

61th ANNUAL REPORT 2023/2024

EMS

EMS-CHEMIE HOLDING AG

Domat/Ems Switzerland

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Dear Shareholders

After a challenging year in 2022, shadowed by the outbreak of the Ukraine conflict, the global economic environment deteriorated significantly in 2023. In Europe in particular, high energy costs, substantial core inflation and higher interest rates pressured purchasing power and the consumer mood. In Germany, Europe's leading industrial nation, the manufacturing industry slumped. Following COVID-19, the Chinese real estate crisis had a sustained negative effect on consumer confidence. Inventory stocks worldwide were reduced due to lower order levels and higher interest rates. The Swiss Franc also became stronger supported by moderate Swiss inflation rates and its role as a «safe haven».

In this weak market environment, EMS focused consistently on broad market penetration with specialties and innovations. Together with customers, EMS realized new products and solutions providing energy and cost savings. New applications for the strongly growing electric vehicle

segment were developed using highly sophisticated technical solutions. Special EMS high-performance polymers are being used successfully and frequently in new applications involving new types of cable and charging systems or thermo-management and battery designs. Planned new business was achieved successfully. Net sales in local currencies were increased in all markets outside of Europe.

EMS received special recognition again in 2023 for its unique performance in the area of customer-oriented development. In China, the Zhejiang Jubei Group, market leader for products ensuring safe and hygienic treatment of drinking water, and Fujitech, a leading processor of polymer material, awarded EMS for excellent technical service, innovative product solutions, continually reliable delivery performance and consistently high material quality. EMS has already enjoyed a decade of close cooperation with both customers. Another long-standing customer, ARaymond, a leading

supplier of fastening technology in the automotive sector, awarded EMS the title of "Strategic Partner 2023" for excellent collaboration in the development of innovative products for electric vehicles. Based on new energy and weight saving process materials, EMS was named as exclusive development partner by a number of global automotive manufacturers.

In order to satisfy the high demand for its innovative products and despite the difficult economic environment, EMS decided in 2023 to massively expand sales and technical development resources in all three regions of Asia, America and Europe. In addition, EMS started the acceleration program "Speed" to speed up all processes by another 30% and bring innovation even more quickly to customers. In order to cope with the expected disproportionately high production growth, the announced investment program of more than CHF 300 million to increase capacity and energy efficiency at the main production site in Domat/Ems (Switzerland), is being implemented as planned.

Also with regard to sustainability, EMS is holding a pioneer role globally. EMS itself is already CO₂ neutral (Scope 1 and Scope 2) and certified according to ISO 14001, EcoVadis Gold and the International Sustainability & Carbon Certification (ISCC). In cooperation with suppliers, numerous projects were initiated towards their CO₂ reduction (Scope 3), in order to achieve EMS' own net zero target in 2050.

For the business year 2024, EMS expects the challenging economic environment to continue. Geopolitical conflicts and delayed lowering of interest rates may continue to dampen development of demand. Higher energy prices are causing raw material and freight costs to rise. Even in these economically challenging times, EMS will continue to resolutely follow its successful strategy of growth with specialties. Customers worldwide are demanding cost reduction and innovative system solutions. With its unique development competence and customer proximity, EMS is particularly well suited to provide these.

Due to its strong financial position, EMS considers itself in excellent shape to take advantage of the numerous opportunities arising in the markets by providing innovative solutions, thereby generating disproportionate growth.

We would like to express our thanks and greatest appreciation to our valued employees and management for their outstanding daily performance. Our success is the result of their loyalty, their great dedication and especially their strong commitment. In particular, we would also like to thank our customers and business partners throughout the world for their many years of innovative cooperation and loyalty.

At this point we also thank you, dear shareholders, for your faith and solidarity with EMS. We look forward to following the way ahead together with you, seize the many opportunities arising and successfully overcome future challenges.



Bernhard Merki
Chairman of the
Board of Directors

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

Share Performance

	2023	2022	2021	2020	2019
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	16.00 ¹⁾	20.00	21.00	17.00	20.00
Of which ordinary dividend	12.75	15.75	16.50	13.00	15.60
Of which extraordinary dividend	3.25	4.25	4.50	4.00	4.40
Earnings per share	19.56	22.75	23.53	18.57	22.54
Cash flow per share ²⁾	24.65	15.64	22.16	20.16	23.61
Equity per share ³⁾	74.47	77.63	76.91	68.32	71.09
Stock prices ⁴⁾					
High	801.00	1 046.00	1 035.00	880.00	646.50
Low	599.50	591.50	793.50	496.60	458.00
At December 31	681.00	626.00	1 021.00	853.00	636.50
Market capitalization at December 31 (CHF millions)	15 927.9	14 641.5	23 880.2	19 950.8	14 887.1

Registered shares are listed at 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 = Cash flow from operating activities.

³⁾ Excluding non-controlling interests.

⁴⁾ Source: SIX Swiss Exchange AG.

Course of Business 2023/2024

As expected, the global economic environment deteriorated significantly in 2023. In Europe, in particular, higher energy costs, persistently high core inflation and higher interest rates put lasting pressure on purchasing power and the consumer mood. In Germany, Europe's leading industrial nation, the manufacturing industry slumped. Since COVID-19, the Chinese real estate crisis has had a sustained negative effect on customer confidence. The Swiss Franc also became very strong.

In this weak market environment, EMS consistently focused on increasing market penetration with specialties and innovations. Planned new business was achieved successfully. EMS continued the successful strategy of enabling customers to achieve cost and weight savings while reducing CO₂ emissions. In this way, net sales in local currencies were increased in all markets outside Europe.

Net sales in 2023 amounted to CHF 2,189 million (2,442) and net operating income was CHF 493 million (611). Net income reached CHF 461 million (535). Compared to the previous year, successfully realized new business was not able to compensate for general restraint shown by consumers and companies, or the effect of weaker foreign currencies to the Swiss Franc.

For the business year 2024, EMS expects the difficult economic environment to continue. Economic development in the main markets Europe and China may remain depressed due to the restrained consumer mood.

Contrary to the general trend, EMS has decided to massively expand technical sales and development worldwide. In a large-scale technical sales offensive, innovative system solutions will be implemented, enabling customers to reduce costs, energy consumption and CO₂ emissions as well as to develop new innovative technologies such as electric cars. As a long-standing development partner to international customers, EMS is in an excellent market position to achieve disproportional growth through innovative new business.

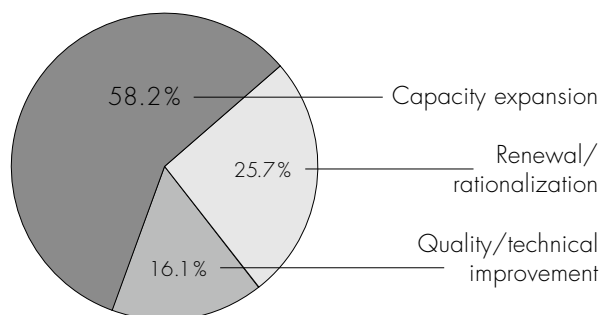
EMS is confident about the future. The announced investment program, with more than CHF 300 million invested in increased capacity and energy efficiency at the main production site in Domat/Ems (Switzerland), is being implemented as planned.

For 2024, EMS expects net sales at the previous year's level and net operating income (EBIT) slightly higher than in the previous year.

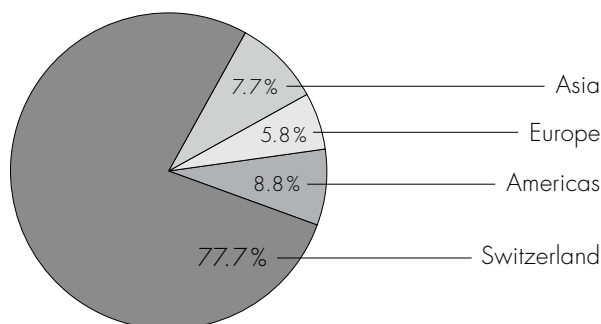
Investments

Investments in 2023 amounted to CHF 49 million (94). The majority of this sum was invested in expanding production capacity.

Investment by purpose



Investment by country and region



Sales by production sites

Switzerland	48.2%
USA	10.3%
Germany	9.6%
China	8.5%
Belgium	5.0%
Japan	4.6%
Czech Republic	3.6%
Mexico	2.9%
Spain	1.2%
India	1.2%
Great Britain	1.2%
Brazil	1.1%
Taiwan	0.8%
Others	1.8%

Sales by customer location

Germany	19.9%
China	16.7%
USA	12.9%
Japan	5.5%
France	5.0%
Italy	4.4%
Mexico	3.9%
Switzerland	2.9%
Czech Republic	2.4%
Spain	2.1%
Poland	2.1%
India	1.9%
Great Britain	1.5%
Brazil	1.5%
South Korea	1.5%
Hungary	1.4%
Austria	1.3%
Sweden	1.3%
Slovakia	1.1%
Taiwan	0.6%
Others	10.1%

Management structure

At the 2023 Annual General Meeting, Bernhard Merki, Magdalena Martullo, Dr Joachim Streu and Rainer Roten were elected to the Board of Directors for a term of office lasting until the next ordinary Annual General Meeting.

Personnel

At the end of December 2023, the EMS Group had a total of 2736 (2693) employees (excluding apprentices). At the end of the year, the EMS Group employed 134 (136) apprentices in Switzerland covering 17 (16) different vocational fields. A total of 36 (37) apprentices successfully completed their professional training during the year under review.

Business areas

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

High Performance Polymers

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

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

In the reporting year 2023, the main area of High Performance Polymers generated net sales amounting to CHF 1,995 million (2,188) with a net operating income (EBIT) of CHF 466 million (548). Innovative products and solutions were launched in the global markets. Development activity remained high and significant capacity increases could be realized.

Specialty Chemicals

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

New specialities were also introduced onto the market in the secondary area of Specialty Chemicals. Net sales amounted to CHF 194 million (254), net operating income to CHF 27 million (63).

CHF millions	2023	2022	2021	2020	2019
Net sales	2 189.0	2 441.9	2 253.8	1 802.3	2 152.7
Change in % against previous year	–10.4%	+8.3%	+25.1%	–16.3%	–7.1%
Change in local currencies	–4.6%	+12.6%	+24.6%	–4.8%	–2.1%
Of which in Switzerland	2.9%	4.0%	3.8%	4.0%	3.7%
Net operating income (EBIT)	492.6	611.1	640.3	515.1	623.7
Change in % against previous year	–19.4%	–4.6%	+24.3%	–17.4%	+0.6%
In % of net sales	22.5%	25.0%	28.4%	28.6%	29.0%
Net financial income	–0.6	–4.5	1.0	–4.4	–3.5
Income taxes	30.7	71.7	88.5	71.1	88.4
Net income	461.2	534.9	552.9	439.7	531.9
Change in % against previous year	–13.8%	–3.3%	+25.8%	–17.3%	+1.8%
In % of net sales	21.1%	21.9%	24.5%	24.4%	24.7%
Cash flow ¹⁾	576.5	365.9	518.3	471.5	552.1
Change in % against previous year	+57.6%	–29.4%	+9.9%	–14.6%	+10.6%
In % of net sales	26.3%	15.0%	23.0%	26.2%	25.6%
Investments	49.4	94.0	79.9	48.3	62.9
In % of cash flow	8.6%	25.7%	15.4%	10.2%	11.4%
Total assets	2 167.2	2 316.0	2 324.7	2 077.5	2 213.3
Assets					
Current assets	1 375.4	1 570.6	1 622.8	1 399.5	1 547.7
Non-current assets	791.7	745.4	701.9	678.0	665.6
Equity and liabilities					
Current liabilities	293.2	373.8	380.2	290.7	351.9
Non-current liabilities	105.3	97.8	116.1	162.6	175.8
Equity ²⁾	1 741.8	1 815.8	1 798.9	1 597.8	1 662.7
Balance sheet equity ratio	80.4%	78.4%	77.4%	76.9%	75.1%
Return on equity	26.3%	29.3%	30.6%	27.2%	31.7%
Number of employees at December 31 ³⁾	2 736	2 693	2 646	2 521	2 648

¹⁾ Cash flow = Cash flow from operating activities.

²⁾ Excluding non-controlling interests.

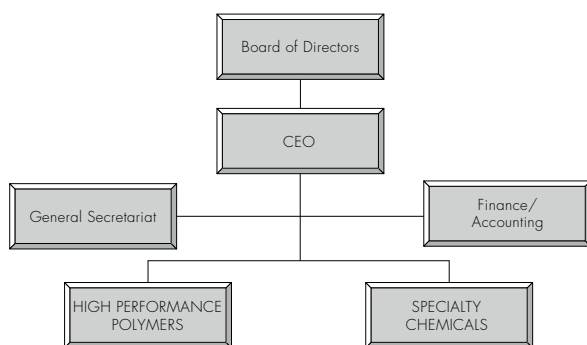
³⁾ Excluding apprentices (2023: 134; 2022: 136; 2021: 134; 2020: 132; 2019: 129).

EMS-CHEMIE HOLDING AG, a holding company by Swiss law, is committed to responsible corporate governance and oversight. The structure and content of this report comply with the SIX Swiss Exchange Directive on Information Relating to Corporate Governance (DCG). Detailed principles and rules are also laid down in the company's Articles of Association at www.ems-group.com/articlesofassociation and in the Organisational Rules of the EMS Group. All data refer to the situation as at December 31, 2023, except where stated otherwise.

1. Group structure and shareholders

1.1 Group structure

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



The companies of the EMS Group are grouped together in the EMS-CHEMIE HOLDING AG, which has its registered office in Domat/Ems, Switzerland. EMS-CHEMIE HOLDING AG is the only listed company within the scope of consolidation. EMS registered shares (EMSN, ISIN: CH0016440353) are listed at the SIX Swiss Exchange. As at December 31, 2023, the market capitalization of EMS amounted to CHF 15 927.9 million. No subsidiaries hold EMS registered shares.

An overview of the unlisted subsidiaries belonging to the consolidated EMS Group can be found in note 31 in the financial section.

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

1.2 Significant shareholders

As of the date of this publication, the following shareholders hold more than 3% of the share capital of EMS-CHEMIE HOLDING AG:

Emesta Holding AG holds 30.41%, Mamira Holding AG holds 30.41% and BAUMI Holding AG holds 10.1% of the share capital of EMS-CHEMIE HOLDING AG.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2. Capital structure

2.1 Capital/

2.2 Authorised and conditional capital in particular

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

2.3 Changes in capital

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

2.4 Shares and participation certificates/ 2.5 Profit sharing certificates

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

2.6 Limitations on transferability and nominee registrations

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

The Board of Directors may decide to register or reject people whose request for registration does

not include an express declaration that they hold the shares on their own account ("Nominees"), and with whom the company has entered into an agreement to this effect, in the register of shareholders with voting rights up to a maximum of 2% of the share capital entered in the commercial register.

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

2.7 Convertible bonds and warrants/options

There are no convertible bonds or warrants/options issued.

3. Board of Directors

3.1 Members of the Board of Directors/

3.2 Other activities and vested interests

Board of Directors

Name	Nationality	Status	Year of birth	First elected in	Term of office exp.
Bernhard Merki	Swiss	Non-executive	1962	August 2014	2024
Magdalena Martullo	Swiss	Executive	1969	August 2001	2024
Dr Joachim Streu	German	Non-executive	1956	August 2013	2024
Rainer Roten	Swiss	Non-executive	1966	August 2023	2024

On December 31, 2023, the Board of Directors of EMS-CHEMIE HOLDING AG consisted of the following four members:

Bernhard Merki (1962, Swiss citizen, Mechanical Engineer HTL) has been voted as the chairman of the Board of Directors of EMS CHEMIE HOLDING AG in August 2020. From, August 2014 to August 2020 he has been non-executive member of the Board of Directors of EMS-CHEMIE HOLDING AG. From 1988 to 2013, he held different management positions within the Netstal Group, Nafels, Switzerland; the last ten years as CEO. From 2014 to 2018, he was CEO of the 4B AG in Hochdorf, Switzerland. From 2003 to 2012, Bernhard Merki served as member of the Executive Committee of the Krauss Maffei AG, Germany, and from 2006 until 2012 as Vice President of the Board of Directors of Netstal-Maschinen AG. From 2005 to 2012, he was President of EUROMAP, the European association for plastics and rubber machinery manufacturers. Since 2010, he has been a member and since 2020 Chairman of the Board of Directors of RONDO Burgdorf AG and of the Seewer Holding AG, Switzerland. Also since 2019, Bernhard Merki has been a member of the Board of Directors of Ferrum AG, Switzerland. Since 2021, he has been Chairman of the Board of Directors of FST Beteili-

gungen AG and Fostag Formenbau AG, Switzerland. Since 2022, Bernhard Merki has been Chairman of the Board of Directors of Georg Utz Holding AG, Switzerland. Since 2023, he has been a member of the Board of Directors of IPZ Property AG, Switzerland and since 2024, a member of the Board of Directors of Forbo Holding AG, Switzerland.

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

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

Dr. Joachim Streu has been non-executive Member of the Board of Directors of EMS-CHEMIE HOLDING AG since August 2013. He worked for BASF from 1984 to 2011 where he held many international responsibilities. From 1987 to 1995, he was active in different positions for the BASF subsidiary *Elastogran GmbH* (thermoplastic polyurethanes and polyurethane systems). From 1995 until 2001, Dr Joachim Streu was Director of BASF Polyurethanes in Brussels. From 1995 until 1998, he was Head of Marketing for the business of polyurethane chemicals worldwide, from 1998 to 2001, Vice President of the Global Business Unit Polyurethane Specialties. From 2001 to 2004, he was Group Vice President of the Global Business Unit Styrene. From 2004 to 2008, he was Head of BASF Management Consulting, and from 2008 to 2010, President of the BASF Division Styrenics. Since 2012 Dr Joachim Streu has worked as an independent corporate consultant.

Rainer Roten has been non-executive Member of the Board of Directors of EMS-CHEMIE HOLDING AG since August 2023. He is 57 years old, a Swiss citizen and has been CEO of TESTEX since 2021. From 2010 to 2020 he was active for Schindler in various executive positions, including President of Schindler China and CEO of Schindler Switzerland. From 2006 to 2009 he was CEO of SSM Schärer Schweiter Mettler in textile engineering. Before this, from 1995 to 2006, he worked for Oerlikon-Bührle/OC-Oerlikon in a series of management positions, latterly as CFO of the Semiconductor Segment.

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

3.3 Number of permitted activities outside the EMS Group

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

3.4 Elections and terms of office

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

Attendance at meetings of the Board of Directors and committees 2023

Name	Function	Attendance at meetings			
		Board of Directors	Audit Committee	Remuneration Committee	Sustainability Committee ²⁾
Bernhard Merki	Chairman	10	8	4	0
Magdalena Martullo	Vice-Chairman and CEO	10			
Dr. Joachim Streu	Member	10	8 ¹⁾	4	0 ¹⁾
Christoph Mäder	Member	8	6	3 ¹⁾	0
Rainer Roten	Member	2	2	1 ¹⁾	0
Total meetings		10	8	4	0
Total duration (hours)		1–9	1–3	1–2	0

¹⁾ Chairman.

²⁾ Constitution of committee in November 2023; first meeting in 2024.

3.5 Internal organisational structure

Duties of the Board of Directors

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

Board committees: Members, tasks, areas of responsibility

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

As of December 31, 2023, the Audit Committee consisted of three non-executive, independent members of the Board of Directors (Dr. Joachim Streu, Chairman, Bernhard Merki, member, Rainer Roten, member). It assesses the effectiveness of external reporting, internal finance and accounting, internal control systems and compliance with accounting principles. The Audit Committee makes recommendations to the entire Board of Directors regarding presentation of individual and consolidated financial statements to the Annual General Meeting. It also assesses the performance and remuneration of the external auditors.

As per December 31, 2023, the Remuneration Committee consisted of three non-executive members of the Board of Directors (Rainer Roten, Chairman, Dr. Joachim Streu, member, Bernhard Merki, member). The Remuneration Committee is concerned with the remuneration policy of the EMS Group (Board of Directors, Executive Management, senior executives). It supports the Board of Directors, in particular in the writing of the Remuneration Report.

As of December 31, 2023, the Sustainability Committee consisted of three non-executive, independent members of the Board of Directors (Dr. Joachim Streu, Chairman, Bernhard Merki, member, Rainer Roten, member). The Sustainability Committee ensures that the business strategy is in line with sustainability principles, assesses processes and the management of ESG risks and makes recommendations to the entire Board of Directors in regards of sustainability advancement.

Working methods of the Board of Directors and its committees

The Board of Directors and its committees meet as frequently as business demands. The Board of Directors conducts a self-evaluation once a year. The Board of Directors held ten meetings in 2023, each lasting between one and nine hours. The Audit Committee held eight meetings, each lasting between one and three hours, while the Remuneration Committee held four meetings, each lasting between one and two hours. The Sustainability Committee was constituted in November 2023; meetings will be held starting in 2024.

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

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

3.6 Definition of areas of responsibility

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

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

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

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

As part of an overall internal audit plan commissioned by the Board of Directors, during the year under review 20 internal audits were conducted by Group Internal Audit, no audit by Group Tax and 5 audits by Group Legal, mainly regarding accounting and compliance topics at Group companies. Group Financial Controlling discusses all audit findings in detail with the companies and Business Units concerned, and the most important measures are agreed on. In the event of disagreement between the auditors and the company audited, the different positions are stated transparently. An audit report is prepared containing the overall audit findings. Members of the Audit Committee, the CEO and the CFO each receive a copy of every internal audit report. Following each audit report, the CEO and CFO present the Audit

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

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

4. Executive Management

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

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

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

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

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

Olivier Minger (1975, Swiss citizen, Certified Expert in Accounting & Controlling, Executive MBA, Lucerne University of Applied Sciences and Arts) joined the EMS Group on October 1, 2023 as a Member of Executive Management and Chief Financial Officer (CFO). From 2009 to 20016, he worked as CFO at Fresenius Kabi (Schweiz) AG. He then assumed responsibility as CFO at ASSEPRO AG from 2017 to 2019. His last position was CFO of Perlen Packaging AG (CPH-Group).

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

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

4.3 Number of permitted activities outside the EMS Group

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

4.4 Management contracts

No management contracts with third parties exist.

5. Remuneration, shareholdings and loans

Details about remuneration, participation and loans are given in the Remuneration Report on

pages 17 and 18, resp. in the appendix to the annual financial statement of the EMS-CHEMIE HOLDING AG in note 3.2.

6. Shareholders' participation

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

6.1 Voting rights and representation restrictions

Votingright restrictions apply solely to nominees. No rules exist governing the granting of exceptions.

A registered shareholder may be represented at the Annual General Meeting by a representative of its choice. The Independent Proxy is elected by the Annual General Meeting for a term of office lasting until the next ordinary Annual General Meeting; reelection is permissible. Shares held by the company do not confer voting rights at the Annual General Meeting and do not bear a dividend.

6.2 Statutory quorums

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

6.3 Convocation of the General Meeting of Shareholders

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

6.4 Agenda

One or more shareholders representing together 0.5% or more of the company's shares or voting rights may request that a particular item be added to the agenda.

A request to add an item to the agenda must be submitted in writing at least 40 days in advance of the Annual General Meeting, specifying the subject to be discussed and containing the proposed motions.

6.5 Inscriptions into the share register

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

7. Changes in control and defence measures

7.1 Duty to make an offer

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

7.2 Clauses on change of control

There are no clauses relating to change of control.

8. Auditors

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

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

8.2 Audit fees

The EMS Group paid BDO a global total of CHF 655 000 for services relating to the audit of the Group's annual financial statements.

8.3 Additional fees

BDO invoiced additional services worth CHF 10 000 in 2023.

8.4 Information tools pertaining to the external audit

The Audit Committee monitors the independence and performance of the independent statutory auditor on behalf of the Board of Directors and verifies the financial reporting of EMS (regarding the meetings held see section 3.5, pages 10 and 11). The independent statutory auditor was invited to attend one meeting of the Audit Committee. Executive Management is responsible for financial accounting and continuous financial reporting, including the internal control system. The independent statutory auditor, BDO AG, is responsible for giving an opinion on whether the accounting records and the annual financial statements comply with Swiss law and the company's Articles of Association. BDO AG is responsible for providing an assessment of the consolidated financial statements (income statement, statement of comprehensive income, balance sheet, changes in equity, statement of cash flows and notes), in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and with Swiss law. The Audit Committee is also responsible for monitoring the relevant activities of Executive Management and the independent statutory auditor.

9. Blackout periods

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

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

- Annual Results of the EMS Group: December 10, every year until publication of the corresponding media information.
- First-Quarter Report (Jan. to March): March 15, every year until publication of the corresponding media information.
- Half-Year Results: June 15, every year until publication of the corresponding media information.

Sustainability Report

(non-financial report)

- Third-Quarter Report (Jan. to Sept.): September 15, every year until publication of the corresponding media information.

10. Information policy

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

Calendar of events of the EMS Group

July 12, 2024:	Key figures Half-Year Results 2024 (provisional) (Media conference)
August 10, 2024:	Annual General Meeting 2024 of EMS-CHEMIE HOLDING AG
End of Aug. 2024:	Definitive Half-Year Results and Report 2024
October 2024:	Third-Quarter Report 2024
February 2025:	Key figures Annual Results 2024 (Media conference)
April 2025:	First-Quarter Report 2025

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

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

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

If you have any further enquiries, please contact:
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The separately published Sustainability Report constitutes the report on non-financial matters within the meaning of Art. 964a ff. of the Swiss Code of Obligations. The Sustainability Report is reviewed and approved by the Board of Directors of EMS-CHEMIE HOLDING AG. It is also submitted to the Annual General Meeting for approval.

The non-financial matters pursuant to Art. 964b of the Swiss Code of Obligations are detailed in the following sections:

Business model

Sustainability Report	Pages 4 and 16–18
Annual Report	Page 6

Environmental matters

Sustainability Report	Pages 11–15, 16–18 and 19–21 GRI Content Index 301, 302, 303, 305, 306
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Social issues

Sustainability Report	Pages 9–11
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Employee-related issues

Sustainability Report	Pages 9–11 and 22 GRI Content Index 401, 403, 404, 405, 406, 407
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Respect for human rights

Sustainability Report	Pages 5–6 GRI Content Index 408, 409
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Combating corruption

Sustainability Report	Page 7 GRI Content Index 205
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Remuneration system, competence and method of determining

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

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

The remuneration sum is defined by the Board of Directors at the proposal of the Remuneration Committee and after consultation with the CEO. Variable remuneration components are paid in May of the following year. According to the current contracts, members of the Board of Directors only receive a fixed remuneration. In the reporting year, the variable remuneration component of members of Executive Management amounts on average to 32 % of the total remuneration sum (2022/2023: 36%).

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

The following remuneration was paid in the reporting year (1.5.2023–30.4.2024):

		2023/2024 (CHF '000)	2022/2023 (CHF '000)
Board of Directors	Function	Remuneration	
B. Merki	Chairman	242	242
M. Martullo	Vice-Chairman and CEO	236	236
Dr J. Streu	Member	135	135
Ch. Mäder	Member, until 12.8.2023	107	151
R. Roten	Member, since 12.8.2023	43	0
Total Board of Directors		764	764
Executive Management			
Total remuneration paid to the Executive Management was Of this, KCHF 999 (2022/2023: KCHF 1 121) was variable remuneration components. The highest remuneration for a member of Executive Management in the reporting year was KCHF 997 (2022/2023: KCHF 1 049) and of this, KCHF 471 (2022/2023: KCHF 523) as variable remuneration component, paid to M. Martullo, independent of her remuneration as Member of the Board of Directors.		3 155	3 109
Total remuneration paid to the Board of Directors and Executive Management was The remuneration is paid exclusively in cash. EMS has no stock option program.		3 919	3 873
Advisory board	There is no advisory board.		

No remuneration was paid to former members of the Board of Directors or Executive Management in connection with any earlier function within the company. Furthermore, all remuneration for current or former members of the Board of Directors, Executive Management and related parties was paid based on standard market terms. During the year, the personal composition of the Executive Board changed.

The shareholdings and options (Art. 734d Swiss Code of Obligations) are disclosed in the Financial Statements of the EMS-CHEMIE HOLDING AG under section 3.2.

Remuneration Report

Voting of the Annual General Meeting on remuneration

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

Credit facilities

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

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

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

Proposals to the Annual General Meeting 2024: Approval of the remuneration 2023/2024

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

Total sum of remuneration to Executive Management to be approved: KCHF 3155.

Report of the Statutory Auditor on the Remuneration Report

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

Report on the audit of the remuneration report according to article 734a to 734f CO

Opinion

We have audited the remuneration report of EMS-CHEMIE HOLDING AG (the Company) for the year ended April 30, 2024. The audit was limited to the information pursuant to article 734a to 734f of the Swiss Code of Obligations (CO) in the tables marked "audited by the statutory auditors" on page 17 of the remuneration report.

In our opinion, the information pursuant to article 734a to 734f CO in the remuneration report (pages 17 to 18) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited by the statutory auditor" in the remuneration report, the consolidated financial statements, the standalone financial statements and our auditor's reports thereon.

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

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

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

Responsibilities of the Board of Directors for the remuneration report

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

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a to 734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

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

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

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

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

Zurich, July 10, 2024

BDO Ltd



Christoph Tschumi
Auditor in charge
Licensed Audit Expert



p.p. Andreas Kern
Licensed Audit Expert

Consolidated Income Statement

	Notes	2023 (CHF '000)	2022 (CHF '000)
Net sales		2 188 967	2 441 909
Inventory changes, semi-finished and finished goods		(103 797)	132 963
Capitalized costs and other operating income	1	24 011	33 178
Material expenses		(1 207 736)	(1 581 670)
Personnel expenses	2	(236 881)	(246 369)
Other operating expenses	3	(122 388)	(118 517)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)		542 176	661 494
Depreciation and amortization	8	(49 625)	(50 424)
NET OPERATING INCOME (EBIT)		492 551	611 070
Financial income	5	5 160	905
Financial expenses	6	(5 778)	(5 426)
NET INCOME BEFORE TAXES		491 933	606 549
Income taxes	7	(30 730)	(71 694)
NET INCOME		461 203	534 855
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		457 578	532 100
Non-controlling interests	20	3 625	2 755
Earnings per share in CHF:			
Basic	18	19.56	22.75
Diluted	18	19.56	22.75

Consolidated Statement of Comprehensive Income

Net income		461 203	534 855
Actuarial gains from defined benefit pension plans, net of tax		(3 012)	812
Items that will not be reclassified to income statement, net of tax		(3 012)	812
Net changes from cash flow hedges, net of tax	15	(14 158)	4 228
Currency translation differences		(49 757)	(31 022)
Items that are or may be reclassified to profit or loss		(63 915)	(26 794)
Other comprehensive income		(66 927)	(25 982)
COMPREHENSIVE INCOME		394 276	508 873
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		393 811	508 011
Non-controlling interests	20	465	862

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

EMS Group
Annual Report 2023/2024

	Notes	31.12.2023 (CHF '000)	31.12.2022 (CHF '000)
NON-CURRENT ASSETS		791 738	745 409
Intangible assets	8	57 122	58 791
Property, plant and equipment	8	600 188	607 526
Rights of use of leased assets	8	10 270	13 177
Investments		215	188
Other non-current assets	9	29 775	35 372
Other non-current financial instruments	10	1 300	8 676
Deferred income tax assets	7	92 868	21 679
CURRENT ASSETS		1 375 414	1 570 591
Inventories	11	493 891	677 734
Trade receivables	12	297 026	333 078
Income tax assets		7 143	8 460
Other current assets	13	91 744	170 770
Derivative and other financial assets	14, 15	221 227	131 984
Cash and cash equivalents	16	264 383	248 565
TOTAL ASSETS		2 167 152	2 316 000
EQUITY		1 768 587	1 844 389
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 741 818	1 815 788
Share capital	17	234	234
Retained earnings and reserves		1 741 584	1 815 554
Equity, attributable to non-controlling interests	20	26 769	28 601
LIABILITIES		398 565	471 611
Non-current liabilities		105 320	97 821
Non-current financial liabilities	21	4 655	8 904
Deferred income tax liabilities	7	85 083	72 388
Employee benefit liability	22	8 976	9 659
Non-current derivative financial instruments	15	0	24
Provisions	23	6 606	6 846
Current liabilities		293 245	373 790
Current derivative financial instruments	15	0	11
Current financial liabilities	21	27 682	4 620
Trade payables		95 744	131 556
Income tax liabilities		87 653	98 594
Provisions	23	3 766	1 694
Other current liabilities	24	78 400	137 315
TOTAL EQUITY AND LIABILITIES		2 167 152	2 316 000

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(CHF '000)	Share capital	Capital reserves	Retained earnings	Hedging reserves	Translation differences	Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	Equity, attributable to non-controlling interests	Equity
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			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
Net changes from cash flow hedges				(14 158)		(14 158)		(14 158)
Actuarial gains from defined benefit pension plans			(3 012)			(3 012)		(3 012)
Currency translation differences					(46 597)	(46 597)	(3 160)	(49 757)
Other comprehensive income			(3 012)	(14 158)	(46 597)	(63 767)	(3 160)	(66 927)
Net income			457 578			457 578	3 625	461 203
Comprehensive income	0	0	454 566	(14 158)	(46 597)	393 811	465	394 276
Dividends paid			(467 781)			(467 781)	(2 297)	(470 078)
At 31.12. 2023	234	25 676	1 922 366	18 457	(224 915)	1 741 818	26 769	1 768 587

	2023	2022
Equity attributable to shareholders of EMS-CHEMIE HOLDING AG, in % of total assets	80.4 %	78.4 %

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2022: KCHF 47) not eligible for distribution. On February 9, 2024, the company announced that the Board of Directors will propose a dividend payment of CHF 16.00 per each share to the ordinary annual shareholder meeting on August 10, 2024 (CHF 12.75 ordinary dividend, CHF 3.25 extraordinary dividend).

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

Consolidated Statement of Cash Flows

EMS Group
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	Notes	2023 (CHF '000)	2022 (CHF '000)
Net income		461 203	534 855
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right of use of leased assets	8	49 625	50 424
Loss from disposal of property, plant and equipment, net	3	555	95
Increase/(decrease) of provisions	23	2 158	(12 485)
Unrealized currency translation (gains)/losses on foreign exchange positions		9 177	10 337
Change assets and liabilities of post-employment benefits, net	22	(3 936)	(2 872)
Net interest income	5, 6	(4 304)	(136)
Expenses for income taxes	7	30 730	71 694
Changes in net working capital		129 362	(210 390)
Taxes paid		(97 253)	(74 429)
Interest paid		(801)	(752)
Provisions used	23	(47)	(448)
CASH FLOW FROM OPERATING ACTIVITIES		576 469	365 893
Purchase of intangible assets and property, plant and equipment	8	(49 390)	(93 966)
Disposal of intangible assets and property, plant and equipment	8	480	458
Decrease in other non-current assets	9	128	166
Interest received		2 414	834
Paid withholding taxes	13	0	(236 694)
Received withholding taxes	13	42 749	710 082
Investments of current financial assets	14	(98 150)	(105 177)
CASH FLOW FROM INVESTING ACTIVITIES		(101 769)	275 703
Dividends paid to shareholders of EMS-CHEMIE HOLDING AG		(467 781)	(491 170)
Dividends paid to non-controlling interests	20	(2 297)	(1 641)
Repayment of leasing liabilities	21	(4 407)	(4 736)
Proceeds from bank loans	21	23 249	0
Repayment of bank loans	21	0	(2 944)
CASH FLOW FROM FINANCING ACTIVITIES		(451 236)	(500 491)
Increase/(decrease) in cash and cash equivalents		23 464	141 105
Cash and cash equivalents at 1. 1.		248 565	110 595
Translation difference on cash and cash equivalents		(7 646)	(3 135)
Cash and cash equivalents at 31.12.	16	264 383	248 565

Reference numbers indicate corresponding 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 reporting date and revenues and expenses during the reporting period. 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 23.

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 22.

Taxes

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

Inventories

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 2023, 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, except for the changes described above. Due to changed disclosure definitions in the notes, prior year figures have been reallocated where necessary.

Scope of consolidation

The scope of consolidation includes all companies in and outside Switzerland which are controlled – directly or indirectly – by EMS-CHEMIE HOLDING AG, either by holding more than 50% of the voting rights or by contracts or other agreements (see note 31 "List of subsidiaries"). The equity method of accounting is applied in the case of associated companies that are not directly or indirectly controlled by EMS-CHEMIE HOLDING AG (shareholding normally between 20% and 50% of voting rights).

Method of consolidation

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

Notes to the Consolidated Financial Statements

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 amortization and impairment. Amortization is done on a straight-line basis over its limited, economic life which is 7 years for customer relationships and 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 inter-

ests, a choice exists per transaction. The non-controlling interest can either be measured at fair value at the acquisition date or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is subject to an annual impairment test.

Property, plant and equipment

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

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

Depreciation periods are as follows:

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

Investments

Shares in associated companies are included using the equity method. 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 realizable 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

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

Cash and cash equivalents

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

Other current financial assets

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

Impairments for other current financial assets are recognized in financial income/expenses when at the balance sheet date a significant increase in the

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

Derivative financial instruments

Initial (at trade date) and subsequent measurement of all derivative financial instruments is done at fair value excluding transaction costs. Changes in fair value are shown within the financial income.

Financial liabilities

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

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

Payables, other liabilities

This item consists of mainly short-term trade payables, other payables, accrued expenses, prepayments from customers and deferred income. Valuation is at amortized cost.

Provisions

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

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

Employee benefits

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

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

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

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

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

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

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

Remeasurements comprise:

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

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

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

Hedge accounting

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

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

Net sales

Invoicing for goods and services is recognized as sales at the point in time when the control over the goods is transferred to the customer. The performance obligations primarily consist of the delivery of manufactured products (polymers) to the agreed specifications depending on contractual terms.

In the EMS Group more than 90% of the net sales are recognized according to the following five international commercial terms: 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 is recognized over time, which is related to rendered services in regards to the project business (long-term construction contracts) in the segment High Performance Polymers.

Research and development costs

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

Impairment

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

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

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

Fair values

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

Foreign currencies

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

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

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

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

Notes to the Consolidated Financial Statements

The most important exchange rates are:

	Unit	Average exchange rates		Year-end exchange rates		
		2023	2022	2023	2022	
Euro	EUR	1	0.972	1.005	0.934	0.986
US dollar	USD	1	0.899	0.955	0.845	0.925
Japanese yen	JPY	100	0.641	0.730	0.598	0.701
Chinese renminbi	CNY	100	12.692	14.199	11.860	13.260
Taiwan dollar	TWD	100	2.886	3.208	2.743	3.008

Income taxes

Current income taxes are calculated on the taxable profit.

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

Earnings per share

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

Segment reporting

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

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

Financial risk management

General

Risk management constitutes an integral part of planning and reporting activities at the EMS Group. At Executive Management and Business Unit level, risks are identified annually as part of medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the risk level and probability of its occurrence. In the course of planning discussions, the CEO and CFO report to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them. The policy for 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 based on the equity ratio (equity excluding non-controlling interests/total assets). The balance sheet equity ratio is 80.4% as at December 31, 2023 (December 31, 2022: 78.4%). 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.

Notes to the Consolidated Financial Statements

Segment information by business area

(CHF '000)	High Performance Polymers		Specialty Chemicals		Total	
	2023	2022	2023	2022	2023	2022
Net sales recognized at a point in time	1 968 666	2 177 160	193 656	254 231	2 162 322	2 431 391
Revenue recognized over time	26 645	10 518	0	0	26 645	10 518
Net sales	1 995 311	2 187 678	193 656	254 231	2 188 967	2 441 909
Earnings before interest, tax, depreciation and amortization (EBITDA)	510 567	593 151	31 609	68 343	542 176	661 494
Depreciation and amortization	44 553	45 474	5 072	4 950	49 625	50 424
Net operating income (EBIT)	466 014	547 677	26 537	63 393	492 551	611 070
Net financial income					(618)	(4 521)
Net income before taxes					491 933	606 549
Income taxes					(30 730)	(71 694)
Net income					461 203	534 855

Invoicing and cost attribution between segments are subject to the same conditions as with third parties. No net sales exist between the segments.

(CHF '000)	High Performance Polymers		Specialty Chemicals		Non-segment assets/liabilities		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment assets ¹⁾	1 357 777	1 696 796	345 317	370 639	464 058	248 565	2 167 152	2 316 000
Segment liabilities ²⁾	338 084	419 552	38 370	51 446	22 111	613	398 565	471 611
Investments	46 547	92 253	2 843	1 713			49 390	93 966

Segment information by geographical region

(CHF '000)	Net sales by customers		Net sales by production site		Segment assets ¹⁾	
	2023	2022	2023	2022	2023	2022
Europe	1 130 842	1 301 894	1 534 457	1 795 619	1 244 741	1 536 659
<i>thereof Switzerland</i>	63 644	97 793	1 054 518	1 306 090	1 040 615	1 263 351
<i>thereof Germany</i>	434 655	497 806	209 776	239 679	94 110	129 355
Asia	608 806	670 399	335 827	343 556	293 002	325 152
<i>thereof China</i>	366 386	380 689	185 640	180 548	184 518	210 791
Americas	427 382	446 476	318 683	302 734	165 351	205 624
<i>thereof USA</i>	282 559	308 492	226 050	216 407	114 517	145 577
Other	21 937	23 140	0	0	0	0
Non-segment assets					464 058	248 565
Total	2 188 967	2 441 909	2 188 967	2 441 909	2 167 152	2 316 000

Major customers

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

¹⁾ Segment assets of business areas: assets without cash and cash equivalents, fixed deposits in other current and non-current financial assets and investments in associated companies.

²⁾ Segment liabilities of business areas: liabilities without current and non-current bank loans.

Notes	2023 (CHF '000)	2022 (CHF '000)
1 Capitalized costs and other operating income		
Capitalized costs	11 315	18 706
Other operating income	12 696	14 472
Total capitalized costs and other operating income	24 011	33 178
2 Personnel expenses		
Wages and salaries	186 406	188 406
Subcontractor salaries	9 370	18 959
Expenses for defined benefit plans (see note 22)	5 666	7 831
Legal/contractual social insurance	27 932	23 490
Other personnel expenses	7 507	7 683
Total personnel expenses	236 881	246 369
3 Other operating expenses		
Rents	3 519	2 600
Leasing	2 149	2 148
Repairs and maintenance	31 193	35 610
Insurance, duties, fees	5 629	5 828
Energy	40 976	42 978
Administration, promotion	24 420	21 983
Losses on disposal of property, plant and equipment, net	555	95
Supplies	7 251	1 190
Other operating expenses	6 696	6 085
Total other operating expenses	122 388	118 517
4 Research and development		
Expenditures for research and development	46 162	46 646
In percent of net sales	2.1%	1.9%
5 Financial income		
Interest income on bank accounts	2 774	851
Interest income on money market	2 386	54
Total financial income	5 160	905

Notes to the Consolidated Financial Statements

Notes	2023 (CHF '000)	2022 (CHF '000)
6 Financial expenses		
Interest expenses	689	563
Interest on lease liabilities	112	189
Foreign exchange losses, net	4014	3997
Bank charges and commissions	963	677
Total financial expenses	5778	5426
7 Income taxes		
Current income taxes actual year	84347	77248
Current income taxes previous years	2993	1928
Deferred income taxes	(56610)	(7482)
Total income taxes	30730	71694

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

(CHF '000)	Amount before taxes	Taxes	2023 Amount after taxes	Amount before taxes	Taxes	2022 Amount after taxes
Actuarial gains from defined benefit pension plans	(3535)	523	(3012)	981	(169)	812
Cash flow hedges	(16161)	2003	(14158)	4826	(598)	4228
Currency translation differences on subsidiaries in foreign countries	(49757)	0	(49757)	(31021)	0	(31021)
Comprehensive income	(69453)	2526	(66927)	(25214)	(767)	(25981)

Reconciliation of income taxes

Net income before taxes	491933	606549
Expected income tax rate	14.7%	15.0%
Expected income taxes	72500	91031
Utilization of previously unrecognized tax losses	(699)	(658)
Tax exemption	(72103)	(25362)
Expenses not being deductible for tax purposes	23063	19
Taxes from previous years	2993	1928
Impact of changed deferred income tax rates	0	40
Withholding tax on dividends and other	4976	4696
Effective income taxes	30730	71694
Effective income tax rate	6.2%	11.8%

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

Notes	2023 (CHF '000)	2022 (CHF '000)
Deferred income taxes: Change in recognized assets/liabilities		
At 1. 1.	(50 709)	(57 481)
Increase/decrease via income statement	56 610	7 053
Increase/decrease via other comprehensive income/equity	2 526	(767)
Translation differences	(642)	486
At 31. 12.	7 785	(50 709)

Deferred income taxes by balance sheet category

	Deferred income tax assets	Deferred income tax liabilities	Deferred income tax assets	Deferred income tax liabilities
Deferred income taxes on non-current assets	80 508	71 656	11 100	60 732
Deferred income taxes on current assets	5 776	6 075	5 814	8 633
Deferred income taxes on liabilities	0	2 005	0	2 871
Deferred income taxes on pension liabilities	78	0	0	63
Deferred income taxes on provisions and accruals	6 506	5 347	4 765	89
Total deferred income tax liabilities	92 868	85 083	21 679	72 388

Deferred income taxes on non-current assets affect mainly property, plant and equipment, on current assets inventories and receivables. As at December 31, 2023, differences of KCHF 240 382 (2022: KCHF 16 647) 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 differences and does not expect them to be realized in the near future.

Tax loss carryforwards

	Tax loss carryforwards	Tax effect	Tax loss carryforwards	Tax effect
Total tax loss carryforwards	2 527	678	5 079	1 478
Tax loss carryforwards for which no deferred income taxes were recognized	2 527	678	5 079	1 478
Expiry of tax loss carryforwards				
1 year	180	45	241	60
2 years	266	57	161	36
3 years	956	206	2 694	824
4 years	993	337	1 951	550
5 years	132	33	32	8
More than 5 years	0	0	0	0

As per January 1, 2024, in Switzerland and in other countries where EMS Group is operating, the rules of Pillar II-law (OECD minimum tax) have become effective. EMS Group must apply these laws and is currently analyzing implications on the Group.

EMS Group applies the IFRS Accounting Standards exception to recognize or disclose information about deferred tax assets and deferred tax liabilities related to countries that have enacted tax legislation in accordance with Pillar II at the time of actual emergence only.

Notes

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

I. Intangible assets

(CHF '000)	Goodwill	Customer and supplier relationships	Other	Total
Cost	49 979	46 786	33 277	130 042
Accumulated amortization and impairment	0	(46 786)	(23 128)	(69 914)
Net book value 1.1.2022	49 979	0	10 149	60 128
Additions	0	0	75	75
Disposals	0	0	0	0
Amortization	0	0	(1 505)	(1 505)
Reclassifications	0	0	103	103
Translation differences	89	0	(99)	(10)
At 31.12.2022	50 068	0	8 723	58 791
Cost	50 068	46 786	35 110	131 964
Accumulated amortization and impairment	0	(46 786)	(26 387)	(73 173)
Net book value 31.12.2022	50 068	0	8 723	58 791
Additions	0	0	99	99
Disposals	0	0	0	0
Amortization	0	0	(1 458)	(1 458)
Reclassifications	0	0	536	536
Translation differences	(699)	0	(147)	(846)
At 31.12.2023	49 369	0	7 753	57 122
Cost	49 369	0	34 170	83 539
Accumulated amortization and impairment	0	0	(26 417)	(26 417)
Net book value 31.12.2023	49 369	0	7 753	57 122

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

Impairment test for goodwill:

The cash-generating unit for the impairment test of the total goodwill of KCHF 49 369 (2022: TCHF 50 068) is the Business Unit EMS-EFTEC of 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% (2022: 2.0%).
- The discount rate before taxes WACC is 8.2% (2022: 14.9%).

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

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

Notes

II. Property, plant and equipment

(CHF '000)	Land incl. development cost	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Under construction	Total
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 1.1.2022	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)
Reclassifications	0	11 978	20 418	5 714	(38 191)	(81)
Translation differences	(496)	(1 958)	(2 241)	(415)	(1 176)	(6 286)
At 31.12.2022	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 31.12.2022	22 077	134 945	307 243	18 022	125 239	607 526
Additions	0	250	3 439	2 144	43 458	49 291
Disposals	0	(191)	(573)	(191)	(80)	(1 035)
Depreciation	(86)	(6 859)	(33 645)	(4 171)	0	(44 761)
Reclassifications	0	13 798	93 066	4 541	(111 405)	0
Translation differences	(774)	(3 515)	(4 806)	(761)	(977)	(10 833)
At 31.12.2023	21 217	138 428	364 724	19 584	56 235	600 188
Cost	23 753	364 623	1 154 342	68 720	56 235	1 667 673
Accumulated depreciation and impairment	(2 536)	(226 195)	(789 618)	(49 136)	0	(1 067 485)
Net book value 31.12.2023	21 217	138 428	364 724	19 584	56 235	600 188

Notes

III. Rights-of-use of leased assets

(CHF '000)	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Total
Cost	22 131	360	6 598	29 089
Accumulated depreciation and impairment	(10 233)	(276)	(2 442)	(12 951)
Net book value 1.1.2022	11 898	84	4 156	16 138
Additions	1 220	0	574	1 794
Reclassifications	(706)	0	706	0
Depreciation	(3 327)	(74)	(1 354)	(4 755)
At 31.12.2022	9 085	10	4 082	13 177
Cost	21 683	49	7 540	29 271
Accumulated depreciation and impairment	(12 598)	(40)	(3 458)	(16 096)
Net book value 31.12.2022	9 085	9	4 082	13 177
Additions	0	0	498	498
Depreciation	(2 382)	(53)	(970)	(3 405)
At 31.12.2023	6 703	(44)	3 610	10 270
Cost	21 683	49	8 038	29 770
Accumulated depreciation and impairment	(14 980)	(93)	(4 428)	(19 501)
Net book value 31.12.2023	6 703	(44)	3 610	10 270

	2023 (CHF '000)	2022 (CHF '000)
9 Other non-current assets		
Other non-current assets	25 581	30 780
Assets from employee benefits (see note 22)	4 194	4 592
Total other non-current assets	29 775	35 372
Other non-current assets mainly comprise prepayment to third parties.		
10 Other non-current financial instruments		
Derivative financial instruments	298	7 517
Non-current interest-bearing financial assets	1 002	1 159
Total other non-current financial instruments	1 300	8 676

Notes	2023 (CHF '000)	2022 (CHF '000)
11 Inventories		
Raw materials and supplies	223 100	264 701
Semi-finished goods, work in progress	5 684	9 358
Finished products	284 609	420 526
Value adjustments	(19 502)	(16 851)
Total inventories	493 891	677 734
12 Trade receivables		
Trade receivables from third parties	300 597	336 310
Allowances for doubtful receivables	(3 571)	(3 232)
Total trade receivables	297 026	333 078

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.

Due dates of trade receivables and allowance matrix

(CHF '000)	Default rate in %	2023		2022	
		Gross value	Allowance	Gross value	Allowance
Not due	1 %	270 546	(1 814)	312 911	(2 108)
Overdue <30 days	3 %	20 551	(617)	21 434	(643)
Overdue 30 to 60 days	5 %	7 261	(363)	1 045	(52)
Overdue 60 to 90 days	15 %	1 356	(203)	339	(51)
Overdue >90 days	65 %	883	(574)	581	(378)
Total		300 597	(3 571)	336 310	(3 232)

Change in allowances of trade receivables

(CHF '000)	2023	2022
At 1.1.	3 232	3 517
Increase in allowances	2 507	1 574
Decrease in allowances	(1 586)	(1 514)
Of which, used/impairments	(106)	(160)
Of which, released	(1 480)	(1 354)
Translation differences	(582)	(345)
At 31.12.	3 571	3 232

13 Other current assets

Withholding tax receivables	5 894	49 366
Prepayments and accrued income	15 314	32 057
Contract assets	28 062	27 784
Other receivables	42 474	61 563
Total other current assets	91 744	170 770

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

Notes to the Consolidated Financial Statements

Notes		2023 (CHF '000)	2022 (CHF '000)
14	Derivative and other financial assets		
	Derivative financial instruments	20 369	29 276
	Other current financial assets	200 858	102 708
	Total derivatives and other financial assets	221 227	131 984
15	Derivative financial instruments effective for hedge accounting purposes		
	Forward rate agreements		
	EUR/CHF		
	Notional amount	275 858	352 223
	Positive replacement value	7 336	17 723
	Negative replacement value	0	0
	USD/CHF		
	Notional amount	96 421	224 317
	Positive replacement value	11 065	9 751
	Negative replacement value	0	0
	CNY/CHF		
	Notional amount	0	96 422
	Positive replacement value	0	6 313
	Negative replacement value	0	0
	CZK/EUR		
	Notional amount	43 891	47 527
	Positive replacement value	2 127	3 006
	Negative replacement value	0	0
	JPY/CHF		
	Notional amount	1 021	1 527
	Positive replacement value	140	0
	Negative replacement value	0	34
	Total		
	Notional amount	417 192	722 016
	Positive replacement value	20 667	36 793
	Negative replacement value	0	34
	Current portion (<12 months)		
	Notional amount	396 933	592 898
	Positive replacement value	20 369	29 276
	Negative replacement value	0	10
	Non-current portion (1–5 years)		
	Notional amount	20 259	129 118
	Positive replacement value	298	7 517
	Negative replacement value	0	24

The EMS Group uses a combination of derivative financial instruments and forward exchange transactions to hedge foreign exchange risk. Derivative financial instruments were closed for hedge purposes. The notional amounts of the previous year were adjusted. Forwards are settled to hedge cash flows resulting of expected future sales in EUR, USD and CNY and expected future purchases in JPY. These transactions are highly realistic and contain approx. 64% of the total expected sales in EUR, approx. 61% of the sales in USD and approx. 0% 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 fluctuation of exchange rates.

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

Notes	2023 (CHF '000)	2022 (CHF '000)
Net changes from cash flow hedges in equity, after taxes		
At 1.1.	32 615	28 387
Transfer to consolidated income statement	0	3 023
Fair value adjustments	(16 161)	1 803
Income taxes recognized directly in equity	2 003	(598)
Total net changes from cash flow hedges in equity, after taxes	(14 158)	4 228
At 31.12.	18 457	32 615
16 Cash and cash equivalents		
Bank deposits	264 316	248 507
Cash	67	58
Total cash and cash equivalents	264 383	248 565

17 Share capital

	Par value (CHF)	Number of issued registered shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 31.12. 2021	0.01	23 389 028	23 389 028	234
Purchase of treasury shares		–	–	–
Sale of treasury shares		–	–	–
At 31.12. 2022	0.01	23 389 028	23 389 028	234
Purchase of treasury shares		–	–	–
Sale of treasury shares		–	–	–
At 31.12. 2023	0.01	23 389 028	23 389 028	234

18 Earnings per share (EPS)

Earnings per share are calculated by dividing the net income attributable to the shareholders of EMS-CHEMIE HOLDING AG by the weighted average number of shares outstanding (excluding treasury shares). Diluted earnings per share factor in any potential dilution which may be caused by the exercising of warrant and conversion rights on outstanding bond issues.

Basic earnings per share

Weighted average of registered shares outstanding	23 389 028	23 389 028
Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG (CHF '000)	457 578	532 100
Basic earnings per share (CHF)	19.56	22.75

There is no earnings dilution; diluted earnings per share correspond to basic earnings per share.

Notes to the Consolidated Financial Statements

Notes	2023 (CHF '000)	2022 (CHF '000)
19 Significant shareholders	Ownership	Ownership
Emesta Holding AG, Freienbach, 14 224 143 registered shares (2022: 14 224 143)	60.82 %	60.82 %
BAUMI Holding AG, Freienbach, 2 363 000 registered shares (2022: 2 363 000)	10.10 %	10.10 %

20 Non-controlling interests

Share of non-controlling interest in capital and in the net income. For subsidiaries with non-controlling ownership see the "List of subsidiaries at 31.12.2023" (note 31).

The change in non-controlling interests is as follows:

At 1. 1.	28 601	29 380
Dividends paid	(2 297)	(1 641)
Net income	3 625	2 755
Translation differences	(3 160)	(1 893)
At 31.12.	26 769	28 601

21 Financial liabilities

Non-current financial liabilities:		
Lease liabilities	4 655	8 869
Bank loan 1 %, in JPY, due 30.4.2024	0	35
Total non-current financial liabilities	4 655	8 904
Current financial liabilities:		
Lease liabilities	5 927	4 620
Bank loan 1 %, in JPY, due 30.4.2024	30	0
Bank loan 3.2 %, in CNY, due 14.9.2024–13.12.2024	21 725	0
Total current financial liabilities	27 682	4 620

Change of current financial liabilities

At 1. 1.	4 620	7 493
Repayment of bank loan	0	(2 939)
Repayment of lease liability	(4 407)	(4 739)
Proceeds from bank loan	21 339	0
Proceeds from lease liability	1 910	1 796
Reclassification bank loan	35	0
Reclassification lease liability	4 369	3 009
Translation differences	(184)	0
At 31.12.	27 682	4 620

Notes	2023 (CHF '000)	2022 (CHF '000)
Lease liabilities		
At 1. 1.	13 489	16 432
Additions	1 910	1 796
Interest	112	189
Payments	(4 407)	(4 928)
Translation differences	(522)	0
At 31. 12.	10 582	13 489
Current portion	5 927	4 620
Non-current portion	4 655	8 869

22 Employee benefit liability

Description of Swiss defined benefit pension plans:

All Swiss group entities have their individual, legally independent pension funds. The board of trustees of each pension fund is the body charged with governance and comprises an equal number of employee and employer representatives. The board of the pension fund is required by law and by regulations of the pension fund to act in the best interest of the pension fund and its beneficiaries. Resolutions must be passed on a basis of parity. The board is responsible for the determination of any adjustments to be made to the pension regulations as well as for determining the funding requirements of the plan. The funding requirements are subject to the legal minimum requirements of the Swiss Federal Law on Occupational Retirement, Surviving 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 2023, the minimum interest rate was 1.25% (2022: 1.00%). The pension funds are subject to oversight by the regulating authority.

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.

Since beginning January 2021, the conversion rate is unchanged at 4.9%.

Notes to the Consolidated Financial Statements

Notes	2023 (CHF '000)			2022 (CHF '000)		
	Pension plans CH	Other post-employment benefit plans	Total	Pension plans CH	Other post-employment benefit plans	Total
Balance sheet reconciliation						
Funded plans						
Fair value of plan assets	336 380	4 194	340 574	336 973	4 592	341 565
Defined benefit obligation	(289 389)	(4 409)	(293 798)	(278 077)	(4 660)	(282 737)
Change in effect of asset ceiling	(46 445)	0	(46 445)	(58 371)	0	(58 371)
Over (under) funding	546	(215)	331	525	(68)	457
Unfunded plans: defined benefit obligation	0	(720)	(720)	0	(848)	(848)
Net recognized asset (liability)	546	(935)	(389)	525	(916)	(391)
Jubilees	0	(3 914)	(3 914)	0	(4 078)	(4 078)
Provision for termination pay	0	(479)	(479)	0	(598)	(598)
Net asset (liability)	546	(5 328)	(4 782)	525	(5 592)	(5 067)
Reported in the balance sheet:						
Assets from employee benefits (see note 9)			4 194			4 592
Employee benefit liability			(8 976)			(9 659)
Net recognized asset (liability)			(4 782)			(5 067)

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

Notes

Movement in net defined benefit liability

(CHF '000)	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2023	2022	2023	2022	2023	2022
At 1.1.	278 077	345 755	(336 973)	(344 272)	(525)	1 483
Included in income statement						
Current service cost	5 688	7 826	0	0	5 688	7 826
Past service cost	(22)	0	0	0	(22)	0
Interest cost (income)	6 395	1 038	(6 408)	(1 033)	(13)	5
Total	12 061	8 864	(6 408)	(1 033)	5 653	7 831
Included in other comprehensive income						
Remeasurements loss (gain):						
– Actuarial loss (gain)						
– from demographic assumptions	0	0	0	0	0	0
– from financial assumptions	16 990	(67 238)	0	0	16 990	(67 238)
– from experience adjustment	3 933	4 315	0	0	3 933	4 315
– Income plan assets excluding interest income	0	0	(5 462)	3 751	(5 462)	3 751
– Change in effect of asset ceiling	0	0	0	0	(11 926)	58 371
Total	20 923	(62 924)	(5 462)	3 751	3 535	(802)
Other						
Employers' contributions	0	0	(9 209)	(9 212)	(9 209)	(9 212)
Employees' contributions	6 727	6 417	(6 727)	(6 417)	0	0
Vested benefits paid in/paid out, net	(28 399)	(20 035)	28 399	20 210	0	175
Total	(21 672)	(13 618)	12 463	4 581	(9 209)	(9 037)
At 31.12.	289 389	278 077	(336 380)	(336 973)	(546)	(525)

EMS expects to pay MCHF 8.45 into defined benefit plans in 2024 (2023: MCHF 9.06).

	2023 (CHF '000)	2022 (CHF '000)
Plan assets		
Liquidity	168 190	178 596
Bonds CHF*	10 091	23 588
Swiss shares*	40 366	20 218
Property	111 005	107 831
Mortgages, loans	5 046	6 740
Other investments	1 682	0
Total	336 380	336 973

* Plan assets with market prices.

Notes to the Consolidated Financial Statements

Notes	2023	2022
Actuarial assumptions as of 31.12.		
Discount rate	1.70%	2.30%
Future salary growth	2.00%	1.50%
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.

(CHF '000)

Discount rate +0.5%	(13 413)	(13 992)
Discount rate -0.5%	14 618	15 496
Future salary growth +0.5%	1 053	361
Future salary growth -0.5%	(1 098)	(407)
Life expectance +1 year	5 211	6 644
Life expectance -1 year	(4 682)	(6 907)

At December 31, 2023, the weighted average duration of the defined benefit obligation was 9.7 years (2022: 10.6 years).

23 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12.2022	3 953	2 204	2 383	8 540
Increase via income statement	0	52	2 353	2 405
Decrease via income statement/amounts used	(132)	0	(162)	(294)
Translation differences	0	0	(279)	(279)
At 31.12. 2023	3 821	2 256	4 295	10 372
Current portion	0	0	3 766	3 766
Non-current portion	3 821	2 256	529	6 606

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. Within the provisions for litigation risks, the risk arising from litigation processes is adequately covered as at December 31, 2023. 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.

Notes	2023 (CHF '000)	2022 (CHF '000)
24 Other current liabilities		
Contract liabilities	5 123	6'077
Prepaid expenses and deferred income	50 797	85 873
Liabilities to social security institutions	728	1 874
Other current liabilities	21 752	43 491
Total other current liabilities	78 400	137 315
25 Net debt/(net cash-position)		
Bank loans	21 755	35
Derivatives with a negative replacement value	0	34
Liabilities	21 755	69
Other short-term financial assets	(200 858)	(102 708)
Derivatives with a positive replacement value	(20 667)	(36 793)
Current interest-bearing financial assets	0	(49 366)
Cash and cash equivalents	(264 383)	(248 565)
Net debt/(net cash-position) without lease liabilities	(464 152)	(437 363)
Lease liabilities	10 582	13 489
Net debt/(net cash-position) including lease liabilities	(453 570)	(423 874)

26 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 the financial report and are presented in the remuneration report 2023/2024.

Compensation Board of Directors and the Executive Management

Short-term employee benefits to the members of the Board of Directors and Executive Management	3 800	3 800
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	3 800

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 to the Consolidated Financial Statements

Notes	2023 (CHF '000)	2022 (CHF '000)
27 Financial risk management		
Credit risks		
Other non-current assets	25 581	30 780
Non-current interest-bearing financial assets	1 002	1 159
Trade receivables	297 026	333 078
Other current assets without withholding taxes	85 850	121 404
Other current financial assets	200 858	102 708
Derivative financial instruments	20 667	36 793
Bank deposits	264 316	248 507
Maximum credit risk	895 300	874 429

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

Liquidity risks – maturity date of financial liabilities

(CHF '000)	Carrying amount	Contractual cash flows	<1 year	Maturity date 1–5 years	>5 years
At 31.12.2023					
Bank loans	21 755	21 755	21 755	0	0
Lease liabilities	10 582	10 582	5 927	4 655	0
Trade payables	95 744	95 744	95 744	0	0
Other short-term liabilities	78 400	78 400	78 400	0	0
Derivative financial instruments	0	0	0	0	0
Total financial liabilities	206 481	206 481	201 826	4 655	0
At 31.12.2022					
Bank loans	35	35	35	0	0
Lease liabilities	13 489	13 489	4 620	8 869	0
Trade payables	131 556	131 556	131 556	0	0
Other short-term liabilities	137 315	137 315	137 315	0	0
Derivative financial instruments	34	34	10	24	0
Total financial liabilities	282 429	282 429	273 536	8 893	0

Market risks – interest rate risk and sensitivity

The EMS Group has minimal debt positions. Therefore there is no material interest rate exposure on the liability side. Money market investments on the asset side have fixed interest rates. The interest rate risk is limited to mark-to-market and has no effect on net income of the Group.

Notes

Market risks – currency exposure and sensitivity

At 31.12. 2023 (CHF '000)	EUR	USD	JPY	CNY	Other	Total
Trade receivables	142 155	53 191	14 802	53 411	33 467	297 026
Trade payables	(38 371)	(20 122)	(12 152)	(13 992)	(11 107)	(95 744)
Bank loans	0	0	(30)	(21 725)	(0)	(21 755)
Leasing liabilities	(3 639)	(2 884)	(575)	(381)	(3 103)	(10 582)
Derivative financial instruments	(275 858)	(96 421)	1 021	0	(45 934)	(417 192)
Currency exposure on net income	(175 713)	(66 236)	3 066	17 313	(26 677)	(248 247)
Investments in subsidiaries	759 634	224 276	17 002	108 716	869 437	1 979 065
Loans receivable intercompany	0	0	27 089	0	(27 089)	0
Loans payable intercompany	(258 414)	(38 014)	0	0	296 428	0
Currency exposure on equity	325 507	120 026	47 157	126 029	1 112 099	1 730 818

At 31.12. 2022 (CHF '000)	EUR	USD	JPY	CNY	Other	Total
Trade receivables	160 774	68 100	20 722	54 802	28 680	333 078
Trade payables	(55 290)	(28 539)	(17 438)	(14 903)	(15 386)	(131 556)
Bank loans	0	0	(35)	0	0	(35)
Leasing liabilities	(4 270)	(2 884)	(575)	(381)	(5 379)	(13 489)
Derivative financial instruments	(352 223)	(224 317)	1 527	(96 422)	(50 581)	(722 016)
Currency exposure on net income	(251 009)	(187 640)	4 201	(56 904)	(42 666)	(534 018)
Investments in subsidiaries	149 435	226 543	18 307	112 437	1 572 369	2 079 091
Loans receivable intercompany	365 214	44 711	7 925	0	(417 850)	0
Loans payable intercompany	(4 654)	(5 543)	0	0	10 197	0
Currency exposure on equity	509 995	265 711	26 232	112 437	1 164 716	2 079 091

Based on the currencies and exposures shown in the table above: A 10% decrease in the Swiss franc would affect net income before taxes in 2023 (always ceteris paribus, in CHF million): EUR –17.6, USD –6.6, JPY +0.3 and CNY +1.7. In 2022: EUR –25.1, USD –18.8, JPY +0.4, CNY –5.7. A 10% increase in the Swiss franc in 2023: EUR +17.6, USD +6.6, JPY –0.3 and CNY –1.7. In 2022: EUR +25.1, USD +18.8, JPY –0.4, CNY +5.7.

Based on the currencies and exposures shown in the table above: A 10% decrease in the Swiss franc would affect equity before taxes in 2023 (always ceteris paribus, in CHF million): EUR +32.6, USD +12.0, JPY +4.7, CNY +12.6. In 2022: EUR +51.0, USD +26.6, JPY +2.6, CNY +11.2. A 10% increase in the Swiss franc in 2023: EUR –32.6, USD –12.0, JPY –4.7 and CNY –12.6. In 2022: EUR –51.0, USD –26.6, JPY –2.6, CNY –11.2.

This sensitivity analysis is valid for December 31 only.

Notes

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.

At 31.12.2023 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets: derivative financial instruments		20 667		20 667
Financial liabilities: derivative financial instruments		0		0

At 31.12.2022 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets: derivative financial instruments		36 793		36 793
Financial liabilities: derivative financial instruments		34		34

	2023 (CHF '000)	2022 (CHF '000)
Categories of financial instruments		
Cash and cash equivalents	264 383	248 565
Other non-current assets	25 581	30 780
Other non-current interest-bearing financial assets	1 002	1 159
Trade receivables	297 026	333 078
Other current assets	91 744	121 404
Other current financial assets	200 858	102 708
Loans and receivables at amortized cost	616 211	589 129
Derivative financial instruments, positive replacement value at fair value	20 667	36 793
Financial liabilities	32 337	13 524
Trade payables	95 744	131 556
Other short-term liabilities	78 400	137 315
Financial liabilities at amortized cost	206 481	282 395
Derivative financial instruments, negative replacement value at fair value	0	34

Notes	2023 (CHF '000)	2022 (CHF '000)
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28 Lease disclosures

The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is CHF 5.7 million (2022: CHF 4.7 million). The EMS Group had a liquidity outflow for leases of CHF 8.7 million (2022: CHF 9.7 million). The non-cash additions for right-of-use and lease liabilities amounted to TCHF 498 (2022: TCHF 1794).

Leases in the income statement

Depreciation right-of-use	3 405	4 755
Interest expenses for lease liabilities	112	189
Lease expenses relating to low-value assets	5 668	4 748
Total	9 185	9 692

Minimum lease payments

Less than 1 year	11 595	9 368
1 to 5 years	4 655	8 869
Thereafter	0	0
Total	16 250	18 237

The lease agreements concern mainly buildings and cars.

29 Contingent liabilities

Contingent liabilities at the end of the year amount to	15 320	17 073
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Contingent liabilities mainly relate 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 23).

30 Subsequent events

The consolidated financial statements were approved by the Board of Directors on March 20, 2024, and need to be approved by the Annual General Meeting on August 10, 2024.

Between January 1, 2024, and March 20, 2024, there were no subsequent events requiring an adjustment of the book values of Group assets and liabilities or needed to be published here.

Notes

31 List of subsidiaries at 31.12.2023

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

Currency	Share capital (in '000)	Ownership	Location type	Consolidation
CHF	234		D	K
CHF	60	100.00%	D	K
EUR	1'240	100.00%	P,V	K
BRL	541	100.00%	P,V	K
CNY	27'500	75.00%	P,V	K
CNY	80'110	75.00%	P,V	K
CNY	765	100.00%	P,V	K
CNY	6'849	75.00%	P,V	K
USD	33'511	75.00%	D	K
CNY	5'000	100.00%	V	K
CNY	886	100.00%	P,V	K
CNY	952	75.00%	D	K
CNY	20'750	75.00%	D	K
CNY	98'693	100.00%	P,V	K
CNY	3'000	100.00%	V	K
CNY	6'650	45.00%	P,V	K
EUR	2'556	100.00%	P	K
EUR	26'000	100.00%	V	K
EUR	25	100.00%	P,V	K
EUR	8	100.00%	V	K
EUR	1'951	100.00%	V	K
GBP	352	100.00%	P,V	K
GBP	1'530	100.00%	V	K
INR	15'000	100.00%	P,V	K
EUR	1'300	100.00%	V	K
JPY	210'000	100.00%	V	K
JPY	1'500'000	66.65%	P,V	K
MXN	50	100.00%	V	K
MXN	19'451	100.00%	D	K
MXN	47'409	100.00%	P	K
MXN	550	100.00%	D	K
RON	8'083	100.00%	P,V	K
RUB	37'514	100.00%	P,V	K
RUB	37'200	100.00%	P,V	K
CHF	100	100.00%	P	K
CHF	100	100.00%	V,D	K
CHF	50	100.00%	D	K
CHF	2'500	100.00%	P,V	K
EUR	100	100.00%	V,D	K
CHF	8'000	100.00%	D	K
USD	3'518	100.00%	D,V	K
EUR	7	100.00%	V	K
EUR	10	100.00%	V	K
EUR	944	100.00%	P,V	K
KRW	113'000	100.00%	V	K
TWD	281'000	100.00%	P,V	K
THB	49'500	100.00%	P,V	K
CZK	47'569	100.00%	P,V	K
USD	3'385	100.00%	P,V	K
USD	38'222	100.00%	P,V	K
USD	750	100.00%	D	K
EUR	25	100.00%	D	K
EUR	3'000	100.00%	P	K
EUR	25	100.00%	D	K

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

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 or the EMS Group), which comprise the consolidated balance sheet as at December 31, 2023, 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 material accounting policy information.

In our opinion, the consolidated financial statements (pages 20 to 53) give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards 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.

Key audit matters

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

Key audit matter

How the key audit matter was addressed in the audit

Income taxes

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

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

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

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

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

We examined important correspondence with tax authorities.

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

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

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

We verified the correct disclosure in the consolidated financial statements.

Existence and valuation of inventories

As of December 31, 2023, EMS Group discloses inventories in the amount of net CHF 494 million. Inventories are valued at historical purchase or production costs or, if lower, at realizable values less sales and completion costs. Value adjustments are made based on analyses of turnover rates and expected usage analysis.

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

Inventories contribute with approximately 23% significantly to total assets. Physical inventory counts as well as valuation are based on assumptions and estimates.

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

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

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

We attended the physical inventory count at selected warehouse locations.

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

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

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

We verified the correct disclosure in the consolidated financial statements.

Other information

The board of directors is responsible for the other information. The other information comprises page 4 (Share Performance) and page 7 (Key Figures 2019–2023) which we obtained prior to the date of this report on the finance report, but does not include the consolidated financial statements and our auditor's report thereon and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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

Zurich, March 20, 2024

BDO Ltd.



Christoph Tschumi
Auditor in charge
Licensed Audit Expert



p.p. Andreas Kern
Licensed Audit Expert

Financial Statements **EMS-CHEMIE HOLDING AG**

for the financial year May 1, 2023 – April 30, 2024



Income Statement May 1, 2023, to April 30, 2024

	Notes	2023/2024 (CHF '000)	2022/2023 (CHF '000)
INCOME			
Dividends from subsidiaries		656 156	501 656
License fees from subsidiaries/third parties and other revenue	2.1	152	152
Other financial income	2.2	17 991	8 315
Total income		674 299	510 123
EXPENSES			
Financial expenses	2.3	13 579	7 586
Other operating expenses	2.4	1 258	1 306
Direct taxes		2 395	2 353
Total expenses		17 232	11 245
Net income		657 067	498 878

Balance Sheet as at April 30, 2024

EMS-CHEMIE HOLDING AG
Annual Report 2023/2024

	Notes	30.4.2024 (CHF '000)	30.4.2023 (CHF '000)
Non-current assets		757 309	345 587
Investments in subsidiaries	2.5	686 855	274 440
Non-current financial assets	2.6	70 454	71 147
Current assets		478 211	680 806
Prepaid expenses and accrued income		1 031	848
Current financial assets	2.6	100 100	150 100
Other current receivables	2.7	370 132	515 115
Cash and cash equivalents		6 948	14 744
TOTAL ASSETS		1 235 520	1 026 393
Equity		1 131 683	942 397
Share capital	2.8	234	234
Legal retained earnings		47	47
General legal reserves		47	47
Free reserves		10 000	10 000
Earnings brought forward		464 335	433 238
Net income		657 067	498 878
Liabilities		103 837	83 997
Long-term liabilities		3 074	3 074
Provisions		3 074	3 074
Short-term liabilities		100 763	80 923
Accrued expenses and deferred income	2.9	267	288
Other short-term liabilities	2.10	100 496	80 634
TOTAL EQUITY AND LIABILITIES		1 235 520	1 026 393
Equity in % of total assets		91.6 %	91.8 %

1. Principles

1.1 General aspects

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

1.2 Investments in subsidiaries

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

1.3 Financial assets

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

1.4 Dividend income

Dividend income is recognized when the legal claim is created.

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

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

2. Details on income statement and balance sheet items

Notes	2023/2024 (CHF '000)	2022/2023 (CHF '000)
2.1 License fees from subsidiaries/third parties and other revenue		
Other revenue from subsidiaries from CO ₂ certificates	152	152
Total license fees from subsidiaries/third parties and other revenue	152	152
2.2 Other financial income		
Interest income	7 508	1 808
Foreign exchange gains	10 354	6 507
Other financial income	129	0
Total other financial income	17 991	8 315
2.3 Financial expenses		
Interest expenses	2 463	223
Bank charges, duties, fees	113	115
Foreign exchange losses	11 003	7 247
Total financial expenses	13 579	7 586
2.4 Other operating expenses		
Administration	1 258	1 306
Total other operating expenses	1 258	1 306

Notes	30.4.2024 Ownership	30.4.2023 Ownership
2.5 Investments in subsidiaries		
Direct investments of EMS-CHEMIE HOLDING AG:		
Subsidiary		
EMS-CHEMIE (China) Ltd., China	100%	100%
EMS-CHEMIE (Suzhou) Ltd., China	100%	100%
EMS-CHEMIE (Deutschland) GmbH, Germany	10%	10%
EMS-INTERNATIONAL FINANCE (Guernsey) Ltd., Guernsey	0%	100%
EMS-CHEMIE (Produktion) AG, Switzerland	100%	100%
EMS-CHEMIE AG, Switzerland	100%	100%
EFTEC Europe Holding AG, Switzerland	70%	70%
EMS-CHEMIE (Taiwan) Ltd., Taiwan	100%	100%
EMS-TOGO Corp., USA	100%	100%
The indirect investments of EMS-CHEMIE HOLDING AG and further details on investments are visible in note 31 of the consolidated financial statements "List of subsidiaries at 31.12.2023". From 1.1.2024 until 30.4.2024 no changes have emerged on indirect investments.		
	30.4.2024 (CHF '000)	30.4.2023 (CHF '000)
2.6 Financial assets		
Fixed term deposits	100 000	150 100
Loans to subsidiaries	68 166	70 174
Other non-current assets	2 288	973
Securities	100	0
Total financial assets	170 554	221 247
Of which current	100 100	150 100
Of which non-current	70 454	71 147
2.7 Other current receivables		
Receivables from third parties	501	85
Receivables from subsidiaries	369 631	515 030
Total other current receivables	370 132	515 115
Receivables from third parties are withholding tax credits. Receivables from subsidiaries include current cash pool accounts and interest receivables.		

Notes to the Financial Statements 2023/2024

Notes	30.4.2024 Ownership	30.4.2023 Ownership
2.8 Share capital		
Significant shareholders of EMS-CHEMIE HOLDING AG:		
Emesta Holding AG, Freienbach, 7 112 072 registered shares (30.4.2023: 14 224 143 registered shares)	30.41 %	60.82 %
Mamira Holding AG, Freienbach, 7 112 072 registered shares (30.4.2023: 0 registered shares)	30.41 %	0.00 %
BAUMI Holding AG, Freienbach, 2 363 000 registered shares (30.4.2023: 2 363 000 registered shares)	10.10 %	10.10 %
No other representation of significant shareholders is known to the Board of Directors.		

2.9 Accrued expenses and deferred income

The item includes accruals for third party services.

	30.4.2024 (CHF '000)	30.4.2023 (CHF '000)
2.10 Other short-term liabilities		
Other short-term liabilities due to third parties	187	114
Other short-term liabilities due to subsidiaries	100 309	80 520
Total other short-term liabilities	100 496	80 634

Other short-term liabilities due to third parties include particularly liabilities for income taxes.

Other short-term liabilities due to subsidiaries mainly include short-term loans and cashpool liabilities.

3. Other disclosures

	30.4.2024 (CHF '000)	30.4.2023 (CHF '000)
3.1 Contingent liabilities		
Guarantees (maximum liability)	41 541	51 839

Additionally EMS-CHEMIE HOLDING AG together with all Swiss subsidiaries form the value-added tax-Group CHE-1 16.326.689 which includes joint and several liability.

EMS-CHEMIE HOLDING AG further has a contingent liability for its subsidiaries in accordance with the cash-pool-contract (Patronatserklärung).

3.2 Shareholdings

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

Board of Directors	Function	30.4.2024 Number of registered shares	30.4.2023 Number of registered shares
B. Merki	Chairman	0	0
M. Martullo	Vice-Chairman	0 *	0 *
Dr. J. Streu	Member	0	0
R. Roten	Member (since 12.8.2023)	0	0
C. Mäder	Member (until 12.8.2023)	0	200
Total Board of Directors		0	200

Executive Management	Function	30.4.2024 Number of registered shares	30.4.2023 Number of registered shares
M. Martullo	CEO	0 *	0 *
P. Germann	Member (CFO a.i. from 1.4.2023 until 30.9.2023)	0	0
Dr. C. Kleiner	Member	0	0
U. Janssen	Member (since 1.3.2023)	1	1
O. Minger	Member, CFO (since 1.10.2023)	14	0
O. Flühler	Member, CFO (from 1.5.2022 until 31.3.2023)	0	0
Total Executive Management		15	1

* Excluding Emesta Holding AG and Mamira Holding AG, in which Ms M. Martullo holds a 49.9% stake each (see note 2.8).

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

3.3 Full-time equivalents

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

3.4 Subsequent events

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

Proposed appropriation of available earnings

	2023/2024 (CHF '000)	2022/2023 (CHF '000)
Earnings brought forward	464 335 159	433 237 402
Net income	657 066 934	498 878 317
Total available earnings	1 121 402 093	932 115 719
The Board of Directors proposes the following appropriation of available earnings: Payment of an ordinary dividend of CHF 12.75 (previous year: CHF 15.75) gross	(298 210 107)	(368 377 191)
extraordinary dividend of CHF 3.25 (previous year: CHF 4.25) gross	(76 014 341)	(99 403 369)
per registered share entitled to dividend		
Earnings to be carried forward	747 177 645	464 335 159

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EMS-CHEMIE HOLDING AG (the Company), which comprise the balance sheet as at April 30, 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Key audit matters

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

Other information

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of the "Auditor's responsibilities for the audit of the financial statements" is located at EXPERTsuisse's website at: 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 article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

Zurich, July 10, 2024

BDO Ltd



Christoph Tschumi
Auditor in charge
Licensed Audit Expert



p.p. Andreas Kern
Licensed Audit Expert

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