

Financial Report 2023



Financial Report

Consolidated Financial Statements of Siegfried Holding AG	03
Key Figures Overview	03
Financial Commentary 2023	04
Consolidated Balance Sheet	06
Consolidated Income Statement	07
Consolidated Statement of Cash Flows	08
Consolidated Statement of Changes in Equity	09
Notes to the Consolidated Financial Statements	10
Report of the Statutory Auditor	34
Financial Statements of Siegfried Holding AG	37
Balance Sheet of Siegfried Holding AG	38
Income Statement of Siegfried Holding AG	39
Notes to the Financial Statements of Siegfried Holding AG	39
Proposal of the Board of Directors regarding the Repayment of Par Value from Share Capital	45
Report of the Statutory Auditor	46
Information for Investors	48
Key Figures Overview 2019–2023, Consolidated Figures	48
Core Results	49
Stock Market Data	51
Share Price Development	51
About this Annual Report	52



This is an excerpt of Siegfried's Annual Report 2023.
All chapters can be found on our Investor Relations portal:
www.siegfried.ch/investors/reports

Key Figures Overview

	2023	2022	Change CHF (LC)
Net sales (million CHF)	1 271.5	1 229.5	+3.4% (+6.3%)
Core gross profit (million CHF)	320.4	318.9	0.5%
Core gross profit margin (%)	25.2%	25.9%	
Core results ¹			
Core EBITDA (million CHF)	273.3	272.5	0.3%
Core EBITDA margin (%)	21.5%	22.2%	
Core EBIT (operating result) (million CHF)	191.9	190.8	0.6%
Core EBIT margin (%)	15.1%	15.5%	
Core net profit (million CHF)	128.1	127.8	0.3%
Core net profit-margin (%)	10.1%	10.4%	
Non-diluted core earnings per share (CHF)	30.24	30.28	-0.1%
Diluted core earnings per share (CHF)	29.80	29.63	0.6%
Cash flow from operating activities (million CHF)	208.6	142.3	46.6%
Free cash flow (million CHF)	71.8	27.2	163.6%
Investment in property, plant and equipment and intangible assets (million CHF)	137.1	115.2	19.0%
	December 31, 2023	December 31, 2022	Change
Equity (million CHF)	838.1	790.9	6.0%
Total assets (million CHF)	1 861.5	1 793.2	3.8%
Equity ratio (%)	45.0%	44.1%	
Employees (number of FTEs)	3 684	3 564	3.4%

¹ For more information and reconciliation of Swiss GAAP FER to Core results see Financial Report «Investor Information», pages 49–50.

Financial Commentary 2023

Continued strong growth trajectory

In 2023, Siegfried continued its strong growth trajectory and more than offset the phasing out of sizeable vaccines volumes. Net sales increased to CHF 1271.5 million, an increase of 3.4% in CHF. The euro and the US dollar depreciated strongly during the year. The euro, which accounts for 50% of net sales depreciated by 3.3% against the Swiss franc, while the US dollar, accounting for 13% of net sales depreciated by 5.9%. The growth at constant currencies was 6.3%.

Despite continued inflation trends in key cost categories, the underlying business continued to grow profitably. Core gross profit was CHF 320.4 million, and the Core gross profit margin of 25.2% was only slightly below the previous year (25.9%).

Core EBITDA (CHF 273.3 million, +0.3%), Core EBIT (CHF 191.9 million, +0.6%) and Core net profit (CHF 128.1 million, +0.3%) were slightly ahead of the previous year. This was reflected accordingly in the margins: the Core EBITDA margin was 21.5% (previous year: 22.2%), Core EBIT margin was 15.1% (previous year: 15.5%) and Core net profit margin was 10.1% (previous year: 10.4%).

The Core results, excluding extraordinary expenses and income, offer a transparent and straightforward view of Siegfried's operational performance. This approach facilitates a more accurate comparison across different periods.

In 2023, Swiss GAAP FER results were significantly affected by a decrease of interest rates in the euro area, leading to an increase of the pension obligations from foreign pension plans and a technical and non-cash decrease of the operating income. The Core results have been corrected for that effect (CHF 11.9 million). In addition, CHF 3.0 million of interest expenses on these foreign pension plans were reclassified to financial expenses, and CHF 2.1 million of non-recurring restructuring cost enhancing the operational performance on selected sites as well as CHF 1.4 million of transaction cost were adjusted.

Operating expenses under control

Operating expenses are each year affected by extraordinary or non-recurring events; an analysis based on Core figures is appropriate. For 2023, a tight cost control was key. We have continued to invest into our organizational development programs but have offset these expenses by increased efficiency in other areas.

In total, Core operating expenses amounted to CHF 128.5 million in 2023, or 10.10% of net sales, a relative decrease to the pre-

vious year (2022: 10.42%) and a very small increase in absolute terms (2022: CHF 128.1 million).

Core marketing and sales costs were CHF 19.4 million, slightly higher than in the previous year (2022: CHF 18.1 million), growing in proportion to the constant currency net sales growth. For Core research and development, an important client facing function for Siegfried, costs of CHF 43.4 million were incurred, which is about equal to the prior year (2022: CHF 43.2 million). Administration and general costs at Core level amounted to CHF 70.7 million, a decrease in absolute terms (2022: CHF 71.1 million) and in relative terms (2023: 5.56%, 2022: 5.78%).

Other income was slightly higher than the previous year at CHF 5.0 million (2022: CHF 4.3 million).

Higher financial expenses on some, but not all funding layers

Financial expenses were higher than in the previous year at CHF 9.5 million (prior year CHF 7.8 million). The higher interest rate environment did affect funding from the revolving credit facility, but not interest expenses from the senior bonds (CHF 200.0 million) and the two hybrid convertible bonds (total CHF 80.0 million). Foreign exchange differences were significantly higher at CHF 12.8 million (2022: CHF 4.3 million), as a result of the high volatility in the foreign exchange markets, specifically towards year end.

Operating cash flow, free cash flow and cash flow from financing activities

At CHF 208.6 million, the operating cash flow was significantly above the previous year's level (2022: CHF 142.3 million). Compared to last year, we deployed less capital to inventories and trade receivables.

Investments in property, plant and equipment and intangible assets were slightly higher than in the previous year at CHF 137.1 million (2022: CHF 115.2 million). This corresponds to 10.7% of net sales. This results in a free cash flow of CHF 71.8 million, significantly up from the last year (2022: CHF 27.2 million).

In the financing cash flow, the two largest movements were a reduction in the syndicated loan of CHF 65.0 million and the distribution to shareholders of CHF 14.4 million.

Other financial key figures

At year-end, Siegfried had CHF 56.4 million in cash and cash equivalents. Non-current financial liabilities amounted to CHF 445.0 million. Thus, net debt amounted to CHF 388.6 million, resulting in net debt in relation to Core EBITDA of 1.42, down from 1.54 at the end of 2022 and 1.97 at the end of 2021.

The equity ratio was 45.0%. Thus, comparing to last year, the debt capacity of the Siegfried Group has improved again and also the ability to finance further growth steps.

Proposal of par value repayment to the General Assembly

At the Annual General Meeting on April 18, 2024, the Board of Directors will propose to the shareholders to reduce the par value of a share from CHF 14.60 by CHF 3.60 to CHF 11.00 and to distribute the amount of the reduction in par value of CHF 3.60 instead of a dividend.



Dr. Reto Suter
Chief Financial Officer

Consolidated Balance Sheet

In 1000 CHF (as of December 31)	Notes*	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	2	801 070	779 901
Intangible assets	3	43 870	35 853
Investments in associated companies and joint ventures	4	–	–
Financial and other non-current assets		577	591
Employer contribution reserves	18	9 520	9 018
Deferred tax assets	5	23 305	22 950
Total non-current assets		878 342	848 313
Current assets			
Accrued income and prepaid expenses	6	80 717	43 737
Inventories	7	431 938	405 782
Current income taxes		2 927	3 120
Other current assets	8	63 454	62 605
Trade receivables	9	347 357	337 767
Derivative financial instruments	10	145	258
Securities		263	135
Cash and cash equivalents		56 363	91 483
Total current assets		983 164	944 887
Total assets		1 861 505	1 793 200
Liabilities and equity			
Equity			
Share capital	11	65 233	79 776
Treasury shares	12	–105 844	–102 112
Capital reserves		132 356	109 532
Hybrid capital		80 000	80 000
Retained earnings		666 492	623 732
Total equity		838 236	790 928
Minority interests		–103	–
Total equity incl. minority interests		838 133	–
Non-current liabilities			
Non-current financial liabilities	13	445 000	510 000
Non-current provisions	14	25 553	27 884
Deferred tax liabilities	5	20 837	12 579
Other non-current liabilities	15	45 862	52 701
Non-current pension liabilities	18	88 320	81 514
Total non-current liabilities		625 572	684 678
Current liabilities			
Current provisions	14	6 339	10 311
Current pension liabilities	18	419	473
Accrued expenses and deferred income	16	120 500	51 196
Current income tax liabilities		63 162	55 541
Other current liabilities	17	107 873	86 007
Trade payables		98 848	114 065
Derivative financial instruments	10	659	1
Total current liabilities		397 800	317 594
Total liabilities		1 023 372	1 002 272
Total liabilities and equity		1 861 505	1 793 200

* The Notes on pages 10–33 are an integral part of the Group Financial Statements.

Consolidated Income Statement

In 1000 CHF (for the years ended December 31)	Notes*	2023	2022
Net sales	29	1 271 494	1 229 518
Cost of goods sold		-951 086	-910 628
Gross profit		320 408	318 890
Marketing and sales costs		-19 353	-18 124
Research and development costs		-44 503	-43 175
Administration and general overhead costs		-89 470	-31 073
Other operating income	20	4 985	4 259
Income of associated companies		-	-
Operating result		172 068	230 777
Financial income	21	570	57
Financial expenses	21	-9 489	-7 774
Exchange rate differences	21	-12 773	-4 286
Profit before income taxes		150 376	218 774
Income taxes	5	-37 682	-62 284
Net profit incl. minority interests		112 693	156 490
of which attributable to minority shareholders		-81	-
of which attributable to shareholders of Siegfried Holding AG		112 774	156 490
Non-diluted earnings per share (CHF)	23	26.61	37.07
Diluted earnings per share (CHF)	23	26.22	36.28

* The Notes on pages 10–33 are an integral part of the Group Financial Statements.

Consolidated Statement of Cash Flows

In 1000 CHF (for the years ended December 31)	Notes*	2023	2022
Net profit incl. minority interests		112 693	156 490
Depreciation and impairment of PP&E and intangible assets	2,3	81 353	81 748
Change in provisions	14	-1 239	-1 110
Other non-cash items ¹		263	-45 543
Share-based payments	18	9 504	10 342
Exchange rate differences	21	12 773	4 286
Financial income	21	-570	-57
Financial expenses	21	9 489	7 774
Income taxes	5	37 682	62 284
Net result on disposal of property, plant and equipment		50	-67
Cash flow from operating activities before change in NWC		261 998	276 147
Change in net working capital:			
Trade receivables		-17 798	-72 823
Other current assets and accruals		-44 568	-6 459
Inventories		-45 048	-51 462
Trade payables		-11 816	-9 771
Other current liabilities and accruals		97 637	25 265
Payments out of provisions and pension liabilities		-11 410	-8 799
Income taxes paid		-20 387	-9 758
Cash flow from operating activities		208 608	142 340
Purchase of property, plant and equipment	2	-127 441	-103 585
Proceeds from disposal of property, plant and equipment		295	115
Purchase of intangible and other assets	3	-9 653	-11 623
Sale of associated companies	4	-	231
Acquisition of Group companies	22	-10 498	11 155
Investments in financial fixed assets		-	-8
Interest received		429	57
Dividend received		4	3
Cash flow from investing activities		-146 864	-103 655
Free cash flow		71 810	27 246
Capital increase		1 016	1 071
Increase of non-current financial liabilities	13	185 047	475 000
Decrease of non-current financial liabilities	13	-250 047	-445 000
Change in other non-current liabilities		-459	-4 140
Purchase of treasury shares		-6 483	-24 101
Disposal of treasury shares		-	22
Interest paid and bank charges		-9 386	-7 895
Distribution to the shareholders of Siegfried Holding AG		-14 438	-13 535
Cash flow from financing activities		-94 750	-18 578
Net change in cash and cash equivalents		-33 005	20 105
Cash and cash equivalents 1/1/		91 483	72 621
Net effect of exchange rate changes on cash		-2 116	-1 243
Cash and cash equivalents 31/12/		56 363	91 483

* The Notes on pages 10–33 are an integral part of the Group Financial Statements.

¹ Other non-cash effective changes include in prior year mainly the effect of the discount rate change on foreign pension plan obligations and derivative financial instruments.

Consolidated Statement of Changes in Equity

In 1000 CHF	Share capital	Treasury shares	Capital reserves	Hybrid capital	Value fluctuations of financial instruments ¹	Accumulated profits ¹	Offset goodwill / badwill ^{1,2}	Cumulative translation adjustments ¹	Total Siegfried Holding AG shareholders	Total minorities	Total equity
As of January 1, 2022	93 196	-78 696	85 594	80 000	707	726 163	-118 975	-99 773	688 217	-	688 217
Net profit	-	-	-	-	-	156 490	-	-	156 490	-	156 490
Distribution from nominal capital reduction	-14 182	-	-	-	-	647	-	-	-13 535	-	-13 535
Interest on hybrid capital	-	-	-	-	-	-720	-	-	-720	-	-720
Changes in financial instruments	-	-	-	-	-2 242	-	-	-	-2 242	-	-2 242
Employee share plan	-	-	-	-	-	-14 337	-	-	-14 337	-	-14 337
Purchases of treasury shares	-	-24 101	-	-	-	-	-	-	-24 101	-	-24 101
Sale of treasury shares	-	685	-	-	-	384	-	-	1 069	-	1 069
Capital increase	763	-	23 938	-	-	-	-	-	24 701	-	24 701
Allocation goodwill / badwill	-	-	-	-	-	-	1 054	-	1 054	-	1 054
Change in consolidation scope associated companies	-	-	-	-	-	-328	-	-	-328	-	-328
Currency translation differences	-	-	-	-	-	-	-	-25 339	-25 339	-	-25 339
As of December 31, 2022	79 776	-102 112	109 532	80 000	-1 535	868 300	-117 921	-125 112	790 929	-	790 929
As of January 1, 2023	79 776	-102 112	109 532	80 000	-1 535	868 300	-117 921	-125 112	790 929	-	790 929
Net profit	-	-	-	-	-	112 774	-	-	112 774	-81	112 693
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-29	-29
Distribution from nominal capital reduction	-15 191	-	-	-	-	753	-	-	-14 438	-	-14 438
Interest on hybrid capital	-	-	-	-	-	-720	-	-	-720	-	-720
Changes in financial instruments	-	-	-	-	-2 084	-	-	-	-2 084	-	-2 084
Employee share plan	-	-	-	-	-	-16 903	-	-	-16 903	7	-16 896
Purchases of treasury shares	-	-6 483	-	-	-	-	-	-	-6 483	-	-6 483
Sale of treasury shares	-	2 751	-	-	-	1 201	-	-	3 952	-	3 952
Capital increase	648	-	22 824	-	-	-	-	-	23 471	-	23 471
Allocation goodwill / badwill	-	-	-	-	-	-	-6 173	-	-6 173	-	-6 173
Currency translation differences	-	-	-	-	-	-	-	-46 092	-46 092	-	-46 092
As of December 31, 2023	65 233	-105 844	132 356	80 000	-3 618	965 407	-124 094	-171 203	838 236	-103	838 133

¹ In the Consolidated Balance Sheet these items are disclosed as retained earnings.

² For details refer to note 3 Intangible Assets.

Notes to the Consolidated Financial Statements

General Information

Financial Statements

The financial reporting of the Siegfried Group complies with Swiss GAAP FER and the provisions of Swiss law. The Consolidated Financial Statements are based on historical costs, except for the revaluation of specific financial assets and liabilities, such as derivative financial instruments. As described in the following policies, they are valued at actual value or market value, respectively. The Consolidated Financial Statements are prepared on a going concern basis. The Consolidated Financial Statements of the Siegfried Group are presented in Swiss francs and were approved by the Board of Directors on February 15, 2024, for presentation to the General Meeting held on April 18, 2024.

Information about the Group

The Siegfried Group is a worldwide pharmaceutical supplier with production sites in Switzerland, the USA, Malta, China, Germany, France and Spain. Under contract to the pharmaceutical industry Siegfried develops manufacturing processes for active pharmaceutical ingredients and their intermediates and produces them (Drug Substances). The Siegfried Group also produces finished pharmaceutical products (Drug Products). Siegfried Holding AG (head office in Zofingen, AG) is listed on the SIX Swiss Exchange.

Method and Scope of Consolidation

The Consolidated Financial Statements include the financial statements of all Swiss and foreign companies, in which Siegfried Holding AG controls (generally over 50% of the voting interest) directly or indirectly the financial and operating activities. Assets and liabilities, income and expenses are included according to the full consolidation method. Minority interests in the net assets and income of consolidated companies are recorded separately both in the Consolidated Balance Sheet and the Consolidated Income Statement.

Investments in associated companies are accounted for using the equity method. These are companies, over which the Group exercises significant interest, but not control. This is generally the case with a voting rights share of 20% to 50%. Investments in joint ventures are also accounted for using the equity method.

Group companies acquired or disposed of during the reporting period are included in or excluded from the Consolidated Financial Statements from the date of acquisition or disposal. The individual financial statements, on which the Consolidated Financial Statements are based, are drawn up in accordance with accounting principles applied consistently throughout the Group. All intercompany transactions, including receivables and payables, income and expenses, unrealized intercompany profits are eliminated in the consolidation. The annual reporting period for all Group companies ends on December 31.

Alternative Performance Measures

Siegfried uses certain key figures for performance measurement that are not defined by Swiss GAAP FER. As these key figures are not defined according to Swiss GAAP FER, comparability with similar figures from other companies may be limited. The following Alternative Performance Measures (APM) are used:

Gross Profit

Gross profit is calculated as net sales less cost of goods sold.

Cash flow from operating activities before change in NWC

The cash flow from operating activities before changes in the net working capital includes the cash flow from operating activities less changes in net working capital, payments out of provisions and pension liabilities and income taxes paid.

Free cash flow

Free cash flow comprises the cash flow from operating activities plus purchase of as well as proceeds from disposal of property, plant and equipment and of intangible and other assets.

Information on the Core results can be found on pages 49 to 50.

Accounting Principles

Business Combinations

Acquisitions of subsidiary companies are reported according to the purchase method. The goodwill or badwill from business combinations corresponds to the difference between the purchase price including acquisition costs and the proportional actual value of the net identifiable assets of the acquired company at the time of the purchase. Potentially existing non-capitalized intangible assets such as brands, user rights or client lists are not recognized separately in the context of acquisitions, but remain in goodwill.

Purchased goodwill and badwill is eliminated against equity. If the initial accounting for a business combination is incomplete by the end of the reporting period, in which the combination occurred, the combination is accounted for using provisional amounts. Adjustment of the provisional amounts and the recognition of additionally identified assets and liabilities must be undertaken within the mea-

surement period, if new information about facts and circumstances is obtained that existed at the acquisition date.

Segment Reporting

The Siegfried Group consists of one "reportable segment". The decision takers measure the performance of the company based on the financial information at the level of the Siegfried Group as a whole.

Foreign Currency Translation

The positions of the individual financial statements are valued on a functional currency basis. The Consolidated Financial Statements are denominated in Swiss francs. The functional currency of the Group companies is the respective local currency. Balance Sheets stated in foreign currencies are translated at the year-end exchange rates, the corresponding Income Statements at the average annual exchange rates, which should not differ significantly from the exchange rates prevailing on the transaction dates. The exchange rate differences arising from the translation of the Financial Statements are recognized directly in the Consolidated Equity. Exchange rate differences arising on intercompany loans that, in substance, form part of the net investment in that subsidiary, are also recognized in equity. Intercompany loans are regarded as part of a net investment in a subsidiary, if the settlement of these loans is neither planned nor likely to occur in the foreseeable future. All other exchange rate differences are included in the Income Statement.

The exchange rates applied to the Group's most important foreign currencies are as follows:

Balance Sheet

Year-end rates	2023	2022
1 USD	0.838	0.923
1 EUR	0.926	0.985
100 CNY	11.795	13.382

Income Statement

Average rates	2023	2022
1 USD	0.899	0.955
1 EUR	0.972	1.005
100 CNY	12.703	14.203

Property, Plant and Equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation. Land is not depreciated. Depreciation is charged on a straight-line basis over the following estimated useful life of the assets:

Buildings and leasehold improvements	10–30 years
Machinery and equipment	5–15 years
Vehicles	5–10 years
IT-Hardware	3–5 years

If parts of a fixed asset have different useful lives, they are recognized and depreciated as separate assets. The useful lives of assets are evaluated at least once a year at the reporting date and, if necessary, amended. Property, plant and equipment are excluded from the Balance Sheet upon retirement, or when no value in use can be expected. Maintenance and repair costs are recognized in the Income Statement. Subsequent purchase and production costs are capitalized, only if a future economic benefit is expected and the costs of the asset can be reliably determined.

Leasing

Leased property, plant and equipment for which the significant risks and rewards are transferred to the Group are disclosed as Financial Leases respectively as asset and liability. All other lease agreements are classified as Operating Leases. Leasing liabilities from Operating Leases, which cannot be terminated within one year, are disclosed in the Notes to the Consolidated Financial Statements. Currently the Siegfried Group has entered only into Operating Leases and no Financial Leases.

Intangible Assets

Intangible assets consist of licenses, patents, trademarks, software and land use rights in China. If there are indications of impairment, intangible assets are tested for recoverability. Intangible assets are accounted for at cost of acquisition or of production plus costs of placing it in a usable condition less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the estimated useful life. All intangible assets are amortized over the shorter of their following legal and economic lives:

Land use rights China	50 years
Licenses, patents and trademarks	The shorter of economic or legal life, as a rule 5–20 years
Software	3–5 years

Impairment of Non-Financial Non-Current Assets and Intangible Assets

An assessment whether the value of non-financial non-current assets (PPE) and intangible assets with finite useful life may be impaired is undertaken if as a result of events or changed circumstances it appears possible that the carrying amounts are not recoverable. If the carrying amount exceeds the recoverable amount, then an impairment is recorded to this amount. The recoverable amount is the higher of the asset's net recoverable value and the value in use. When an impairment loss arises the useful life of the asset in question is reviewed and, if necessary, the future depreciation charge is accelerated.

An impairment loss recognized in a previous period should be partially or fully reversed if the factors determining the recoverable amount improved significantly. In such cases, the new carrying amount is the lower of the new determined recoverable amount and the carrying amount less depreciation as if an impairment loss had never been recognized. The reversal of an impairment is recognised in the operating result.

Securities / Financial Assets

Securities are a part of the current assets and are valued at actual values. If no actual value is available the securities are valued at acquisition cost less any impairment. Financial assets are carried at acquisition cost less impairment, if any.

Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods and trading goods. Raw materials are measured at the lower of acquisition or production cost and net recoverable value. Acquisition or production cost are measured using the moving weighted average price method. Production costs comprise all manufacturing costs including an appropriate share of production overheads. They are measured at standard costs. Appropriate valuation allowances are made for obsolete and slow-moving inventory items as well as for Q-blocked goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Settlement discounts are treated as reductions in the purchase price.

Trade Receivables

Trade receivables are included initially at nominal value and subsequently at net realizable value; this is equal to the amounts invoiced after deducting allowances for doubtful accounts. Indications for possible impairment are given if the payment is delayed, the customer is experiencing financial difficulties, or recapitalization or bankruptcy is likely. Allowances for doubtful accounts are established based on the difference between the net present value of the nominal amount of the receivables and the estimated net collectible amount. The expected loss is recognized in the Income Statement in the line item "marketing and sales". When a trade receivable

becomes uncollectible, it is derecognized against the allowance for doubtful accounts.

Other Receivables

This caption includes mainly VAT receivables and other receivables. They are recorded at net realizable value.

Accrued Income and Prepaid Expenses

Accrued income is valued at nominal value and contains payments made for the following financial year and accrued income which will be received in the next period.

Cash and Cash Equivalents

Cash consists of cash, balances held in bank accounts and short-term deposits with a maturity of three months or less from the reporting date and are carried at current value. Cash is the defined fund of the Consolidated Cash Flow Statement.

Equity / Treasury Shares

A purchase of treasury shares by a Group company, including all costs, is recorded against equity, until the shares are redeemed, reissued, or sold. If treasury shares are issued or sold at a later date, the net consideration less directly attributable transaction costs and income taxes is recorded in equity.

Equity / Hybrid Bonds

The hybrid bonds are subordinated bonds with an infinite duration. Siegfried Holding AG can suspend the payment of interest if the business is achieving negative results. The hybrid bonds have a first call date after five years. If this is not exercised, the interest to be paid increases (step up). The privately placed hybrid bond has an optional conversion right to shares in Siegfried Holding AG. The hybrid bonds are classified as equity and interest payments thereon are treated as reductions in equity.

Financial Liabilities

All financial liabilities are recorded under current or non-current financial liabilities. The non-current financial liabilities include all liabilities with a residual duration of more than one year. The current financial liabilities include all liabilities with a duration of less than one year, including the current portion of non-current liabilities. If at the reporting date there is a binding commitment to extend a maturing loan, it is classified according to the new duration.

Other Liabilities

Other liabilities are valued at nominal value and contain mainly VAT liabilities and personnel commitments.

Accrued Expenses and Deferred Income

Accrued expenses are valued at nominal value and contain mainly payments which are due in the following financial year but should be expensed in the current financial year and accrued revenue.

Provisions

Provisions are recorded if, as a result of a past event, there is a justified probable obligation, the amount and/or due date of which is uncertain but can reasonably be estimated. The calculation of the provision is based on the estimate of the cash outflow to settle the obligation. If time is a significant factor, the amount of the provision is discounted.

Employee Benefits

Pension Plans

The Group operates various employee benefit plans in and outside Switzerland for employees who satisfy the participation criteria. The pension benefits paid are governed by the legal requirements in the respective countries. The employees of the Swiss companies in the Siegfried Group are insured in its own pension fund, the Pensionskasse Siegfried, Zofingen, legally autonomous foundation. The pension fund is financed by employee and employer contributions. In addition, there is an affiliation to a collective foundation. Abroad, there are separate pension solutions in Germany for Siegfried PharmaChemikalien Minden GmbH, in France for Siegfried St. Vulbas SAS, in Spain for Siegfried Barbera, S.L. and Siegfried El Masnou, S.A. as well as for the companies in the USA.

The effective economic effects of all Group pension plans are calculated annually at the reporting date and the resulting liability or economic benefit is recognized in the Balance Sheet. Pursuant to Swiss GAAP FER 16, economic liabilities and benefits of Swiss pension plans are determined on the basis of accounts drawn up in accordance with Swiss GAAP FER 26. For the valuation of foreign pension obligations, actuarial reports are obtained that are based on dynamic models in line with the international accounting standards.

Employer contribution reserves are recognized as assets, provided they are not covered by a waiver of use. Changes in value of employer contribution reserves or liabilities are recognized as personnel expenses.

Share-Based Payments

For the members of management a Long Term Incentive Plan (LTIP) exists. At the beginning of a vesting period of three-years the plan participants acquire a defined number of Performance Share Units (PSU). The valuation of the PSU is undertaken by an external company, which is specialized in the valuation of option and equity plans. The expenses are recognized as personnel expenses on an equal basis over the vesting period. After the three-year vesting period the plan participants are allocated between 0 and 2 or between 0 and 1.5 shares per acquired PSU.

Further an Employee Share Purchase Plan exists that allows employees, which can not participate in the LTIP, to buy shares at a discounted rate of 30% below market value. The share plan is considered an equity-settled share-based payment plan. The fair value of the shares corresponds to the fair value at grant date. Costs for the employee share plan are recorded as personnel expenses in the period in which the employee performed his/her services. The costs for the shares are adjusted to fair value on the grant date and also recorded as personnel expenses.

Furthermore, there is a new Share Matching Plan (SMP) in place, allowing employees to purchase Siegfried shares at their own cost and, in return, qualify for an equivalent number of shares once the initially purchased shares have been restricted for a period of three years.

Siegfried acquired three BASF sites in 2015. BASF operated an employee share purchase plan, under the terms of which employees were able to acquire rights to future bonus shares by purchase with their own funds. In order to be able to offer the employees suitable compensation for the future rights existing at the date of the sale, a share plan limited to ten years was launched, under which the employees will receive Siegfried shares free of charge in the years 2016–2025.

Profit Sharing / Bonus Plans

The Group operates a Short Term Incentive Plan (STIP), which is compensated annually in cash. These bonus entitlements in cash are recognized on an accrual basis as a liability and expense, if there is a contractual commitment or past business practice that constitutes a de facto commitment. The amount of the performance-based remuneration paid under the STIP is linked to the achievement of corporate, functional and individual targets. At the end of the one-year performance period it is determined whether the corporate, functional and individual goals have been achieved. The achievement scale for the corporate targets stretches from 0% to a maximum of 200%, for functional and individual targets from 0% to a maximum of 150%.

Taxes

The tax expense for the period comprises current and deferred taxes. Current income taxes are calculated on the basis of the taxable result and the tax rate applicable locally. Provisions are made for deferred taxes on all temporary differences between amounts determined for tax purposes and those reported for Group accounting purposes at the actual local tax rates likely to be applied. Deferred tax assets arising from temporary timing differences and tax loss carryforwards are recognized if it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. Management analyzes on an annual basis the financial situation and the expected profits of the concerned companies. Changes in deferred taxes are recognized against net profit unless the tax relates to an item recognized directly in equity. No provisions are made for deferred income taxes on potential future dividends out of retained earnings, as these sums are deemed permanently reinvested.

Net Sales, Services and Long-Term Contracts

Net sales represent amounts received and receivable for goods and services supplied to customers after deducting discounts and volume rebates and excluding sales and value-added taxes. Revenue from the sale of goods is recognized when the benefits and risks as well as the authority of ownership have passed to the buyer. Income from services is recognized on an accrual basis in accordance with the underlying service agreements.

Development projects and other long-term projects are recognized in accordance with Swiss GAAP FER 22 as long-term contracts. If all the conditions for the application of the PoCM are fulfilled, revenues and profit are realized in line with the progress of the contract; otherwise they are realized on completion of the contract (CCM – Completed Contract Method). The degree of completion is determined using the cost-to-cost method.

Cost of Goods Sold

The production costs of the goods sold and services rendered include the direct production costs and the production overheads.

Other Operating Income

The other operating income includes gains on the sale of fixed assets and income from activities that are not part of the Siegfried Group's core business.

Research and Development

Research and development costs include wages and salaries, development costs, costs of materials and overheads and are directly expensed.

Dividends

Dividends to shareholders are recorded as liabilities at the time the resolution to pay a dividend is made.

Government Grants

In connection with investment projects some subsidiary companies in the Siegfried Group receive government grants. Government grants are recognized at fair value, only if there is a high probability that the conditions will be met. The grants are recognized in income in the periods, in which the company recognises the related expenses. If the government grants relate to fixed assets, they are deducted in determining the carrying amount of the fixed assets. The grant is recognized as reduced depreciation over the useful life of the depreciable fixed assets.

Transactions with Related Parties

Transactions with related parties are defined as a business relationship with shareholders of the Group, with companies which are

fully consolidated and other related parties as defined under Swiss GAAP FER 15.

Commitments and Contingencies

The operations of the Group companies continue to be exposed to risks from political, legal, fiscal and regulatory developments, including those related to environmental protection. The nature and frequency of these developments and events, which are not covered by any insurance, are not predictable. Possible obligations that are dependent on future events are disclosed as contingent liabilities.

Company-wide Risk Management

The company-wide risk management is based on the ISO 31000 standard for risk management and is adjusted to the specific situation of the Siegfried Group. The risk management concept is assessed annually and, if necessary, adjusted and improved.

Core Targets of Company-Wide Risk Management

With this risk management concept, a well-established risk culture firmly anchored in the company, and clearly defined risk processes, we strive to increase transparency about the risks in the company, which allows us to avoid, transfer or, if worthwhile, carry risks.

Identification, Evaluation and Management

A risk register is used to assess and classify risks according to strategic, operational, financial and external effects. There is also an estimate of the likelihood of occurrence with the possible financial consequences. From this, the measures for the management of the identified risks are derived and also evaluated. The Corporate Risk Committee monitors the aggregated risks for compliance with internal guidelines and processes and is in regular contact with the respective risk managers. The consolidated risk assessment is submitted to the Executive Committee, the Audit Committee and the Board of Directors for review. Reporting is accelerated in the event of new or changing risks.

At its strategy meeting on July 5 to 8, 2023, the Board of Directors considered in depth the strategic projects and their inherent risks. When there were significant changes, it also requested relevant information at other meetings about risks associated with strategic projects and approved the implementation of any required actions. Operating risks were discussed and assessed by the Board of Directors at its regular meetings. The most important operational risks per area were defined on November 23, 2023.

The Annual Report on the Internal Control System, including its assessment, was also approved at the meeting on November 23, 2023. The risk management and the ICS reports were also pre-discussed in the Audit Committee on November 20, 2023.

Financial Risk Management

Financial risk management within Siegfried Group is governed by policies and guidelines approved by Management. These policies cover foreign exchange risk, interest rate risk, market risk, credit risk and liquidity risk. Group policies also cover the investment of excess funds and the raising of debts. Both the investment of excess funds and the raising of current and non-current debts are centralized. Risk management strives to minimize the potential negative effects on the Group's financial position.

Market Risks

Siegfried is exposed to market risks which consist mainly of foreign exchange risk, interest rate risk and market value risk.

Foreign Exchange Risks

Siegfried operates across the world and is therefore exposed to movements in foreign currencies affecting its reporting in Swiss francs. Foreign exchange risks arise on business transactions that are not conducted in the Group's functional currency. Siegfried continues to monitor its currency exposures. The Group seeks to reduce the foreign exchange risk with natural hedges. If necessary, the Group will also take forward contracts, swaps or currency options into consideration.

The Siegfried Group is principally exposed to currency risk with respect to the USD and the EUR and to a lesser extent the CNY.

Interest Rate Risks

Interest rate risks arise from movements in interest rates, which could have adverse effects on the Group's net profit or financial position. Interest rate movements can result in changes in interest income and expense on interest bearing assets and liabilities. In addition, they can also, as described under the market value risks below, impact specific assets, liabilities and financial instruments. Within the Siegfried Group, interest rate management is centralized.

Market Value Risks

Changes in the market value of financial assets and derivative financial instruments can affect the financial position and net profit of the Group. The Siegfried Group does not hold financial investments for speculative purposes. Non-current financial investments, such as investments in subsidiaries, are held for strategic reasons. Risks of loss in value are minimized by thorough analysis before purchase and by continuously monitoring the performance and risks of the investments.

Liquidity Risks

The Group companies need to have sufficient access to cash to meet their obligations. The treasury department manages the raising of current and non-current debt centrally. Cash flow forecasting is performed by the operating entities of the Group and aggregated and monitored by Group Treasury.

Credit Risks / Counterparty Risks

Credit risks arise from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations, causing a financial loss to Siegfried. Trade receivables are subject to active risk management focusing on the monitoring and controlling of risks.

The credit risks on other financial assets are limited by the policy of restricting them to institutional partners. Where possible, the latter are controlled by an ongoing review of the classification of their creditworthiness and the limitation of aggregated individual risks. In addition, the investment of liquid funds with a single credit institution is limited.

Capital Risk

The capital of the Siegfried Group is managed with a view to ensuring the continuation of operations, to earning an adequate yield for the shareholders and to optimizing the capital structure in order to reduce the cost of capital.

The Siegfried Group monitors its capital structure by reference to the net debt ratio and the equity ratio. The net debt ratio is defined as net debt (cash balances less bank borrowings) divided by EBITDA (operating result plus depreciation of property, plant and equipment and impairment of intangible assets). The equity ratio is defined as equity divided by total assets.

Derivative Financial Instruments

To manage currency and interest rate exposure, Siegfried may use forward exchange contracts as well as interest rate and currency swaps or put options. Derivatives used to hedge changes in value of an existing underlying transaction are recognized applying the same valuation principles that are applied to the underlying hedged transaction. A derivative is derecognized as soon as it matures (or an early option is exercised) or as soon as, following a sale or default by the counterparty, no further claim on future payments exists.

Estimates, Assumptions and Accounting Judgments

The compilation of Consolidated Financial Statements in accordance with Swiss GAAP FER requires estimates, assumptions and accounting judgments. The most important forward looking assumptions, from which a substantial risk may arise that could lead to a material adjustment to assets and liabilities within a year, are outlined on the following page.

Receivables

Receivables are initially recorded at nominal value and subsequently adjusted to net realizable value by deducting allowances for doubtful accounts. Indicators for impairment include delayed payments, customer financial difficulties, or potential recapitalization or bankruptcy. Allowances are established to cover collectability risks, determined through a direct analysis of outstanding receivables, considering both individual doubtful accounts and general allowances for overdue receivables.

Inventory

Appropriate valuation allowances are set for obsolete or slow-moving inventory, including Q-blocked goods. Following Group guidelines, inventories at risk of obsolescence or slow turnover are regularly evaluated and potentially written down to their net realizable value. This value is based on the estimated selling price, less applicable variable selling expenses, with considerations for past experience, future demand, and product life cycle.

Impairment Test of Non-Financial Non-Current Assets

In compliance with the above accounting principles the recoverability of the net assets is tested if there is any indication of impairment. The recoverable amount of the cash-generating unit is calculated using the Discounted Cash Flow method, based on approved mid-range plans. These calculations require management to make forward looking assumptions and estimates.

In the year under review, no indications were found that would impair the fair value of the net book values.

Deferred Tax Assets

Deferred tax benefits from unused tax losses and deductible temporary differences are considered to the extent to which it is probable that future profits will be earned, against which they can be used. Management assesses the capitalization of deferred tax assets on tax losses and tax credits on an annual basis based on the taxable profits expected for the next 5 years. The tax rates are based on the effective and expected tax rates applicable for the relevant companies.

Environmental Provisions

Provisions relate to obligations to eliminate environmental pollution. Future decontamination costs depend on the regulatory status and management decisions on future construction projects. Depending on the nature and scope of the construction projects realized, the obligation to eliminate detrimental effects on the environment is increased or reduced. The environmental provision would as a consequence be higher or lower (see note 14).

Restructuring Provision

The provision relates to restructuring measures and expected costs in connection with the decision to reorganise business activities. These estimates are based on the best knowledge and belief of the Executive Committee about the Group's current and future activities.

Pension obligations for foreign pension plans

Foreign pension obligations are valued by means of external actuarial reports, unless they are contribution plans. The parameters on which the actuarial report is based, such as discount rate, pension adjustment, increase in income and others, are subject to a certain degree of judgement, as bandwidths exist. The management can define respectively adjust these parameters within these bandwidths.

Hybrid capital

The hybrid bonds comprise elements of both equity and liabilities. The hybrid bonds are subordinated bonds with an infinite maturity and interest payments can be suspended. The privately placed hybrid bonds have an optional conversion right into shares of Siegfried Holding AG. Based on the above criteria, the hybrid bonds are classified as equity and interest payments thereon are treated as a reductions in equity.

1. Scope of Consolidation

The consolidation includes the following companies:

Group companies	in LC	Participation	Share capital 2023	Share capital 2022
Operating				
Alliance Medical Products Inc., Irvine (USA)	USD	100.00%	116 521	116 521
Siegfried AG, Zofingen (Switzerland)	CHF	100.00%	20 000 000	20 000 000
Siegfried Evionnaz SA, Evionnaz (Switzerland)	CHF	100.00%	1 000 000	1 000 000
Siegfried Hameln GmbH, Hameln (Germany)	EUR	100.00%	750 500	750 500
Siegfried Malta Ltd., Valletta (Malta)	EUR	100.00%	100 000	100 000
Siegfried (Nantong) Pharmaceuticals Co. Ltd., Nantong (China)	CNY	100.00%	422 296 722	422 296 722
Siegfried PharmaChemikalien Minden GmbH, Minden (Germany)	EUR	100.00%	50 000	50 000
Siegfried St. Vulbas SAS, Saint Vulbas (France)	EUR	100.00%	15 200 000	15 200 000
Siegfried USA, LLC, Pennsville (USA)	USD	100.00%	500 000	500 000
Siegfried Barbera S.L., Barberà del Vallès (Spain)	EUR	100.00%	503 000	503 000
Siegfried El Masnou, S.A., El Masnou (Spain)	EUR	100.00%	10 099 778	10 099 778
SIEGFRIED DiNAMIQS AG, Schlieren (Switzerland)	CHF	95.00%	500 000	–
Finance and administration				
Siegfried Deutschland Holding GmbH, Hameln (Germany)	EUR	100.00%	1 790 000	1 790 000
Siegfried Deutschland Real Estate GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hameln Real Estate GmbH + Co. KG, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Holding AG, Zofingen (Switzerland)	CHF	100.00%	65 232 800	79 776 000
Siegfried Hong Kong Ltd., Hong Kong (China)	HKD	100.00%	1 000	1 000
Siegfried USA Holding Inc., Pennsville (USA)	USD	100.00%	3 000	3 000
Siegfried Pharmaceutical UK Ltd., London (UK)	GBP	100.00%	1	–
Joint venture				
Alpine Dragon Pharmaceuticals Ltd., Huangyang, Gansu Province (China)	CNY	0.00%	–	–

The share in Alpine Dragon Pharmaceuticals Ltd., Huangyang was sold as of September 30, 2022.

SIEGFRIED DiNAMIQS AG in Schlieren (Switzerland) was acquired on 4 May 2023.

Siegfried Pharmaceutical UK Ltd. based in London (UK) was founded on 12 May 2023.

All fully consolidated investments are wholly owned at 100% by the Group, except for SIEGFRIED DiNAMIQS AG, which represent a 95% interest.

2. Property, Plant and Equipment

In 1000 CHF	Land	Buildings and leasehold improvements	Machinery and equipment	Assets under construction	Total
Acquisition costs					
As of January 1, 2022	46 625	418 943	1 306 087	121 504	1 893 158
Translation differences	-1 195	-9 990	-33 024	-3 386	-47 595
Additions ¹	68	1 521	9 959	99 510	111 058
Disposals	-	-398	-9 682	-	-10 080
Reclassifications	-	3 652	50 529	-54 655	-474
As of December 31, 2022	45 498	413 728	1 323 869	162 973	1 946 067
Translation differences	-1 511	-18 853	-59 356	-7 120	-86 840
Change in scope of consolidation	-	1 484	6 929	-	8 413
Additions	543	1 597	28 579	98 452	129 171
Disposals	-	-2 504	-15 262	-	-17 766
Reclassifications	-	26 074	42 909	-69 022	-39
As of December 31, 2023	44 530	421 526	1 327 669	185 283	1 979 007
Accumulated depreciation and impairments					
As of January 1, 2022	-	229 698	892 737	-	1 122 435
Translation differences	-	-5 072	-21 440	-	-26 512
Depreciation charge	-	13 921	66 308	-	80 229
Disposals	-	-397	-9 590	-	-9 987
As of December 31, 2022	-	238 150	928 015	-	1 166 165
Translation differences	-	-10 570	-40 474	-	-51 044
Depreciation charge	-	15 523	64 713	-	80 235
Disposals	-	-2 482	-14 939	-	-17 421
Reclassifications	-	3 417	-3 417	-	-
As of December 31, 2023	-	244 037	933 898	-	1 177 935
Net book value 31/12/2023	44 530	177 489	393 771	185 283	801 070
Net book value 31/12/2022	45 498	175 577	395 854	162 973	779 901

¹ In 2022, CHF 16.0 million had to be reclassified from additions in machinery to additions assets under construction.

At December 31, 2023, Land included CHF 3.1 million (2022: CHF 2.6 million) undeveloped property.

As of December 31, 2023, commitments for the purchase of property, plant and equipment amounted to CHF 28.5 million (2022: CHF 15.4 million).

3. Intangible Assets

In 1000 CHF	Licenses, patents	Trademarks	Software	Others	Software in development	Total
Acquisition costs						
As of January 1, 2022	11 024	6 267	17 306	6 373	18 597	59 567
Translation differences	120	76	-179	-419	-	-402
Additions	-	-	497	22	11 104	11 623
Disposals	-	-	-917	-	-	-917
Reclassification	-	-	475	-	-	475
As of December 31, 2022	11 144	6 343	17 182	5 976	29 701	70 346
Translation differences	-928	-584	-527	-668	-5	-2 712
Additions	-	-	89	395	9 169	9 653
Disposals	-	-	-239	-	-	-239
Reclassification	-	-	19 952	5	-19 918	39
As of December 31, 2023	10 216	5 759	36 457	5 708	18 947	77 087
Accumulated amortization and impairments						
As of January 1, 2022	9 830	6 094	16 004	2 068	-	33 996
Translation differences	92	73	-133	-138	-	-106
Amortization charge	416	34	849	220	-	1 519
Disposals	-	-	-917	-	-	-917
As of December 31, 2022	10 338	6 201	15 803	2 150	-	34 492
Translation differences	-880	-574	-478	-222	-	-2 154
Amortization charge	392	32	582	112	-	1 118
Disposals	-	-	-239	-	-	-239
As of December 31, 2023	9 850	5 659	15 668	2 040	-	33 217
Net book value 31/12/2023	366	100	20 789	3 668	18 947	43 870
Net book value 31/12/2022	806	142	1 379	3 826	29 701	35 853

The goodwill which arose upon the acquisition of Alliance Medical Products Inc. (AMP), the Hameln companies, the BASF sites Evionnaz, St. Vulbas and Minden and DiNAQOR DiNAMIQS AG as well as the badwill which resulted from the acquisition of the Novartis locations Barberà del Vallès and El Masnou and from the asset pur-

chase agreement with Celgene Chemicals Sàrl were set off against the consolidated equity at the date of purchase. If the goodwill and badwill had been capitalized, the effect on the financial statements would have been as follows:

In 1000 CHF (for the years ended December 31)	2023	2022
Theoretical goodwill/(badwill)		
As of January 1	117 921	118 975
Goodwill/(badwill) allocation	6 173	-1 054
As of December 31	124 094	117 921
Accumulated amortization		
As of January 1	88 468	80 608
Amortization	8 273	7 860
As of December 31	96 741	88 468
Theoretical goodwill/(badwill) December 31	27 353	29 453

The theoretical useful life applied for straight-line amortization is 15 years as the acquisitions are regarded as long-term investments for Siegfried. The goodwill/badwill from business combinations is trans-

lated into Swiss francs at the rate prevailing at the date of acquisition. This procedure avoids foreign exchange adjustments to the theoretical goodwill and badwill movements.

In 1000 CHF (for the years ended December 31)	2023	2022
Operating result according to income statement	172 068	230 777
Amortization of goodwill	-8 273	-7 860
Theoretical operating result incl. amortization of goodwill	163 795	222 917
Net profit incl. minority interests according to income statement	112 693	156 490
Amortization of Goodwill	-8 273	-7 860
Theoretical net profit incl. amortization of goodwill	104 420	148 630
Equity incl. minority interests according to balance sheet	838 133	790 928
Theoretical capitalization of goodwill (net book value)	27 353	29 453
Theoretical equity incl. net book value of goodwill	865 486	820 381

4. Investment in Associated Companies and Joint Ventures

Alpine Dragon Pharmaceuticals Ltd. was incorporated during 2007 as a joint venture with the Chinese company Gansu Medical Alkaloids, Inc. The impact on the Financial Statements is not material. There are no contingent liabilities or payment commitments in connection with this joint venture.

The investments in associated companies and joint ventures include no goodwill at the reporting date.

The share in Alpine Dragon Pharmaceuticals Ltd., Huangyang was sold as of September 30, 2022.

5. Income Taxes

In 1000 CHF	2023	2022
Current tax expense	31 023	48 626
Deferred tax expense	6 659	13 658
Total income taxes	37 682	62 284
Profit before income tax	150 376	218 774
Group's effective income tax rate	25.1%	28.5%
In 1000 CHF	2023	2022
Average expected tax rate	16.1%	25.7%
Average expected income taxes	24 197	56 067
Reassessment of tax loss carry-forwards	3 018	–
Non-recognition of tax loss carry-forwards	8 546	7 380
Income taxes from prior periods, net	–	–2 419
Other effects	1 920	1 256
Group's effective income taxes	37 682	62 284
Group's effective income tax rate	25.1%	28.5%

In 2023, the Group's average expected tax rate is 16.1% (2022: 25.7%). The effective tax rate based on earnings before taxes is 25.1% (2022: 28.5%).

The privileged taxation of Siegfried Holding AG was transferred to ordinary taxation on January 1, 2020. In this context, Siegfried

Holding AG made use of the old law from the transitional regulation to the step up (existing law) by capitalizing its trademark rights in the tax balance sheet at the end of 2019. Siegfried Holding AG can benefit for the last time in 2024 from this transitional regulation.

In 1000 CHF	December 31, 2022	Change	December 31, 2023
Deferred tax assets	22 950	355	23 305
Deferred tax liabilities	12 579	8 258	20 837

Deferred tax assets of about CHF 23.3 million (2022: CHF 23.0 million) consist of temporary differences and tax loss carry-forwards from individual subsidiaries. As of December 31, 2023, deferred tax assets were capitalized of CHF 5.5 million on tax loss carry-forwards (2022: CHF 5.8 million). The other deferred tax assets of CHF 17.8 million are mainly due to temporary differences on liabilities of

foreign pension plans and the step up of trademark rights (2022: CHF 17.2 million).

Deferred tax assets and liabilities are calculated using the tax rates currently applicable and applied to future taxation (CH 15.0%, CN 25.0%, DE 30.0%, FR 25.9%, MT 35.0%, US 21.0%, ES 25.0%).

In 1000 CHF	2023	2022
Expiry of unrecognized tax losses and tax credits		
Within one year	806	3 506
Between one and five years	7	9 280
More than five years	82 802	38 363
Total unrecognized tax losses and tax credits	83 615	51 149

Siegfried has unrecognized tax loss carry-forwards in the amount of CHF 83.6 million (2022: CHF 51.1 million).

6. Accrued income and prepaid expenses

In 1000 CHF	2023	2022
Accrued income from sale of products / services ¹	61 378	20 795
Prepaid insurance and accrued bank charges and financing costs	3 581	1 073
Other prepayments	15 094	18 423
Others	664	3 446
Total accrued income and prepaid expenses	80 717	43 737

¹ Mainly includes accruals for contractual receivables from the supply contract with Novartis of CHF 32.7 million (2022: CHF 19.6 million). Siegfried acquired two sites from Novartis in 2021. In addition, CHF 23.4 million of accrued income for sale of products to a customer are included.

7. Inventories

In 1000 CHF	2023	2022
Raw materials	162 876	164 552
Semifinished goods	226 278	200 338
Finished goods and trading goods	88 457	70 737
Valuation allowances for inventory	-45 674	-29 845
Total inventories	431 938	405 782

Produced intermediates are reported together with the work in process as semifinished goods.

As of December 31, 2023, there are CHF 11.8 million semifinished goods from PoCM orders booked in inventory (2022: CHF 5.7 million).

8. Other current assets

In 1000 CHF	2023	2022
Social security receivables and advances to employees	3 222	1 950
Prepayments to suppliers	2 771	1 787
VAT receivables	47 185	44 471
Others	10 276	14 397
Total other current assets	63 454	62 605

9. Trade Receivables

In 1000 CHF	2023	2022
Trade receivables	349 677	339 862
Allowances for doubtful accounts	-2 320	-2 096
Total trade receivables	347 357	337 767

The allowances for doubtful accounts are calculated using the difference between the nominal amount of the receivables and the

estimated net amount collectible. The net amount collectible is estimated on the basis of experience.

In 1000 CHF	2023	2022
Not yet due	308 514	317 904
Due 0–3 months	46 584	22 159
Due > 3 months	-7 742	-2 296
Total trade receivables	347 357	337 767

10. Derivative Financial Instruments

The guidelines on financial risk management are described in the accounting principles. Within the framework of these guidelines the Siegfried Group uses derivative financial instruments to hedge foreign exchange and interest rate risks. The contract value provides information about the volume of outstanding transactions. At the reporting date foreign exchange and interest hedging contracts

were open. Foreign currency forward contracts were used to hedge net payment flows in the financial year 2023 aggregating USD 26.8 million and EUR 36.3 million (2022: USD 45.0 million). The changes in fair value of these foreign exchange contracts are recognized in the financial result and in equity depending on the underlying instrument.

In 1000 CHF	Contract value		Positive fair value		Negative fair value	
	2023	2022	2023	2022	2023	2022
Foreign currency swaps	56 104	41 544	145	258	659	1
Total	56 104	41 544	145	258	659	1

11. Share Capital – Hybrid Capital – Conditional Capital

The share capital of Siegfried Holding AG decreased due to repayment of par value to the shareholders in the amount of CHF 15.2 million and partially offset by the issue of shares under the employee benefit programmes of CHF 0.6 million, resulting in a net decrease of CHF 14.6 million. As of December 31, 2023 the share capital

amounts to CHF 65.2 million and it is divided into 4 468 000 registered shares each with a par value of CHF 14.60 (2022: 4 432 000 registered shares each with a par value of CHF 18.00). The nominal value per share was reduced from CHF 18.00 each to CHF 14.60 each by resolution of the general assembly on April 20, 2023.

The two private hybrid convertible bonds issued by Siegfried Holding AG are subordinated bonds with an infinite maturity and interest payments by coupon. The hybrid convertible bonds have a first call date after five years. If it is not exercised, the interest payable is increased (step up). Additionally, there exists an optional right of conversion at a conversion price mathematically fixed, which can be

exercised during the duration. The conversion price can change in accordance with the terms of the convertible bonds, in particular if the company makes dividend payments. The conversion is fully covered by treasury shares, i.e. without share capital increase (see Note 12).

Title	Issue Date	Nominal Value in 1000 CHF	Interest Rate	Call Date
Private Convertible Hybrid Bond 2020	28/12/2020	40 000	0.650%	28/12/2025
Private Convertible Hybrid Bond 2020	28/12/2020	40 000	1.150%	28/12/2025

In 2023, Siegfried Holding AG has conditional capital of CHF 686 200 for the creation of 47 000 shares (par value of CHF 14.60) to serve the Long Term Incentive Plan (LTIP) and other employee benefit plans (2022: CHF 1 494 000 for 83 000 shares with a par value of CHF 18.00).

In 2023, 36 000 shares were allocated for participation programs from conditional capital (2022: 36 000 shares).

Conditional capital (number of shares)	December 31, 2022	Change	December 31, 2023
Long Term Incentive Plan (LTIP) and other employee benefit plans	83 000	-36 000	47 000
Total	83 000	-36 000	47 000

The accumulated non-distributable reserves amounted to CHF 27.9 million (2022: 31.1 million).

12. Treasury Shares

Treasury shares are deducted at transaction value directly from equity. At December 31, 2023, the book value of the treasury shares was CHF 105.8 million (2022: CHF 102.1 million). In 2023, Siegfried

held 223 653 shares at year end which is an increase by 3 126 shares (2022: increase by 35 060 shares). The shares are valued at the average rate.

CHF	Number of shares	Average prices
At January 1, 2022	185 467	424.30
Purchases 2022	36 618	658.20
Sales 2022	-1 558	686.50
At December 31, 2022	220 527	463.04
Purchases 2023	9 061	715.50
Sales 2023	-5 935	665.90
At December 31, 2023	223 653	473.26

13. Financial Liabilities

Interest of the existing syndicated loan agreement in the amount of CHF 400.0 million is based on SARON (CHF), SOFR (USD) and Euribor (EUR), plus an interest margin that depends on a financial covenant of a maximum debt ratio. The Siegfried Group fulfilled this covenant at the year end. At December 31, 2023, the syndicated loan was utilized in the amount of CHF 245.0 million (2022: CHF 310.0 million). In 2023, the first extension option was exercised, extending

the syndicated loan by one year until March 2026. The second and final extension option was exercised at the beginning of 2024, which will lead to an extension of the syndicated loan until March 2027.

On May 19, 2021, Siegfried Holding AG placed a senior bond in the amount of CHF 200.0 million on the Swiss capital market. The bond was issued with a term of 5 years and a coupon of 0.20%.

14. Provisions

In 1000 CHF	Environmental provisions	Restructuring provisions	Other provisions	Total
As of January 1, 2022	15 778	25 455	1 584	42 817
Costs incurred	-1 567	-3 106	-	-4 673
Additions, interest	215	-	60	275
Releases of unused provisions	-	-	-1 385	-1 385
Currency translation	-	1 207	-46	1 161
As of December 31, 2022	14 426	23 556	212	38 194
Thereof current	2 944	7 205	162	10 311
Thereof non-current	11 481	16 352	51	27 884
As of January 1, 2023	14 426	23 556	212	38 194
Costs incurred	-839	-7 005	-	-7 844
Additions, interest	354	-	-60	294
Change in scope of consolidation	-	2 789	-	2 789
Releases of unused provisions	-	-1 524	-9	-1 533
Currency translation	-	-	-9	-9
As of December 31, 2023	13 941	17 816	134	31 891
Thereof current	3 507	2 744	88	6 339
Thereof non-current	10 433	15 072	48	25 553

Environmental provisions

The Siegfried Group produces chemical products at various locations. The production process is such that undesirable incidents may also arise, which result in an obligation to remedy pollutant effects on the environment. Possible remediation obligations of CHF 13.9 million have been provided for (2022: CHF 14.4 million). The liabilities are recognized in the accounting period, in which the obligation becomes evident. A provision is recorded if it is expected that the obligation results in an outflow of economic resources in the medium term and if a reasonable estimate of that obligation can be

made. By their nature the amounts and timing of any outflows are difficult to predict.

Environmental assessments were prepared in connection with planned construction projects. In the reporting period costs for remediation incurred to CHF 0.8 million (2022: 1.6 million). The start of the planned construction projects is anticipated within the next 15 years. The environmental provision was discounted with 2% (2022: 2%) to the present value of the expected expenditures. The compounding amounted to CHF 0.2 million (2022: discount CHF 0.2 million). Management reviews the provisions annually, based on regulatory changes or changes in planned investments. In the

reporting year, the review result in an additional increase of CHF 0.4 million (2022: CHF 0.0 million).

Restructuring provisions

With the recording of the net assets of the two Spanish production sites in 2021, due to decreasing needs of the seller and measures already initiated before the acquisition, restructuring provisions of CHF 27.7 million had to be recognised. It is not assumed that this can be compensated by new business. At the end of the reporting period

the provision amounted to CHF 17.3 million (2022: 23.6 million). In 2023, CHF 4.8 million have been used (2022: CHF 3.1 million). The asset deal with Celgene Chemicals Sàrl required a provision for reorganization in the amount of CHF 2.8 million. By the end of the reporting period the provision amounted to CHF 0.4 million.

Other provisions

Other provisions of CHF 0.1 million (2022: 0.2 million) include product warranties and legal claims.

15. Other Non-Current Liabilities

Other non-current liabilities of CHF 45.9 million (2022: CHF 52.7 million) contains in addition to obligations for long-service awards a liability of CHF 43.5 million (2022: CHF 50.2 million) in connection

with the acquisition of the Novartis companies on January 1, 2021 (earn-out), see note 17 for the current part of the earn-out.

16. Accrued Expenses and Deferred Income

In 1000 CHF	2023	2022
Bonus and personnel liabilities	25 207	17 480
Vacation and overtime accruals	6 977	4 033
Deferred Income ¹	68 749	1 119
Other	19 567	28 564
Total accrued expenses and deferred income	120 500	51 196

¹ In 2023, a deferred income CHF 66.5 million is attributable to a single customer.

17. Other Current Liabilities

In 1000 CHF	2023	2022
Social security liabilities	12 305	17 993
Refunds to customers ¹	32 753	9 803
Customer prepayments	14 049	7 583
Other taxes	4 626	497
VAT liabilities	35 256	35 239
Other ²	8 885	14 892
Other current liabilities	107 873	86 007

¹ Including a liability of CHF 23.0 million (2022: CHF 9.8 million) from the MSA with Novartis.

² Including a liability of CHF 3.7 million (2022: CHF 3.9 million) in connection with the acquisition of the Novartis companies on January 1, 2021 (earn-out), see note 15 for the non-current part of the earn-out.

18. Employee Benefits and Personnel Expenses

In 1000 CHF	2023	2022
Wages and salaries	283 434	279 875
Share-based payments	9 504	10 342
Pension expense	27 982	-27 618
Expenses for other long-term employee benefits	337	331
Social and other personnel expenses	70 292	65 093
Total personnel expenses	391 550	328 022

At year-end, the number of employees (in full-time positions) was 3684 (2022: 3564).

The change in pension expenses is mainly due to the increase in the discount rate. The discount rate for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH (DE) decreased in 2023 by 50 basis points (2022: increased by 280 basis points).

Pension liabilities and economic benefits are as follows:

In 1000 CHF	Excess/ insufficient cover ¹	Economical part for the company		Change vs. PY or taken to the Income Statement in the FY ²	Contri- butions limited to the period	Pension expenses (personnel) ³	
		31/12/2023	31/12/2023			31/12/2022	31/12/2023
Pension institutions without surplus/deficit (CH)	–	–	–	–	10 836	10 334	11 002
Pension plans without own assets (DE)	–87 208	–87 208	–80 358	6 850	3 384	15 599	–39 953
Pension plans without own assets (FR)	–1 112	–1 112	–1 156	–44	27	53	–389
Pension plans without own assets (USA)	–419	–419	–473	–54	1 511	1 500	1 467
Pension plans without own assets (SP)	321	321	122	–199	711	495	255
Total	–88 418	–88 418	–81 865	6 553	16 469	27 982	–27 618

¹ For domestic institutions, the reported value is based on preliminary unaudited figures.

² Currency effects adjusted.

³ Including result from ECR.

The employer contribution reserves are as follows:

In 1000 CHF	Nominal value	Waiver of usage	Other value adjustments	Balance Sheet asset		Result from ECR in personnel expenses	
				31/12/2023	31/12/2022	31/12/2023	31/12/2022
Pension schemes (CH)	9 520	–	–	9 520	9 018	–502	961
Total	9 520	–	–	9 520	9 018	–502	961

19. Share-Based Payments

For members of management a Long Term Incentive Plan (LTIP) exists. The plan participants receive at the beginning of a three-year vesting period a defined number of Performance Share Units (PSU). At the end of the three-year vesting period the plan participants are allocated, depending on the extent to which they have attained the targets, a certain number of shares per PSU acquired. The plan was introduced in 2014 and was revised in 2021 to make appropriate adjustments to take account of the significant growth of the company and the strong increase in the share price.

Between 0 and 2 shares can be allocated per PSU for LTIP grants prior to 2022 (grant 2021) with a vesting in 2024. The plan defines a target amount for the growth in total shareholder return, compound annual growth rate (CAGR) on total shareholder return (TSR weighting 70%) and two operating targets (EBITDA and ROCE weighting each 15%). After allocation, the shares are at the free disposal of the plan participants and are not subject to a restriction period.

Between 0 and 1.5 shares can be allocated per PSU for LTIP grants after 2022 (grants 2022 and 2023) with a vesting in 2025 and 2026. The plan defines a target amount for the growth in total shareholder return, compound annual growth rate (CAGR) on total shareholder return (TSR weighting 100%). Absolute TSR is the plan target and aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders. After allocation, 50% of the shares remain restricted for a three year restriction period starting on the vesting date.

The valuation of the PSU is undertaken at the beginning of the relevant vesting period by an external company, which is specialized in the valuation of option and equity plans. The recognition of personnel expenses for the current plan periods is based on a performance factor of 1.

For the three current plan periods, the following personnel expenses, including social security charges, were recognized in 2023 and 2022:

Plan period	Numbers of PSU	Fair Value (CHF)	2023 Personnel expense (in 1000 CHF)
2021–2023	23 338	805.52	5 470
2022–2024	15 291	650.72	3 248
2023–2025	18 479	371.17	2 469
Total			11 187

Plan period	Numbers of PSU	Fair Value (CHF)	2022 Personnel expense (in 1000 CHF)
2020–2022	23 199	193.83	1 268
2021–2023	25 576	805.52	6 628
2022–2024	16 717	650.72	3 916
Total			11 812

In March 2023, the shares were transferred for the performance period 2020–2022. The target achievement and thus the performance factor was 194.2%, i.e. 1.942 shares were allocated per PSU, see Remuneration Report.

In addition to the Long Term Incentive Plan (LTIP) an equity plan exists for employees that are not able to participate in the LTIP (Employee Share Purchase Plan – ESPP). In 2023, total 2225 shares (2022: 1865 shares) were bought by employees. The total expense

for Siegfried (share 30%) for the ESPP amounted in the reporting year to CHF 1.0 million (2022: CHF 1.1 million).

Furthermore, there is a new Share Matching Plan (SMP) in place, allowing employees to purchase Siegfried shares at their own cost and, in return, qualify for an equivalent number of shares once the initially purchased shares have been restricted for a period of three years. In 2023, employees purchased a total of 513 shares.

20. Other Operating Income

The Other Operating Income of CHF 5.0 million (2022: CHF 4.2 million) includes CHF 3.4 million from an acquisition settlement, revenues from the sale of side products amounting to CHF 0.9 Mio.

(2022: CHF 1.3 million) and miscellaneous other incomes. In 2022, an income from insurance payments of CHF 1.8 million was also included.

21. Financial Result

The Financial Result of CHF 21.7 million (2022: CHF 12.0 million) comprises CHF 9.5 million financial expense (2022: CHF 7.8 million), financial income of CHF 0.6 million (2022: CHF 0.1 million) and foreign exchange differences of CHF 12.8 million loss (2022: CHF 4.3 million loss).

The financial expense includes CHF 9.3 million (2022: CHF 7.6 million) for debt interest and fees and CHF 0.2 million for the compounding of the environmental reserve (2022: CHF 0.2 million).

22. Acquisitions

As of April 1, 2023, Siegfried AG acquired the operating site from Celgene Chemicals Sàrl in Zofingen.

As of May 4, 2023, Siegfried AG acquired 95% of the shares of DiNAQOR DiNAMIQS AG from DiNAQOR AG. The company was

subsequently renamed SIEGFRIED DiNAMIQS AG. The Schlieren (CH) based biotechnology company focused on the development and manufacturing of viral vectors for cell and gene therapies.

The purchase price was calculated as follows:

In 1000 CHF	April 1, 2023 Celgene Chem. Sàrl	May 4, 2023 DiNAQOR DiNAMIQS AG
Purchase price agreed	1 601	9 716
Transaction costs	116	392
Purchase price	1 717	10 108
In 1000 CHF	April 1, 2023 Celgene Chem. Sàrl	May 4, 2023 DiNAQOR DiNAMIQS AG
Purchase price	1 717	10 108
Net assets acquired	4 652	1 001
Goodwill / (Badwill)	-2 935	9 107

The badwill of CHF 2.9 million and the goodwill of CHF 9.1 million were offset against equity.

In 1000 CHF	April 1, 2023 Celgene Chem. Sàrl	May 4, 2023 DiNAQOR DiNAMIQS AG
Purchase price paid	-481	-8 163
Loan	-	-1 553
Transaction costs	-116	-392
Cash acquired	-	207
Cashflow acquisition Group companies	-597	-9 901

Net assets are as follows:

In 1000 CHF	April 1, 2023 Celgene Chem. Sàrl	May 4, 2023 DiNAQOR DiNAMIQS AG
Cash	-	207
Inventories	250	137
Accounts receivables trade	-	98
Other current assets	-	-
Non-current assets	7 276	1 138
Current liabilities	-85	-608
Non-current liabilities	-2 789	-
Net Assets	4 652	972
Minority interests	-	-29
Net Assets excl. minorities	4 652	1 001

23. Earnings per Share

For the calculation of earnings per share, net profit is divided by the weighted average number of shares outstanding, deducting treasury shares.

	2023	2022
Net profit attributable to Siegfried shareholders (in 1000 CHF)	112 774	156 490
Weighted average number of shares outstanding	4 237 786	4 221 042
Non-diluted earnings per share	26.61	37.07
Net profit attributable to Siegfried shareholders (in 1000 CHF)	112 774	156 490
Weighted average number of shares outstanding	4 237 786	4 221 042
Adjustment for assumed exercise of share-based payments, where dilutive	62 525	92 374
Diluted earnings per share	26.22	36.28

Earnings per share are calculated excluding interest on hybrid bonds. Including interest expense attributable to hybrid equity holders, ba-

sic earnings per share are CHF 26.44 (2022: CHF 36.95) and diluted earnings per share are CHF 26.06 (2022: CHF 36.16).

24. Distribution per Share

At the Annual General Meeting on April 18, 2024 the Board of Directors will propose to reduce the par value from CHF 14.60 per share by CHF 3.60 to CHF 11.00 per share and to distribute the amount of the par value reduction of CHF 3.60 per share instead of a dividend (2022: par value reduction CHF 3.40 per share).

The repayment of the par value reduction is expected to take place in May 2024 in accordance with capital reduction procedure in Switzerland under Swiss law.

25. Contingent Assets

Siegfried has potential claims from contracts for payments in the maximum amount of CHF 18.5 million (2022: CHF 34.4 million) over the years 2023–2028. These claims are due upon achievement of

certain agreed target values and will be settled once a year for a completed business year.

26. Commitments and Contingencies

In connection with the syndicated loan, there is no guarantee at the end of the year (2022: none).

At December 31, 2023, guarantees had been given by Siegfried Holding AG in favor of banks in the amount of USD 27.5 million, CHF 20.0 million and EUR 3.5 million (2022: CHF 20.0 million and EUR 3.8 million).

In 2015 a demand for claims for alleged unpaid work amounting to CNY 51.7 million on the construction of the site in Nantong was submitted to the Chinese Arbitration Court CIETAC by a construction company. Siegfried has submitted a counterclaim on the construction company in the amount of CNY 73.2 million. Siegfried contests the claims of the construction company. The procedure was commenced in 2016 and is still pending. The outcome is currently open and the probability of an outflow of funds is considered to be low.

27. Maturity of Rental and Lease Liabilities

In 1000 CHF	Operating Leases	Operating Leases
	2023	2022
Due under 1 year	6 951	7 094
Due between 1 and 5 years	22 058	23 982
Due after 5 years	28 923	32 183
Total lease liabilities	57 932	63 259

Of these liabilities CHF 46.8 million (2022: 50.1 million) relate to the new administration buildings in Zofingen, as well as the other production sites as follows: Malta CHF 1.3 million (2022: CHF 1.6 mil-

lion), Minden CHF 4.8 million (2022: CHF 2.4 million), Hameln CHF 0.4 million (2022: CHF 0.5 million) and Irvine CHF 4.6 million (2022: CHF 8.6 million).

28. Transactions with Related Parties

As in prior year no transaction with related parties took place in 2023 and at the reporting date there were no receivables from or payables to related parties.

Siegfried has its own pension funds in Switzerland.

The remuneration of the members of the Board of Directors and the Executive Management is described and presented in detail in the Remuneration Report in sections 4 and 5.

29. Net Sales

Net Sales by Product Group

In CHF million	2023	2022
Drug Substances	860.0	753.7
Drug Products	411.5	475.8
Total net sales	1 271.5	1 229.5

Net Sales by Foreign Currency

In CHF million	2023	2022
in CHF	466.6	377.1
in EUR	635.4	677.3
in USD	169.6	175.7
in other currencies	-0.1	-0.6
Total net sales	1 271.5	1 229.5

The Net Sales of CHF 1 271.5 million include CHF 31.7 million (2022: CHF 15.3 million) from long-term contracts under the PoCM.

Net Sales by Geographical Markets

As the Siegfried Group provides its products to the global supply chain of its clients, a breakdown by geographical markets is not meaningful. Siegfried therefore refrains from providing a breakdown by geographical markets.

30. Segment Reporting

The Siegfried Group consists of one "reportable segment". Financial information is regularly reported to the Board of Directors at the level of the Siegfried Group as a whole. Based on this financial information the Siegfried Group is managed and their performance is measured.

The Siegfried Group provides its customers with comprehensive and integrated solutions for services in the development and production of active pharmaceutical ingredients, intermediates, complex dosage forms and products from its own portfolio. In principle, the companies in the Siegfried Group provide all the services mentioned above.

31. Post Balance Sheet Events

There are no significant events after the balance sheet date.

Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Siegfried Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 6 to 33) 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 Swiss GAAP FER and comply with Swiss law.

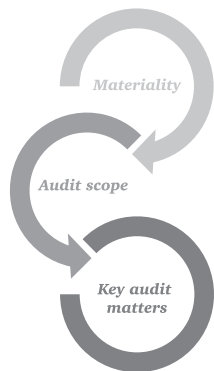
Basis for Opinion

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 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, 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: TCHF 6 750

We concluded full scope audit work at nine Group companies in five countries.

Through our audit work performed in this scope we addressed 93% of the sales revenue of the Group.

Additionally, specified audit procedures were concluded at a further two group companies in a country, which addressed a further 6% of the sales revenue of the Group. Furthermore, we concluded a review at a group company, which addressed a further percent of the sales revenue of the group.

As key audit matter the following area of focus has been identified:

Recoverability of Inventories

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 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.

Overall Group materiality	TCHF 6 750
Benchmark applied	Profit before taxes
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

Audit Scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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.

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 process-es and controls, and the industry in which the Group operates.

Recoverability of Inventories

Key audit matter

As of December 31, 2023, the net carrying value of inventories amounted to TCHF 431 938. This corresponds to around 23% of total assets.

We consider the valuation of inventories to be a particularly important audit matter due to the amount of the balance sheet item and the discretion in determining the necessary value adjustments for inventories.

We refer to page 10 to 16 (accounting principles) and page 22 (appendix to the consolidated annual financial statements, note 7, inventories) in the 2023 annual report.

The audit strategy for the group audit was determined taking into account the work by the group auditor and the component auditors from the PwC network. All subsidiaries in the group were audited by PwC. If audit work was carried out by component auditors, we as the group auditors ensured sufficient involvement in the audit in order to assess whether the component auditors’ work related to the subsidiaries’ financial information provided sufficient, appropriate audit evidence as a basis for the group audit opinion. This involvement of the group auditor included video conferences with the component auditors to discuss material and relevant audit topics.

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.

How our audit addressed the key audit matter

We gained an understanding of the processes in the area of the valuation of inventories and assessed their adequacy. In doing so, we identified the key controls and tested them for their effectiveness using random samples.

We compared the acquisition costs with the last purchase prices on a random basis.

We checked the standard cost calculation on a sample basis. We also assessed the treatment of the variances between the standard and actual costs.

The appropriateness of the moving average values of the raw materials was randomly assessed in connection with the examination of the acquisition costs based on the most recent purchase prices.

We checked randomly whether the calculation of the valuation allowances for non-curable inventories was mathematically correct and appropriate. The assumptions and estimates made were assessed for their appropriateness. We checked whether the calculated value adjustment for non-current inventories was recorded correctly.

We assessed whether the principle of loss-free valuation was complied with for inventories.

Based on our audit procedures, we consider the principles, assumptions and estimates made by management in connection with the valuation of inventory to be acceptable.

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 the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER 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 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

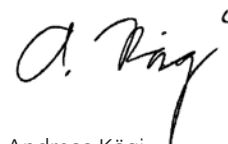
In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG



Thomas Illi
Licensed audit expert
Auditor in charge



Andreas Kägi
Licensed audit expert

Basel, 15 February 2024



Financial Statement of Siegfried Holding AG

Balance Sheet of Siegfried Holding AG

In CHF (as of December 31)	2023	2022
Assets		
Current assets		
Cash and cash equivalents	39 254 145	77 118 407
Securities	243 246	106 139
Other current receivables due from third parties	1 124 119	534 063
Other current receivables due from Group companies	139 168 182	68 136 940
Accrued income and prepaid expenses	1 134 989	1 458 193
Total current assets	180 924 681	147 353 742
Non-current assets		
Loans to Group companies	716 736 396	740 003 277
Investments	411 773 721	402 106 344
Total non-current assets	1 128 510 117	1 142 109 621
Total assets	1 309 434 798	1 289 463 363
In CHF (as of December 31)	2023	2022
Liabilities and shareholders' equity		
Current liabilities		
Other short-term liabilities due from third parties	6 149 084	6 099 145
Other short-term liabilities due from Group companies	80 836 667	94 794 522
Accrued expenses and deferred income	29 294 980	16 127 352
Short-term provisions	2 190 144	6 905 951
Total short-term liabilities	118 470 876	123 926 970
Non-current liabilities		
Long-term interest-bearing liabilities third parties	445 000 000	510 000 000
Long-term financial liabilities due from Group companies	101 489 600	–
Other long-term liabilities to third parties	43 496 072	50 192 128
Long-term provisions	15 072 343	16 351 530
Long-term hybrid capital	80 000 000	80 000 000
Total long-term liabilities	685 058 015	656 543 658
Total liabilities	803 528 891	780 470 628
Shareholders' equity		
Share capital	65 232 800	79 776 000
Legal reserves	3 869 000	3 869 000
Reserves from capital contribution	99 326 047	76 502 760
Voluntary reserves	451 710 165	434 950 675
Treasury shares	–105 845 110	–102 112 402
Statutory retained earnings	–8 386 995	16 006 703
Total shareholders' equity	505 905 907	508 992 735
Total liabilities and shareholders' equity	1 309 434 798	1 289 463 363

Income Statement of Siegfried Holding AG

In CHF	2023	2022
Income		
Financial income	42 526 423	22 982 200
Service income	29 939 608	28 327 295
Total income	72 466 031	51 309 495
Expenses		
Personnel expense	28 297 859	18 995 895
Administrative expense	6 065 707	4 744 585
Financial expense	46 281 538	9 296 960
Taxes	207 921	2 265 354
Total expenses	80 853 026	35 302 793
Net profit	-8 386 995	16 006 703

Notes to the Financial Statements
of Siegfried Holding AG

General Information

Siegfried Holding AG holds directly or indirectly all subsidiaries of the Siegfried Group. The Financial Statements of Siegfried Holding AG are prepared in accordance with the Swiss Code of Obligations. These financial statements have been drawn up in accordance with the provisions governing commercial accounting of the Swiss Code of Obligations (Art. 957–963b CO).

The number of full-time equivalent employees for the year remains unchanged from the previous year and ranges between 10 and 50.

Guarantees and Securities

In connection with the syndicated loan, there is no guarantee at the end of the year (2022: none). At December 31, 2023, guarantees had been given by Siegfried Holding AG in favor of banks in the amount of USD 27.5 million, CHF 20.0 million and EUR 3.5 million (2022: CHF 20.0 million and EUR 3.8 million).

Balance Sheet

Investments

As of December 31, 2023, Siegfried Holding AG held the following direct or significant indirect investments:

Group companies	in LC	Participation	Share capital 2023	Share capital 2022
Operating				
Alliance Medical Products Inc., Irvine (USA)	USD	100.00%	116 521	116 521
Siegfried AG, Zofingen (Switzerland)	CHF	100.00%	20 000 000	20 000 000
Siegfried Evionnaz SA, Evionnaz (Switzerland)	CHF	100.00%	1 000 000	1 000 000
Siegfried Hameln GmbH, Hameln (Germany)	EUR	100.00%	750 500	750 500
Siegfried Malta Ltd., Valletta (Malta)	EUR	100.00%	100 000	100 000
Siegfried (Nantong) Pharmaceuticals Co. Ltd., Nantong (China)	CNY	100.00%	422 296 722	422 296 722
Siegfried PharmaChemikalien Minden GmbH, Minden (Germany)	EUR	100.00%	50 000	50 000
Siegfried St. Vulbas SAS, Saint Vulbas (France)	EUR	100.00%	15 200 000	15 200 000
Siegfried USA, LLC, Pennsville (USA)	USD	100.00%	500 000	500 000
Siegfried Barbera S.L., Barberà del Vallès (Spain)	EUR	100.00%	503 000	503 000
Siegfried El Masnou, S.A., El Masnou (Spain)	EUR	100.00%	10 099 778	10 099 778
SIEGFRIED DiNAMIQS AG, Schlieren (Switzerland) ¹	CHF	95.00%	500 000	–
Finance and administration				
Siegfried Deutschland Holding GmbH, Hameln (Germany)	EUR	100.00%	1 790 000	1 790 000
Siegfried Deutschland Real Estate GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hameln Real Estate GmbH + Co. KG, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hong Kong Ltd., Hong Kong (China)	HKD	100.00%	1 000	1 000
Siegfried USA Holding Inc., Pennsville (USA)	USD	100.00%	3 000	3 000
Siegfried Pharmaceutical UK Ltd., London (UK) ²	GBP	100.00%	1	–
Joint venture				
Alpine Dragon Pharmaceuticals Ltd., Huangyang, Gansu Province (China) ³	CNY	0.00%	–	–

¹ SIEGFRIED DiNAMIQS AG in Schlieren (Switzerland) was acquired on 4 May 2023.

² Siegfried Pharmaceutical UK Ltd. based in London (UK) was founded on 12 May 2023.

³ The share in Alpine Dragon Pharmaceuticals Ltd., Huangyang was sold as of September 30, 2022.

Non-Current Assets

Investments in subsidiaries and affiliates include those companies in which Siegfried Holding AG has a direct interest of more than 20%. The investments are valued at acquisition cost less valuation allowances.

The non-current loans to Group companies were granted to finance investments in fixed assets and in other operating projects and activities and decreased in 2023 by CHF 23.3 million (2022: increased by CHF 17.5 million).

Current Assets

Cash and cash equivalents are valued at the rate prevailing on the reporting date. Accrued income and prepaid expenses are recognized at nominal amount and include for the most part payments made for the following year and accruals of receipts, which will not be collected until the following year.

Shareholder's Equity

The share capital of Siegfried Holding AG decreased due to repayment of par value to the shareholders in the amount of

CHF 15.2 million and partially offset by the issue of shares under the employee benefit programmes of CHF 0.6 million, resulting in a net decrease of CHF 14.6 million. It is divided into 4 468 000 registered shares each with a par value of CHF 14.60 (2022: 4 432 000 registered shares with a par value of CHF 18.00).

The capital contribution reserve increased as a result of the capital increase of conditional capital by CHF 22.8 million to CHF 99.3 million (2022: CHF 76.5 million).

The treasury shares are shown as a negative balance in equity.

Conditional Capital

The conditional capital to serve the Long Term Incentive Plans (LTIP) and other employee share plans amounts to CHF 686 200 for 47 000 shares (2022: CHF 1 494 000 for 83 000 shares), after the creation of 36 000 shares.

CHF	Number of shares	Average prices
At January 1, 2022	185 467	424.30
Purchases 2022	36 618	658.20
Sales 2022	-1 558	686.50
At December 31, 2022	220 527	463.04
Purchases 2023	9 061	715.50
Sales 2023	-5 935	665.90
At December 31, 2023	223 653	473.26

Liabilities

Interest of the existing syndicated loan agreement in the amount of CHF 400.0 million is based on SARON (CHF), SOFR (USD) and Euribor (EUR), plus an interest margin that depends on a financial covenant of a maximum debt ratio. The Siegfried Group fulfilled this covenant at the year end. At December 31, 2023, the syndicated loan was utilized in the amount of CHF 245.0 million (2022: CHF 310.0 million). In 2023, the first extension option was exercised, extending the syndicated loan by one year until March 2026. The second and final extension option was exercised at the beginning of 2024, which will lead to an extension of the syndicated loan until March 2027.

Treasury Shares

In the reporting year, Siegfried Holding AG has made purchases and sales of Siegfried shares. On balance Siegfried held 223 653 shares at year end which is an increase by 3126 shares (2022: increase by 35 060 shares). The shares are valued at the average rate.

On May 19, 2021, Siegfried Holding AG placed a senior bond in the amount of CHF 200.0 million on the Swiss capital market. The bond was issued with a term of 5 years and a coupon of 0.20%.

The two private hybrid convertible bonds issued by Siegfried Holding AG are subordinated bonds with an infinite maturity and interest payments by coupon. The hybrid convertible bonds have a first call date after five years. If it is not exercised, the interest payable is increased (step up). Additionally there exists an optional right of conversion at a conversion price mathematically fixed, which can be exercised during the duration. The conversion price can change in accordance with the terms of the convertible bonds, in particular if the company makes dividend payments. The conversions are fully covered by treasury shares, i.e. without share capital increase.

	Issue date	Nominal value in 1000 CHF	Interest	Call date
Private Convertible Hybrid Bond 2020	28/12/2020	40 000	0.650%	28/12/2025
Private Convertible Hybrid Bond 2020	28/12/2020	40 000	1.150%	28/12/2025

Accrued expenses and deferred income include the deferrals and accruals of various income and expense items, and unrealized exchange profits.

Income Statement

In the reporting year and in the prior year no dividend distributions were received from subsidiary companies. Financial income includes interest income on receivables from Group companies, exchange gains and income from securities. The proceeds of charging services to Group companies are reported in service income.

Financial expense includes interest on loans from third parties and Group companies as well as exchange losses.

Loans and Share Ownership of the Board of Directors and the Executive Management

Loans to Members of Executive Bodies

The members of the Board of Directors or of the Executive Management and persons closely related to them are, or were, in the current or preceding financial year not involved in transactions beyond the normal business activity of Siegfried Holding AG or of one of its Group companies or in other transactions that in form or substance were unusual, but important for Siegfried Holding AG.

At December 31, 2023, Siegfried Holding AG and its Group companies have not granted any securities, loans, advances or credits to the members of the Board of Directors or the Executive Management or to persons closely related to them (2022: none).

Share Ownership of the Board of Directors and the Executive Management

In 2023, 1576 shares with a value of CHF 1.0 million were distributed to the members of the Board of Directors (2022: 1344 shares with a value of CHF 0.9 million). On December 31, 2023, the non-executive members of the Board of Directors and persons closely related to them owned 28 200 (2022: 30 398) registered shares of Siegfried Holding AG. This represents 0.6% (2022: 0.7%) of the entire share capital of Siegfried Holding AG.

The members of the Executive Management (including persons closely related to them) owned at the same date 80 736 (2022: 73 546) registered shares, i.e. 1.8% (2022: 1.7%) of the share capital of Siegfried Holding AG.

December 31, 2023

Board of Directors	Function	Number of shares	of which blocked
Andreas Casutt	Chairman	20 394	1 044
Martin Schmid	Vice-Chairman	2 471	522
Elodie Carr-Cingari	Member	197	197
Wolfram Carius	Member	3 471	522
Isabelle Welton	Member	937	522
Alexandra Brand	Member	365	365
Beat Walz	Member	365	365
Total		28 200	3 537
Executive Management			
Wolfgang Wienand	CEO	28 210	–
Reto Suter	CFO	14 252	–
Marcel Imwinkelried	Chief Operating Officer DP	549	–
Henrik Krüpper	Chief Operating Officer DS	–	–
Jürgen Roos	Chief Scientific Officer	2 978	480
Marianne Späne	Chief Business Officer DP	33 354	–
Christian Dowdeswell	Chief Business Officer DS	–	–
Irene Wosgien	Chief Human Resources Officer	1 393	–
Total		80 736	480

December 31, 2022

	Function	Number of shares	of which blocked
Board of Directors			
Andreas Casutt	Chairman	20 000	1 250
Martin Schmid	Vice-Chairman	2 274	625
Colin Bond	Member	3 774	625
Wolfram Carius	Member	3 274	625
Isabelle Welton	Member	740	625
Alexandra Brand	Member	168	168
Beat Walz	Member	168	168
Total		30 398	4 086
Executive Management			
Wolfgang Wienand	CEO	24 583	–
Reto Suter	CFO	11 126	–
Marcel Imwinkelried	Chief Operating Officer DP	328	–
Arnoud Middel	Chief Human Resources Officer	3 897	–
Jürgen Roos	Chief Scientific Officer	2 082	980
Marianne Späne	Chief Business Officer	30 780	–
Irene Wosgien	Chief Operating Officer DS	750	–
Total		73 546	980

Major Shareholders

According to the disclosure notifications, the following shareholders are considered significant shareholders of Siegfried Holding AG:

	Reported number of shares 2023	Reported participation in % 2023	Reported number of shares 2022	Reported participation in % 2022
Ernst Göhner Stiftung, Zug, Switzerland	324 983 ¹	7.3	324 983 ¹	7.3
Interogo Foundation, Vaduz, Liechtenstein	224 167 ²	5.0		
Siegfried Holding AG (own shares)	223 811 ³	5.0	127 824 ⁸	3.0
Swisscanto Fondsleitung AG, Zurich, Switzerland	132 977 ⁴	3.0	132 977 ⁴	3.0
Credit Suisse Funds AG, Zurich, Switzerland	134 131 ⁵	3.0	129 258 ⁹	3.0
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv	128 000 ⁶	3.0	128 000 ⁶	3.0
Dimensional Holdings Inc., Wilmington, USA	126 587 ⁷	3.0	126 587 ⁷	3.0
Total	1 294 656	29.3	969 629	22.3

¹ According to the disclosure notification of May 17, 2022; including a purchase position of 98 983 shares, representing 2.23%.

² According to the disclosure notification of July 14, 2023.

³ According to the disclosure notification of March 16, 2023. For current holdings as of December 31, 2023 see section Treasury Shares.

⁴ According to the disclosure notification of May 3, 2022.

⁵ According to the disclosure notification of November 22, 2023.

⁶ According to the disclosure notification of December 12, 2018.

⁷ According to the disclosure notification of March 3, 2018.

⁸ According to the disclosure notification of December 12, 2018.

⁹ According to the disclosure notification of April 2, 2019.

Net dissolution of hidden reserves

In the reporting period, hidden reserves in the amount of CHF 10.0 million were dissolved (2022: CHF 10.6 million).

Post Balance Sheet Events

There are no significant events after the balance sheet date.

Proposal of the Board of Directors to the Annual General Meeting of April 18, 2024, regarding the Repayment of Par Value from Share Capital

In CHF	2023
Balance brought forward	–
Loss for the year	–8 386 995
Statutory accumulated losses	–8 386 995
Offsetting of accumulated losses against voluntary reserves	8 386 995
Balance to be carried forward	–

At the Annual General Meeting on April 18, 2024 the Board of Directors will propose to reduce the par value from CHF 14.60 per share by CHF 3.60 to CHF 11.00 per share and to distribute the amount of the par value reduction of CHF 3.60 per share instead of a dividend.

The repayment of the par value reduction is expected to take place in May 2024 in accordance with capital reduction procedure in Switzerland under Swiss law.

Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Siegfried Holding AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 38 to 45) 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.

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 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.

Overall materiality	TCHF 6000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a generally accepted benchmark for holding companies.

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

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor’s 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 the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of 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 paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG



Thomas Illi
Licensed audit expert
Auditor in charge



Andreas Kägi
Licensed audit expert

Basel, 15 February 2024



Information for Investors

Key Figures Overview 2019–2023

Consolidated Figures

		2023	2022	2021	2020	2019
Net sales	CHF million	1 271.5	1 229.5	1 102.4	845.1	833.5
Growth in CHF	in %	3.4	11.5	30.5	1.4	4.9
Growth in LC	in %	6.3	15.6	30.3	4.5	6.9
Core EBITDA	CHF million	273.3	272.5	207.2	149.4	140.7
Growth	in %	0.3	31.5	38.8	6.2	11.3
Core EBITDA margin	in %	21.5	22.2	18.8	17.7	16.9
Core EBIT (operating profit)	CHF million	191.9	190.8	124.4	94.3	89.2
Growth	in %	0.6	53.3	32.0	5.8	16.0
Core EBIT margin	in %	15.1	15.5	11.3	11.2	10.7
Core net profit	CHF million	128.1	127.8	95.3	72.5	65.7
Core net profit margin	in %	10.1	10.4	8.6	8.6	7.9
Net debt	CHF million	388.6	418.5	407.4	85.6	109.6
Net debt / Core EBITDA		-1.4	-1.5	-2.0	-0.6	-0.8
Net Working Capital ¹	CHF million	666.4	621.9	506.6	424.4	419.7
As % of net sales		52.4	50.6	46.0	50.2	50.4
Total assets	CHF million	1 861.5	1 793.2	1 669.2	1 242.3	1 168.7
Equity	CHF million	838.1	790.9	688.2	733.2	691.7
Equity ratio	in %	45.0	44.1	41.2	59.0	59.2
Average capital employed ²	CHF million	1 440.4	1 349.6	1 276.4	916.1	895.9
Return on capital employed (average) ROCE ³	in %	19.0	20.2	16.2	16.3	15.7
Cash flow from operating activities	CHF million	208.6	142.3	119.7	114.8	65.6
As % of net sales		16.4	11.6	10.9	13.6	7.9
Free cash flow ⁴	CHF million	71.8	27.2	6.5	45.7	3.8
Investments in PPE and intangible assets	CHF million	137.1	115.2	113.4	69.1	61.9
As % of net sales		10.8	9.4	10.3	8.2	7.4
Employees (number of FTEs) ⁵	Number	3 933	3 564	3 432	2 532	2 407

¹ Calculation of Net Working Capital: Trade Receivables + Inventories - Trade Payables - Customer Prepayments.

² Calculation of Capital Employed over twelve months: PPE + Intangible Assets + Net Working Capital.

³ Calculation ROCE: Core EBITDA in relation to average capital employed over twelve months.

⁴ Calculation Free Cashflow: Operating Cashflow +/- Investment in PPE +/- Investment in Intangible Assets.

⁵ Year-end values.

Core Results

Siegfried believes that the disclosure of core results enables financial markets a better understanding of the company and allows a better comparison over the years.

The core results do exclude extraordinary expenses and income. Siegfried uses the core results in addition to Swiss GAAP FER as important indicators for the internal assessment of the performance of the Group.

Siegfried defines the effects of changes in the interest rate (discount rate for actuarial reports) and extraordinary inflation effects of foreign pension plans, restructuring, transaction and integration costs as well as impairments on non-financial and intangible assets as

extraordinary expenses and income. Such effects can vary significantly from year to year and distort the presentation of results.

The current interest on foreign pension liabilities is reclassified in the core results and not shown in personnel expenses but outside the operating result in financial expenses.

Due to the recent tax reform in Switzerland, Siegfried Holding AG has used the transitional measure of the step up (existing law) end of 2019. The trademark rights were capitalized in the tax balance sheet and will be depreciated over the next 5 years. The deferred tax assets under Swiss GAAP FER will be reduced yearly and will be zero latest end of 2024. This effect from the step up is shown separately as a core adjustment in the income taxes.

Any other possible extraordinary effects are shown in the category "other" and explained separately.

Reconciliation 2023 Results Swiss GAAP FER to Core

In 1000 CHF (as of December 31)	Swiss GAAP FER	Interest effect on pension liabilities	Restructuring	Transaction and integration costs	Impairments	Step up	Others	Core
Net sales	1 271 494	–	–	–	–	–	–	1 271 494
Cost of goods sold	–951 086	–	–	–	–	–	–	–951 086
Gross profit	320 408	–	–	–	–	–	–	320 408
Marketing and sales costs	–19 353	–	–	–	–	–	–	–19 353
Research and development costs	–44 503	–	1 083	–	–	–	–	–43 420
Administration and general overhead costs	–89 470	14 930	1 052	1 373	–	–	1 404	–70 711
Discount rate change and extraordinary inflation effects on foreign pension liabilities	–	11 937	–	–	–	–	–	–
Current net interest on foreign pension liabilities	–	2 993	–	–	–	–	–	–
Other operating income	4 985	–	–	–	–	–	–	4 985
Operating result (EBIT)	172 068	14 930	2 135	1 373	–	–	1 404	191 909
Financial result	–21 692	–2 993	–	–	–	–	–	–24 685
Profit before income taxes	150 376	11 937	2 135	1 373	–	–	1 404	167 224
Income taxes	–37 682	–3 563	–432	–147	–	3 000	–254	–39 078
Net profit incl. minority interests	112 693	8 374	1 704	1 226	–	3 000	1 150	128 146
Minority interests	–81	–	–	–	–	–	–	–81
Net profit	112 774	8 374	1 704	1 226	–	3 000	1 150	128 227
EBITDA	253 420	14 930	2 135	1 373	–	–	1 404	273 262

Interest effect on pension liabilities

According to Swiss GAAP FER, the effects of interest on pension liabilities and inflation effects are to be reported as non-cash personnel expenses. The effects of changes in interest rates (discount rate) are neutralized for the core results. The decrease in the discount rate of 50 basis points for pension liabilities in Siegfried PharmaChemikalien Minden GmbH, Germany, accounts for the majority of the

approximately CHF 19.8 million core adjustments. The current net interest on pension liabilities in the amount of CHF 3.0 million is reclassified from personnel expenses to financial expenses for the core results. Deferred taxes must be corrected accordingly in order to present the core net profit.

Transaction costs

The core adjustment under “transaction costs” relates to expenses in connection with acquisition activities, which did not lead to a transaction.

Step up

The deferred tax asset posted under Swiss GAAP FER from the step up with regard to trademark rights of Siegfried Holding AG is not included in the core result.

Restructuring

With the acquisition of the two Spanish production companies, competencies will be bundled and activities relocated from Zofingen to Spain.

Others

Other effects are related to the 150 year anniversary of Siegfried.

Reconciliation 2022 Results Swiss GAAP FER to Core

In 1000 CHF (as of December 31)	Swiss GAAP FER	Interest effect on pension liabilities	Restructuring	Transaction and integration costs	Impairments	Step up	Others	Core
Net sales	1 229 518	–	–	–	–	–	–	1 229 518
Cost of goods sold	–910 628	–	–	–	–	–	–	–910 628
Gross profit	318 890	–	–	–	–	–	–	318 890
Marketing and sales costs	–18 124	–	–	–	–	–	–	–18 124
Research and development costs	–43 175	–	–	–	–	–	–	–43 175
Administration and general overhead costs	–31 073	–46 026	6 035	–	–	–	–	–71 063
Discount rate change and extraordinary inflation effects on foreign pension liabilities	–	–47 192	–	–	–	–	–	–
Current net interest on foreign pension liabilities	–	1 167	–	–	–	–	–	–
Other operating income	4 259	–	–	–	–	–	–	4 259
Operating result (EBIT)	230 777	–46 026	6 035	–	–	–	–	190 787
Financial result	–12 003	–1 167	–	–	–	–	–	–13 170
Profit before income taxes	218 774	–47 192	6 035	–	–	–	–	177 617
Income taxes	–62 284	13 829	–1 355	–	–	–	–	–49 811
Net profit	156 490	–33 364	4 680	–	–	–	–	127 806
EBITDA	312 525	–46 026	6 035	–	–	–	–	272 535

Interest effect on pension liabilities

According to Swiss GAAP FER, the effects of interest on pension liabilities and inflation effects are to be reported as non-cash personnel expenses. The effects of changes in interest rates (discount rate) are neutralized for the core results. The increase in the discount rate of 280 basis points for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH, Germany, accounts for the majority of the approximately CHF 40.0 million core adjustment. Also, capitalized inflation impacts were neutralized, as linked to the increase of interest rates and likely to change in the following periods.

The current net interest on pension liabilities in the amount of CHF 1.2 million is reclassified from personnel expenses to financial expenses for the core results. Deferred taxes must be corrected accordingly in order to present the core net profit.

Transaction costs

The core adjustment under “transaction costs” relates to expenses in connection with acquisition activities, which did not lead to a transaction.

Step up

The deferred tax asset posted under Swiss GAAP FER from the step up with regard to trademark rights of Siegfried Holding AG is not included in the core result.

Restructuring

With the acquisition of the two Spanish production companies, competencies will be bundled and activities relocated from Zofingen to Spain.

Stock Market Data

			2023	2022	2021	2020	2019
Registered shares nom. CHF 14.60 ²			4 468 000	4 432 000	4 396 000	4 351 000	4 306 000
Share capital	CHF million		65.2	79.8	93.2	105.3	116.3
Distribution per registered share ²	CHF		3.60	3.40	3.20	3.00	2.80
Total distribution ²	CHF		16 084 800 ¹	15 068 800	14 067 200	13 053 000	12 056 800
Market prices registered share	high	CHF	859.5	879.5	934.5	689.0	469.0
	low	CHF	616.0	573.0	618.0	313.5	321.5
	31/12	CHF	859.5	613.5	889.5	651.5	469.0
Distribution yield per registered share		%	0.4	0.6	0.4	0.5	0.7
Non-diluted core earnings per share (CHF) ³		CHF	30.24	30.28	22.66	17.50	15.88
Diluted core earnings per share (CHF) ⁴		CHF	29.80	29.63	21.95	16.90	15.48
Consolidated operating cash flow per registered share ³		CHF	49.2	33.7	28.1	26.4	15.1
Consolidated equity and reserves per registered share ³		CHF	197.8	187.4	163.6	168.5	160.6
P/E ratio (year-end) ⁵			29	21	41	39	30
Market capitalization at year-end ⁶		CHF million	3 648	2 584	3 745	2 724	1 940

¹ Repayment of par value, proposal to the general assembly of April 18, 2024.

² Repayment of par value or distribution from CCR, in accordance with the corresponding general assembly resolution.

³ Calculated on the weighted average number of shares outstanding, deducting treasury shares.

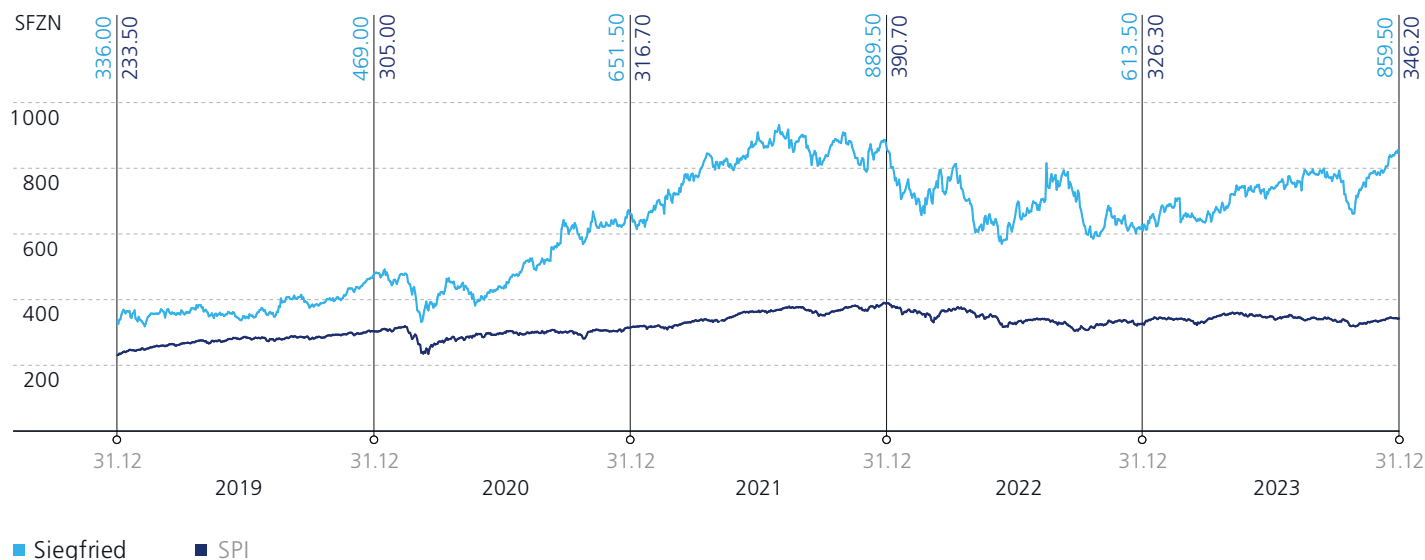
⁴ Adjustment for assumed exercise of share-based payments, where dilutive.

⁵ Calculated on the basis of year-end share price and diluted EPS.

⁶ Calculated on the number of listed shares, net of treasury shares.

Share Price Development

from January 1, 2019, to December 31, 2023



Publications

The Siegfried Group is committed to an open and consistent information policy. The media, financial analysts and other interest groups are continuously informed about important developments and events. Shareholders are informed semi-annually on the state of the business and receive the annual report and the semi-annual report upon request.

The annual report, minutes of the previous General Meeting, media releases, important information and the current share price can be found at www.siegfried.ch. A news conference is held annually for the media and financial analysts.

Siegfried Holding AG consistently complies with the disclosure requirements (ad hoc publicity) of the SIX Swiss Exchange in the case of events relevant to the share price.

Calendar

In 2024, the company will inform about:

February 20, 2024

Publication of results for the 2023 business year at a media and analyst conference in Zurich

April 18, 2024

Annual General Meeting of Shareholders
10 a.m., Stadtsaal Zofingen

August 22, 2024

Publication of 2024 half-year financial results

Cautionary Statement regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward looking statements contained in this Annual Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate pro-

tection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage. The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Siegfried's earnings or earnings per share for 2024 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Siegfried.

Publisher's Note

This Annual Report is published in German and English.

This is an excerpt of Siegfried's Annual Report 2023.

All chapters can be downloaded at Siegfried.ch/investors/reports

Concept and layout:

SOURCE Associates AG, Zurich

Publishing System:

mms solutions ag, Zurich

Realization:

NeidhartSchön AG, Zurich

Publisher:

Siegfried Holding AG, Zofingen

Siegfried Holding AG
Headquarters
Untere Bruehlstrasse 4
CH-4800 Zofingen
Switzerland
Phone + 41 62 746 11 11

www.siegfried.ch

The Siegfried Group is a leading supplier in the global CDMO market with production facilities in Switzerland, the USA, Malta, China, Germany, France and Spain. Siegfried employs a workforce of around 3900 employees at twelve sites in seven countries. Siegfried Holding AG is headquartered in Zofingen (Switzerland) and is listed on the Swiss Stock Exchange (SIX: SFZN).