

**oerlikon**

Annual Report **2023**

# About Oerlikon

**Oerlikon** is a global innovation powerhouse for surface engineering, polymer processing and additive manufacturing. Our solutions and comprehensive services, together with our advanced materials, improve and maximize the performance, function, design and sustainability of our customers' and their customers' products and manufacturing processes in key industries.

Pioneering technology for decades, we cherish creating and designing the future with our customers close to where they are, enabling them to achieve more with less.

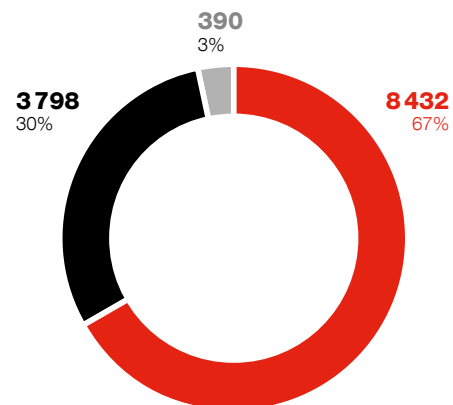
Oerlikon helps customers to become more sustainable and efficient. Emissions reduction in transportation, maximized longevity and performance of tools, increased energy efficiency, intelligent materials and sustainable polymer processing are proven hallmarks of our global leadership.

Everything we invent, develop and do is guided by our passion to support our customers' goals and foster a sustainable world.

Headquartered in Pfaeffikon, Switzerland, the Group operates its business in two divisions – Surface Solutions and Polymer Processing Solutions. It has a global footprint of more than 12 600 employees at 207 locations in 38 countries and generated sales of CHF 2.7 billion in 2023.

## Group Structure

Both divisions offer customer solutions under leading brands and execute strategies targeted at customers' needs in their respective markets.



**Employees (FTEs) 2023 by Division**

- Surface Solutions Division
- Polymer Processing Solutions Division
- Other

# 2023 at a Glance

**Decisive strategic and operational execution** to increase resilience and strengthen foundation in highly challenging environment.

**Surface Solutions** increased orders and sales, organically and including Riri acquisition. EBITDA margin impacted by higher input costs and the strong Swiss franc.

**Polymer Processing Solutions'** measures delivering first positive effects toward end of 2023, mitigating decline in results, driven by China's economic slowdown.

**Expect** implemented **actions** and measures to **protect business and profitability** in 2024.

**Order Intake**  
**2.5 billion**  
 17.8% below prior year

**Sales**  
**2.7 billion**  
 7.4% below prior year

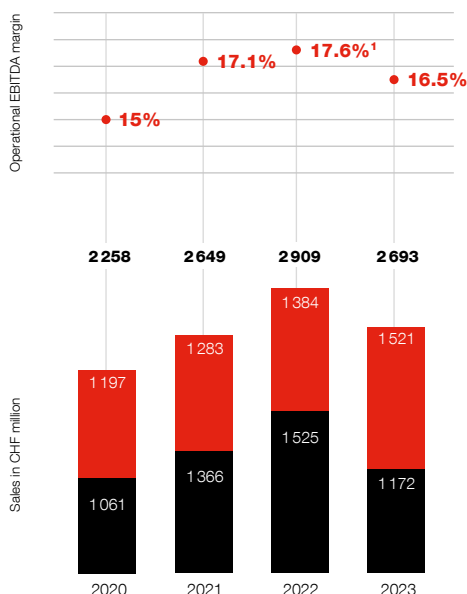
**Operational EBITDA Margin**  
**16.5%**  
 110 bps below prior year

**Net Result**  
**23 million**  
 74.9% below prior year

**Earnings per Share**  
**0.10**  
 63.0% below prior year

**Ordinary Dividend Proposal**  
**0.20**  
 in line with dividend policy.

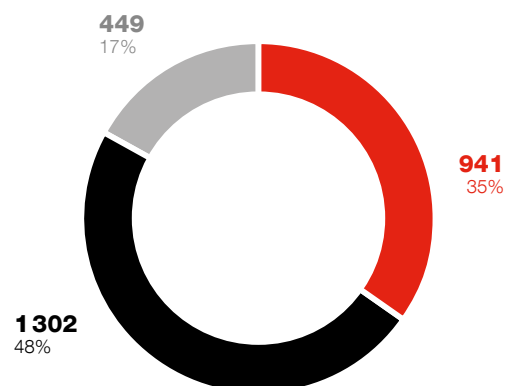
All financial figures in CHF.



**Oerlikon Group Sales**  
 in CHF million

- Operational EBITDA margin
- Surface Solutions sales
- Polymer Processing Solutions sales

<sup>1</sup> Restated for newly discontinued activities.



**Sales 2023 by Region<sup>1</sup>**  
 in CHF million

- Europe
- Asia-Pacific
- Americas

<sup>1</sup> Differences in total reported figure due to rounding.



In 2023, Oerlikon successfully closed on the acquisition of Riri, a leading provider of coated metal accessories for the luxury fashion industry. This strategic step positions Oerlikon as a market leader in the high-end luxury sector, providing accessories and metalware. As the luxury industry shifts toward more environmentally friendly PVD coatings, Oerlikon is the partner of choice with its cutting-edge PVD technologies.

# Interview with the Executive Chairman

## A conversation with Oerlikon Executive Chairman of the Board, Michael Suess

### How was 2023 for Oerlikon?

2023 is a year in which we took swift and decisive actions to mitigate the impacts of weak manufacturing activities, inventory reductions, and a slowdown in China, as well as a strong Swiss franc that adversely affected sales by CHF 174 million. Insightfully, we announced and started implementing actions already at the end of 2022, and we are starting to see the initial positive effects since the end of 2023.

In this highly demanding environment, we delivered resilient results. Surface Solutions increased sales and orders, driven by customers' demand for efficient and sustainable solutions, while Polymer Processing Solutions saw a decline in orders and sales in both filament and non-filament markets due to China's economic slowdown. As a Group, we achieved an order intake of CHF 2 457 million (–18% year-over-year) and sales of CHF 2 693 (–7% year-over-year), and an operational EBITDA margin of 16.5%.

Looking back on the year, I am very proud of the entire Oerlikon team and would like to thank them for their efforts and commitment in working together to execute these actions. These actions, some pertaining to employees, are not easy to implement, but are necessary for Oerlikon to protect our profitability and to strengthen our resilience.

### Can you elaborate on the announced final strategic step toward pure play?

Oerlikon began executing its strategy in 2014 to become a pure play Surface Solutions leader. From five divisions, the Group has streamlined to its current two divisions. Both divisions occupy "sweet spots" in their respective markets, delivering leading technology that act as high barriers to entry. However, the synergies between the divisions are limited. Thus, we have announced that we are going pure play over the next 12–36 months.

The Board and management will evaluate the best value creative option for all stakeholders for the separation of Polymer Processing Solutions, where it can strongly align its brand in its filament and non-filament markets, which are driven by long-term growth trends, such as population expansion and increasing demand for clothing and homes.

At Surface Solutions, we serve a broad base of customers in diverse industries – from automotive, aerospace and energy to luxury, medical and semiconductors. We drive profitable growth by delivering innovative technologies that help customers achieve greater efficiency and productivity, while using less energy and producing less waste and emissions.

We will continue to leverage our technology leadership to grow and expand into the attractive end markets, such as in the luxury market with our acquisition of Riri. We intend to exploit new applications, markets and geographies and, at the same time, extend our positive sustainability impact.

### Tell us more about sustainability at Oerlikon?

With our sustainable products, we empower our customers to increase their efficiency and improve their environmental footprint, such as in energy savings, waste reduction or lowering emissions.

If we look at our coatings for tools, they can extend a tool's lifespan by 20 times, which is equivalent to reducing around 8.3 million metric tons of CO<sub>2</sub> or 28% of Swiss CO<sub>2</sub> emissions in 2022. Our high-tech abrasion-resistant coatings in jet engines increase engine operation safety and reduce fuel consumption, thereby cutting CO<sub>2</sub> emissions by about 26 million metric tons, or 88% of Swiss CO<sub>2</sub> emissions in 2022. Collectively, just two of our solutions save more CO<sub>2</sub> emissions than the amount of emissions generated in 2022 in Switzerland.

As for sustainability in our operations, we are progressing well toward our 2030 targets. To name a few examples: we implemented energy management systems at

36 additional sites in 2023, bringing the total to 90 sites. Together, they account for more than 81% of the Group's total energy consumption.

We are presently working with an external partner to assess and quantify our Scope 3 emissions for 2022 and 2023. The project is expected to be completed by middle of 2024, and we plan to disclose Scope 3 in our Sustainability Report 2024, in line with the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD). Moreover, we plan to set and commit to a Science Based Targets initiative (SBTi) target in 2024.

In the area of diversity, we held our third annual Diversity Conference themed "Connect", which focused on exploring what cultural diversity. At Oerlikon, we have employees of 105 nationalities, and it is important that we provide an environment that is inclusive and open, where differences and diversity are embraced.

In 2023, we celebrated International Women's Day, Pride Month and Girls' Day, among others. We also expanded our Employee Resource Groups (ERG), adding MultiGen@Oerlikon, ENRICH@Oerlikon and Parents@Oerlikon, to unite employees with shared interests and raise awareness for the diverse perspectives within Oerlikon.

### **What has changed in your sustainability reporting with the new Swiss law?**

As we have voluntarily published an annual sustainability report in accordance with the GRI Standards since our inaugural Sustainability Report 2020, we have been transparently disclosing our sustainability strategy, targets, progress and actions for years.

Thus, Art. 964a et seqq. of the Swiss Code of Obligations (CO) is a small step for us in that the report will be subjected to an advisory vote by shareholders at the Annual General Meeting of Shareholders (AGM), following Board approval.

For us, sustainability is a journey where we continuously advance – in empowering customers with our sustainable products, in embedding sustainability in our operations and in embracing sustainability in our culture and workplace. I encourage you to take a look at our sustainability reports and read about our meaningful impacts in sustainability.

### **Can you tell us more about innovation at Oerlikon?**

Innovation is one of our key strengths, and we have a strong product and innovation pipeline. We remain committed to investing in R&D and digitalization for our future success.

In 2023, 3.8% of our sales was spent in R&D, and 78% of our R&D expenditure was for sustainable products. We are consistently applying our strengthened capital allocation framework, focusing our R&D and capital investments on high-return and growth areas.

We launched numerous products in 2023. Some examples include: BALIQ TISINOS PRO, a premium coating for cutting hardened steel up to 70 Rockwell hardness; Metco abrasable material for high pressure compressor in aero engines to provide more stability; the first zipper completely made out of gold from Oerlikon Riri; Oerlikon Neumag EvoSteam, a highly sustainable solution in terms of energy, water and waste savings for manufacturing PET staple fibers; and Oerlikon Barmag WINGS FDY FLEX – the first WINGS FDY system that can process a wide range of recycled PET yarns.

Digitalization is another key driver of our innovation. In 2023, we launched multiple digital innovations for customers and for our own operations. For example: Oerlikon Metco IIoT, the first smart thermal spray digital platform connected within an Industry 4.0 platform, providing customers access to machine data so as to improve availability, reduce scrap rates and increase throughput; essentials, an online shop for PVD coatings targeted at the mid-market segment for specific tool applications, and a complete WINGS POY winding head as a kinematic process model of a digital twin, allowing customers to monitor their equipment and analyze performance data at all times.

### **Do you intend to continue paying dividends?**

As per past years, we are proposing a dividend payout in line with our dividend policy, which states that the payout can be based on up to 50% of the Group's underlying net result and beyond, after considering the Group's financial position and affordability from the balance sheet. In line with this, the Board will recommend to shareholders an ordinary dividend payout of CHF 0.20 per share at the 2024 AGM on March 21, 2024.



### **What is your outlook for 2024?**

There are concerns of an impending recession and as to whether China's economy will recover. These sentiments could unfavorably impact trade and production. In an uncertain environment, companies that act early will have "better cards", and this is precisely what Oerlikon has been doing.

To take advantage of the U.S. as the largest growth market for additive manufacturing, we have strategically realigned this business. By focusing our AM production in the U.S., we bring the business closer to U.S. growth sectors, such as semiconductor, and can also benefit from the more conducive U.S. framework conditions and higher market acceptance for disruptive technologies.

We have also acted swiftly and decisively in exiting non-profitable business, optimizing our footprint and reducing discretionary costs. All these actions strengthen our foundation for growth and profitability and will support us in our execution of the final step toward becoming a pure-play Surface Solutions leader over the next 12–36 months.

For 2024, we anticipate growth in Surface Solutions to be offset by the downturn in Polymer Processing Solutions and expect a high single-digit percentage decrease in organic sales at constant currencies and an operational EBITDA margin of 15.0–15.5%.

### **Do you have any additional comments you wish to share?**

Once again, I would like to thank all our employees, the management team and my colleagues on the Board of Directors for their dedication and support throughout 2023. I would also like to thank our partners, customers and our shareholders for their continued trust in Oerlikon.

Looking ahead, I am confident that Oerlikon's strong fundamentals – "sweet spots" in growth markets, talents, cutting-edge innovation and sustainable technologies that act as high barriers to entry – will support us in fortifying our market position, protecting our profitability and executing our final pure-play step.



Mazda's MX-30 e-SKYACTIV R-EV is a unique plug-in hybrid car that uses a compact, lightweight rotary engine as a generator, allowing it to travel longer distances. Oerlikon Metco, recognized in Japan for decades for its thermal spray technology and application development capabilities, played a key role in enabling the engine to be 15 kg lighter.

In the newly developed rotary engine, rotating a rotor replaced the up-and-down motion of pistons in common combustion engines. To reduce the engine weight without compromising on wear resistance and lubrication, Mazda needed a solution to replace the cast-iron originally designed for the rotary unit with aluminum. Oerlikon delivered the solution with Metco's High Velocity Oxygen Fuel (HVOF) thermal spray technology and carbide materials, and supported Mazda from the prototyping phase, developed optimized spray processes, and provided the full turn-key solution for the mass production.

According to Mazda, the vehicle achieves a combined fuel efficiency of 1.0 liter of petrol per 100 kilometers, with CO<sub>2</sub> emissions of 21 grams per kilometer and an electrical energy consumption of 17.5 kWh per 100 km<sup>1</sup>.

<sup>1</sup> These are European specifications.



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## Group 2023 Performance

Oerlikon delivered resilient results in 2023 in a highly demanding environment. 2023 Group orders, sales and EBITDA were impacted by the downturn in Polymer Processing Solutions. Surface Solutions saw 7% organic sales growth at constant exchange rates (FX) and improved sequential profitability throughout 2023.

In 2023, Group order intake decreased by 17.8% to CHF 2 457 million. Adjusted for FX and the Riri acquisition, orders decreased by 16.8%. Group sales decreased by 7.4% to CHF 2 693 million, including an FX headwind of –6.0% and an impact from the Riri acquisition of +4.5%. The FX-adjusted organic decline of 5.9% was driven by the filament downturn in Polymer Processing Solutions, while Surface Solutions saw an FX-adjusted organic sales growth of +7.0%.

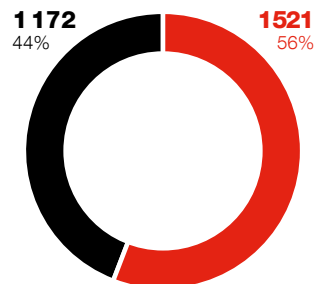
Group operational EBITDA<sup>1</sup> decreased by 13.4% to CHF 444 million, compared to CHF 513 million in 2022. The operational EBITDA margin was at 16.5% versus 17.6% in 2022, due to lower sales, higher input costs and unfavorable mix effects. The operational EBIT margin was 8.7% (CHF 235 million) compared with 10.4% (CHF 301 million) in the previous year.

Group unadjusted EBITDA decreased by 8.2% year-over-year to CHF 384 million, or 14.2% of sales (2022: CHF 418 million, or 14.4% of sales). Group unadjusted EBIT was CHF 105 million, or 3.9% of sales (2022: CHF 176 million, or 6.0% of sales). The cost actions taken, particularly in Q4 2023, are to structurally improve the profitability of both divisions.

The Oerlikon Group's net profit amounted to CHF 23 million in 2023, or earnings per share of CHF 0.10, versus CHF 93 million, or earnings per share of CHF 0.27 in 2022.

### A Globally Balanced Business

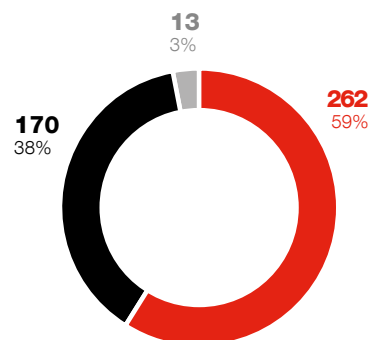
A portfolio and pipeline full of innovative technologies, a global footprint and an industry-leading scope of comprehensive services continue to be key components of Oerlikon's strategy. The Surface Solutions Division generated 56% of total Group sales in 2023, while the Polymer Processing Solutions Division accounted for 44% of Group sales.



**Sales 2023 by Division**

in CHF million

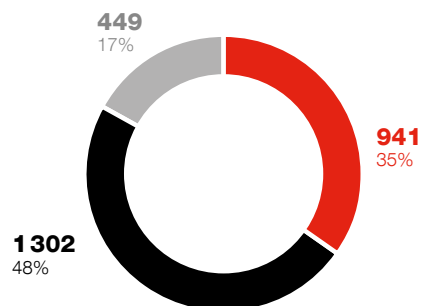
- Surface Solutions Division
- Polymer Processing Solutions Division



**Operational EBITDA 2023 by Division**

in CHF million

- Surface Solutions Division
- Polymer Processing Solutions Division
- Other



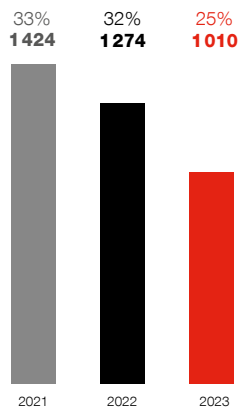
**Sales 2023 by Region<sup>1</sup>**

in CHF million

- Europe
- Asia-Pacific
- Americas

<sup>1</sup> Operational EBITDA and EBIT figures in 2022 and 2023 were restated for newly discontinued activities.

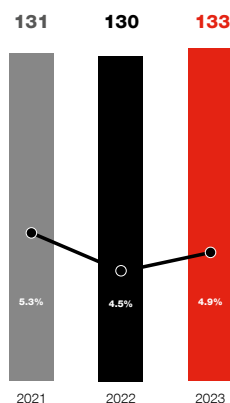
<sup>1</sup> Differences in total reported figure due to rounding.

**Equity<sup>1</sup>**

in CHF million (as % of assets)

<sup>1</sup> Attributable to shareholders of the parent.**Operating Cash Flow<sup>1</sup>**

in CHF million

<sup>1</sup> Before changes in net current assets.**Capital Expenditure**

in CHF million

— In % of sales

Serving customers in close proximity, Oerlikon operates 207 sites in 38 countries, with 98 sites in Europe, the Middle East and Africa, 68 sites in Asia-Pacific and 41 sites in the Americas. Asia-Pacific continued to account for the largest proportion of Group sales in 2023. Sales in Asia-Pacific decreased by 18% to CHF 1 302 million, or 48% of Group sales, compared with CHF 1 595 million, or 55% of Group sales, in 2022.

Europe remained the second-largest regional contributor to Group sales in 2023, with sales totaling CHF 941 million, or 35% of sales, compared with CHF 808 million, or 28% of sales, in 2022. Group sales in the Americas totaled CHF 449 million in 2023, or 17% of Group sales, compared with CHF 507 million in 2022.

**Balance Sheet with Equity Ratio of 25%**

As of December 31, 2023, Oerlikon had total assets of CHF 4 099 million, compared with CHF 3 937 million as at year-end 2022. The Oerlikon Group had equity (attributable to shareholders of the parent) of CHF 1 010 million, representing an equity ratio of 25%. The increase in total assets is mainly attributed to the increase in goodwill and intangible assets.

**Operating Cash Flow**

Cash flow from operating activities before changes in net current assets decreased by 23.8% to CHF 275 million, compared with CHF 361 million in 2022. The cash flow from changes in net current assets was CHF –76 million compared with CHF –131 million in 2022, and the cash flow from operating activities decreased by 13% to CHF 199 million in 2023, compared with CHF 230 million in 2022.

Capital expenditure (CAPEX) amounted to CHF 133 million, compared with CHF 130 million in 2022. Excluding amortization of acquired intangible assets, the CAPEX-to-depreciation ratio was 1.0 times.

Cash flow from investing activities was CHF –522 million in 2023, compared with CHF –155 million in 2022. Cash flow from financing activities amounted to CHF 425 million in 2023, compared with CHF –182 million in 2022. Oerlikon reported a change in cash and cash-equivalent position in 2023 of CHF 61 million, mainly driven by increased proceeds from financial debt, compared with CHF –138 million at the end of 2022.

### Acquisitions and Divestitures

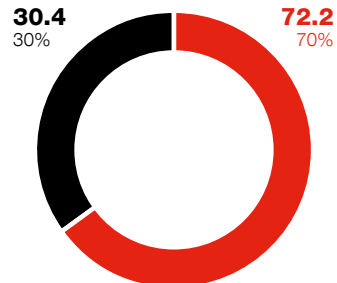
At the end of February 2023, the Surface Solutions Division completed the acquisition of the Riri Group, a leading provider of coated metal accessories for the luxury fashion industry. This next step positioned Oerlikon as a market leader providing a complete offering of coated luxury accessories for high-end fashion brands.

### Commitment to R&D

Oerlikon remains committed to investing around 4% of its annual revenues in research and development (R&D). In 2023, R&D expenditure for the year was CHF 103 million, or 3.8% of Group sales, compared with CHF 113 million, or 3.9% of Group sales, in 2022.

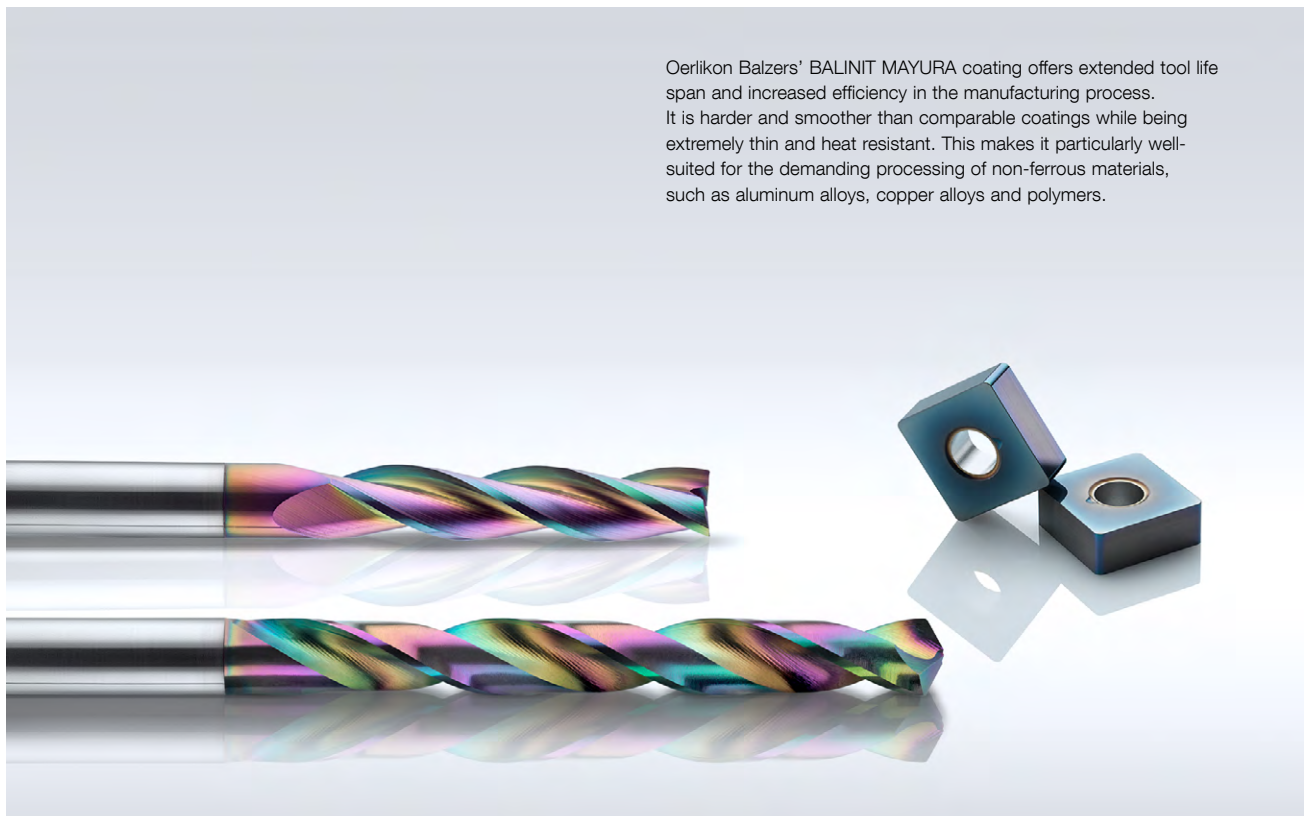
### Dividend Payout

As per Oerlikon's dividend policy, the payout can be based on up to 50% of the Group's underlying net result and beyond, after considering the Group's financial position and affordability from the balance sheet. In line with this policy, the Board will recommend to shareholders an ordinary dividend payout of CHF 0.20 per share at the 2024 AGM on March 21, 2024.

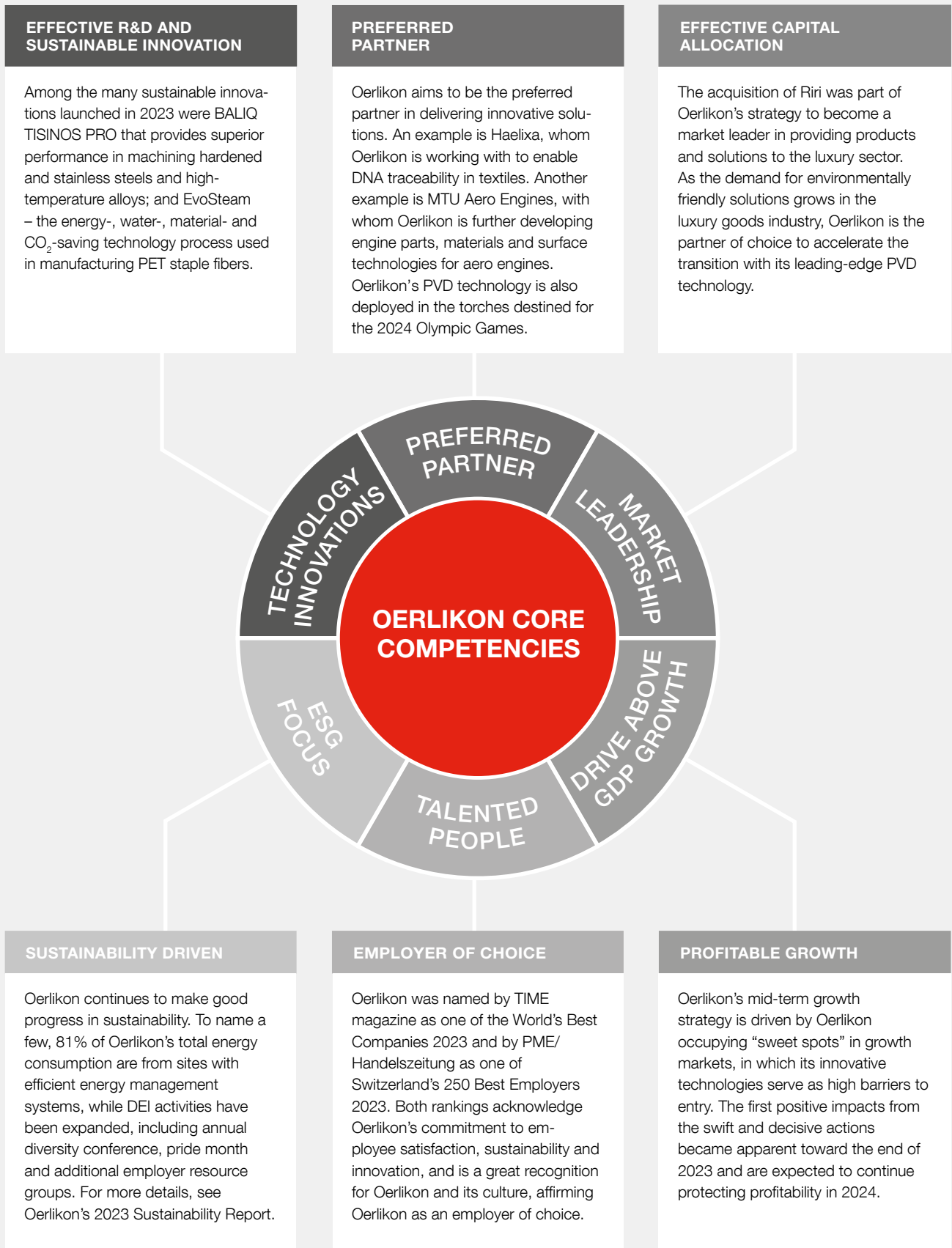


**R&D Expenditure by Division**  
in CHF million

- Surface Solutions Division
- Polymer Processing Solutions Division



## Examples of Strategic Actions in 2023 Leveraging Core Competencies



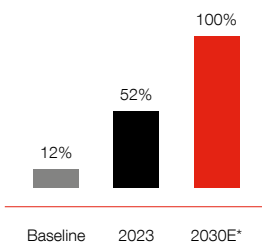
# 2023 ESG Progress

Oerlikon's business objective is to provide customers with solutions that make their production processes more efficient and sustainable. Through its innovative technology and expert knowledge, Oerlikon contributes to sustainability across broad end markets. Oerlikon applies the same principles of innovation and excellence to its own operations so as to reduce the impact of its business on the environment and society.

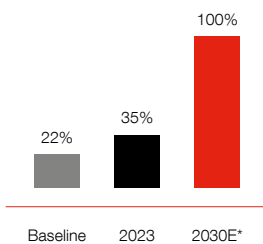
Complying with Art. 964a et seqq. of the Swiss Code of Obligations, Oerlikon's Sustainability Report 2023 is

approved by the Board of Directors, and shareholders will be able to vote on this report on non-financial matters at Oerlikon's 2024 AGM.

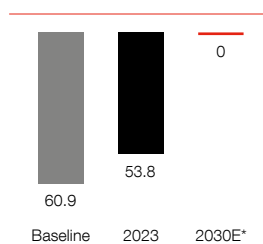
Since Oerlikon's inaugural Sustainability Report 2020, Oerlikon has been reporting in accordance with the GRI Standards and, since the 2022 report, also in accordance with the SASB Standards. Further details on Oerlikon's sustainability strategy, progress and actions, as well as case studies and examples can be found in the Sustainability Report 2023.



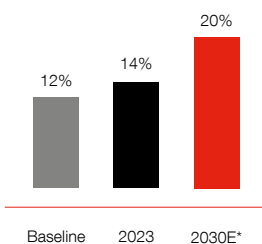
Implementing energy management systems at relevant sites



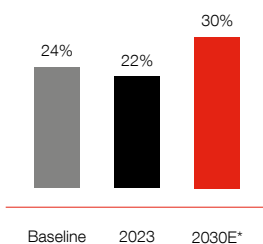
% of electrical energy from renewable sources



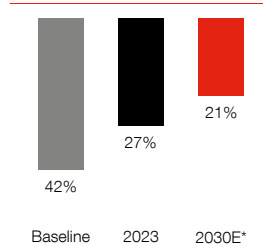
Reducing emissions in relevant operations to become climate neutral



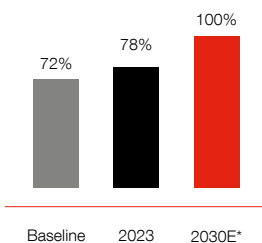
% of management and leadership roles filled by women



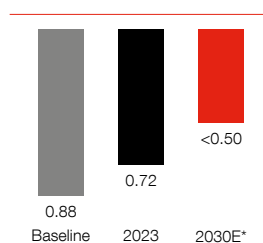
% of women in high potential talent programs



Reduce % of disposed waste



% of R&D investment in products that must cover ESG criteria



Reduce rate of recordable work-related injuries (TAFFR)

2030E\* – E stands for estimated

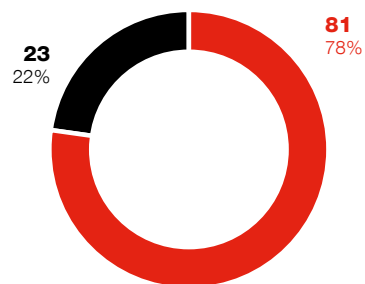
# Leveraging Our Innovative and Sustainable Technology

Our technologies help customers to increase efficiency and productivity while using fewer resources, such as energy and materials.

By leveraging our cutting-edge surface and polymer technologies, we can easily expand their use in new applications and growth markets. For instance, we are developing thin-film coating solutions for vehicles that are powered by batteries and fuel cells (eg. hydrogen), as well as thermal spray solutions to reduce engine weight.

We also provide solutions for producing and using recycled PET, as well as supporting the usage of biopolymers and recycled polymers. More examples of how we are expanding into growth markets can be found below and on pages 13 to 14 and 28 to 34 in Oerlikon’s Sustainability 2023 report.

**Total 2023 R&D Investment<sup>1</sup> in CHF million**



- In sustainable products as per our defined criteria (see Sustainability Report).
- In other R&D products and activities.

<sup>1</sup> Excluding 2023 acquisition and reversal of accruals.

## SUSTAINABILITY DRIVERS

<b>Energy consumption</b>	<b>Water consumption</b>	<b>Social impact</b>	<b>Waste reduction</b>	<b>Raw material consumption</b>	<b>Emission reduction</b>

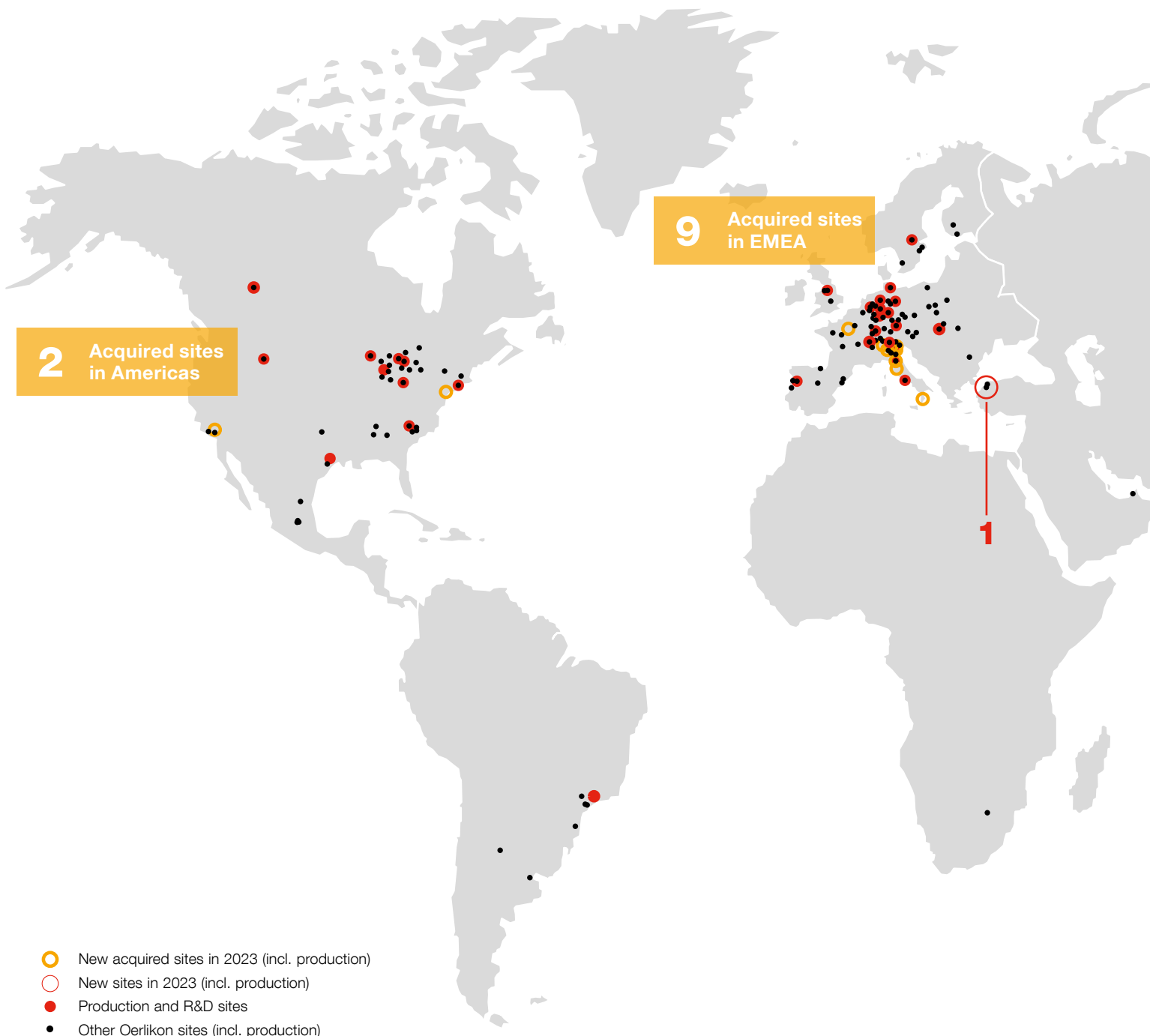
## LEVERAGING TECHNOLOGY LEADERSHIP TO EXPAND INTO GROWTH MARKETS WITH PROVEN AND NEW SOLUTIONS

Partnering in <b>textile recycling</b> initiatives	Driving growth of <b>lightweight</b> and increasingly sophisticated polymer components	Engineering solutions for <b>versatile rPET applications</b>
Developing additive manufacturing with potential to increase <b>resource efficiency and reduce waste</b>	Accelerating <b>transition</b> of Luxury to PVD <sup>1</sup> coating as a <b>greener</b> technology	Driving new coating solutions for <b>semiconductor</b> production machines
Developing solutions for e-mobility <b>heat shielding</b> , solid-state <b>batteries</b> and fuel cells EVs		

<sup>1</sup> Physical vapor deposition (PVD) is a technique used to deposit a thin layer of material on a substrate surface in a vacuum.

## Serving Customers Locally

Oerlikon has a global footprint with 207 sites in 38 countries. The Group is strongly committed to research and development, which is reflected by its 57 production and R&D sites world-wide. Together with its sales and services network of 195 sites, Oerlikon operates in close proximity to its customers, improving customer interaction, service response time and satisfaction.



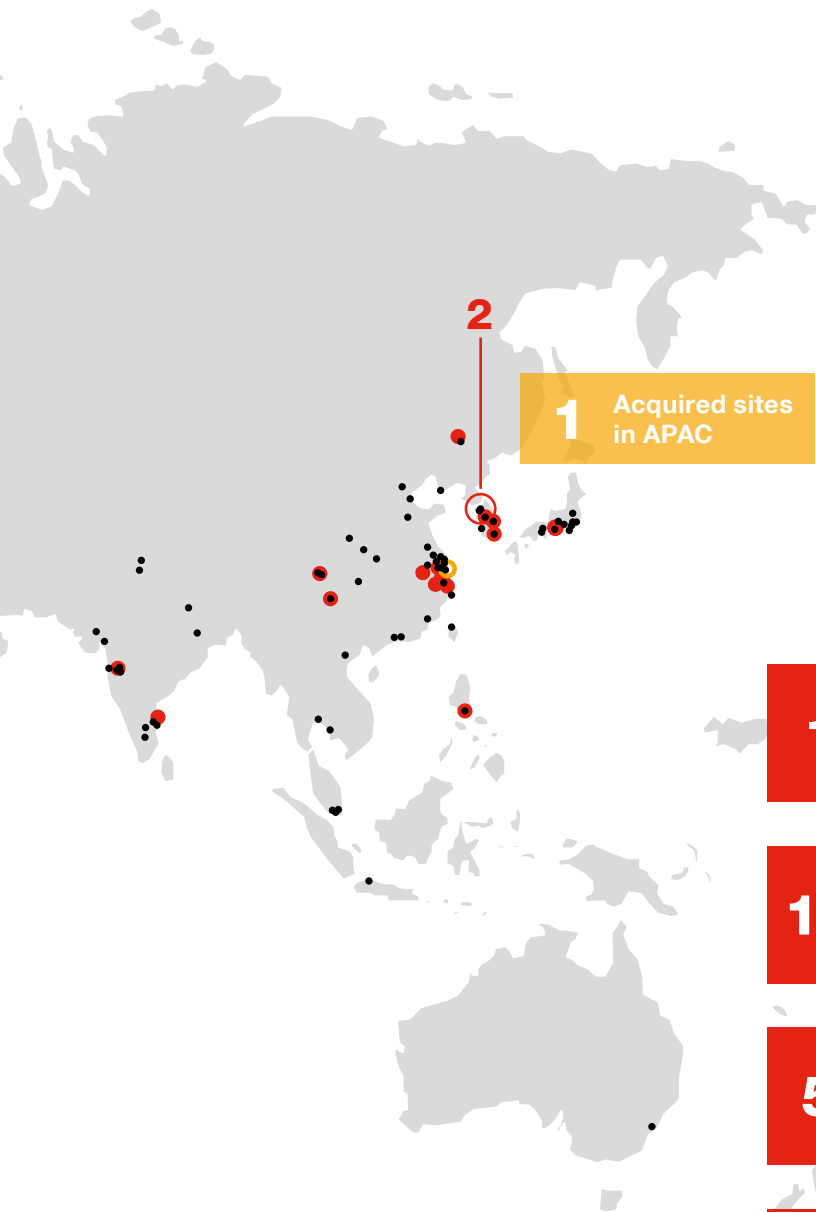


**1 Polymer Processing Solutions**

Services  
Nilüfer Bursa, Turkey

**2 Polymer Processing Solutions**

HRSflow Sales and Services  
Gwangmyeong, Republic of Korea



**12**

**Acquired Sites**

12 Surface Solutions Division

**195**

**Sales and Services Sites**

160 Surface Solutions Division  
35 Polymer Processing Solutions Division

**57**

**Production and R&D sites**

46 Surface Solutions Division  
11 Polymer Processing Solutions Division

**207**

**Sites globally**

41 in the Americas  
68 in Asia-Pacific  
98 in Europe, Middle East & Africa



# Surface Solutions Division

Oerlikon Balzers' BALDIA portfolio of diamond coatings for tools is specially designed for machining highly abrasive special materials. BALDIA COMPOSITE DC enables the best possible finishing accuracy through consistently high tool performance with tight bore tolerances when machining fiber-reinforced plastics, stack materials and aluminum alloys.

## 2023 Business Review

The Surface Solutions division provides market-leading technology and services to attractive key markets under the Oerlikon Balzers, Oerlikon Metco, Oerlikon AM, Oerlikon Riri and Oerlikon Fineparts brands. The division serves a trusted and growing customer base with a comprehensive portfolio of surface coating solutions, advanced materials, luxury accessories, components and equipment.

The division's global network of production and coating service centers, consisting of 161 sites in 36 countries, provides customers with fast response times and timely deliveries. Highly productive and reliable equipment, standardized or customizable materials for surface coatings, additive manufacturing and coatings for premium luxury accessories are other key factors that drive the division's medium-to-long-term growth in end markets.

In 2023, the division improved orders and sales, despite facing contracting manufacturing activity and a strong Swiss franc. The division strategically realigned its additive manufacturing business, consolidating its business and production in the US, where there are better

framework conditions, market acceptance and applications for disruptive technologies.

To strengthen its resilience, the division optimized its footprint in Germany for surface coatings and streamlined its thermal spray coating services in the US.

The division's 2023 order intake increased by 6.8% to CHF 1 514 million, including a currency impact of –6.4%. Division sales of CHF 1 521 million in 2023 were 9.9% higher than in the previous year, including a currency effect of –6.5%.

In 2023, operational EBITDA<sup>1</sup> improved by 4.2% to CHF 262 million, or 17.1% of sales. The margin was impacted by higher input costs, the strengthening Swiss Franc and unfavorable mix. Operational EBIT was CHF 117 million in 2023, or 7.7% of sales (2022: CHF 104 million, or 7.5% of sales).

The division accounted for 56% of Oerlikon's sales and 59% of Group operational EBITDA. The division saw sales increase in Europe and the Americas. Europe accounted for 49%, Asia-Pacific 28% and the Americas 23% of division sales in 2023.



Order intake (CHF)

**1.5bn**



Sales (CHF)

**1.5bn**



Operational EBITDA margin

**17.1%**



Sites

**170**



Employees (FTEs)

**8 432**



R&D expenditure (CHF)

**72.2 m**

### Automotive

For the growing electric vehicles (EV) market, more automotive OEMs are using carbon-based coatings like Oerlikon's BALINIT DLC STAR for protecting differential shafts from wear and to enable efficiency gains for the overall EV drive train. Oerlikon is also providing BALITHERM PRIMEFORM treatment for injection plastic molds used in manufacturing of EV or hybrid cars to increase mold surface hardness and robustness.

Working with customers in Germany and Japan, Oerlikon is combining the pretreatment and Oerlikon Balzers' BALINIT C coating to reduce friction and churning losses in battery electric vehicles (BEV) gearboxes, thereby increasing efficiency and potentially extending the range.

For Mazda's MX-30 e-SKYACTIV R-EV, a plug-in hybrid vehicle (PHEV) using a rotary engine as a generator, Oerlikon provided the high-velocity oxygen-fuel (HVOF) coating solution for the side housing of this rotary engine. The rotary engine generates electricity, making it suitable for long-distance drives.

<sup>1</sup> Operational EBITDA and EBIT figures in 2022 and 2023 were restated for newly discontinued activities.

Another important development in the automotive sector are hydrogen-powered vehicles, such as fuel cell electric vehicles (FCEV) and hydrogen internal combustion engine vehicles (HICEV). In FCEVs, Oerlikon's BALINIT DLC STAR and BALINIT CNI coatings are deployed to prevent wear in dry-running compressor components. These air compressors increase the efficiency of the fuel cell and need to run dry to reduce the risk of contamination. For HICEVs, Oerlikon is working with a few OEMs and Tier 1 automotive suppliers to find customized solutions to resolve the risk of hydrogen embrittlement and loss of lubricity in fuel, which causes loss of ductility, high wear and increased friction.

Leveraging Oerlikon's competency in the EV space, Oerlikon delivered physical vapor deposition (PVD) technology for coating e-bike gears to improve the bicycle's lifetime. To extend Oerlikon's thermal insulation solution (TIS) to Chinese BEV customers, a prototype press was set up in Shanghai in first quarter of 2023. With the prototypes press, Oerlikon can now provide the TIS HS900/910/950 products from Shanghai to Chinese customers for testing.

## Tooling

Oerlikon continued to secure wins with tooling customers. Oerlikon won an order from Toyota for the coating of its hot stamping die as the Oerlikon Balzers BALINIT MOLDENA coating delivered an improvement of ten times greater protection versus competitive solutions.

For Musashi Seimitsu Industry Co., Ltd, Oerlikon delivered its BALINIT ALCRONA-PRO solution for cold forging die to improve tools used in automobile production. To a leading race car technology provider, Oerlikon is providing its S3p BALIQ TISINOS PRO coating for the mega casting dies also used in car manufacturing.

In 2023, Oerlikon launched a number of new coating solutions for tools. For example, BALIQ ANTOS, the successor of BALINIT HARDLUBE, is a premium coating for threading tools; BALINIT MAYURA, the successor of BALINIT HARD CARBON is the hardest available diamond-like carbon (DLC) coating for cutting of non-ferrous metals and forming plastics, and BALIQ TISINOS PRO, the successor of BALIQ TISINOS, a premium coating for cutting hardened steel up to 70 Rockwell hardness (HRC).

## Aerospace

In 2023, the division saw healthy demand in the aerospace market as the industry returned to growth following the pandemic. Oerlikon introduced new Metco abrasable

materials for high pressure compressors (HPCs) for aero engine applications to increase stability, provide higher density and to reduce waste.

In China, Oerlikon completed the qualification of all 32 powders in specification for the jet engines of Chinese Comac C919 aircraft and for Aero Engine Corporation of China's CJ-1000. Oerlikon's carbides were also qualified for the flap tracks of the C919 aircraft. In addition, Oerlikon has ramped up its maintenance, repair and operations (MRO) services in China for aerospace customers.

With Airbus, Oerlikon signed a EUR 3.8 million agreement for the complex serial production of antenna clusters used in earth-orbiting satellites. Oerlikon also signed an agreement with ArianeGroup to produce 3D-printed heat exchanger sets for the new Ariane 6 rocket launcher. The Oerlikon AM team worked very closely with the Ariane 6 technical team to capitalize on the benefits of additive manufacturing in developing the heat exchangers' new, compact design so that they could fit perfectly into the very limited installation space.

## Luxury

At the end of February 2023, Oerlikon completed its acquisition of Riri, a market leader in metal accessories manufacturing, with a wide product range and unique offering. With the acquisition, the division became a market leader and provider of a complete portfolio of coated luxury metalware to high-end fashion brands.

Following the acquisition, two new brands, Oerlikon Riri and Oerlikon Fineparts, were launched, catering to the specific requirements of its targeted customer segments. Oerlikon Riri focuses on zippers and buttons for the high-end luxury market, while Oerlikon Fineparts provides a comprehensive portfolio of metal components and fashion jewels. In 2023, Oerlikon Riri realized its first zipper completely made of gold for an important customer in the luxury sector.

Marking another step toward sustainable products, Oerlikon Riri launched the first zipper, with chain, body slider and puller made of 100% highly recyclable polyamide. By using mono-material elements, these zippers are highly recyclable and durable, and can be easily removed from garments, facilitating recovery and circularity of the polymer.

Expanding the use of its high-quality zippers, Oerlikon Riri entered the hydraulics engineering sector. In 2023, Riri signed an agreement with Carpi Tech, a Swiss specialist

contractor for waterproofing geomembrane systems, for the supply of special watertight zippers to be installed on watertight mattresses made of PVC geomembrane used in the Grand Canal d'Alsace. The technique supports the preservation of hydric resources.

## Energy

In the energy sector, Oerlikon provided advanced thermal spray equipment and materials, as well as applying coating to the entire turbine chain of Gas Turbine Technology Co., Ltd. (UGTC)'s 300 MW F-class gas turbine and received a large order from MHI Dongfang turbine for seven thermal spray systems.

In addition, Oerlikon delivered advanced thermal barrier coating with low conductivity and phase stability for advanced industrial gas turbines; high strength metal matrix composite material for oil drill-bits; and flash carbide coatings for hydraulic rods in mining trucks.

## Other Sectors

Oerlikon's surface technologies are applied in range of industries, and their applications can be further extended to many other sectors and areas. For screen printing used to fabricate SOFC components, Oerlikon is providing its Oerlikon Metco ultrafine manganese cobalt oxide (MCO) material. For Yankee dryers used in paper and pulp manufacturing, advanced chromium-free coatings from Oerlikon Metco are applied. For dental cutting tools, Oerlikon delivered its diamond coating to improve the life time (>100% vs. uncoated) of these tools.

In partnership with ArcelorMittal, Oerlikon is honored to have provided the PVD technology for the 4000 torches to be used at the Paris 2024 Olympic Games. These torches are crafted from materials with a reduced carbon footprint, contributing to a net-zero economy, and decorated using PVD technology from Oerlikon.

## Other Key Developments

In 2023, a new brand, Metco Joining & Cladding, was presented, laying the foundation for the further expansion of the welding portfolio for applications, such as welded overlays, brazing, laser cladding and plasma-transferred arc processes. Metco Joining & Cladding is a global leader in materials innovation, developing new materials that provide significant improvement in customer operational efficiency.

One such example is Metco Joining & Cladding's Metco 8226 3.2 mm hardfacing wire that is used in

slurry pipes and wear plate applications. Developed in rapid time using computational alloy development software, this product can increase the life of a component by 3 to 5 times.

## Digitalization

In 2023, Oerlikon continued to develop innovative digital solutions both for customers and for its own operations. Here are some examples:

- **Oerlikon Metco IIoT:** This is the first digital platform that allows thermal spray systems to be connected within an Industry 4.0 platform, enabling use of a smart thermal spray factory that can significantly boost production and quality control. Oerlikon Metco IIoT provides customers access to machine data, thus improving availability, reducing scrap rate and increasing throughput, which results in higher efficiency in production processes and a decrease in waste.
- **Essentials:** With the launch of the essentials online shop as a pilot project in Germany, Oerlikon augmented its PVD coatings product portfolio to include a fully digitalized business model. Targeting the mid-market segment, the essentials shop offers a selected range of PVD coatings tailored for specific tool applications, where premium offerings exceed the necessary requirements. Although the essentials service is currently offered in four countries, a digital platform allows for a fast global expansion.
- **Tool ID:** Following the successful pilot with a German customer, Tool ID, which enables each tool to be identified by its Data Matrix Code (DMC), is being expanded to enable seamlessly data sharing among customers, suppliers and end users via a centralized database. This network enhances efficiency, reduces data handling efforts and ensures 100% data accuracy.
- **Metco Sumbore Machine Dashboard Visualization:** With the aim of extending the life span of Oerlikon's key consumable parts inside the F210 plasma gun, Oerlikon is developing a user-friendly web application that simplifies the process of visualizing voltage trends of our spray gun, obtained from either Oerlikon's MultiCoat controller or an external oscilloscope. This application lets users easily upload their sensor data and immediately visualize it on the web interface. Users have the flexibility to apply filters to the data so that they can focus on specific aspects and compare different data runs, making troubleshooting of lab and customer data more accessible and efficient.

## Surface Solutions Mid-Term Growth Strategy

# Increasing Demand for Surface Solutions Driven by Efficiency and Sustainability

Surface Solutions provides market leading surface coatings, equipment and advanced materials that improve efficiency and durability, as well as luxury accessories. As customers in automotive, aerospace, tooling, luxury, energy and general industries look for greater efficiency and sustainability in their products, the division is well-positioned to take advantage of these untapped potentials. Additionally, the division is broadening and diversifying its reach by extending the application of its technology into growth markets, such as battery, hydrogen, semiconductor, medical and luxury accessories. To achieve its mid-term growth, the division is accelerating its regional footprint, capitalizing on new technologies and optimizing its portfolio, while driving cost stewardship.



A detailed close-up photograph of a textile spinning machine. The image shows several metallic spindles and bobbins arranged in a row. Multiple thin, white threads are being spun and guided through the machinery. The machine's components are made of polished metal, and the overall scene is brightly lit, highlighting the intricate details of the industrial process.

# Polymer Processing Solutions Division

Oerlikon Barmag has been offering a solution for producing high-end home textile applications. Taking it to the next level, the WINGS HD winding unit is combined with an automatic eAFK Big V Multispindle texturing machine, enabling all available winding positions to be utilized during texturing, which results in a new type of excellent-quality high-titer yarns for home textile application.

## 2023 Business Review

A leading provider of polymer processing machinery, systems and services, the Polymer Processing Solutions Division is represented by the brands Oerlikon Barmag, Oerlikon Neumag, Oerlikon Nonwoven and Oerlikon HRSflow. The division's solutions enable customers to produce high-quality manmade fibers that are processed into clothing, carpets, airbags, safety belts, filters, geotextiles and industrial textiles.

Under the Oerlikon HRSflow brand, the division offers innovative hot runner systems for the production of complex and accurate polymer parts that require high design flexibility, fast color change and low weight. In addition, the division provides consulting, engineering and lifecycle management services, as well as Industry 4.0-based smart plant solutions.

The division faced highly challenging filament and non-filament markets in 2023, which impacted its annual order intake, sales and EBITDA. Order intake decreased by 40.1% (35.9% FX-adjusted) to CHF 943 million year-over-year and sales declined by 23.1% (17.7% FX-adjusted) to CHF 1 172 million, driven by the cyclical downturn in filament that is attributed to the slowdown in consumption, production and investment in China, weakness

in the global nonwoven market and decline in the Oerlikon HRSflow market in Europe and in the US.

Toward the end of 2023, the division noted an initial return in demand for carpet yarn (BCF) plants from the automotive and nylon industries, and first signs of recovery for Oerlikon HRSflow solutions in the last months of 2023.

Operational EBITDA<sup>1</sup> in 2023 was CHF 170 million, or 14.5% of sales, attributable to the decrease in sales. Since the end of 2022, the division started taking measures to mitigate the impacts of the cyclical downturn. The initial positive effects from these measures were seen in the final quarter of 2023 and are expected to continue supporting the margin in 2024. Operational EBIT for 2023 was CHF 122 million (2022: CHF 203 million), or 10.4% of sales (2022: 13.3%).

In 2023, the division accounted for 44% of the Oerlikon Group sales and 38% of Group operational EBITDA.

### Regional Development

In 2023, the division saw sales decline globally. Europe accounted for 17%, Asia-Pacific 75% (thereof: China 59%, India 13%) and the Americas 8% of 2023 division sales.

China remains the division's major sales market. The division saw orders from long-standing Chinese customers, such as Xinfengming for a filament plant, which is to be completed in 2024. The division signed a strategic cooperation agreement with Nanshan Fashion Technology at ITMA ASIA + CITME for a joint project, involving partially oriented yarn (POY) and drawn texturized yarn (DTY) technologies, to be realized in Longkou, Shandong, with the aim of making Nanshan Fashion Technology's nylon business an industry benchmark.

While China continues to be the key market for filament, India and Turkey are further investing in polycondensation systems and textile manufacturing.

In India, Oerlikon Barmag Huitong Engineering (OBHE) signed an agreement with a local Indian company, UFlex, for a new polyester project in Egypt's Suez Province. UFlex is the largest producer in India for flexible packaging materials, as well as for BOPET – biaxially oriented PET – films that offer greater strength, better rigidity and



Order intake (CHF)

**0.9bn**



Sales (CHF)

**1.2bn**



Operational EBITDA margin

**14.5%**



Sites

**35**



Employees (FTE)

**3 798**



R&D expenditure (CHF)

**30.4 m**

<sup>1</sup> Operational EBITDA and EBIT figures in 2022 and 2023 were restated for newly discontinued activities.



transparency than PET. OBHE provides the equipment and the engineering package for the production of the PET polymer.

In Bangladesh, Modern Syntex Limited appointed Oerlikon as the general contractor for a plant project. The project included POY, fully drawn yarn (FDY) and DTY systems from Oerlikon Barmag, staple fiber systems from Oerlikon Neumag and a continuous polymer system from OBHE, while Oerlikon Textile India served as the engineering partner for the project. The procurement work is nearing completion, with operations at this plant expected to begin in the first quarter of 2024. The successful implementation of this project lays a good foundation for subsequent installation work.

For Oerlikon HRSflow, footprint expansions were made in Latin America, through an agreement with SINEMCO, and in Morocco and Algeria based on a new collaboration with SabriScan.

## Digitalization

Oerlikon Barmag has been developing new and sustainable innovations and leveraging digitalization for years. Since the end of the last decade, Oerlikon Barmag has been one of the world's first producers implementing fully networked smart factories for globally leading polyester manufacturers.

In 2023, SASA Polyester in Turkey reinforced their partnership with Oerlikon Neumag with a new customer service order including original parts and secure remote services for staple fiber systems. Original parts from Oerlikon provide a guarantee of quality and durability, preventing unnecessary stoppages. Remote services permit precise digital intervention from afar with a degree of accuracy that cannot be offered by phone or email and does not require onsite visits to resolve a given issue. Such digital remote solutions prevent unplanned stoppages and reduce production downtime.

Partnering with Haelixa, Oerlikon is taking a significant step toward achieving transparency and sustainability across the entire textile value chain. The two partners offer a solution for comprehensive product traceability as required by the European Green Deal. An essential part of the solution is the DNA marker technology developed by Haelixa that survives all production process steps, providing validation that the end product is identifiable.

The DNA marker is complemented by Oerlikon's digital platform, atmos.io, which records and evaluates extensive production and process data during the yarn manufacturing process. Atmos.io gives the yarn its digital identity from the melt to the packaged bobbin. Combining both technologies enables clear traceability of the yarn produced, even in the downstream process steps.

Exploiting the potential of "digital twins", Oerlikon Barmag presented in 2023 a complete WINGS POY winding head as a kinematic process model of a digital twin. The digital twin contains the virtual mapping of all processes during the operation of the winding head, allowing customers to monitor their equipment and analyze performance data at all times. Customers can track how a particular part or an entire plant is functioning and take steps to prevent and fix issues even in real time, thus reducing downtime.

Instilling further digital capabilities in Oerlikon's operations, Oerlikon HRSflow and Digital Hub cooperated and completed the automation of order release of production for Oerlikon HRSflow using robotic process automation (RPA) in 20 days. RPA is an emerging technology that enables software bots to mimic human actions, offering efficiency and integration without deep coding knowledge.

## R&D and Innovation

In 2023, the division introduced further innovative product upgrades and solutions to customers. Oerlikon Barmag launched a modified WINGS HD to extend parking times when winding high titers, making the doffing process, where the bolt of fabric is removed once a specific pattern is completed, smoother and more reliable. Moreover, this draw unit has a more flexible design with a two-godet operation, making it possible for products with low overall titers, thus lowering energy consumption.

Oerlikon presented the long-awaited upgrade of its Advanced Craft Winder (ACW) WINGS drawing fields at ITMA in Milan. When ACW was launched in 1998, its sophisticated modifications for initial string-up and yarn transfer made it a technology lead. In 2007, ACW was replaced by WINGS. However, many ACW and WINGS winders are operated practically side-by-side due to the durability of the products.

Another product introduced in 2023 was WINGS FDY FLEX – the first WINGS FDY system that can process a

wide range of rPET yarns. WINGS FDY FLEX delivers increased flexibility for a denier range from 30 to 150 den and filament thickness from 0.8 to 3.0 dpf, enabling a variety of possible end products, such as semi-dull, full-dull and trilobal bright yarns, as well as cationic dyeable, dope-dyed and rPET polymers. Such flexibility allows yarn manufacturers to meet faster-changing market trends.

EvoSteam, Oerlikon Neumag's innovative solution for manufacturing PET staple fibers, had its world premiere at ITMA in Milan. Compared to conventional staple fiber systems, EvoSteam enables an increase in efficiency of up to 12%, a reduction in production waste of up to 50% and energy savings of up to 8%. With water savings of up to three million liters per year and a carbon footprint reduction of up to 20%, this system supports fiber manufacturers in achieving their sustainability targets.

In recognition of its sustainability contributions, EvoSteam received the "bluesign verified data" test label. To obtain this label, EvoSteam had to undergo strict data verification and clearly demonstrate savings in energy, water and raw material consumption, as well as a reduction in operating costs and CO<sub>2</sub> footprint.

Under the Oerlikon HRSflow brand, the HRScool Evo with microswitch was launched in 2023. This is a solution for actuators where water lines are no longer required. Designed for thermal insulation optimization, it avoids cooling for the most common automotive applications as the new microswitch detects and regulates the open/close pin.

Another product introduced by Oerlikon HRSflow, the LITEflow HRS line, offers cost effective hot runner systems that provide smart designs, good quality and performance. It is suitable for use in a wide range of sectors, from medium to large applications, with reliable and flexible production.

Specifically developed for injection molding for thin-walled packaging, the Oerlikon HRSflow new stack mold system was designed to save time, material and energy, and contribute to the circular economy. Thanks to its innovative patent-pending design that makes the system extremely easy to assemble and maintain, it can be included in plug-and-play solutions, thereby avoiding long and costly downtime. The stack principle also allows it to be installed in smaller injection molding machines and enables it to be used flexibly for different applications.

## Other Key Developments

In 2023, the division joined EURATEX as a partner. EURATEX represents the apparel and textile industry in the

EU, working closely with EU institutions and other European and international players to identify initiatives for a more sustainable textile industry. The association has drafted a strategy for a textile circular economy, part of which is the establishment of recycling centers throughout Europe.

Oerlikon Polymer Processing Solutions is also involved in individual projects of BIOTEXFUTURE. This initiative is an innovation space funded by the German Federal Ministry of Education and Research (BMBF) for a duration of five years. Since November 2019, adidas and the ITA Institute of Textile Technology of RWTH Aachen University have been co-leading the program, collaborating with industrial and scientific partners to convert the textile value chain from petroleum-based to bio-based solutions.

To enable immediate, anytime-anywhere access to interactive training for the division's products, the division launched a digital academy in 2023 for customers' operating staff, process engineers and technicians, as well as quality assurance officers. The digital online training center is available on the myOerlikon.com e-commerce platform and comprises a collection of role-based e-Learning modules. Currently, training on operation, maintenance and repairs for the Oerlikon Neumag BCF S+ and S8 machines is available, with training for other product modules to follow.

Oerlikon Nonwoven received the EDANA FILTREC Innovation Award for its hycuTEC hydrocharging technology, used for efficiently charging filter media. Receiving the award confirms the innovative nature of this technology.

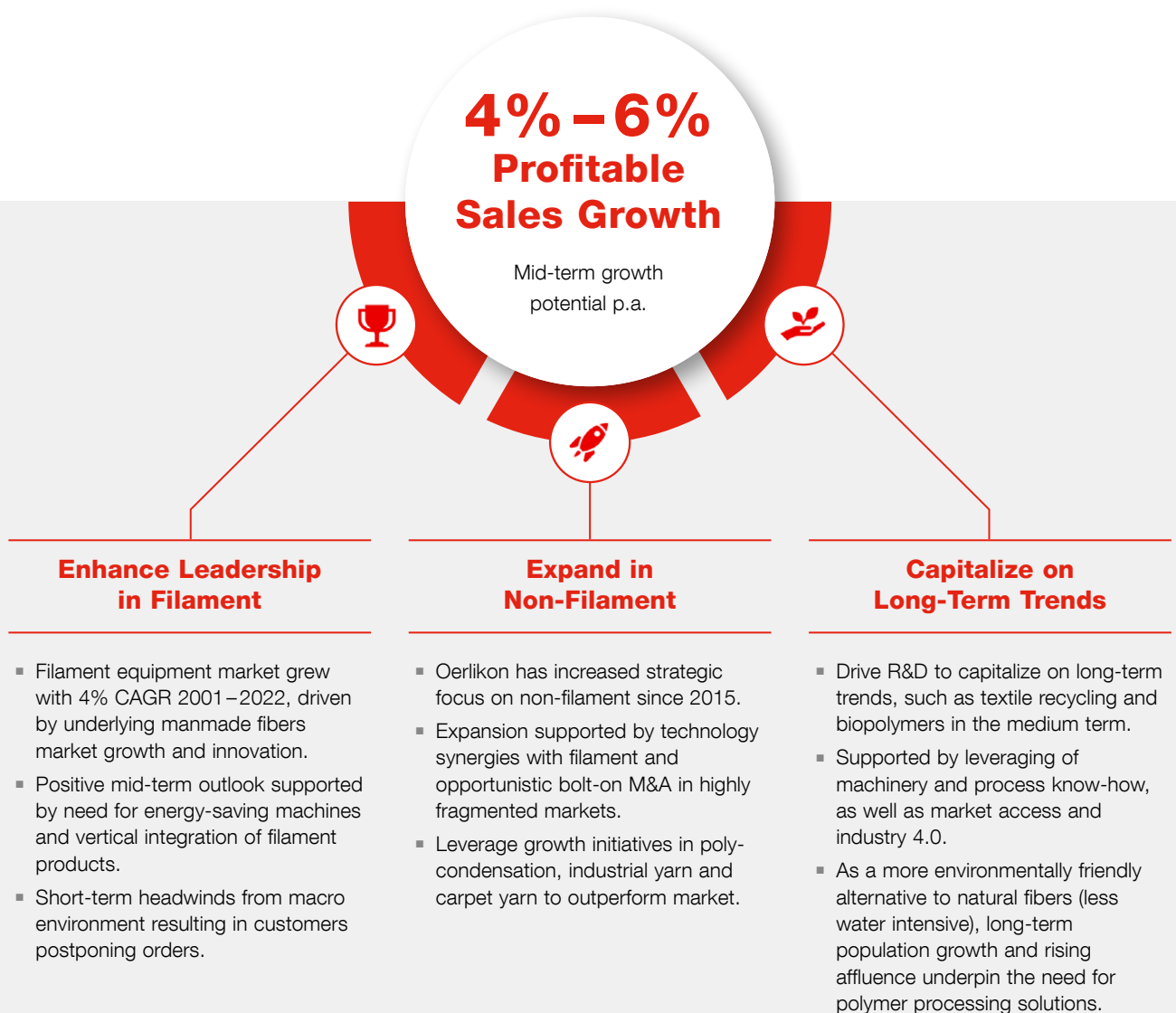
At the end of 2023, the division discontinued its Teknoweb business and reorganised its intralogistics offering for large spinning mills.

The intralogistic offering managed since 2018 under the name of Oerlikon Barmag Automation was sold to the Italian company Irico Gualchierani Handling S.r.l. (IGH). IGH provides complete solutions for handling of fiber bobbins, offering long experience in design, construction and installation of flexible, powerful and reliable automatic bobbins handling systems. This strategic realignment enables Oerlikon to focus more on its core competence – From Melt to Yarn, Fibers and Nonwovens – specifically, in spinning and texturing. At the same time, Oerlikon will work with the new partner, IG Automation GmbH, to implement solutions for transporting and packing of bobbins.

## Polymer Processing Mid-Term Growth

# Technological Leadership With Growth Potential

The mid-term growth of Polymer Processing Solutions is driven by megatrends, such as resource scarcity alongside population growth, polymers' superior characteristics, application versatility and recyclability, a more ecological footprint compared to natural yarns and ongoing momentum in the development of biopolymers. The division is focusing on enhancing its filament leadership position, expanding in non-filament (organically and through value-accretive bolt-on M&A) and capitalizing on the long-term trends to achieve profitable sales growth in the medium to long term.



# Corporate Governance Report



Metco Joining & Cladding is a leading brand for joining and cladding solutions, including welded overlays, brazing, laser cladding, plasma transferred arc and hardfacing. With a legacy dating back to 1970, the brand has been providing a customizable and comprehensive portfolio of materials, ranging from powders, wires, rods, electrodes, braze pastes and braze tapes, designed to serve the critical needs of industries, such as automotive, aerospace, power generation, mining and oil and gas.

# Corporate Governance

Oerlikon is committed to living up to international best practice in good corporate governance as is expected from a company of its size and geographical scope and, where appropriate, above and beyond the baseline principles set forth by the recently amended Swiss Code of Best Practice for Corporate Governance, issued by *economiesuisse*. Through this commitment, Oerlikon aims to sustainably reinforce the trust placed in it by the company's present and future shareholders, lenders, employees, business partners and the general public.

Responsible corporate governance requires transparency with regard to the organization of management and control mechanisms at the uppermost level of the enterprise. Therefore, SIX Exchange Regulation Ltd's Directive on Information relating to Corporate Governance (DCG) requires issuers to make certain key information pertaining to corporate governance available to investors in an appropriate form.

The framework of the DCG has been adopted; however, the Compensation, Shareholdings and Loans section has been moved to a separate chapter (Remuneration Report). All statements in this section (Corporate Governance) are valid as of the balance sheet date, except where — in the case of material changes between the balance sheet date and the time this Annual Report went to print — otherwise indicated.

Further information regarding corporate governance can be found on the company website at [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization)

## Amended Articles of Association

The Annual General Meeting of Shareholders 2023 approved the proposed revision of Oerlikon's Articles of Association, in particular to implement the changes made necessary by the revised Swiss corporate law that entered into force on January 1, 2023. Further, immediately following the Annual General Meeting of Shareholders 2023, the Board of Directors amended relevant other regulations of the Company accordingly, in particular Oerlikon's Organizational and Governance Rules (OGR) and the three Committee Rules of the Audit & Financing Committee, the Human Resources Committee and the Governance Committee. All these documents can be found on [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization)

## Group Structure and Shareholders

### Operational Group Structure

The Oerlikon Group is divided into the following two divisions: Polymer Processing Solutions and Surface Solutions. The operational responsibility lies with the divisions, each of which is overseen by its own Division CEO. Business performance is reported according to this operational Group structure. For further information regarding the operational Group structure, see page 2 (Group Structure), page 10 et seqq. (Group 2023 Performance) and page 83 (Financial Report: Key Figures by Division).

### Listed Group Company

OC Oerlikon Corporation AG, Pfäffikon is listed on the SIX Swiss Exchange (symbol: OERL; securities number: 81682; ISIN: CH0000816824). On December 31, 2023, the company's market capitalization came to a total of CHF 1 290 million. Its registered office is in Freienbach (Canton of Schwyz, Switzerland). For further information on OC Oerlikon Corporation AG, Pfäffikon see page 2.

### Non-Listed Group Companies

As the parent company of the Group, OC Oerlikon Corporation AG, Pfäffikon owns all of the Group companies either directly or indirectly, mostly with a 100% interest. The local companies included in the scope of consolidation are shown on page 144 et seq. in their legal ownership structure, and on page 128 et seq., they are listed by country together with each company's place of registered office, share capital, percentage of shares owned and number of employees.

The disclosure notifications pursuant to Art. 120 et seqq. of the Financial Market Infrastructure Act (FMIA) that were submitted during the year under review are published on the electronic publication platform of SIX Exchange Regulation Ltd, Disclosure Office (<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html>).

### Cross-Shareholdings

There are no cross-shareholdings.

## Significant Shareholders

	Number of Shares	Shareholdings <sup>1</sup> in Percent <sup>2</sup>
Liwet Holding AG, Zurich, Switzerland <sup>3</sup>	145 086 913 <sup>4</sup>	42.70
UBS Fund Management (Switzerland) AG, Basel, Switzerland	10 289 934 <sup>5</sup>	3.03
OC Oerlikon Corporation AG, Pfäffikon	14 828 250 <sup>6</sup>	4.36

<sup>1</sup> As of December 31, 2023. Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA) ([www.ser-ag.com/en/resoures/notifications-market-participants/significant-shareholders.html#](http://www.ser-ag.com/en/resoures/notifications-market-participants/significant-shareholders.html#)).

<sup>2</sup> Basis: shares issued (339 758 576).

<sup>3</sup> The shares of Liwet Holding AG, Zurich, are ultimately held as follows:

(a) 44.46% by Columbus Trust, a trust established under the laws of the Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia, and Zug, Switzerland.

(b) 2.47% by Amapola Development Inc, Panama, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia.

(c) 16.985% by Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Mr. Nikolay Olkhovik, Forch, Switzerland, and Ms. Nathalia Olkhovik, Corfu, Greece.

(d) 19.455% by Ali International Ltd., Bahamas, and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, Swieqi, Malta.

(e) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Mr. Alexey Valerievich Moskov, Wädenswil, Switzerland and Mr. Andrey Alekseevich Shtorkh, Limassol, Cyprus.

<sup>4</sup> Source: Disclosure notification published by SIX Exchange Regulation Ltd on May 25, 2018 and the voluntary disclosure notification published by SIX Exchange Regulation Ltd. on January 28, 2023. Oerlikon's understanding is that Liwet increased its shareholding to 42.70% before December 31, 2022.

<sup>5</sup> Source: Disclosure notification published by SIX Exchange Regulation Ltd on July 8, 2023.

<sup>6</sup> 14 828 250 is the effective number of treasury shares as per December 31, 2023. Oerlikon notified SIX Exchange Regulation Ltd when the threshold of 3% was exceeded by holding 10 234 717 treasury shares corresponding to 3.012%. Source: Disclosure notification published by SIX Exchange Regulation Ltd on June 30, 2021.

## Capital Structure

### Capital

The share capital of OC Oerlikon Corporation AG, Pfäffikon amounts to CHF 339 758 576, composed of 339 758 576 registered shares, each with a par value of CHF 1.00. The company also has conditional capital amounting to CHF 40 million for warrant and convertible bonds etc., and CHF 7.2 million for employee stock option plans.

### Capital Band and Conditional Capital in Particular

#### Capital Band

The company has no capital band.

#### Conditional Capital for Warrant and Convertible Bonds

Pursuant to Art. 11a of the Articles of Association, the company's share capital will be increased by a maximum aggregate amount of CHF 40 million (corresponding to 11.77% of the current share capital) through the issuance of a maximum of 40 million registered shares with a nominal value of CHF 1.00 each by exercising the option and conversion rights granted in connection with bonds of the company or one of its Group companies. The subscription rights of shareholders are excluded in this regard. Current holders of option certificates and/or convertible bonds are entitled to acquire the new shares.

When issuing warrants or convertible bonds, the Board of Directors can limit or exclude the preemptive subscription rights of shareholders (1) to finance and refinance the acquisition of enterprises, divisions thereof, or of participations, or of newly planned investments of the company, and (2) to issue warrants and convertible bonds on international capital markets. Insofar as preemptive subscription rights are excluded, (1) the bonds are to be placed publicly on market terms, (2) the exercise period for the option and conversion rights may not exceed seven years from the date the bond was issued and (3) the exercise price for the new shares must at least correspond to the market conditions at the time the bond was issued.

#### Conditional Capital for Employee Stock Option Plans

Pursuant to Art. 11b of the Articles of Association, the company's share capital will be increased by a maximum aggregate amount of CHF 7.2 million (corresponding to 2.12% of the current share capital), excluding the preemptive subscription rights of current shareholders, through the issuance of a maximum of 7.2 million fully paid-in registered shares with a nominal value of CHF 1.00 each, by the exercise of option rights granted to the employees of the company or one of its Group companies under a stock option plan yet to be approved by the Board of Directors. The issuance of shares at less than the stock exchange price is permissible; further details will be determined by the Board of Directors.

### Changes in Capital

The share capital has remained unchanged since 2016. Detailed information on changes in the total equity of OC Oerlikon Corporation AG, Pfäffikon can be found in the holding company's equity capital statement on page 140 of the Annual Report.

### Shares and Participation Certificates

The equity securities of OC Oerlikon Corporation AG, Pfäffikon consist exclusively of 339 758 576 fully paid-in registered shares with a nominal value of CHF 1.00 each, all of which are equal with respect to their attendant voting rights, dividend entitlement and other rights. In principle, the registered shares of OC Oerlikon Corporation AG, Pfäffikon are not certificated but instead issued as uncertificated securities within the meaning of the Swiss Code of Obligations, as intermediated securities as defined in the Federal Intermediated Securities Act, or in the form of single or global certificates. Subject to applicable law, the company may convert its registered shares from one form into another form at any time and without the approval of the shareholders. The company shall bear the cost associated with any such

conversion. Shareholders may request that the company print and deliver their shares in certificate form at any time free of charge, and the company may at any time print certificates for uncertificated shares. If registered shares are to be printed, OC Oerlikon Corporation AG, Pfäffikon may issue certificates covering multiples of registered shares.

### Profit-Sharing Certificates

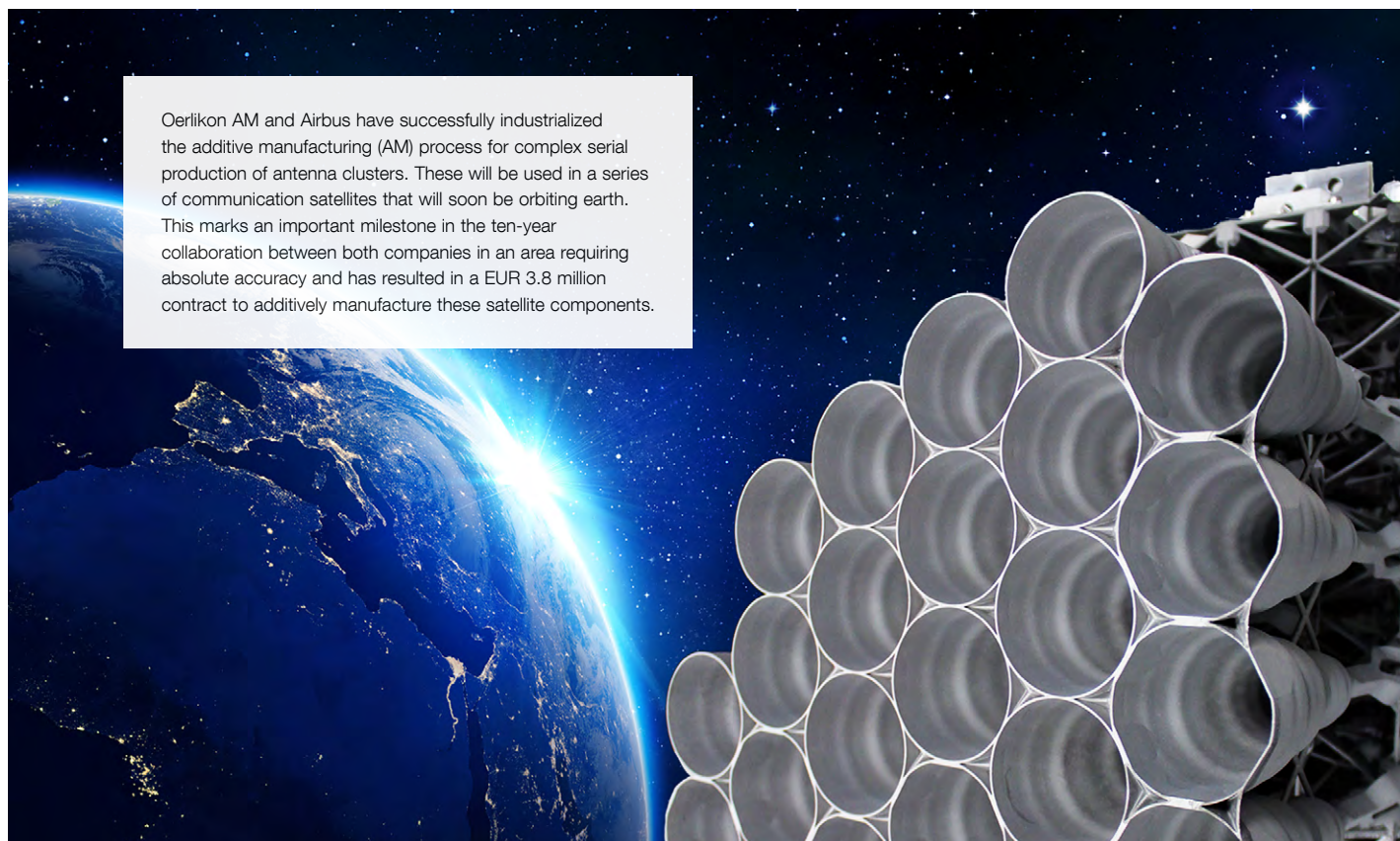
OC Oerlikon Corporation AG, Pfäffikon has not issued any profit-sharing certificates.

### Limitations on Transferability and Nominee Registrations

There are no restrictions on the transfer of OC Oerlikon Corporation AG, Pfäffikon shares. The company recognizes only those parties entered in the share register as shareholders or usufructuaries. Fiduciary shareholders and nominees will also be entered into the share register.

### Convertible Bonds and Options

As at December 31, 2023, there were neither convertible bonds nor options outstanding.



Oerlikon AM and Airbus have successfully industrialized the additive manufacturing (AM) process for complex serial production of antenna clusters. These will be used in a series of communication satellites that will soon be orbiting earth. This marks an important milestone in the ten-year collaboration between both companies in an area requiring absolute accuracy and has resulted in a EUR 3.8 million contract to additively manufacture these satellite components.

# Board of Directors



## Prof. Dr. Michael Suess

1963, German citizen  
Executive Chairman

### Professional Background and Education

Prof. Dr. Michael Suess was elected Chairman of the Board of Directors at the 2015 Annual General Meeting of Shareholders, the same year he joined the Board. On July 1, 2022, Prof. Dr. Suess took on the role of Executive Chairman to oversee all Group-level management topics and lead the Executive Committee and the Board. From 2015 to 2016, he was also CEO of Georgsmarienhütte Holding GmbH, a German steel company. Prior to that, he was a Member of the Managing Board of Siemens AG and CEO of Siemens Energy Sector. From 2008 to 2011, he was CEO of the Fossil Power Generation Division of the Energy Sector as well as a Member of the Group Executive Management of Siemens AG Power Generation Group from October 2006 to December 2007. After holding various positions at BMW, IDRA Presse S.p.A. and Porsche AG, Prof. Dr. Suess was appointed to the Managing Board of Mössner AG in 1999. Following the Georg-Fischer Group's takeover, he was named Chairman of the Managing Board of GF Mössner GmbH. From 2001 to 2006, he was COO at MTU Aero Engines AG and significantly involved in the company's IPO. From May 2009 to July 2018, he was a Member of the Supervisory Board of Herrenknecht AG. Prof. Dr. Suess graduated with a degree in Mechanical Engineering from TU Munich, Germany, and completed his doctorate in 1994 at the Institute for Industrial Science/Ergonomics at the University of Kassel (Dr. rer. pol.), Germany. On October 29, 2015, he was awarded an honorary professorship from TU Munich.

### Other Activities and Vested Interests

Prof. Dr. Suess is a Member of the Advisory Board of Kinexon Beteiligungsgesellschaft mbH.



## Gerhard Pegam

1962, Austrian citizen  
Vice-Chairman of the Board of Directors  
Chair of the Human Resources Committee  
Member of the Governance Committee

### Professional Background and Education

Gerhard Pegam was elected to the Board of Directors at the 2010 Annual General Meeting of Shareholders. In 2012, he founded his own consulting firm. From June 2011 to June 2012, he was a Corporate Officer of TDK Corporation, Japan. In this role, he was instrumental in the successful cultural and business integration of EPCOS AG, Germany, into TDK Corporation, Japan. From 2001 to 2012, he was CEO of EPCOS AG, Germany, a global leader in electronic components. From 2009 to 2012, he served additionally as a Board member of TDK-EPC Corp., the parent company of EPCOS AG following the successful merger and delisting in 2008. From 2004 to 2012, he was a Member of the Board of the Association of the German Electronics Industry (ZVEI). In 1999, he was appointed Chief Operating Officer of EPCOS AG, Germany. In 1999, he was also significantly involved in the successful IPO of EPCOS AG on the New York Stock Exchange (NYSE) and the Frankfurt Stock Exchange, which shortly thereafter became a member of the DAX 30 Index in Germany. From 1982 to 2001, he held several management positions with EPCOS AG, the Siemens Group and Philips. He has a successful turnaround track record of restructuring organizations and developing businesses into world-leading market positions. Mr. Pegam graduated from the Technical College Klagenfurt, Austria, with a degree in Electrical Engineering.

### Other Activities and Vested Interests

None.





### Paul Adams

1961, US citizen  
 Member of the Board of Directors  
 Lead Director  
 Chair of the Governance Committee  
 Member of the Human Resources Committee  
 Member of the Audit & Finance Committee

#### Professional Background and Education

Paul Adams was elected to the Board of Directors at the 2019 Annual General Meeting of Shareholders. He served as Chief Operating Officer of Precision Castparts Corp., Portland, Oregon, USA, a worldwide manufacturer of complex metal components and products for critical aerospace and power generation applications, from 2016 to 2018. He brings with him over 30 years of leadership experience in the aviation industry. From 2014 to 2016, he was President of Pratt & Whitney, Hartford, Connecticut, USA, a world leader in the design, manufacture and service of aircraft engines and auxiliary power units. From 1999 to 2014, he served in a number of senior management positions, including as Chief Operating Officer and SVP Operations and Engineering. Prior to joining Pratt & Whitney, he held various

engineering, operations and program management roles for more than 15 years at Williams International, Walled Lake, Michigan, USA. He holds a Bachelor of Science degree in Aerospace Engineering from the University of Michigan, USA, and completed the Stanford Executive Program at the Stanford Graduate School of Business, California, USA. In 2013, Mr. Adams was inducted into the National Academy of Engineering, Washington, D.C., USA. In 2015, Mr. Adams was awarded the "Public Service Star" from the government of Singapore for his work with Singapore's Economic Development Board. Mr. Adams holds 11 patents.

#### Other Activities and Vested Interests

Mr. Adams is a Member of the Board of Aclara Resources\* and Chromalloy Gas Turbine LLC, as well as a Senior Advisor of VulcanForms.



### Jürg Fedier

1955, Swiss citizen  
 Member of the Board of Directors  
 Member of the Audit & Finance Committee

#### Professional Background and Education

Jürg Fedier was elected to the Board of Directors at the 2021 Annual General Meeting of Shareholders. He was Chief Financial Officer of the Oerlikon Group from January 2009 to December 2019. From 2007 to 2008, he acted as CFO of Ciba, Switzerland. Prior to that, Mr. Fedier held senior financial management positions at Dow Chemical for 30 years. Between 2006 and 2007, he was Head of Finance of Dow Europe and a member of its Executive Board. Before that, Mr. Fedier served as Vice President Finance for Dow Chemical Performance Chemicals, USA, and between 2000 and 2002 as Global Business Finance Director for Dow Chemical, Thermosets. From 1978 to 2000, he filled several management positions with Dow Chemical in the USA, Europe and Asia. Mr. Fedier holds a Commercial Diploma from the College of Commerce in Zurich, Switzerland, and completed international executive management programs at IMD, Lausanne, Switzerland, and the University of Michigan, USA. He has various turnaround experience, including the

major refinancing of the Oerlikon Group in 2009, was in the lead for various capital market transactions, including IPO transactions, has vast experience in strategy development work and M&A transactions throughout his career, was the lead in creating an international treasury and trading center for a globally acting company in Singapore and established offshore corporate finance centers in India and Poland.

#### Other Activities and Vested Interests

Mr. Fedier is a Member of the Board of Directors of Dätwyler Holding AG\* and Ascom Holding AG\*.

\* Publicly listed company.

# Board of Directors



## Inka Koljonen

1973, Finnish citizen

Member of the Board of Directors (since March 21, 2023)

Member of the Human Resources Committee (since March 21, 2023)

Chair of the Audit & Finance Committee (since March 21, 2023)

### Professional Background and Education

Inka Koljonen was elected to the Board of Directors at the 2023 Annual General Meeting of Shareholders. Mrs. Koljonen is Chief Financial Officer of MAN Truck & Bus SE, a position she holds since February 2022. Since 2022, Mrs. Koljonen is also a member of the Supervisory Board and Member of the Audit Committee of Stabilus SE, a global provider of motion control solutions, mainly for the automotive industry. From 2020 to 2022, Mrs. Koljonen was CFO of the publicly-listed commercial vehicle supplier SAF Holland SE. 2015 to 2020, she was CFO of the Catalyst Business Unit at Clariant AG, a leading specialty chemical company. Prior to that, from 2011 to 2015, she was CFO for Siemens Russia and Central Asia. Mrs. Koljonen started her career in 1998 with MTU Aero Engines (previously DaimlerChrysler Aerospace), where she held various management positions in finance and strategy. After the takeover of MTU by the private equity investor KKR in 2005, she headed the restructuring program in preparation for the IPO and was appointed Head of Investor Relations. Mrs. Koljonen has a diploma in Business Administration from the Ludwig-Maximilians-University of Munich, Germany. She has significant experience in strategy and finance, including M&A, digitalization, IPOs and investor relations, as well as substantial expertise in the automotive and aerospace industries.

### Other Activities and Vested Interests

Mrs. Koljonen is a member of the Supervisory Board and Member of the Audit Committee of Stabilus SE.



## Irina Matveeva

1973, Russian citizen

Member of the Board of Directors

Member of the Audit & Finance Committee

### Professional Background and Education

Irina Matveeva was elected to the Board of Directors at the 2020 Annual General Meeting of Shareholders. She has been the Chief Financial Officer of AO ComplexProm JSC in Moscow, Russia since 2018. Prior to that, Ms. Matveeva was the CEO of OLCOR M LLC and served as Financial Director of the Renova Group from 2010 to 2018. From 2004 to 2010, she held several positions at the former Comstar-UTS OJSC, a Russian telecommunications company with more than 4 million subscribers and USD 1 billion in revenue, which is now the MTS Group, one of the largest telecom operators in Europe. In the position of Economics and Finance Vice President, she successfully restructured a RUR 26 billion existing bank loan and attracted RUR 5.8 billion in bank financing and set up the budget process of the holding. From 2008 to 2010, she served as a Comstar-UTS OJSC Board member. As a Head of the Investment Committee, she was involved in the coordination of the evaluation process of investment projects, successfully implemented an ERP system and participated in the company's IPO for a total amount of more than USD 1 billion. From 2006 to 2007, Ms. Matveeva held a management position in an associated company of Comstar-UTS OJSC – MGTS JSC. Besides her direct functions as a CFO, she played a leading role in the ERP system implementation and in bringing about adherence of the financial and management reporting system to US GAAP standards. Ms. Matveeva graduated from the Moscow Technical University of Communications and Informatics with a degree in Information Systems in Economics and holds an Executive MBA degree from the University of Antwerp. Until May 2022, Ms. Matveeva was an ultimate beneficiary, without any ownership / proprietary interest, control or voting rights and without right to claim the distribution and any other interest of proprietary nature, of the Next Generation Trust, an irrevocable and fully discretionary trust established under the laws of Cyprus and thereby associated with the Company's anchor shareholder. Thus, as of May 2022, Ms. Matveeva is no longer associated with the Next Generation Trust and the anchor shareholder Liwet Holding AG.

### Other Activities and Vested Interests

Ms. Matveeva is the Chairman of the Metcombank PJSC Board of Directors (Moscow, Russia) and a Member of the Board of Directors of T plus PJSC (Moscow, Russia) and Aeroportny Regionov Management Company JSC (Moscow, Russia).



### Alexey V. Moskov

1971, Cypriot and Israeli citizen  
Member of the Board of Directors  
Member of the Human Resources Committee

#### Professional Background and Education

Alexey V. Moskov was elected to the Board of Directors at the 2016 Annual General Meeting of Shareholders. From 1998 to 2004, Mr. Moskov was Vice President and Member of the Executive Board of Tyumen Oil Company (now TNK-BP) and Member of the Board of Directors of OAO Slavneft NGK, both based in Moscow, Russia. From 2004 to 2018, he served as Chief Operating Officer of Witel Ltd, Zurich, Switzerland, and since 2018, he has served as Executive Chairman of Witel Ltd. From 2019 to 2020, Mr. Moskov was a Member of the Board of Directors of SCHMOLZ+BICKENBACH AG (now Swiss Steel Holding AG), Lucerne, Switzerland. Since April 2020, Mr. Moskov has been a Member of the Board of Directors of Sulzer AG, Winterthur, Switzerland, and since 2022, he is the President of the Board of Directors of Liwet Holding AG, Zurich, Switzerland. Mr. Moskov holds a Master's degree in Engineering and Development from the Moscow State University of Railway Engineering (Technical Cybernetics Department), Moscow, Russia.

#### Other Activities and Vested Interests

Mr. Moskov is the President of the Board of Directors of Liwet Holding AG, Zurich, Switzerland, and a Board member of Sulzer AG\*, Winterthur, Switzerland.



### Zhenguo Yao

1964, Chinese citizen  
Member of the Board of Directors  
Member of the Human Resources Committee  
Member of the Governance Committee

#### Professional Background and Education

Zhenguo Yao was elected to the Board of Directors at the 2022 Annual General Meeting of Shareholders. He currently serves as Senior Vice President of Siemens Energy AG and Head of Siemens Energy China. Mr. Yao joined Siemens Power Generation Group as Sales Manager in China in 2001. He has held several senior management and board member positions within Siemens Energy since 2005, is responsible for energy business in Greater China, developed multiple partnerships with leading Chinese companies in the Energy Sector, established a strong local supply chain and one Innovation Center, and has been involved in several M&A projects and JVs with local partners. Mr. Yao completed his studies in thermal engineering and the English language at Shanxi Electric Power College and Shanxi University in 1986 and completed the Executive Management Program at ESMT Germany in 2007.

#### Other Activities and Vested Interests

Mr. Yao is a Member of the Advisory Board of LifeHikes, USA.

\* Publicly listed company.

## Board of Directors

The rules and regulations governing the organization and duties of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon are to be found in the Swiss Code of Obligations, the Articles of Association of OC Oerlikon Corporation AG, Pfäffikon, and the Organizational and Governance Rules of OC Oerlikon Corporation AG, Pfäffikon.

### Members of the Board of Directors

In the year under review, the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon was composed of Prof. Dr. Michael Suess (Executive Chairman), Gerhard Pegam (Vice-Chairman), Paul Adams (Lead Director), Jürg Fedier, Inka Koljonen (since March 21, 2023), Irina Matveeva, Alexey V. Moskov and Zhenguo Yao. The seven previous Board members who remained on the Board of Directors and the one new Board member were all reelected and elected, respectively, by the Annual General Meeting of Shareholders on March 21, 2023 for a term of office of one year.

### Other Activities and Vested Interests

For more information regarding the activities of the members of the Board of Directors in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law, permanent management and consultancy functions for important Swiss and foreign interest groups, and official functions and political posts, see page 32 et seqq.

### Number of Permitted Activities

Pursuant to Art. 32 of the Articles of Association, no member of the Board of Directors may hold more than ten additional mandates in comparable functions at other enterprises with an economic purpose, of which no more than four may be in listed companies. Not subject

to these limitations are (1) mandates in inactive companies and in companies that are controlled by OC Oerlikon Corporation AG, Pfäffikon or which control OC Oerlikon Corporation AG, Pfäffikon and (2) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations, whereby no member of the Board of Directors may hold more than ten such mandates. Mandates in different legal entities that are under joint control are deemed one mandate.

### Elections and Terms of Office

Board members are elected annually by the General Meeting of Shareholders for a term of one year and are eligible for reelection. A “year” is defined as the period from one ordinary General Meeting of Shareholders to the completion of the next. In the event of elections for replacement or elections of additional members during the year, the period until the completion of the next ordinary General Meeting of Shareholders will be deemed to constitute one year. Each member of the Board of Directors must be elected individually. Only individuals who have not completed their 70th year of age on the election date are eligible. The General Meeting of Shareholders may, under special circumstances, grant an exception to this rule and may elect a member of the Board of Directors for one or several terms, provided that the total number of these additional terms of office does not exceed three.

### Internal Organizational Structure

The Board of Directors is the ultimate supervisory body of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group. It is responsible for the overall management, oversight and control of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group, determines the Group strategy and oversees the management to which it has delegated operational tasks. It sets forth guidelines on the general and strategic direction of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group and periodically reviews

## Composition of the Board of Directors

Name (Nationality)	Domicile	Position	Age	Joined	Term Expires	Role
Prof. Dr. Michael Suess (DE)	CH	Executive Chairman	60	2015	2024	Executive
Gerhard Pegam (AT)	DE	Vice-Chairman	61	2010	2024	Non-executive
Paul Adams (US)	US	Member, Lead Director	62	2019	2024	Non-executive
Jürg Fedier (CH)	CH	Member	68	2021	2024	Non-executive
Inka Koljonen (FI)	DE	Member since March 21, 2023	50	2023	2024	Non-executive
Irina Matveeva (RU)	RU	Member	50	2020	2024	Non-executive
Alexey V. Moskov (CY/IL)	CH	Member	52	2016	2024	Non-executive
Zhenguo Yao (CN)	CN	Member	59	2022	2024	Non-executive

their implementation. See Oerlikon's Organizational and Governance Rules (OGR) published on Oerlikon's website: [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization).

### Board Independence and Independence Assessment

The Board of Directors shall consist of at least three but not more than nine Board members, the majority of whom should be independent. Oerlikon in principle defines Board independence in line with the Swiss Code of Best Practice for Corporate Governance (No. 15). According to Section II, Art. 1.2 of the OGR, in general, a Board member will be deemed to be independent if, during the three years immediately prior to taking office, he was neither a member of the executive management of OC Oerlikon Corporation AG, Pfäffikon, the Oerlikon Group, an Oerlikon Group company or an audit firm of any of these, nor close to any of the latter, and had no significant business relations, whether directly or indirectly, with the Oerlikon Group. Beyond this, Oerlikon defines representatives from large shareholders to be non-independent in line with good international corporate governance practice.

In the three financial years preceding the reporting period, except for the Executive Chairman (since July 1, 2022), none of the members of the Board of Directors were involved in the executive management of OC Oerlikon Corporation AG, Pfäffikon or any other Group company. They also do not have any significant business connections with companies of the Oerlikon Group. Until May

2022, Ms. Matveeva was an ultimate beneficiary, without any ownership/proprietary interest, control or voting rights and without right to claim the distribution and any other interest of proprietary nature, of the Next Generation Trust, an irrevocable and fully discretionary trust established under the laws of Cyprus and thereby associated with the Company's anchor shareholder. Thus, as of May 2022, Ms. Matveeva is no longer associated with the Next Generation Trust and the anchor shareholder Liwet Holding AG.

Oerlikon considers the majority of its Board members independent and currently only deems Prof. Dr. Michael Suess (Executive Chairman), and Alexey V. Moskow (representative of anchor shareholder) as non-independent.

### Diversity on the Board

Oerlikon strives to have a well-diversified Board, among other things, in terms of skills, experience, geographic reach, tenure and gender. Over time, Oerlikon intends to increase diversity where needed and possible, always in the best interests of the Company. The table below provides an overview of the current Board members along with the diversity criteria considered most important for the Company. In line with good governance practice and regulatory requirements, the Board targets a female representation of at least two to three members. Furthermore, diversity is not only considered a key topic and priority for the Board of Directors, but the entire organization (see Sustainability Report).

## Board Skills and Experience Overview

### Independence through Board Composition and Skill Assessment

#### Members of the Board of Directors (2023–2024)

Board Member	Board Experience			Corporate Officer Experience			Business Experience								Personal Information				
	OC Oerlikon Tenure (Years until AGM 2024)	Other Public Board Experience	Large, Privately-Held International Company Experience	CEO	CFO	Other Executive Experience	Risk Management	ESG / Sustainability	Industrial Production and R&D	International Experience	Change and Crisis Management in Public Companies	Communications and Stakeholder Management	International Supply Chain Management	Strategic M&A	Strategic Financing	Nationality	Gender	Non-Executive	Independent
Prof. Dr. Michael Suess	9	●	●	●	○	○○○	●	●	●	●	●	●	●	●	●	DE	M	NO	NO
Paul Adams	5	●	●	●	○		●	●	●	●	●	●	●	●	●	US	M	YES	YES
Jürg Fedler	3	●		●	●		●	○	○	●	●	●	○	●	●	CH	M	YES	YES
Inka Koljonen	1	●	●	○	●		●	●	●	●	●	●	●	●	●	FI	F	YES	YES
Irina Matveeva	4	○	●	○	●		●	○	○	●	●	○	○	●	●	RU	F	YES	YES
Alexej V. Moskow	8	●	●	○	○		●	●	○	●	○	○	○	●	●	CY/IL	M	YES	NO
Gerhard Pegam	14	●		●	○		●	●	●	●	●	●	●	●	●	AT	M	YES	YES
Zhenguo Yao	2	○		●	○		●	●	●	●	●	●	○	●		CN	M	YES	YES

#### Assessment reflects company view

● Expert / YES or NO    ● Intermediate Experience    ○ No Experience

## Board Refreshment Process

Thorough board refreshment process to ensure expertise, diversity and independence



### Board Refreshment Process

Oerlikon has no tenure limits in place but has established a thorough Board of Directors' refreshment process to ensure its members bring the right mix of expertise, diversity and independence (as further described above) to the table. The figure above describes Oerlikon's Board refreshment process and the main factors against which new Board candidates are assessed. With a view toward current and expected future challenges, the Board of Directors identifies potential gaps in its skill matrix (see figure Board Skills and Experience Overview). Balancing against longer-tenured directors with substantial know-how of Oerlikon, the Board intends to fill these gaps with new members who are able to amend the Board with the required skill, experience and diversity considerations. The Human Resources Committee (HRC) fulfills a vital role in the board refreshment process as it annually reviews Board composition in light of the Group's strategic targets, taking into consideration the relevant individual requirement profiles, the contribution of each member to the company, the composition of the Board as a whole and the committees to be composed.

### Board Training and Onboarding Process

Newly elected Board members are onboarded with training dedicated to their core tasks and responsibilities as members of the Oerlikon Board of Directors. In general, all Board members will attend at least one or two training events per year. These cover topics related to their duties as Board members, with a particular focus on matters concerning a SIX Swiss Exchange-listed company, internal regulations, policies and directives and on actual and future topics of interest for the Group.

### Executive Chair Model – Overview

The goal of Oerlikon Group's Executive Chair Model is to strengthen the Group's strategic focus with two divisions, enable faster decision-making, improve organizational agility and thereby ensure sustainable profitable growth of the Group. Under the Executive Chair Model,

the Board of Directors delegates the operational management of the Group as follows:

- i. The two current Division CEOs, Dr. Markus Tacke and Georg Stausberg, continue to have operational control and accountability in leading their divisions. In addition, the Executive Chair Model provides them with the added agility and speed of execution to run and grow their business.
- ii. Prof. Dr. Michael Suess holds the position of Executive Chairman, overseeing all Group-level management topics and leading the Executive Committee in addition to his role as Chair of the Group's Board of Directors.
- iii. The Executive Committee is responsible for ensuring the harmonized Group-wide management of all organizational topics with cross-divisional relevance.

To ensure a proper governance framework under this Model, the appointed Executive Chair does not serve on any Board committees and a Governance Committee, chaired by the Lead Director, is established. The OGR ensures a balance of power among the members of the Executive Committee, which have to pass resolutions by a simple majority instead of individual decisions and the conflict-of-interest rules require potentially conflicted members to inform the full Board of Directors.

After over one year in place, the governance measures introduced alongside the Executive Chair Model, in particular the function of Lead Director and the Governance Committee, proved to work very well in practice. The Model notably increased the effectiveness and speed of the decision-making process and considerably simplified the business model. The structure further fostered a very open and honest dialogue between all the involved parties, the Chairman, the Lead Director and Executive Management and provides the Board with a high level

of transparency. The interplay as well as checks and balances between Board, Executive Chairman, the Division CEOs, the EC, the Lead Director, as well as the Governance Committee have been established in a thorough manner and are described further below.

For further details regarding the Executive Chair Model, see page 44 et seq.

#### Executive Chairman

The Executive Chairman shall ensure that the Board of Directors may and does effectively carry out its superintendence and oversight role on an informed basis. He shall endeavor, together with the EC, to provide the Board of Directors with optimal information regarding the operating activities of OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group. Together with the EC, the Executive Chairman shall perform a leadership role in the implementation of the strategic orientation of the Group as set out by the Board of Directors on a collegial basis and shall represent OC Oerlikon Corporation AG, Pfäffikon and the Oerlikon Group in relations with important shareholders, clients, further stakeholders and the general public.

The Executive Chairman shall convene, prepare and chair Board meetings and may convene meetings of the Board of Directors' committees. He shall coordinate the work of the Board of Directors and its committees and shall ensure that Board members receive all information necessary to perform their duties in a timely manner. In cases of uncertainty, he shall delineate authorities between the Board of Directors and its committees, unless the entire Board of Directors intends to address the matter.

#### Vice-Chairman

The Vice-Chairman shall act as the deputy of the Executive Chairman, if the latter is unable to exercise his office. The Vice-Chairman shall have the same powers and duties for the performance of his/her role as a deputy as those accruing to the Executive Chairman, but such powers and duties shall be confined to resolutions to be passed during the period of the representation. If the Executive Chairman is prevented from carrying out his/her duties due to long-term illness or any other long-term absence, the Board of Directors shall decide whether the executive operational management functions delegated to the Executive Chairman shall remain with the Vice-Chairman or shall be assigned to another Board Member, the EC or an EC member.

#### Lead Director

Oerlikon has appointed an existing independent and experienced member of the Board of Directors, Paul Adams, as Lead Director. The Lead Director chairs the Governance

Committee that consists exclusively of independent members of the Board of Directors. The Governance Committee serves the Lead Director as a sounding board and is responsible for ensuring adequate control mechanisms in light of the Executive Chair Model.

Specifically, the Lead Director has, within the scope of his duties, (i) unlimited rights to access information and to conduct investigations within the entire Oerlikon Group, (ii) the right to call Board of Directors meetings, (iii) the right to schedule regular meetings of the Governance Committee under exclusion of the Executive Chairman and (iv) the right to conduct engagement meetings with key stakeholders.

In 2023, the Lead Director, together with the Governance Committee, continued to fulfill their tasks in a meaningful and efficient manner taking a proactive and preventive approach to ensure adequate control mechanisms. In particular, the Lead Director met individually with each member of the Executive Committee five to six times in the past year to ensure a proper governance and informed decision-making of the Board. The key content of these meetings is further discussed in the Governance Committee and, if deemed necessary, escalated to the full Board. No situations were reported in which the Executive Chairman allegedly misused his powers or in which former members of the Executive Committee were in an allegedly material conflict of interest situation in their function as Board members. The Lead Director conducted regular bilateral meetings with EC members (other than the Executive Chairman) and key management functions (e.g., General Counsel) throughout the year to get independent insights regarding the day-to-day functioning of the Executive Chair Model. These meetings too did not reveal any governance or compliance issues.

#### Committees

The Board of Directors may create committees from among its members to assist it in the performance of its duties at any time. These committees are permanent advisory groups supporting the Board of Directors with their particular expertise. Unless expressly stated in the Organizational and Governance Rules, the Chart of Competencies or the relevant committee's rules and regulations, they do not have any authority to decide matters in lieu of the Board of Directors. All cases in which the currently existing committees do in fact have authority to decide matters in lieu of the Board of Directors will be specified. They may prepare, review and investigate matters of relevance within their field of expertise and submit proposals to the Board of Directors for deliberation, but must not themselves take resolutions beyond recommendations, proposals or motions to be submitted to the Board of

Membership in these committees in the year under review was as follows:

### Composition of Committees of the Board of Directors

Name (Nationality)	Audit & Finance Committee (AFC)	Human Resources Committee (HRC)	Governance Committee (GOC)
Prof. Dr. Michael Suess (DE)			
Gerhard Pegam (AT)	Chair until March 21, 2023	Chair	Member
Paul Adams (US)	Member	Member	Chair
Jürg Fedier (CH)	Member		
Inka Koljonen (FI)	Chair since March 21, 2023	Member since March 21, 2023	
Irina Matveeva (RU)	Member	Member until March 21, 2023	
Alexey V. Moskov (CY/IL)		Member	
Zhenguo Yao (CN)		Member	Member

Directors for deliberation. Committees shall meet regularly to conduct their work, but in general at least four times a year.

There are currently three permanent committees of the Board of Directors, namely the Audit & Finance Committee (AFC), the Human Resources Committee (HRC) and the Governance Committee (GOC). All strategy-relevant topics are discussed directly in the Board of Directors to further strengthen the Group's strategic focus and to enable faster decision-making.

#### Audit & Finance Committee (AFC)

The AFC is a permanent committee of the Board of Directors within the meaning of Art. 716a para. 2 of the Swiss Code of Obligations. As a rule, the AFC is composed of at least three members of the Board of Directors. Members of the AFC are not eligible if they perform any executive management duties within the Oerlikon Group while in office, have significant business relations with OC Oerlikon Corporation AG, Pfäffikon or the Oerlikon Group or have been members of the Executive Committee in the preceding three years. They must by all means have the degree of independence required by the Swiss Code of Best Practice for Corporate Governance, as amended from time to time. The majority of AFC members, including its Chair, must have experience in finance and accounting and be familiar with internal and external auditing. As a separate advisory group, independent from the Executive Committee, the AFC shall advise the Board of Directors and exclusively follow the Board of Directors' instructions.

The AFC's purpose is to facilitate the Board's ability to fulfill its duties regarding OC Oerlikon Corporation AG, Pfäffikon and all its subsidiaries. Its responsibilities include assisting

the Board in monitoring the adequacy of processes and the integrity of OC Oerlikon Corporation AG, Pfäffikon's

- financial statements;
- internal controls;
- compliance with legal and regulatory requirements;
- external auditor's performance, qualification and independence (incl. review of the audit work plan and the compensation);
- internal audit department's performance;
- risk management policies, capital structure and funding requirements.

The AFC may prepare, review or investigate matters of relevance within its scope of responsibilities and submit relevant proposals to the Board of Directors for deliberation, but must not itself take resolutions beyond recommendations, proposals or motions to be submitted to the Board of Directors for deliberation. The AFC has no authority to decide matters in lieu of the Board of Directors.

The organization, detailed responsibilities, functioning and reporting of the AFC are stipulated in the Rules and Regulations of the AFC published on Oerlikon's website: [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization).

#### Human Resources Committee (HRC)

The HRC is a permanent committee of the Board of Directors within the meaning of Art. 716a para. 2 of the Swiss Code of Obligations. As a rule, the HRC is composed of at least three members of the Board of Directors. Members of the HRC are not eligible if they perform any executive management duties within the



Oerlikon Group while in office, have significant business relations with OC Oerlikon Corporation AG, Pfäffikon or the Oerlikon Group or have been members of the Executive Committee in the preceding three years. In all cases, they must have the degree of independence required by the Swiss Code of Best Practice for Corporate Governance, as amended from time to time.

The HRC supports the Board of Directors with regard to matters related to human resources, including compensation policies, performance assessment, appointments and succession planning, and other general topics related to human resources. The HRC shall, in particular, support the Board of Directors in establishing and reviewing the Group's compensation strategy and in preparing the proposals to the General Meeting of Shareholders regarding compensation of the members of the Board of Directors and of the Executive Committee, and may submit proposals to the Board of Directors in other compensation-related issues. Furthermore, the HRC recommends the annual pay plan for the Group (incl. general salary increases), the Group-wide compensation policies for non-managerial staff, the objectives and performance contracts of all members of the Executive Committee, the eligibility in equity programs and the allocation of equity instruments. In general, the HRC has no authority to decide matters in lieu of the Board of Directors.

The organization, detailed responsibilities, functioning and reporting of the HRC are stipulated in the Rules and Regulations of the HRC published on Oerlikon's website: [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization).

#### **Governance Committee (GOC)**

The GOC is a permanent committee of the Board of Directors within the meaning of Art. 716a para. 2 of the Swiss Code of Obligations. As a rule, the GOC shall consist of at least three members of the Board of Directors who shall in general not be eligible if performing any executive management duties within OC Oerlikon Corporation AG, Pfäffikon or the Oerlikon Group while in office or having significant business relations with the Company or having been members of the Executive Committee in the preceding three years. They must by all means have the degree of independence required by the Swiss Code of Best Practice for Corporate Governance and be considered independent by Oerlikon's own independence criteria.

The GOC is chaired by the Lead Director. The Lead Director, with the support of the GOC, is responsible for ensuring adequate control mechanisms under the

Executive Chair Model and vis-à-vis the Executive Chairman or former members of the Executive Committee as set forth in the Rules and Regulations of the GOC and the Company's Organizational Rules and were appropriate and in line with market expectations and practices, above and beyond the baseline principles regarding good corporate governance as set forth in the Swiss Code of Best Practice for Corporate Governance. Hence, generally, the GOC assists the Board of Directors and the Executive Chairman in fulfilling their responsibilities with respect to the Company's corporate governance insofar as checks and balances are concerned in a governance model where certain Board members do have executive functions.

As set forth in the Rules and Regulations of the GOC, the GOC takes a proactive and preventive role in ensuring adequate control mechanisms e.g., by meeting regularly, at least four times a year, and conducting meetings with relevant management team members, all under the exclusion of the Executive Chairman. In cases of alleged misuse of powers under the Executive Chair Model, the Lead Director's and the GOC's right to access information and to conduct investigations shall be unlimited within the entire Oerlikon Group. The GOC reports to the Board of Directors at Board of Directors meetings and immediately in urgent cases. Within the defined scope of the GOC's duties and responsibilities, the GOC may request that an item be included on the Board of Directors' agenda.

Unless expressly stated in the Rules and Regulations of the GOC, which are publicly available on Oerlikon's website, the GOC has no authority to decide matters in lieu of the Board of Directors.

The organization, detailed responsibilities, functioning and reporting of the GOC are stipulated in the Rules and Regulations of the GOC published on Oerlikon's website: [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization).

#### **Work Methods of the Board of Directors and its Committees**

The Board of Directors meets at the invitation of the Executive Chairman or, should the case require, of the Lead Director at least four times a year (usually once in February/March, once in June/July, once in September/October and once in November/December) or more often if necessary. The members of the Executive Committee attend the meetings of the Board of Directors by invitation. Each Board member may request that the Executive Chairman convene a Board meeting by stating the reasons for such a request.

In 2023, five Board meetings were held, three of which were ordinary Board meetings (average duration: 9.3 hours) and two were Board workshops (average duration: 13.2 hours). The main topics of the workshops were strategy, digitalization, human resources and business development. In addition, the Board held four telephone conferences (average duration: 0.7 hours). The members of the Executive Committee were invited to all meetings, workshops and conference calls of the Board of Directors, unless the Executive Chairman decided differently for certain Board meetings or certain agenda items. Additionally, the constitutional Board meeting took place after the AGM with a duration of 1.5 hours.

The members of the HRC are elected by the General Meeting of Shareholders, whereas the Chair of the HRC is appointed by the Board of Directors. The members of the AFC and its Chair are elected by the Board of Directors at the proposal of the Executive Chairman. The Chair and the other members of the GOC are elected by the Board of Directors at the proposal of the HRC, whereas any Board of Directors member, including the Executive Chairman, who has an executive function shall abstain from the Board of Directors resolution to appoint the Chair and the other members of the GOC.

Their respective terms of office in those committees correspond to their terms of office as Board members. Those Board members who are not members of a committee have the right to attend committee meetings with a consultative vote. As a rule, the Company's CFO, external auditor, Head of Group Accounting & Reporting and Head of Internal Audit (who is also the secretary of the AFC) should attend the meetings of the AFC; the CHRO should attend the meetings of the HRC; and other members of

the Board who are not members of the GOC may attend the meetings of the GOC. Additional persons (e.g. other members of the Executive Committee or Heads of corporate functions) may be invited, if required. At every Board meeting, each committee Chair provides the Board of Directors with an update on the current activities of the committee and important committee issues.

The AFC and the GOC convene by invitation of their respective Chairs as often as business requires, but at least four times annually. The HRC meets at the invitation of its Chair at least three times a year, or more often if necessary.

In 2023, there were five meetings of the AFC (average duration: 2.9 hours). The members of the AFC participated in the meetings along with the CFO and representatives of the corporate functions concerned (in particular Group Accounting & Reporting, Group Controlling, Internal Audit and Group Legal). The external auditors (PricewaterhouseCoopers Ltd) took part in all five AFC meetings. In 2023, the HRC held three meetings (average duration: 3.4 hours) and the GOC held four meetings (average duration: 0.6 hours).

#### Definition of Areas of Responsibility

Pursuant to Art. 716b of the Swiss Code of Obligations and Art. 20 para 3 and 22 para. 3 of the Articles of Association, the Board of Directors has, in principle, delegated the operational management of the business of OC Oerlikon Corporation AG, Pfäffikon and of the Oerlikon Group to (i) the Executive Chairman, (ii) the Division CEOs and (iii) the EC, subject to mandatory law, the Articles of Association and the Organizational and Governance Rules. The scope of tasks for which the Board of Directors bears

### 2023 Board and Board Committee Meetings

	Pre Annual General Meeting 2023						Post Annual General Meeting 2023					
	Board						Board					
Meetings and Attendance	Mtg.	Conf. Call	Workshop	AFC	HRC	GoC	Mtg.	Conf. Call	Workshop	AFC	HRC	GoC
Average duration (hours)	1.5	0.5	12.5	2.5	3.3	0.5	13.2	0.8	14.0	2.9	3.5	0.7
Number of meetings	1	1	1	1	1	1	2	3	1	4	2	3
Meetings attended:												
Prof. Dr. Michael Suess	1	1	1	–	–	–	2	2	1	–	–	–
Gerhard Pegam	1	1	1	1	1	1	2	3	1	–	2	3
Paul Adams	1	1	1	1	1	1	2	2	1	4	2	3
Jürg Fedier	1	1	1	1	–	–	2	3	1	4	–	–
(since March 21, 2023) Inka Koljonen	–	–	–	–	–	–	2	3	1	4	2	–
Irina Matveeva	1	1	1	1	1	–	2	3	1	4	–	–
Alexey V. Moskov	1	1	1	–	1	–	2	2	1	–	2	–
Zhenguo Yao	1	1	1	–	1	1	2	3	1	–	2	3

responsibility essentially encompasses those inalienable and non-delegable duties defined by law. These include:

- The ultimate direction of the business of OC Oerlikon Corporation AG, Pfäffikon and issuing of the relevant directives
- Laying down the organization of OC Oerlikon Corporation AG, Pfäffikon
- Formulating accounting procedures, financial controls and financial planning
- Nominating and removing persons entrusted with the management and representation of OC Oerlikon Corporation AG, Pfäffikon and regulating the power to sign for OC Oerlikon Corporation AG, Pfäffikon
- The ultimate supervision of those persons entrusted with management of OC Oerlikon Corporation AG, Pfäffikon with particular regard to adherence to the relevant law, the Articles of Association and the regulations and directives of OC Oerlikon Corporation AG, Pfäffikon
- Issuing the Annual Report, the Compensation Report and the report on non-financial matters (Sustainability Report) according to Art. 964a et seqq. of the Swiss Code of Obligations and other reports as required by law, if any, and preparing for the Annual General Meeting of Shareholders and carrying out its resolutions
- Submitting a petition for a debt-restructuring moratorium and informing the court in case of indebtedness
- Determining the strategic direction and approving the strategy for the Oerlikon Group and its divisions

According to the Company's Organizational and Governance Rules, it is also incumbent upon the Board of Directors to decide on (1) overall budget planning; (2) acquisitions and divestments involving an enterprise value of at least CHF 25 million; (3) the establishment, liquidation or restructuring of strategy-relevant companies or businesses; (4) the purchase and sale of real estate with a financial value exceeding CHF 25 million; and (5) the initiation and settlement of civil law litigation with amounts in dispute of more than CHF 50 million.

**Key Board Activities in 2023**

- Progressed on leveraging core competencies into new areas
- Strategic considerations around M&A: Completed Riri acquisition in 2023 following the successful completion of two deals in 2021; focus on successful integration
- Continued evaluations of portfolio optimizations, i.e. review of operational and strategic actions to strengthen the resilience of the company (e.g. announced exit from inline ePD)
- Further developed new regional organization and the widening of Oerlikon's customer base
- Focus on operational measures and commercial strategy, including cost efficiency, innovation pipeline and pricing strategy
- Monitor sanction risks and ensure contingencies measures
- Continuously develop cyber security strategy and ensure readiness in case of incident
- Ensure progress on digitalization initiatives
- Review ESG strategy & plan and drive progress

**Sustainability Governance and Decision-Making Framework**



## We are Active in Engaging With Our Stakeholders

Stakeholder	Key Concerns	Stakeholder	Key Concerns	Month 2023	Shareholder Events
<b>Employees</b>	<ul style="list-style-type: none"> <li>■ Equality and diversity</li> <li>■ Career advancement</li> <li>■ Education and training</li> <li>■ Health and safety</li> <li>■ Environment</li> <li>■ Social Impact</li> </ul>	<b>Local communities</b>	<ul style="list-style-type: none"> <li>■ – Employment</li> <li>■ – Compliance</li> <li>■ – Environment</li> <li>■ – Social impact</li> </ul>	Apr.	AGM
<b>Customers</b>	<ul style="list-style-type: none"> <li>■ Quality</li> <li>■ Health and safety</li> <li>■ Environment</li> <li>■ Competitive pricing</li> </ul>	<b>Authorities and government reps.</b>	<ul style="list-style-type: none"> <li>■ Taxes</li> <li>■ Responsible business practices</li> <li>■ Compliance</li> <li>■ Health and safety</li> <li>■ Environment</li> </ul>	Mar., May, Aug., Nov.	Quarterly results
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>■ Responsible business practices</li> <li>■ Health and safety</li> <li>■ Environment</li> </ul>	<b>Non-governmental organizations and civil society</b>	<ul style="list-style-type: none"> <li>■ Responsible business practices</li> <li>■ Compliance</li> <li>■ Health and safety</li> <li>■ Environment</li> </ul>	Mar., May, Sep., Nov.	Roadshows/ conferences
<b>Investors and analysts</b>	<ul style="list-style-type: none"> <li>■ Management</li> <li>■ Quality</li> <li>■ Responsible business practices</li> <li>■ Compliance</li> <li>■ Health and safety</li> <li>■ Environment</li> <li>■ Innovation</li> </ul>			May	Capital Markets Day

### Sustainability

Furthermore, sustainability is endorsed and overseen by the Board of Directors. The Board agenda covers sustainability topics throughout the year and dedicates significant time for the purpose of establishing the overall guidance for the Oerlikon Group's sustainability strategy. In this process, the Board will also delegate specific sustainability topics to its committees. The Board has mandated a dedicated Chief Sustainability Officer (CSO), who is a member of the Executive Committee and reports to the Executive Chairman, to monitor, align and execute the sustainability strategy. Led by the CSO, the Sustainability Management Team (SMT) works closely with the divisions and Group functions in executing the sustainability strategy, rolling out programs and action plans, and increasing dialogue and awareness with stakeholders. The framework on page 43 provides an overview of how sustainability is embedded in Oerlikon's Board and leadership structure.

As highlighted in the framework on page 43, ESG is embedded comprehensively in our governance:

- ESG is an integral part of the Board and the EC agendas
- Specific topics regarding ESG integration are addressed in the respective committee
- The Board has mandated a Chief Sustainability Officer (member of the Executive Committee) to lead the sustainability strategy

### Executive Chair Model – Further Details

In accordance with Art. 716b CO, Art. 20 para. 3 and 22 para. 3 of the Articles of Association, the Board of Directors has delegated the operational management of the Oerlikon Group and all matters not reserved for the Board of Directors to (i) the Executive Chairman, (ii) the Division CEO's and (iii) the EC, subject to mandatory law, the Articles of Association and the Organizational and Governance Rules.

Within the delegated matters, the Executive Chairman has the following specific duties:

- Implementation of the Oerlikon Group strategy, of the resolutions of the Board and of all operational management topics of Oerlikon Group-wide relevance
- Leading and overseeing the implementation of the Group's long- and short-term plans in accordance with its strategy
- Representing Oerlikon and the Oerlikon Group in relations with important shareholders, customers, contact groups and the general public
- Development of the divisions to higher operational performance and higher independence in defining and executing continuous improvements (operational excellence)

Within the delegated matters and apart from running the operational management of the divisions, which is fully delegated to the Division CEOs, the Division CEOs are in

particular responsible for preparing and implementing the strategy for each of the divisions in coordination with and under the guidance of the Executive Chairman.

Within the delegated matters, the Executive Committee shall have the following specific responsibilities and duties: (i) Based on the proposals of the Division CEOs for the division strategies, preparing the strategy for the Group under the guidance of the Executive Chairman, (ii) formulating the development of the Group's strategy subject to approval by the Board of Directors, (iii) establishment of a close monitoring system for operational performance and of close contact between corporate decision makers and the division's management teams, (iv) allocation of key resources (CAPEX, R&D funding, etc.) to implement the approved strategy, (v) establishment of a succession planning and compensation scheme as well as development of incentive schemes aligned with the strategy and objectives and to support the divisions in developing their teams but also foster attraction, identification and development of talents across the Oerlikon Group, (vi) grouping of resources in shared service centers for homogenous, standardized and clearly definable tasks (e.g. IT), (vii) performance assessment and development of key corporate functions.

The Executive Committee is chaired by the Executive Chairman. With the introduction of the Executive Chair Model and in adherence with good governance principles, decision-making power was transferred from an individual to the overall committee level. In principle, decisions should be taken unanimously. If such unanimity cannot be reached, resolutions shall be passed by a simple majority of the EC members. In the event of an equality of votes, the Executive Chairman shall have a casting vote.

More information regarding the areas of responsibility of the Board of Directors, the Executive Chairman, the Division CEOs and the Executive Committee can be found in the Company's Organizational and Governance Rules published on Oerlikon's website: [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization).

### **Information and Control Instruments Vis-à-Vis the Executive Chairman, the Division CEO's and the Executive Committee**

The Board of Directors has a wide array of instruments that enable it to perform the tasks of monitoring strategic and operational progress as well as risk exposure. The instruments at its disposal include the following elements:

### **The Board of Directors' Right of Access to Information and the Executive Chairman's Duty of Information**

Each member of the Board of Directors receives a copy of the monthly report, which includes an overview of Group performance, the financials of the Group and the divisions as well as an M&A project update. The Executive Chairman reports at Board of Directors meetings on the day-to-day operations, operating results and important business matters. Extraordinary occurrences (if any) must be immediately communicated to the Executive Chairman and to the Chair of the relevant committee. With the approval of the Executive Chairman, members of the Board of Directors may also access specific business records and/or obtain information from any employee of the Oerlikon Group. As set forth in the Rules and Regulations of the Governance Committee, the Lead Director and members of the Governance Committee have unlimited information access within their scope of duty and without need for previous approval by the Executive Chairman.

The Board of Directors and its committees regularly take advice from members of the Executive Committee in order to ensure that the most comprehensive and up-to-date information on the state of the company and all relevant elements are included in its decision-making. Additionally, heads of corporate functions or other experts may be consulted on a case-by-case basis in order to gain detailed and comprehensive information on complex matters.

### **Accounting & Reporting**

The Group Accounting & Reporting function is responsible for the Group's Management Information System (MIS), which links all major Group companies and production sites directly with Group Headquarters to provide the Executive Committee and the Board of Directors with institutionalized Group reporting on a monthly basis. This is consolidated to show the performance of the Group and explains the reasons for any deviations from the key performance indicators. The Board of Directors may demand access to the relevant details at any time. Furthermore, Group Accounting & Reporting ensures compliance with the International Financial Reporting Standards (IFRS).

### **Controlling**

With regard to controlling, the key instruments are specific analyses prepared by the divisions, as well as annually updated business plans on Group and division level. The Board of Directors approves the annual financial business plan (budget) and acknowledges the business plan. In addition to the business updates provided by the Executive Chairman or CFO at the Board of Directors and

AFC meetings, the Board of Directors and the Executive Committee receive a monthly actual versus/target analysis of the key financials to assist them in the assessment of the divisions' performance and potential corrective measures. Furthermore, the Executive Committee holds regular business review meetings at Group and division level, examining current performance and outlook, market competitive dynamics, division product portfolios and scenarios explored to improve division value creation.

### Risk Management

Oerlikon has a risk management system in place with which the enterprise-wide risk management is centrally managed and decentrally implemented. A key component of it is the generation and semi-annual update of risk profiles for the Group as a whole, as well as for its individual divisions and Group functions. All types of risks, internal and external, such as market, credit, sustainability (including environmental, social, human rights and anti-corruption) and operational risks are considered, including compliance and reputational aspects, and actions are defined in order to mitigate risk exposure. Internal risk reporting to the Executive Committee is performed semi-annually and annually to the AFC and the Board of Directors based on consolidated risk reports. On this basis, the Board of Directors monitors the risk profile of the Group and the risk mitigation actions. For further information regarding risk management, see page 71 et seq. (Risk Management and Compliance) and page 126 et seq. (Note 18 to the consolidated financial statements).

### Compliance

The Group-wide compliance function is dedicated to ensuring compliance within a regulatory framework, which encompasses legal and internal regulations as well as ethical standards, values and principals. The Company's Code of Conduct, which was renewed in 2020, serves as the cornerstone of the Group's mandatory compliance e-training. It underscores the Company's commitment to proactive measures and the implementation of engaging learning tools and legal compliance training. Oerlikon has also strengthened its focus on behavioral aspects of leadership awareness when addressing integrity issues. This has been achieved through the enforcement of its business partner integrity screening process and the update of its Supplier Code of Conduct.

In the data protection field, the Group Data Privacy and Data Compliance Officer continues the optimization of the Group's internal processes and practices in light of the GDPR's (the EU's General Data Protection Regulation) Privacy By Design principle, and alignment with other data protection laws applicable in the countries where the Oerlikon Group operates. The Group Data Protection

Policy has been updated in 2022 to fully align with the latest legal developments in data privacy and further explain the Group's data privacy strategy. In 2023, as every year, annual mandatory data protection training was provided to all Group employees.

The EU, Swiss and UK legal requirements concerning data transfers to non-adequate countries and in particular the United States remained under Oerlikon's scrutiny in 2023. Oerlikon is also closely monitoring the evolution of the cyber and data protection framework in China and implementing the requirements related to data transfers overseas. For further information regarding compliance, see page 73 (Compliance and Ethics).

### Internal Audit

An internal audit is an independent and objective assurance activity that assists Oerlikon in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, controls and governance processes. The Head of Internal Audit reports functionally to the AFC and administratively to the CFO. The AFC approves the budget, the resources and the internal audit plan. Internal Audit closely coordinates its plans and activities with the external auditor. Internal Audit projects are selected on the basis of a Group-wide risk assessment in coordination with Group Risk Management. The annual audit plan strikes the appropriate balance between operational, financial, compliance and follow-up reviews. The results of internal audits are communicated to the responsible management team, the Executive Committee, the AFC, the Executive Chairman and the external auditors through formal audit reports. In 2023, Internal Audit conducted 43 internal audits.

### External Audit

The external auditor examines the books and accounts of OC Oerlikon Corporation AG, Pfäffikon and those of the Oerlikon Group, coordinating its audit plan with that of Internal Audit. Upon completion of the audit, the external auditor prepares a comprehensive auditor's report to inform the AFC and the Board of Directors about the detailed findings of the audit and prepares a summary thereof for the Annual General Meeting of Shareholders. In 2023, the external auditors participated in all five AFC meetings. Since 2016, the external audit has been carried out by PricewaterhouseCoopers Ltd. For further information regarding the external auditors, see page 50 et seq.

The continuing independence of the external auditors is ensured by written representations provided by the auditors and by the monitoring of audit fees in relation to total fees for all services paid by Oerlikon to the audit firm.

The Oerlikon Executive Committee<sup>1</sup>

## Leadership and Accountability



### Prof. Dr. Michael Suess

#### Professional Background and Education

Prof. Dr. Michael Suess was elected Chairman of the Board of Directors at the 2015 Annual General Meeting of Shareholders, the same year he joined the Board. In 2022, Prof. Dr. Suess took on the role of Executive Chairman to oversee all Group-level management topics and lead the Executive Committee and the Board. From 2015 to 2016, he was also CEO of Georgsmarienhütte Holding GmbH, a German steel company. Prior to that, he was a Member of the Managing Board of Siemens AG and CEO of Siemens Energy Sector. From 2008 to 2011, he was CEO of the Fossil Power Generation Division of the Energy Sector and a Member of the Group Executive Management of Siemens AG Power Generation Group from October 2006 to December 2007. After holding various positions at BMW, IDRA Presse S.p.A. and Porsche AG, Prof. Dr. Suess was appointed to the Managing Board of Mössner AG in 1999. Following the Georg-Fischer Group's takeover, he was named Chairman of the Managing Board of GF Mössner GmbH. From 2001 to 2006, he was COO at MTU Aero Engines AG and significantly involved in the company's IPO. From May 2009 to July 2018, he was a Member of the Supervisory Board of Herrenknecht AG. Prof. Dr. Suess graduated with a degree in Mechanical Engineering from TU Munich, Germany, and completed his doctorate in 1994 at the Institute for Industrial

Science/Ergonomics at the University of Kassel (Dr. rer. pol.), Germany. On October 29, 2015, he was awarded an honorary professorship from TU Munich.

#### Other Activities and Vested Interests

Prof. Dr. Suess is a Member of the Advisory Board of Kinexon Beteiligungsgesellschaft mbH.



### Philipp Müller

#### Professional Background and Education

Philipp Müller was appointed Chief Financial Officer effective January 1, 2020. He has 20 years of financial and strategic experience across multiple industries. Prior to joining Oerlikon, he led the investor relations functions at Baker Hughes in Houston, Texas, USA. Before that, he served as CFO of GE's oil and gas drilling business from 2014 to 2016. Previously, Mr. Müller held various financial leadership positions in GE's industrial businesses and spent five years on GE's corporate audit staff, where he advanced to Executive Audit Manager at GE Healthcare. Mr. Müller holds a Master's degree in Business from the University of Mannheim, Germany.

#### Other Activities and Vested Interests

None.



## Anna Ryzhova

### Professional Background and Education

Anna Ryzhova was appointed Chief Human Resources Officer effective October 10, 2016. Ms. Ryzhova has over 21 years of experience in leading HR functions, 13 of which were at the Renova Group in senior HR executive roles. Most recently, Ms. Ryzhova was Chief Human Resources Officer at Witel Ltd., Zurich, Switzerland. From 2010 to 2015, she served as HR and Corporate Relations Director at the Renova Group Corporate Center in Moscow, Russia. Ms. Ryzhova holds a Master's degree in Economics from the National Research University Higher School of Economics in Moscow and an Executive MBA from IMD, Lausanne, Switzerland.

### Other Activities and Vested Interests

None.



## Georg Stausberg

### Professional Background and Education

Georg Stausberg was appointed a Member of the Executive Committee and Chief Sustainability Officer (CSO) as of January 1, 2021. Mr. Stausberg is CEO of the Polymer Processing Solutions Division and has held this role since 2015. Between 2012 and 2014, he served as CTO and COO of the division. From 2008 to 2012, Mr. Stausberg was CEO of the Business Unit Oerlikon Neumag. He graduated from the RWTH Aachen University, Germany, with a degree in Mechanical Engineering (Dipl.-Ing.).

### Other Activities and Vested Interests

None.



## Dr. Markus Tacke

### Professional Background and Education

Dr. Markus Tacke was appointed a Member of the Executive Committee as of January 1, 2021 and CEO of the Surface Solutions Division, effective October 1, 2020. Dr. Tacke has over 25 years of leadership experience in the renewable energy and gas turbine industries and is highly recognized for his ability to reposition and develop businesses. Before joining Oerlikon, he was CEO of Siemens Gamesa Renewable Energy S.A. from 2017 to 2020, where he carved out the Wind Division from Siemens and merged it with Gamesa S.A. Prior to that, Dr. Tacke held a number of leadership positions within Siemens' energy businesses, the last of which was CEO of their Wind Power and Renewables Division. Besides the operational responsibility, Dr. Tacke was involved or managed numerous acquisitions, for example, Westinghouse, Alstom Industrial, KKK and Bonus. Dr. Tacke holds a Mechanical Engineering degree from the Technical University of Darmstadt, Germany, a Master's degree in Engineering from Cornell University, New York, USA, and a PhD from the Technical University of Darmstadt, Germany. Dr. Tacke held the position of Chairman of Wind Europe from 2014 to 2016 and Chairman of VDMA Power Systems from 2016 to 2020.

### Other Activities and Vested Interests

Chairman of the Board of RHEMAG, Frankfurt, Germany.

<sup>1</sup>A description of the roles and authorities of the Members of the Executive Committee can be found in the Company's Organizational and Governance Rules published at [www.oerlikon.com/en/about-us/company-profile/organization](http://www.oerlikon.com/en/about-us/company-profile/organization).



## Executive Committee

### Management Philosophy

The Oerlikon Group's strategy is to expand its leading position worldwide as a powerhouse in surface solutions and advanced materials as well as for equipment for processing polymers. In line with this strategy, the Group has a Headquarter and two operative divisions (Surface Solutions Division and Polymer Processing Solutions Division). Group Headquarters still determines strategic guidelines, sets operational targets and monitors these with effective management processes and controlling while the divisions continue to be responsible for operations and for delivering on the agreed strategy and targets within given guidelines. With the introduction of the Executive Chair Model and in adherence with good governance principles, decision-making power was transferred from an individual to the overall committee level. In principle, decisions should be taken unanimously. If such unanimity cannot be reached, resolutions shall be passed by a simple majority of the EC members. In the event of an equality of votes, the Executive Chairman shall have a casting vote.

### Members of the Executive Committee

On December 31, 2023, the Executive Committee consisted of Prof. Dr. Michael Suess, Executive Chairman (since July 1, 2022), Philipp Müller, CFO (since January 1, 2020), Anna Ryzhova, CHRO (since October 10, 2016), Dr. Markus Tacke, CEO of the Surface Solutions Division (since January 1, 2021) and Georg Stausberg, CEO of the Polymer Processing Solutions Division (since January 1, 2021).

With the exception of Georg Stausberg, the other members of Oerlikon's Executive Committee have not previously carried out tasks for OC Oerlikon Corporation AG, Pfäffikon or any other Group company. For further information, see page 47 et seq.

### Other Activities and Vested Interests

Regarding the activities of the members of the Executive Committee in governing and supervisory bodies of

important Swiss and foreign organizations, institutions and foundations under private and public law, as well as permanent management and consultancy functions for Swiss and foreign interest groups and official functions and political posts, see page 47 et seq.

### Number of Permitted Activities

Pursuant to Art. 32 of the Articles of Association, no member of the executive management may hold more than ten additional mandates in comparable functions at other enterprises with an economic purpose, of which no more than four may be in listed companies. Not subject to these limitations are (1) mandates in inactive companies and in companies that are controlled by OC Oerlikon Corporation AG, Pfäffikon or that control OC Oerlikon Corporation AG, Pfäffikon and (2) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations, whereby no member of the executive management may hold more than ten such mandates. Mandates in different legal entities that are under joint control are deemed one mandate. According to internal policies, Board memberships in third-party companies require the Executive Chairman to obtain the approval of the Board of Directors and other Executive Committee members to obtain the approval of the Executive Chairman.

### Management Contracts

There are no management contracts with third parties.

## Shareholders' Participation

### Voting Rights Restrictions and Representation

The right to vote and other shareholder rights may only be exercised by shareholders or beneficiaries who are registered in the share register. Any shareholder may appoint the independent proxy or another person (who does not need to be a shareholder) with written authorization or a legal representative to act as proxy to represent his/her shares at the General Meeting of Shareholders.

## Composition of the Executive Committee

Name	Nationality	Age	Position	Joined	In Position Since	Stepped Down
Prof. Dr. Michael Suess	DE	60	Executive Chairman	2015	7/1/2022	
Philipp Müller	DE	45	CFO	2019	1/1/2020	
Anna Ryzhova	RU	44	CHRO	2016	10/10/2016	
Georg Stausberg	DE	60	CEO Polymer Processing Solutions Division	1989	1/1/2021	
Dr. Markus Tacke	DE	58	CEO Surface Solutions Division	2020	1/1/2021	

The Executive Chairman decides whether to recognize the power of attorney.

Regarding the written or electronic issuing of the proxy and of instructions to the independent proxy, the Articles of Association do not contain any provisions that deviate from the legal provisions. Entitled to vote in the General Meeting of Shareholders are the shareholders whose names have been entered into the share register as shareholders with voting rights at the cut-off date to be determined by the Board of Directors (as a rule, the cut-off date is six working days before the General Meeting of Shareholders). Otherwise, there are no restrictions on voting rights.

Pursuant to Article 13a of the Articles of Association, the Board of Directors shall determine the venue of the General Meeting of Shareholders. The Board of Directors can determine that the General Meeting be held simultaneously at different locations, provided that the statements of the participants are transmitted directly in video and audio to all venues and/or that shareholders who are not present at the venue of the General Meeting of Shareholders may exercise their rights by electronic means. Alternatively, the Board of Directors may provide that the General Meeting of shareholders will be held by electronic means without a venue.

#### **Statutory Quorums**

The Articles of Association of OC Oerlikon Corporation AG, Pfäffikon provide for no specific quorums that go beyond the provisions of corporate law.

#### **Convocation of the Annual General Meeting of Shareholders**

Supplemental to the statutory legal provisions, the Company's Articles of Association provide for the convocation of an Annual General Meeting of Shareholders by a one-off announcement in the Swiss Official Gazette of Commerce or in a form that allows proof by text.

#### **Inclusion of Items on the Agenda**

The Articles of Association provide that one or more shareholders who together represent at least 0.5% of the share capital or the votes are entitled to request that an item be included in the agenda or that a motion to an agenda item be included, provided that their requests are submitted in writing and include the actual agenda item and/or the actual motions; this request is to be made no later than ten weeks before the date of the General Meeting of Shareholders.

#### **Entry into the Share Register**

The 51st General Meeting of Shareholders will be held on March 21, 2024. Entitled to vote in the General Meeting of Shareholders are those shareholders whose names have been entered into the share register as shareholders with voting rights at the cut-off date to be determined by the Board of Directors.

#### **Right to Inspect the Minutes of the Annual General Meeting of Shareholders**

The minutes of the 50th General Meeting of Shareholders, held on March 21, 2023, can be viewed on the website at [www.oerlikon.com/en/about-us/annual-general-meeting-of-shareholders](http://www.oerlikon.com/en/about-us/annual-general-meeting-of-shareholders). Shareholders may also read the minutes at Group Headquarters upon prior notice. The minutes of the 2024 Annual General Meeting of Shareholders will be published on the Oerlikon website as soon as they have been compiled.

### **Changes of Control and Defense Measures**

#### **Duty to Make an Offer**

In accordance with the Articles of Association of OC Oerlikon Corporation AG, Pfäffikon a person who acquires shares in the company is not required to make a public purchase bid pursuant to Art. 125 para. 3 of the Financial Market Infrastructure Act (opting out). The opting out is necessary for the company to keep its financial flexibility when raising capital. The Board of Directors regularly reviews whether the opting out clause should be preserved or cancelled, carefully balancing the pros and cons arising from it.

#### **Clauses on Changes of Control**

In 2023, there are no change-of-control clauses in agreements and schemes benefiting Members of the Board of Directors and/or of the Executive Committee, as well as other members of the Oerlikon management. As from January 1, 2024, in the event of a change of control, all unvested share awards are subject to full accelerated vesting at maximum.

### **Auditors**

#### **Duration of the Mandate and Term of Office of the Lead Auditor**

PricewaterhouseCoopers Ltd was elected by the 43rd Annual General Meeting of Shareholders on April 5, 2016 as auditor of OC Oerlikon Corporation AG, Pfäffikon, and the Group for the first time. The auditor is elected at the

Annual General Meeting of Shareholders for a one-year term of office. The lead auditor responsible for the mandate, Mr. Rene Rausenberger, has been serving in this function since the financial year that ended on December 31, 2019. In accordance with Art. 730a para. 2 of the Swiss Code of Obligations, the lead auditor's term of office is a maximum of seven years.

### **Auditing Fees**

In the calendar year 2023, PricewaterhouseCoopers Ltd invoiced the company CHF 2.4 million in global auditing fees.

### **Additional Fees**

In the calendar year 2023, PricewaterhouseCoopers Ltd invoiced the company CHF 0.4 million for additional services. The additional fees were invoiced for worldwide general and project-specific tax consultancy services (CHF 0.3 million) and for consulting in connection with the Sustainability Report and other consulting services (CHF 0.1 million).

### **Informational Instruments**

#### **Pertaining to an External Audit**

In accordance with Art. 728b para. 1 of the Swiss Code of Obligations, the external auditors provide the Board of Directors, on an annual basis, with a comprehensive report with conclusions on the financial reporting and the internal controlling system as well as the conduct and the result of the audit. Furthermore, the external auditors conduct interim audits during the year, in which they report their findings to the Executive Committee and the AFC.

Once the auditing work has been completed, the AFC assesses the results and findings of the external audit, discusses its assessment with the lead auditor in charge and reports the relevant findings to the Board of Directors. Furthermore, the AFC submits proposals in response to the external auditors' recommendations, objections and other discovered deficiencies, if any, to the Board of Directors for consideration and monitors the implementation of any relevant action decided upon by the Board of Directors.

The Chair of the AFC meets regularly with the lead auditor and other representatives of the auditing firm. The latter also participate in meetings of the AFC dealing with relevant agenda items. In the reporting year, PricewaterhouseCoopers Ltd participated in all five meetings of the AFC.

On behalf of the Board of Directors, the AFC evaluates the work done by the external auditors and the lead

auditor based on the documents, reports and presentations issued by them as well as on the materiality and objectivity of their statements. For this, the AFC consults with the CFO and the Head of Internal Audit. On an annual basis, the AFC recommends to the Board of Directors the external auditors to be proposed to the General Meeting of Shareholders for election or reelection based on their performance, qualifications and independence. Once a year, the external auditors provide a formal written confirmation that they fulfill the requirements with regard to registration and independence as required by Swiss law and Swiss auditing standards. The assignment of non-audit services to the external auditors that are potentially in conflict with their role and responsibility must be approved by the Board of Directors based on the recommendation of the AFC.

The fees paid to the external auditors are reviewed on a regular basis and compared with the auditing fees paid by other comparable listed Swiss companies. Auditing fees are negotiated by the CFO, evaluated by the AFC and subject to the approval of the Board of Directors.

#### **Material Changes Since Balance Sheet Date**

None.

## **Information Policy**

### **General**

Oerlikon provides its shareholders and the capital markets with transparent, comprehensive and timely information on relevant facts and developments, in a manner that is in line with the principle of equal treatment of all stakeholders, including the public and all actual and potential market participants.

Apart from its audited Annual Report and Half-Year Report, which are prepared in accordance with the International Financial Reporting Standards (IFRS), Oerlikon publishes its key financial figures and a related commentary for the first and third quarters of its financial year. In this way, Oerlikon increases its communication and transparency on its financial development. Oerlikon also issues press releases on key company news during the year to ensure that shareholders and market participants are informed of significant changes and developments in the company. Since 2021, Oerlikon has been publishing its annual Sustainability Report according to the GRI standards. Oerlikon's Sustainability Report 2023, again prepared according to the GRI

standards, is the company's report on non-financial matters according to Art. 964a et seqq. of the Swiss Code of Obligations.

The company's website, [www.oerlikon.com](http://www.oerlikon.com), offers a permanently accessible platform for all current information concerning the company. For all news, the publication medium is the Swiss Official Gazette of Commerce. The Board may select additional publishing media. Communications to registered shareholders must be sent in writing to the most recent address provided by the shareholders to the company.

### **Press Releases**

As a company listed on the SIX Swiss Exchange, OC Oerlikon Corporation AG, Pfäffikon is obligated to disclose price-sensitive information to the public, including all market participants (ad hoc publicity obligation). In compliance with the SIX Exchange Regulation Ltd's Directive on Ad Hoc Publicity, press releases determined by Oerlikon to be an ad hoc announcement pursuant to Art. 53 Listing Rules will be clearly classified as such in press releases and on Oerlikon's website.

Press releases published in 2023, along with previous releases dating back to January 2004, can be accessed on Oerlikon's website at [www.oerlikon.com/en/about-us/media/press-releases](http://www.oerlikon.com/en/about-us/media/press-releases). Those interested in receiving the company's press releases regularly by e-mail can subscribe for the service at [www.oerlikon.com/en/about-us/media/registration-for-corporate-news](http://www.oerlikon.com/en/about-us/media/registration-for-corporate-news).

### **Financial Calendar**

For the financial calendar with Oerlikon's 2024 key financial disclosure events, please refer to page 80 of this Annual Report. The financial calendar, including further details on dates of road shows, conferences and events, can be found at [www.oerlikon.com/en/investors/financial-calendar](http://www.oerlikon.com/en/investors/financial-calendar).

### **Quiet Periods (Blackout Periods)**

No Board member, member of the Executive Committee or other employee of Oerlikon may trade or undertake to trade (or stop a trading order) in stock exchange-listed Oerlikon securities or in any derivatives thereof during the period starting on the first day after the end of a reporting period, that is, on January 1, April 1, July 1 and October 1, respectively, and ending with the close of the first trading day after Oerlikon's public release of the relevant (annual, half-year, quarterly) report. Automatic sales of Oerlikon shares received by a participant in Oerlikon's LTI program upon conversion of PSA or RSU through a third-party brokerage firm on the next trading day following the transfer date of the Oerlikon shares

under the LTI program are permitted during the above mentioned recurring quiet periods. Besides these recurring quiet periods, individual quiet periods may apply.

### **Contact**

Please refer to page 80 of this Annual Report for contact information for the Oerlikon Group, Investor Relations and Corporate Communications.



# Remuneration Report

Premiered at ITMA, Milan, in 2023, the Oerlikon Neumag EvoSteam staple fiber process enables clients to make significant progress toward energy, water and raw material savings, as well as a reduction in operating expenses and carbon footprint, all while delivering excellent fiber qualities. In recognition of its sustainability contributions, EvoSteam received the “bluesign® VERIFIED DATA” test label.

## Shareholder Letter

# Remuneration Report

Dear Shareholders,

It is my pleasure as the Chairman of the Human Resources Committee (HRC) to present to you the 2023 Remuneration Report of OC Oerlikon Corporation AG, Pfäffikon.

Building on the measures announced in the 2022 Remuneration Report, we continued our efforts to enhance transparency, and raise awareness of the clear link between shareholder value creation and Oerlikon's executive compensation. As in 2022, we held another shareholder engagement campaign in fall 2023 to discuss and explain improvements in our disclosure, transparency and compensation design, and strengthen the relationship with our investors. We received valuable feedback from this outreach which is reflected in our 2023 report. Some of the key improvements following the outreach include:

- the introduction of a clawback policy to apply as of the 2024 Short-Term Incentive (STI) and Long-Term Incentive (LTI) plans;
- a significantly enhanced disclosure of the calculations of the Executive Committee's STI payout; and
- the introduction of a Change in Control clause in the LTI to be in line with market practice.

Throughout the year, the HRC continued to perform its regular duties. This included establishing performance goals and assessing the Executive Committee, setting pay for Board members and compensation for the Executive Committee, as well as drafting the Remuneration Report and providing shareholders information on the say-on-pay vote at the AGM.

Due to the continuing difficult global environment driven by lower order intake in the Chinese textiles market, the HRC also regularly discussed and evaluated amendments to the current employees' compensation schemes. As a result, the employee merit increase in 2023 was at a minimum, and there was no increase in Executive Committee target compensation. With the goal of further stressing the importance of developing and providing products and solutions aimed at helping our customers become more sustainable, the HRC launched a process for developing new ESG targets to apply as of the 2025 STI. Our goal is to ensure that these metrics are reliably measurable and relevant for driving sustainable business growth and to support a culture of sustainability amongst our employees. This will be independently verified through an audit.

Oerlikon's Management team delivered a solid performance in an extremely difficult macroeconomic environment. The unexpected and extreme movements of foreign exchange rates (namely the substantial strengthening of the Swiss franc) and the anticipated significant downturn in the critical filament end market, posed unique challenges. Despite a more than 21% contraction in the global filament market, Oerlikon's leadership managed to limit the downturn in topline sales in the sector to 19%, which is reflected in STI performance versus target. Management also took necessary actions to safeguard profitability and cash generation to further improve the resilience of the company. Consistent with prior practice, when assessing managements' performance, the Board excludes factors like foreign exchange and restructurings from the evaluation. Based on the STI plan rules, which apply to over 2 500 employees worldwide with the Oerlikon Group, the Executive Committee will receive a payout equivalent to, on average, 95.9% of target. In 2023, the LTI 2020 plan vested at 55.3% of the granted LTI amount.

We remain committed to continuing to provide a high level of transparency with respect to compensation. In our 2023 Remuneration Report, we again show the compensation of the Executive Committee from three perspectives, namely the effective compensation that was paid in 2023, the forward-looking target value that was granted in 2023 and its market value at year-end. These perspectives allow shareholders to better interpret the amounts on which they are voting, that is, the target value granted, and to monitor the relationship between the company's performance and management's compensation.

The Board's proposals for the binding votes on the compensation of Executive Committee and Board members will be published with the invitation to the 2024 AGM. To increase the transparency on the composition of these amounts, we will again be providing a specific compensation booklet together with the AGM invitation. In 2024, we will continue to work on our compensation framework, to further improve transparency and to better integrate Oerlikon's sustainability goals into our compensation system.

Sincerely



**Gerhard Pegam**

Chairman of the Human Resources Committee

This Remuneration Report provides detailed information on compensation programs at Oerlikon, on the remuneration awarded to the members of the Board of Directors (Board) and the compensation of the Executive Committee for 2023, and on the governance framework around compensation.

It is written in accordance with the Swiss Code of Obligations, the SIX Exchange Regulation Ltd's Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance set forth by *economiesuisse*.

The Articles of Association include rules on the principles applicable to performance-related pay and the allocation of equity securities (Art. 30), additional amounts for payments to Executive Committee members appointed after the vote on pay at the AGM (Art. 29) and the vote on pay at the AGM (Art. 28). Details on these rules are available on the Oerlikon Investor Relations webpage at <https://www.oerlikon.com/en/about-us/company-profile/organization/>.

Remuneration for the Board and the compensation of the Executive Committee is made up of various components, which are described in detail in this report. It includes a summary of the following aspects of the remuneration system:

- General principles of the compensation policy
- Compensation governance
- Remuneration systems and remuneration paid or granted to the Board of Directors in 2023
- Compensation systems and compensation paid or granted to the Executive Committee for 2023

## Executive Chair Model

In 2022, Oerlikon Group introduced an Executive Chair Model to support the strategic focus of the Group (see Corporate Governance Report on pages 29 to 52 for a detailed description).

In 2023, Prof. Dr. Michael Suess served for the first full year in the position of the Executive Chairman of the Group's Board of Directors, while the two current Division CEOs, Dr. Markus Tacke and Georg Stausberg, continued to have operational control and accountability in leading their respective divisions as Chief Executive Officers. This is also reflected in the compensation system, with the Executive Chairman being compensated in a way to ensure that the incumbent has the maximum incentive to pursue good governance standards.

- The Executive Chairman's total target compensation amounts to CHF 5000000 and is composed of a fixed amount of CHF 2000000, consisting of (i) the regular Board Chairman fee of CHF 750000 and (ii) the CEO annual base salary consisting of CHF 1250000, as well as variable executive components with a target amount of CHF 3 000 000, as described in more detail below.
- The Executive Chairman's total fixed remuneration (CHF 2 000 000) is contractually considered a Non-Executive Director fee. Pension contributions for the Executive Chairman are based on this fixed amount.
- The Executive Chairman's variable compensation elements consist of (i) a target STI (CHF 1 500 000), and (ii) a target LTI (CHF 1 500 000, at grant) that are both subject to the same plan rules as for the Executive Committee.
- The hypothetical stand-alone CEO target compensation would amount to CHF 4.25 million, which is in line with market practice across European executives of similar seniority and experience with responsibility for similarly complex businesses and Oerlikon's benchmarking group.
- The Executive Chairman's variable compensation elements are considered and disclosed as executive compensation since they reflect the achievement of annual and multi-year operational objectives.
- There is no notice period for the Executive Chairman's fixed remuneration. In the event of not being re-elected, the Executive Chairman will no longer receive a fixed remuneration. For the STI and the LTI, the same leaver rules apply to the Executive Chairman as for the Executive Committee. The Executive Chairman has a non-compete clause of 12 months, which can be waived by the Board of Directors. Only where the non-compete is enforced will the amount payable equate to a maximum of the Executive Chairman's fixed remuneration.

With the introduction of the Executive Chair Model, Oerlikon has amended and strengthened its corporate governance structure with the introduction of a Lead Director and a Governance Committee. An existing independent member of the Board of Directors, Paul Adams, continued to serve in 2023 as Lead Director.

The Lead Director chairs the Governance Committee, which consists solely of independent members of the



Board of Directors. For an overview of the fees paid to the Lead Director and the members of the Governance Committee, see Board Remuneration 2023 on page 60.

## Compensation Policy

Attractive, motivating, fair and simple compensation for all employees is the foundation of Oerlikon's performance-based corporate culture. The compensation systems provide competitive base salaries and ambitious incentive schemes, giving consideration to both individual and company performance, while rewarding excellence and promoting an entrepreneurial attitude.

### Board of Directors

Board remuneration was benchmarked against the median of a Swiss peer group operating in the same sector and equivalent in size. The peer group consists of the following companies:

### Benchmark Group 2023 – Board of Directors

SIX Index	Name
SMI	Geberit
SMI	Sika
SMI	Lonza
SMIM	Sonova
SMIM	Clariant
SPI	Sulzer
SMIM	Georg Fischer
SMIM	VAT Group
SPI	dormakaba
SPI	Bucher
SPI	Dätwyler

### Executive Committee

To determine competitive and equitable compensation, Oerlikon uses external and internal benchmarks. The company establishes its external benchmark by continuously surveying the markets in which it operates, and its internal benchmark is established by following a Performance Management process. Performance Management is a crucial element in assessing the achievement of expectations and targets in relation to individual and business results.

Since 2022, Oerlikon has used a dual peer group approach, consisting of a global peer group provided by Aon and a Swiss peer group provided by PwC. Mercer has also provided other compensation services to the

### Benchmark Group 2023 – Executive Committee

Category	Name	Country
Global Peer Group	Andritz	Austria
	Bobst Group	Switzerland
	Bodycote	UK
	Crane, Co.	US
	DMG MORI	Germany
	Dürr	Germany
	Flowserve	US
	GEA Group	Germany
	Georg Fischer	Switzerland
	Heidelberg Druckmaschinen	Germany
	Hillenbrand	US
	Kennametal	US
	Krones	Germany
	KUKA	Germany
	Schweizer Technologies	Switzerland
Swiss Peer Group	SFS Group	Switzerland
	SIG Group	Switzerland
	Sulzer	Switzerland
	Tecan Group	Switzerland
	Vesuvius	UK
	BKW	
	Bucher Industries	
	Comet	
	Dätwyler	
	dormakaba	
	Georg Fischer	
	Landis + Gyr	
	Schindler	
	Sonova	
	Sulzer	
Tecan Group		
VAT Group		

Oerlikon Group and its subsidiaries. These benchmark groups comprise companies chosen to reflect the competitive environment in which Oerlikon operates and are selected according to criteria such as market capitalization, business type and geographic location. Oerlikon uses these peer groups in a holistic way, benchmarking fixed compensation to median peer group levels, and total direct compensation at the 75th percentile if performance

targets are achieved. This competitive peer group positioning is crucial for Oerlikon, being a mid-sized company operating in a niche market, to attract the globally experienced talent required to maintain our market leadership in the business.

### Determining Compensation

The Human Resources Committee (HRC) supports the Board of Directors in all matters relating to the compensation and performance management systems at Oerlikon, in particular:

- the remuneration policies for members of the Board of Directors, the Executive Committee and Group-wide managerial and non-managerial staff;
- the preparation of the proposals to the AGM regarding the aggregate remuneration amount for the Board of Directors and the aggregate compensation amount for the Executive Committee;
- the annual pay plan for the Group (including general salary increases);
- the objectives for the Executive Chairman and assessment of his performance;
- the performance management of Executive Committee members by the Executive Chairman.

The remuneration policy for the Board of Directors and the compensation policy for the Executive Committee require an ongoing review of whether or not the remuneration offered is:

- competitive, transparent and fair, by analyzing comparable companies and salary trends in the market;
- commensurate, but at the same time also ambitious in terms of to the company's results and individual performance;
- consistent with Oerlikon's values and long-term strategy.

This review is conducted by the HRC on an annual basis, taking into account data from benchmark providers as described in the previous section. HRC activities are reported to the Board of Directors following each meeting. HRC minutes are shared with all Board members and form the basis for the Board of Directors to approve in:

- December, adjustments to remuneration policies, if any, for the Board of Directors, the Executive Chairman and the other members of the Executive Committee and STI target setting for the following year for Executive Chairman and members of the Executive Committee;
- February, the fixed remuneration of the members of the Board of Directors and the fixed compensation of the Executive Committee for the current performance year, as well as the performance and variable compensation of the Executive Chairman and members of the Executive Committee for the past performance year;
- February and October, Long-Term Incentive (LTI) grants, i.e. participants in equity programs and share awards allocated to them.

Within the approved compensation policy, the Board of Directors approves the Executive Committee members' financial objectives for the following year at the year-end meeting. Individual objectives for the current year are approved at the meeting in February. The HRC monitors the STI performance at each of its meetings during the year and endorses the required accruals, which form the basis for the disclosure at the December meeting that appears below.

Finally, the HRC determines the overall STI payout, based on factual business circumstances and reasonable business judgment in order to achieve a fair result originating from

### Approval Process

Decision on	Prepared by	Set by	Approved by
Remuneration of members of the Board of Directors	HRC Chair	HRC	Board of Directors
Remuneration of the Executive Chairman, including fixed and variable remuneration	HRC Chair	HRC	Board of Directors
Compensation of the other members of the Executive Committee, including fixed and variable compensation	Executive Chairman	HRC	Board of Directors
Aggregate amount of – maximum total remuneration of the Board of Directors – maximum fixed compensation of the Executive Committee – variable compensation of the Executive Committee	HRC Chair	HRC	Board of Directors/ Shareholders
Remuneration Report	HRC Chair	HRC	Board of Directors/ Shareholders

true performance and makes a recommendation to the Board of Directors for a final decision in February following the performance year. At this meeting, the HRC also recommends to the Board of Directors the aggregate amount for variable pay components that are submitted to a vote for approval at the AGM.

Based on the Swiss Code of Obligations, the aggregate amounts for compensation of the Board of Directors and the Executive Committee, as well as the Remuneration Report (for amount approvals concerning the current or future period) are subject to approval at the AGM. Within these confines, the internal approval and decision processes are as follows:

- The Executive Chairman is present at the meeting when decisions are approved by the Board of Directors, excluding his own remuneration. Members of the Board of Directors, other than those of the HRC, do not participate in determining the remuneration of Directors.
- The Executive Chairman is involved in determining the compensation of members of the Executive Committee and is present when the Board of Directors approves it. He is not present when his own compensation is determined or approved. Similarly, members of the Executive Committee are not present when decisions on their respective compensation are made.

## Board of Directors

### Remuneration System

The remuneration system applicable to the members of the Board of Directors consists of a fixed cash component and a fixed value grant of restricted stocks. The cash component depends on the responsibility, complexity and requirements of the tasks assumed. Each task is remunerated differently and the remuneration components are cumulated, depending on the number of tasks assumed by each member, as per the Cash Remuneration table. The level of remuneration for each of the components is set by the HRC, taking into account the expenditure of work required from Board and Committee members as well as peer benchmarks and approved by the Board of Directors and ultimately by the shareholders at the AGM vote. The members of the Board of Directors are remunerated for their service from the date of their election and for the duration of their term of office. Remuneration amounts for members of the Board of Directors remained unchanged for 2023 in line with the amounts approved by the shareholders.

### Board Compensation

in CHF 000	AGM 2023 – AGM 2024	AGM 2022 – AGM 2023 <sup>4</sup>	Expense Allowance
Member of the Board of Directors	82.5	82.5	35
Executive Chairman of the Board of Directors <sup>1</sup>	2 000	2 000	
Vice Chairman of the Board of Directors	137.5	137.5	
Chair of a committee <sup>2</sup>	55	55	
Member of a committee	33	33	
Restricted stocks	137.5 <sup>3</sup>	–	
Restricted stock units (RSU)	–	137.5 <sup>3</sup>	

<sup>1</sup> The Executive Chairman's remuneration comprises a Board (fixed) and an Executive (STI and LTI) part. The fixed Board part has no notice period.

<sup>2</sup> The Lead Director does not receive any additional fees in addition to those paid for chairing the Governance Committee.

<sup>3</sup> The Executive Chairman does not receive any Board restricted stocks (2023) nor RSU (2022) grant as part of his fixed remuneration.

<sup>4</sup> Board remuneration was reviewed and adjusted for the 2022–2023 Board term (first time in over 10 years).

The value of the restricted stock plan is fixed (CHF 137 500 per Board member, excluding the Executive Chairman). The number of stocks is determined by the share price at grant date. Starting in 2023, the restricted stocks are granted quarterly (CHF 34 375 in the AGM month, July, October and January) and have a blocking period of one year. For Directors resigning their mandate prior to the end of the term, they are not entitled to quarterly grants issued after their departure. The Restricted Stock program is financed with treasury shares.

The share ownership details of the Board of Directors are stated in Note 18 of the Financial Report on page 126.

### External Mandates

All external mandates of the Board of Directors are listed in the Corporate Governance Report on pages 32 to 35.

## Board Remuneration 2023

Besides the Executive Chairman, no member of the Board of Directors served in an executive role at Oerlikon in 2023. At the 2023 AGM, the Board of Directors was amended with the election of Inka Koljonen, an additional non-executive member. The total Board remuneration for 2023 amounted to CHF 4.1 million, up from CHF 3.6 million in 2022. This increase was due to the first full year of the Executive Chair Model and the addition of one additional Board Member, as the overall board and committee fees remained unchanged compared to the previous year.

## Remuneration of Members of the Board of Directors from 1.1.2023–31.12.2023 (Audited)

in CHF 000	Board of Directors	Governance Committee	Audit & Finance Committee	HR Committee	Cash	Restricted Stock <sup>1</sup>	Other <sup>2</sup>	Total Remuneration 2023	Market Value per Dec. 31, 2023 <sup>3</sup>	Total Remuneration 2022 <sup>4</sup>
Prof. Dr. Michael Suess	C				2000	–	35	<b>2035</b>	2035	1606
Gerhard Pegam	V	M		C	238	103	35	<b>376</b>	360	443
Alexey Moskov	M			M	116	103	35	<b>254</b>	238	285
Paul Adams	M	C	M	M	204	103	35	<b>342</b>	326	359
Zhenguo Yao	M	M		M	149	103	35	<b>287</b>	271	282
Irina Matveeva	M		M		123	103	35	<b>261</b>	245	311
Jürg Fedier	M		M		116	103	35	<b>254</b>	238	285
Inka Koljonen <sup>5</sup>	M		C	M	133	103	35	<b>271</b>	255	–
Dr. Suzanne Thoma <sup>6</sup>					–	–	–	<b>–</b>	–	38
<b>Total</b>					<b>3076</b>	<b>722</b>	<b>280</b>	<b>4078</b>	<b>3967</b>	<b>3609</b>
Mandatory employer contributions <sup>7</sup>								<b>216</b>	210	191

C = Chairperson, V = Vice Chairperson, M = Member

<sup>1</sup> The share prices at grant dates of restricted stock were CHF 5.36 (March 2023), CHF 4.46 (for July 2023) and CHF 3.982 (for October 2023). The amounts have been rounded off. Thus, an adding up the presented numbers may result in rounding differences. As the 4th quarter grant of the new restricted stock plan takes place on January 3, 2024 only 3/4 is stated this year.

<sup>2</sup> Other remuneration consists of an expense allowances and gifts/presents.

<sup>3</sup> The value as per year-end is based on a share price of CHF 3.80.

<sup>4</sup> The total amount in 2022 includes an additional member who served until the AGM 2023.

<sup>5</sup> As of March 21, 2023.

<sup>6</sup> Until April 5, 2022.

<sup>7</sup> The Swiss Code of Obligations requires the disclosure of mandatory employer contributions to social security. These have been estimated at 5.3% of Total Remuneration (incl. restricted stock) for the full Board of Directors, though actual amounts for non-Swiss-based members may differ based on local legislation.

Members of the Board of Directors did not receive any fees or other remuneration for additional services to OC Oerlikon or its subsidiaries in the 2023 business year. Neither OC Oerlikon nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Board of Directors or related parties in 2023 or 2022.

No remuneration was paid to any former members of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon or a Group company or related parties in 2023 or 2022.

On April 5, 2022, the AGM approved a maximum aggregate amount of remuneration for the Board of Directors of CHF 4.2 million for the term from April 5, 2022, to March 21, 2023, which covers the fees paid. The table below shows the reconciliation between the effective Board remuneration and the amount approved for this period.

## April 5, 2022–March 21, 2023

in CHF 000	Cash Remuneration	RSU	Other	Total	Approved Amount 2022–2023
Mandate 2022/23–Apr. 2022–Mar. 2023	3012	825	245	<b>4082</b>	4200

## Management

### Compensation System

It is vital for the Group to attract, motivate and retain key executives in order to successfully implement its strategy of expanding its leading position as a powerhouse in surface solutions and advanced polymer processing.

The compensation system for the Executive Committee consists of fixed and variable components. The fixed component comprises a base salary commensurate with the role and local market level and, depending on local practice, includes allowances and fringe benefits. The variable component is made up of a performance-related annual cash bonus (Short-Term Incentive, STI) and a three-year performance-related equity program (Long-Term Incentive, LTI). Performance goals for these pay components are derived from Oerlikon's

strategic priorities and related operational objectives, reflecting its corporate culture and endeavors toward excellence. The mix between these variable pay components is defined by the profile, strategic impact and pay level of the role, as described hereinafter.

The proportion of variable compensation paid to members of the Executive Committee continued to be between 50% and 80% of the base salary for the target STI and between 50% and 80% of the base salary for the target LTI (100% vesting).

### Annual Base Salary

The annual base salary is determined primarily by the executive's tasks, responsibilities, skills and managerial experience, as well as market conditions, and is paid in cash. It is reviewed regularly against compensation levels of peer companies to ensure competitive salaries.

### Compensation System – Executive Committee (EC)

	Fixed Compensation – Annual Base Salary (ABS) and Benefits	Variable Pay – Short-Term Incentive (STI)	Variable Pay – Long-Term Incentive (LTI)	Share Ownership Requirement
Purpose and link to strategy	Annual base salary paid in cash, determined primarily by tasks, responsibilities, skills and managerial experience, as well as labor market conditions; benchmarked with data from Mercer against comparable companies in Switzerland / Germany.	STI program paid as annual cash bonus, incorporating specific financial and individual objectives derived from strategic priorities and related operational objectives. Intended to align immediate efforts to individual and company performance.	Intended to align long-term performance of the EC with shareholders' interests. Based on award of stock with a multi-year vesting period, subject to continued employment and KPIs with longer-term horizons aligned with Oerlikon's strategic objectives.	Members of the EC are required to build a significant personal shareholding in OC Oerlikon. This further aligns the interests of management and shareholders.
Operation	Salary in cash, benefits in kind and pension contribution	Annual incentive; payable in cash following the performance year, subject to financial goals related to sales, EBIT, operating cash flow and RONA as well as individual objectives and an ESG modifier.	LTI split equally in two components: <ul style="list-style-type: none"> <li>▪ Restricted Stock Units, cliff-vesting after three years (vesting cap at 100%) based on continued employment.</li> <li>▪ Performance Share Awards, cliff-vesting after three years (vesting cap at 165%) subject to: <ul style="list-style-type: none"> <li>▪ Continued employment.</li> <li>▪ ROCE above WACC.</li> <li>▪ Absolute TSR modifier.</li> </ul> </li> </ul> Vesting of combined LTI is capped at 132.5% of target amount.	Current members of the EC are required to reach their investment limit within three full vesting periods of the implementation of the guideline or nomination to the EC.
Target opportunity level/requirement as % of ABS	Based on scope of responsibilities, personal experience and skill set	<ul style="list-style-type: none"> <li>▪ Executive Chairman: 75%</li> <li>▪ EC members: 50%–80%</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive Chairman: 75%</li> <li>▪ EC members: 50%–80%</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive Chairman: 200%</li> <li>▪ EC members: 100%</li> </ul>
Maximum opportunity level as % of ABS	–	<ul style="list-style-type: none"> <li>▪ Executive Chairman: 150%</li> <li>▪ EC members: 100%–160%</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive Chairman: 99.4%</li> <li>▪ EC members: 66.3%–106%</li> </ul>	

## Short-Term Incentive (STI) Program

The STI program is an annual cash bonus aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives aligned with Oerlikon's strategic priorities and related operational objectives. It is intended to help them align their efforts, promote initiative and contribute to the performance of individuals and the company.

### STI Program 2023

Financial and individual objectives are set on Group and divisional levels (Surface Solutions and Polymer Processing Solutions). The measures chosen aim to increase the growth, profitability and cash efficiency of the Oerlikon Group. The split between financial and personal targets is 70% and 30%, respectively.

### Financial Objectives (70%)

OC Oerlikon's financial objectives weighting is 70% for the executive group functions, with sales growth, operational EBIT and operating free cash flow targets each attributed a third of this.

For the two division CEOs, the financial objectives are split into two parts: 40% financial objectives with a weighting of one third each for their divisional global sales growth, operational EBIT and operating free cash flow targets. The remaining 30% is linked to the specific objectives of each division, Surface Solutions and Polymer Processing Solutions, with a 50% weight of each division's sales growth and operational EBIT targets, respectively.

Finally, the resulting achievement level of these financial objectives is multiplied with a modifier of 0.9, 1.0 or 1.1 depending on whether the return on net assets (RONA)

of the Oerlikon Group is within a competitive range. The RONA metric was added to increase the emphasis on efficient capital allocation by company leadership and align it with Oerlikon's strategic targets.

### Individual Objectives (30%) and the Performance Management Process

To drive a culture of performance and innovation, 30% of the STI is based on the achievement of individual strategic objectives defined for each EC member, which focus on medium- and longer-term business objectives, such as non-organic growth or people development.

At the December meeting of the HRC, the Executive Chairman proposes the objectives for the EC members to the HRC for approval by the Board of Directors. The individual objectives of the Executive Chairman are proposed by the Chair of the HRC and approved by the Board of Directors.

In line with good governance practices, the HRC works to propose objectives that are ambitious and challenging but do not encourage undue risk-taking. The individual objectives of EC members reflect the core strategic priorities of the company. The key factors taken into account when setting objectives include:

- Shareholder value creation, return on capital
- Profitability growth targets
- Definition and achievement of commercial strategy
- Divisional breakeven points
- Employer reputation, engagement and succession
- ESG

Certain members of the EC have individual ESG targets which are STI-relevant. These targets incentivize either

	Financial Objectives (Overall & Business: 70%) <sup>1</sup>				Individual Objectives (30%)	
	Group/Division Op. EBIT	Group/Division Sales	Group/Division OCF	RONA	Individual	HSE
<b>Purpose</b>	Measures Group or divisional operational profitability	Measures Group or divisional top line revenues	Measures the company's ability to generate cash	Incentivizes good capital investment decisions	Focus on medium- and long-term business and ESG objectives	Incentivizes improving the safety of our operations
<b>Definition</b>	Operational EBIT, excluding restructuring, integration costs & discontinued activities	Group or Division net Sales by third party	Operating Free Cash Flow excluding OPP customer advances	IFRS EBIT over average net operating assets for the plan year	50% Business Targets (Strategy, Profitability/Sales growth) 50% ESG and People	Total Accident Frequency Rate (TAFR <sup>2</sup> ) x 200,000 hours/hours worked, vs. Target
<b>Weighting</b>	Divisions	28.3%	13.3%	Multiplier on financial targets x0.9–1.1	30%	Multiplier on individual targets x0.9–1.1
	Group	23.3%	23.3%			

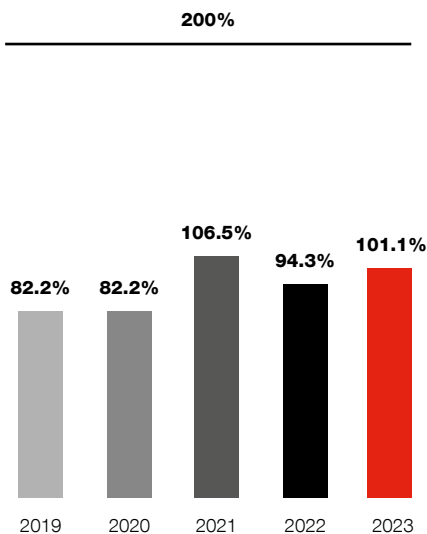
<sup>1</sup> Overall financial objectives (40% of the 70% total financial objectives for OSS and OPP, 70% for Group) are defined for each business (Group, OSS, OPP) globally. Business financial objectives (30% of the 70% total financial objectives of OSS and OPP, n/a for Group) are defined for OSS and OPP and are cascaded into the business depending on the plan participant's role and responsibility (e.g. global, regional, country, site and/or sub-division objectives).

<sup>2</sup> TAFR is the total of Lost Time Accidents (LTA) causing the absence of one or more working days + Medical Treatment Accidents (MTA), a work-related accident requiring the attention of a medical professional.

reducing Oerlikon's environmental impact through innovative processes and products, or social and employee-related targets. In addition to these individual ESG targets, all employees with STI (including EC members) have an employee safety and accident rate modifier.

Achievement against the objectives is reviewed in the February meeting of the HRC following the end of the relevant performance year, based on proposals by the Executive Chairman. The performance of the Executive Chairman against objectives is proposed by the Chair of the HRC to the HRC for approval by the Board of Directors.

The weighted performance result of the individual achievements against objectives is multiplied by a modifier of either 0.9, 1.0 or 1.1, depending on whether the safety targets of the respective business fall within a predefined range that is aligned with Oerlikon's operational targets. The safety modifier was chosen to put management's focus on the well-being of a key stakeholder group for Oerlikon: its employees.



**CEO/Executive Chairman five-year STI Program Payout**

Financial and business objectives are competitive and stretching, based on Oerlikon's annual budget and in line with the company's growth ambitions. They are assessed annually against Oerlikon's actual financial and business results. Payout related to these objectives ranges from 0–200%, with 0% payout for achievement levels below 50%, a linear increase from 0% to 100% payout for achievement levels between 50% and 100% (target) and a further linear increase from 100% to 200% payout for achievement levels above target.

Performance levels for individual objectives range from 0–100%. In certain cases, a specific milestone or individual objective can reach an achievement level above 100%, subject to Board approval.

Oerlikon has a history of setting aggressive objectives and a strict payout track record. A 200% cap of target applies to the STI payout.

Performance achievement levels, respective payouts and further details on the STI program for the 2023 plan are discussed in the Compensation 2023 section (page 66).

### Long-Term Incentive (LTI) Program 2023

To support its ambitious long-term strategy, Oerlikon's compensation policy is designed to align a significant portion of the Executive Committee's compensation to the company's long-term performance and to strengthen the Executive Committee's alignment with shareholders' interests. Members of the Executive Committee and the Global Leadership team are eligible for LTI awards.

The LTI award is split into two components: half of the award is granted in the form of Restricted Stock Units (RSUs) and the other half of the award is granted in Performance Share Awards (PSAs), both subject to a three-year performance/vesting period. The structure was chosen to balance performance and retention elements.

### LTI Program

	Performance Share Awards (PSA)	Restricted Stock Units (RSUs)
<b>Purpose</b>	Align with strategic priorities and create value for shareholders	To increase attraction and retention of executives
<b>Weight</b>	50% of target amount <sup>1</sup>	50% of target amount <sup>1</sup>
<b>Conditions</b>	Return On Capital Employed (ROCE)	Absolute Total Shareholder Return (aTSR) Continued service
<b>Potential</b>	0–150%	0.9–1.1 modifier 100%

<sup>1</sup> Target amount corresponds to 75% of annual base salary for the Executive Chairman and 50–80% for the other members of the Executive Committee.

## LTI Example

Approval	Grant	Vesting Period	Vesting				
LTI target amount approved by HRC	Share price on last trading day before May 1: CHF 5	Three (3) – year performance/ vesting period	Performance modifier		PSA & RSU potential	Dividend	
CHF 10000	CHF 5000: 1000 PSA		ROCE	aTSR	0–1650 PSA	1000–2650 treasury shares	+ Dividend equivalent payout
	CHF 5000: 1000 RSU		0–150%	0.9–1.1			
			Continued service		1000 RSU		
			100%				
HRC February	May 1		May 1 + 3 years from grant date				

The RSU award is designed to provide participants with an ownership interest in the long-term value creation of the company and tie the award's ultimate value directly to Oerlikon's share price development, aligning shareholders' and management's experience with respect to share price development. The vesting of the RSU award requires continued service with the company. It is the Board's firm belief that this RSU component is better aligned with the company's culture and provides better alignment with shareholder and company interests than a comparable PSA element with a total shareholder return performance metric and the possibility of an above 100% vesting.

The PSA award is designed to reward participants for Oerlikon's future performance by tying the vesting of the award directly to performance indicators related to Oerlikon's long-term strategic goals. The number of units to be granted initially is determined by dividing the target face value amount by the closing share price and exchange rate of the day prior to the allocation date. The vesting of the PSA is conditional on the achievement of two specific performance objectives over a prospective period of three years. Starting from 2021, the main performance condition is Return on Capital Employed (ROCE) relative to the weighted average cost of capital (WACC), weighted by an absolute Total Shareholder Return (TSR) modifier. The use

of the ROCE-WACC spread as a main performance metric for the PSA allows management to focus on a tangible, internal long-term KPI that reflects Oerlikon's strategic priority of efficient capital allocation.

Absolute TSR is a standard external metric used for measuring stock performance and value creation for shareholders. It is defined as the net change in share price plus any dividend distributions over a predefined period of time. It is measured with a starting value of the volume-weighted average share price (VWAP) over the first 30 trading days of the first year and the last 30 trading days of the third year.

To determine the number of PSAs vesting, the effective average annual ROCE achievement relative to WACC over the performance period is mapped to a payout factor between 0% and 150% and multiplied with the effective TSR modifier of either 0.9, 1.0 or 1.1, depending on whether the absolute TSR achievement is below, within or above a preset TSR target corridor determined by the Board of Directors at the beginning of the program. Hence, the PSA's total vesting factor is between 0% and 165%. Underlying ROCE targets for the LTI are competitive and ambitious, representing Oerlikon's highly aspirational performance targets, which reflect its corporate culture and endeavors toward excellence.

### Target, Performance and Payout per December 31, 2023 for the current programs are:

	ROCE			aTSR			PSA Payout	Dividend Equivalent Payout	RSU Payout	Potential Total Payout as per December 31, 2023	Grant value in % of target value at grant date
	Target	As per December 31, 2023	Payout	Target	As per December 31, 2023	Payout					
LTI 2021–2024	10.0%	6.2%	0.0%	30–60%	Modifier	90.0%	0.0%	27.7%	100%	77.7%	27.8%
LTI 2022–2025	10.5%	6.7%	0.0%	30–50%	Modifier	90.0%	0.0%	18.4%	100%	68.4%	37.1%
LTI 2023–2026	10.0%	7.7%	0.0%	30–50%	Modifier	90.0%	0.0%	9.2%	100%	59.2%	45.2%

2021, 2022 and 2023 plans: e.g. LTI 2021–2024: 0.0% \* 0.5 \* 90% + 27.7% + 100% \* 50% = 77.7%



The dividend equivalents per PSA and RSU are reinvested into shares during the vesting period and will be added to the final vesting value.

Considering the equal split between RSUs and PSAs, the potential payout for the 2023 awards, subject to continued employment, effectively ranges between 50% and 132.5% of the target plus dividend equivalents. The LTI program is served with treasury shares.

The number of PSAs granted, multiplied by the final payout factor, together with the number of RSUs granted, multiplied by the share price at vesting, including dividend equivalents per share, correspond to the final vesting value.

The LTI program is subject to well-defined leaver provisions. In cases of termination by mutual agreement, expiration of employment contract (retirement, death, disability) or due to dismissal for reasons other than for cause, performance or behavior, all grants vest at the next regular vesting date. If the termination occurs in the same year as the grant, the grant is reduced to a pro-rated number of units. In any other cases, the unvested awards are forfeited.

The Board of Directors is authorized to amend, supplement, suspend or terminate the plan at its discretion and at any point in time, including corporate events affecting the underlying shares. In case of use of discretion, the Board of Directors is committed to providing a respective disclosure including the reasoning for such discretion in the Remuneration Report. For the year under review, no such discretion was applied.

### Benefits

The primary purpose of pension and insurance plans is to establish a level of security for employees and their dependents with respect to age, disability and death. The level and scope of pension and insurance benefits provided are country-specific, influenced by local market practices and regulations. EC members with a Swiss employment contract are insured under the same plan as Swiss employees.

OC Oerlikon may provide other benefits in a specific country, such as a company car or a car allowance, or in case of an international hire also temporary housing, relocation or tax planning services.

### Shareholding Requirements

Members of the Executive Committee are required to build a significant personal shareholding in the business to further align their interests with those of shareholders.

The minimum threshold is a percentage of their annual base salary. Only vested shares count towards the requirement.

Role	% of Base Salary
Executive Chairman	200%
Other members of the Executive Committee	100%

Current members of the Executive Committee are required to reach their minimum investment limit within a period of five years after the time of implementation of the guideline or after nomination to the Executive Committee. Each Executive Committee member's shareholdings is reviewed regularly by the HRC. Members of the Executive Committee are encouraged to retain and use their vested LTI shares to meet this requirement of the compensation policy.

The share ownership information of Executive Committee members is shown in Note 18 of the Financial Report.

### Employment Agreements

The employment contracts of Executive Committee members are of unlimited duration and end automatically when member reach retirement age. The contracts provide for a notice period of 12 months and a non-compete clause for the duration of 12 months following termination of employment, which is compensated with an annual base salary.

### External Mandates

All external mandates of Executive Committee members are listed in the Corporate Governance Report on page 47 to 48.

### Expected Changes for the 2024 Executive Compensation

As of January 1, 2024, awards granted under the STI & LTI plans are subject to clawback and malus provisions in the event of a restatement of the company's consolidated financial statements.

The company also added a change of control clause to the LTI plans, which defines which all unvested share awards are subject to full accelerated vesting at maximum in such an event.

## Compensation 2023

### Effective Compensation

The following section discloses the compensation components effectively paid in 2023, including salary and bonus payments, contributions to pension plans and fringe benefits, as well as the actual value of equity plans vested in the year under review. This perspective reflects the income effectively received by members of the Executive Committee, which in 2023 amounted to CHF 5.9 million (2022: CHF 9.2 million). The highest compensation effectively received by an individual member of the Executive Committee in 2023 was CHF 1.5 million (2022: CHF 4.2 million).

The effective compensation decreased compared to the previous year due to the departure of Roland Fischer, which resulted in the accelerated vesting of his outstanding RSUs and PSAs in 2022.

In 2023, Oerlikon's management delivered robust results despite the challenging market environment. Oerlikon fulfilled on its organic sales growth guidance at constant currency and reached the high-end of its operational EBITDA margin guidance provided in February 2023. While Oerlikon's sales decreased from CHF 2 909 million to CHF 2 693 million, this was driven in large part by significant strengthening of the Swiss franc and a significant downturn in the critical filament market. The company has delivered a healthy EBITDA margin of 16.5%, at the high-end of guidance (16.0%–16.5%). For the STI 2023 program, the downturn in the filament market was anticipated, however foreign exchange rates assumed for the budget 2023 deviated significantly from the actual rates in 2023. Consistent with prior practices, impacts from changes in foreign exchange are excluded from the performance assessment. At constant exchange rates, the decrease in sales year-on-year between 2022 and 2023 was limited to –1.5%, or from CHF 2 909 million in 2022 to CHF 2 867 million in 2023. Accordingly, the 2023 performance resulted in a payout of 101.1% to the Executive Chairman and an average payout of 94.6% to other members of the Executive Committee (ranging from 83.1% to 101.1%). For the STI 2022 program, the payout to the Executive Chairman reached 94.3% and the average payout to other members of the Executive Committee was 91.1% (ranging from 75.9% to 98.0%).

Based on the three-year performance of the company's absolute and relative Total Shareholder Return, the LTI 2020 vested in 2023 with a performance of 80.3% which resulted in 55.3% of the granted LTI amount in 2020.

### Effective Compensation of Members of the Executive Committee<sup>6</sup>

in CHF 000	Fixed Compensation			Variable Compensation		Total Effective Compensation 2023	Total Compensation 2022 <sup>5</sup>
	Base salary <sup>1</sup>	Pension	Other <sup>2</sup>	Bonus <sup>3</sup>	Equity Plans (Effective Value at Vesting Date) <sup>4</sup>		
Total compensation to members of the Executive Committee	2 328	826	103	2 102	579	5 937	9 184
Highest thereof paid to one individual: Philipp Müller (CFO) Dr. Roland Fischer (CEO) <sup>5</sup>	628	186	24	453	221	1 512	4 242

<sup>1</sup> The Executive Chairman is paid a monthly fee in his capacity as a Board member, which is reported under the compensation of the Board of Directors.

<sup>2</sup> Other compensation includes fringe benefits such as car allowance or relocation.

<sup>3</sup> The bonus is determined on Group and individual level and depends on business and individual performance.

<sup>4</sup> Equity plans include the LTI 2020 plan and additional RSU compensating for forgone compensation at the previous employer; grant share price (CHF 7.23) and vesting share price (CHF 4.978) of the LTI 2020 with the performance (80.3%) resulted in 55.3% of the granted LTI amount in 2020.

<sup>5</sup> Including Dr. Roland Fischer (former CEO) compensation from January 1 until June 30.

<sup>6</sup> The format of the table was corrected on March 7, 2024.

### Granted Compensation

The following section discloses the pay components granted in 2023, including salary and bonus payments (that is bonus earned in 2023, to be paid in 2024 subject to shareholder approval), contributions to pension plans and fringe benefits as well as the target value of equity programs at grant date. This perspective reflects the compensation potential provided to members of the Executive Committee, which in 2023 amounted to CHF 9.3 million. The highest compensation granted to an individual member of the Executive Committee in 2023 was CHF 3.3 million.

No Executive Committee members' target compensation was modified in 2023.

## Compensation Granted to Members of the EC (Audited)<sup>7</sup>

in CHF 000	Fixed Compensation		Variable Compensation			Total Compensation Granted 2023	Total Compensation Granted 2023 (Market Value per Dec. 31, 2023) <sup>4</sup>	Total Compensation Granted 2022
	Base salary	Pension	Other <sup>1</sup>	Bonus <sup>2</sup>	LTI 2023–2026 (Target Value at Grant Date) <sup>3</sup>			
Total compensation to members of the Executive Committee	2,328	826	103	2,992	3,012	9,260	8,079	9,002 <sup>6</sup>
Highest thereof paid to one individual: Prof. Dr. Michael Suess (Executive Chairman) Philipp Müller (CFO)	–	242	24	1,517	1,500	3,283	2,694	1,734
Estimated mandatory employer contributions <sup>5</sup>						491	428	477

<sup>1</sup> Other compensation includes fringe benefits such as car allowance or relocation.

<sup>2</sup> The bonus is determined on Group and individual level and depends on business and individual performance.

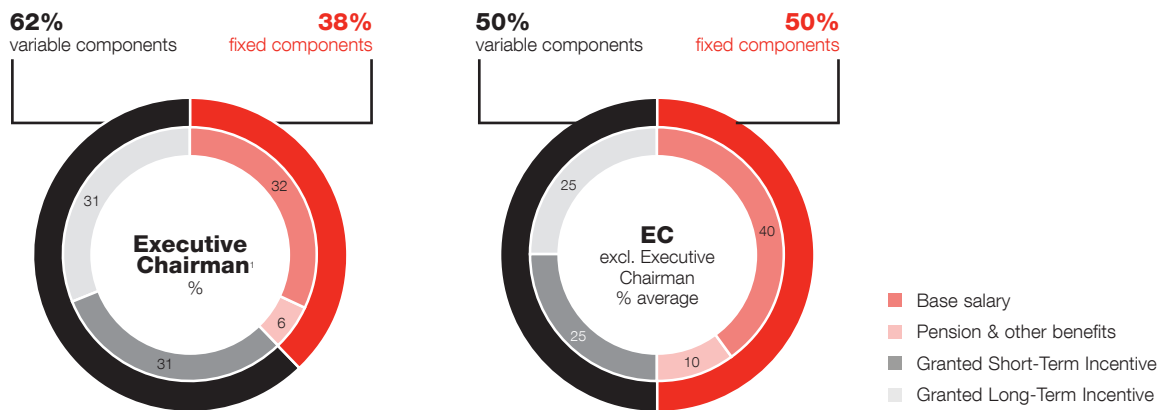
<sup>3</sup> The LTI 2023 consists of 50% PSA and 50% RSU. The fair value at grant date for the PSA portion was CHF 4.978 and CHF 4.978 for the RSU portion. The performance of the LTI plan per December 31, 2023 is 80.3% for the PSA portion. The RSU portion is subject to service but not to performance conditions. The effective performance of the plan will be determined per December 31, 2025 and the effective value at the time of vesting on April 30, 2026 and disclosed as effective compensation in the remuneration report the following year.

<sup>4</sup> The market value per year-end is based on a share price on Dec 31, 2023 of CHF 3.80 and a performance of the PSA portion of the LTI of 59.2%.

<sup>5</sup> The Swiss Code of Obligations requires the disclosure of estimated employer contributions to social security. These are estimated a 5.3% for the full Executive Committee, though actual contributions for non-Swiss-based members may differ based on local legislation.

<sup>6</sup> Roland Fischer's full 2022 STI is included here, as Oerlikon does not pro-rate STI during Garden Leave.

<sup>7</sup> The format of the table was corrected on March 7, 2024.



<sup>1</sup> The distribution corresponds to the Executive Chairman's total granted compensation (member of the Board and Executive Committee).

## STI Disclosure 2023

		Financial Objectives (Overall & Business: 70%) <sup>1</sup>				Individual Objectives (30%)	
		Group/Division Op. EBIT	Group/Division Sales	Group/Division OFCF	RONA	Individual	HSE
Weighting	Divisions	28.3%	28.3%	13.3%	Multiplier on financial targets x0.9–1.1	30%	Multiplier on individual targets x0.9–1.1
	Group	23.3%	23.3%	23.3%			
Potential		0–200% of target amount					
2023 Payout	OSS	97.7%	100.2%	Not disclosed	1.0	not individual disclosed	1.1
	OPP	89.1%	87.4%	Not disclosed	1.0		1.0
	Group	108.4%	94.6%	96.0%	1.0		1.1

<sup>1</sup> Overall financial objectives (40% of the 70% total financial objectives for OSS and OPP, 70% for Group) are defined for each business (Group, OSS, OPP) globally, Business financial objectives (30% of the 70% total financial objectives of OSS and OPP, n/a for Group) are defined for OSS and OPP and are cascaded into the business depending on the Plan participants role and responsibility (e.g. global, regional, country, site and/or sub-division objectives)

## Compensation Granted to Former Members of the EC

in CHF 000	Fixed Compensation			Total Compensation	Total Compensation
	Base salary	Pension	Other	Granted 2023	Granted 2022 <sup>1</sup>
Total compensation to former members of the EC <sup>2</sup>	1000	–	–	1000	634

<sup>1</sup> Compensation for Roland Fischer from July 1 to December 31. Roland Fischer's STI for 2022 is included in the Table "Granted Compensation of members of the Executive Committee" under Total granted Compensation 2022 (CHF 928'000).

<sup>2</sup> Compensation includes a contractually agreed non-competition agreement for the duration of one year and a customary farewell gift, including social security contributions.

On April 5, 2022, the Annual General Meeting of Shareholders approved a maximum aggregate amount of fixed compensation to the Executive Committee of CHF 4.6 million from July 1, 2022 to June 30, 2023. The table below shows the reconciliation between the effective Executive Committee fixed compensation and the amount approved for this period.

### July 1, 2022–June 30, 2023

in CHF 000	Base salary	Pension	Other	Total	Approved Amount 2022–2023
Period Jul. 2022–Jun. 2023 <sup>1</sup>	2834	925	118	3878	4600

<sup>1</sup> Including the compensation for Roland Fischer from July 1 to December 31 (Total compensation to former members of the EC 2022)

Current or former members of the Executive Committee did not receive any other fees or compensation for additional services to OC Oerlikon or its subsidiaries in the 2023 business year, except for what is stated in the tables above. Neither OC Oerlikon nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or related parties in 2022 or 2023.

During 2022, no compensation was paid to related parties, either by OC Oerlikon Corporation AG, Pfäffikon or by any other company of the Oerlikon Group.

## Equal Pay

OC Oerlikon values diversity and recognizes that equal work should be compensated with equal pay. In 2021, Oerlikon conducted an equal pay analysis for its Oerlikon Wohlen site in line with the requirements from the Swiss Federal Act on Gender Equality. This analysis was audited by PricewaterhouseCoopers AG, which found no objections to the results of the assessment.

# Report of the statutory auditor

## to the General Meeting of OC Oerlikon Corporation AG, Pfäffikon

Churerstrasse 120, 8808 Pfäffikon

### Report on the audit of the remuneration report

#### Opinion

We have audited the remuneration report of OC Oerlikon Corporation AG, Pfäffikon (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a-734f CO in the sections Board of Directors and Management on pages 59 - 68 of the remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the remuneration report (pages 54 to 68) 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' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

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

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

#### Board of Directors' responsibilities for the remuneration report

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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland  
Telefon: +41 58 792 44 00, [www.pwc.ch](http://www.pwc.ch)

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.

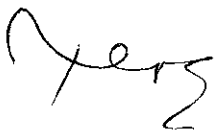
As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

PricewaterhouseCoopers AG



René Rausenberger

Licensed audit expert  
Auditor in charge



Oliver Illa

Licensed audit expert

Zürich, 19 February 2024

# Risk Management and Compliance

## Oerlikon's Risk Management System

Oerlikon takes a company-wide, holistic approach to the identification, assessment and management of business risks. All organizational units and their business processes and projects are evaluated across the entire spectrum of market, credit and operational risks. The Risk Management System is a management tool that serves to integrate risk management within the company's executive ranks and organizational structure.

### Objectives and Principles

The Board of Directors has defined five primary objectives for the Risk Management System. First, it must help secure the company's continued existence and profitability by creating a transparent risk profile and continuously improving and monitoring it. Second, it must contribute to improving planning and supporting the better achievement of targets. Third, it must secure revenue and reduce potential risk-related expenses, which safeguards and enhances the company's value. Fourth, it must align total risk exposure with the company's risk-bearing capacity and ensure that the risk-return ratio for business activities is transparent. Finally, risk management must also help protect the company's reputation.

### Organization

Roles and responsibilities within the Risk Management System are defined as follows:

- In accordance with Swiss stock corporation law, the Board of Directors has overall responsibility for supervising and monitoring risk management. Supported by the Audit & Finance Committee, it monitors the Group's risk profile on the basis of internal reporting. In addition, it reviews the Risk Management System's performance and effectiveness. The Board of Directors also uses internal auditing to fulfill and document its supervisory and monitoring duties.
- Pursuant to Oerlikon's Organizational and Governance Rules, the Chief Financial Officer (CFO), with the support of the Executive Committee, bears overall responsibility for structuring and implementing risk management (delegated management responsibility for risk management). He is responsible for revising the risk management directive, and he also monitors the Group's risk profile and the implementation of risk mitigation actions.
- In accordance with the principle of risk ownership, the divisions and Group departments (assessment units) bear responsibility for risks and damage/losses in their respective areas. Each is responsible for implementing the risk management process. Each assessment unit has a risk management coordinator

who coordinates the unit's activities with Group Risk Management. The assessment units conduct risk assessments, establish risk mitigation actions and report the results to Group Risk Management. They continuously monitor their risk profiles and report damage/losses to Group Risk Management.

- As process owner, Group Risk Management is tasked with operating and enhancing the Risk Management System. The Head of Group Risk Management assumes technical responsibility for risk management. Among other things, Group Risk Management provides methods and tools, supports the assessment units in conducting risk assessments and developing mitigation actions, and oversees the implementation of risk mitigation actions. Other responsibilities include calculating the total risk exposure and the risk-adjusted key performance indicators (KPIs), monitoring risk-bearing capacity, handling internal reporting, conducting internal audits and providing training with respect to the Risk Management System. Group Risk Management also coordinates the risk-related activities of other units as and when necessary. Central units and decentralized departments carry out certain risk-related activities, such as Group Treasury (liquidity, foreign exchange and interest rate risks), Group Tax (tax risks), Group Legal Services (legal risks, compliance risks, including trade control), IT Security (IT risks), Security (security risks), and Insurance Management (insurable risks).

### Process and Reporting

The assessment units conduct risk assessments semi-annually and prepare their risk profiles and mitigation action plans. The risk management process is coordinated with the budgeting/planning process and the forecasting process. From a methodological perspective, risk assessments are conducted according to a standard procedure comprising the following steps: preparing the risk assessment, identifying risks, evaluating risks and planning risk mitigation actions. The process is supported Group-wide by a risk management software program. Internal risk reporting takes place semiannually to the Executive Committee and annually to the Audit & Finance Committee and the Board of Directors based on consolidated risk reports.

### Culture

Oerlikon's risk culture is shaped and developed according to the Code of Conduct, training, best-practice sharing and continuous implementation of the risk management process, as well as by the Executive Committee and senior management, who act as role models. The risk management directive also contains statements illustrating the desired risk culture.

## Current Situation

Oerlikon operates in markets that exhibit various uncertainties. Each of the divisions has a different risk profile, which is contingent upon strategy, the business model and operational implementation. From the perspective of the Group holding company, the following risks might impact Oerlikon's businesses and its performance:

### Market Risks

- Economic slowdown and business cycles: Order intake, sales and profitability could decrease as a result of this, with the effects potentially being amplified depending on the global economic and geopolitical environment.
- Competition: Competition and overcapacity in various markets could exert pressure on prices or trigger a decline in orders. As a result, order intake, sales and profitability could decrease.
- Digitalization: Industry 4.0 could change the marketplace, and failing to adapt and to seize opportunities could further increase pressure from competition.
- E-mobility: The automotive industry is undergoing a fundamental change from combustion engines toward electrical and digital mobility. Suppliers along the entire value chain will also be affected, and sales and profitability could decrease.
- Foreign currency effects (transaction and translation risk): Unfavorable currency developments, mainly with respect to the euro and US dollar, could trigger higher procurement costs and lower sales figures. In addition, profitability could decline as a result of local currencies being translated into the Group's reporting currency (the Swiss franc). The above-mentioned foreign currency effects could also be impacted by rising inflation rates and corresponding monetary policy actions.
- Country risks: For example, geopolitical events, regulations, new or higher taxes and fees, currency appreciation or depreciation, higher interest rates, reduced growth or loss of proprietary information (intellectual property) could cause sales to decline and costs to rise. As a result, profitability could decrease.
- Funding risk: Oerlikon has outstanding financings and bonds, which may need to be extended or refinanced at maturity. There is a risk that the group may obtain financing at less favorable terms and conditions in the future.

### Credit Risks

Credit risks arise when customers cannot meet their obligations as agreed. At present, there are no significant credit risks for the Group.

## Operational & Sustainability Risks

- Additional costs/warranties: Insufficient product quality or machinery and equipment that fail to perform as promised could lead to additional manufacturing costs and/or contractual warranty obligations. This could reduce profitability.
- Technology risks: If technologies do not prove successful in the market, order intake may diminish, and sales targets might not be reached. Impairment charges may have to be reported.
- Legal: Oerlikon is exposed to numerous legal risks as a result of its international operations. These include, in particular, risks in the areas of competition and antitrust law, patent law, tax law, environmental protection law, trade control law and data protection law. Oerlikon has a valuable portfolio of industrial property rights, such as patents and trademarks. These property rights may become the target of attacks and infringements.
- Supply chain: Disruptions in supply chains could trigger delays in delivering products and services. In addition, tightening on the supply side could lead to price increases (in interdependence with inflation risks, as stated under Market Risks).
- Loss of key people/shortage of qualified skilled staff and managers: If key people leave the company and qualified skilled staff and managers are not available, sales and profitability targets might not be reached. For mitigation actions, please refer to the Oerlikon Sustainability Report, Chapter 4, pages 47–54.
- Social issues on a local or global scale: For example, abuse of human rights and corruption, pose a significant risk to the sustainability and success of the business. Hence, full compliance and clear delegation of responsibilities to address and manage related risks are key. For mitigation actions, please refer to the Oerlikon Sustainability Report, Chapter 5, pages 74–79. For combating corruption specifically, please refer to page 78 of the Oerlikon Sustainability Report.
- Climate change: Developments related to climate change could trigger physical consequences (e.g. floods, drought, chronic heat waves and rise in sea level) that could put assets at risk. In addition, requirements to counteract/mitigate climate change and transition to a lower carbon economy might result in higher costs due to policy/regulatory changes. For mitigation actions, please refer to the Oerlikon Sustainability Report, Chapter 3: Our Environmental Commitment, pages 28–45.
- IT security: Cyberattacks could result in business interruption, loss of data and, ultimately, lost profit, additional costs and reputational damage.



## Compliance and Ethics

A Group-wide compliance function is in place to ensure compliance with legal and regulatory requirements and internal regulations, including the Group's ethical standards. It accomplishes this by actively invoking the Group's three-pillar framework to combat bribery and corruption, which includes prevention, detection and monitoring to enhance best practices relating to compliance. Oerlikon focuses its preventive measures on training, communication and awareness.

The foundation of the compliance program was laid between 2009 and 2012, and it has been enhanced year by year with a focus on key elements, such as combating bribery and corruption, (as previously mentioned) but also promoting human sustainability. The strengthening of the compliance program is highlighted by the company's Code of Conduct and the development of both electronic and face-to-face mandatory compliance training.

In 2020, Oerlikon updated its long-standing Code of Conduct, and in 2022 it updated its Supplier Code of Conduct to ensure compliance with the German Supply Chain Act. Non-operational staff were once again requested to complete mandatory electronic training. Face-to-face training for operational employees began in 2022 and was continued in 2023. Oerlikon encourage leaders to be aware of the ethical aspects of their behavior when dealing with integrity issues. Oerlikon has done so by implementing and benefiting from its business partner integrity screening process.

In 2017, Compliance prepared for the implementation of the EU General Data Protection Regulation (GDPR), which came into effect on May 25, 2018. In 2019 and 2020, the Global Data Privacy and Compliance Officer continued to prioritize and focus on implementing GDPR requirements with respect to the Group's projects, processes, documentation and awareness programs. Oerlikon aims to align its internal Group framework as far as possible with the GDPR and deal in parallel, on a case-by-case basis, with specific data protection laws that differ from the GDPR. The Group took steps to improve its alignment with applicable data protection and cybersecurity laws in Asia in 2019, 2020 and 2022 and in Latin America in 2021 and 2022.

In 2021, the Global Data Privacy and Compliance Officer focused on (i) enhancing the GDPR framework and optimizing how the GDPR is handled internally so as to be in line with the Privacy by Design principles and (ii) intensifying data protection training. New data

protection guidance was issued, and data protection processes were streamlined.

In 2021 and 2022, a top priority was implementing the new EU legal requirements concerning transfer of data from the European Economic Area (EEA), Switzerland and the UK to countries with insufficient protection, including, in particular, the USA.

In 2022, a more robust Group Privacy Policy was issued, as were new Data Protection Guidelines. The annual GDPR training seminar was provided to the Group.

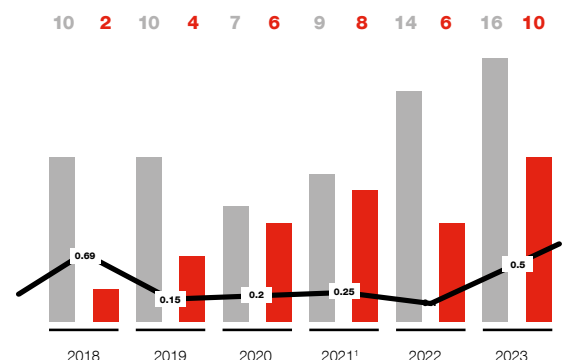
The Compliance program has a three-pillar framework:

- **Prevention:** through policies, directives, training, the Code of Conduct, risk assessment, maturity assessment, compliance councils, internal controls and metrics, examples and Q&A in all employee meetings.
- **Early detection:** the 24/7 reporting hotline, continuous compliance reviews, controls and internal audits and the allegation management process.
- **Response:** disciplinary action on compliance breaches, process adaptation, resolution plans, remediation of internal control systems and policy fine-tuning.

### Compliance Enforcement

Oerlikon's Compliance office and Internal Audit oversee the company's internal investigation protocol.

In 2023, Oerlikon received 16 complaints via the reporting hotline, which is intended primarily to alert management to bribery and corruption issues, but which yielded information on additional topics as well. There were 10 substantiated cases, of which 10 related to incidents of Code of Conduct violations.



Compliance cases 2018–2023

■ Total number of cases  
 ■ Number of substantiated cases  
 — Financial impact (in CHF million)

<sup>1</sup> The damage incurred was all related to cyberfraud.

# Financial Report



INNOVENTA kila is the preferred coating system size for most production requirements as it can perfectly master small to large quantities. With a 20% increase in loading capacity and shorter batch times, the successor to the best-selling INNOVA brings the next level of flexibility, productivity and connectivity when it comes to physical vapor disposition (PVD) coatings.

# Information for Shareholders

## Stock Price Performance

The Oerlikon stock price closed at CHF 3.80 at year-end 2023. This represents a 37% decrease in 2023. The total shareholder return, which takes into account stock price performance and reinvested dividends, amounted to –33% in 2023 and –35% since 2016.

2023 stock markets started positively into the year supported by declining energy prices and positive economic perspectives related to the reopening of China's economy. Throughout the year, stock market volatility returned given persistent inflation, the prospect of "interest rates remaining higher for longer", geopolitical tensions, softer than expected economic data particularly in Europe and China, and worries on bank defaults. Stock markets ended the year in positive territory supported by signs of easing inflation and increasing confidence that central banks were at the end of their hiking cycle. The SMI Mid (SMIM) Index

increased by 4% and the STOXX Europe Total Market General Industrials Index increased by 17% in 2023.

Oerlikon's stock price performance was particularly impacted by key industrial indicators (e.g. manufacturing Purchasing Managers' Index [PMI]) which were in a contraction zone. Furthermore, in China, a major geographical market for the Polymer Processing Solutions Division, economic market conditions remained soft. The division's order intake decreased 40% year-over-year, driven by a downturn in its filament end market.

The table below shows the stock price performance and total shareholder return of Oerlikon and national and international indices.

Further information about Oerlikon's stock price, financials and strategy can be found on the Oerlikon investor relations website at [www.oerlikon.com/en/investors](http://www.oerlikon.com/en/investors).

## Stock Performance<sup>1</sup>

	2023	Since 2016
Oerlikon	–37%	–58%
SMIM Index	4%	35%
STOXX Europe Total Market General Industrials Index	17%	41%

<sup>1</sup> All indices in CHF for comparability reasons.

## Total Shareholder Return (incl. Dividend)<sup>1</sup>

	2023	Since 2016
Oerlikon	–33%	–35%
SMIM Index	6%	62%
STOXX Europe Total Market General Industrials Index	17%	41%

<sup>1</sup> All indices in CHF for comparability reasons.

## Analyst Recommendations

As of the end of 2023, ten sell-side research analysts covered the Oerlikon stock, publishing regular research. One analyst rated the stock as “buy”, nine as “hold”. The table below shows the analyst recommendations as per the end of 2023:

Broker	Recommendation <sup>1</sup>	Price Target
Baader Helvea	Buy	4.75
Deutsche Bank	Hold	4.50
Kepler Cheuvreux	Hold	4.20
Octavian	Hold	4.50
RBC Capital Markets	Hold	4.10
Research Partners	Hold	4.20
Stifel	Hold	3.90
UBS	Hold	4.35
Vontobel	Hold	4.50
ZKB	Hold	–

<sup>1</sup> “Buy” also includes outperform/overweight/add ratings; “hold” also includes market perform/equal weight/neutral ratings; “sell” also includes underperform/underweight/reduce ratings

## Dividend

The proposed 2023 dividend per share amounts to CHF 0.20 (2022: CHF 0.35) and will be paid in Q1 2024 subject to approval at the Annual General Meeting (AGM). The proposed dividend represents a dividend yield of 5.3% based on the closing price of year-end 2023.

Oerlikon’s proposed dividend is in line with its dividend policy, which remains unchanged. The proposed dividend payout can be based on up to 50% of the Group’s underlying net result and beyond after considering the Group’s financial position and affordability from the balance sheet.

## Yield

	2023	2022	2021	2020	2019	2018	2017
Year-end stock price	3.8	6.1	9.4	9.2	11.4	11.0	16.5
Year average stock price	4.7	7.2	10.1	8.2	11.4	14.7	13.2
Underlying earnings per share (undiluted) <sup>1</sup>	0.48	0.66	0.65	0.30	0.46	0.59	0.50
Ordinary dividend per share	0.20	0.35	0.35	0.35	0.35	0.35	0.35
Extraordinary dividend per share					0.65	0.65	
Dividend per share	0.20	0.35	0.35	0.35	1.00	1.00	0.35
% of year-end price	5.3%	5.8%	3.7%	3.8%	8.8%	9.1%	2.1%
% of average price	4.3%	4.9%	3.5%	4.3%	8.8%	6.8%	2.7%
Ordinary as % of underlying EPS	42%	53%	54%	117%	76%	59%	70%

<sup>1</sup> Net income as reported adjusted for amortization of intangibles relating to acquisitions (net of tax), discontinued operations and one-off restructuring charges.

# Shareholder Structure

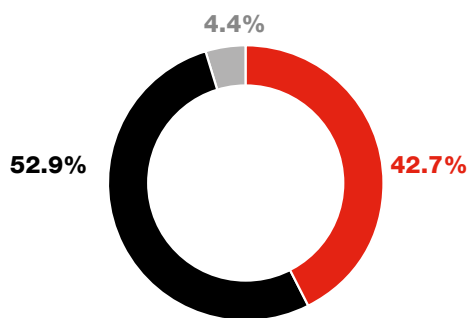
The holdings of Liwet Holding AG amounted to 42.7% of outstanding shares at the end of the year.

Treasury shares of 14 828 250 accounted for 4.4% of the share capital (2022: 15 380 434). Oerlikon intends to utilize treasury shares to finance potential inorganic growth and to fund its global long-term employee incentive program.

Oerlikon's free float totaled 53% as of December 31, 2023.

Oerlikon regularly commissions an analysis of its shareholder base in order to track the composition of registered shareholders as well as that of non-registered shareholders. The latest study from year-end 2023 shows that the share capital held by private investors (retail) amounted to 16%. The other 84% is owned by professional investors, which include financial investors such as Liwet

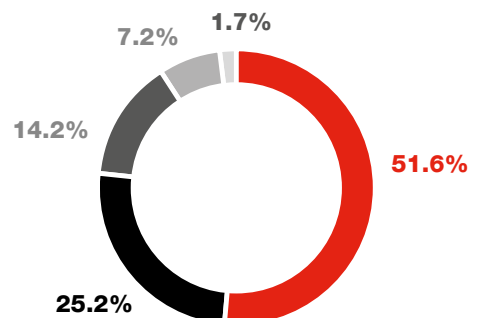
Holding AG and institutional investors (incl. pension funds, private banking and insurance companies). The geographic distribution of the holdings of institutional investors was diversified, with Switzerland accounting for 52%, North America for 25%, continental Europe (excl. Switzerland) for 14% and the UK and Ireland representing 7%.



**Shareholder Structure**

- Liwet Holding AG<sup>1</sup>
- Free float
- Treasury shares

<sup>1</sup> Disclosure notification published by SIX Exchange Regulation Ltd on May 25, 2018 and the voluntary disclosure notification published by SIX Exchange Regulation Ltd on January 28, 2023. Oerlikon's understanding is that Liwet increased its shareholding to 42.7% before December 31, 2022.



**Regional Distribution of Institutional Investors<sup>1</sup>**

- Switzerland
- North America
- Continental Europe
- United Kingdom and Ireland
- Others

<sup>1</sup> Due to rounding, the total may not correspond with the sum of the separate figures.

# External Financing

## Syndicated Credit Facility Agreements

On December 7, 2021, Oerlikon signed an agreement for an unsecured syndicated sustainability-linked credit facility amounting to CHF 600 million. It consists of a revolving credit facility and an ancillary credit facility with a five-year term and two optional one-year extensions. In 2023, Oerlikon successfully exercised the second extension option for a total amount of CHF 565.5 million.

As of the balance sheet date, the revolving credit facility has been entirely undrawn.

In 2023, Oerlikon raised CHF 475 million from a three-year unsecured term loan facility signed in December 2022. The proceeds from this facility were used to finance the acquisition of the Riri Group which was closed in Q1 2023.

Cash and cash equivalents amounted to CHF 524 million as of the balance sheet date. The Group reported total net debt of CHF 1 151 million as of December 31, 2023.

## Capital Market Bonds and Other Debt Instruments

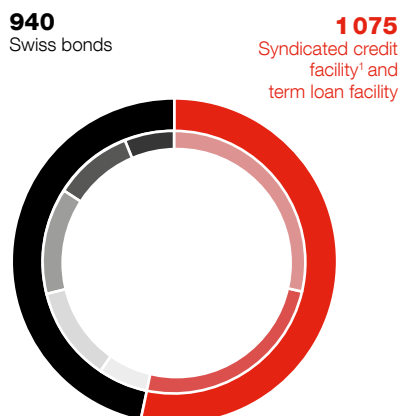
On June 2, 2023, Oerlikon issued two CHF-denominated senior unsecured bonds in the domestic capital market. The bonds have a total nominal value of CHF 340 million and tenors of 3 years and 6 <sup>1</sup>/<sub>3</sub> years respectively.

In addition to these new issues, Oerlikon had another CHF 600 million in CHF-denominated senior unsecured bonds outstanding as of the balance sheet date. These bonds mature in 2024, 2025 and 2028 respectively.

As of the 2023 balance sheet date, the Group reported loans and borrowings amounting to CHF 1 482 million, attributable primarily to the five outstanding domestic bonds (CHF 940 million) and the drawings under the term loan facility (CHF 475 million).

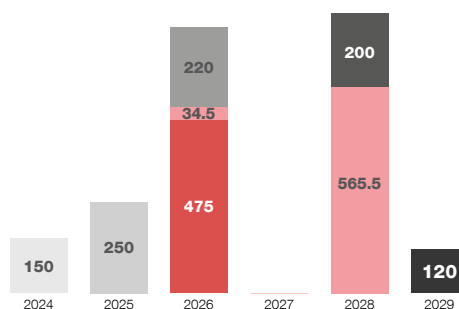
The Group also had total current and non-current lease liabilities of CHF 209 million as of December 31, 2023.

The creditworthiness of the domestic bonds was low BBB as assessed by UBS and Credit Suisse, BBB- as assessed by Zürcher Kantonalbank (revised down from BBB) and Baa- as assessed by fedafin (all investment grade).



**Financing Instruments**  
as of December 31, 2023

- Syndicated credit facility and term loan facility CHF 1 075 million
- <sup>1</sup> There were no drawings from the syndicated credit facility as of the balance sheet date.
- Swiss bonds totaling CHF 940 million



**Maturity of Financing Instruments**  
as of December 31, 2023

- Syndicated credit facility and term loan facility totaling CHF 1 075 million
- Swiss bonds totaling CHF 940 million

**Outstanding Bonds as of December 31, 2023**

<b>ISIN</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Volume</b>	<b>Issue price</b>	<b>Price as of Dec. 31, 2023<sup>1</sup></b>	<b>Price as of Dec. 31, 2022<sup>1</sup></b>
CH0244692536	2.625%	June 17, 2024, Redemption at par	CHF 150 million	100.000%	99.90%	100.10%
CH1112455790	0.375%	November 27, 2025, Redemption at par	CHF 250 million	100.078%	96.25%	93.60%
CH1112455808	0.800%	November 27, 2028, Redemption at par	CHF 200 million	100.091%	92.15%	87.55%
CH1268922205	2.875%	June 2, 2026, Redemption at par	CHF 220 million	100.312%	101.10%	n/a
CH1268922213	3.250%	October 2, 2029, Redemption at par	CHF 120 million	100.332%	103.45%	n/a

<sup>1</sup>The market values of the bonds are based on quotes provided by Refinitiv.

# Financial Calendar and Contacts

## Financial Calendar

### February 20, 2024

Q4/FY 2023 results

Publication of the Annual Report 2023 and the Sustainability Report 2023

### March 21, 2024

2024 Annual General Meeting of Shareholders, ENTRA, Rapperswil-Jona

### May 7, 2024

Q1 2024 results

### August 6, 2024

Q2/HY 2024 results

Publication of Interim Report 2024

### November 5, 2024

Q3/9M 2024 results

Dates of road shows, conferences and other events can be found in the financial calendar on our website at [www.oerlikon.com/en/investors](http://www.oerlikon.com/en/investors)

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The meltblown technology is one of the most efficient methods for producing very fine and highly separating filter media from synthetic fibers. These filters can be used in the field of liquid and air filtration, such as prefilters in automobile and heating, ventilation and air-conditioning (HVAC) filter systems. In addition to the meltblown filtration technologies, Oerlikon Nonwoven also offers comprehensive spunbond and airlaid systems for other technical applications.

## Key Figures Oerlikon Group

## Key Figures Oerlikon Group

in CHF million	January 1 to December 31, 2023	January 1 to December 31, 2022
Order intake	2 457	2 990
Order backlog	468	782
Sales	2 693	2 909
EBITDA	384	418
– as % of sales	14.2%	14.4%
Operational EBITDA <sup>1,2</sup>	444	513
– as % of sales <sup>1,2</sup>	16.5%	17.6%
EBIT	105	176
– as % of sales	3.9%	6.0%
Operational EBIT <sup>1,3</sup>	235	301
– as % of sales <sup>1,3</sup>	8.7%	10.4%
Net result	23	93
– as % of equity attributable to shareholders of the parent	2%	7%
Cash flow from operating activities <sup>4</sup>	199	230
Capital expenditure for property, plant and equipment and intangible assets	133	130
Total assets	4 099	3 937
Equity attributable to shareholders of the parent	1 010	1 274
– as % of total assets	25%	32%
Net debt <sup>5</sup>	–1 151	–471
Net operating assets <sup>6</sup>	2 429	2 063
Number of employees (full-time equivalents)	12 620	12 184
Personnel expense	856	896
Research and development expenditure <sup>7</sup>	103	113

<sup>1</sup> Operational EBIT and operational EBITDA from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

<sup>2</sup> Operational EBITDA is defined as EBITDA adjusted for expenses directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates as well as acquisition and integration costs.

<sup>3</sup> Operational EBIT is defined as EBIT adjusted for expenses and impairments directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates, acquisition and integration costs as well as goodwill and intangible assets acquired in a business combination.

<sup>4</sup> Cash flow from operating activities before changes in net current assets amounts to CHF 275 million (previous year: CHF 361 million).

<sup>5</sup> Net debt includes cash and cash equivalents, deposits and marketable securities less current and non-current financial liabilities.

<sup>6</sup> Net operating assets are defined as operating assets (total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets) less operating liabilities (total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities).

<sup>7</sup> Research and development expenditure includes expenses recognized as intangible assets in the amount of CHF 27 million (previous year: CHF 24 million).

Key Share-related Figures<sup>1</sup>

in CHF million	January 1 to December 31, 2023	January 1 to December 31, 2022
Share price		
Year high	6.52	9.78
Year low	3.43	5.95
Year-end	3.80	6.06
Total shares issued at year-end	339 758 576	339 758 576
Market capitalization at year-end in CHF million	1 290	2 244
EBIT per share	0.32	0.54
Operational EBIT per share <sup>2</sup>	0.72	0.92
Earnings per share	0.10	0.27
Cash flow from operating activities per share	0.61	0.71
Equity per share <sup>3</sup>	3.11	3.91
Dividend per share	0.20 <sup>4</sup>	0.35 <sup>5</sup>

<sup>1</sup> Average number of shares with voting and dividend rights (undiluted).

<sup>2</sup> Operational EBIT from prior year is restated for discontinued activities, thus prior year operational EBIT per share is adjusted as well.

<sup>3</sup> Attributable to shareholders of the parent.

<sup>4</sup> Dividend proposal for 2023, to be paid in 2024.

<sup>5</sup> For financial year 2022, paid in 2023.

## Key Figures by Division

in CHF million	January 1 to December 31, 2023	January 1 to December 31, 2022
<b>Oerlikon Group</b>		
Order intake	2 457	2 990
Order backlog	468	782
Sales	2 693	2 909
EBITDA	384	418
– as % of sales	14.2%	14.4%
Operational EBITDA <sup>1</sup>	444	513
– as % of sales <sup>1</sup>	16.5%	17.6%
EBIT	105	176
– as % of sales	3.9%	6.0%
Operational EBIT <sup>1</sup>	235	301
– as % of sales <sup>1</sup>	8.7%	10.4%
Net operating assets	2 429	2 063
Number of employees (full-time equivalents)	12 620	12 184
<b>Surface Solutions Division</b>		
Order intake	1 514	1 418
Order backlog	208	206
Sales	1 527	1 392
– thereof sales to third parties	1 521	1 384
EBITDA	230	226
– as % of sales	15.1%	16.2%
Operational EBITDA <sup>1</sup>	262	251
– as % of sales <sup>1</sup>	17.1%	18.0%
EBIT	51	54
– as % of sales	3.3%	3.9%
Operational EBIT <sup>1</sup>	117	104
– as % of sales <sup>1</sup>	7.7%	7.5%
Net operating assets	1 877	1 551
Number of employees (full-time equivalents)	8 432	7 519
<b>Polymer Processing Solutions Division</b>		
Order intake	943	1 572
Order backlog	260	576
Sales	1 172	1 525
– thereof sales to third parties	1 172	1 525
EBITDA	143	193
– as % of sales	12.2%	12.6%
Operational EBITDA <sup>1</sup>	170	254
– as % of sales <sup>1</sup>	14.5%	16.6%
EBIT	61	135
– as % of sales	5.2%	8.9%
Operational EBIT <sup>1</sup>	122	203
– as % of sales <sup>1</sup>	10.4%	13.3%
Net operating assets	480	444
Number of employees (full-time equivalents)	3 798	4 329

<sup>1</sup> Operational EBIT and operational EBITDA from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

## Consolidated Income Statement

in CHF million	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Sales of goods		1 840	1 989
Services rendered		853	920
<b>Total sales</b>	3	<b>2 693</b>	<b>2 909</b>
Cost of sales		-2 042	-2 178
<b>Gross profit</b>		<b>651</b>	<b>732</b>
Marketing and selling		-223	-201
Research and development		-125	-139
Administration		-209	-217
Other income	4	37	29
Other expenses	4	-26	-29
<b>Result before interest and taxes (EBIT)</b>		<b>105</b>	<b>176</b>
Financial income	6	20	9
Financial expenses	6	-60	-23
<b>Result before taxes (EBT)</b>		<b>65</b>	<b>161</b>
Income taxes	7	-42	-68
<b>Net result</b>		<b>23</b>	<b>93</b>
Attributable to:			
Shareholders of the parent		33	89
Non-controlling interests		-10	4
Earnings per share in CHF	8	0.10	0.27
Diluted earnings per share in CHF	8	0.10	0.27
<b>EBITDA</b>		<b>384</b>	<b>418</b>
<b>Operational EBIT<sup>1</sup></b>		<b>235</b>	<b>301</b>
<b>Operational EBITDA<sup>1</sup></b>		<b>444</b>	<b>513</b>

<sup>1</sup> Operational EBIT and operational EBITDA from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

## Consolidated Statement of Comprehensive Income

in CHF million	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Net result		23	93
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to the income statement</b>			
Remeasurement of defined benefit plans	13	-13	-2
Loss from revaluation of investments in equity instruments designated at fair value through other comprehensive income		-3	-10
Income taxes on items that will never be reclassified to the income statement		4	-8
		-12	-21
<b>Items that are or may be reclassified subsequently to the income statement</b>			
Gains and losses from hedging		-1	-7
Conversion differences		-177	-89
Income taxes on items that are or may be reclassified subsequently to the income statement		1	2
		-177	-94
<b>Other comprehensive income for the period, net of taxes</b>		<b>-190</b>	<b>-115</b>
<b>Total comprehensive income for the period</b>		<b>-166</b>	<b>-22</b>
Attributable to:			
Shareholders of the parent		-154	-24
Non-controlling interests		-13	1

## Consolidated Balance Sheet

### Assets

in CHF million	Notes	December 31, 2023	December 31, 2022
Cash and cash equivalents	15	524	463
Current financial investments and derivatives	15	19	17
Trade and trade notes receivable	15	407	434
Current contract assets	3	26	38
Other receivables	15	67	98
Current income tax receivables		27	19
Inventories	9	395	504
Prepaid expenses		19	24
<b>Current assets</b>		<b>1 486</b>	<b>1 597</b>
Loans and other non-current receivables	15	35	26
Non-current financial investments	15	36	42
Property, plant and equipment	10	484	523
Right-of-use assets	11	193	182
Goodwill and intangible assets	12	1 729	1 445
Post-employment benefit assets	13	1	–
Deferred tax assets	7	134	117
Non-current contract assets	3	2	6
<b>Non-current assets</b>		<b>2 613</b>	<b>2 339</b>
<b>Total assets</b>		<b>4 099</b>	<b>3 937</b>

### Liabilities and Equity

in CHF million	Notes	December 31, 2023	December 31, 2022
Trade payables	15	296	400
Current contract liabilities	3	205	359
Current lease liabilities	15	31	29
Current financial liabilities and derivatives	15	177	161
Other current liabilities	15	74	121
Accrued liabilities	15	242	240
Current income taxes payable		39	43
Current post-employment benefit liabilities	13	17	18
Current provisions	14	70	91
<b>Current liabilities</b>		<b>1 151</b>	<b>1 462</b>
Non-current lease liabilities	15	178	163
Non-current financial liabilities	15	1 310	604
Other non-current liabilities	15	3	7
Non-current post-employment benefit liabilities	13	198	209
Deferred tax liabilities	7	167	130
Non-current provisions	14	54	46
<b>Non-current liabilities</b>		<b>1 909</b>	<b>1 158</b>
<b>Total liabilities</b>		<b>3 060</b>	<b>2 620</b>
Share capital		340	340
Treasury shares		–129	–134
Retained earnings and reserves		800	1 069
<b>Equity attributable to shareholders of the parent</b>		<b>1 010</b>	<b>1 274</b>
Non-controlling interests		28	42
<b>Total equity</b>		<b>1 039</b>	<b>1 316</b>
<b>Total liabilities and equity</b>		<b>4 099</b>	<b>3 937</b>

## Consolidated Cash Flow Statement

in CHF million	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Net result		23	93
Income taxes		42	68
Interest expense (net)		42	11
Depreciation of property, plant and equipment	10	88	94
Depreciation of right-of-use assets	11	38	37
Amortization of intangible assets	12	90	87
Addition to provisions (net)	14	1	48
Impairment losses on property, plant and equipment	10	24	9
Impairment losses on right-of-use assets	11	8	7
Impairment losses on intangible assets	12	29	8
Impairment losses on non-current receivables		5	12
Decrease in post-employment benefit liabilities		-23	-12
Income taxes paid		-86	-84
Share-based payments		4	6
Other non-cash items		-11	-22
<b>Cash flow from operating activities before changes in net current assets</b>		<b>275</b>	<b>361</b>
Decrease in receivables, contract assets and prepaid expenses		78	37
Decrease/increase in inventories		116	-118
Decrease/increase in payables, accrued liabilities and use of provisions		-134	113
Decrease in contract liabilities		-132	-165
Non-cash impact on net current assets due to hedge accounting		-4	2
<b>Cash flow from changes in net current assets</b>		<b>-76</b>	<b>-131</b>
<b>Cash flow from operating activities</b>		<b>199</b>	<b>230</b>
Purchase of property, plant and equipment	10	-83	-80
Proceeds from sale of property, plant and equipment		3	2
Purchase of intangible assets	12	-49	-51
Disposal of Group companies, net of cash disposed		-	-2
Acquisition of subsidiaries, net of cash acquired	2	-383	-29
Investments in associates		-	-10
Granting of/proceeds from loans and other non-current financial receivables		-17	2
Purchase of/proceeds from financial investments		-3	3
Interest received		10	8
<b>Cash flow from investing activities</b>		<b>-522</b>	<b>-155</b>
Dividends paid		-117	-118
Purchase of treasury shares		-	-20
Repayment of financial debt	15	-250	-135
Proceeds from financial debt	15	872	143
Principal elements of lease payments	15	-38	-35
Repayment of financial liabilities		-2	-
Interest paid		-40	-17
<b>Cash flow from financing activities</b>		<b>425</b>	<b>-182</b>
Conversion adjustments to cash and cash equivalents		-41	-30
<b>Increase/decrease in cash and cash equivalents</b>		<b>61</b>	<b>-138</b>
Cash and cash equivalents at the beginning of the period	15	463	601
Cash and cash equivalents at the end of the period	15	524	463
<b>Increase/decrease in cash and cash equivalents</b>		<b>61</b>	<b>-138</b>

## Consolidated Statement of Changes in Equity

in CHF million	Share capital <sup>1</sup>	Additional paid-in capital <sup>2</sup>	Treasury shares <sup>3</sup>	Conversion differences	Retained earnings	Hedge accounting	Fair Value adjustment	Income taxes	Total equity attributable to shareholders	Non-controlling interests	Total shareholders' equity
<b>Balance at January 1, 2022</b>	<b>340</b>	<b>558</b>	<b>-120</b>	<b>-291</b>	<b>838</b>	<b>5</b>	<b>9</b>	<b>86</b>	<b>1 424</b>	<b>45</b>	<b>1 469</b>
Net result	-	-	-	-	89	-	-	-	89	4	93
Gains and losses from hedging	-	-	-	-	-	-7	-	2	-6	-	-6
Remeasurement of defined benefit plans	-	-	-	-	-2	-	-	-9	-11	-	-11
Loss from revaluation of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-10	1	-9	-	-9
Conversion differences	-	-	-	-86	-	-	-	-	-86	-2	-89
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-86</b>	<b>-2</b>	<b>-7</b>	<b>-10</b>	<b>-7</b>	<b>-113</b>	<b>-3</b>	<b>-115</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-86</b>	<b>87</b>	<b>-7</b>	<b>-10</b>	<b>-7</b>	<b>-24</b>	<b>1</b>	<b>-22</b>
Dividend distributions	-	-	-	-	-114	-	-	-	-114	-4	-118
Share-based payments	-	-	5	-	-	-	-	-	6	-	6
Purchase of treasury shares <sup>4</sup>	-	-	-20	-	-	-	-	-	-20	-	-20
<b>Contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>-15</b>	<b>-</b>	<b>-114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-129</b>	<b>-4</b>	<b>-133</b>
Revaluation of liability for the acquisition of non-controlling interests	-	-	-	-	3	-	-	-	3	-	3
<b>Changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Total transactions with owners of the company</b>	<b>-</b>	<b>-</b>	<b>-15</b>	<b>-</b>	<b>-112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-126</b>	<b>-4</b>	<b>-130</b>
<b>Balance at December 31, 2022</b>	<b>340</b>	<b>558</b>	<b>-134</b>	<b>-377</b>	<b>814</b>	<b>-2</b>	<b>-1</b>	<b>79</b>	<b>1 274</b>	<b>42</b>	<b>1 316</b>
Net result	-	-	-	-	33	-	-	-	33	-10	23
Gains and losses from hedging	-	-	-	-	-	-1	-	1	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-13	-	-	4	-10	-	-10
Loss from revaluation of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-3	-	-3	-	-3
Conversion differences	-	-	-	-174	-	-	-	-	-174	-3	-177
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-174</b>	<b>-13</b>	<b>-1</b>	<b>-3</b>	<b>4</b>	<b>-187</b>	<b>-3</b>	<b>-190</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-174</b>	<b>20</b>	<b>-1</b>	<b>-3</b>	<b>4</b>	<b>-154</b>	<b>-13</b>	<b>-166</b>
Dividend distributions	-	-	-	-	-114	-	-	-	-114	-3	-117
Share-based payments	-	-	5	-	-1	-	-	-	4	-	4
<b>Contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-110</b>	<b>-3</b>	<b>-114</b>
Change in non-controlling interest from capital increase	-	-	-	-	-	-	-	-	-	2	2
<b>Changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Total transactions with owners of the company</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-110</b>	<b>-1</b>	<b>-112</b>
<b>Balance at December 31, 2023</b>	<b>340</b>	<b>558</b>	<b>-129</b>	<b>-552</b>	<b>718</b>	<b>-3</b>	<b>-4</b>	<b>83</b>	<b>1 010</b>	<b>28</b>	<b>1 039</b>

<sup>1</sup> The share capital of OC Oerlikon Corporation AG, Pfäffikon consists of 339 758 576 fully paid registered shares (previous year: 339 758 576) of a nominal value of CHF 1 each. On December 31, 2023, conditional capital amounted to CHF 47 200 000 (previous year: CHF 47 200 000).

<sup>2</sup> As of December 31, 2023, additional paid-in capital includes CHF 330 million (previous year: CHF 330 million) of legal reserves in OC Oerlikon Corporation AG, Pfäffikon.

<sup>3</sup> As of December 31, 2023, the Group held 14 828 250 own shares (previous year: 15 380 434).

<sup>4</sup> On November 4, 2022, Oerlikon completed its share buyback program launched on November 7, 2019. In 2022, 2 840 530 shares were repurchased for a consideration of CHF 20 million. In total, Oerlikon repurchased 19 672 989 of its own shares for a consideration of CHF 170 million, representing 5.8% of the share capital.



## Reconciliation of Operational Figures

### 2023

in CHF million		Operational figures	Restructuring <sup>1</sup>	Discontinued activities <sup>2</sup>	Impairments <sup>3</sup>	Acquisition and integration costs	Unadjusted figures
<b>Surface Solutions Division</b>	<b>EBITDA</b>	<b>262</b>	-12	-17	-	-2	<b>230</b>
	<b>EBIT</b>	<b>117</b>	-12	-38	-14	-2	<b>51</b>
<b>Polymer Processing Solutions Division</b>	<b>EBITDA</b>	<b>170</b>	13	-39	-	-	<b>143</b>
	<b>EBIT</b>	<b>122</b>	13	-74	-	-	<b>61</b>
<b>Total Divisions</b>	<b>EBITDA</b>	<b>431</b>	1	-57	-	-2	<b>373</b>
	<b>EBIT</b>	<b>239</b>	1	-112	-14	-2	<b>112</b>
<b>Group / Eliminations</b>	<b>EBITDA</b>	<b>13</b>	-	-1	-	-1	<b>11</b>
	<b>EBIT</b>	<b>-4</b>	-	-2	-	-1	<b>-7</b>
<b>Total from continuing operations</b>	<b>EBITDA</b>	<b>444</b>	1	-58	-	-3	<b>384</b>
	<b>EBIT</b>	<b>235</b>	1	-114	-14	-3	<b>105</b>

### 2022

in CHF million		Operational figures	Restructuring <sup>1</sup>	Discontinued activities <sup>2</sup>	Impairments <sup>3</sup>	Acquisition and integration costs	Unadjusted figures
<b>Surface Solutions Division</b>	<b>EBITDA</b>	<b>251</b>	-3	-22	-	-	<b>226</b>
	<b>EBIT</b>	<b>104</b>	-3	-47	-	-	<b>54</b>
<b>Polymer Processing Solutions Division</b>	<b>EBITDA</b>	<b>254</b>	-51	-10	-	-1	<b>193</b>
	<b>EBIT</b>	<b>203</b>	-51	-16	-	-1	<b>135</b>
<b>Total Divisions</b>	<b>EBITDA</b>	<b>505</b>	-54	-32	-	-1	<b>418</b>
	<b>EBIT</b>	<b>307</b>	-54	-63	-	-1	<b>189</b>
<b>Group / Eliminations</b>	<b>EBITDA</b>	<b>8</b>	-	-	-	-8	<b>0</b>
	<b>EBIT</b>	<b>-5</b>	-	-	-	-8	<b>-13</b>
<b>Total from continuing operations</b>	<b>EBITDA</b>	<b>513</b>	-54	-32	-	-9	<b>418</b>
	<b>EBIT</b>	<b>301</b>	-54	-63	-	-9	<b>176</b>

<sup>1</sup> Expenses related to restructuring mainly include personnel costs.

<sup>2</sup> Effects from discontinued activities not qualifying as discontinued operations include the ePD inline business, the effects of the discontinuation of the Russian operations and the newly discontinued activities from Teknoweb, Oerlikon Barmag Automation, Additive Manufacturing business outside of the US and Metco Coating Services in the US. For comparability reasons previous year figures have been restated accordingly.

<sup>3</sup> Impairments related to restructuring.

### Alternative Performance Measures

The alternative performance measures used by Oerlikon Group are defined as follows:

**Operational EBITDA:** Operational EBITDA is defined as EBITDA adjusted for expenses directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates as well as acquisition and integration costs.

**Operational EBIT:** Operational EBIT is defined as EBIT adjusted for expenses and impairments directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates, goodwill and intangible assets acquired in a business combination as well as acquisition and integration costs.

## Segment Information

in CHF million	Surface Solutions Division		Polymer Processing Solutions Division		Total Divisions	
	2023	2022	2023	2022	2023	2022
<b>Order intake</b>	<b>1514</b>	<b>1418</b>	<b>943</b>	<b>1572</b>	<b>2457</b>	<b>2990</b>
<b>Order backlog</b>	<b>208</b>	<b>207</b>	<b>260</b>	<b>576</b>	<b>468</b>	<b>781</b>
<b>Sales</b>						
Sales to third parties	1 521	1 384	1 172	1 525	2 693	2 909
Sales to other divisions	6	8	–	–	6	8
Eliminations	–6	–8	–	–	–6	–8
	<b>1 521</b>	<b>1 384</b>	<b>1 172</b>	<b>1 525</b>	<b>2 693</b>	<b>2 909</b>
<b>Sales to third parties by market region</b>						
Asia/Pacific	426	449	876	1 145	1 302	1 595
Europe	742	605	200	203	941	808
Americas	353	330	97	177	449	507
	<b>1 521</b>	<b>1 384</b>	<b>1 172</b>	<b>1 525</b>	<b>2 693</b>	<b>2 909</b>
<b>Sales to third parties by location</b>						
<b>Asia/Pacific</b>	<b>370</b>	<b>389</b>	<b>471</b>	<b>628</b>	<b>842</b>	<b>1 017</b>
thereof China	125	137	453	607	578	745
<b>Europe</b>	<b>807</b>	<b>660</b>	<b>651</b>	<b>841</b>	<b>1 458</b>	<b>1 500</b>
thereof Switzerland/Liechtenstein	131	119	–	–	131	119
Germany	316	307	604	755	920	1 063
<b>Americas</b>	<b>344</b>	<b>335</b>	<b>50</b>	<b>57</b>	<b>393</b>	<b>392</b>
thereof USA	286	277	45	52	331	329
	<b>1 521</b>	<b>1 384</b>	<b>1 172</b>	<b>1 525</b>	<b>2 693</b>	<b>2 909</b>
<b>Timing of revenue recognition</b>						
At a point in time	1 521	1 384	570	798	2 091	2 182
Transferred over time	–	–	602	728	602	728
	<b>1 521</b>	<b>1 384</b>	<b>1 172</b>	<b>1 525</b>	<b>2 693</b>	<b>2 909</b>
<b>Capital expenditure for property, plant and equipment, and intangible assets<sup>1</sup></b>						
Asia/Pacific	24	14	18	7	42	21
Europe	53	45	5	24	58	69
Americas	16	18	1	1	17	19
	<b>94</b>	<b>77</b>	<b>24</b>	<b>32</b>	<b>118</b>	<b>109</b>
<b>Operational EBITDA<sup>4</sup></b>	<b>262</b>	<b>251</b>	<b>170</b>	<b>254</b>	<b>431</b>	<b>505</b>
<b>Operational EBIT<sup>4</sup></b>	<b>117</b>	<b>104</b>	<b>122</b>	<b>203</b>	<b>239</b>	<b>307</b>
<b>Other material items</b>						
Research and development expense	–79	–91	–46	–48	–125	–139
Depreciation and amortization	–148	–149	–51	–57	–199	–206
Impairment of property, plant and equipment and right-of-use assets	–27	–15	–5	–	–32	–16
Impairment of intangible assets	–4	–8	–25	–	–29	–8
Restructuring expense/income	–12	–3	13	–51	1	–54
<b>Net operating assets</b>	<b>31.12.23</b>	31.12.22	<b>31.12.23</b>	31.12.22	<b>31.12.23</b>	31.12.22
Operating assets <sup>2</sup>	2 218	1 848	1 061	1 344	3 279	3 192
Operating liabilities <sup>3</sup>	–341	–297	–581	–900	–922	–1 197
	<b>1 877</b>	<b>1 551</b>	<b>480</b>	<b>444</b>	<b>2 357</b>	<b>1 995</b>
<b>Number of employees (full-time equivalents)</b>	<b>31.12.23</b>	31.12.22	<b>31.12.23</b>	31.12.22	<b>31.12.23</b>	31.12.22
Asia/Pacific	1 700	1 775	1 568	1 672	3 268	3 446
Europe	5 149	4 111	2 061	2 474	7 210	6 585
Americas	1 583	1 634	169	183	1 752	1 817
	<b>8 432</b>	<b>7 519</b>	<b>3 798</b>	<b>4 329</b>	<b>12 230</b>	<b>11 848</b>

	Group/ Eliminations		Total from continuing operations	
	2023	2022	2023	2022
	-	-	2 457	2 990
	-	-	468	781
	-	-	2 693	2 909
	-6	-8	-	-
	6	8	-	-
	-	-	2 693	2 909
	-	-	1 302	1 595
	-	-	941	808
	-	-	449	507
	-	-	2 693	2 909
	-	-	842	1 017
	-	-	578	745
	-	-	1 458	1 500
	-	-	131	119
	-	-	920	1 063
	-	-	393	392
	-	-	331	329
	-	-	2 693	2 909
	-	-	2 091	2 182
	-	-	602	728
	-	-	2 693	2 909
	-	-	42	21
	15	21	74	90
	-	-	17	19
	15	21	133	130
	13	8	444	513
	-4	-5	235	301
	-	-1	-125	-139
	-17	-13	-216	-219
	-	-	-33	-16
	-	-	-29	-8
	-	-	1	-54
	31.12.23	31.12.22	31.12.23	31.12.22
	106	111	3 385	3 304
	-34	-44	-956	-1 241
	72	68	2 429	2 063
	31.12.23	31.12.22	31.12.23	31.12.22
	107	54	3 375	3 500
	283	282	7 494	6 867
	-	-	1 752	1 817
	390	336	12 620	12 184

### Segment Information

The Group consists of the following reportable Segments:

- The "Surface Solutions Division" is a world-leading supplier of advanced materials and surface technologies for components and tools used in a wide range of industrial applications where superior materials and surface performance are required.
- The Polymer Processing Solutions Division is a world market leader for solutions and systems used to manufacture manmade fibers that enable customers to produce high-quality synthetic fibers.

The Segment reporting of the Oerlikon Group is in accordance with the "management approach" and based on the internal structure and reporting. The Chief Executive Officer (CEO)/Executive Chairman (from July 1, 2022) performs the function of the Chief Operating Decision Maker (CODM), assesses performance and makes resource allocation decisions.

The internal reporting to the CODM is based on uniform Group accounting principles, which correspond to those used in the consolidated financial statements. Intersegment pricing is determined on an arm's length basis.

<sup>1</sup> Does not include non-current assets acquired through business combinations.

<sup>2</sup> Operating assets include total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets.

<sup>3</sup> Operating liabilities include total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities.

<sup>4</sup> Operational EBITDA and Operational EBIT from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

## Reconciliation to the Consolidated Balance Sheet

in CHF million	December 31, 2023	December 31, 2022
Operating assets	3 385	3 304
Cash and cash equivalents	524	463
Current financial investments	15	13
Current income tax receivables	27	19
Deferred tax assets	134	117
Other non-operating assets	14	22
<b>Total assets</b>	<b>4 099</b>	<b>3 937</b>
Operating liabilities	956	1 241
Lease liabilities	209	192
Current financial liabilities	172	151
Non-current financial liabilities	1 310	604
Current income tax payable	39	43
Non-current post-employment benefit liabilities <sup>1</sup>	189	196
Deferred tax liabilities	167	130
Other non-operating liabilities	18	63
<b>Total liabilities</b>	<b>3 060</b>	<b>2 620</b>

<sup>1</sup> Excluding other employee benefit liabilities (refer to Note 13 Post-employment benefits).

## Geographical Information on Non-current Assets

in CHF million	2023	2022
<b>Asia/Pacific</b>	<b>227</b>	<b>238</b>
thereof		
China	126	133
<b>Europe</b>	<b>2 048</b>	<b>1 734</b>
thereof		
Switzerland/Liechtenstein	1 409	1 160
Germany	219	294
<b>Americas</b>	<b>202</b>	<b>251</b>
thereof		
USA	184	231
<b>Total</b>	<b>2 478</b>	<b>2 223</b>

Non-current assets as shown in the table above do not include deferred tax assets and post-employment benefit assets.

## Information About Major Customers

In 2023 and 2022, no customer represented 10% or more of the company's third-party sales.

## Significant Accounting Principles

### Company operations

OC Oerlikon Corporation AG, Pfäffikon is a Swiss public company located at Churerstrasse 120, Pfäffikon, canton of Schwyz, Switzerland. It is the ultimate parent company of the Oerlikon Group, a leading high-tech industrial Group which provides innovative industrial and cutting-edge technologies for surface solutions and polymer processing solutions. Apart from its activities in Switzerland, the Oerlikon Group operates primarily in EU member states, North America and Asia and has a workforce of 12 620 employees (full-time equivalents).

The consolidated financial statements were approved by the Board of Directors on February 19, 2024, and will be submitted to the Annual General Meeting of Shareholders on March 21, 2024, for approval.

### Basis of preparation

The consolidated financial statements of OC Oerlikon Corporation AG, Pfäffikon have been prepared in accordance with IFRS® Accounting Standards and comply with Swiss law. IFRS Accounting Standards comprise the following authoritative literature: IFRS Accounting Standards, IAS® Standards and Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations). The consolidated financial statements are presented in Swiss francs (CHF). Values of assets and liabilities have been determined in accordance with the historical cost convention, with the exception of derivative financial instruments, contingent considerations and financial assets which are held at fair value.

### Adoption of new and revised accounting standards

No new or amended standards or interpretations effective for the financial year beginning on January 1, 2023 had a significant impact on the Group's consolidated financial statements.

### Newly published accounting standards not early adopted

Certain new accounting standards and interpretations have been published by the IASB that are not mandatory for the reporting period beginning on January 1, 2023, yet and that have not been early adopted by the Oerlikon Group. None of them is expected to have a material impact on the Group's financial statements.

### Judgments, estimates and assumptions

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the values of reported revenues, expenses, assets, liabilities and contingent liabilities at the reporting date. These estimates and assumptions are constantly being revised. Depending on the issues involved, revision of such assumptions can have an effect on the current period, as well as potentially on future periods. These estimates, judgments and assumptions are based on historical experience and other factors that are believed to be reasonable and justified as expectations of future events. However, actual results can differ from these estimates. Moreover, consistent application of the chosen accounting principles can require management to make decisions that may have a material impact on the amounts reported in the annual financial statements. Above all, assessment of business transactions that involve complex structures or legal forms call for decisions on management's part. The most important accounting estimates are to be found in Note 2 for Business Combinations, Note 3 for revenue recognition, Note 7 for taxes on income, Note 12 for impairment of goodwill and intangible assets, Note 13 for pensions and in Note 14 for provisions.

### Consolidation Principles

#### Subsidiaries

December 31 is the uniform closing date for all subsidiaries included in the consolidated financial statements. Subsidiaries are all entities over which OC Oerlikon Corporation AG, Pfäffikon has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Oerlikon Group from the date on which control commences until the date on which control ceases. Non-controlling interests are recorded separately under equity in the consolidated financial statements. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. All consolidated subsidiaries held are shown in the listing at the end of the notes.

When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the income statement. Amounts previously recognized in other comprehensive income that may be reclassified to the income statement are reclassified to the income statement. Any retained interest in the former subsidiary is remeasured to its fair value at the date when control is lost.

#### Translation of foreign currencies

The accounts of foreign entities are prepared in the relevant functional currency and translated into Swiss francs in accordance with IAS 21. An entity's functional currency is the currency of the primary economic environment in which the entity operates. In the consolidation, assets and liabilities of foreign subsidiaries are translated into Swiss francs at the exchange rate prevailing on the balance sheet date, while income, expenses and cash flows are translated using average rates for the year. Differences resulting from the respective translation into Swiss francs are recognized in other comprehensive income. Exchange gains and losses, as recorded in the individual company accounts of subsidiaries, are included in the income statement. Excluded from this rule are specific long-term intercompany monetary items that form part of the net investment in a foreign subsidiary whose exchange translation differences are recognized in other comprehensive income. In the year that a foreign entity is divested, the cumulative translation differences recorded in other comprehensive income are reclassified to the income statement as part of the gain or loss upon disposal.

#### Elimination of intercompany transactions and profits

Intercompany assets, liabilities, income, expenses and cash flows are eliminated in the consolidated financial statements. The same applies to profits on intercompany sales not yet realized through sales to third parties, as well as profits on transfers of fixed assets and investments in subsidiaries.

## Notes to the Consolidated Financial Statements

### Group Structure

Note 1

#### Subsidiaries

A list of Oerlikon's subsidiaries can be found on pages 128 and 129.

During the financial year 2023, the following significant changes in the Group structure occurred:

#### Acquisitions

On February 28, 2023, Oerlikon acquired Zip Invest AG and indirectly Zip Holding AG, RIRI SA, Riri Co. Ltd., Riri France SASU, AMOM S.p.A., D.M.C. Srl, SPM Pressofusione S.r.l., and Riri USA Inc.

#### Foundation of subsidiaries

As of April 19, 2023, Oerlikon Serbia doo Kragujevac was founded.

#### Acquisition of non-controlling interests

During 2023, the Oerlikon Group purchased non-controlling interests in FCM S.p.A., (increasing the ownership from 68% to 85%) and in SAS COEURDOR (increasing the ownership from 85% to 86% – this also relates to its subsidiaries FCM S.p.A., FIR. Parts S.r.l., and Cubimatéria Polimentos Unipessoal LDA).

#### Mergers

Company	Merged into	Date
Oerlikon IT Solutions AG, Pfäffikon	OC Oerlikon Management AG, Pfäffikon	May 9, 2023

#### Non-controlling interests

The following Group companies have non-controlling interests as of December 31:

Company	Country	Non-controlling interests in %	
		2023	2022
Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd.	China	40.00	40.00
Zigong Golden China Speciality Carbides Co., Ltd.	China	40.00	40.00
SAS COEURDOR	France	13.95	14.99
Teknoweb Materials S.r.l.	Italy	33.10	33.10
FCM S.p.A.	Italy	13.95	31.99
FIR. Parts S.r.l.	Italy	13.95	14.99
Mercurio S.r.l.	Italy	13.95	14.99
Oerlikon Balzers Coating Luxembourg S.à r.l.	Luxembourg	40.00	40.00
Cubimatéria Polimentos Unipessoal LDA	Portugal	13.95	14.99
Oerlikon Balzers Coating Korea Co. Ltd.	South Korea	10.10	10.10

The share that non-controlling interests have in the Oerlikon Group's activities and cash flows is not material.

#### Interests in joint arrangements and associates

The Oerlikon Group does not hold any significant interests in joint arrangements and associates.

#### Significant prior-year changes in Group structure

##### Sale of subsidiaries

On June 1, 2022 Oerlikon signed a contract for the sale of all subsidiaries in Russia to the local management. Consequently, Oerlikon OSS CIS LLC, Oerlikon Rus LLC, and OOO Oerlikon Balzers Rus have been sold.

#### Mergers

Company	Merged into	Date
Oerlikon Balzers Coating Singapore Pte Ltd	Oerlikon Metco (Singapore) Pte Ltd	January 1, 2022
Oerlikon Metco Coatings GmbH	Oerlikon Metco Coating Services GmbH	August 8, 2022
AC-Verwaltungs GmbH and AC-Automation GmbH & Co. KG	Oerlikon Textile GmbH & Co. KG	October 4, 2022

## Acquisitions and Divestments

Note 2

### Acquisitions in 2023

On February 28, 2023, Oerlikon has successfully closed the acquisition of Riri, following the signing of the agreement on December 15, 2022. Riri is a leading provider of coated metal accessories for the luxury fashion industry. This acquisition expands Oerlikon's foothold in the luxury market and – together with Coeurdor acquired in 2021 – creates a leading platform in luxury metalware.

The total purchase consideration for the acquisition of Riri amounts to CHF 363 million and includes CHF 250 million paid in cash for the shares and CHF 113 million paid in cash for a convertible debt instrument.

Contingent liabilities of CHF 16 million have been recognized primarily due to potential tax and environmental risks.

The goodwill of CHF 234 million arising from the acquisition is mainly attributable to the strengthening of Oerlikon's market position in the luxury market and expected synergies from combining the operations of the acquired business with the Oerlikon Group. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to less than CHF 1 million have been recognized under other expense in the consolidated income statement for the year ended December 31, 2023.

The following table summarizes the fair value of consideration, as well as assets acquired and liabilities assumed at the date of the acquisition:

in CHF million	February 28, 2023
Cash consideration for shares	250
Cash consideration for convertible debt instrument	113
<b>Total</b>	<b>363</b>

### Recognized amounts of identifiable assets acquired and liabilities assumed

in CHF million	February 28, 2023
Cash and cash equivalents	11
Current financial investments	3
Trade and other receivables and prepaid expenses	40
Current income tax receivables	2
Inventories	39
Loans and other non-current financial receivables	2
Property, plant and equipment	34
Right-of-use assets	27
Intangible assets	225
Deferred tax assets	6
Trade payables	-25
Current lease liabilities	-3
Current financial liabilities and derivatives	-4
Other current payables and accrued liabilities	-17
Current income tax payable	-5
Non-current lease liabilities	-22
Non-current loans and borrowings <sup>1</sup>	-103
Non-current post-employment benefit liabilities	-3
Deferred tax liabilities	-62
Non-current provisions	-16
<b>Total identifiable net assets</b>	<b>130</b>
Goodwill	234
<b>Total net assets</b>	<b>363</b>

<sup>1</sup> Financial liabilities of CHF 101 million have been repaid at the acquisition of Riri.

From the date of acquisition until December 31, 2023 Riri contributed CHF 130 million in total sales and CHF 13 million in net income to the Oerlikon Group. Had the transaction taken place at January 1, 2023, the Group's total sales and net income for the period ended December 31, 2023 would have amounted to approximately CHF 2 725 million and CHF 21 million, respectively. These amounts have been determined based on the assumption that the fair value adjustments at the acquisition date would have been the same at January 1, 2023.

## Acquisitions and Divestments

Note 2 (cont.)

### Acquisitions in 2022

There have been no acquisitions in 2022. On December 15, 2022, Oerlikon signed a definitive agreement to acquire Riri, a leading provider of coated metal accessories for the luxury fashion industry. The transaction was expected to close in the first quarter of 2023, subject to regulatory approvals and standard closing conditions.

The following changes occurred in 2022 in relation to the acquisition of SAS Coeurdor in 2021:

The fair value of the contingent consideration was reassessed, as a result of which an income of CHF 8 million was recognized in other income in the consolidated income statement for 2022. The liability for the acquisition of the 15% non-controlling interest was also reassessed, as a result of which an amount of CHF 3 million was recognized in the consolidated equity for 2022.

### Cash flows from acquisitions of subsidiaries

in CHF million	December 31, 2023	December 31, 2022
Cash consideration for shares	-250	-
Cash consideration for convertible debt instrument	-113	-
Cash acquired	11	-
Payments for acquisitions in prior years	-31	-29
<b>Total cash flows from acquisitions, net of cash acquired</b>	<b>-383</b>	<b>-29</b>

### Accounting Principle

The Oerlikon Group accounts for business combinations using the acquisition method when control is transferred to the Group. At the date of their initial consolidation, the identifiable assets acquired and liabilities assumed of subsidiaries are measured at fair value. Goodwill is measured at the acquisition date as the fair value of the consideration transferred plus the amount of non-controlling interests in the acquiree less the net recognized assets. Transaction costs are expensed as incurred, except if related to the issue of debt or equity. Goodwill denominated in foreign currencies is translated into Swiss francs at the rates prevailing at the balance sheet date.

### Significant Estimates

Where the Group acquires control of another business, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business shall be recognized, separately from goodwill.

This process involves management making an assessment of the fair value of these items. Management judgment is particularly involved in the recognition and measurement of the following items:

- Intellectual property. This may include technologies, patents, licenses, trademarks and similar rights for currently marketed products.
- Customer relationships.
- Contingencies such as legal, tax and environmental matters.
- The recoverability of any accumulated tax losses previously incurred by the acquired company.

In all cases, management makes an assessment based on the underlying economic substance of the items concerned, and not only on the contractual terms, in order to fairly present these items.



## Revenue

Note 3

Disaggregation of revenue from contracts with customers by division and market<sup>1</sup>:

	Surface Solutions Division		Polymer Processing Solutions Division		Total	
	January 1 to December 31, 2023	January 1 to December 31, 2022	January 1 to December 31, 2023	January 1 to December 31, 2022	January 1 to December 31, 2023	January 1 to December 31, 2022
in CHF million						
Automotive	384	387	–	–	384	387
Aviation	208	187	–	–	208	187
Energy	85	67	–	–	85	67
Filament	–	–	688	949	688	949
Flow Control	–	–	180	208	180	208
General Industry	327	317	–	–	327	317
Industrial and Interiors	–	–	157	173	157	173
Nonwoven and Plant Engineering	–	–	147	194	147	194
Luxury	174	44	–	–	174	44
Tooling	343	383	–	–	343	383
<b>Total revenue from contracts with customers</b>	<b>1 521</b>	<b>1 384</b>	<b>1 172</b>	<b>1 525</b>	<b>2 693</b>	<b>2 909</b>

<sup>1</sup> Luxury was added as an additional market in 2023. For comparability reasons, prior year figures have been adjusted accordingly.

### Significant changes in contract assets and contract liabilities balances during the period:

in CHF million	2023	2022
<b>Opening balance - Contract assets</b>	<b>44</b>	<b>90</b>
<b>Opening balance - Contract liabilities</b>	<b>-359</b>	<b>-549</b>
<b>Net opening balance</b>	<b>-316</b>	<b>-460</b>
Increase due to revenue recognized over time during the year (including revenue catch-up) <sup>1</sup>	602	728
Decrease due to transfer of AR (sales invoiced, but no advance payments received) or due advanced payments received (not yet invoiced)	-459	-584
Additions of contract costs	3	1
Amortization of contract costs	-8	-1
<b>Net closing balance</b>	<b>-177</b>	<b>-316</b>
Thereof presented as:		
– Current contract assets	26	38
– Non-current contract assets <sup>2</sup>	2	6
– Current contract liabilities	-205	-359

<sup>1</sup> Of which CHF 359 million were already included in contract liabilities at the beginning of the period (previous year: CHF 549 million).

<sup>2</sup> Thereof CHF 1 million recognized from costs to fulfill a contract (previous year: CHF 5 million) and less than CHF 1 million from costs to obtain a contract (previous year: CHF 1 million).

## Revenue

### Transaction price allocated to the remaining performance obligations:

Revenue related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is expected to be recognized in the future as follows:

in CHF million	2023	2022
< 1 year	378	863
1-2 years	182	395
2-3 years	22	218
beyond 3 years	–	232
<b>Total</b>	<b>582</b>	<b>1708</b>

### Accounting Principle

#### Revenue Recognition

Revenue is recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when performance obligations have been satisfied, i.e. when control of goods or services has been transferred to the customer, and if it is probable that the economic benefits will flow to the company. In accordance with the recognition criteria of IFRS 15, control may be transferred either at a point in time or over time. Revenue is measured based on the consideration the Oerlikon Group received or expects to receive in exchange for its goods and services. If a contract contains more than one performance obligation, the overall consideration is allocated to the different components affected, based on the standalone observable selling price of each performance obligation. The consideration received in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal of cumulative recognized revenue will not occur. The respective estimate is updated regularly. Sales commissions, which the company would have not incurred if the contract was not obtained, are recognized as contract costs (assets). Unless the amortization period is less than one year (expensed as occurred), contract costs are amortized over the duration of the contract and subject to impairment. Sales payment terms are in line with the industry's standards, and deferred payment terms are agreed only in rare circumstances.

#### Contract Assets / Contract Liabilities

Contract assets are an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance). Contract assets include incremental costs to fulfill a contract. Contract liabilities are an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from customers.

#### Remaining performance obligation

Remaining performance obligation is the aggregate amount of consideration to which an entity expects to be entitled in the future in exchange of transferring promised goods or services to a customer (promised in a contract), which are unsatisfied, or partially unsatisfied, as of the end of the reporting period. As a practical expedient no disclosure is given for performance obligations related to contracts with original expected duration of one year or less.

#### Order Backlog

Although conceptually very similar, the calculation of remaining performance obligations does not necessarily align to the disclosed order backlog. A remaining performance obligation only qualifies as order backlog when specific cash down payments or additional preconditions in terms of customers financing are fulfilled.

### Significant Estimates

Estimates are used to determine the stage of completion of performance obligations satisfied over time. According to the input method the future costs necessary to satisfy the performance obligation must be estimated. As actual costs to complete may differ from these estimates they must be reviewed on a regular basis and adjusted if necessary. Such adjustments could affect costs, the stage of completion, and both realized and anticipated profits. Any adjustments are recognized in the period in which they occur. Losses can occur when the expected contract costs exceed the expected revenue. Such losses are recognized as an expense immediately when identified.

**Other Income and Expense**

Note 4

in CHF million	2023	2022
Licensing, patent and know-how income	1	1
Result from associates and joint arrangements	–	5
Rental income	4	4
Other income	33	19
<b>Other income<sup>1</sup></b>	<b>37</b>	<b>29</b>
Taxes not based on income	–9	–12
Other expense	–17	–18
<b>Other expense<sup>2</sup></b>	<b>–26</b>	<b>–29</b>
<b>Other income and expense, net</b>	<b>11</b>	<b>–</b>

<sup>1</sup> Other income consists of income from real estate, investments, licenses, patents and non-operating assets.

<sup>2</sup> Other expense consists of non-operating expenses, investments, taxes not based on income and integration and acquisition costs.

**Personnel Expense**

Note 5

in CHF million	2023	2022
Salaries and wages <sup>1</sup>	681	703
Social security and other employee benefits <sup>2</sup>	175	192
<b>Total</b>	<b>856</b>	<b>896</b>

<sup>1</sup> Includes expenses related to restructuring programs which primarily aim to reduce structural costs in the divisions.

<sup>2</sup> Included in the expense for social security and other employee benefits is CHF 22 million (previous year: CHF 26 million) attributable to specific post-employment benefit plans of the individual companies. The remainder includes the legally required benefit contributions of Group companies, as well as other social security expenses.

**Financial Income and Expense**

Note 6

in CHF million	2023	2022
Interest income	10	8
Other financial income	1	1
Foreign currency gain, net	6	–
Net gain on hedging transactions recognized in the income statement	4	–
<b>Financial income</b>	<b>20</b>	<b>9</b>
Interest on financial debt	–40	–11
Interest on liabilities for benefit plans, net	–7	–2
Interest expense for lease liabilities	–7	–6
Other financial expense	–7	–2
Net loss on hedging transactions recognized in the income statement	–	–3
<b>Financial expense</b>	<b>–60</b>	<b>–23</b>
<b>Financial expense, net</b>	<b>–40</b>	<b>–15</b>

**Accounting Principles**

Interest expense is recognized in the income statement by using the effective interest rate method. Borrowing costs that can be directly allocated to the construction, build-up or purchase of a qualified asset are capitalized through the costs of the assets.

## Income Taxes

Note 7

in CHF million	2023	2022
Current income tax expense	-67	-89
Deferred tax income	25	20
<b>Total</b>	<b>-42</b>	<b>-68</b>

## Analysis of tax expense

in CHF million	2023	2022
<b>Result before taxes</b>	<b>65</b>	<b>161</b>
<b>Tax expenses</b>	<b>-42</b>	<b>-68</b>
Expected tax expense <sup>1</sup>	-19	-44
<b>Difference between actual and expected tax expense</b>	<b>-23</b>	<b>-24</b>

The difference between the tax expense is calculated using the weighted average tax rate of the continuing operations of Oerlikon Group (expected tax expense) of 29% (previous year expected tax rate: 27%) and the effective tax expense arises from the factors mentioned below.

Non-taxable income and non-deductible expenses	-8	15
Unrecognized deferred taxes on current-year losses	-3	-3
Non-refundable withholding taxes	-10	-38
Utilization of unrecognized tax loss carry forwards from previous periods	-1	-
Income tax expense for prior years	-	-2
(Reversal) / Recognition of previously (not recognized) / recognized tax losses	-1	4
Other effects	-	-
<b>Difference between actual and expected tax expense</b>	<b>-23</b>	<b>-24</b>

<sup>1</sup> The expected tax expense is calculated from the various profits and losses of the individual group companies, using local tax rates. From these a composite tax rate is developed, averaged over the whole Group.

**Deferred Taxes**

Composition of deferred taxes	2023		2022	
	Deferred tax balances		Deferred tax balances	
	Assets	Liabilities	Assets	Liabilities
in CHF million				
Trade and trade note receivables	6	1	2	–
Other receivables and current contract assets	–	12	–	24
Prepaid expenses and accrued income	2	–	–	–
Inventories	25	–	63	2
Current and non-current receivables and investments	–	7	–	8
Property, plant and equipment	19	19	22	23
Right of use asset	–	41	3	35
Goodwill and intangible assets	27	154	21	133
<b>Assets</b>	<b>78</b>	<b>233</b>	<b>112</b>	<b>225</b>
Trade payables	3	1	4	–
Contract Liabilities	–	8	–	49
Financial and lease liabilities	51	1	47	–
Other and accrued liabilities	13	2	18	6
Post employment benefit liabilities	34	–	36	–
Provisions	6	6	19	2
<b>Liabilities</b>	<b>107</b>	<b>18</b>	<b>123</b>	<b>58</b>
Deferred tax assets from recognized tax loss carry forwards <sup>1</sup>	34	–	34	–
Offsetting	–84	–84	–153	–153
<b>Total</b>	<b>134</b>	<b>167</b>	<b>117</b>	<b>130</b>

<sup>1</sup> As per end of 2023 tax loss carry forwards of CHF 173 million for federal taxes and CHF 71 million for state/local taxes were recognized (previous year: CHF 168 million for federal taxes and CHF 71 million for state/local taxes).

## Unrecognized deferred tax liabilities:

At December 31, 2023 there are temporary differences of CHF 258 million (previous year: CHF 327 million) with regard to investments in subsidiaries for which no deferred tax liabilities with a potential tax effect of CHF 18 million (previous year CHF 20 million) were recognized since the Group controls the timing of the reversal of the related taxable temporary differences and management is convinced that they will not reverse in the foreseeable future.

Deferred Taxes on temporary differences amounting to CHF 397 million with a potential tax effect of CHF 18 million (previous year: 15 million) are not recognized.

## Deferred Taxes

Note 7 (cont.)

Utilization of tax loss carry forwards is limited as follows:

in CHF million	2023		2022		2023		2022	
	Tax losses not recognized as deferred tax assets		Tax losses not recognized as deferred tax assets		Total tax loss carry forwards		Total tax loss carry forwards	
	federal tax	state/local tax	federal tax	state/local tax	federal tax	state/local tax	federal tax	state/local tax
1 year	–	5	–	17	–	5	–	17
2 years	–	6	–	5	–	6	–	5
3 years	–	7	–	6	1	7	–	6
4 years	–	8	1	8	–	8	4	8
5 years	4	32	6	9	10	38	12	13
Over 5 years	2	89	–	119	29	115	23	142
thereof with no expiry	72	8	84	20	212	47	219	64
<b>Total</b>	<b>79</b>	<b>155</b>	<b>91</b>	<b>183</b>	<b>252</b>	<b>226</b>	<b>258</b>	<b>254</b>

The deferred tax on not recognized tax loss carry forwards would amount to CHF 20 million in 2023 (previous year: CHF 22 million).

### Accounting Principles

#### Current Income Taxes

Current income taxes are accrued on the basis of income reported locally for the financial year by the individual Group companies in keeping with the current year taxation principle.

#### Deferred income taxes

Wherever local company tax values differ from Group values (temporary differences), deferred taxes are determined and recorded by applying tax rates enacted or substantially enacted at the balance sheet date to the differences (balance sheet liability method). Taxes on dividends from subsidiaries are only accrued when distributions are contemplated. The value of deferred tax assets deriving from tax losses carried forward is subject to annual review. Tax losses are only recognized as assets if they are expected to be realized, offset against taxable profits of Group companies individually or in tax groups. In countries or companies where realization of the losses cannot be foreseen, no asset is recognized. Management believes that its estimates are appropriate and that uncertainties in the valuation of tax assets and liabilities have been appropriately addressed. Deferred tax is not recognized for: a) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting profit nor taxable profit or loss; b) temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and c) taxable temporary differences arising on the initial recognition of goodwill.

The group is within the scope of OECD Pillar II model convention for taxes (Global Anti-Base Erosion Model Rules or "GloBE"). OC Oerlikon expects that on short- to medium term the new rules will have no material impact on the assets, financial position as well as income of the group.

The group applies the exception recognizing and disclosing information about deferred tax assets and liabilities related to OECD pillar two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

#### Significant Estimates

Estimates are used initially to determine amounts receivable and payable in respect of current and deferred taxes on income. These estimates are based on interpretation of existing tax law and regulations. Many internal and external factors can influence the final determination of amounts receivable or payable, such as changes in tax law, changes in tax rates, the level of future profits and fiscal audits carried out by the tax authorities.

## Earnings Per Share

Note 8

Earnings per share of CHF 0.10 (previous year: CHF 0.27) have been calculated on the basis of a net result of CHF 33 million (previous year: CHF 89 million), attributable to shareholders of the parent, and the average weighted number of outstanding shares (issued shares less treasury shares). In 2023, the average weighted number of shares entitled to vote and receive dividends amounted to 324 701 313 (previous year: 325 255 948). Diluted earnings per share amounted to CHF 0.10 (previous year: CHF 0.27). The average weighted number of shares used in the calculation of diluted earnings per share amounted to 324 701 313 (previous year: 325 225 948).

Number of outstanding shares	2023	2022
Total shares issued at year-end	339 758 576	339 758 576
Weighted average number of shares outstanding for the year	324 701 313	325 225 948
Effect of potential exercise of option rights	–	–
Weighted average number of shares diluted for the year	324 701 313	325 225 948

### Accounting Principle

Earnings per share (EPS) is based on the portion of consolidated net profit attributable to shareholders of OC Oerlikon Corporation AG, Pfäffikon divided by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share additionally take into account all potential equity securities that could have come into existence as the result of an exercise of option rights.

## Inventories

Note 9

in CHF million	2023			2022		
	Gross value	Value adjustment	Net value	Gross value	Value adjustment	Net value
Raw material and components	162	–19	<b>143</b>	229	–15	<b>214</b>
Work in progress	146	–8	<b>138</b>	172	–5	<b>167</b>
Finished goods and trade merchandise	139	–24	<b>115</b>	152	–29	<b>123</b>
<b>Total</b>	<b>447</b>	<b>–51</b>	<b>395</b>	<b>553</b>	<b>–49</b>	<b>504</b>

Amounts charged to the income statement for write-downs of inventories in the reporting year were CHF 12 million (previous year, CHF 10 million). In 2023, inventories of CHF 1 166 million (previous year: CHF 1 298 million) were recognized as an expense during the period and included in cost of sales.

### Accounting Principles

Inventories are carried at the lower of cost or net realizable value, using FIFO or weighted average cost valuation methods. Self-made components, work in progress and finished goods are carried at production cost. This includes all related material and labor costs, as well as a reasonable allocation of indirect production costs. Recognizable reductions in value resulting from excess inventory or reduced sales prices are taken into account through appropriate write-downs of inventory items which are recognized as part of costs of sales. To calculate the provisions for slow-moving and excess inventories the range of coverage method is applied.



## Property, Plant and Equipment

Note 10

in CHF million	Plant, equipment and furniture	Production and administration buildings	Developed land	Facilities under construction	<b>2023 Total</b>
<b>Cost</b>					
Balance at January 1, 2023	1 364	348	33	38	1 783
Conversion differences	-113	-23	-3	-3	-142
Changes in the scope of consolidated companies	23	7	3	1	33
Additions	27	1	-	56	84
Disposals	-21	-	-	-3	-24
Transfers	43	2	-	-49	-4
Balance at December 31, 2023	1 322	335	32	40	1 730
<b>Accumulated depreciation and impairment losses</b>					
Balance at January 1, 2023	-1 038	-221	-	-	-1 260
Conversion differences	88	15	-	-	103
Depreciation	-77	-11	-	-	-88
Impairment losses	-17	-4	-1	-2	-24
Disposals	19	-	-	2	21
Transfers	2	-	-	-	2
Balance at December 31, 2023	-1 024	-222	-1	-	-1 246
Net book values at January 1, 2023	326	126	32	38	523
<b>Net book values at December 31, 2023</b>	<b>299</b>	<b>113</b>	<b>31</b>	<b>40</b>	<b>484</b>

Open purchase commitments for property, plant and equipment at the end of 2023 amounted to CHF 16 million (previous year: CHF 8 million)

in CHF million	Plant, equipment and furniture	Production and administration buildings	Developed land	Facilities under construction	<b>2022 Total</b>
<b>Cost</b>					
Balance at January 1, 2022	1 370	353	34	47	1 805
Conversion differences	-65	-16	-2	-1	-85
Changes in the scope of consolidated companies	-2	-	-	-3	-4
Additions	36	1	-	42	80
Disposals	-10	-	-	-	-10
Transfers	34	9	-	-46	-3
Balance at December 31, 2022	1 364	348	33	38	1 783
<b>Accumulated depreciation and impairment losses</b>					
Balance at January 1, 2022	-1 004	-219	-	-	-1 223
Conversion differences	49	9	-	-	58
Depreciation	-82	-12	-	-	-94
Impairment losses	-9	-	-	-	-9
Disposals	8	-	-	-	8
Balance at December 31, 2022	-1 038	-221	-	-	-1 260
Net book values at January 1, 2022	367	135	34	47	583
<b>Net book values at December 31, 2022</b>	<b>326</b>	<b>126</b>	<b>32</b>	<b>38</b>	<b>523</b>

### Accounting Principles

Property, Plant and Equipment is recorded at historical purchase or production costs, less necessary depreciation. Components of PP&E that have a differing useful life are recorded separately and depreciated accordingly (component approach). Depreciation is calculated on a straight-line basis according to the expected useful life of the asset, as follows:

<i>Plant, equipment and furniture:</i>	years
▪ IT hardware	3–7
▪ Company cars	4–7
▪ Trucks and electric vehicles	5–10
▪ Technical installations and machines	5–15
▪ Other operating and business equipment	3–15
<i>Production and administration buildings:</i>	
▪ Central building installations	10–25
▪ Leasehold improvements	2–20
▪ Plant and administrative buildings – used operationally	20–60

Developed land and Facilities under construction are not depreciated. Estimated useful lives and residual values are examined annually. Major spare parts and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period.

## Right-of-use Assets

Note 11

### Leases as lessee

in CHF million	Plant, equipment and furniture	Production and administration buildings	<b>2023 Total</b>
<b>Balance at January 1, 2023</b>	<b>18</b>	<b>163</b>	<b>182</b>
Depreciation	-8	-29	-38
Impairment losses	-	-8	-8
Additions	10	37	47
Disposals	-	-3	-3
Changes in the scope of consolidated companies	4	22	27
Conversion differences	-2	-12	-13
<b>Balance at December 31, 2023</b>	<b>23</b>	<b>170</b>	<b>193</b>

No material contracts have been signed and are not yet included into the balance sheet (previous year: no material contracts).

in CHF million	Plant, equipment and furniture	Production and administration buildings	<b>2022 Total</b>
<b>Balance at January 1, 2022</b>	<b>21</b>	<b>188</b>	<b>209</b>
Depreciation	-8	-29	-37
Impairment losses	-	-7	-7
Additions	6	18	24
Disposals	-	-1	-1
Changes in the scope of consolidated companies	-	-1	-1
Transfers	-	1	1
Conversion differences	-1	-5	-6
<b>Balance at December 31, 2022</b>	<b>18</b>	<b>163</b>	<b>182</b>

## Right-of-use Assets

Note 11 (cont.)

### Amounts included in the consolidated income statement

#### Leases

in CHF million	2023	2022
Depreciation and impairments on right-of-use assets	-46	-44
Expenses relating to short-term leases	-2	-1
Expenses relating to low-value leases, excluding short-term leases of low-value assets	-1	-3
Expense for variable lease payments not included in lease liabilities	-1	-1
Interest on lease liabilities (included in financial expense)	-7	-6

### Amounts included in the statement of cash flows

in CHF million	2023	2022
Total cash outflow for leases <sup>1</sup>	-48	-46

<sup>1</sup> Including short-term and low-value leases, expenses for variable lease payments as well as interests on lease liabilities.

### Leases as lessor

The Group leases out selected buildings and machines. All leases are classified as operating leases from a lessor perspective.

During 2023, the Group recognized rental income of CHF 4 million (previous year: CHF 4 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

in CHF million	2023	2022
Due in 1st year	3	3
Due in 2nd year	2	2
Due in 3rd year	1	2
Due in or beyond 4th year	1	2
<b>Total</b>	<b>7</b>	<b>9</b>

### Accounting Principle

The Oerlikon Group recognizes a right-of-use asset and a lease liability at the lease commencement date. At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Vehicles and other items of plant, equipment and furniture typically have a lease term between 3 and 5 years. Production and administrative buildings have an expected lease term of 5 to 20 years (including extension options where the Group is reasonably certain that they will be exercised). However, the Oerlikon Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets (e.g. IT or office equipment). The Oerlikon Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Oerlikon Group's incremental borrowing rate. Generally, the Oerlikon Group uses country and duration specific incremental borrowing rates as the discount rate.

The Oerlikon Group applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

## Goodwill and Intangible Assets

in CHF million	Goodwill	Brands	Development costs	Other intangible assets <sup>1</sup>	2023 Total
<b>Cost</b>					
Balance at January 1, 2023	957	161	258	749	2 125
Conversion differences	-72	-13	-7	-45	-137
Changes in the scope of consolidated companies	234	91	1	133	458
Additions	-	-	27	22	49
Disposals	-	-	-2	-72	-74
Transfers	-	-	1	-	1
Balance at December 31, 2023	1 119	239	278	786	2 422
<b>Accumulated amortization and impairment losses</b>					
Balance at January 1, 2023	-172	-	-166	-341	-680
Conversion differences	10	-	4	18	33
Amortization	-	-	-22	-68	-90
Impairment losses	-8	-	-2	-20	-29
Disposals	-	-	2	72	74
Balance at December 31, 2023	-170	-	-184	-339	-693
Net book values at January 1, 2023	785	161	91	407	1 445
<b>Net book values at December 31, 2023</b>	<b>949</b>	<b>239</b>	<b>94</b>	<b>447</b>	<b>1 729</b>

<sup>1</sup> The Net book values contain mainly acquired customer relations (CHF 309 million), licenses, patents and technologies (CHF 55 million) and software (CHF 83 million).

in CHF million	Goodwill	Brands	Development costs	Other intangible assets <sup>1</sup>	2022 Total
<b>Cost</b>					
Balance at January 1, 2022	995	167	240	787	2 190
Conversion differences	-39	-6	-4	-20	-68
Additions	-	-	24	27	51
Disposals	-	-	-1	-48	-50
Transfers	-	-	-1	2	1
Balance at December 31, 2022	957	161	258	749	2 125
<b>Accumulated amortization and impairment losses</b>					
Balance at January 1, 2022	-180	-	-140	-332	-653
Conversion differences	8	-	2	8	18
Amortization	-	-	-22	-66	-87
Impairment losses	-	-	-8	-	-8
Disposals	-	-	1	48	50
Balance at December 31, 2022	-172	-	-166	-341	-680
Net book values at January 1, 2022	815	167	100	456	1 538
<b>Net book values at December 31, 2022</b>	<b>785</b>	<b>161</b>	<b>91</b>	<b>407</b>	<b>1 445</b>

<sup>1</sup> The Net book values contain mainly acquired customer relations (CHF 253 million), licenses, patents and technologies (CHF 72 million) and software (CHF 81 million).

## Goodwill and Intangible Assets

Note 12 (cont.)

The capitalized development costs pertain to the Division as follows:

### Capitalized development costs for the period

in CHF million	2023	2022
Surface Solutions Division	20	17
Polymer Processing Solutions Division	7	7
<b>Total</b>	<b>27</b>	<b>24</b>

Goodwill and brands are attributed to the Divisions as follows:

in CHF million	Goodwill		Brands	
	2023	2022	2023	2022
Surface Solutions Division	651	455	105	20
Polymer Processing Solutions Division	298	329	134	141
<b>Total</b>	<b>949</b>	<b>785</b>	<b>239</b>	<b>161</b>

The annual impairment test carried out at Division level for Surface Solutions and Polymer Processing Solutions supported the carrying amounts and therefore no need for impairment was identified. Assumptions used in the impairment testing are presented below for goodwill and brands allocated to the Surface Solutions and the Polymer Processing Solutions Divisions.

The following growth and pre-tax discount rates were used:

	Growth rates <sup>1</sup>		Discount rates	
	2023	2022	2023	2022
Surface Solutions Division	1.5%	2.0%	11.5%	11.2%
Polymer Processing Solutions Division	1.5%	2.0%	12.8%	13.4%

<sup>1</sup> For periods following the five-year plan period after 2028 (previous year: 2027).

For 2023 and 2022, a reasonably possible change in a key assumption would not give rise to an impairment.

### Accounting Principle

Goodwill and Brands with indefinite useful life are allocated to those cash-generating units (CGUs) that are expected to benefit from the relevant business combination. Both the Surface Solutions Division and the Polymer Processing Solutions Division correspond to one group of CGUs and represent the lowest level at which goodwill is monitored by management.

Goodwill is tested annually for possible impairment using discounted cash flow analysis. Asset values used in the impairment testing are based on value in use and on the latest forecasts approved by management. The fair value measurement was categorized as Level 3 based on the inputs in the valuation technique used. The forecast period used for future cash flows covers the next 5 years. The discount rates used are based on the weighted average cost of capital (WACC) derived from peer groups adjusted to specific risks of the businesses concerned and the countries in which they operate. The capital costs were determined using the capital asset pricing model (CAPM).

Impairment on Brands with indefinite useful life is tested using the 'relief from royalty' method (applying royalty rates ranging from 0.3% to 1.5%), based on the Group's estimated sales attributable to the respective trademark according to the forecasts used for the impairment test on Goodwill.

Intangible assets with finite useful lives are amortized on a straight-line basis over their expected useful lives, as follows.

Development costs:	years
	5
Other intangible assets:	
▪ Acquired customer relations	5–23
▪ Licenses, patents and technologies	5–10
▪ Software	2–3
▪ ERP platform	7

Intangible assets with indefinite useful lives like Goodwill and Brands are not amortized but tested for impairment annually at the balance sheet date or earlier on the occurrence of a triggering event.

Development costs are recognized as intangible assets if they meet the criteria for such recognition set forth in IAS 38. The cost capitalized comprises all costs directly attributable to the development process. After the development phase is complete, the asset is amortized over its estimated useful life.

### Significant Estimates

Impairment tests contain estimates of future cash flows to be expected from the use of the assets concerned, or from their potential sale. Actual cash flows may vary significantly from these estimates following changes of plan for the use of assets.

## Post-employment Benefits

in CHF million	2023			2022		
	Total	due within 1 year	due beyond 1 year	Total	due within 1 year	due beyond 1 year
Net defined benefit liability <sup>1</sup>	199	11	188	208	12	196
Other employee benefit liabilities	15	6	9	18	5	13
<b>Subtotal</b>	<b>214</b>	<b>17</b>	<b>197</b>	<b>226</b>	<b>18</b>	<b>209</b>
<b>Post-employment benefit assets</b>	<b>1</b>	–	1	–	–	–
<b>Post-employment benefit liabilities</b>	<b>215</b>	17	198	<b>226</b>	18	209

<sup>1</sup> In 2023, net defined benefit liability related to funded plans was CHF 78 million and CHF 121 million related to unfunded plans (previous year: funded CHF 86 million and CHF 123 million related to unfunded plans).

### Post-employment benefit expense

in CHF million	2023			2022		
	Total	Defined benefit	Defined contribution	Total	Defined benefit	Defined contribution
Pension cost (operating)	22	14	9	26	18	8
Pension cost (financial)	7	7	–	2	2	–
<b>Total post-employment benefit plan cost in the income statement</b>	<b>29</b>	21	9	<b>28</b>	19	8

### Defined benefit plans

The Group's material defined benefit pension plans are located in Germany, the USA, and Switzerland and account for 98% of the Group's net defined benefit liability (previous year: 98%). Usually, the plans are established as trusts independent of the Group and are funded by payments from Group companies and by employees. The cash funding of these plans is designed to ensure that present and future contributions should be sufficient to meet future liabilities. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. Most of the major plans in Germany are unfunded and, as the result the Group pays pensions to retired employees directly from its own financial resources.

#### Pension plans in Germany

12 unfunded and 6 funded defined benefit plans existed in 2023 (previous year: 12 and 6 respectively). These pension arrangements are governed by the German Occupational Pensions Act (BetrAVG). The employer is required by German law to increase pension payments every three years according to price inflation, as measured by the Consumer Price Index ("Verbraucherpreisindex – VPI") or according to comparable pay grades. In case of unfunded pension plans, the Group pays pensions to retired employees directly from its own financial resources. Funded pension plans are administered through a Contractual Trust Agreement (CTA). In a CTA arrangement, the assets are outsourced to an independent entity (e.g. a trust), which has the sole purpose of financing, paying out and ensuring benefits. The transferred assets are completely segregated from the employer's assets to protect these assets against the risk of the employer's insolvency. The employer is free to determine the scope and the kinds of assets that are to be transferred to the Trust and used for funding the pension liabilities. No minimum funding requirements or regular funding obligations apply to CTAs. Based on a special trust agreement between the employer and the Trust, the Trust acquires legal title in the transferred assets while the economic ownership rests with the employer. By creating the CTA, the employer creates additional insolvency protection for the beneficiaries.

#### Pension plans in the USA

1 funded defined benefit plan existed in 2023 (previous year: 1 funded). The Oerlikon USA Holding, Inc. Pension Plan is non-contributory for the employees. The plan uses a final-average-pay-based formula, with benefits based on members' years of service and final average pay earned while in the employ of a participating company. This plan has been closed to new members since 2006 and benefit accruals under the plan ceased in January 2010. Participants receive their benefits in the form of monthly annuities, which are actuarially reduced for early retirement and/or election of a form of payment providing for continued payments after the participant's death to a surviving beneficiary. Some participants have the option of receiving their benefits in a single lump-sum payment in lieu of an annuity. The plan does not provide for automatic pension increases. The companies' contributions to the defined benefit plan are made based on US pension funding regulations, in the form of cash. Employees joining Oerlikon USA Holding after specified dates participate in a defined contribution pension plan.

#### Pension plans in Switzerland and Liechtenstein

8 funded defined benefit plans existed in 2023 (previous year: 7 plans). These plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The pension plan assets are held within a separate foundation and cannot revert to the employer. The Board of Trustees, the most senior governing body of the collective foundation, is responsible for investment strategy and policy. This Board is composed of equal numbers of employees and employer representatives. The plans provide old-age, disability and death-in-service (survivors') benefits to plan participants, their spouses and children, as defined in pension plan rules compliant with the BVG, which specifies the minimum benefits to be provided. Pension funds are financed according to a level premium system, which means that every insured person directly finances his/her own retirement benefits and saves up for his/her retirement. The insured and the employer usually pay equal contributions to the pension fund in case of retirement benefits. The employer must contribute an amount that equals at least the contributions of all employees together. Disability and survivors' benefits are funded via risk contributions; the corresponding benefits are defined based on the current salary.

The following risks arise from the 8 funded defined benefit plans (5 autonomous, 2 partly-autonomous and 1 fully insured).

The autonomous pension institutions bear the risks from the savings process, the asset management and the demographic risks (longevity, death, disability). The respective pension institution may change the funding system (contributions and future benefits) at any time. In case of a deficit according to BVG and if there are no other measures, the pension institution may require contributions for financial recovery by the employer.

## Post-employment Benefits

Note 13 (cont.)

The partly-autonomous pension institutions insure the demographic risks with a life insurance company, but bear the risks from the savings process and asset management. The respective pension institution may change the funding system (contributions and future benefits) at any time. In case of a deficit according to BVG and if there are no other measures, the pension institution may require contributions for financial recovery from the employer. With respect to the insured demographic risks, there are further risks, namely that the insurance coverage is only of a temporary nature (cancellation by the life insurance company) and that the inherent risks of the plan result in variable insurance premiums over time.

### Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

in CHF million	Defined benefit obligation		Fair value of plan assets		Adjustment to asset ceiling		Net defined benefit liability	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Balance at January 1</b>	<b>644</b>	<b>803</b>	<b>-531</b>	<b>-591</b>	<b>95</b>	<b>19</b>	<b>208</b>	<b>230</b>
<b>Included in the income statement</b>								
Current service cost (employer)	14	18	–	–	–	–	14	18
Loss on settlement	–	–	–	–	–	–	–	–
Interest expense on defined benefit obligation	18	4	–	–	–	–	18	4
Interest income on plan assets	–	–	-12	-3	–	–	-12	-3
Interest expense on effect of asset ceiling	–	–	–	–	2	–	2	–
Administration cost (excl. cost for managing plan assets) <sup>1</sup>	–	–	–	–	–	–	–	–
<b>Total in the income statement</b>	<b>31</b>	<b>22</b>	<b>-12</b>	<b>-3</b>	<b>2</b>	<b>–</b>	<b>21</b>	<b>19</b>
<b>Included in other comprehensive income</b>								
Remeasurement of defined benefit plans	25	-127	-4	52	-7	76	13	2
– Actuarial gain (-)/loss (+) arising from:								
– demographic assumptions	–	–	–	–	–	–	–	–
– financial assumptions	23	-136	–	–	–	–	23	-136
– experience adjustments	2	9	–	–	–	–	2	9
– Return on plan assets excluding interest income	–	–	-4	52	–	–	-4	52
– Change in effect of asset ceiling excluding interest expense/income	–	–	–	–	-7	76	-7	76
Conversion differences	-18	-14	6	2	–	–	-12	-12
<b>Total in other comprehensive income</b>	<b>7</b>	<b>-141</b>	<b>2</b>	<b>54</b>	<b>-7</b>	<b>76</b>	<b>2</b>	<b>-10</b>
<b>Other</b>								
Employer contributions <sup>2</sup>	–	–	-21	-17	–	–	-21	-17
Employee contributions	9	8	-9	-8	–	–	–	–
Benefits paid/deposited	-47	-49	34	36	–	–	-13	-12
Effect of business combination and disposal	17	–	-15	–	–	–	2	–
Other	–	–	–	-1	–	–	–	-1
<b>Total in other</b>	<b>-21</b>	<b>-40</b>	<b>-11</b>	<b>9</b>	<b>–</b>	<b>–</b>	<b>-32</b>	<b>-31</b>
<b>Balance at December 31</b>	<b>662</b>	<b>644</b>	<b>-552</b>	<b>-531</b>	<b>90</b>	<b>95</b>	<b>199</b>	<b>208</b>

of which:

in CHF million	2023	2022	2023	2022	2023	2022	2023	2022
– Germany	236	248	-46	-49	–	–	189	199
– USA	31	37	-26	-32	–	–	5	5
– Switzerland/Liechtenstein	384	348	-473	-443	90	95	2	–

<sup>1</sup> Administration costs are less than CHF 1 million (previous year: less than CHF 1 million).

<sup>2</sup> Employer contributions to defined benefit plans for 2024 are expected to be approximately CHF 17 million.

## Post-employment Benefits

The plan assets consist of the following:

in CHF million	2023				2022			
	Total	Quoted	Unquoted	%	Total	Quoted	Unquoted	%
<b>Equity instruments</b>	<b>130</b>	<b>130</b>	<b>–</b>	<b>24%</b>	<b>122</b>	<b>122</b>	<b>–</b>	<b>23%</b>
<b>Debt instruments, of which in:</b>	<b>172</b>	<b>172</b>	<b>–</b>	<b>31%</b>	<b>174</b>	<b>174</b>	<b>–</b>	<b>33%</b>
– Government bonds	51	51	–		52	52	–	
– Corporate bonds – investment grade	120	120	–		121	121	–	
<b>Real estate, of which in:</b>	<b>130</b>	<b>59</b>	<b>71</b>	<b>24%</b>	<b>126</b>	<b>60</b>	<b>66</b>	<b>24%</b>
– Properties <sup>1</sup>	71	–	71		66	–	66	
– Real estate funds	59	59	–		60	60	–	
<b>Cash and cash equivalents</b>	<b>19</b>	<b>19</b>	<b>–</b>	<b>3%</b>	<b>17</b>	<b>17</b>	<b>–</b>	<b>3%</b>
<b>Investment funds</b>	<b>62</b>	<b>37</b>	<b>25</b>	<b>11%</b>	<b>69</b>	<b>43</b>	<b>25</b>	<b>13%</b>
<b>Other</b>	<b>38</b>	<b>14</b>	<b>24</b>	<b>7%</b>	<b>23</b>	<b>15</b>	<b>8</b>	<b>4%</b>
<b>Total plan assets</b>	<b>552</b>	<b>431</b>	<b>120</b>	<b>100%</b>	<b>531</b>	<b>431</b>	<b>100</b>	<b>100%</b>

<sup>1</sup> Real estate in Germany with a fair value of CHF 7 million (previous year: CHF 7 million) is rented by a Group company, with an annual rent of CHF 1 million (previous year: CHF 1 million).

### Plan assets

In the Group's financial statements, the difference between the actual return on plan assets and interest income is as remeasurement recorded directly to other comprehensive income. During 2023, the actual return on plan assets was a gain of CHF 16 million (previous year: loss of CHF 49 million). The recognition of a net defined benefit asset is limited to the present value of any economic benefits available out of refunds from the plans or reductions in future contributions to the plans.

### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date for significant defined benefit plans in Germany, USA and Switzerland/Liechtenstein (FL) (expressed as weighted averages):

Assumptions used in actuarial calculations	2023			2022		
	Germany	USA	Switzerland/FL	Germany	USA	Switzerland/FL
Discount rate	3.2	5.6	1.7	3.7	5.3	1.9
Future salary increases	2.5	–	1.1	2.3	–	1.0
Future pension increases	2.3	–	–	2.4	–	–

The discount rate is determined by reference to market yields at the end of the reporting period on AA and AAA rated corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the obligations.

### Longevities

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date are provided below:

Longevities	2023			2022		
	Germany	USA	Switzerland/FL	Germany	USA	Switzerland/FL
Retiring at the end of the reporting period:						
– Males	22.0	20.7	23.3	22.1	20.6	23.1
– Females	25.6	22.6	25.0	25.6	22.6	25.6
Retiring 20 years after the end of the reporting period:						
– Males	24.8	22.2	25.5	24.9	22.1	25.4
– Females	27.8	24.1	27.0	27.8	24.0	27.6

Weighted average duration of the defined benefit obligation	2023			2022		
	Germany	USA	Switzerland/FL	Germany	USA	Switzerland/FL
Number of years	8.4	8.2	11.9	8.5	8.5	12.8



## Post-employment Benefits

Note 13 (cont.)

The Group's major pension plans give members lump-sum or annuity benefit payment options. The Group values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently.

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Sensitivity analysis	Defined benefit obligation in 2023					
	Increase			Decrease		
	Germany	USA	Switzerland/FL	Germany	USA	Switzerland/FL
Discount rate (0.5% movement)	-9	-1	-20	10	1	23
Future salary (0.5% movement)	-	-	3	-	-	-3
Future pension (0.5% movement)	7	-	17	-7	-	-13
Future mortality (1 year movement)	-15	-1	-11	14	1	11

Sensitivity analysis	Defined benefit obligation in 2022					
	Increase			Decrease		
	Germany	USA	Switzerland/FL	Germany	USA	Switzerland/FL
Discount rate (0.5% movement)	-10	-1	-20	11	2	23
Future salary (0.5% movement)	-	-	2	-	-	-3
Future pension (0.5% movement)	3	-	15	-6	-	-13
Future mortality (1 year movement)	-14	-2	-10	11	1	10

### Accounting Principles

The Oerlikon Group operates various post-employment benefit schemes, including both defined benefit and defined contribution plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability (asset) recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, taking into account any asset ceiling. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements of the net defined benefit liability (asset) are charged or credited to other comprehensive income in the period in which they arise.

Current and past-service costs are recognized immediately in the income statement (operating result).

Net interest on the net defined benefit liability comprises interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of asset ceiling. The net interest is calculated using the same discount rate that is used in calculating the defined benefit obligation, applied to the net defined liability at the start of the period, taking into account any changes from contribution or benefit payments. Net interest on the net defined benefit liability is recognized in the income statement (financial result).

The contributions to defined contribution plans are recognized in the income statement (operating result) when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Significant Estimates

To determine the underlying defined benefit obligations estimates and assumptions are used which are based on future projections and actuarial calculations that have been determined together with the actuaries.

## Provisions

in CHF million	Product warranties	Acquiree's contingent liabilities <sup>1</sup>	Restructuring <sup>2</sup>	Other provisions <sup>3</sup>	2023 Total
Balance at January 1, 2023	19	33	56	29	137
Conversion differences	-2	-2	-3	-2	-8
Change in the scope of consolidated companies	-	16	-	-	16
Additions <sup>4</sup>	8	-	18	11	37
Amounts used	-3	-	-13	-6	-22
Amounts reversed	-3	-6	-20	-7	-36
<b>Balance at December 31, 2023</b>	<b>19</b>	<b>41</b>	<b>38</b>	<b>26</b>	<b>124</b>
of which:					
Due within 1 year	19	-	34	17	70
Due beyond 1 year	1	41	4	9	54

<sup>1</sup> Acquiree's contingent liabilities pertain to the Surface Solutions Division (CHF 31 million) and to the Polymer Processing Solutions Division (CHF 10 million). Contingent liabilities in the Surface Solutions Division have been recognized primarily due to several environmental liabilities and potential tax risks. Any potential cash outflow is estimated to occur during the next 2–10 years. The selling shareholders have contractually agreed to indemnify Oerlikon for an amount up to CHF 2 million related to these contingent liabilities. In the Polymer Processing Solutions Division, the contingent liabilities have been recognized primarily due to potential tax and environmental risks. Any potential cash outflow is estimated to occur during the next 5 years. The selling shareholders have contractually agreed to indemnify Oerlikon for these risks.

<sup>2</sup> The restructuring provisions pertain to the Surface Solutions Division (CHF 15 million) and to the Polymer Processing Solutions Division (CHF 23 million). The provisions mainly relate to footprint optimizations and productivity programs, primarily aimed at reducing costs in the divisions. The provisions mostly relate to personnel expenses.

<sup>3</sup> Consists mainly of provisions for pending litigation, technical risks, onerous contracts as well as environmental and tax risks.

<sup>4</sup> Includes unwinding of discount for non-current provisions.

### Accounting Principles

Provisions are set up for obligations arising from past events if the future outflow of resources is more likely than not and can be estimated reliably. Other provisions represent uncertainties, for which a best estimate is made in arriving at the amount reserved. Non-current provisions are discounted at a pretax rate that reflects the current market assessments of the time value of money.

*Warranty provisions:* Provisions are established for known customer claims and also for potential warranty exposure and also for situations where it is known from recent experience that the company is exposed to claims, usually for technical reasons.

*Acquirees' contingent liabilities:* In a business combination, a contingent liability of the acquiree is recognized in acquisition accounting if it is a present obligation that arises from past events and its fair value can be measured reliably. The probability of payment being required is not relevant in determining whether a contingent liability that is a present obligation should be recognized in a business combination, but this probability will impact its fair value. A contingent liability recognized is initially measured at its fair value. Subsequently, it is measured at the higher of its acquisition-date fair value and the amount that would be recognized in accordance with the requirements for provisions above. A contingent liability initially recognized in a business combination is not derecognized until it is settled, cancelled or it expires.

*Restructuring provisions:* Provisions are established in cases where a detailed restructuring plan exists and the Group has informed those concerned, or the restructuring process has started.

*Onerous contracts:* Provisions are established when unavoidable estimated costs to fulfill a contract exceed the related contract revenues.

### Significant Estimates

Provisions are based on a realistic estimate of the economic outflow that may result. However, the ultimate resolution of such disputes can give rise to claims against the Group, which may not be fully covered by provisions or insurance.

## Financial Instruments

Note 15

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2023, including their levels in the fair value hierarchy, are as follows:

in CHF million	Carrying amount					Fair value			
	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost <sup>1</sup>	Total financial assets/liabilities	Non-financial assets/liabilities	Total balance sheet position	Level 1	Level 2	Level 3
Cash, postal and bank current accounts	-	-	172	172	-	172			
Time deposits	-	-	205	205	-	205			
Money market funds <sup>2</sup>	-	-	148	148	-	148			
<b>Cash and cash equivalents<sup>3</sup></b>	<b>-</b>	<b>-</b>	<b>524</b>	<b>524</b>	<b>-</b>	<b>524</b>			
Debt and equity securities	-	10	-	10	-	10	10	-	-
Deposits	-	-	6	6	-	6	-	-	-
Foreign exchange contracts	1	2	-	3	-	3	-	3	-
<b>Current financial investments and derivatives</b>	<b>1</b>	<b>12</b>	<b>6</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>10</b>	<b>3</b>	<b>-</b>
<b>Trade and trade notes receivable</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>407</b>	<b>-</b>	<b>407</b>			
Advances on inventory	-	-	-	-	17	17			
Other current receivables <sup>4</sup>	-	-	-	-	50	50			
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>67</b>			
Loans and non-current financial receivables	-	-	23	23	-	23			
Other non-current receivables	-	-	-	-	12	12			
<b>Loans and other non-current receivables</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>23</b>	<b>12</b>	<b>35</b>			
Investments in associates and joint arrangements	-	-	-	-	21	21	-	-	-
Other investments <sup>5</sup>	14	-	-	14	-	14	-	-	14
<b>Non-current financial investments</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>21</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>14</b>
<b>Total</b>	<b>15</b>	<b>12</b>	<b>961</b>	<b>988</b>	<b>98</b>	<b>1086</b>	<b>10</b>	<b>3</b>	<b>14</b>
Foreign exchange contracts	3	2	-	5	-	5	-	5	-
Bonds	-	-	150	150	-	150	150	-	-
Current loans and borrowings	-	-	22	22	-	22	-	-	-
<b>Current financial liabilities and derivatives</b>	<b>3</b>	<b>2</b>	<b>172</b>	<b>177</b>	<b>-</b>	<b>177</b>	<b>150</b>	<b>5</b>	<b>-</b>
<b>Trade payables</b>	<b>-</b>	<b>-</b>	<b>296</b>	<b>296</b>	<b>-</b>	<b>296</b>			
Other operating payables <sup>4</sup>	-	-	-	-	72	72	-	-	-
Other current liabilities	-	2	-	2	-	2	-	-	2
<b>Other current liabilities</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>72</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>2</b>
Accrued personnel expenses	-	-	-	-	97	97			
Accrued material expenses	-	-	48	48	-	48			
Other accrued liabilities <sup>6</sup>	-	-	97	97	-	97			
<b>Accrued liabilities</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>145</b>	<b>97</b>	<b>242</b>			
Bonds	-	-	787	787	-	787	771	-	-
Non-current loans and borrowings	-	-	523	523	-	523			
<b>Non-current financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1310</b>	<b>1310</b>	<b>-</b>	<b>1310</b>	<b>771</b>	<b>-</b>	<b>-</b>
<b>Other non-current liabilities</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Total</b>	<b>3</b>	<b>6</b>	<b>1924</b>	<b>1934</b>	<b>169</b>	<b>2102</b>	<b>921</b>	<b>5</b>	<b>4</b>

<sup>1</sup> With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

<sup>2</sup> Investment-grade rated money market funds available on a daily basis, with an initial maturity of less than 3 months.

<sup>3</sup> CHF 254 million of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

<sup>4</sup> Mainly include Receivables from and Payables to tax authorities (VAT).

<sup>5</sup> Mainly include a 12.48% investment in Kinexon Beteiligungsgesellschaft mBH (an unquoted equity instrument) that is carried at fair value through other comprehensive income of CHF 14 million.

<sup>6</sup> Contains mainly accrued expenses for services.

## Financial Instruments

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2022, including their levels in the fair value hierarchy, are as follows:

in CHF million	Carrying amount						Fair value		
	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost <sup>1</sup>	Total financial assets/liabilities	Non-financial assets/liabilities	Total balance sheet position	Level 1	Level 2	Level 3
Cash, postal and bank current accounts	–	–	179	179	–	179	–	–	–
Time deposits	–	–	150	150	–	150	–	–	–
Money market funds <sup>2</sup>	–	–	135	135	–	135	–	–	–
<b>Cash and cash equivalents<sup>3</sup></b>	<b>–</b>	<b>–</b>	<b>463</b>	<b>463</b>	<b>–</b>	<b>463</b>	–	–	–
Debt and equity securities	–	9	–	9	–	9	9	–	–
Deposits	–	–	4	4	–	4	–	–	–
Foreign exchange contracts	4	–	–	4	–	4	–	4	–
<b>Current financial investments and derivatives</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>17</b>	<b>–</b>	<b>17</b>	<b>9</b>	<b>4</b>	<b>–</b>
<b>Trade and trade notes receivable</b>	<b>–</b>	<b>–</b>	<b>434</b>	<b>434</b>	<b>–</b>	<b>434</b>	–	–	–
Advances on inventory	–	–	–	–	32	32	–	–	–
Other current receivables <sup>4</sup>	–	–	–	–	66	66	–	–	–
<b>Other receivables</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>98</b>	<b>98</b>	–	–	–
Loans and non-current financial receivables	–	–	7	7	–	7	–	–	–
Other non-current receivables	–	–	–	–	18	18	–	–	–
<b>Loans and other non-current receivables</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>7</b>	<b>18</b>	<b>26</b>	–	–	–
Investments in associates and joint arrangements	–	–	–	–	25	25	–	–	–
Other investments <sup>5</sup>	17	–	–	17	–	17	–	–	17
<b>Non-current financial investments</b>	<b>17</b>	<b>–</b>	<b>–</b>	<b>17</b>	<b>25</b>	<b>42</b>	<b>–</b>	<b>–</b>	<b>17</b>
<b>Total</b>	<b>21</b>	<b>9</b>	<b>909</b>	<b>939</b>	<b>140</b>	<b>1080</b>	<b>9</b>	<b>4</b>	<b>17</b>
Foreign exchange contracts	6	4	–	10	–	10	–	10	–
Bonds	–	–	–	–	–	–	–	–	–
Current loans and borrowings	–	–	151	151	–	151	–	–	–
<b>Current financial liabilities and derivatives</b>	<b>6</b>	<b>4</b>	<b>151</b>	<b>161</b>	<b>–</b>	<b>161</b>	<b>–</b>	<b>10</b>	<b>–</b>
<b>Trade payables</b>	<b>–</b>	<b>–</b>	<b>400</b>	<b>400</b>	<b>–</b>	<b>400</b>	–	–	–
Other operating payables <sup>4</sup>	–	–	–	–	87	87	–	–	–
Other current liabilities	–	34	–	34	–	34	–	–	34
<b>Other current liabilities</b>	<b>–</b>	<b>34</b>	<b>–</b>	<b>34</b>	<b>87</b>	<b>121</b>	<b>–</b>	<b>–</b>	<b>34</b>
Accrued personnel expenses	–	–	–	–	93	93	–	–	–
Accrued material expenses	–	–	58	58	–	58	–	–	–
Other accrued liabilities <sup>6</sup>	–	–	89	89	–	89	–	–	–
<b>Accrued liabilities</b>	<b>–</b>	<b>–</b>	<b>147</b>	<b>147</b>	<b>93</b>	<b>240</b>	–	–	–
Bonds	–	–	599	599	–	599	559	–	–
Non-current loans and borrowings	–	–	5	5	–	5	–	–	–
<b>Non-current financial liabilities</b>	<b>–</b>	<b>–</b>	<b>604</b>	<b>604</b>	<b>–</b>	<b>604</b>	<b>559</b>	<b>–</b>	<b>–</b>
<b>Other non-current liabilities</b>	<b>–</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>4</b>
<b>Total</b>	<b>6</b>	<b>42</b>	<b>1304</b>	<b>1352</b>	<b>180</b>	<b>1532</b>	<b>559</b>	<b>10</b>	<b>38</b>

<sup>1</sup> With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

<sup>2</sup> Investment-grade rated money market funds available on a daily basis.

<sup>3</sup> CHF 332 million of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

<sup>4</sup> Mainly include Receivables from and Payables to tax authorities (VAT).

<sup>5</sup> Mainly include a 12.62% investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) that is carried at fair value through other comprehensive income of CHF 17 million.

<sup>6</sup> Contains mainly accrued expenses for services.

## Financial Instruments

Note 15 (cont.)

### Measurement of fair values

#### Level 1 fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume providing information on an ongoing basis. Instruments included in level 1 comprise investments in various debt and equity instruments via investment funds.

#### Level 2 fair values

The following table shows the valuation technique used in measuring level 2 fair values:

Type of financial instruments	Valuation technique
Foreign exchange contracts	The fair values of foreign exchange hedging contracts are derived from quoted foreign exchange rates received from brokers.

#### Level 3 fair values

The following table shows the valuation technique used in measuring level 3 fair values:

Type of financial instruments	Valuation technique
Other investments	Other investments mainly include a 12.48% (2022: 12.62%) investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) that is carried at fair value through other comprehensive income. Such investments are valued initially at fair value through the established purchase price between a willing buyer and seller and subsequently adjusted based on fair value less costs of disposal derived from a discounted cash flow analysis. The forecast period used for future cash flows covers the years 2024 to 2035. For the periods following the plan period a growth rate of 3% was assumed. The discount rate of 25% is based on the weighted average cost of capital (WACC). The capital costs were determined using the capital asset pricing model (CAPM).
Other non-current liabilities	The valuation of the contingent considerations is based on the current estimate of the fulfillment of the conditions on which the payment of the earnout depends. The fair value is based on various unobservable inputs. A change in these inputs may result in a significantly higher or lower fair value.

#### Transfers between levels of fair values

There were no transfers between levels during the year.

### Accounting Principles

*Financial assets are initially measured at fair value. Subsequent measurement depends on their classification according to IFRS 9 based on the entity's business model either at amortized cost, fair value through profit and loss or fair value through OCI. Debt and Equity securities include debt instruments frequently traded. Other debt investments (i.e. Trade and trade notes receivables, deposits) are for held and collect purpose.*

*Financial liabilities are initially measured at fair value less directly attributable costs. Subsequent measurement depends on their classification according to IFRS 9 either at amortized cost, fair value through profit and loss or fair value through OCI.*

## Financial Instruments

### Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The Group's financial risk management aims to limit any adverse effects that the markets may have on the Group's financial health, at an acceptable hedging cost. Risk limitation does not mean complete exclusion of financial risks, rather it means following a policy of economically sensible management of the Group's finances within an agreed framework of documented authority. The Group uses derivative financial instruments to hedge certain risks. Only preapproved instruments are used, and as a fundamental rule, no speculative transactions are conducted in the areas of foreign exchange or interest rates. No hedges are entered into without a corresponding base transaction. Management monitors and steers such risks continuously with the support of Group Treasury, which identifies and evaluates all financial risks, working with the Group's operating companies and hedging the risks as appropriate. The Group has documented guidelines for financial risk management, covering the use of derivative and non-derivative financial instruments and policies for use of surplus funds.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's customer receivables, investment securities and cash placed with banks.

The credit or default risk associated with operating receivables is monitored locally by the individual Group companies. These companies follow a credit policy defined by each operating unit, under which each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered. Credit ratings are reviewed regularly, and limits are set and monitored on an ongoing basis.

Trade receivables are valued at the original invoiced amount less any necessary value adjustments for default risks. These risks are insured with third parties only in exceptional cases. Value adjustments are set at varying levels corresponding to risks recognized in the different Business Units.

As a fundamental principle, the Group places funds only with investment grade rated domestic and foreign banking institutions, and Group Treasury periodically assesses the relevant ratings and credit default spreads of these banking institutions.

The Oerlikon Group's maximum credit risk from financial instruments is reflected in the book values of the individual financial assets as per year-end. There are no commitments or obligations which might lead to an exposure exceeding these book values.

in CHF million	2023	2022
Cash and cash equivalents	524	463
Current financial investments and derivatives	19	17
Trade and trade notes receivable	407	434
Current contract assets	26	38
Loans and other non-current receivables	23	7
<b>Total</b>	<b>1 000</b>	<b>960</b>

At December 31, trade and trade notes receivables are distributed geographically (by location of the Group company) as follows:

in CHF million	2023	2022
Americas	70	78
Asia-Pacific	144	155
Europe	193	202
<b>Total</b>	<b>407</b>	<b>434</b>

No concentrations of risk to the Group are expected from the outstanding receivables.

## Financial Instruments

Note 15 (cont.)

At December 31, the aging of trade receivables was as follows:

in CHF million	2023		2022	
	Gross amount	Value adjustment	Gross amount	Value adjustment
<b>Current (not due)</b>	<b>304</b>	<b>-1</b>	<b>326</b>	<b>-1</b>
<b>Total past due</b>	<b>118</b>	<b>-14</b>	<b>123</b>	<b>-15</b>
0–30 days	48	-1	46	-1
31–60 days	20	–	17	–
61–90 days	9	–	13	–
91–120 days	8	-1	11	-2
Over 120 days	33	-12	37	-12
<b>Total</b>	<b>422</b>	<b>-15</b>	<b>450</b>	<b>-16</b>

The allowance for doubtful debts is based on the Expected Credit Loss (ECL) method, which consists in applying a current and forward-looking model to identify factors that may affect the ability of customers to settle their obligations as agreed. The Group applies IFRS 9 simplified approach and calculates expected credit losses using a provision matrix where trade receivables are grouped based on different customer attributes. If substantial expected payment delays occur, receivables are assessed individually for further impairment.

Reconciliation of changes in allowance accounts for credit losses:

in CHF million	2023	2022
Balance at January 1	-16	-17
Additional impairment losses charged to income	-4	-7
Reversal of impairment losses	2	4
Write-off	2	4
Conversion differences	1	1
<b>Balance at December 31</b>	<b>-15</b>	<b>-16</b>

## Liquidity risk

Liquidity risk is the risk that the Oerlikon Group may be unable to discharge its financial liabilities in a timely manner or at acceptable cost. Oerlikon supervises and manages the Group's liquidity centrally, in order to ensure that outstanding financial liabilities can at all times be met within their maturity period and at acceptable financing cost. Group Treasury prepares and provides the relevant decision support and arranges for the availability of the relevant funds once approval is given.

Oerlikon's liquidity is monitored using short-, medium- and long-term rolling forecasts, about which senior management is kept informed. On the basis of these plans, Oerlikon mobilizes the necessary liquid funds and takes any further steps necessary in a timely manner.

The remaining contractual maturities of financial liabilities as of December 31 are as follows:

in CHF million	2023					
	Carrying amount	Contractual cash flow	within 1 year	1 to 5 years	more than 5 years	of which secured
Trade payables	296	296	296	–	–	–
Current and non-current financial liabilities	1 482	1 521	188	1 210	124	–
Lease liabilities	209	250	37	104	109	–
Accrued liabilities	145	145	145	–	–	–
Other current and non-current liabilities	5	5	2	3	–	–
<b>Non-derivative financial liabilities</b>	<b>2 137</b>	<b>2 217</b>	<b>669</b>	<b>1 316</b>	<b>233</b>	<b>–</b>
Foreign exchange contracts used for hedging	3	285	275	10	–	–
– thereof: for hedging fx-outflows (notional value)	–	130	130	–	–	–
– thereof: for hedging fx-inflows (notional value)	–	155	145	10	–	–
<b>Derivative financial instruments<sup>1</sup></b>	<b>3</b>	<b>285</b>	<b>275</b>	<b>10</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>2 140</b>	<b>2 502</b>	<b>944</b>	<b>1 326</b>	<b>233</b>	<b>–</b>

<sup>1</sup> Contractual cash flows of derivative financial instruments are fully covered by cash flows from underlying transactions.

Note 15 (cont.)

## Financial Instruments

	2022					
in CHF million	Carrying amount	Contractual cash flow	within 1 year	1 to 5 years	more than 5 years	of which secured
Trade payables	400	400	400	–	–	–
Current and non-current financial liabilities	755	782	159	422	202	–
Lease liabilities	192	241	35	94	111	–
Accrued liabilities	147	147	147	–	–	–
Other current and non-current liabilities	40	40	34	7	–	–
<b>Non-derivative financial liabilities</b>	<b>1534</b>	<b>1610</b>	<b>775</b>	<b>523</b>	<b>313</b>	<b>–</b>
Foreign exchange contracts used for hedging	6	1416	1395	21	–	–
– thereof: for hedging fx-outflows (notional value)	–	978	978	–	–	–
– thereof: for hedging fx-inflows (notional value)	–	438	417	21	–	–
<b>Derivative financial instruments<sup>1</sup></b>	<b>6</b>	<b>1416</b>	<b>1395</b>	<b>21</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1540</b>	<b>3026</b>	<b>2170</b>	<b>543</b>	<b>313</b>	<b>–</b>

<sup>1</sup> Contractual cash flows of derivative financial instruments are fully covered by cash flows from underlying transactions.

### Changes in liabilities arising from financial activities<sup>1</sup>

in CHF million	2023	2022
<b>Liabilities from financial activities as of January 1</b>	<b>947</b>	<b>960</b>
<b>Cash flows from financing activities</b>		
Repayment of financial debt	–250	–135
Proceeds from financial debt	872	143
Principal elements of lease payments	–38	–35
<b>Total cash flows from financing activities</b>	<b>584</b>	<b>–27</b>
<b>Non-cash changes</b>		
Increase of lease liabilities (net)	44	23
Increase from acquisitions	130	–2
Conversion differences	–19	–7
Other non-cash changes	5	–
<b>Total non-cash changes</b>	<b>160</b>	<b>14</b>
<b>Liabilities from financial activities as of December 31</b>	<b>1691</b>	<b>947</b>

<sup>1</sup> Liabilities from financial activities consist of loans and borrowings and lease liabilities.

### Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may change as a result of fluctuations in market prices. The Oerlikon Group is exposed in particular to fluctuations in foreign exchange and interest rates. The Group also has a minor risk from exposure to fluctuations in raw material prices.



## Financial Instruments

Note 15 (cont.)

### Foreign exchange risk

#### Foreign exchange transaction risk

Due to its most significant markets, the Group is primarily exposed to exchange risks versus the USD and EUR. If costs and revenues of Group companies are incurred or earned in differing or in non-functional currencies, the underlying business transactions are hedged on a centrally coordinated basis by means of commonly used financial instruments. Group companies make regular plans for receipt or payment of cash in foreign currencies and advise these to Group Treasury, which hedges the related exchange risks using external contracts with investment grade rated banks.

The Group's hedging strategy for exchange risks distinguishes between the routine business of supplying components or spare parts and the Group's project activities. For the routine business, cash flows in foreign currencies are hedged for a whole year in advance, based on the annual budget. The hedging quota, i.e. the percentage of the base volume to be hedged, is set forth in the related guidelines. Periodically, a check is performed as to whether the latest forecast of business volumes calls for an increase or a reduction in the hedging volume. For projects, the exchange risks are hedged when the contract is entered into. For special transactions that do not fall into either category – routine or project – the hedging strategy can be determined for individual cases.

#### Foreign exchange translation risk

Translation exposure arises from consolidation of foreign currency denominated financial statements of the Group's subsidiaries. The Group's consolidated financial statements are reported in Swiss francs. The translation risk arising from foreign subsidiary balance sheets, which affects the consolidated Group equity is not hedged.

#### Foreign exchange economic risk

The Group policy is not to hedge long-term foreign exchange risk.

The following rates were used to convert the most important foreign currencies in the financial statements:

	Average rates		Change	Year-end rates		Change
	2023	2022	23/22	2023	2022	23/22
1 USD	0.898	0.954	-5.9%	0.842	0.924	-9.0%
1 EUR	0.971	1.004	-3.3%	0.931	0.986	-5.6%
100 CNY	12.675	14.183	-10.6%	11.840	13.311	-11.1%
100 HKD	11.473	12.184	-5.8%	10.773	11.853	-9.1%
100 JPY	0.639	0.727	-12.1%	0.595	0.702	-15.3%
1 SGD	0.669	0.692	-3.4%	0.638	0.689	-7.5%

#### Sensitivity analysis

For the sensitivity analysis, the three most important currencies were selected in which the Group holds significant amounts of receivables and payables. Based on a two-year volatility of 7.81% (CNY/CHF), 8.53% (USD/CHF) and 6.36% (EUR/CHF), a corresponding appreciation of the foreign currencies on December 31, 2023, would have changed the equity and the income statement by the amounts listed below.

Effect in CHF million	2023		2022	
	Equity	Income statement	Equity	Income statement
USD	-2	5	-	2
EUR	-1	-9	-2	-
CNY	-	-	-	-

A depreciation of the three foreign currencies by 7.81% (CNY/CHF), 8.53% (USD/CHF) and 6.36% (EUR/CHF) against the Swiss franc would have had the same but opposite effect on the equity and the income statement, assuming all other variables remain constant. In the previous period, the sensitivity analysis was calculated with 7.37% (CNY/CHF), 7.96% (USD/CHF) and 5.95% (EUR/CHF).

The Group's exposure to foreign exchange risk was as follows, based on nominal amounts as of December 31:

in million	2023				2022			
	EUR	USD	CNY	CHF	EUR	USD	CNY	CHF
Trade receivables	22	58	1	2	20	31	-	1
Trade payables	9	4	2	1	11	11	4	1
Net financial position	-236	35	16	-1	5	24	22	1
<b>Gross exposure consolidated balance sheet</b>	<b>-205</b>	<b>97</b>	<b>18</b>	<b>2</b>	<b>36</b>	<b>67</b>	<b>26</b>	<b>3</b>
<b>Gross foreign exchange risk in business operations</b>	<b>-17</b>	<b>86</b>	<b>-151</b>	<b>-15</b>	<b>-78</b>	<b>143</b>	<b>-316</b>	<b>-26</b>
<b>Open net foreign exchange forward contracts</b>	<b>-12</b>	<b>-119</b>	<b>119</b>	<b>9</b>	<b>37</b>	<b>-149</b>	<b>249</b>	<b>19</b>
<b>Net exposure</b>	<b>-234</b>	<b>64</b>	<b>-14</b>	<b>-4</b>	<b>-4</b>	<b>61</b>	<b>-41</b>	<b>-4</b>

## Financial Instruments

### Interest rate risk

Oerlikon is mainly exposed to interest rate risk in relation to its liquid funds, which are placed at variable rates or held as short-term investments.

Group Treasury prepares and provides the relevant decision support for senior management (Board of Directors, senior financial management) and arranges for hedging against interest rate fluctuations, once approval is given. Such hedging is carried out using derivative financial instruments, such as interest rate swaps and interest rate caps.

As of December 31, the interest rate profile of the Group's interest-bearing financial instruments was:

	2023	2022
in CHF million	Net carry- ing amount	Net carrying amount
<b>Fixed rate interest</b>		
Financial assets	23	16
Financial liabilities	-1217	-804
<b>Total</b>	<b>-1 194</b>	<b>-788</b>
<b>Variable rate interest</b>		
Financial assets	553	476
Financial liabilities	-487	-145
<b>Total</b>	<b>65</b>	<b>330</b>

The terms and conditions of outstanding interest-bearing liabilities are as follows:

	2023				
in CHF million	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Syndicated loan/Revolving Credit Facility	CHF	risk free rate + 1.25%	2026/2028	–	–
Syndicated loan/Term Loan Facility	CHF	risk free rate + 2.25%	2026	475	473
Bond	CHF	2.625%	2024	150	150
Bond	CHF	0.375%	2025	250	250
Bond	CHF	2.875%	2026	220	219
Bond	CHF	0.800%	2028	200	200
Bond	CHF	3.250%	2029	120	119
Lease liabilities	var.	var.	var.	209	209
Current and non-current loans and borrowings	var.	var.	var.	72	72
<b>Total current and non-current financial liabilities and lease liabilities</b>				<b>1 691</b>	

	2022				
in CHF million	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Syndicated loan/Revolving Credit Facility	CHF	risk free rate + 0.50%	2026/2027	–	25
Bond	CHF	2.625%	2024	150	150
Bond	CHF	0.375%	2025	250	250
Bond	CHF	0.800%	2028	200	199
Lease liabilities	var.	var.	var.	192	192
Current and non-current loans and borrowings	var.	var.	var.	155	131
<b>Total current and non-current financial liabilities and lease liabilities</b>				<b>947</b>	

## Financial Instruments

Note 15 (cont.)

### Syndicated loan facilities

In 2021, Oerlikon signed an agreement for an unsecured syndicated sustainability-linked credit facility amounting to CHF 600 million. The facility comprises a revolving credit facility and an ancillary credit facility with a five-year term and two optional one-year extensions, at the full discretion of the lenders. The second extension option was exercised in November 2023 for a total amount of CHF 565.5 million. As of December 31, 2023, the revolving credit facility was entirely undrawn, and out of CHF 111 million allocated to the ancillary credit facility, the amount of CHF 28 million was used for issuing guarantees.

As per December 31, 2023, the interest rate of the loan under the syndicated credit facility is defined as the applicable risk free rate plus a margin of 1.25% per year, subject to a margin grid based on the ratio of Net Debt to EBITDA (within a range of 0.50% and 1.90%).

As of December 31, 2023 the syndicated credit facility contains the following financial covenants, which are tested quarterly:

– Net Debt/EBITDA

In 2023, Oerlikon raised CHF 475 million from a 3-year unsecured syndicated term loan facility signed in December 2022. The proceeds from this facility were used to finance the acquisition of the Riri Group which was closed in Q1 2023.

As per December 31, 2023, the interest rate of the loan under the syndicated term loan facility is defined as the applicable risk free rate plus a margin of 2.25% per year, subject to a margin grid based on the ratio of Net Debt to EBITDA (within a range of 1.45% and 3.10%).

In 2023 the Group was in compliance with all covenants.

### Bonds

On June 17, 2014, the Oerlikon Group issued a 10-year CHF 150 million straight bond with a nominal interest of 2.625% (effective interest: 2.625%).

On May 27, 2021, the Oerlikon Group issued a 4.5-year CHF 250 million straight bond with a nominal interest of 0.375% (effective interest: 0.358%) and a 7.5 year CHF 200 million straight bond with a nominal interest of 0.800% (effective interest: 0.788%).

On June 2, 2023, the Oerlikon Group issued a 3-year CHF 220 million straight bond with a nominal interest rate of 2.875% (effective interest: 2.771%) and a 6 1/3 year CHF 120 million straight bond with a nominal interest of 3.25% (effective interest: 3.198%).

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect in CHF million	Income statement	
	100 bp increase	100 bp decrease
<b>2023</b>		
Cash flow sensitivity	0.5	-0.5
<b>2022</b>		
Cash flow sensitivity	2	-2

The assumption in the underlying sensitivity analysis is that an increase as well as a decrease by 100 bp has a full impact on interest income and expense. The tax impact has been included in all figures regarding interest sensitivity.

A change of 100 basis points in interest rates would have the same impact in Group equity, as there is no direct impact in Other Comprehensive Income

## Financial Instruments

Note 15 (cont.)

### Derivative assets and liabilities

in CHF million	2023			2022		
	Contract volume	Fair value		Contract volume	Fair value	
		positive	negative		positive	negative
<b>Foreign exchange contracts</b>	<b>285</b>	<b>3</b>	<b>5</b>	<b>1416</b>	<b>4</b>	<b>10</b>

Based on the Group's business activities, the following main currency pairs are hedged: EUR/USD, EUR/CHF, EUR/CNY, USD/CNY, and USD/CHF. Positive and negative changes in fair values of foreign exchange contracts are offset by the corresponding gain or loss on the hedged transactions. The maximum risk from counterparty non-performance is equal to the positive market value of outstanding derivatives as per year-end. In view of the reputation of the counterparties, this risk is deemed to be minimal. In principle, the maturities of currency hedges correspond to the maturity of the hedged transactions. If the maturity of the base transaction shifts, the maturity of the hedge contract will be shifted correspondingly (roll-over/swaps). Thus, the cash flows deriving from the hedge contracts are synchronized with the cash flows of the base transactions. The hedging transactions are first recorded in other comprehensive income, then released to the income statement when the base transaction is recorded. For this reason, there is no need for a separate presentation of the maturities of hedge contracts and their underlying transactions.

Maturity structure of open foreign exchange contracts at December 31:

in CHF million	Carrying amount	Expected cash flows	6 months or less	6–12 months	1–2 years	2–5 years	more than 5 years
<b>Foreign exchange contracts</b>							
2023	-3	<b>285</b>	227	49	10	-	-
2022	-6	<b>1416</b>	1117	278	21	-	-

### Netting of financial assets and liabilities

No significant netting of financial assets and liabilities occurred in 2023 and 2022.

## Capital Management

Note 16

Oerlikon Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using the ratios shown below:

in CHF million	2023	2022
Total assets	4 099	3 937
Equity attributable to shareholders of the parent	1 010	1 274
<b>Equity ratio in %</b>	<b>25%</b>	<b>32%</b>

With an equity ratio of 25% (previous year: 32%), the Oerlikon Group is within the target range of its financial strategy. The currently outstanding bonds have an investment grade rating.

<b>Return on Capital Employed (ROCE) in %</b>	<b>2.7%</b>	<b>5.3%</b>
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Return on Capital Employed (ROCE) is defined as NOPAT (Net-Operating Profit After Tax) on the basis of 12 months rolling over the Capital Employed per year-end whereas NOPAT is composed of EBIT deducted by current and deferred income taxes and Capital Employed is composed of third party net operating assets, current income tax receivables and current income taxes payable and deferred tax assets and liabilities.

## OC Oerlikon Participation Plans

Note 17

On December 31, 2023, the following equity-settled plans were open, pursuant to which the holder is entitled to shares of OC Oerlikon Corporation AG, Pfäffikon:

### Restricted Stocks and Restricted Stock Units

Members of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon, receive a portion of their compensation by means of Restricted Stocks, which are granted quarterly (month of the AGM, July, October and January). The Restricted Stocks have no vesting conditions but are subject to a one-year blocking period. For Directors resigning their mandate prior to the end of the term, they are not entitled to quarterly grants taking place after their departure. The fair value for the Restricted Stocks is based on the stock price at grant date. The average fair value for the three grants made in 2023 is CHF 4.49.

Under the Long-Term Incentive Plan (LTI), members of the Executive Committee and senior management may receive a portion of their compensation as long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon, shares that are based on a vesting period of three years. Upon vesting, the Restricted Stock Units (RSU) are converted into shares. For each RSU granted, the equivalent of dividends paid per share to shareholders during the vesting period is added to the final payout. The fair value for the 2023 plan is based on the stock price at grant date of CHF 4.98. The RSU allocated in 2023 will vest on April 30, 2026.

A small number of Restricted Stock Units were granted in 2023 under a discretionary plan to selected members of senior management.

Year of allocation	Outstanding on 1.1.	Granted in 2023	Forfeited in 2023	Exercised in 2023	Outstanding on 31.12.	Fair value at grant date in CHF <sup>1</sup>	Expense 2023 in CHF million	Vesting period
2016	8763	–	–8763	–	–	–	–0.1	06.04.16 – 12.04.17
2020	156011	–	–462	–155549	–	–	0.1	01.05.20 – 30.04.23
2021	187418	–	–13235	–23221	150962	–	0.6	01.05.21 – 30.04.24
2022	469631	–	–10165	–126696	332770	–	1.0	06.04.22 – 30.04.25
2023	–	961537	–13058	–8036	940443	4.62	1.6	01.05.23 – 30.04.26
<b>Total</b>	<b>821823</b>	<b>961537</b>	<b>–45683</b>	<b>–313502</b>	<b>1424175</b>		<b>3.3</b>	

<sup>1</sup> The fair values relate to the units granted in 2023.

### Performance Share Awards (PSA)

Under the Long-Term Incentive Plan (LTI), members of the Executive Committee and senior management may receive a portion of their compensation as long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon, shares that are based on performance conditions and a vesting period of three years. The achievement of the performance conditions determines the effective number of total Performance Share Awards (PSA). Upon vesting, the effective number of PSA is converted into shares. For each PSA granted, the equivalent of dividends paid per share to shareholders during the vesting period is added to the final payout.

Performance conditions for the 2023 plan are Return on Capital Employed (ROCE) and absolute Total Shareholder Return (TSR) of Oerlikon. ROCE is defined as NOPAT (Net-Operating Profit After Tax) over Capital Employed. TSR is defined as the net change in share price plus any dividend distributions over a period of time. To determine the final number of PSA, the effective average annual ROCE achievement over the performance period is mapped to a payout factor between 0% and 150% and multiplied with the effective TSR modifier of either 0.9, 1.0 or 1.1, depending on whether the absolute TSR achievement is below, within or above a preset TSR target corridor determined by the Board of Directors at the beginning of the program.

The fair value for the 2023 plan is based on the stock price at grant date of CHF 4.98 and a TSR multiplier of 1.0. The PSA allocated in 2023 will vest on April 30, 2026.

A small number of Performance Share Units were granted in 2023 under a discretionary plan to selected members of senior management.

Year of allocation	Outstanding on 1.1.	Granted in 2023	Forfeited in 2023	Performance adjustment	Exercised in 2023	Outstanding on 31.12.	Fair value at grant date in CHF <sup>1</sup>	Expense 2023 in CHF million	Vesting period
2020	232356	–	–692	–	–231664	–	–	0.1	01.05.20 – 30.04.23
2021	174417	–	–13235	–5436	–4784	150962	–	0.5	01.05.21 – 30.04.24
2022	355679	–	–10165	–4565	–8179	332770	–	0.8	01.05.22 – 30.04.25
2023	–	745471	–13058	–	–	732413	4.66	0.8	01.05.23 – 30.04.26
<b>Total</b>	<b>762452</b>	<b>745471</b>	<b>–37150</b>	<b>–10001</b>	<b>–244627</b>	<b>1216145</b>		<b>2.2</b>	

<sup>1</sup> The fair values relate to the awards granted in 2023.

### Accounting Principle

The fair value of share-based payments is determined on the day such share-based remuneration is granted and charged to the income statement on a straight-line basis over the vesting period within operating results, with a corresponding increase in equity (equity settled plans). Non-market conditions are incorporated in the expense measure by adjusting the number of equity instruments expected to vest at each reporting during the vesting period.

## Related Party Transactions

Related parties include joint arrangements, associates, members of the Board of Directors, the Executive Committee, employee benefit plans or important shareholders, as well as companies under their control. Transactions with related parties are generally conducted at arm's length.

### Primary shareholder

The share capital of CHF 339 758 576 consists of 339 758 576 registered shares, each with a par value of CHF 1.00. On December 31, 2023, conditional capital amounted to CHF 47 200 000.

The shareholders registered as holding more than 5% of the shares as at December 31, 2023, were:

Shareholder	Share ownership <sup>1</sup>	
	Number of shares	in % <sup>2</sup>
Liwet Holding AG, Zurich, Switzerland <sup>3</sup>	145086913 <sup>4</sup>	42.70%

<sup>1</sup> Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), published by SIX Exchange Regulation.

<sup>2</sup> Basis: Shares issued (339 758 576).

<sup>3</sup> The shares of Liwet Holding AG are ultimately held as follows:

- A) 44.46% by Columbus Trust, a trust established under the laws of Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia and Zug, Switzerland
- B) 2.47% by Amapola Development Inc, Panama, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia
- C) 16.985% by Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Nikolay Olkhovik, Forch, Switzerland and Nathalia Olkhovik, Corfu, Greece
- D) 19.455% by Ali International Ltd., Bahamas and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, Swieqi, Malta.
- E) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Mr. Alexey Valerievich Moskov, Wädenswil, Switzerland and Mr. Andrey Alekseevich Shtorkh, Limassol, Cyprus.

<sup>4</sup> Source: Disclosure notification by Liwet Holding AG published by SIX Exchange Regulation on May 25, 2018, and the voluntary disclosure notification published by SIX Exchange Regulation Ltd. on January 28, 2023. Oerlikon's understanding is that Liwet increased its shareholding to 42.70% before December 31, 2022.

### Share ownership, options and related instruments

The disclosure below follows Art. 734d of the Swiss Code of Obligations, which requires disclosure of share ownership, options and related instruments individually for each member of the Board of Directors and Executive Committee, including shares, options and related instruments held by persons closely related to, and by companies controlled by members of the Board of Directors and Executive Committee.

Members of the Board of Directors	Number of shares
Prof. Dr. Michael Suess	1 457 026
Gerhard Pegam	74 850
Alexey V. Moskov	132 137
Paul Adams	61 768
Zhenguo Yao	32 900
Irina Matveeva	52 812
Jürg Fedier	759 347
Inka Koljonen (since March 21, 2023)	18 738
<b>Total</b>	<b>2 589 578</b>

Members of the Executive Committee	Number of shares	Number of Performance Share Awards (PSA)	Number of Restricted Stock Units (RSU)
Prof. Dr. Michael Suess	1 457 026	209 719	209 719
Philipp Müller	56 831	102 847	102 847
Anna Ryzhova	70 631	65 591	65 591
Dr. Markus Tacke	17 326	76 522	76 522
Georg Stausberg	94 612	78 918	78 918
<b>Total</b>	<b>1 696 426</b>	<b>533 597</b>	<b>533 597</b>

## Related Party Transactions

Note 18 (cont.)

### Overview on the compensation of the Board of Directors and the Executive Committee

in CHF thousand	Executive Committee		Board of Directors	
	2023	2022	2023	2022
Short-term employee benefits	4 533	5 507	3 356	2 784
Post-employment benefits	826	788	–	–
Share-based payments	579	2 889	722	825
<b>Total</b>	<b>5 937</b>	<b>9 184</b>	<b>4 078</b>	<b>3 609</b>

Disclosures required by the Swiss Code of Obligations are shown in the Remuneration Report.

#### Group companies

An overview of the Group subsidiary companies can be found on pages 128 and 129. Transactions between the parent company and its subsidiaries as well as between the Group subsidiaries themselves have been eliminated in the consolidated annual financial statements.

#### Related party transactions

In 2023, OC Oerlikon sold goods and services to joint arrangements and associates in the amount of CHF 4 million (previous year: CHF 3 million). From these transactions accounts receivables in the amount of less than CHF 1 million (previous year: CHF 2 million) were outstanding as of December 31, 2023. The Group purchased goods and services from joint arrangements and associates in the amount of CHF 15 million (previous year: CHF 47 million). From these transactions accounts payables in the amount of CHF 1 million (previous year: CHF 3 million) were outstanding as of December 31, 2023.

Participation plans: see Note 17.

During the year under review, there were no other related party transactions.

## Contingent Liabilities

Note 19

Contingent liabilities as of December 31, 2023, amount to less than CHF 1 million, mostly for excise duties and debt guarantees (previous year: CHF 1 million).

## Pledged Assets

Note 20

As of December 31, 2023, CHF 3 million assets were pledged as a security (previous year: CHF 1 million).

## Subsequent Events

Note 21

No events occurred between the balance sheet date and the date on which this report was approved by the Board of Directors that could have a significant impact on the consolidated financial statements 2023.

## Companies by Country

Country	Name, registered office of consolidated companies by country	Currency	Share capital'	Group owns %	Number of employees
Australia	Oerlikon Metco Australia Pty Ltd., Bella Vista, NSW/AU	AUD	500 000	100.00	5
Austria	Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT	EUR	350 000	100.00	149
Austria	OT Textile Verwaltungs GmbH, Kapfenberg/AT	EUR	35 000	100.00	–
Belgium	Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE	EUR	620 000	100.00	45
Brazil	H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR	BRL	5 225 000	100.00	15
Brazil	Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiaí, SP/BR	BRL	31 343 200	99.99	139
Brazil	Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR	BRL	4 418 300	100.00	20
Canada	HRS Hot Runner Systems NA Inc., Halifax, NS/CA	CAD	487 000	100.00	28
Canada	Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA	CAD	100	100.00	71
China	HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN	CNY	2 000 000	100.00	–
China	HRS (Hong Kong) Limited, Hong Kong/CN	HKD	10 000	100.00	–
China	INGlass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN	EUR	10 800 000	100.00	429
China	Oerlikon (China) Technology Co. Ltd., Suzhou/CN	USD	30 000 000	100.00	433
China	Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN	USD	6 150 000	100.00	380
China	Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd., Yangzhou/CN	CNY	100 000 000	60.00	109
China	Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN	CNY	21 011 000	100.00	153
China	Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN	CHF	9 500 000	100.00	271
China	Oerlikon Textile China Investments Ltd., Hong Kong/CN	HKD	266 052 500	100.00	–
China	Oerlikon Textile Far East Ltd., Hong Kong/CN	HKD	100 000	100.00	–
China	Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN	USD	7 000 000	100.00	–
China	Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN	USD	1 112 200	100.00	205
China	Riri Co. Ltd., Shanghai/CN	CNY	4 244 500	100.00	5
China	Zigong Golden China Specialty Carbides Co., Ltd., Zigong/CN	CNY	10 000 000	60.00	65
Finland	Oerlikon Balzers Coating Finland Oy, Helsinki/FI	EUR	2 500	100.00	42
France	HRS France S.à r.l., Bonchamp-lès-Laval/FR	EUR	710 000	100.00	5
France	Oerlikon Balzers France SAS, Ferrières-en-Brie/FR	EUR	4 900 000	100.00	194
France	Riri France SASU, Paris/FR	EUR	40 000	100.00	1
France	SAS COEURDOR, Maîche (Belfort)/FR	EUR	1 010 700	86.05	153
Germany	Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE	EUR	26 000	100.00	–
Germany	HRSflow GmbH, Raunheim/DE	EUR	25 000	100.00	21
Germany	Oerlikon AM Europe GmbH, Garching b. München/DE	EUR	51 000	100.00	192
Germany	Oerlikon Balzers Coating Germany GmbH, Bingen/DE	EUR	511 300	100.00	763
Germany	Oerlikon Business Services GmbH, Remscheid/DE	EUR	25 000	100.00	32
Germany	Oerlikon Coating Services GmbH, Langenfeld/DE	EUR	1 533 900	100.00	124
Germany	Oerlikon Deutschland Holding GmbH, Remscheid/DE	EUR	30 680 000	100.00	–
Germany	Oerlikon Friction Systems (Germany) GmbH, Bremen/DE	EUR	1 000 000	100.00	94
Germany	Oerlikon Metaplas GmbH, Salzgitter/DE	EUR	1 000 000	100.00	102
Germany	Oerlikon Metco Europe GmbH, Raunheim/DE	EUR	1 000 000	100.00	86
Germany	Oerlikon Metco WOKA GmbH, Barchfeld/DE	EUR	1 000 000	100.00	121
Germany	Oerlikon Surface Solutions Holding GmbH, Raunheim/DE	EUR	17 345 100	100.00	–
Germany	Oerlikon Textile GmbH & Co. KG, Remscheid/DE	EUR	41 000 000	100.00	1 598
Germany	Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE	EUR	25 000	100.00	–
Germany	W. Reiners Verwaltungs-GmbH, Remscheid/DE	EUR	38 346 900	100.00	–
Great Britain	Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB	GBP	2 000 000	100.00	47
Great Britain	Oerlikon Metco (UK) Ltd., Cwmbran/GB	GBP	500 000	100.00	15
Great Britain	Oerlikon Metco Coatings Ltd., Dukinfield/GB	GBP	57 100	100.00	26
Great Britain	Oerlikon Neomet Ltd., Stockport/GB	GBP	292 700	100.00	28
Hungary	Oerlikon Eldim (HU) Kft., Debrecen/HU	HUF	161 000 000	100.00	169
India	HRS Flow India Private Limited, Pune/IN	INR	5 000 000	100.00	83
India	Oerlikon Balzers Coating India Ltd., Pune/IN	INR	70 000 000	100.00	355
India	Oerlikon Friction Systems (India) Ltd., Chennai/IN	INR	7 100 000	100.00	92
India	Oerlikon Textile India Pvt. Ltd., Mumbai/IN	INR	57 360 000	100.00	205
Italy	AMOM S.p.A., Badia al Pino/IT	EUR	1 055 000	100.00	109
Italy	D.M.C. Srl, Scarperia e San Pietro a Sieve/IT	EUR	10 000	100.00	128
Italy	FCM S.p.A., Campi Bisenzio (FI)/IT	EUR	50 000	86.05	23
Italy	FIR. Parts S.r.l. in liquidazione, Milano/IT	EUR	10 000	86.05	–
Italy	INGlass S.p.A., San Polo di Piave/IT	EUR	2 750 000	100.00	361
Italy	Mercurio S.r.l. in liquidazione, Milano/IT	EUR	10 000	86.05	–
Italy	Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT	EUR	129 100	100.00	98
Italy	Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT	EUR	250 000	100.00	46
Italy	SPM Pressofusione S.r.l., Palazzano sull'Oglio/IT	EUR	50 000	100.00	57
Italy	Teknoweb Materials S.r.l., Palazzo Pignano/IT	EUR	20 000	66.90	26



Country	Name, registered office of consolidated companies by country	Currency	Share capital <sup>1</sup>	Group owns %	Number of employees
Japan	HRS JAPAN Co. Ltd, Tokyo/JP	JPY	80 000 000	100.00	6
Japan	Oerlikon Japan Co., Ltd., Hiratsuka/JP	JPY	100 000 000	100.00	224
Liechtenstein	OC Oerlikon Balzers AG, Balzers/LI	CHF	1 000 000	100.00	65
Liechtenstein	Oerlikon Balzers Coating AG, Balzers/LI	CHF	1 000 000	100.00	198
Luxembourg	Oerlikon Balzers Coating Luxembourg S.à.r.l., Differdange-Nieder Korn/LU	EUR	1 000 000	60.00	17
Malaysia	Oerlikon Balzers Coating Malaysia Sdn. Bhd., Kuala Lumpur/MY	MYR	6 000 000	100.00	32
Mexico	HRS Flow Mexico S. DE R.L. DE C.V., Querétaro/MX	MXN	750 000	100.00	7
Mexico	Oerlikon Balzers Coating Mexico S.A. de C.V., Querétaro/MX	MXN	71 458 000	100.00	158
Netherlands	Oerlikon Eldim (NL) B.V., Lomm/NL	EUR	396 400	100.00	120
Philippines	Oerlikon Balzers Coating Philippines Inc., Muntinlupa/PH	PHP	15 000 000	99.99	15
Poland	Oerlikon Balzers Coating Poland Sp. z o.o., Polkowice Dolne/PL	PLN	5 000 000	100.00	152
Poland	Oerlikon Business Services Europe Sp. z o.o., Warsaw/PL	PLN	5 000	100.00	138
Portugal	Cubimatéria Polimentos Unipessoal LDA, Fundão/Castelo Branco/PT	EUR	5 000	86.05	138
Portugal	SCC Assistência Técnica Unipessoal Lda, Albergaria-a-Velha/PT	EUR	70 000	100.00	29
Serbia	Oerlikon Serbia doo Kragujevac, Kragujevac/RS	RSD	100	100.00	–
Singapore	Oerlikon Metco (Singapore) Pte. Ltd., Singapore/SG	SGD	600 000	100.00	22
Slovakia	Oerlikon Balzers Coating Slovakia s.r.o., Bratislava/SK	EUR	20 060 000	100.00	217
South Africa	INGlass HRS South Africa (Pty) Ltd, Johannesburg/ZA	ZAR	100	100.00	4
South Korea	Oerlikon Balzers Coating Korea Co. Ltd., Pyongtaek/KR	KRW	6 300 000 000	89.90	177
Spain	Oerlikon Balzers Coating Spain S.A.U., Antzuola/ES	EUR	150 300	100.00	94
Spain	Sistemas De Canal Caliente Ibérica. S.L.U., Begues/ES	EUR	30 000	100.00	7
Sweden	Oerlikon Balzers Coating Sweden AB, Stockholm/SE	SEK	11 600 000	100.00	63
Switzerland	OC Oerlikon Corporation AG, Pfäffikon, Freienbach/CH	CHF	339 758 600	100.00	–
Switzerland	OC Oerlikon Management AG, Pfäffikon, Freienbach/CH	CHF	2 000 000	100.00	113
Switzerland	OC Oerlikon Textile Holding AG, Pfäffikon, Freienbach/CH	CHF	112 019 600	100.00	–
Switzerland	Oerlikon Balzers Coating SA, Brügg, Brügg/CH	CHF	100 000	100.00	30
Switzerland	Oerlikon Metco AG, Wohlen, Wohlen/CH	CHF	5 000 000	100.00	228
Switzerland	Oerlikon Surface Solutions AG, Pfäffikon, Freienbach SZ/CH	CHF	10 000 000	100.00	207
Switzerland	RIRI SA, Mendrisio/CH	CHF	18 933 900	100.00	739
Switzerland	Zip Holding AG, Mendrisio/CH	CHF	7 090 700	100.00	–
Switzerland	Zip Invest AG, Mendrisio/CH	CHF	100 000	100.00	–
Taiwan	Oerlikon Balzers Coating Taiwan Co. Ltd., Taipeh/TW	TWD	500 000	100.00	21
Thailand	HRS Flow (Thailand) Co. Ltd, Bangkok/TH	THB	2 000 000	100.00	0
Thailand	Oerlikon (Thailand) Co. Ltd., Chonburi/TH	THB	80 000 000	99.99	64
Tunisia	Cobra Tunisie Int. Sarl. In liq., Sousse/TN	TND	150 000	99.00	–
Turkey	Oerlikon Polymer Processing Solutions Makine Kalip Yedek Parca Ve Servis San. Tic.Ltd. Sti. (formerly: Inglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. Sti.), Nilüfer, Bursa/TR	TRY	799 600	100.00	21
Turkey	Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi, Bursa/TR	TRY	2 500 000	99.99	71
USA	Oerlikon AM US Inc., Wilmington, DE/US	USD	2 000	100.00	49
USA	Oerlikon Balzers Coating USA Inc., Wilmington, DE/US	USD	20 000	100.00	519
USA	Oerlikon Friction Systems (US) Inc., Dayton OH/US	USD	1 000	100.00	154
USA	Oerlikon HRSflow USA, LLC., Byron Center, MI/US	USD	13 376 500	100.00	60
USA	Oerlikon Management USA Inc., Pittsburgh, PA/US	USD	500 000	100.00	–
USA	Oerlikon Metco (US) Inc., Westbury NY/US	USD	1 000	100.00	470
USA	Oerlikon Textile Inc., Charlotte, NC/US	USD	3 000 000	100.00	59
USA	Oerlikon USA Holding Inc., Wilmington, DE/US	USD	40 234 000	100.00	–
USA	Riri USA Inc., New York/US	USD	100	100.00	3
Vietnam	Oerlikon Balzers Coating Vietnam Co., Ltd., Bac Ninh/VN	USD	1 000 000	100.00	13

<sup>1</sup> Share capital partly rounded to full hundred. Some articles of association and trade registers still contain old European currencies that are converted to EUR.

# Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG, Pfäffikon

Churerstrasse 120 8808 Pfäffikon

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of OC Oerlikon Corporation AG, Pfäffikon and its subsidiaries (the Group), which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income for the year ended 31 December 2023, the Consolidated Balance Sheet as at 31 December 2023, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, Reconciliation of Operational Figures and the Segment Information for the year ended 31 December 2023, and Notes to the consolidated financial statements, including a summary of significant accounting principles.

In our opinion, the consolidated financial statements (pages 84 - 129) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by 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.

### Our audit approach

#### Overview

Overall Group materiality: CHF 11'100'000



We concluded full scope audits and audits of account balances at 21 reporting units. Our audit scope addressed over 68% of the Group's sales.

As key audit matters the following areas of focus have been identified:

Impairment assessment of goodwill

Business Combination – Riri Group

### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative

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considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	CHF 11'100'000
<b>Benchmark applied</b>	Total Sales
<b>Rationale for the materiality benchmark applied</b>	We chose Total Sales as the benchmark because, in our view, this benchmark takes into account the volatility of the business environment and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit & Finance Committee that we would report to them misstatements above CHF 555'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors. As Group auditor, we performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements and of the impairment assessment of goodwill. Where full scope audits or audits of account balances were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level, specifying the materiality thresholds to be applied, site visits in the USA and Germany, participating in local closing meetings, conducting telephone calls with the component auditors and reviewing the reporting received.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

### Impairment assessment of Goodwill

Key audit matter	How our audit addressed the key audit matter
<p>The impairment assessment of goodwill is considered a key audit matter due to the size of the balance (goodwill: CHF 949 million) and the significant estimates required of management in determining the recoverable amount. The main estimates in the impairment assessment relate to the future cash flows of the underlying businesses as well as the discount rates applied to perform the necessary impairment tests.</p> <p>Please refer to pages 108 - 109 (Goodwill and intangible assets). Goodwill is tested annually for potential impairment whereby the carrying value is compared with the recoverable amount.</p>	<p>We obtained the impairment analyses undertaken by management and performed the following procedures:</p> <ul style="list-style-type: none"> <li>We assessed the determination of the carrying values of the assets of individual cash-generating units and the allocation of goodwill to those units.</li> <li>We ensured that the value in use calculations are based on the latest business plans.</li> <li>We assessed the reasonableness of the business plan by comparing the implicit growth rates with market data.</li> <li>We compared the revenue and EBIT of the year under review with the budget in order to identify, in retrospect, any forecasts that were too optimistic and to assess the accuracy of the estimates that were made.</li> <li>We compared model inputs, such as weighted average cost of capital and long-term growth rate, with observable market data. To this end, we involved our internal valuation experts.</li> </ul>

- We performed thorough sensitivity analyses on the key assumptions to ascertain the extent of changes in those assumptions that would be required for the goodwill to be impaired.

Overall, on the basis of our work performed on the impairment testing model, the supporting evidence as well as our own sensitivity analyses, we concluded that the results of the impairment tests performed by management were reasonable.

## Business Combination – Riri Group

### Key audit matter

On 28 February 2023, OC Oerlikon Corporation AG, Pfäffikon acquired 100% of the shares of Riri S.A., headquartered in Mendrisio, Switzerland.

The assessment of the acquisition of Riri S.A. was deemed a key audit matter because of the critical estimates made by Management concerning the purchase price allocation in the opening balance sheet. In particular, the identification and valuation of intangible assets involved significant judgement.

Please refer to pages 95 - 96 (Acquisitions and Divestments) in the notes to the consolidated financial statements.

### How our audit addressed the key audit matter

We assessed whether amounts reported on the opening balance sheet had been identified in line with the purchase agreement and recognized according to the provisions of IFRS 3 "Business Combinations". We performed procedures including the following:

- We identified significant components of the Riri S.A. and performed procedures to assess the existence, completeness, and valuation of net assets of those entities.
- We assessed the completeness of identified intangible assets against our own expectations, formed from discussions with Management as well as the industry expertise of our valuation experts.
- To assess the valuation models included in the valuation report, we involved our internal valuation experts, who specifically performed the following:
  - Comparison with similar transactions and available market data of the royalty and attrition rates used to value brands, technology and customer relationships.
  - Assessment of the reasonableness of the discount rate.
  - Assessment of the technical and arithmetical correctness of the valuation report.
- In addition, we assessed whether the transaction was accounted for and disclosed in the financial statements in accordance with the provisions of IFRS 3 "Business Combinations."

Our audit procedures are appropriate to corroborate Management's allocation of the purchase price to the identifiable assets and liabilities measured at fair value and Management's disclosure of the purchase of Riri S.A. in the 2023 consolidated financial statements.

### 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 reports thereon.

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.

### Board of Directors' responsibilities for the consolidated financial statements

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

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

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

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

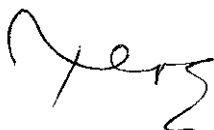
A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

### Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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

PricewaterhouseCoopers AG



René Rausenberger  
Licensed audit expert  
Auditor in charge



Oliver Illa  
Licensed audit expert

Zürich, 19 February 2024

# OC Oerlikon Corporation AG, Pfäffikon

## Income Statement of OC Oerlikon Corporation AG, Pfäffikon

in CHF million	Notes	2023	2022
Income from investments	2.1	120	127
Financial income	2.2	58	24
Other income	2.3	40	41
<b>Total income</b>		<b>218</b>	<b>192</b>
Financial expenses	2.4	-109	-30
Personnel expenses		-5	-4
Other expenses	2.5	-49	-66
<b>Result before taxes</b>		<b>56</b>	<b>92</b>
Direct taxes		-	-
<b>Result for the year</b>		<b>56</b>	<b>92</b>

## Balance Sheet at December 31 of OC Oerlikon Corporation AG, Pfäffikon

**Assets**

in CHF million	Notes	2023	2022
Cash and cash equivalents	3.1	187	44
Current financial receivables			
– from companies in which the entity holds an investment	3.2	812	751
Prepaid expenses and accrued income		7	5
<b>Current assets</b>		<b>1007</b>	<b>800</b>
Non-current financial receivables			
– from third parties		1	1
– from companies in which the entity holds an investment	3.3	547	375
Other non-current financial assets	3.4	14	17
Investments	3.5	2166	1916
<b>Non-current assets</b>		<b>2728</b>	<b>2311</b>
<b>Total assets</b>		<b>3735</b>	<b>3110</b>

**Liabilities and equity**

in CHF million	Notes	2023	2022
Current interest-bearing payables			
– due to third parties	3.7	150	143
– due to companies in which the entity holds an investment	3.6	754	671
Current payables			
– due to third parties		2	1
– due to companies in which the entity holds an investment		–	4
Accrued liabilities and deferred income		9	5
<b>Current liabilities</b>		<b>915</b>	<b>823</b>
Non-current interest-bearing payables			
– due to third parties	3.7	1265	600
– due to companies in which the entity holds an investment	3.8	26	114
Provisions	3.9	44	32
<b>Non-current liabilities</b>		<b>1335</b>	<b>747</b>
<b>Total liabilities</b>		<b>2250</b>	<b>1570</b>
Share capital	3.10	340	340
Legal capital reserves			
– Reserves from capital contributions	3.11	259	259
Legal retained earnings			
– General legal retained earnings		71	71
Voluntary retained earnings			
– Free reserves and statutory reserves		294	294
– Available earnings			
– Profit brought forward		595	618
– Result for the year		56	92
Treasury shares	3.12	–129	–134
<b>Total equity</b>		<b>1484</b>	<b>1539</b>
<b>Total liabilities and equity</b>		<b>3735</b>	<b>3110</b>

## Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

### Principles (1)

#### General aspects (1.1)

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.

#### Financial receivables (1.2)

Financial receivables include loans from third parties and from companies in which the entity holds an investment. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

#### Treasury shares (1.3)

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized directly in equity in the position profit brought forward.

#### Interest-bearing payables (1.4)

Interest-bearing payables are recognized in the balance sheet at nominal value.

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

As OC Oerlikon Corporation AG, Pfäffikon has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing payables and audit fees in the notes, as well as a cash flow statement, in accordance with the law.

### Information on income statement items (2)

#### Income from investments (2.1)

The income from investments consists of dividend income from companies in which the entity holds an investment.

#### Financial income (2.2)

Financial income mainly includes interest income from loans from companies in which the entity holds an investment as well as net exchange gains (if any).

#### Other income (2.3)

Other income consists mainly of trademark fees.

#### Financial expenses (2.4)

Financial expenses include interest expenses due to companies in which the entity holds an investment and due to third parties, impairments of financial receivables as well as net exchange losses (if any).

#### Other expenses (2.5)

Other expenses consist mainly of management service fees charged by OC Oerlikon Management AG, Pfäffikon.

### Information on balance sheet items (3)

#### Cash and cash equivalents (3.1)

This item consists mainly of current balances denominated in CHF, EUR and USD and is held with European banks (2022: CHF and EUR).

#### Current financial receivables from companies in which the entity holds an investment (3.2)

The current financial receivables from companies in which the entity holds an investment consist mainly of cash pool deposits in CHF and EUR.

#### Non-current financial receivables from companies in which the entity holds an investment (3.3)

The non-current financial receivables from companies in which the entity holds an investment consist mainly of non-current deposits denominated in EUR.

#### Other non-current financial assets (3.4)

The other non-current financial assets consist of a 12.48% investment in an unquoted equity investment.

#### Investments (3.5)

Investments held by OC Oerlikon Corporation AG, Pfäffikon are recorded at historical costs less any valuation adjustments. The list of investments can be found in the section "Investments".

#### Current interest-bearing payables due to companies in which the entity holds an investment (3.6)

The current interest-bearing payables due to companies in which the entity holds an investment contain mainly cash pool debts in CHF, EUR and USD.

#### Current and Non-current interest-bearing payables due to third parties (3.7)

The interest-bearing payables due to third parties contain the following bonds:

#### Conditions on outstanding bonds:

in CHF million					
	2014– 2024	2021– 2025	2021– 2028	2023– 2026	2023– 2029
Nominal value					
December 31, 2023	150	250	200	220	120
December 31, 2022	150	250	200	0	0
Interest	2.625%	0.375%	0.800%	2.875%	3.250%
Duration in years	10	4.5	7.5	3.0	6.3
Maturity	June 17, 2024	November 27, 2025	November 27, 2028	June 2, 2026	June 2, 2029

Additional information about the bond can be found in Note 15 of the Group's consolidated financial statements.

In 2023, a 3-year unsecured syndicated term loan facility of CHF 475 million has been raised. As per December 31, 2023, the interest rate of the loan under the syndicated term loan facility is defined as the applicable risk free rate plus a margin of 2.25% per year, subject to a margin grid based on the ratio of Net Debt to EBITDA (within a range of 1.45% and 3.10%).



## Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

### Non-current interest-bearing payables due to companies in which the entity holds an investment (3.8)

The non-current interest-bearing payables due to companies in which the entity holds an investment contain long-term loans mainly in EUR (2022: CNY).

### Provisions (3.9)

Provisions cover mainly risks related to investments and other risks.

### Share capital (3.10)

The share capital of CHF 340 million consists of 339 758 576 registered shares, each with a par value of CHF 1.00. On December 31, 2023, conditional capital amounted to CHF 47 million.

### Reserves from capital contributions (3.11)

As of December 31, 2023, OC Oerlikon Corporation AG, Pfäffikon, shows reserves from capital contributions of CHF 259 million. Thereof CHF 259 million are not yet available for distribution due to the current practice of the Swiss Federal Tax Authorities.

### Treasury shares (3.12)

Treasury shares are shown directly in equity.

in CHF	Amount	Number of treasury shares	Lowest rate	Highest rate	Average rate of treasury shares
Balance at January 1, 2023	134 252 560	15 380 434	–	–	–
Acquisitions	26	6	4.333	4.333	4.333
Allocation to Board members	–221 9812	–254 309	–	–	8.729
Allocation to management	–2 600 144	–297 881	–	–	8.729
Balance at December 31, 2023	129 432 630	14 828 250	–	–	–

in CHF	Amount	Number of treasury shares	Lowest rate	Highest rate	Average rate of treasury shares
Balance at January 1, 2022	119 709 590	13 119 789	–	–	–
Acquisitions	198 291 82	2 840 552	6.801	7.310	6.981
Allocation to board members	–719 486	–78 853	–	–	9.124
Allocation to management	–4 566 726	–501 054	–	–	9.114
Balance at December 31, 2022	134 252 560	15 380 434	–	–	–

On November 4, 2022, Oerlikon completed its share buyback program launched on November 7, 2019. In total, 19 672 989 shares were repurchased as part of the share buyback program for a consideration of CHF 170 million.

### Other information (4)

#### Joint and several liabilities in favor of Group companies (4.1)

##### VAT group

OC Oerlikon Corporation AG, Pfäffikon belongs to a VAT group and therefore all participants are jointly liable to the Swiss Federal Tax Administration for the value-added tax debts of the whole group.

##### Cash pooling group

OC Oerlikon Corporation AG, Pfäffikon is liable for liabilities of the cash pool participants.

##### Full-time equivalents (4.2)

OC Oerlikon Corporation AG, Pfäffikon does not have any employees.

##### Contingent liabilities (4.3)

The contingent liabilities relate primarily to corporate guarantees and bank guarantees in favor of companies in which the entity holds an investment and amount to CHF 200 million (previous year: CHF 323 million).

## Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

**Significant shareholders (4.4)**

Significant shareholders registered as holding more than 5% of the shares as at December 31 were:

**Share ownership<sup>1</sup>**

Shareholder	2023		2022	
	Number of shares	in % <sup>2</sup>	Number of shares	in %
Liwet Holding Ltd., Zurich, Switzerland <sup>3</sup>	145 086 913 <sup>4</sup>	42.70%	145 086 913 <sup>4</sup>	42.70%

<sup>1</sup> Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), published by SIX Exchange Regulation.

<sup>2</sup> Basis: Shares issued (339 758 576).

<sup>3</sup> The shares of Liwet Holding Ltd. are ultimately held as follows:

- A) 44.46% by Columbus Trust, a trust established under the laws of Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia and Zug, Switzerland.
- B) 2.47% by Amapola Development Inc, Panama, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia.
- C) 16.985% by Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Nikolay Olkhovik, Forch Switzerland and Nathalia Olkhovik, Corfu, Greece.
- D) 19.455% by Ali International Ltd., Bahamas and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, Swieqi, Malta.
- E) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Mr. Alexey Valerievich Moskov, Wädenswil, Switzerland and Mr. Andrey Alekseevich Shtorkh, Limassol, Cyprus.

<sup>4</sup> Source: Disclosure notification by Liwet Holding AG published by SIX Exchange Regulation on May 25, 2018 and the voluntary disclosure notification published by SIX Exchange Regulation Ltd. on January 28, 2023. Oerlikon's understanding is that Liwet increased its shareholding to 42.70% before December 31, 2022.

**Equity owned by Executive Committee and the Board of Directors, including any related parties (4.5)****Members of the Board of Directors:**

	2023		2022	
	Number of shares	Number of shares	Number of shares	Number of shares
Prof. Dr. Michael Suess	1 457 026	1 392 218		
Gerhard Pegam	74 850	41 950		
Alexey V. Moskov	132 137	66 222		
Paul Adams	61 768	26 820		
Zhenguo Yao	32 900	0		
Irina Matveeva	52 812	19 912		
Jürg Fedier	759 347	719 253		
Inka Koljonen (since March 21, 2023)	18 738	n.a.		
<b>Total</b>	<b>2 589 578</b>	<b>2 266 375</b>		

**Members of the Executive Committee:**

	2023		2022	
	Number of shares	Number of shares	Number of shares	Number of shares
Prof. Dr. Michael Suess	1 457 026	1 392 218		
Dr. Roland Fischer	n.a.	379 988		
Philipp Müller	56 831	27 378		
Anna Ryzhova	70 631	53 180		
Dr. Markus Tacke	17 326	10 000		
Georg Stausberg	94 612	85 380		
<b>Total</b>	<b>1 696 426</b>	<b>1 948 144</b>		

**Shares or options on shares for members of the Board of Directors, Executive Committee and Senior Management (4.6)**

Shares or options on shares are used for share-based compensation of members of the Board of Directors compensated by OC Oerlikon Corporation AG, Pfäffikon as well as of the Executive Committee and Senior Management employed by other companies of the Group. The number of Restricted Stocks (RS), Restricted Stock Units (RSU) and Performance Share Awards (PSA) is calculated based on fair value at grant date. The allocation was as follows:

in CHF million	2023		2022	
	Number of RS, RSU and PSA	Amount	Number of RSU and PSA	Amount
Allocated to authorized members	1 707 008	8	854 516	6

For year 2023 a total of 1 707 008 Restricted Stocks (RS), Restricted Stock Units (RSU) and Performance Share Awards (PSA) are allocated and the total granted value for share-based programs amounts to CHF 8 million. Thereof, 160 685 allocated Restricted Stocks (RS) and a granted value of CHF 1 million relates to the Board of Directors. Another 605 000 allocated Restricted Stock Units (RSU) and Performance Share Awards (PSA) and a granted value of CHF 3 million is attributed for the Executive Committee.

For year 2022 a total of 854 516 Restricted Stock Units (RSU) and Performance Share Awards (PSA) are allocated and the total granted value for share-based programs amounts to CHF 6 million. Thereof, 113 952 allocated Restricted Stock Units (RSU) and a granted value of CHF 1 million relates to the Board of Directors. Another 331 908 allocated Restricted Stock Units (RSU) and Performance Share Awards (PSA) and a granted value of CHF 2 million is attributed for the Executive Committee.

**Significant events after the balance sheet date (4.7)**

There are no other significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

## Investments

Company	Place of business	Currency	Share capital		Capital and share of votes in %	
			2023	2022	2023	2022
OC Oerlikon Management AG, Pfäffikon	Freienbach/CH	CHF	2 000 000	2 000 000	100.00	100.00
OC Oerlikon Textile Holding AG, Pfäffikon	Freienbach/CH	CHF	1 120 196 000	1 120 196 000	100.00	100.00
Oerlikon (Thailand) Co. Ltd.	Chonburi/TH	THB	80 000 000	80 000 000	99.99	99.99
Oerlikon Balzers Coating India Ltd.	Pune/IN	INR	70 000 000	70 000 000	78.40	78.40
Oerlikon Balzers Coating Korea Co. Ltd.	Pyongtaek/KR	KRW	6 300 000 000	6 300 000 000	89.10	89.10
Oerlikon Balzers Coating Luxembourg S.à.r.l.	Differdange-Niedercoorn/LU	EUR	1 000 000	1 000 000	60.00	60.00
Oerlikon Balzers Coating Sweden AB	Stockholm/SE	SEK	11 600 000	11 600 000	100.00	100.00
Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi	Bursa/TR	TRY	2 500 000	2 500 000	99.99	99.99
Oerlikon Business Services Europe Sp. z.o.o.	Warsaw/PL	PLN	5 000	5 000	100.00	100.00
Oerlikon Deutschland Holding GmbH	Remscheid/DE	EUR	30 680 000	30 680 000	10.00	10.00
Oerlikon IT Solutions AG, Pfäffikon	Freienbach/CH	CHF	–	500 000	0.00	100.00
Oerlikon Surface Solutions AG, Pfäffikon	Freienbach/CH	CHF	10 000 000	10 000 000	100.00	100.00
Oerlikon USA Holding Inc.	Wilmington DE/USA	USD	40 234 000	40 234 000	100.00	100.00
Oerlikon Vermögens-Verwaltungs GmbH	Remscheid/DE	EUR	25 000	25 000	100.00	100.00
PT Oerlikon Balzers Artoda Indonesia	Bekasi/ID	IDR	18 000 000 000	18 000 000 000	42.00	42.00
Zip Holding AG	Mendrisio/CH	CHF	7 090 700	–	25.00	0.00
Zip Invest AG	Mendrisio/CH	CHF	100 000	–	100.00	0.00

Refer to “Companies by Country” on pages 128 and 129 for a complete list of companies that are held directly and indirectly by OC Oerlikon Corporation AG, Pfäffikon.

## Changes in Equity of OC Oerlikon Corporation AG, Pfäffikon

in CHF million	Share capital	Reserves from capital contributions	General legal retained earnings	Free reserves and statutory reserves	Available earnings	Treasury shares	Total equity
<b>Balance at December 31, 2020</b>	<b>340</b>	<b>259</b>	<b>71</b>	<b>294</b>	<b>614</b>	<b>-123</b>	<b>1455</b>
Changes in treasury shares	-	-	-	-	7	3	10
Dividend payment	-	-	-	-	-114	-	-114
Result for the year	-	-	-	-	227	-	227
<b>Balance at December 31, 2021</b>	<b>340</b>	<b>259</b>	<b>71</b>	<b>294</b>	<b>734</b>	<b>-120</b>	<b>1577</b>
Changes in treasury shares	-	-	-	-	-1	-15	-16
Dividend payment	-	-	-	-	-114	-	-114
Result for the year	-	-	-	-	92	-	92
<b>Balance at December 31, 2022</b>	<b>340</b>	<b>259</b>	<b>71</b>	<b>294</b>	<b>710</b>	<b>-134</b>	<b>1539</b>
Changes in treasury shares	-	-	-	-	-2	5	3
Dividend payment	-	-	-	-	-114	-	-114
Result for the year	-	-	-	-	56	-	56
<b>Balance at December 31, 2023</b>	<b>340</b>	<b>259</b>	<b>71</b>	<b>294</b>	<b>651</b>	<b>-129</b>	<b>1484</b>

## Proposal of the Board of Directors

The available earnings amount to:

in CHF million	2023
Retained earnings brought forward	597
Loss on treasury shares	-2
Result for the year	56
<b>Available earnings</b>	<b>651</b>

The Board of Directors proposes to the Annual General Meeting of Shareholders that the available earnings are allocated as follows:

Distribution of a dividend of CHF 0.20 (before withholding tax) on dividend-bearing shares with a nominal value of CHF 1.00 each	-68
<b>Balance to be carried forward</b>	<b>583</b>

The company will not pay a dividend on treasury shares held by OC Oerlikon Corporation AG, Pfäffikon.

Pfäffikon SZ, February 19, 2024

On behalf of the Board of Directors

Chairman

Prof. Dr. Michael Süss

# Report of the statutory auditor

## to the General Meeting of OC Oerlikon Corporation AG, Pfäffikon

### Churerstrasse 120 8808 Pfäffikon

#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of OC Oerlikon Corporation AG, Pfäffikon (the Company), which comprise the Income Statement for the year ended 31 December 2023, the Balance Sheet as at 31 December 2023, and Notes to the Financial Statements, including a summary of significant accounting principles.


In our opinion, the financial statements (pages 134 - 140) 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.

#### Our audit approach

Overview	Overall materiality: CHF 15'600'000
	<p>We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.</p> <p>As key audit matter the following area of focus has been identified:</p> <p>Recoverability of the carrying value of the investments</p>

##### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall materiality</b>	CHF 15'600'000
<b>Benchmark applied</b>	Net Assets
<b>Rationale for the materiality benchmark applied</b>	We chose Net Assets as the benchmark because, in our view, it is a relevant benchmark against which holding companies can be assessed, is considered a key element for the user of the financial statements and it is a generally accepted benchmark for determining materiality.

We agreed with the Audit Committee that we would report to them misstatements above CHF 780'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Key audit matters

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

#### Recoverability of the carrying value of the investments

Key audit matter	How our audit addressed the key audit matter
The valuation of investments is considered a key audit matter due to the size of the investments balance (CHF 2'166 million), the significant estimates involved in the valuation process and the estimation of the future profitability of the individual directly and indirectly held investments.	<p>In our audit of the investments, we performed audit procedures including the following:</p> <ul style="list-style-type: none"> <li>We compared the carrying amount of the investments as per 31 December 2023 with the book value of its equity or its valuation according to an accepted valuation method.</li> <li>We performed plausibility checks on the key assumptions applied by management. Furthermore, we assessed the technical and mathematical correctness of the valuation model.</li> </ul> <p>Overall, based on the procedures performed, we conclude that management's assessments are based upon reasonable and consistently applied assumptions that support management's valuation conclusions.</p>

### 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 reports thereon.

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

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

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

### Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of 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.

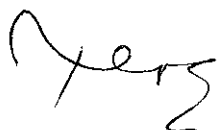
A further description of our responsibilities for the audit of the financial statements is located on EXPERTSuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

### Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

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.

PricewaterhouseCoopers AG



René Rausenberger  
Licensed audit expert  
Auditor in charge



Oliver Illa  
Licensed audit expert

Zürich, 19 February 2024

## Legal structure

### Legal structure of consolidated companies as per December 31, 2023

<b>OC Oerlikon Corporation AG, Pfäffikon, Freienbach/CH</b>
–OC Oerlikon Management AG, Pfäffikon, Freienbach/CH
–OC Oerlikon Textile Holding AG, Pfäffikon, Freienbach/CH
• Oerlikon Textile China Investments Ltd., Hong Kong/CN
• Oerlikon (China) Technology Co. Ltd., Suzhou/CN
• Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN
• Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN
• Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN
• Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN
• Oerlikon Barmag Huitong (Yangzhou) Engineering Co., Ltd, Yangzhou/CN
• OT Textile Verwaltungs GmbH, Kapfenberg/AT
• Teknoweb Materials S.r.l., Palazzo Pignano/IT
• W. Reiners Verwaltungs-GmbH, Remscheid/DE
• Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE
• Oerlikon Textile GmbH & Co. KG, Remscheid/DE
• Oerlikon Deutschland Holding GmbH, Remscheid/DE
• Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE
• Oerlikon Business Services GmbH, Remscheid/DE
• Oerlikon Surface Solutions Holding GmbH, Raunheim/DE
• Oerlikon AM Europe GmbH, Garching b. München/DE
• Oerlikon Balzers Coating Germany GmbH, Bingen/DE
• Oerlikon Friction Systems (Germany) GmbH, Bremen/DE
• Oerlikon Metaplas GmbH, Salzgitter/DE
• Oerlikon Coating Services GmbH, Langenfeld/DE
• Oerlikon Metco Europe GmbH, Raunheim/DE
• Oerlikon Metco WOKA GmbH, Barchfeld/DE
• Oerlikon Textile Far East Ltd., Hong Kong/CN
• Oerlikon Textile India Pvt. Ltd., Mumbai/IN
• INglass S.p.A., San Polo di Piave/IT
• HRS Hot Runner Systems NA Inc., Halifax, NS/CA
• HRS Flow Mexico S. DE R.L. DE C.V., Querétaro/MX
• H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR
• Sistemas De Canal Caliente Ibérica. S.L.U., Begues/ES
• SCC Assistência Técnica, Unipessoal Lda, Albergaria-a-Velha/PT
• HRSflow GmbH, Raunheim/DE
• HRS France S.à r.l., Bonchamp-lès-Laval/FR
• HRS JAPAN Co. Ltd, Tokyo/JP
• HRS Flow (Thailand) Co. Ltd, Bangkok/TH
• HRS (Hong Kong) Limited, Hong Kong/CN
• HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN
• INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN
• INglass HRS South Africa (Pty) Ltd, Johannesburg/ZA
• HRS Flow India Private Limited, Pune/IN
• Oerlikon Polymer Processing Solutions Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. Sti., Nilüfer,Bursa/TR
–Oerlikon Balzers Coating India Pvt. Ltd., Pune/IN
• Oerlikon Friction Systems (India) Ltd., Chennai/IN
–Oerlikon (Thailand) Co. Ltd., Chonburi/TH
–Oerlikon Balzers Coating Korea Co. Ltd., Pyongtaek/KR
–Oerlikon Balzers Coating Luxembourg S.à r.l., Differdange-Niedercorn/LU
–Oerlikon Balzers Coating Sweden AB, Stockholm/SE
• Oerlikon Balzers Coating Finland Oy, Helsinki/FI
–Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi, Bursa/TR
–Oerlikon Business Services Europe Sp. z.o.o., Warsaw/PL
–Oerlikon Surface Solutions AG, Pfäffikon, Freienbach/CH
• OC Oerlikon Balzers AG, Balzers/LI
• Oerlikon Balzers Coating AG, Balzers/LI
• Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN
• Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT
• Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT
• Oerlikon Balzers Coating SA, Brügg, Brügg/CH
• Oerlikon Balzers Coating Spain S.A.U, Antzuola/ES



**Legal structure of consolidated companies as per December 31, 2023**

• Oerlikon Balzers Coating Poland Sp. z.o.o., Polkowice Dolne/PL
• Oerlikon Balzers Coating Mexico S.A. de C.V., Querétaro/MX
• Oerlikon Balzers Coating Malaysia Sdn. Bhd., Kuala Lumpur/MY
• Oerlikon Balzers Coating Philippines, Inc., Muntinlupa/PH
• Oerlikon Balzers Coating Slovakia s.r.o., Bratislava/SK
• Oerlikon Balzers Coating Taiwan Co. Ltd., Taipeh/TW
• Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB
• Oerlikon Metco Coatings Ltd., Dukinfield/GB
• Oerlikon Balzers Coating Vietnam Co., Ltd., Bac Ninh/VN
• Oerlikon Balzers France SAS, Ferrières-en-Brie/FR
• Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiá, SP/BR
• Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR
• Oerlikon Eldim (NL) B.V., Lomm/NL
• Oerlikon Eldim (HU) Kft., Debrecen/HU
• Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT
• Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA
• Oerlikon Metco (UK) Ltd., Cwmbran/GB
• Oerlikon Metco (Singapore) Pte. Ltd., Singapore/SG
• Zigong Golden China Speciality Carbides Co. Ltd., Zigong/CN
• Oerlikon Metco AG, Wohlen, Wohlen/CH
• Oerlikon Metco Australia Pty Ltd., Bella Vista, NSW/AU
• Oerlikon Neomet Ltd., Stockport/GB
• Oerlikon Japan Co., Ltd., Hiratsuka/JP
• Oerlikon Serbia doo Kragujevac, Kragujevac/RS
• SAS COEURDOR, Maiche (Belfort)/FR
• Cubimatéria Polimentos Unipessoal Lda, Fundão/Castelo Branco/PT
• FIR. Parts S.r.l. in liquidazione, Milan/IT
• Mercurio S.r.l. in liquidazione, Milan/IT
• FCM S.p.A., Campi Bisenzio (FI)/IT
• Zip Invest AG, Mendrisio/CH
• Zip Holding AG, Mendrisio/CH
• RIRI SA, Mendrisio/CH
• AMOM S.p.A., Badia al Pino/IT
• Cobra Tunisie Int. Sarl. In liq., Sousse/TN
• D.M.C. Srl, Scarperia e San Pietro a Sieve/IT
• Riri Co. Ltd., Shanghai/CN
• Riri France SASU, Paris/FR
• SPM Pressofusione S.r.l., Palazzolo sull'Oglio/IT
–Oerlikon USA Holding Inc., Wilmington, DE/US
• Oerlikon AM US Inc., Wilmington, DE/US
• Oerlikon Balzers Coating USA Inc., Wilmington, DE/US
• Oerlikon Metco (US) Inc., Westbury NY/US
• Oerlikon Friction Systems (US) Inc., Dayton OH/US
• Oerlikon HRSflow Inc. LLC., Byron Center, MI/US
• Oerlikon Management USA Inc., Pittsburgh, PA/US
• Oerlikon Textile Inc., Charlotte, NC/US
• Riri USA Inc., New York/US
–Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE

## Glossary

### General

AGM	Annual General Meeting of Shareholders
CAGR	Compound Annual Growth Rate is an annual growth rate over a period of years, where each year's growth is included in the following year to generate further growth.
CAPEX	"Capital expenditure are funds used by a company to acquire, upgrade and maintain physical assets such as property, industrial buildings or equipment."
DEI	DEI stands for diversity, equity and inclusion. Diversity is the presence of differences within a given setting. Equity is the process of ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual. Inclusion is the practice of ensuring that people feel a sense of belonging in the workplace.
EBIT(DA)	Earnings before interest and tax (depreciation and amortization)
ESG	Environmental, Social and Corporate Governance, factors to measure the sustainability and societal impact of a company.
FTE	Full time equivalent; indicates the workload of an employed person. An FTE of 1.0 is equivalent to a full-time worker.
IIoT	The Industrial Internet of Things connects and synchronizes systems and devices with computers' industrial applications, enabling intelligent industrial operations using advanced data analytics.
KPI	Key performance indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives.
LTA	Lost time accident; accident causing an absence of personnel for one or more days or shifts.
OEM	Original Equipment Manufacturer
PMI	Post merger integration is a process of combining and rearranging businesses to materialize potential efficiencies and synergies that usually motivate mergers and acquisitions.
ROCE	Return on capital employed is a ratio used as a measurement between earnings and the amount invested into a project or company.
Scope 3	Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.
SMI	Swiss Market Index: Switzerland's blue-chip stock market index. It is made up of 20 of the largest and most liquid Swiss Performance Index (SPI) large- and mid-cap stocks.
SMIM	Swiss Market Index Mid: consists of 30 biggest mid-cap Swiss companies which are not already covered in the SMI.
"STOXX Europe 600 Auto & Parts EUR"	"STOXX Europe 600 Automobiles & Parts; a version of the STOXX Europe 600, a stock index of European stocks designed by STOXX Ltd with a fix number of 600 components"
"STOXX Europe 600 IndGd & Ser EUR"	"STOXX Europe 600 Industrial Goods & Services; a version of the STOXX Europe 600, a stock index of European stocks designed by STOXX Ltd with a fix number of 600 components"
TAFR	Total Accident Frequency Rate

### Surface Solutions Division

AM	Additive manufacturing: A manufacturing process to create three-dimensional (3D) solid objects by laying down a series of layers in succession ("3D printing"). Different metals, plastics and composites are available as materials.
BALINIT ALCRONA PRO	BALINIT ALCRONA PRO is a top level allround coating for cutting, punching and die casting tools.
BALINIT DLC STAR	BALINIT DLC STAR is a modified diamond-like carbon (DLC) coating with Superior Tribological ARrangement (STAR). It features enhanced load bearing capacity, with even higher tribological performance than BALINIT C, BALINIT C STAR and BALINIT DLC.
BALINIT MAYURA	BALINIT MAYURA is the next generation of carbon-based tool coatings for processing non-ferrous materials. It is harder and smoother than previous coatings, which minimizes material adhesion, and it is extremely thin, which keeps cutting edges sharp.
BALINIT MOLDENA	BALINIT MOLDENA is a coating for injection molding and extrusion of abrasive materials such as GFRPs, also ideal for injection molding corrosive materials such as fully recycled materials or those with a high flame-retardant content.
BALIQ ANTOS	BALIQ ANTOS is a coating based on the pioneering S3p technology. It consists of an AlCrN base coating with excellent wear resistance that offers high performance, especially when tapping stainless steel. The WC/C top coating provides exceptional friction and lubrication properties with high temperature resistance.
BALIQ TISINOS PRO	BALIQ TISINOS PRO is a AlTiSiN coating, especially suitable for micro cutting tools, based on the advanced S3p technology. Its increased toughness and wear resistance make it the coating of choice for hard machining up to HRC 70.
BALITHERM PRIMEFORM	A surface treatment to improve demolding, optimize process reliability and enhance component quality of large-sized plastic injection molds as they are used in the automotive, furniture, packaging and medical technologies industries. Up to a 60% increase in productivity can be realized with this treatment.
Data Matrix Code (DMC)	2-dimensional Data Matrix Codes (DMC) allow each tool to be uniquely identified throughout its service life to optimize processes.
FCEV	Fuel Cell Electric Vehicles; A type of electric vehicle that generates its electricity on-board from a fuel cell, usually using hydrogen as the primary fuel.
HICEV	Hydrogen Internal Combustion Engine Vehicles (HICEVs) use a traditional internal combustion engine, but are modified to burn hydrogen instead of gasoline or diesel. They produce water vapor as the primary exhaust.
HVOF	High Velocity Oxygen Fuel: A thermal spray process using a mixture of fuel and oxygen, resulting in low porosity, wear and corrosion resistant coatings.
Manganese Cobalt Oxide (MCO)	Manganese Cobalt Oxide (MCO) is a Thermal Spray Powder Product used for electrolyte-based Solid Oxide Fuel cells. Its coefficient of thermal expansion is similar to that of doped zirconia and it exhibits good electrochemical performance above 800 °C.
SOFC	Solid Oxide Fuel Cell; An electrochemical conversion device that produces electricity directly from oxidizing a fuel. Fuel cells are characterized by their electrolyte material; the SOFC has a solid oxide or ceramic electrolyte.

## Polymer Processing Solutions Division

BCF	Bulked Continuous Filament is yarn used primarily for carpet production, usually polypropylene or polyester.
BoPET	“Biaxially Oriented Polyethylene Terephthalate; A type of polyester film with robust tensile strength and stable chemical and dimensional properties. It is widely used in packaging and electrical applications such as insulation for cables and electrical components due to its excellent electrical insulation properties.”
BOPP	Biaxially-Oriented Polypropylene; A type of film, typically utilized in packaging for food and beverages, medical products, and personal care items.
DTY	“Drawn Textured Yarn is a type of polyester filament yarn produced by processing partially oriented yarn (POY) through a texturing process. This process disperses, curls and entangles the filaments composing the POY yarn, which gives DTY a fluffy appearance and gives it the properties of both natural and synthetic fiber.”
EvoSteam	A new polyester staple fiber process EvoSteam from Oerlikon Neumag. The process dispenses with liquid baths, thus generating significant savings in terms of water, energy and finishes.
FDY	Fully Drawn Yarn is a type of highly drawn polyester filament yarn that can be used to produce high strength fabrics and textiles. FDY is typically used to produce fabrics and textiles for high-end undergarments, high-end sportswear and home furnishings.
Geotextile	Extremely tear resistant and often simultaneously very extensible spunbond solution used in a layer to protect or hold in place soil, water, small pieces of stone. Geotextiles can also be made out of Industrial Yarn (IDY).
HRScool Evo	Actuator designed for thermal insulation optimization, it avoids cooling for the most common automotive applications.
hycuTEC	Hydro-charging solution from Oerlikon Nonwoven that enables the filter efficiency to be increased to more than 99.99%. As a result, it offers meltblown producers considerable material savings with simultaneously improved filtration.
LITEflow	Developed to offer cost effective hot runner systems from Oerlikon HRSflow, with smart design, good quality and performance.
Meltblown	Meltblown is a process in which non-woven fabrics are produced directly from granules. A special spinning process combined with high-speed hot air is used to produce fine-fiber fabrics with different structures.
Nonwoven	A nonwoven fabric is a structure made of fibers of limited length, continuous fibers (filaments) or chopped yarns of any kind that have been bonded together.
PET	Polyethylene terephthalate (PET) is a thermoplastic from the polyester family produced by polycondensation.
Polymer	A polymer is a chemical substance consisting of macromolecules. Synthetic or semi-synthetic polymers are the main components for the production of plastics.
POY	Partially oriented yarn is produced from the melt of the continuous polycondensation or by extrusion of polyester chips or flakes (melt spinning).
PSF	Polyester Staple Fiber (PSF) is a synthetic fiber derived from petroleum-based products, typically created by spinning polyester. It's widely used in the textile industry for making fabrics due to its durability, wrinkle resistance, and quick-drying properties.
WINGS	Winding Integrated Godet Solution is a family of winder technology Oerlikon Barmag.

This annual report is only available in English and is the binding version.

## Disclaimer and cautionary statements

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