 345
(Increase) in other non-current assets	9	0	(22 510)
Decrease in other non-current assets	9	133	0
Interest received		790	602
Paid withholding taxes	13	(194 757)	(171 396)
Received withholding taxes	13	132 507	142 314
Investments of current financial assets	14	(20 357)	0
Divestments of current financial assets	14	0	10 774
CASH FLOW FROM INVESTING ACTIVITIES B		(160 711)	(87 179)
Dividends paid to shareholders of EMS-CHEMIE HOLDING AG		(397 613)	(467 781)
Dividends paid to non-controlling interests	18	(435)	(852)
Payment for the repayment portion of the leasing liabilities		(5 242)	(4 807)
Borrowing of interest-bearing liabilities	19	0	51
Repayment of interest-bearing liabilities	19	(2 194)	(2)
CASH FLOW FROM FINANCING ACTIVITIES C		(405 484)	(473 391)
Increase/(decrease) in cash and cash equivalents (A + B + C)		(47 881)	(89 040)
Cash and cash equivalents at 1.1.		155 345	252 883
Translation difference on cash and cash equivalents		3 131	(8 498)
Cash and cash equivalents at 31.12.	16	110 595	155 345

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, 2021, 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

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

Provisions for litigation risks, environmental risks and other provisions

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

Employee benefits

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

Taxes

Measurement of current direct and indirect tax liabilities is subject to interpretation of the tax legislation in the countries concerned. The accuracy of tax declarations and appropriateness of liabilities are judged in the context of final assessments or inspections by the tax authorities. Furthermore, the judgment as to whether tax-loss carry forwards can be 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

In 2021, the EMS Group has implemented various minor amendments to existing standards and interpretations, which have no material impact on the Group's overall results and financial position.

Consistency

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

Scope of consolidation

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

Method of consolidation

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

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

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

Balance sheet date

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

Valuation principles

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

Intangible assets (excluding goodwill)

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

Goodwill

This item consists of goodwill acquired in a business combination. Goodwill represents the excess of the sum of purchase price, the amount of non-controlling interests in the acquired company and the fair value of the previously held share of equity over the total fair value of the assets, liabilities and contingent liabilities. For the valuation of non-controlling interests, a choice exists per transaction. The non-controlling interest can either be measured at fair value at the acquisition date or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is subject to an annual impairment test.

Property, plant and equipment

Property, plant and equipment are shown at purchase price or manufacturing cost less depreciation and impairments. Assets are depreciated using the straight-line method over their estimated

useful lives. Useful lives are estimated in terms of the asset's physical life expectancy, corporate policy on asset renewals and technological and commercial obsolescence. The value of the capitalized property, plant and equipment is periodically reviewed. An impairment loss is recorded when the carrying amount exceeds the recoverable amount.

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

Depreciation periods are as follows:

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

Investments

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

Inventories

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

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

Trade Receivables

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

Securities

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

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

Other current financial assets

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

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

Non-current financial liabilities

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

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

Provisions

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

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

Employee benefits

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

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

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

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

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

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

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

Remeasurements comprise:

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

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

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

Hedge accounting

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

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

Net sales revenue

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

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

Research and development costs

Research and development costs are charged to the income statement for the year in which they incur under the following headings: wages and salaries, material expenses and 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

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

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

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

Fair values

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

Foreign currencies

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

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

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

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

The most important exchange rates are:

	Unit	Average exchange rates		Year-end exchange rates		
		2021	2020	2021	2020	
Euro	EUR	1	1.082	1.070	1.034	1.084
US Dollar	USD	1	0.914	0.939	0.915	0.881
Japanese Yen	JPY	100	0.833	0.879	0.794	0.855
Chinese Renminbi	CNY	100	14.168	13.606	14.350	13.490
Taiwan Dollar	TWD	100	3.271	3.185	3.316	3.140

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

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

This risk is not hedged.

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The EMS Group operates internationally and is exposed to exchange rate 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

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 77.4% as at December 31, 2021 (December 31, 2020: 76.9%). 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	
	2021	2020	2021	2020	2021	2020
Net sales revenue recognized at a point in time	2 000 061	1 589 008	243 635	206 103	2 243 696	1 795 111
Net sales revenue recognized over time	10 150	7 237	0	0	10 150	7 237
Total net sales revenue with third parties	2 010 211	1 596 245	243 635	206 103	2 253 846	1 802 348
Operating profit before depreciation and amortisation	621 992	507 386	73 775	62 071	695 767	569 457
Depreciation, amortization and impairments ¹⁾	50 517	48 969	4 919	5 351	55 436	54 320
Operating profit	571 475	458 417	68 856	56 720	640 331	515 137
Net financial income					1 022	(4 426)
Profit before taxes					641 353	510 711
Income taxes					(88 476)	(71 050)
Net profit					552 877	439 661

No net sales revenues exist between the segments.

(CHF '000)	High Performance Polymers		Specialty Chemicals		Non-segment assets/liabilities		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Segment assets ²⁾	1 897 343	1 576 119	316 738	346 071	110 595	155 345	2 324 676	2 077 535
Segment liabilities ³⁾	456 747	412 167	35 986	34 913	3 616	6 205	496 349	453 285
Investments	77 173	39 785	2 753	8 523			79 926	48 308

Segment information by geographical region

(CHF '000)	Total net sales revenue (customers)		Total net sales revenue (production)		Segment assets ²⁾	
	2021	2020	2021	2020	2021	2020
Europe	1 217 319	954 922	1 690 334	1 304 424	1 734 201	1 549 501
<i>thereof Switzerland</i>	86 051	72 814	1 246 951	895 826	1 522 078	1 363 761
<i>thereof Germany</i>	481 090	366 140	227 614	199 394	89 481	65 753
Asia	661 531	507 629	320 266	264 356	344 314	263 810
<i>thereof China</i>	382 656	292 265	180 178	147 155	222 612	170 261
America	353 336	317 370	243 246	233 567	135 566	100 162
<i>thereof USA</i>	237 521	210 068	178 259	173 237	99 831	84 983
Others	21 661	22 426	0	0	0	8 717
Non-segment assets					110 595	155 345
Total	2 253 846	1 802 348	2 253 846	1 802 348	2 324 676	2 077 535

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

Most important customers

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

¹⁾ See note 8.

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

³⁾ 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

Notes	2021 (CHF '000)	2020 (CHF '000)
1	Capitalized costs and other operating income	
	Capitalized costs	13 857
	Other operating income	15 030
	Total capitalized costs and other operating income	28 887
2	Personnel expenses	
	Wages and salaries	179 021
	Subcontractor salaries	16 235
	Expenses for defined benefit plans (see note 20)	9 248
	Legal/contractual social insurance	24 539
	Other personnel expenses	7 126
	Total personnel expenses	236 169
3	Other operating expenses	
	Rents	2 230
	Leasing	483
	Repairs and maintenance	30 572
	Insurance, duties, fees	6 306
	Energy	37 557
	Administration, promotion	20 351
	Losses on disposal of property, plant and equipment, net	745
	Supplies	7 105
	Other operating expenses	6 118
	Total other operating expenses	111 467
4	Research and development	
	Expenditures for research and development amount to	46 292
	In percent of net sales revenue	2.1 %
		45 956
		2.5 %
5	Financial income	
	Other interest income	600
	Interest income on loans and receivables	0
	Total interest income	600
	Foreign exchange gains, net	1 660
	Total financial income	2 261
		581

Notes	2021 (CHF '000)	2020 (CHF '000)
6	Financial expenses	
	Interest expenses	439
	Interest on Sales contracts	229
	Foreign exchange losses, net	0
	Bank charges and commissions	571
	Total financial expenses	1 239
7	Income taxes	
	Current income taxes actual year	94 192
	Current income taxes previous years	1 617
	Deferred income taxes	(7 333)
	Total income taxes	88 476

The ultimate holding company is incorporated in Switzerland.

The subsidiaries operate in different countries with different tax laws and tax rates. The expected income tax rate corresponds to the weighted average of the tax rates in the tax jurisdictions in which the EMS Group operates. Due to the mix of the EMS Group's taxable income and changes in some local tax rates, the expected income tax rate changes from year to year.

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

	2021		2020			
	Amount before taxes	Taxes	Amount after taxes	Amount before taxes	Taxes	Amount after taxes
Actuarial gains from defined benefit pension plans	41 925	(7 113)	34 812	1 652	(284)	1 368
Cash flow hedges	28 307	(3 643)	24 664	(11 681)	1 297	(10 384)
Currency translation differences	(10 228)	0	(10 228)	(23 407)	0	(23 407)
Comprehensive income	60 004	(10 756)	49 248	(33 436)	1 013	(32 423)
Treasury shares	0	0	0	0	0	0

Breakdown of the income tax expenses

Net income before income taxes	641 353	510 711
Expected income tax rate	15.8%	16.3%
Expected income taxes	101 206	83 288
Utilisation of previously unrecognized tax losses	(152)	(308)
Losses for the current year for which no deferred tax asset was recognized	0	0
Tax exemption	(18 063)	(13 710)
Expenses not being deductible for tax purposes	389	924
Taxes from previous years	1 617	(2 722)
Impact of changed deferred income tax rates	101	(343)
Withholding tax on dividends and other	3 378	3 921
Effective income taxes	88 476	71 050
Effective income tax rate	13.8%	13.9%

Notes	2021 (CHF '000)		2020 (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.	15 306	69 410	15 277	80 355
Increase/Decrease via income statement	7 906	573	736	(10 306)
Increase/Decrease via other comprehensive income/Equity	(10 756)	0	(284)	(1 297)
Translation differences	27	(19)	(423)	658
At 31. 12.	12 483	69 964	15 306	69 410
Note to the deferred income tax				
Calculation according to the "balance sheet liability method":				
Deferred income taxes on non-current assets	0	60 902	0	61 610
Deferred income taxes on current assets	0	9 557	0	8 512
Deferred income taxes on liabilities	0	(495)	0	(1 726)
Deferred income taxes on pension liabilities	282	0	7 317	0
Deferred income taxes on provisions and accruals	12 201	0	7 989	1 014
Total deferred income tax liabilities	12 483	69 964	15 306	69 410
Deferred income taxes on non-current assets affect mainly property, plant and equipment, on current assets inventories.				
As at December 31, 2021, temporary differences of KCHF 17 265 (2020: KCHF 16 801) 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	6 969	2 082	5 820	1 900
Of which to be carried forward for up to:				
1 year	258	67	639	138
2 years	488	143	476	162
3 years	3 447	1 151	235	80
4 years	1 864	534	3 393	1 154
5 years	912	187	1 077	366
More than 5 years	0	0	0	0

Consolidated Balance Sheet as at December 31

Notes

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

I. Intangible assets

	Goodwill	Customer and supplier relationships	Others	Total
(CHF '000)				
At 1.1.2020	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
2021				
At 1.1.	49 688	522	9 674	59 884
Additions	0	0	971	971
Disposals	0	0	0	0
Amortization	0	(522)	(1 482)	(2 004)
Reclassifications	0	0	952	952
Translation differences	291	0	34	325
At 31.12.	49 979	0	10 149	60 128
Cost	49 979	46 773	33 277	130 029
Accumulated amortization and impairment	0	(46 773)	(23 128)	(69 901)
Net book value	49 979	0	10 149	60 128

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 49 979 (2020: KCHF 49 688) 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% (2020: 2.0%).
- The discount rate before taxes is 8.6% (2020: 8.6%).

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

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

Notes

II. Property, plant and equipment

(CHF '000)	Land incl. development cost	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Plant under construction	Total
At 1.1. 2020	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)
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
2021						
At 1.1.	19 513	135 007	338 156	16 468	27 514	536 658
Additions	6	146	2 112	1 502	75 189	78 955
Disposals	0	(71)	(857)	(205)	(1 097)	(2 230)
Depreciation	(95)	(7 024)	(36 671)	(4 400)	0	(48 190)
Impairment	0	0	0	0	0	0
Reclassifications	3 340	2 845	16 446	2 561	(26 134)	(942)
Translation differences	(94)	833	172	(50)	(393)	468
At 31.12.	22 670	131 736	319 358	15 876	75 079	564 719
Cost	25 302	350 564	1 087 764	62 612	75 079	1 601 321
Accumulated depreciation and impairment	(2 632)	(218 828)	(768 406)	(46 736)	0	(1 036 602)
Net book value	22 670	131 736	319 358	15 876	75 079	564 719

Notes

III. Rights-of-use of leased assets

(CHF '000)	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Total
2020				
At 1.1.	15 128	205	463	15 795
Cost	18 687	319	920	19 925
Accumulated depreciation and impairment	(3 559)	(113)	(457)	(4 129)
Net book value	15 128	205	463	15 795
2020				
At 1.1.	15 128	205	463	15 795
Additions	55	0	5 976	6 031
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
2021				
At 1.1.	11 575	106	5 285	16 966
Additions	4 112	80	221	4 413
Depreciation	(3 789)	(103)	(1 350)	(5 242)
At 31.12.	11 898	83	4 156	16 137
Cost	22 131	360	6 598	29 088
Accumulated depreciation and impairment	(10 233)	(276)	(2 442)	(12 951)
Net book value	11 898	83	4 156	16 138

	2021 (CHF '000)	2020 (CHF '000)
9 Other non-current assets		
Other non-current assets	35 163	43 671
Assets from employee benefits (see note 20)	4 959	5 345
Total other non-current assets	40 122	49 016
Other non-current assets mainly comprise loans to third parties.		
10 Other non-current financial instruments		
Derivative financial instruments	6 764	0
Non-current interest-bearing financial assets	1 325	58
Total other current financial assets	8 089	58

Notes	2021 (CHF '000)	2020 (CHF '000)
11 Inventories		
Raw materials and supplies	229 079	195 221
Semi-finished goods, work in progress	10 935	10 902
Finished products	305 481	215 288
Value adjustments	(27 279)	(17 036)
Total inventories	518 216	404 375
12 Trade receivables		
Trade receivables from third parties	349 468	302 537
Allowances for doubtful receivables	(3 517)	(3 026)
Total trade receivables	345 951	299 511

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

Expiration of receivables from goods and services and allowance matrix.

	Default rate in %	2021		2020	
		Gross value	Allowance	Gross value	Allowance
Not due	0.7%	325 740	(2 198)	278 101	(1 857)
Overdue <30 days	3%	18 961	(569)	21 747	(652)
Overdue 30 to 60 days	5%	3 635	(182)	733	(37)
Overdue 60 to 90 days	15%	334	(50)	1 581	(237)
Overdue >90 days	65%	798	(519)	374	(243)
Total		349 468	(3 517)	302 537	(3 026)

Change in allowances of trade receivables from goods and services

At 1.1.		3 026	4 720
Increase in allowances		1 148	382
Decrease in allowances		(557)	(1 952)
Losses on trade receivables	(72)		(33)
Reclassifications	(485)		(1 919)
Translation differences		(100)	(124)
At 31.12.		3 517	3 026

	2021 (CHF '000)	2020 (CHF '000)
13 Other current assets		
Withholding tax receivables	522 754	460 504
Prepayments and accrued income	16 849	10 833
Contract assets	26 834	14 615
Other receivables	47 268	36 026
Total other current assets	613 705	521 978

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

Notes		2021 (CHF '000)	2020 (CHF '000)	
14	Derivative and other financial assets			
	Derivative financial instruments	25 994	5 583	
	Other current financial assets	813	867	
	Total other current financial assets	26 807	6 450	
15	Derivative financial instruments			
	The following summary shows the most important derivative financial instruments:			
	Financial instruments effective for hedge accounting purposes			
Currency swaps and forward rate agreements	EUR/CHF	Notional amount CHF	1 256 773	335 784
		Positive replacement value CHF	30 547	0
		Negative replacement value CHF	0	1 878
	USD/CHF	Notional amount CHF	1 267 67	75 870
		Positive replacement value CHF	2 084	5 469
		Negative replacement value CHF	0	78
	CNY/CHF	Notional amount CHF	96 107	6 794
		Positive replacement value CHF	126	78
		Negative replacement value CHF	395	0
	CZK/CHF	Notional amount CHF	1 026	0
		Positive replacement value CHF	0	0
		Negative replacement value CHF	17	0
	MXN/CHF	Notional amount CHF	0	3 062
		Positive replacement value CHF	0	36
		Negative replacement value CHF	0	0
Total		Notional amount CHF	1 480 672	421 509
		Positive replacement value CHF	32 758	5 583
		Negative replacement value CHF	413	1 957
Thereof:				
Current portion		Notional amount CHF (<12 months)	994 221	421 509
		Positive replacement value CHF (<12 months)	25 994	5 583
		Negative replacement value CHF (<12 months)	412	1 957
Non-current portion		Notional amount CHF (1–5 years)	486 452	0
		Positive replacement value CHF (1–5 years)	6 764	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 cash flows resulting of expected future sales in EUR, USD and CNY and expected future purchases in JPY. These transactions are highly realistic and contain approximately 50% of the total expected sales in EUR, approx. 30% of the sales in USD and approx. 50% of the sales in CNY. The total amount of forwards varies with the amount of sales and purchases in foreign currencies as well as with the deviation of exchange rates.

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

Notes	2021 (CHF '000)	2020 (CHF '000)			
Net changes from cash flow hedges in equity, after taxes					
At 1.1.	3 723	14 107			
Transfer to consolidated income statement	0	0			
Fair value adjustments	28 307	(11 681)			
Income taxes recognized directly in equity	(3 643)	1 297			
Total net changes from cash flow hedges in equity, after taxes	24 664	(10 384)			
At 31.12.	28 387	3 723			
16 Cash and cash equivalents					
Deposits	110 533	155 265			
Cash and cash equivalents	62	80			
Total cash and cash equivalents	110 595	155 345			
17 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. 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
Purchase of treasury shares		–	0	0	–
Sale of treasury shares		–	0	0	–
At 31.12. 2021	CHF 0.01	23 389 028	0	23 389 028	234
18 Non-controlling interests					
This item reflects the non-controlling interest in capital and profit/loss for the year. Non-controlling 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.				26 440	22 948
Dividends paid				(435)	(852)
Net income				2 557	5 321
Translation differences				818	(977)
At 31.12.				29 380	26 440

Notes	2021 (CHF '000)	2020 (CHF '000)
19 Non-current financial liabilities		
The non-current financial liabilities are composed as follows:		
Non-current liabilities	11 878	16 875
Bank loan JPY: Average interest rate: 1.00% (2020: 1.11%)	40	43
Total non-current bank loans	11 918	16 918
The carrying amounts of non-current financial liabilities in JPY correspond to their fair values, as the interest rates are variable.		
At 1.1.	16 918	14 949
Refund non-current financial liabilities	(4 997)	(2)
Borrowing non-current lease liabilities	0	1 971
Translation differences	(3)	0
At 31.12.	11 918	16 918
The current financial liabilities are composed as follows:		
Current lease liabilities	4 554	385
Bank loan JPY: Average interest rate: 0.33% (2020: 0.33%)	2 939	5 130
Total current bank loans	7 493	5 515
At 1.1.	5 515	6 211
Refund short-term bank loans	(4 765)	(6 143)
Borrowing current financial liabilities	2 939	5 130
Borrowing current lease liabilities	4 169	385
Translation differences	(365)	(68)
At 31.12.	7 493	5 515
Lease liabilities		
At 1.1.	17 260	16 036
Additions	4 413	6 031
Interest	229	243
Payments	(5 471)	(5 050)
At 31.12.	16 432	17 260
Of which: Current lease liabilities	4 554	385
Non-current lease liabilities	11 878	16 875

20 Employee benefit liability

All Swiss group entities have their individual, legally independent pension funds. The board of trustees of each pension fund is the body charged with governance and comprises an equal number of employee and employer representatives. The board of the pension fund is required by law and by regulations of the pension fund to act in the best interest of the pension fund and its beneficiaries. Resolutions must be passed on a basis of parity. The board is responsible for the determination of 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 2021, the minimum interest rate was 1.00% (2020: 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 2021	Pension plans CH	Other post-employment benefit plans	Total 2020
Funded plans						
– Fair value of plan assets	344 272	4 959	349 231	326 640	5 345	331 985
– Defined benefit obligation	(345 755)	(6 345)	(352 100)	(369 593)	(6 784)	(376 377)
Over/(under) funding	(1 483)	(1 386)	(2 869)	(42 953)	(1 439)	(44 392)
Unfunded plans						
– defined benefit obligation	0	(833)	(833)	0	(772)	(772)
Net recognized asset/(liability)	(1 483)	(2 219)	(3 702)	(42 953)	(2 211)	(45 164)
Jubilees	0	(4 627)	(4 627)	0	(5 075)	(5 075)
Provision for termination pay	0	(721)	(721)	0	(726)	(726)
(Net liability)/asset	(1 483)	(7 567)	(9 050)	(42 953)	(8 012)	(50 965)
Reported in balance sheet						
– Other non-current assets (see note 9)			4 959			5 345
– Employee benefit liability			(14 184)			(56 401)
Net recognized asset/(liability)			(9 225)			(51 056)

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)	
	2021	2020	2021	2020	2021	2020
Balance at 1.1.	369 593	375 227	(326 640)	(328 877)	42 953	46 350
Included in profit or loss						
Current service cost	9 184	9 377	0	0	9 184	9 377
Past service cost	0	(2 683)	0	0	0	(2 683)
Interest cost (income)	555	751	(490)	(658)	64	92
Total	9 739	7 445	(490)	(658)	9 249	6 787
Included in OCI						
Remeasurements loss (gain):						
– Actuarial loss (gain) arising from:						
– demographic assumptions	(16 205)	0	0	0	(16 205)	0
– financial assumptions	(6 476)	2 481	0	0	(6 476)	2 481
– experience adjustment	3 617	1 404	0	0	3 617	1 404
excluding interest income	0	0	(22 778)	(5 538)	(22 778)	(5 538)
Total	(19 064)	3 885	(22 778)	(5 538)	(41 842)	(1 653)
Other						
Employers' contributions	0	0	(8 877)	(8 530)	(8 877)	(8 530)
Employees' contributions	6 138	5 883	(6 138)	(5 883)	0	0
Vested benefits paid in/(paid out), net	(20 651)	(22 846)	20 651	22 846	0	0
Total	(14 513)	(16 963)	5 636	8 433	(8 877)	(8 530)
Balance at 31.12.	345 755	369 593	(344 272)	(326 640)	1 483	42 953

EMS expects to pay MCHF 8.83 into defined benefit plans in 2022.

	2021 (CHF '000)	2020 (CHF '000)
Plan assets		
Liquidity	1 597 41	75 780
Bonds CHF*	38 903	52 262
Bonds Foreign Currencies*	0	3 266
Swiss shares*	30 984	82 673
Property	1 077 57	1 028 60
Mortgages, loans	6 885	6 533
Other investments	0	3 266
Total	3 442 70	3 266 40

* Plan assets with market prices.

Notes	2021 (CHF '000)	2020 (CHF '000)
Actuarial assumptions as of 31.12.		
Discount rate	0.30 %	0.15 %
Future salary growth	1.00 %	1.00 %
Mortality table	BVG 2020 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 %	(21 257)	(24 731)
Discount rate -0.5 %	23 939	28 024
Future salary growth +0.5 %	927	1 187
Future salary growth -0.5 %	(1 028)	(1 290)
Life expectancy +1 year	10 165	11 774
Life expectancy -1 year	(10 443)	(12 132)

At December 31, 2021, the weighted average duration of the defined benefit obligation was 13.1 years (2020: 14.3 years).

21 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12. 2020	16 400	2 993	1 798	21 191
Increase via income statement	0	0	873	873
Decrease via income statement	0	(3)	(354)	(357)
Amounts used	0	0	(177)	(177)
Translation differences	0	(4)	(1)	(5)
At 31.12. 2021	16 400	2 986	2 139	21 525
Of which: Current portion of provisions	0	0	1 505	1 505
Non-current portion of provisions	16 400	2 986	634	20 020

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, 2021.

Notes	2021 (CHF '000)	2020 (CHF '000)
22 Other current liabilities		
Contract liabilities	6 842	6 391
Prepaid expenses and deferred income	84 635	76 986
Liabilities to social security institutions	1 720	1 545
Other current liabilities	40 216	30 365
Total other current liabilities	133 413	115 287
In 2021 sales of CHF 10 million are booked out of contract liabilities (2020: CHF 7 million).		
23 Liabilities, net/(net cash position)		
Bank loans (see note 19)	2 979	5 173
Hedges with a negative replacement value (see note 15)	413	1 957
Liabilities	3 392	7 130
less		
Other short-term financial assets (see note 14)	(813)	(867)
Hedges with a positive replacement value (see note 15)	(32 758)	(5 583)
Current Interest-bearing financial assets (see note 13)	(522 754)	(460 504)
Non current Interest-bearing financial assets (see note 10)	(1 325)	(58)
Cash and cash equivalents (see note 16)	(110 595)	(155 345)
Liabilities, net/(net cash position), without lease liabilities	(664 853)	(615 227)
Non-current lease liabilities (see note 19)	11 878	16 875
Current lease liabilities (see note 19)	4 554	385
Liabilities, net/(net cash position) including lease liabilities	(648 421)	(597 967)

Consolidated Statement of Cash flows and further details

Notes	2021 (CHF '000)	2020 (CHF '000)
24 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization intangible assets	2 004	3 427
Depreciation property, plant and equipment	48 190	46 033
Depreciation right of use of leased assets	5 242	4 860
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	55 436	54 320
For the breakdown of the depreciation, amortization and impairment of intangible assets and property, plant and equipment please refer to note 8 and to the segment reporting.		
25 Contingent liabilities		
Contingent liabilities at the end of the year amount to	6 298	9 470
This mainly relates to issued guarantees. No legal proceedings are known to be in progress within the EMS Group which could have a significant impact on the Group's financial position in excess of the provisions booked in the balance sheet (see note 21).		
26 Earnings per share – EPS		
Earnings per share are calculated by dividing the net income attributable to the shareholders of EMS-CHEMIE HOLDING AG by the weighted average number of shares outstanding (excluding treasury shares). Diluted earnings per share factor in any potential dilution which may be caused by the exercising of warrant and conversion rights on outstanding bond issues.		
Details of earnings per share		
Weighted average of registered shares outstanding (see note 17)	23 389 028	23 389 028
Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	550 320	434 340
Basic earnings per share (CHF)	23.53	18.57
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 (2020: 14 224 143 registered shares)		
Amount of holding	60.82%	60.82%
BLOMI Holding AG, Zug, 2 363 000 registered shares (2020: 2 363 000 registered shares)		
Amount of holding	10.10%	10.10%

Notes	2021 (CHF '000)	2020 (CHF '000)
28 Transactions with related parties		
EMESTA HOLDING AG, Freienbach (majority shareholder), the pension funds, members of the Board of Directors and members of the Executive Management as well as the close members of their families and associated companies are regarded as related parties.		
The members of the Board of Directors or Executive Management as well as the close members of their families did not receive any credits, advances or other types of loans. No related party transactions took place with them.		
The bonuses included in the reporting year consist of the bonuses estimated in the reporting year. The definitive bonuses for the reporting year are announced after the publication of this financial report and are presented in the remuneration report 2021/2022.		
Breakdown of the total compensation		
Short-term employee benefits to the members of the Board of Directors and Executive Management	4 200	3 500
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total compensation	4 200	3 500
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)	35 163	43 671
Non-current interest-bearing financial assets (see note 10)	1 325	58
Trade receivables (see note 12)	345 951	299 511
Derivative financial instruments (see note 15)	32 758	5 583
Other short-term financial assets (see note 14)	813	867
Cash and cash equivalents (see note 16)	1 105 955	1 553 345
Total financial assets	5 266 605	5 050 335
The maximum credit risk is equal to the carrying amount of the respective assets. There are no collateralized financial assets. For the analysis of due dates and allowances for doubtful trade receivables, see note 12.		

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12. 2021 (CHF '000)	Carrying amount	Contractual Cash flows	<1 year	Maturity date 1–5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 19)	7 493	7 493	7 493	0	0
Non-current bank loans (see note 19)	11 918	11 918	0	11 918	0
Trade payables	143 839	143 839	143 839	0	0
Prepaid expenses and deferred income*	55 664	55 664	55 664	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 15)	412	1 480 672	994 221	486 452	0
Total financial liabilities	219 326	1 699 586	1 201 217	498 370	0

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

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 19)	5 515	5 515	5 515	0	0
Non-current bank loans (see note 19)	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 15)	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.

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 0.9 million (2020: CHF 1.3 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 (2020: CHF 0.5 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. 2021 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	4 770	167 636	62 197	23 438	56 546	32 341
Loans to group companies	20 553	134 187	6 914	10 563	861	10 997
Trade payables	0	(58 210)	(21 589)	(25 296)	(23 533)	(6 863)
Loans from group companies	0	(4 654)	(5 543)	0	0	0
Current bank loans (see note 19)	0	0	0	(2 939)	0	0
Non-current bank loans (see note 19)	0	0	0	(40)	0	0
Derivative financial instruments (see note 15)	0	(1 256 773)	(126 767)	0	(96 107)	(1 026)
Currency exposure, net	25 323	(1 017 814)	(84 788)	5 726	(62 233)	35 449
At 31.12. 2020 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	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 19)	0	0	0	(5 130)	0	0
Non-current bank loans (see note 19)	0	0	0	(43)	0	0
Derivative financial instruments (see note 15)	0	(335 784)	(75 870)	0	(6 794)	(3 062)
Currency exposure, net	28 624	(93 813)	(52 389)	14 188	32 907	31 308

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 -20.8 million (2020: CHF -21.2 million). Per currency: EUR: CHF -10.9 million (2020: CHF -10.6 million), USD: CHF -4.1 million (2020: CHF -4.0 million), JPY: CHF +0.0 million (2020: CHF +0.5 million), CNY: CHF -3.3 million. (2020: CHF -3.8 million), other currencies: CHF -2.5 million (2020: CHF -2.5 million).

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase/(decrease) equity after taxes by CHF +74.6 million (2020: CHF -47.3 million decrease/increase). Per currency: EUR: CHF +69.6 million (2020: CHF -38.8 million), USD: CHF +8.4 million (2020: CHF -4.7 million), JPY: CHF -0.9 million (2020: CHF -1.2 million), CNY: CHF +0.2 million. (2020: CHF +0.4 million), other currencies: CHF -2.8 million (2020: CHF -3.0 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. 2021 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 15)		25 994		25 994
Financial liabilities:				
Derivative financial instruments (see note 15)		(412)		(412)

At 31.12. 2020 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 15)		5 583		5 583
Financial liabilities:				
Derivative financial instruments (see note 15)		(1 957)		(1 957)

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	2021 (CHF '000)	2020 (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 16)	110 595	155 345
Other short-term financial assets (see note 14)	813	867
Other non-current assets (see note 9)	35 163	43 671
Non-current interest-bearing financial assets (see note 10)	1 325	58
Trade receivables (see note 12)	345 951	299 511
Loans and receivables	383 252	344 107
Derivative financial instruments (assets; see note 15)	32 758	5 583
Non-current bank loans (see note 19)	11 918	16 918
Current bank loans (see note 19)	7 493	5 515
Trade payables	143 839	86 093
Prepaid expenses and deferred income (see note 22)	55 664	51 656
Financial liabilities measured at amortized cost	218 914	160 182
Derivative financial instruments (liabilities; see note 15)	412	1 957

Notes	2021 (CHF '000)	2020 (CHF '000)
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30 Other lease disclosures

The Group incurred interest expense on lease liabilities of CHF 0.2 million (2020: 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 5.2 million (2020: CHF 4.8 million).

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

The following amounts are included in the income statement	2021	2020
Depreciation right-of-use	5 242	4 860
Interest expenses for lease liabilities	229	243
Lease expenses relating to low-value assets	483	1 037
Total	5 954	6 140

The EMS Group had a liquidity outflow for leasing in 2021 of TCHF 5 878 (2020: TCHF 6 087). The non-cash additions for rights-of-use and lease liabilities amounted to 2021 TCHF 4 413 (2020: TCHF 6 031).

Minimum lease payments	2021	2020
Less than 1 year	4 554	4 683
1 to 5 years	11 226	12 354
thereafter	995	2 582
Total	16 775	19 619

The lease agreements concern mainly buildings and cars.

31 Change in scope of consolidation

2021

Disposals:

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

2020

Disposals:

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

32 Subsequent events

The effects of the Russia-Ukraine-crisis on the business activities of the EMS Group are continuously evaluated. Neither country makes a significant contribution to the EMS Group's business result (less than 1%). There are currently 67 employees in Russia. A detailed quantification of the financial consequences is not possible to date because the extent of the escalation and its effects are not yet known.

The consolidated financial statements were approved by the Board of Directors on March 24, 2022 and need to be approved by the Annual General Meeting on August 13, 2022.

Between December 31, 2021 and March 24, 2022 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 31.12.2021)

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

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

*EMS-GRILTECH and EMS-SERVICES are reporting units within EMS-CHEMIE AG.

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 2021 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, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

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

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

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

Key audit matters

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

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

Taxation

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.

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 Annual 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 2017–2021) 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 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information in the Annual 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 Annual 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 24, 2022

Financial Statements **EMS-CHEMIE HOLDING AG**

for the financial year May 1, 2021 – April 30, 2022



Income Statement May 1, 2021 to April 30, 2022

	Notes	2021/2022 (CHF '000)	2020/2021 (CHF '000)
INCOME			
Dividends from subsidiaries		552 101	429 185
License fees from subsidiaries / third parties and other revenue	2.1	155	14 433
Other financial income	2.2	4 636	30 269
Other operating income		29	42
Total income		556 921	473 929
EXPENSES			
Financial expenses	2.3	5 399	10 674
Other operating expenses	2.4	1 189	1 251
Direct taxes		1 529	3 907
Total expenses		8 117	15 832
Net income		548 804	458 097

Balance Sheet as at April 30, 2022

	Notes	30.04.2022 (CHF '000)	30.04.2021 (CHF '000)
Non-current assets		351 813	286 341
Investments in subsidiaries	2.5	274 440	274 440
Non-current financial assets	2.6	77 373	11 901
Current assets		615 415	550 645
Prepaid expenses and accrued income		9	4
Current financial assets	2.6	1 587	100
Other current receivables	2.7	608 531	545 599
Cash and cash equivalents		5 288	4 942
TOTAL ASSETS		967 228	836 986

Equity		934 688	783 497
Share capital	2.8	234	234
Legal retained earnings			
General legal reserve		47	47
Free reserves		10 000	10 000
Available earnings	2.9	924 407	773 216
Liabilities		32 540	53 489
Long-term liabilities		3 074	3 074
Provisions		3 074	3 074
Short-term liabilities		29 466	50 415
Accrued expenses and deferred income	2.10	192	205
Other short-term liabilities	2.11	29 274	50 210
TOTAL EQUITY AND LIABILITIES		967 228	836 986
Balance sheet equity ratio		96.6 %	93.6 %

Notes to the Financial Statements 2021/2022

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	2021/2022 (CHF '000)	2020/2021 (CHF '000)
2.1 License fees from subsidiaries/third parties and other financial income		
License fees from third parties	0	1
License fees from subsidiaries	0	14 312
Other revenue	155	120
Total other financial income	155	14 433
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.		
2.2 Other financial income		
Interest income	600	510
Foreign exchange gains	4 036	29 759
Total other financial income	4 636	30 269
On April 2, 2021, the forward exchange transactions were sold by EMS-CHEMIE HOLDING AG to EMS-CHEMIE AG with retroactive effect from March 31, 2021.		

Notes	2021/2022 (CHF '000)	2020/2021 (CHF '000)
2.3 Financial expenses		
Interest expenses	713	1 073
Bank charges, duties, fees	127	128
Foreign withholding taxes	687	2 050
Foreign exchange losses	3 872	7 423
Total financial expenses	5 399	10 674
2.4 Other operating expenses		
Fee for contract research	0	106
Administration	1 189	1 145
Total other operating expenses	1 189	1 251
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, 2022 to April 30, 2022.		
	30.04.2022	30.04.2021
2.6 Financial assets		
Deposits with Banks	100	100
Loans and investments to subsidiaries	77 735	10 621
Noncurrent assets	1 125	1 280
Total financial assets	78 960	12 001
Thereof current	1 587	100
Thereof non-current	77 373	11 901
2.7 Other current receivables		
Receivables from third parties	580 526	512 964
Receivables from subsidiaries	28 005	32 635
Total other current receivables	608 531	545 599
Receivables from third parties consist of withholding tax credits, taxes and prepayments. Receivables from subsidiaries include other receivables, short-term loans and current accounts from the cash-pools.		

Notes	30.04.2022 (CHF '000)	30.04.2021 (CHF '000)
2.8 Share capital The EMS-CHEMIE Holding has the following significant shareholders: EMESTA HOLDING AG, Freienbach, 14 224 143 registered shares (2020/2021: 14 224 143 registered shares) Amount of holding	60.82%	60.82%
BLOMI Holding AG, Zug, 2 363 000 registered shares (2020/2021: 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.		
	2021/2022	2020/2021
2.9 Available earnings		
At 1. 5.	773 216	782 900
Dividends paid	(397 613)	(467 781)
Net income	548 804	458 097
At 30. 4.	924 407	773 216
2.10 Accrued expenses and deferred income The item includes accruals for third party services.		
	30.04.2022	30.04.2021
2.11 Other short-term liabilities		
Other liabilities due to third parties	96	2 330
Other liabilities due to subsidiaries	29 178	47 880
Total other short-term liabilities	29 274	50 210
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.		
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.		
3. Other disclosures		
3.1 Contingent liabilities		
Guarantees (maximum liability)	52 572	54 044

Notes

30.04.2022

30.04.2021

3.2 Shareholding

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

Board of Directors	Function	Number of registered shares	
B. Merki	Chairman	0	0
M. Martullo	Vice-Chairman	0*	0*
Dr J. Streu	Member	0	0
C. Mäder	Member	200	200
Total Board of Directors		200	200
Executive Management	Function		
M. Martullo	CEO	0*	0*
P. Germann	Member	0	0
S. Baumgärtner	CFO (until 30.4.2022)	0	0
Dr C. Kleiner	Member	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

	2021/2022 (CHF)	2020/2021 (CHF)
Balance brought forward	375 602 608	315 118 950
Net income	548 804 383	458 097 133
Total available earnings	924 406 990	773 216 084
The Board of Directors proposes the following appropriation of available earnings:		
Payment of an ordinary dividend of CHF 16.50 (previous year CHF 13.00) gross and an extraordinary dividend of CHF 4.50 (previous year CHF 4.00) gross per registered share entitled to dividend	(385 918 962)	(304 057 364)
	(105 250 626)	(93 556 112)
Balance to be carried forward	433 237 402	375 602 608

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 2022.

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 2022 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, 1 July 2022