

EMS Group Finance Report 2022



EMS-CHEMIE HOLDING AG

Contents

EMS Group	Share Performance	1
	Key Figures 2018 - 2022	2
	Consolidated Income Statement and Consolidated Statement of Comprehensive Income	3
	Consolidated Balance Sheet	4
	Consolidated Statement of Changes in Equity	5
	Consolidated Statement of Cash Flows	6
	Notes to the Consolidated Financial Statements	7
	Statutory auditor's report on the audit of the Consolidated Financial Statements	31

The original Annual Report is written in German. In case of inconsistencies between the German and this English version, the German version shall prevail.

Share Performance

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

Registered shares are listed on the SIX Swiss Exchange.

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

²⁾ Cash flow = net income plus write-downs on intangible assets, property, plant and equipment

³⁾ Excluding non-controlling interests.

⁴⁾ Source: SIX Swiss Exchange AG.

Key Figures 2018 - 2022

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

¹⁾ Cash flow = net income plus write-downs on intangible assets, property, plant and equipment

²⁾ Excluding non-controlling interests.

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

Consolidated Income Statement

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

Consolidated Statement of Comprehensive Income

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

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

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

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(CHF '000)	Share capital	Capital reserves (share premium)	Retained earnings	Hedging reserves from IFRS 9	Translation differences	Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	Equity, attributable to non-controlling interests	Equity
At 31.12.2020	234	25'676	1'706'320	3'723	(138'143)	1'597'810	26'440	1'624'250
Net changes from cash flow hedges				24'664		24'664		24'664
Actuarial gains from defined benefit pension plans			34'812			34'812		34'812
Currency translation differences					(11'046)	(11'046)	818	(10'228)
Other comprehensive income			34'812	24'664	(11'046)	48'430	818	49'248
Net income recognised in income statement			550'320			550'320	2'557	552'877
Comprehensive income	0	0	585'132	24'664	(11'046)	598'750	3'375	602'125
Dividends paid			(397'613)			(397'613)	(435)	(398'048)
At 31.12.2021	234	25'676	1'893'839	28'387	(149'189)	1'798'947	29'380	1'828'327
Net changes from cash flow hedges				4'228		4'228		4'228
Actuarial gains from defined benefit pension plans			812			812		812
Currency translation differences					(29'129)	(29'129)	(1'893)	(31'022)
Other comprehensive income			812	4'228	(29'129)	(24'089)	(1'893)	(25'982)
Net income recognised in income statement			532'100			532'100	2'755	534'855
Comprehensive income	0	0	532'912	4'228	(29'129)	508'011	862	508'873
Dividends paid			(491'170)			(491'170)	(1'641)	(492'811)
At 31.12.2022	234	25'676	1'935'581	32'615	(178'318)	1'815'788	28'601	1'844'389
							2022	2021
Equity attributable to shareholders of EMS-Holding AG, in % of total assets							78.4%	77.4%

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

On February 10, 2023, the company announced that the Board of Directors will propose a dividend payment of CHF 20.00 per each share to the ordinary annual shareholder meeting on August 12, 2023 (CHF 15.75 ordinary dividend, CHF 4.25 extraordinary dividend).

For further information and data refer to page 1, "Share Performance".

Consolidated Statement of Cash Flows

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

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Consolidated accounting principles

General information on the consolidated financial statements

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

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

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

Significant estimates and assumptions made by management

Impairment of non-current assets

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

Provisions for litigation risks, environmental risks and other provisions

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

Employee benefits

The EMS Group operates various retirement plans on behalf of its employees. In the case of defined benefit plans, statistical assumptions are made in order to estimate future developments. When parameters alter due to changes in the economic situation or different market conditions, subsequent results may differ significantly from the

actuarial opinions and calculations. The carrying amounts of reported employee retirement assets and liabilities are shown in note 20.

Taxes

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

Inventories

Inventories used for production are valued at their historical purchase or production cost or at their net realisable value, whichever is lower.

Purchased inventories are measured at cost, while internally generated products are measured at manufacturing cost. Besides individual costs, the cost of production also includes a proportionate allocation of manufacturing overheads. Based on a range analysis, items with a slow turnover rate are written down by 20% to 100%.

Changes in accounting policies

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

Consistency

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

Scope of consolidation

The scope of consolidation includes all companies in and outside Switzerland which are controlled - directly or indirectly - by EMS-CHEMIE HOLDING AG, either by it 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. Unrealised 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 capitalised 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 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 capitalised 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 capitalised 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. Subsequent measurement is done at fair value.

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 and at the moving average price at the Domat/Ems site. Besides individual costs, the cost of production also includes a proportionate allocation of manufacturing overheads.

Financial Assets – classifications and categories

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

Trade Receivables

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

Cash and cash equivalents

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

Other current financial assets

Other current financial assets include fixed-term deposits or money market instruments with a notice period of more than 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised according to the following five international commercial terms: 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 capitalised 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 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 recognised 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 recognised in the income statement (transaction gains and losses).

The most important exchange rates are:

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

Income taxes

Current income taxes are calculated on the taxable profit.

Deferred income taxes are recognised 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 recognised in the consolidated income statement, unless they relate to a transaction which is recognised 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 recognised 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 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.

Capital management

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

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

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

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

Segment Information

Segment information by business area

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

No net sales revenues exist between the segments.

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

Segment information by geographical region

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

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

Most important customers

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

¹⁾ See note 8.

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

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

Consolidated Income Statement

Notes	2022 (CHF '000)	2021 (CHF '000)
1 Capitalised costs and other operating income		
Capitalised costs	18'706	13'857
Other operating income	14'472	15'030
Total capitalised costs and other operating income	33'178	28'887
2 Personnel expenses		
Wages and salaries	188'406	179'021
Subcontractor salaries	18'959	16'235
Expenses for defined benefit plans (see note 20)	7'831	9'248
Legal / contractual social insurance	23'490	24'539
Other personnel expenses	7'683	7'126
Total personnel expenses	246'369	236'169
3 Other operating expenses		
Rents	2'600	2'230
Leasing	2'148	483
Repairs and maintenance	35'610	30'572
Insurance, duties, fees	5'828	6'306
Energy	42'978	37'557
Administration, promotion	21'983	20'351
Losses on disposal of property, plant and equipment, net	95	745
Supplies	1'190	7'105
Other operating expenses	6'085	6'118
Total other operating expenses	118'517	111'467
4 Research and development		
Expenditures for research and development amount to	46'646	46'292
In percent of net sales revenue	1.9%	2.1%
5 Financial income		
Other interest income	905	600
Interest income on loans and receivables	0	0
Total interest income	905	600
Foreign exchange gains, net	0	1'660
Total financial income	905	2'261
6 Financial expenses		
Interest expenses	563	439
Interest on Sales contracts	189	229
Foreign exchange losses, net	3'997	0
Bank charges and commissions	677	571
Total financial expenses	5'426	1'239

Notes	2022 (CHF '000)	2021 (CHF '000)
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7	Income taxes	
	Current income taxes actual year	77'248
	Current income taxes previous years	1'928
	Deferred income taxes	(7'482)
	Total income taxes	71'694
		88'476

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

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

	2022		2021	
	Amount before taxes	taxes	Amount after taxes	Amount after taxes
Actuarial gains from defined benefit pension plans	981	(169)	812	41'925
Cash flow hedges	4'826	(598)	4'228	28'307
Currency translation differences	(31'021)	0	(31'021)	(10'228)
Comprehensive income	(25'214)	(767)	(25'981)	60'004
Treasury shares	0	0	0	0

Breakdown of the income tax expenses

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

	2022 (CHF '000)		2021 (CHF '000)	
	Deferred income tax assets	Deferred income tax liabilities	Deferred income tax assets	Deferred income tax liabilities
At 1.1.	12'483	69'964	15'306	69'410
Increase/Decrease via income statement	9'694	2'641	7'906	573
Increase/Decrease via other comprehensive income / Equity	(767)	0	(10'756)	0
Translation differences	269	(217)	27	(19)
At 31.12.	21'679	72'388	12'483	69'964

Note to the deferred income tax

Calculation according to the "balance sheet liability method":

Deferred income taxes on non-current assets	11'100	60'732	0	60'902
Deferred income taxes on current assets	5'814	8'633	0	9'557
Deferred income taxes on liabilities	0	2'871	0	(495)
Deferred income taxes on pension liabilities	0	63	282	0
Deferred income taxes on provisions and accruals	4'765	89	12'201	0
Total deferred income tax liabilities	21'679	72'388	12'483	69'964

Deferred income taxes on non-current assets affect mainly property, plant and equipment, on current assets inventories.

As at 31 December 2022, temporary differences of KCHF 16'647 (2021: KCHF 17'265) existed from investments in subsidiaries. A deferred tax liability was not recognized as the Group controls the date of the reversal of the related contingent temporary differences and does not expect them to be realized in the near future.

Tax loss carryforwards

	Tax loss carryforwards		Tax loss carryforwards	
	Tax effect	Tax effect	Tax effect	Tax effect
Total tax loss carryforwards for which no deferred income taxes were recognised	5'079	1'478	6'969	2'082
Of which to be carried forward for up to:				
1 year	241	60	258	67
2 years	161	36	488	143
3 years	2'694	824	3'447	1'151
4 years	1'951	550	1'864	534
5 years	32	8	912	187
More than 5 years	0	0	0	0

Consolidated Balance Sheet as at December 31

Notes

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

I. Intangible assets

	Goodwill	Customer and supplier relationships	Others	Total
(CHF '000)				
At 1.1.2021	49'688	522	9'674	59'884
Cost	49'688	47'295	32'802	129'785
Accumulated amortisation 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
Amortisation	0	(522)	(1'482)	(2'004)
Impairment	0	0	0	0
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 amortisation and impairment	0	(46'773)	(23'128)	(69'901)
Net book value	49'979	0	10'149	60'128
2022				
At 1.1.	49'979	0	10'149	60'128
Additions	0	0	75	75
Disposals	0	0	0	0
Amortisation	0	0	(1'505)	(1'505)
Reclassifications	0	0	103	103
Translation differences	89	0	(99)	(10)
At 31.12.	50'068	0	8'723	58'791
Cost	50'068	46'786	35'110	131'964
Accumulated amortisation and impairment	0	(46'786)	(26'387)	(73'173)
Net book value	50'068	0	8'723	58'791

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

Impairment test for goodwill:

The cash generating unit for the impairment test of the total goodwill of KCHF 50'068 (2020: KCHF 49'979) is the Business Unit EMS-EFTEC (business area "High Performance Polymers"). Its recoverability is tested yearly on the basis of future cash flows. The recoverable amount calculated by impairment testing is based on the value in use.

The following assumptions form the basis:

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

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

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

Notes

II. Property, plant and equipment

	Land incl. development cost	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Plant under construction	Total
(CHF '000)						
At 1.1.2021	19'513	135'007	338'156	16'468	27'514	536'658
Cost	21'982	348'341	1'080'369	64'386	27'514	1'542'592
Accumulated depreciation and impairment	(2'469)	(213'334)	(742'213)	(47'918)	0	(1'005'934)
Net book value	19'513	135'007	338'156	16'468	27'514	536'658

2021

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

2022

At 1.1.	22'670	131'736	319'358	15'876	75'079	564'719
Additions	8	220	2'474	1'540	89'649	93'891
Disposals	(7)	(26)	(201)	(197)	(122)	(553)
Depreciation	(98)	(7'005)	(32'565)	(4'496)	0	(44'164)
Impairment	0	0	0	0	0	0
Reclassifications	0	11'978	20'418	5'714	(38'191)	(81)
Translation differences	(496)	(1'958)	(2'241)	(415)	(1'176)	(6'286)
At 31.12.	22'077	134'945	307'243	18'022	125'239	607'526
Cost	24'698	358'430	1'090'120	66'614	125'239	1'665'101
Accumulated depreciation and impairment	(2'621)	(223'485)	(782'877)	(48'592)	0	(1'057'575)
Net book value	22'077	134'945	307'243	18'022	125'239	607'526

III. Rights-of-use of leased assets

	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Total
(CHF '000)				
At 1.1.2021	11'575	106	5'285	16'966
Cost	18'741	302	6'896	25'938
Accumulated depreciation and impairment	(7'166)	(195)	(1'611)	(8'972)
Net book value	11'575	106	5'285	16'966

2021

At 1.1.	11'575	106	5'285	16'966
Additions	4'112	80	221	4'413
Depreciation	(3'789)	(103)	(1'350)	(5'242)
At 31.12.	11'898	83	4'156	16'137
Cost	22'131	360	6'598	29'088
Accumulated depreciation and impairment	(10'233)	(276)	(2'442)	(12'951)
Net book value	11'898	83	4'156	16'138

2022

At 1.1.	11'898	83	4'156	16'138
Additions	1'220	0	574	1'794
Reclassification	(706)	0	706	0
Depreciation	(3'327)	(74)	(1'354)	(4'755)
At 31.12.	9'085	9	4'082	13'177
Cost	21'683	49	7'540	29'271
Accumulated depreciation and impairment	(12'598)	(40)	(3'458)	(16'095)
Net book value	9'085	9	4'082	13'177

Notes	2022 (CHF '000)	2021 (CHF '000)			
9 Other non-current assets					
Other non-current assets	30'780	35'163			
Assets from employee benefits (see note 20)	4'592	4'959			
Total other non-current assets	35'372	40'122			
Other non-current assets mainly comprise prepayment to third parties.					
10 Other non-current financial instruments					
Derivative financial instruments	7'517	6'764			
Non-current interest-bearing financial assets	1'159	1'325			
Total other non-current assets	8'676	8'089			
11 Inventories					
Raw materials and supplies	264'701	229'079			
Semi-finished goods, work in progress	9'358	10'935			
Finished products	420'526	305'481			
Value adjustments	(16'851)	(27'279)			
Total inventories	677'734	518'216			
12 Trade receivables					
Trade receivables from third parties	336'310	349'468			
Allowances for doubtful receivables	(3'232)	(3'517)			
Total trade receivables	333'078	345'951			
Allowances for doubtful receivables are determined on the basis of future expected credit losses and calculated using a provision matrix. It is based on forward looking assumptions and historically observed default rates.					
	2022	2021			
Expiration of receivables from goods and services and allowance matrix					
	default rate in %	gross value	allowance	gross value	allowance
Not due	0.7%	312'911	(2'108)	325'740	(2'198)
Overdue <30 days	3%	21'434	(643)	18'961	(569)
Overdue 30 to 60 days	5%	1'045	(52)	3'635	(182)
Overdue 60 to 90 days	15%	339	(51)	334	(50)
Overdue >90 days	65%	581	(378)	798	(519)
Total		336'310	(3'232)	349'468	(3'517)
Change in allowance of receivables from goods and services		2022	2021		
At 1.1.		3'517	3'026		
Increase in allowances		1'574	1'148		
Decrease in allowances		(1'514)	(557)		
	Losses on trade receivables	(160)	(72)		
	Reclassifications	(1'354)	(485)		
Translation differences		(345)	(100)		
At 31.12.		3'232	3'517		
13 Other current assets					
Withholdingtax receivables	49'366	522'754			
Prepayments and accrued income	32'057	16'849			
Contract assets	27'784	26'834			
Other receivables	61'563	47'268			
Total other current assets	170'770	613'705			
There is no allowance on Contract assets calculated because the expected default rate is 0%.					
14 Derivative and other financial assets					
Derivative financial instruments	29'276	25'994			
Other current financial assets	102'708	813			
Total Other current financial assets	131'984	26'807			

Notes		2022 (CHF '000)	2021 (CHF '000)		
15	Derivative financial instruments				
	The following summary shows the most important derivative financial instruments:				
	Financial instruments effective for hedge accounting purposes				
	Currency swaps and forward rate agreements				
	EUR/CHF				
	Notional amount CHF	352'223	524'433		
	Positive replacement value CHF	17'723	30'547		
	Negative replacement value CHF	0	0		
	USD/CHF				
	Notional amount CHF	224'317	126'767		
	Positive replacement value CHF	9'751	2'084		
	Negative replacement value CHF	0	0		
	CNY/CHF				
	Notional amount CHF	96'422	96'107		
	Positive replacement value CHF	6'313	126		
	Negative replacement value CHF	0	395		
	CZK/EUR				
	Notional amount CHF	47'527	1'026		
	Positive replacement value CHF	3'006	0		
	Negative replacement value CHF	0	17		
	JPY/CHF				
	Notional amount CHF	1'527	0		
	Positive replacement value CHF	0	0		
	Negative replacement value CHF	34	0		
	Total				
	Notional amount CHF	722'016	748'332		
	Positive replacement value CHF	36'793	32'758		
	Negative replacement value CHF	34	413		
	Thereof: Current portion				
	Notional amount CHF (<12 months)	592'898	633'979		
	Positive replacement value CHF (<12 months)	29'276	25'994		
	Negative replacement value CHF (<12 months)	10	412		
	Non-current portion				
	Notional amount CHF (1-5 years)	129'118	114'353		
	Positive replacement value CHF (1-5 years)	7'517	6'764		
	Negative replacement value CHF (1-5 years)	24	0		
	The EMS Group uses a combination of derivative financial instruments and forward exchange transactions to hedge to foreign exchange risk. Derivative financial instruments were closed mostly for hedge purposes. The notional amounts of the previous year were adjusted. Forwards are settled to hedge cashflows resulting of expected future sales in EUR, USD and CNY and expected future purchases in JPY. These transactions are highly realistic and contain approximately 40% of the total expected sales in EUR, approx. 30% of the sales in USD and approx. 50% of the sales in CNY. The total amount of forwards varies with the amount of sales and purchases in foreign currencies as well as with the deviation of exchange rates.				
	Derivative financial instruments were mostly effected for hedging purposes. Forward rate agreements are used for the hedging of future purchases and sales in foreign currencies. The replacement value is understood to be the fair value of derivative financial instruments. Positive replacement values are the values that are lost if the counterparty cannot deliver (maximum default risk). This risk is considered to be minimal, as the counterparties are first-rate financial institutions. Any derivatives are reported at fair value.				
	Net changes from cash flow hedges in equity, after taxes				
	At 1.1.	28'387	3'723		
	Transfer to consolidated income statement	3'023	0		
	Fair value adjustments	1'803	28'307		
	Income taxes recognised directly in equity	(598)	(3'643)		
	Total net changes from cash flow hedges in equity, after taxes	4'228	24'664		
	At 31.12.	32'615	28'387		
16	Cash and cash equivalents				
	Deposits	248'507	110'533		
	Cash and cash equivalents	58	62		
	Total cash and cash equivalents	248'565	110'595		
17	Share capital				
		Number of issued registered shares	Number of shares entitled to dividend	Share capital (CHF '000)	
	At 31.12.2020	CHF 0.01	23'389'028	23'389'028	234
	Purchase of treasury shares	-	-	0	-
	Sale of treasury shares	-	-	0	-
	At 31.12.2021	CHF 0.01	23'389'028	23'389'028	234
	Purchase of treasury shares	-	-	0	-
	Sale of treasury shares	-	-	0	-
	At 31.12.2022	CHF 0.01	23'389'028	23'389'028	234
18	Non-controlling interests				
	This item reflects the non-controlling interest in capital and profit / loss for the year. Non-controlling interest exist at EFTEC China Ltd., EMS-UBE and Wuhu EFTEC Chemical Products Ltd.				
	The change in non-controlling interests is as follows:				
	At 1.1.	29'380	26'440		
	Dividends paid	(1'641)	(435)		
	Net income	2'755	2'557		
	Translation differences	(1'893)	818		
	At 31.12.	28'601	29'380		

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

20 Employee benefit liability

All Swiss group entities have their individual, legally independent pension funds. The board of trustees of each pension fund is the body charged with governance and comprises an equal number of employee and employer representatives. The board of the pension fund is required by law and by regulations of the pension fund to act in the best interest of the pension fund and its beneficiaries. Resolutions must be passed on a basis of parity. The board is responsible for the determination of 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 Dependents' and Disability Pension (BVG) and its implementing provisions. The minimum insured salary and the minimum retirement credits are defined in the BVG. The minimum interest rate which has to be applied to these minimum retirement assets is determined by the Swiss Federal Council at least every two years. In 2022, the minimum interest rate was 1.00% (2021: 1.00%). The pension funds are subject to oversight by the regulating authority (Stiftungsaufsicht).

All pension plans, with the exception of the "Kaderversicherung" (management insurance scheme) which is funded by the employer only, are jointly funded by employees and the employer. However, the group entities contribute a proportionally higher part to the plan than the employees. The pension benefits are based on the pension balance. Retirement credits and interest are added to this balance annually. At the time of retirement, the insured individual can choose between either a lifelong annuity or a capital payment. The annuity is calculated by multiplication of the pension balance with the currently applicable conversion rate. In addition to the retirement benefits, pension benefits include disability benefits and widow's and/or orphans' pension. These are calculated as a percentage of the insured annual salary. If an employee decides to leave the company, the pension balance of this employee is transferred to the pension fund of the new employer or to an independent benefits scheme. Following the design of defined benefit plans and the legal provisions of the BVG, there are actuarial risks such as the market (investment) risk, interest rate risk, disability risk and longevity risk associated with such plans.

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

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

Balance sheet reconciliation

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

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

Notes	2022 (CHF '000)	2021 (CHF '000)
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Movement in net defined benefit (asset) liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2022	2021	2022	2021	2022	2021
Balance at 1 January	345'755	369'593	(344'272)	(326'640)	1'383	46'350
Included in profit or loss						
Current service cost	7'826	9'184	0	0	7'826	9'184
Past service cost	0	0	0	0	0	0
Interest cost (income)	1'038	555	(1'033)	(490)	5	64
Total	8'864	9'739	(1'033)	(490)	7'831	9'249
Included in OCI						
Remeasurements loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	0	(16'205)	0	0	0	(16'205)
- financial assumptions	(67'238)	(6'476)	0	0	(67'238)	(6'476)
- experience adjustment	4'315	3'617	0	0	4'315	3'617
- excluding interest income	0	0	3'751	(22'778)	3'751	(22'778)
- Change in effect of asset ceiling	0	0	0	0	58'371	0
Total	(62'924)	(19'064)	3'751	(22'778)	(802)	(41'842)
Other						
Employers' contributions	0	0	(9'212)	(8'877)	(9'212)	(8'877)
Employees' contributions	6'417	6'138	(6'417)	(6'138)	0	0
Vested benefits paid in/ (paid out), net	(20'035)	(20'651)	20'210	20'651	175	0
Total	(13'618)	(14'513)	4'581	5'636	(9'037)	(8'877)
Balance at 31 December	278'077	345'755	(336'973)	(344'272)	(525)	(1'483)

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

	2022	2021
<i>Plan assets</i>		
Liquidity	178'596	159'743
Bonds CHF*	23'588	38'903
Bonds Foreign Currencies*	0	0
Swiss shares*	20'218	30'984
Property	107'831	107'757
Mortgages, loans	6'740	6'885
Other investments	0	0
Total	336'973	344'272

*Plan assets with market prices.

Actuarial assumptions as of 31.12

Discount rate	2.30%	0.30%
Future salary growth	1.50%	1.00%
Mortality table	BVG 2020 GT	BVG 2020 GT

Sensitivity analysis

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

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

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

21 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12.2020	16'400	2'986	2'139	21'525
Increase via income statement	0	2	1'637	1'639
Decrease via income statement	(12'447)	(780)	(897)	(14'124)
Amounts used	0	0	(448)	(448)
Translation differences	0	(4)	(48)	(52)
At 31.12.2021	3'953	2'204	2'383	8'540
Of which: Current portion of provisions	0	0	1'694	1'694
Non-current portion of provisions	3'953	2'204	689	6'846

Provisions for environmental risks cover expected measures for ecological requirements, 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 4-8 years.

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

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

Warranty provisions are mainly included within other provisions.

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

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

Notes	2022 (CHF '000)	2021 (CHF '000)
22 Other current liabilities		
Contract liabilities	6'077	6'842
Prepaid expenses and deferred income	85'873	84'635
Liabilities to social security institutions	1'874	1'720
Other current liabilities	43'491	40'216
Total other current liabilities	137'315	133'413
In 2022 sales of CHF 11 million are booked out of contract liabilities (2021: CHF 10 million)		
23 Liabilities, net / (net cash position)		
Bank loans (see note 19)	35	2'979
Hedges with a negative replacement value (see note 15)	34	413
Liabilities	69	3'392
less		
Other short-term financial assets (see note 14)	(102'708)	(813)
Hedges with a positive replacement value (see note 15)	(36'793)	(32'758)
Current interest-bearing financial assets (see note 13)	(49'366)	(522'754)
Non-current interest-bearing financial assets (see note 10)	(1'159)	(1'325)
Cash and cash equivalents (see note 16)	(248'565)	(110'595)
Liabilities, net / (net cash position), without lease liabilities	(438'522)	(664'853)
Non-current lease liabilities (see note 19)	8'869	11'878
Current lease liabilities (see note 19)	4'620	4'554
Liabilities, net / (net cash position) including lease liabilities	(425'033)	(648'421)

Consolidated Statement of Cash Flows and further details

Notes	2022 (CHF '000)	2021 (CHF '000)
24 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation intangible assets	1'505	2'004
Depreciation property, plant and equipment	44'164	48'190
Depreciation right of use of leased assets	4'755	5'242
Total depreciation, amortisation and impairment of intangible assets and property, plant and equipment	50'424	55'436
For the breakdown of the depreciation, amortisation and impairment of intangible assets and property, plant and equipment please refer to note 8 and to the segment reporting.		
25 Contingent liabilities		
Contingent liabilities at the end of the year amount to	17'073	6'298
This mainly relates to issued guarantees. No legal proceedings are known to be in progress within the EMS Group which could have a significant impact on the Group's financial position in excess of the provisions booked in the balance sheet (see note 21).		
26 Earnings per share - EPS		
Earnings per share are calculated by dividing the net income attributable to the shareholders of EMS-CHEMIE HOLDING AG by the weighted average number of shares outstanding (excluding treasury shares). Diluted earnings per share factor in any potential dilution which may be 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:		
Basic earnings per share		
Weighted average of registered shares outstanding (see note 17)	23'389'028	23'389'028
Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	532'100	550'320
Basic earnings per share (CHF)	22.75	23.53
There is no earnings dilution; diluted earnings per share correspond to basic earnings per share.		
27 Significant shareholders		
EMESTA HOLDING AG, Freienbach, 14'224'143 registered shares (2021: 14'224'143 registered shares)		
Amount of holding	60.82%	60.82%
BAUMI Holding AG, Wilen, 2'363'000 registered shares (2021: 2'363'000 registered shares)		
Amount of holding	10.10%	10.10%
28 Transactions with related parties		
EMESTA HOLDING AG, Freienbach (majority shareholder), the pension funds, members of the Board of Directors and members of the Executive Management as well as the close members of their families and associated companies are regarded as related parties.		
The members of the Board of Directors or Executive Management as well as the close members of their families did not receive any credits, advances or other types of loans. No related party transactions took place with them.		
The bonuses included in the reporting year consist of the bonuses estimated in the reporting year. The definitive bonuses for the reporting year are announced after the publication of this financial report and are presented in the remuneration report 2022 / 2023.		
Breakdown of the total compensation		
Short-term employee benefits to the members of the Board of Directors and Executive Management	3'800	4'200
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total compensation	3'800	4'200
Neither the members of the Board of Directors and the Executive Management nor their related parties have any conversion rights or options in EMS-CHEMIE HOLDING AG. The detailed disclosures of compensation as per Swiss law can be found in the remuneration report.		

Notes	2022 (CHF '000)	2021 (CHF '000)
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29 Financial Risk Management

Credit risks

Overview of financial assets

Other non-current financial assets (see note 9)		30'780	35'163
Non-current interest-bearing financial assets (see note 10)		1'159	1'325
Trade receivables (see note 12)		333'078	345'951
Derivative financial instruments (see note 15)		36'793	32'758
Other short-term financial assets (see note 14)		102'708	813
Cash and cash equivalents (see note 16)		248'565	110'595
Total financial assets		753'083	526'605

The maximum credit risk is equal to the carrying amount of the respective assets. There are no collateralised financial assets. For the analysis of due dates and allowances for doubtful trade receivables, see note 12.

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12.2022 (CHF '000)	Carrying amount	Contractual Cash flows	Maturity date		
			<1 year	1 - 5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 19)	4'620	4'620	4'620	0	0
Non-current bank loans (see note 19)	8'904	8'904	0	8'904	0
Trade payables	131'556	131'556	131'556	0	0
Prepaid expenses and deferred income *	68'252	68'252	68'252	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 15)	10	722'016	592'898	129'118	0
Total financial liabilities	213'342	935'348	797'326	138'022	0

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

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12.2021 (CHF '000)	Carrying amount	Contractual Cash flows	Maturity date		
			<1 year	1 - 5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 19)	7'493	7'493	7'493	0	0
Non-current bank loans (see note 19)	11'918	11'918	0	11'918	0
Trade payables	143'839	143'839	143'839	0	0
Prepaid expenses and deferred income *	55'664	55'664	55'664	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 15)	412	748'332	633'979	114'353	0
Total financial liabilities	219'326	967'246	840'975	126'271	0

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

Market risks

Interest rate risks

Sensitivity analysis of interest rate risks

The bank loan have variable interest rate. No derivative financial instruments on interest rates are used. A 100 basis point rise in the interest rate for deposits and bank loans would increase net income after taxes by CHF 2.2 million (2021: CHF 0.9 million). A 100 basis point fall in the interest rate for deposits and bank loans would increase net income after taxes by CHF 0.7 million (2021: 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 31.12.2022 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 11)	3'028	160'774	68'100	20'722	54'802	26'710
Loans to group companies	0	365'214	44'711	7'925	0	35'270
Trade payables	(61)	(55'290)	(28'539)	(17'438)	(14'903)	(6'479)
Loans from group companies	0	(4'654)	(5'543)	0	0	0
Current bank loans (see note 18)	0	0	0	0	0	0
Non-current bank loans (see note 18)	0	0	0	(40)	0	0
Derivative financial instruments (see note 14)	0	(352'223)	(224'317)	(1'527)	(96'422)	(47'527)
Currency exposure, net	2'967	113'821	(145'588)	9'642	(56'523)	7'974

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	(524'433)	(126'767)	0	(96'107)	(1'026)
Currency exposure, net	25'323	(285'474)	(84'788)	5'726	(62'233)	35'449

Sensitivity analysis of currency risks

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

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase/(decrease) equity after taxes by CHF -7.4 million (2021: CHF +74.6 million decrease/(increase)). Per currency: EUR: CHF -16.8 million (2021: CHF +69.9 million), USD: CHF +7.2 million (2021: CHF +8.4 million), JPY: CHF -0.8 million (2021: CHF -0.9 million), CNY: CHF +2.9 million (2021: CHF +0.2 million), other currencies: CHF -1.6 million (2021: CHF -2.8 million).

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

Notes	2022 (CHF '000)			2021 (CHF '000)
<u>Financial assets / liabilities: fair value hierarchy</u>				
At 31.12.2022				
(CHF '000)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 15)		29'276		29'276
Financial liabilities:				
Derivative financial instruments (see note 15)		(10)		(10)

<u>Financial assets / liabilities: fair value hierarchy</u>				
At 31.12.2021				
(CHF '000)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 15)		25'994		25'994
Financial liabilities:				
Derivative financial instruments (see note 15)		(412)		(412)

There were no transfers between the levels of the fair value hierarchy.
Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data.

Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities correspond approximately to the fair values in accordance with IFRS. Regarding the fair values of bank loans see note 19.

Cash and cash equivalents (see note 16)		248'565	110'595
Other short-term financial assets (see note 14)		102'708	813
Other non-current financial instruments (see note 10)		1'159	1'325
Other non-current assets (see note 9)		30'780	35'163
Trade receivables (see note 12)		333'078	345'951
Loans and receivables		467'725	383'252
Derivative financial instruments (assets; see note 15)		36'793	32'758
Non-current bank loans (see note 19)		8'904	11'918
Current bank loans (see note 19)		4'620	7'493
Trade payables		131'556	143'839
Prepaid expenses and deferred income (see note 22)		68'252	55'664
Financial liabilities measured at amortised cost		213'332	218'914
Derivative financial instruments (liabilities; see note 15)		10	412

30 Other lease disclosures

The Group incurred interest expense on lease liabilities of CHF 0.2 million (2021: 0.2 million).
The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is not significant.
The total cash outflow for leases amounted to CHF 4.9 million (2020: CHF 5.2 million).

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

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

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

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

The lease agreements concern mainly buildings and cars.

31 Change in scope of consolidation

2022

no changes

2021

Disposals:

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

32 Subsequent events

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

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

33 List of subsidiaries (at 31.12.2022)

Name	Domicile	Country	Currency	Share capital (in '000)	Amount of holding	Category	Consolidation
EMS-CHEMIE HOLDING AG	Domat/Ems	Switzerland	CHF	234		D	K
EMS-INTERNATIONAL FINANCE (Guernsey) Ltd.	Guernsey	Guernsey	CHF	60	100.00%	D	K
Business Area HIGH PERFORMANCE POLYMERS							
EMS-CHEMIE AG	Domat/Ems	Switzerland	CHF	100	100.00%	V,D	K
EMS-CHEMIE (France) S.A.	Chaville	France	EUR	1'951	100.00%	V	K
EMS-CHEMIE (UK) Ltd.	Stafford	UK	GBP	1'530	100.00%	V	K
EMS-CHEMIE (Japan) Ltd.	Tokyo	Japan	JPY	210'000	100.00%	V	K
EMS-UBE Ltd.	Ube	Japan	JPY	1'500'000	66.65%	P,V	K
EMS-CHEMIE (Korea) Ltd.	Gyeonggi-do	South Korea	KRW	113'000	100.00%	V	K
EMS-CHEMIE (Italia) S.r.l.	Como	Italy	EUR	1'300	100.00%	V	K
EMS-INVENTA AG	Männedorf	Switzerland	CHF	50	100.00%	D	K
EMS-CHEMIE (Produktion) AG	Domat/Ems	Switzerland	CHF	100	100.00%	P	K
EMS-CHEMIE (Taiwan) Ltd.	Hsin Chu Hsien	Taiwan (R.O.C.)	TWD	281'000	100.00%	P,V	K
EMS-CHEMIE (China) Ltd.	Shanghai	China (People's Rep.)	CNY	5'000	100.00%	V	K
EMS-CHEMIE (Suzhou) Ltd.	Suzhou	China (People's Rep.)	CNY	98'693	100.00%	P,V	K
EMS-CHEMIE (Suzhou) Trading Ltd.	Suzhou	China (People's Rep.)	CNY	3'000	100.00%	V	K
EMS-TOGO Corp.	Taylor, MI	USA	USD	750	100.00%	D	K
EMS-CHEMIE (North America) Inc.	Sumter, SC	USA	USD	3'385	100.00%	P,V	K
EFTEC North America, L.L.C.	Taylor, MI	USA	USD	38'222	100.00%	P,V	K
EFTEC Europe Holding AG	Zug	Switzerland	CHF	8'000	100.00%	D	K
EMS-CHEMIE (Luxembourg) Sarl	Senningerberg	Luxembourg	EUR	200	100.00%	D	K
EMS-CHEMIE (Switzerland) AG	Romanshorn	Switzerland	EUR	100	100.00%	V,D	K
EFTEC (Shanghai) Engineering Co. Ltd.	Shanghai	China (People's Rep.)	CNY	886	100.00%	P,V	K
EFTEC (Changshu) Engineering Co. Ltd.	Changshu	China (People's Rep.)	CNY	765	100.00%	P,V	K
EFTEC AG	Romanshorn	Switzerland	CHF	2'500	100.00%	P,V	K
EFTEC Sàrl	Chaville	France	EUR	8	100.00%	V	K
EFTEC Brasil Ltda.	Santana de Parnaiba	Brazil	BRL	541	100.00%	P,V	K
EFTEC (Elabuga) OOO	Elabuga	Russia	RUB	37'514	100.00%	P,V	K
EFTEC (Nizhny Novgorod) OOO	Nizhny Novgorod	Russia	RUB	37'200	100.00%	P,V	K
EFTEC Mexico S.A. de C.V.	Cuernavaca	Mexico	MXN	50	100.00%	V	K
Grupo Placosa EFTEC, S.A. de C.V.	Cuernavaca	Mexico	MXN	19'451	100.00%	D	K
Placosa S.A. de C.V.	Cuernavaca	Mexico	MXN	47'409	100.00%	P	K
Recubrimientos Modernos S.A. de C.V.	Cuernavaca	Mexico	MXN	550	100.00%	D	K
EFTEC (India) Ltd.	Pune	India	INR	15'000	100.00%	P,V	K
EFTEC Engineering GmbH	Markdorf	Germany	EUR	25	100.00%	P,V	K
EMS-CHEMIE (Deutschland) GmbH	Gross-Umstadt	Germany	EUR	2'556	100.00%	P	K
EMS-CHEMIE (Deutschland) Vertriebs GmbH	Gross-Umstadt	Germany	EUR	25'000	100.00%	V	K
EFTEC (Czech Republic) a.s.	Zlin	Czech Republic	CZK	47'569	100.00%	P,V	K
EFTEC SL d.o.o.	Novo mesto	Slovenia	EUR	10	100.00%	V	K
EFTEC (Slovakia) s.r.o.	Bratislava	Slovakia	EUR	7	100.00%	V	K
EFTEC (Romania) S.R.L.	Budeasa	Romania	RON	8'083	100.00%	P,V	K
EFTEC Ltd.	Rhigos	UK	GBP	352	100.00%	P,V	K
EFTEC NV	Genk	Belgium	EUR	1'240	100.00%	P,V	K
EFTEC Systems S.A.	Zaragoza	Spain	EUR	944	100.00%	P,V	K
EFTEC Asia Pte. Ltd.	Singapore	Singapore	USD	3'518	100.00%	D,V	K
EFTEC (Thailand) Co. Ltd.	Rayong	Thailand	THB	49'500	100.00%	P,V	K
EFTEC China Ltd.	Hong Kong	China (People's Rep.)	USD	33'206	75.00%	D	K
Foshan EFTEC Automotive Materials Co., Ltd.	Foshan	China (People's Rep.)	CNY	6'849	100.00%	P,V	K
Shanghai EFTEC Chemical Products Ltd.	Shanghai	China (People's Rep.)	CNY	20'750	100.00%	D	K
Changchun EFTEC Chemical Products Ltd.	Changchun	China (People's Rep.)	CNY	27'500	100.00%	P,V	K
Wuhu EFTEC Chemical Products Ltd.	Wuhu	China (People's Rep.)	CNY	6'650	60.00%	P,V	K
EFTEC (Shanghai) Services Co. Ltd.	Shanghai	China (People's Rep.)	CNY	952	100.00%	D	K
EFTEC (Changshu) Automotive Materials Limited	Changshu	China (People's Rep.)	CNY	80'110	100.00%	P,V	K
Business Area SPECIALTY CHEMICALS							
EMS-GRILTECH *							
EMS-SERVICES *							
EMS-CHEMIE (Neumünster) Holding GmbH	Neumünster	Germany	EUR	25	100.00%	D	K
EMS-CHEMIE (Neumünster) GmbH & Co. KG	Neumünster	Germany	EUR	3'000	100.00%	P	K
EMS-CHEMIE (Neumünster) Verwaltungs GmbH	Neumünster	Germany	EUR	25	100.00%	D	K

Category

P = Production
V = Trade, sale
D = Financing, various

Consolidation

K = Fully consolidated

* 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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion the consolidated financial statements (pages 3 to 30) give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other matter

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

Key Audit Matters

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

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<p>Income taxes</p> <p>EMS Group operates internationally in different tax jurisdictions. Various laws and local interpretations as well as practice guidance in the field of direct taxation must be applied. Compliance with these requirements can, by nature, be ascertained only with delay on the basis of final tax assessments and completed tax audits.</p> <p>Income taxes is considered a key audit matter due to the following reasons:</p> <p>The evaluation of income taxes includes a significant element of judgement in the estimates and assumptions to be made regarding the correct application of tax regulations in the respective tax jurisdictions.</p> <p>We refer to the information on the consolidated accounting principles and to note 7 "Income taxes".</p>	<p>We obtained an overview of the tax situation in the respective tax jurisdictions as well as status of preliminary and final tax assessments, open tax assessment periods, tax procedures and tax audits.</p> <p>We examined important correspondence with tax authorities.</p> <p>We analysed management's assessment of identified uncertain tax positions.</p> <p>We assessed the estimates and assumptions made with the assistance of our tax specialists.</p> <p>We compared the estimates and assumptions made to those of previous year and analyzed changes.</p> <p>We verified the correct disclosure in the consolidated financial statements.</p>

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<p>Existence and valuation of Inventories As of December 31, 2022, EMS Group discloses inventories in the amount of net CHF 678 million. Inventories are valued at historical purchase or production costs or, if lower, at realisable values less sales and completion costs. Value adjustments are made based on analyses of turnover rates and expected usage analysis.</p> <p>Existence and valuation of inventories are considered a key audit matter due to the following reasons:</p> <p>Inventories contribute with approximately 29% significantly to total assets. Physical inventory counts as well as valuation are based on assumptions and estimates.</p> <p>We refer to the information on the consolidated accounting principles and to note 11 "Inventories".</p>	<p>We examined the adequacy of the consolidated accounting principles in respect to inventories.</p> <p>We obtained an understanding of the process and internal controls in the area of inventories and performed control tests of the relevant key controls related to accuracy of existence.</p> <p>We attended the physical inventory count at selected warehouse locations.</p> <p>We performed sample tests in respect to applied purchase prices and calculation of production costs.</p> <p>We performed data analytic tests in the area of material purchasing.</p> <p>We tested the calculations of the valuation allowances on various inventory types in terms of applied data, calculation parameters and consistency to prior years and assessed the estimates regarding adequacy.</p> <p>We verified the correct disclosure in the consolidated financial statements.</p>

Other Information

The board of directors is responsible for the other information. The other information comprises page 1 (Share performance) and page 2 (Key Figures 2018 - 2022) which we obtained prior to the date of this report on the finance report, but does not include the consolidated financial statements and our auditor's report thereon and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation of the consolidated financial statements, which 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Report on Other Legal and Regulatory Requirements

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

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

Zurich, March 27, 2023

BDO Ltd



Christoph Tschumi
Auditor in Charge
Licensed Audit Expert



ppa. Andreas Kern
Licensed Audit Expert