Financial Calendar and Contacts

Financial calendar

Feburary 21, 2023
Q4 / FY 2022 results and publication of Annual Report 2022

March 21, 2023
2023 Annual General Meeting of Shareholders, KKL, Lucerne

May 3, 2023
Q1 2023 results

August 3, 2023
Q2 / HY 2023 results and publication of Interim Report 2023

November 2, 2023
Q3 / 9M 2023 results

Dates of roadshows, conferences and other events can be found in the financial calendar on our website at www.oerlikon.com/en/investors

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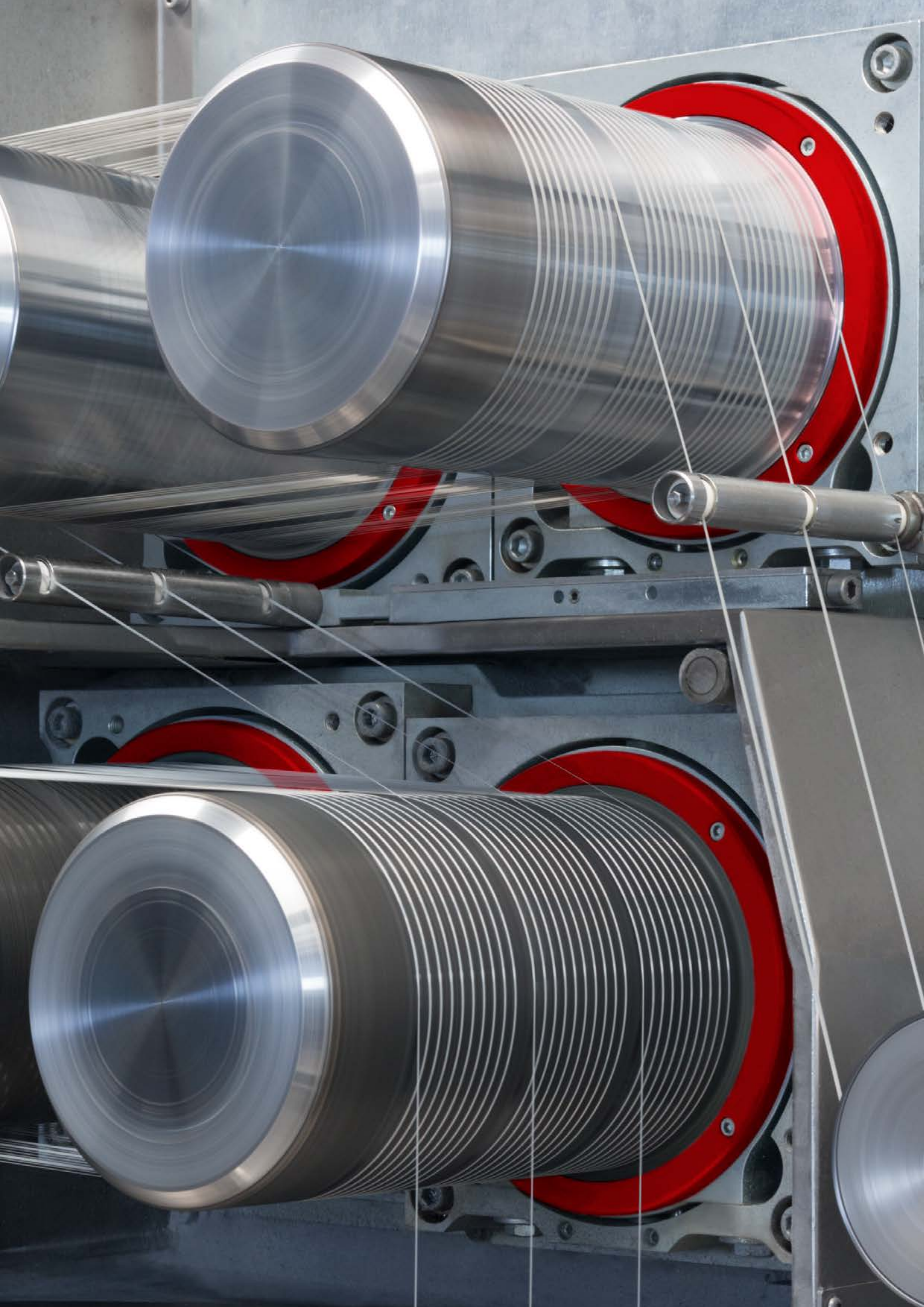


Key Figures Oerlikon Group

Key Figures Oerlikon Group

in CHF million	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Order intake	2990	2797
Order backlog	782	736
Sales	2909	2649
EBITDA[1]	418	444
- as % of sales[1]	14.4 %	16.7 %
Operational EBITDA[1, 2, 3]	498	452
- as % of sales[1, 2, 3]	17.1 %	17.1 %
EBIT[1]	176	220
- as % of sales[1]	6.0 %	8.3 %
Operational EBIT[1, 2, 4]	277	240
- as % of sales[1, 2, 4]	9.5 %	9.0 %
Result from continuing operations	93	162
Result from discontinuing operations, net of income taxes	–	6
Net result	93	168
– as % of equity attributable to shareholders of the parent	7 %	12 %
Cash flow from operating activities[5]	230	324
Capital expenditure for property, plant and equipment and intangible assets	130	131
Total assets	3937	4341
Equity attributable to shareholders of the parent	1274	1424
– as % of total assets	32 %	33 %
Net debt[6]	–471	–341
Net operating assets[7]	2063	2204
Number of employees (full-time equivalents)	12184	11808
Personnel expense	896	796
Research and development expenditure[8]	113	105

[1] Continuing operations.

[2] Operational EBITDA and Operational EBIT are adjusted by effects from discontinued activities not qualifying as discontinued operations from the ePD inline business and from the discontinuation of the Russian operations. For comparability reasons, last year figures have been adjusted accordingly.

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

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

[5] Cash flow from operating activities before changes in net current assets amounts to CHF 361 million (previous year: CHF 380 million).

[6] Net debt includes cash and cash equivalents, deposits and marketable securities less current and non-current debt.

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

[8] Research and development expenditure includes expenses recognized as intangible assets in the amount of CHF 24 million (previous year: CHF 22 million).

Key share-related figures[1]

in CHF	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Share price		
Year high	9.78	11.21
Year low	5.95	8.90
Year-end	6.06	9.37
Total shares issued at year-end	339758576	339758576
Market capitalization at year-end in CHF million	2244	3184
EBIT per share[2]	0.54	0.67
Operational EBIT per share[2]	0.85	0.73
Earnings per share	0.27	0.50
Cash flow from operating activities per share	0.71	0.99
Equity per share[3]	3.91	4.36
Dividend per share	0.35[4]	0.35[5]

[1] Average number of shares with voting and dividend rights (undiluted).

[2] Continuing operations.

[3] Attributable to shareholders of the parent.

[4] Dividend proposal for 2022, to be paid in 2023.

[5] For financial year 2021, paid in 2022.

Key Figures by Division

in CHF million	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Oerlikon Group[1]		
Order intake	2 990	2 797
Order backlog	782	736
Sales	2 909	2 649
EBITDA	418	444
– as % of sales	14.4 %	16.7 %
Operational EBITDA[2]	498	452
– as % of sales[2]	17.1 %	17.1 %
EBIT	176	220
– as % of sales	6.0 %	8.3 %
Operational EBIT[2]	277	240
– as % of sales[2]	9.5 %	9.0 %
Net operating assets	2 063	2 204
Number of employees (full-time equivalents)	12 184	11 808
Surface Solutions Division		
Order intake	1 418	1 345
Order backlog	206	178
Sales	1 392	1 290
– thereof sales to third parties	1 384	1 283
EBITDA	226	232
– as % of sales	16.2 %	18.0 %
Operational EBITDA[2]	247	236
– as % of sales[2]	17.7 %	18.3 %
EBIT	54	66
– as % of sales	3.9 %	5.1 %
Operational EBIT[2]	96	81
– as % of sales[2]	6.9 %	6.3 %
Net operating assets	1 551	1 629
Number of employees (full-time equivalents)	7 519	7 250
Polymer Processing Solutions Division		
Order intake	1 572	1 452
Order backlog	576	558
Sales	1 525	1 366
– thereof sales to third parties	1 525	1 366
EBITDA	193	208
– as % of sales	12.6 %	15.2 %
Operational EBITDA[2]	244	213
– as % of sales[2]	16.0 %	15.6 %
EBIT	135	158
– as % of sales	8.9 %	11.6 %
Operational EBIT[2]	187	163
– as % of sales[2]	12.2 %	12.0 %
Net operating assets	444	463
Number of employees (full-time equivalents)	4 329	4 218

[1] Continuing operations.

[2] Operational EBITDA and Operational EBIT are adjusted by effects from discontinued activities not qualifying as discontinued operations from the ePD inline business and from the discontinuation of the Russian operations. For comparability reasons, last year figures have been adjusted accordingly.

Consolidated Income Statement

in CHF million	Notes	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Sales of goods		1 989	1 731
Services rendered		920	918
Total sales	3	**2 909**	**2 649**
Cost of sales		–2 178	–1 903
Gross profit		**732**	**746**
Marketing and selling		–201	–174
Research and development		–139	–134
Administration		–217	–216
Other income	4	29	26
Other expense	4	–29	–28
Result before interest and taxes (EBIT)		**176**	**220**
Financial income	6	9	17
Financial expense	6	–23	–20
Result before taxes (EBT)		**161**	**217**
Income taxes	7	–68	–55
Result from continuing operations		**93**	**162**
Result from discontinued operations, net of income taxes	2	–	6
Net result		**93**	**168**
Attributable to:			
Shareholders of the parent		89	164
Non-controlling interests		4	4
Earnings per share in CHF	8	0.27	0.50
Diluted earnings per share in CHF	8	0.27	0.50
Earnings per registered share continuing operations in CHF		0.27	0.48
Diluted earnings per registered share continuing operations in CHF		0.27	0.48
Earnings per registered share discontinued operations in CHF		0.00	0.02
Diluted earnings per registered share discontinued operations in CHF		0.00	0.02
EBITDA		**418**	**444**
Operational EBIT[1]		**277**	**240**
Operational EBITDA[1]		**498**	**452**

[1] Operational EBIT and operational EBITDA from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

Consolidated Statement of Comprehensive Income

in CHF million	Notes	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Net result		93	168
Other comprehensive income			
Items that will never be reclassified to the income statement			
Remeasurement of defined benefit plans	13	–2	72
Gain from revaluation of investments in equity instruments designated at fair value through other comprehensive income		–10	9
Income taxes on items that will never be reclassified to the income statement		–8	–14
		–21	66
Items that are or may be reclassified subsequently to the income statement			
Gains and losses from hedging		–7	5
Conversion differences		–89	–27
Income taxes on items that are or may be reclassified subsequently to the income statement		2	–1
		–94	–24
Other comprehensive income for the period, net of taxes		**–115**	**43**
Total comprehensive income for the period		**–22**	**210**
Attributable to:			
Shareholders of the parent		–24	207
Non-controlling interests		1	3

Consolidated Balance Sheet

Assets

in CHF million	Notes	December 31, 2022	December 31, 2021
Cash and cash equivalents	15	463	601
Current financial investments and derivatives	15	17	26
Trade and trade notes receivable	15	434	440
Current contract assets	3	38	85
Other receivables	15	98	114
Current income tax receivables		19	34
Inventories	9	504	407
Prepaid expenses		24	26
Current assets		**1 597**	**1 734**
Loans and other non-current receivables	15	26	30
Non-current financial investments	15	42	41
Property, plant and equipment	10	523	583
Right-of-use assets	11	182	209
Goodwill and intangible assets	12	1 445	1 538
Post-employment benefit assets	13	–	58
Deferred tax assets	7	117	145
Non-current contract assets	3	6	5
Non-current assets		**2 339**	**2 607**
Total assets		**3 937**	**4 341**

Liabilities and equity

in CHF million	Notes	December 31, 2022	December 31, 2021
Trade payables	15	400	355
Current contract liabilities	3	359	549
Current lease liabilities	15	29	31
Current financial liabilities and derivatives	15	161	142
Other current liabilities	15	121	106
Accrued liabilities	15	240	216
Current income taxes payable		43	56
Current post-employment benefit liabilities	13	18	19
Current provisions	14	91	47
Current liabilities		**1 462**	**1 522**
Non-current lease liabilities	15	163	181
Non-current financial liabilities	15	604	611
Other non-current liabilities		7	44
Non-current post-employment benefit liabilities	13	209	288
Deferred tax liabilities	7	130	171
Non-current provisions	14	46	55
Non-current liabilities		**1 158**	**1 351**
Total liabilities		**2 620**	**2 873**
Share capital		340	340
Treasury shares		–134	–120
Retained earnings and reserves		1 069	1 204
Equity attributable to shareholders of the parent		**1 274**	**1 424**
Non-controlling interests		42	45
Total equity		**1 316**	**1 469**
Total liabilities and equity		**3 937**	**4 341**

Consolidated Cash Flow Statement

in CHF million	Notes	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Net result		93	168
Income taxes		68	55
Interest expense (net)		11	10
Depreciation of property, plant and equipment	10	94	96
Depreciation of right-of-use assets	11	37	37
Amortization of intangible assets	12	87	83
Addition to provisions (net)		48	1
Impairment losses on property, plant and equipment	10	9	–
Impairment losses on right-of-use assets	11	7	1
Impairment losses on intangible assets	12	8	7
Impairment losses on non-current receivables		12	–
Decrease in post-employment benefit liabilities		–12	–8
Income taxes paid		–84	–63
Share-based payments		6	4
Other non-cash items		–22	–11
Cash flow from operating activities before changes in net current assets		361	380
Decrease/increase in receivables, contract assets and prepaid expenses		37	–133
Increase in inventories		–118	–80
Increase in payables, accrued liabilities and use of other provisions		113	19
Decrease/increase in contract liabilities		–165	137
Non-cash impact on net current assets due to hedge accounting		2	1
Cash flow from changes in net current assets		–131	–57
Cash flow from operating activities		**230**	**324**
Purchase of property, plant and equipment	10	–80	–83
Proceeds from sale of property, plant and equipment		2	2
Purchase of intangible assets	12	–51	–48
Disposal of Group companies, net of cash disposed		–2	–
Acquisition of subsidiaries, net of cash acquired	2	–29	–289
Investments in associates		–10	–3
Proceeds from marketable securities, net		–	2
Proceeds from/granting of loans to other parties		2	–2
Proceeds from financial investments, net		3	2
Interest received		8	6
Cash flow from investing activities		**–155**	**–413**
Dividends paid		–118	–116
Purchase of treasury shares		–20	–32
Repayment of financial debt	15	–135	–109
Proceeds from financial debt	15	143	573
Principal elements of lease payments		–35	–36
Interest paid		–17	–15
Cash flow from financing activities		**–182**	**266**
Conversion adjustments to cash and cash equivalents		–30	10
Decrease/increase in cash and cash equivalents		**–138**	**187**
Cash and cash equivalents at the beginning of the period	15	601	414
Cash and cash equivalents at the end of the period	15	463	601
Decrease/increase in cash and cash equivalents		**–138**	**187**

Consolidated Statement of Changes in Equity

in CHF million	Share capital[1]	Additional paid-in capital[2]	Treasury shares[3]	Conversion differences	Retained earnings	Hedge accounting	Fair Value adjustment	Income taxes	**Total equity attributable to shareholders**	Non-controlling interests	**Total share-holders' equity**
Balance at January 1, 2021	**340**	**558**	**–123**	**–264**	**713**	**–**	**–**	**101**	**1 324**	**28**	**1 352**
Net result	–	–	–	–	164	–	–	–	164	4	168
Gains and losses from hedging	–	–	–	–	–	5	–	–1	3	–	3
Remeasurement of defined benefit plans	–	–	–	–	72	–	–	–13	59	–	59
Gain from revaluation of investments in equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	–	9	–1	7	–	7
Conversion differences	–	–	–	–27	–	–	–	–	–27	–1	–27
Other comprehensive income for the period	**–**	**–**	**–**	**–27**	**72**	**5**	**9**	**–15**	**43**	**–1**	**42**
Total comprehensive income for the period	**–**	**–**	**–**	**–27**	**236**	**5**	**9**	**–15**	**207**	**3**	**210**
Dividend distributions	–	–	–	–	–114	–	–	–	–114	–2	–116
Share-based payments	–	–	2	–	2	–	–	–	4	–	4
Purchase of treasury shares[4]	–	–	–32	–	–	–	–	–	–32	–	–32
Transfer of treasury shares[5]	–	–	33	–	7	–	–	–	40	–	40
Contributions and distributions	**–**	**–**	**3**	**–**	**–105**	**–**	**–**	**–**	**–102**	**–2**	**–104**
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–5	–	–	–	–5	15	11
Changes in ownership interests	**–**	**–**	**–**	**–**	**–5**	**–**	**–**	**–**	**–5**	**15**	**11**
Total transactions with owners of the company	**–**	**–**	**3**	**–**	**–110**	**–**	**–**	**–**	**–107**	**13**	**–94**
Balance at December 31, 2021	**340**	**558**	**–120**	**–291**	**838**	**5**	**9**	**86**	**1 424**	**45**	**1 469**
Net result	–	–	–	–	89	–	–	–	89	4	93
Gains and losses from hedging	–	–	–	–	–	–7	–	2	–6	–	–6
Remeasurement of defined benefit plans	–	–	–	–	–2	–	–	–9	–11	–	–11
Loss from revaluation of investments in equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	–	–10	1	–9	–	–9
Conversion differences	–	–	–	–86	–	–	–	–	–86	–2	–89
Other comprehensive income for the period	**–**	**–**	**–**	**–86**	**–2**	**–7**	**–10**	**–7**	**–113**	**–3**	**–115**
Total comprehensive income for the period	**–**	**–**	**–**	**–86**	**87**	**–7**	**–10**	**–7**	**–24**	**1**	**–22**
Dividend distributions	–	–	–	–	–114	–	–	–	–114	–4	–118
Share-based payments	–	–	5	–	–	–	–	–	6	–	6
Purchase of treasury shares[4]	–	–	–20	–	–	–	–	–	–20	–	–20
Contributions and distributions	**–**	**–**	**–15**	**–**	**–114**	**–**	**–**	**–**	**–129**	**–4**	**–133**
Revaluation of liability for the acquisition of non-controlling interests	–	–	–	–	3	–	–	–	3	–	3
Changes in ownership interests	**–**	**–**	**–**	**–**	**3**	**–**	**–**	**–**	**3**	**–**	**3**
Total transactions with owners of the company	**–**	**–**	**–15**	**–**	**–112**	**–**	**–**	**–**	**–126**	**–4**	**–130**
Balance at December 31, 2022	**340**	**558**	**–134**	**–377**	**814**	**–2**	**–1**	**79**	**1 274**	**42**	**1 316**

[1] The share capital of OC Oerlikon Corporation AG, Pfäffikon consists of 339 758 576 fully paid registered shares (previous year: 339 758 576) of a nominal value of CHF 1 each. On December 31, 2022, conditional capital amounted to CHF 47 200 000 (previous year: CHF 47 200 000).

[2] As of December 31, 2022, additional paid-in capital includes CHF 330 million (previous year: CHF 330 million) of legal reserves in OC Oerlikon Corporation AG, Pfäffikon.

[3] As of December 31, 2022, the Group held 15 380 434 own shares (previous year: 13 119 789).

[4] On November 4, 2022, Oerlikon completed its share buyback program launched on November 7, 2019. In 2022, 2 840 530 shares (previous year: 3 157 406) were repurchased for a consideration of CHF 20 million (previous year: CHF 32 million). In total, Oerlikon repurchased 19 672 989 of its own shares for a consideration of CHF 170 million, representing 5.8% of the share capital.

[5] The transfer of treasury shares was part of the consideration for the acquisition of INglass S.p.A. (see Note 2 "Acquisitions and Divestments").

Reconciliation of Operational Figures

2022

in CHF million		Operational figures	Restructuring [1]	Discontinued activities [2]	Impairments [3]	Acquisition and Integration costs	Unadjusted figures
Surface Solutions Division	**Sales**	**1 384**	–	–	–	–	**1 384**
	EBITDA	**247**	–3	–17	–	–	**226**
	EBIT	**96**	–3	–39	–	–	**54**
Polymer Processing Solutions Division	**Sales**	**1 525**	–	–	–	–	**1 525**
	EBITDA	**244**	–51	–	–	–1	**193**
	EBIT	**187**	–51	–	–	–1	**135**
Total Divisions	**Sales**	**2 909**	–	–	–	–	**2 909**
	EBITDA	**491**	–54	–17	–	–1	**418**
	EBIT	**283**	–54	–39	–	–1	**189**
Group / Eliminations	**Sales**	**0**	–	–	–	–	**0**
	EBITDA	**7**	–	–	–	–8	**0**
	EBIT	**–6**	–	–	–	–8	**–13**
Total from continuing operations	**Sales**	**2 909**	–	–	–	–	**2 909**
	EBITDA	**498**	–54	–17	–	–9	**418**
	EBIT	**277**	–54	–39	–	–9	**176**

2021

in CHF million		Operational figures	Restructuring [1]	Discontinued activities [2]	Impairments [3]	Acquisition and Integration costs	Unadjusted figures
Surface Solutions Division	**Sales**	**1 283**	–	–	–	–	**1 283**
	EBITDA	**236**	3	–5	–	–1	**232**
	EBIT	**81**	3	–9	–8	–1	**66**
Polymer Processing Solutions Division	**Sales**	**1 366**	–	–	–	–	**1 366**
	EBITDA	**213**	–1	–	–	–4	**208**
	EBIT	**163**	–1	–	–	–4	**158**
Total Divisions	**Sales**	**2 649**	–	–	–	–	**2 649**
	EBITDA	**449**	2	–5	–	–5	**440**
	EBIT	**244**	2	–9	–8	–5	**224**
Group / Eliminations	**Sales**	**0**	–	–	–	–	**0**
	EBITDA	**3**	–	–	–	–	**4**
	EBIT	**–5**	–	–	–	–	**–5**
Total from continuing operations	**Sales**	**2 649**	–	–	–	–	**2 649**
	EBITDA	**452**	2	–5	–	–5	**444**
	EBIT	**240**	2	–9	–8	–5	**220**

[1] Expenses related to restructuring mainly include personnel costs.

[2] Effects from discontinued activities not qualifying as discontinued operations, include the ePD inline business and the effects of the discontinuation of the Russian operations. Previous year figures have been restated accordingly.

[3] Impairments related to restructuring.

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

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

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

Segment Information

in CHF million	Surface Solutions Division 2022	Surface Solutions Division 2021	Polymer Processing Solutions Division 2022	Polymer Processing Solutions Division 2021	Total Divisions 2022	Total Divisions 2021
Order intake	**1 418**	**1 345**	**1 572**	**1 452**	**2 990**	**2 797**
Order backlog	**206**	**178**	**576**	**558**	**782**	**736**
Sales						
Sales to third parties	1 384	1 283	1 525	1 366	2 909	2 649
Sales to other divisions	8	7	–	–	8	7
Eliminations	–8	–7	–	–	–8	–7
	1 384	**1 283**	**1 525**	**1 366**	**2 909**	**2 649**
Sales to third parties by market region[4]						
Asia/Pacific	449	430	1 145	1 082	1 595	1 512
Europe	605	585	203	198	808	784
Americas	330	268	177	85	507	353
	1 384	**1 283**	**1 525**	**1 366**	**2 909**	**2 649**
Sales to third parties by location[4]						
Asia/Pacific	**389**	**374**	**628**	**517**	**1 017**	**891**
thereof China	137	137	607	499	745	636
Europe	**660**	**634**	**841**	**810**	**1 500**	**1 444**
thereof Switzerland/Liechtenstein	119	117	–	–	119	117
Germany	307	299	755	736	1 063	1 036
Americas	**335**	**276**	**57**	**39**	**392**	**315**
thereof USA	277	225	52	36	329	262
	1 384	**1 283**	**1 525**	**1 366**	**2 909**	**2 649**
Timing of revenue recognition						
At a point in time	1 384	1 283	798	527	2 182	1 810
Transferred over time	–	–	728	839	728	839
	1 384	**1 283**	**1 525**	**1 366**	**2 909**	**2 649**
Capital expenditure for property, plant and equipment, and intangible assets[1, 4]						
Asia/Pacific	14	16	7	3	21	19
Europe	45	44	24	30	69	73
Americas	18	16	1	–	19	16
	77	**75**	**32**	**33**	**109**	**109**
Operational EBITDA[5]	**247**	**236**	**244**	**213**	**491**	**449**
Operational EBIT[5]	**96**	**81**	**187**	**163**	**283**	**244**
Other material items						
Research and development expense	–91	–96	–48	–37	–139	–133
Depreciation and amortization	–149	–158	–57	–49	–206	–207
Impairment of property, plant and equipment and right-of-use assets	–15	–1	–	–	–16	–1
Impairment of intangible assets	–8	–7	–	–	–8	–7
Restructuring expense/income	–3	3	–51	–1	–54	2
Net operating assets	**31.12.22**	31.12.21	**31.12.22**	31.12.21	**31.12.22**	31.12.21
Operating assets[2]	1 848	1 923	1 344	1 447	3 192	3 370
Operating liabilities[3]	–297	–295	–900	–984	–1 197	–1 279
	1 551	**1 629**	**444**	**463**	**1 995**	**2 091**
Number of employees (full-time equivalents)[4]	**31.12.22**	31.12.21	**31.12.22**	31.12.21	**31.12.22**	31.12.21
Asia/Pacific	1 775	1 767	1 672	1 722	3 446	3 488
Europe	4 111	3 968	2 474	2 334	6 585	6 301
Americas	1 634	1 516	183	163	1 817	1 679
	7 519	**7 250**	**4 329**	**4 218**	**11 848**	**11 469**

Group/ Eliminations		Total from continuing operations	
2022	2021	2022	2021
–	–	2 990	2 797
–	–	782	736
–	–	2 909	2 649
–8	–7	–	–
8	7	–	–
–	–	2 909	2 649
–	–	1 595	1 512
–	–	808	784
–	–	507	353
–	–	2 909	2 649
–	–	1 017	891
–	–	745	636
–	–	1 500	1 444
–	–	119	117
–	–	1 063	1 036
–	–	392	315
–	–	329	262
–	–	2 909	2 649
–	–	2 182	1 810
–	–	728	839
–	–	2 909	2 649
–	–	21	19
21	22	90	96
–	–	19	16
21	22	130	131
7	3	498	452
–6	–5	277	240
–1	–1	–139	–134
–13	–8	–219	–216
–	–	–16	–1
–	–	–8	–7
–	–	–54	2
31.12.22	31.12.21	31.12.22	31.12.21
111	155	3 304	3 525
–44	–42	–1 241	–1 321
68	113	2 063	2 204
31.12.22	31.12.21	31.12.22	31.12.21
54	–	3 500	3 488
282	340	6 867	6 641
–	–	1 817	1 679
336	340	12 184	11 808

Segment Information

The Group consists of the following reportable Segments:

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

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

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

[1] Does not include non-current assets acquired through business combinations.

[2] Operating assets include total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets.

[3] Operating liabilities include total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities.

[4] The definitions of the different geographical regions have been adjusted to align with the new organizational structure. For comparability reasons, prior-period figures have been adjusted accordingly.

[5] Operational EBITDA and Operational EBIT are adjusted by effects from discontinued activities not qualifying as discontinued operations from the ePD inline business and from the discontinuation of the Russian operations. For comparability reasons, last year figures have been adjusted accordingly.

Reconciliation to the consolidated balance sheet

in CHF million	**December 31, 2022**	December 31, 2021
Operating assets	3304	3525
Cash and cash equivalents	463	601
Current financial investments	13	18
Current income tax receivables	19	34
Deferred tax assets	117	145
Other non-operating assets	22	18
Total assets	**3937**	**4341**
Operating liabilities	1241	1321
Lease liabilities	192	212
Current financial liabilities	151	137
Non-current financial liabilities	604	611
Current income tax payable	43	56
Non-current post-employment benefit liabilities[1]	196	275
Deferred tax liabilities	130	171
Other non-operating liabilities	63	89
Total liabilities	**2620**	**2873**

[1] Excluding other employee benefit liabilities (refer to Note 13 Post-employment benefits).

Geographical information on non-current assets[1]

in CHF million		**2022**	2021
Asia/Pacific		**238**	**270**
thereof	China	133	155
Europe		**1734**	**1872**
thereof	Switzerland/Liechtenstein	1160	1203
	Germany	294	348
Americas		**251**	**264**
thereof	USA	231	244
Total		**2223**	**2405**

[1] The definitions of the different geographical regions have been adjusted to align with the new organizational structure. For comparability reasons, prior-period figures have been adjusted accordingly.

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

Information about major customers

In 2022 and 2021, no customer represented 10 % or more of the company's third-party sales.

Significant Accounting Principles

Company operations

OC Oerlikon Corporation AG, Pfäffikon is a Swiss public company located in Churerstrasse 120, Pfäffikon, canton of Schwyz, Switzerland. It is the ultimate parent company of the Oerlikon Group, a leading high-tech industrial Group which provides innovative industrial and cuttingedge technologies for surface solutions and polymer processing solutions. Apart from its activities in Switzerland, the Oerlikon Group operates primarily in EU member states, North America and Asia, and has a workforce of 12 184 employees (full-time equivalents).

The consolidated financial statements were approved by the Board of Directors on February 20, 2023, and will be submitted to the Annual General Meeting of Shareholders on March 21, 2023, for approval.

Basis of preparation

The consolidated financial statements of OC Oerlikon Corporation AG, Pfäffikon have been prepared in accordance with International Financial Reporting Standards (IFRS) and Swiss company law. The consolidated financial statements are presented in Swiss francs (CHF). Values of assets and liabilities have been determined in accordance with the historical cost convention, with the exception of derivative financial instruments, contingent considerations and financial assets which are held at fair value.

Adoption of new and revised accounting standards

No new or amended standards or interpretations effective for the financial year beginning on January 1, 2022 had a significant impact on the Group's consolidated financial statements.

Newly published accounting standards not early adopted

Certain new accounting standards and interpretations have been published by the IASB that are not mandatory for the December 31, 2022 reporting period yet and that have not been early adopted by the Oerlikon Group. None of them is expected to have a material impact on the Group's financial statements.

Judgments, estimates and assumptions

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

Consolidation principles

Subsidiaries

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

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

Translation of foreign currencies

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

Elimination of intercompany transactions and profits

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

Notes to the Consolidated Financial Statements

Group structure

Note 1

Subsidiaries
A list of Oerlikon's subsidiaries can be found on pages 124 and 125.

During the financial year 2022, the following significant changes in the Group structure occurred:

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

Mergers

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

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

		Non-controlling interests in %	
Company	Country	2022	2021
Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd.	China	40.00	40.00
Zigong Golden China Speciality Carbides Co., Ltd.	China	40.00	40.00
SAS COEURDOR	France	14.99	14.99
Teknoweb Materials S.r.l.	Italy	33.10	33.10
FCM S.p.A.	Italy	31.99	31.99
FIR. Parts S.r.l.	Italy	14.99	14.99
Mercurio S.r.l.	Italy	14.99	14.99
Oerlikon Balzers Coating Luxembourg S.à r.l.	Luxembourg	40.00	40.00
Cubimatéria Polimentos Unipessoal Lda	Portugal	14.99	14.99
Oerlikon Balzers Coating Korea Co. Ltd.	South Korea	10.10	10.10

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

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

Significant prior-year changes in Group structure

Acquisitions
On May 28, 2021, Oerlikon acquired 85 % of SAS COEURDOR and indirectly 68 % of FCM S.p.A., 85 % of FIR. Parts S.r.l., 85 % of Mercurio S.r.l. and 85 % of Cubimatéria Polimentos Unipessoal Lda.

On June 9, 2021, Oerlikon acquired INglass S.p.A. and indirectly H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., HRS Hot Runner Systems NA Inc., HRS (Hangzhou) Trading Co. Ltd., HRS (Hong Kong) Limited, INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., HRS France S.à r.l., HRSflow GmbH, HRS Flow India Private Limited, HRS JAPAN Co. Ltd., HRS Flow Mexico S. DE R.L. DE C.V., SCC Assistência Técnica, Unipessoal Lda, INglass HRS South Africa (Pty) Ltd., Sistemas De Canal Caliente Ibérica. S.L.U., HRS Flow Thailand Co. Ltd., INglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. and INglass USA Inc.

Further information can be found in Note 2 "Acquisitions and Divestments".

Liquidation of subsidiaries
As of April 1, 2021, Oerlikon Textile Systems Far East Ltd. was liquidated.

Mergers

Company	Merged into	Date
Oerlikon AM GmbH	Oerlikon AM Europe GmbH	April 28, 2021
Oerlikon Metco (Japan) Ltd.	Oerlikon Nihon Balzers Coating Co. Ltd.	June 1, 2021
Oerlikon China Equity Ltd.	Oerlikon Textile China Investments Ltd.	August 24, 2021

Acquisitions and Divestments

Note 2

Acquisitions in 2022

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

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

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

Acquisitions in 2021

On May 28, 2021, Oerlikon acquired a 85% share in **SAS COEURDOR**, a leading full-service provider for the design, manufacturing and coating of metallic components to world leading luxury brands. Coeurdor's accessories form parts of leather bags, belts, watches and other luxury goods. Coeurdor is headquartered in France and has production facilities in Italy and Portugal, employing a skilled workforce of more than 220 employees. With this acquisition, the Surface Solutions Division is expanding its offering and foothold in the luxury goods market.

The total purchase consideration for the acquisition of Coeurdor amounts to CHF 103 million and includes CHF 79 million paid in cash in the reporting period and contingent consideration of CHF 9 million. The non-controlling interest of CHF 15 million was determined based on the full goodwill method. The contingent consideration relates to earnout arrangements which are based on financial metrics (EBITDA targets). The potential undiscounted amount payable under the agreements amounts to between CHF 0 million and CHF 11 million. The fair value of the contingent consideration was estimated by calculating the present value of the expected future cash flows. The calculations are based on the current estimates of the fulfillment of the conditions on which the payment of the earnouts depends. As part of the transaction, call/put options have been agreed for the acquisition of the 15 % non-controlling interest, for which a liability of CHF 5 million has been recognized.

Contingent liabilities of CHF 2 million have been recognized primarily due to potential environmental and occupational risks.

The goodwill of CHF 57 million arising from the acquisition is mainly attributable to the strengthening of Oerlikon's market position in the luxury and high-end deco market and expected synergies from combining the operations of the acquired businesses with the Oerlikon Group. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to CHF 1 million have been recognized under other expense in the consolidated income statement for the year ended December 31, 2021.

On April 22, 2021, Oerlikon signed an agreement to acquire **INglass S.p.A.**, a global leader in high-precision polymer flow control equipment. These systems are used to enable effective and energy-saving plastic injection molding. Headquartered in Italy, INglass has more than 1 000 employees and production plants in Italy, China and the US. After receiving all the required merger control approvals, Oerlikon and INglass S.p.A. successfully closed the acquisition on June 9, 2021. The acquisition accelerates Oerlikon's strategy in diversifying its manmade fibers business to expand into the high-growth polymer processing solution market. The Manmade Fibers Division was renamed to Polymer Processing Solutions.

The total purchase consideration for the acquisition of INglass S.p.A. amounts to CHF 358 million and includes CHF 239 million paid in cash at the closing of the transaction, the transfer of treasury shares of OC Oerlikon Corporation AG, Pfäffikon, with a fair value of CHF 40 million at closing date, CHF 13 million deferred payment that was settled in the second half of 2021 and contingent consideration of CHF 66 million. The contingent consideration relates to earnout arrangements which are based on financial metrics (EBITDA targets). The potential undiscounted amount payable under the agreements amounts to between CHF 0 million and CHF 66 million. The fair value of the contingent consideration was estimated by calculating the present value of the expected future cash flows. The calculations are based on the current estimates of the fulfillment of the conditions on which the payment of the earnouts depends.

In the second half of 2021, the fair value of the contingent consideration as per acquisition date was increased by CHF 11 million to CHF 66 million. The identification and valuation of acquired assets and liabilities was further refined and the allocation of the purchase price adjusted accordingly to reflect the revised balances.

Contingent liabilities of CHF 12 million have been recognized primarily due to potential tax and environmental risks. Any potential cash outflow is estimated to occur during the next 5 years. The selling shareholders have contractually agreed to indemnify Oerlikon for these risks.

The goodwill of CHF 215 million arising from the acquisition is mainly attributable to the value of expected synergies and economies of scale expected from combining the operations of INglass S.p.A. and Oerlikon. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to CHF 3 million have been recognized under other expense in the consolidated income statement for the period ended December 31, 2021.

Acquisitions and Divestments

Note 2 (cont.)

The following table summarizes the fair values of consideration and non-controlling interests, as well as assets acquired and liabilities assumed at the date of the acquisition:

in CHF million	Coeurdor May 28, 2021	INglass June 9, 2021	**Total**
Cash	79	239	318
Transfer of treasury shares	–	40	40
Deferred payment	–	13	13
Contingent consideration	9	66	75
Non-controlling interest	15	–	15
Total	**103**	**358**	**461**

Recognized amounts of identifiable assets acquired and liabilities assumed

in CHF million	Coeurdor May 28, 2021	INglass June 9, 2021	**Total**
Cash and cash equivalents	12	33	45
Current financial investments	3	–	3
Trade and other receivables, prepaid expenses	7	82	89
Current income tax receivables	–	4	4
Inventories	8	17	25
Loans and other non-current financial receivables	6	12	19
Property, plant and equipment	7	32	38
Right-of-use assets	1	15	15
Intangible assets	34	172	206
Deferred tax assets	1	17	18
Trade payables	–2	–21	–23
Current lease liabilities	–	–2	–2
Current financial liabilities and derivatives[1]	–8	–106	–113
Other current payables and accrued liabilities	–3	–24	–27
Current income tax payable	–	–7	–7
Current provisions	–3	–2	–5
Non-current lease liabilities	–1	–12	–13
Non-current loans and borrowings	–2	–7	–9
Non-current post-employment benefit liabilities	–	–	–1
Deferred tax liabilities	–11	–43	–54
Non-current provisions	–4	–16	–21
Total identifiable net assets	**46**	**143**	**189**
Goodwill	57	215	271
Total net assets	**103**	**358**	**461**

[1] Financial liabilities of CHF 55 million have been repaid immediately after the acquisition of INglass.

From the date of acquisition until December 31, 2021, Coeurdor and INglass contributed CHF 121 million in total sales and CHF 15 million in net income to the Oerlikon Group. Had the transactions taken place at January 1, 2021, the Group's total sales and net income for the period ended December 31, 2021 would have amounted to approximately CHF 2 729 million and CHF 173 million, respectively. These amounts have been determined based on the assumption that the fair value adjustments at the acquisition date, determined provisionally, would have been the same at January 1, 2021.

Cash flows from acquisitions of subsidiaries

in CHF million	**December 31, 2022**	**December 31, 2021**
Cash consideration paid	–	–318
Deferred payment	–	–13
Cash acquired	–	45
Payments for acquisitions in prior years	–29	–2
Total cash flows from acquisitions, net of cash acquired	**–29**	**–289**

Acquisitions and Divestments

Note 2 (cont.)

Divestment of the Drive Systems Division in 2019
In 2021, a partial settlement with the buyers of the Drive Systems Division led to a cash-out of CHF 9 million (included in Cash flow from operating activities). The reassessment of the related obligations resulted in a gain on sale of discontinued operations of CHF 6 million, which is included in the result from discontinued operations, net of income taxes. The gain is fully attributable to the shareholders of the parent.

Accounting Principle

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

Significant Estimates

Where the Group acquires control of another business, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business shall be recognized, separately from goodwill.
This process involves management making an assessment of the fair value of these items. Management judgment is particularly involved in the recognition and measurement of the following items:

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

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

Revenue

Note 3

Disaggregation of revenue from contracts with customers by division and market:

in CHF million	Surface Solutions Division		Polymer Processing Solutions Division		Total	
	January 1 to December 31, 2022	January 1 to December 31, 2021	**January 1 to December 31, 2022**	January 1 to December 31, 2021	**January 1 to December 31, 2022**	January 1 to December 31, 2021
Automotive	387	363	–	–	388	363
Aviation	187	144	–	–	186	144
Energy	67	63	–	–	66	63
Filament	–	–	949	871	949	871
Flow Control	–	–	208	122	208	122
General Industry	361	335	–	–	367	335
Industrial and Interiors	–	–	173	141	173	141
Nonwoven and Plant Engineering	–	–	194	232	194	232
Tooling	383	379	–	–	376	379
Total revenue from contracts with customers	**1 384**	**1 283**	**1 525**	**1 366**	**2 909**	**2 649**

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

in CHF million	**2022**	2021
Opening balance - Contract assets	**90**	**38**
Opening balance - Contract liabilities	**–549**	**–415**
Net opening balance	**–460**	**–377**
Increase due to revenue recognized over time during the year (including revenue catch-up)[1]	728	839
Decrease due to transfer of AR (sales invoiced, but no advance payments received) or due advanced payments received (not yet invoiced)	–584	–927
Additions of contract costs	1	5
Amortization of contract costs	–1	–
Net closing balance	**–316**	**–460**
Thereof presented as:		
– Current contract assets	38	85
– Non-current contract assets[2]	6	5
– Contract liabilities	–359	–549

[1] Of which CHF 549 million where already included in contract liabilities at the beginning of the period (previous year: CHF 415 million).

[2] Thereof CHF 5 million recognized from costs to fulfill a contract (previous year: CHF 3 million) and CHF 1 million from costs to obtain a contract (previous year: CHF 1 million).

Revenue

Note 3 (cont.)

Transaction price allocated to the remaining performance obligations:

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

in CHF million	2022	2021
< 1 year	863	1384
1-2 years	395	1069
2-3 years	218	213
beyond 3 years	232	–
Total	**1708**	**2666**

Accounting Principle

Revenue Recognition

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

Contract Assets / Contract Liabilities

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

Remaining performance obligation

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

Order Backlog

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

Significant Estimates

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

Other income and expense

Note 4

in CHF million	2022	2021
Licensing, patent and know-how income	1	1
Result from associates and joint arrangements	5	3
Rental income	4	3
Other income	19	19
Other income	**29**	**26**
Taxes not based on income	–12	–9
Other expense	–18	–19
Other expense	**–29**	**–28**
Other income and expense, net	**–**	**–2**

Personnel expense

Note 5

in CHF million	2022[1]	2021
Salaries and wages[1]	703	645
Social security and other employee benefits[2]	192	151
Total	**896**	**796**

[1] Includes expenses related to restructuring programs which primarily aim to reduce costs in the divisions.

[2] Included in the expense for social security and other employee benefits is CHF 26 million (previous year: CHF 30 million) attributable to specific post-employment benefit plans of the individual companies. The remainder includes the legally required benefit contributions of Group companies, as well as other social security expenses.

Financial income and expense

Note 6

in CHF million	2022	2021
Interest income	8	6
Other financial income	1	1
Foreign currency gain, net	–	11
Financial income	**9**	**17**
Interest on financial debt	–11	–9
Interest on liabilities for benefit plans, net	–2	–1
Interest expense for lease liabilities	–6	–6
Other financial expense	–2	–3
Net loss on hedging transactions recognized in the income statement	–3	–1
Financial expense	**–23**	**–20**
Financial expense, net	**–15**	**–3**

Accounting Principles

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

Income taxes

Note 7

in CHF million	2022 Continuing operations	2022 Discontinued operations	2022 Total	2021 Continuing operations	2021 Discontinued operations	2021 Total
Current income tax expense (-) / income (+)	–89	–	**–89**	–66	–	**–66**
Deferred tax income (+) / expense (-)	20	–	**20**	11	–	**11**
Total	**–68**	**–**	**–68**	**–55**	**–**	**–55**

Analysis of tax expense

in CHF million	2022	2021
Result before taxes from continuing operations	161	217
Result before taxes from discontinued operations	–	6
Total	**161**	**223**
Tax expense from continuing operations	–68	–55
Tax expense from discontinued operations	–	–
Total	**–68**	**–55**
Expected tax expense (-)[1]	–44	–52
Difference between actual and expected tax expense	**–24**	**–3**

The difference between the tax expense is calcuated using the weighted average tax rate of the continuing operations of Oerlikon Group (expected tax expense) of 27 % (previous year expected tax rate: 24 %) and the effective tax expense arises from the factors mentioned below.

	2022	2021
Non-taxable income and non-deductible expenses	15	3
Unrecognized deferred taxes on current-year losses	–3	–6
Non-refundable withholding taxes	–38	–11
Income tax expense for prior years	–2	1
(Reversal) / Recognition of previously not (recognized) / recognized tax losses, net	4	11
Other effects	–	–1
Difference between actual and expected tax expense	**–24**	**–3**

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

Deferred taxes

Note 7 (cont.)

Composition of deferred taxes

	2022		2021	
	Deferred tax balances		Deferred tax balances	
in CHF million	Assets	Liabilities	Assets	Liabilities
Trade and trade note receivables	2	–	3	5
Other receivables and current contract assets	–	24	–	36
Inventories	63	2	79	1
Current and non-current receivables and investments	–	8	–	12
Property, plant and equipment	25	58	26	65
Goodwill and intangible assets	21	133	24	157
Post-employment benefit assets	–	–	–	8
Assets	**112**	**225**	**132**	**284**
Trade payables	4	–	8	1
Contract Liabilities	–	49	2	50
Financial and lease liabilities	47	–	51	1
Other and accrued liabilities	18	6	19	9
Post-employment benefit liabilities	36	–	57	–
Provisions	19	2	16	2
Liabilities	**123**	**58**	**152**	**63**
Deferred tax assets from recognized tax loss carry forwards[1]	34	–	36	–
Offsetting	–153	–153	–176	–176
Total	**117**	**130**	**145**	**171**

[1] As per end of 2022 tax loss carry forwards of CHF 168 million for federal taxes and CHF 71 million for state/local taxes were recognized (previous year: CHF 172 million for federal taxes and CHF 64 million for state/local taxes).

Unrecognized deferred tax liabilities:

At December 31, 2022 there are temporary differences of CHF 327 million (previous year: CHF 322 million) with regard to investments in subsidiaries for which no deferred tax liabilities with a potential tax effect of CHF 20 million (previous year: CHF 32 million) were recognized since the Group controls the timing of the reversal of the related taxable temporary differences and management is convinced that they will not reverse in the foreseeable future.

Deferred taxes on temporary differences amounting to CHF 320 million with a potential tax effect of CHF 15 million (previous year: 18 million) have not recognized.

Deferred taxes

Note 7 (cont.)

Utilization of tax loss carry forwards is limited as follows:

	2022		2021		2022		2021	
	Tax losses not recognized as deferred tax assets		Tax losses not recognized as deferred tax assets		**Total tax loss carry forwards**		Total tax loss carry forwards	
in CHF million	**federal tax**	**state/local tax**	federal tax	state/local tax	**federal tax**	**state/local tax**	federal tax	state/local tax
1 year	–	17	–	13	–	17	–	13
2 years	–	5	11	18	–	5	11	18
3 years	–	6	–	5	–	6	1	5
4 years	1	8	6	6	4	8	11	6
5 years	6	9	4	8	12	13	17	17
Over 5 years	–	119	48	116	23	142	53	121
thereof with no expiry	84	20	19	25	219	64	167	75
Total	**91**	**183**	**88**	**190**	**258**	**254**	**260**	**254**

The deferred tax on not recognized tax loss carry forwards would amount to CHF 22 million in 2022 (previous year: CHF 28 million).

Accounting Principles

Current Income Taxes

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

Deferred income taxes

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

Significant Estimates

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

Earnings per share

Note 8

Earnings per share of CHF 0.27 (previous year: CHF 0.50) have been calculated on the basis of a net result of CHF 89 million (previous year: CHF 164 million), attributable to shareholders of the parent, and the average weighted number of outstanding shares (issued shares less treasury shares). In 2022, the average weighted number of shares entitled to vote and receive dividends amounted to 325 225 948 (previous year: 326 870 948). Diluted earnings per share amounted to CHF 0.27 (previous year: CHF 0.50). The average weighted number of shares used in the calculation of diluted earnings per share amounted to 325 225 948 (previous year: 326 870 948).

Number of outstanding shares	**2022**	2021
Total shares issued at year-end	339 758 576	339 758 576
Weighted average number of shares outstanding for the year	325 225 948	326 870 948
Effect of potential exercise of option rights	–	–
Weighted average number of shares diluted for the year	325 225 948	326 870 948

Accounting Principle

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

Inventories

Note 9

			2022			2021
in CHF million	Gross value	Value adjustment	**Net value**	Gross value	Value adjustment	**Net value**
Raw material and components	229	–15	**214**	179	–13	**167**
Work in progress	172	–5	**167**	149	–5	**144**
Finished goods and trade merchandise	152	–29	**123**	128	–31	**97**
Total	553	–49	**504**	456	–49	**407**

Amounts charged to the income statement for write-downs of inventories in the reporting year were CHF 10 million (previous year: CHF 8 million). In 2022, Inventories of CHF 1 298 million (previous year: CHF 1 141 million) were recognized as an expense during the period and included in cost of sales.

Accounting Principles

Inventories are carried at the lower of cost or net realizable value, using FIFO or weighted average cost valuation methods. Self-made components, work in progress and finished goods are carried at production cost. This includes all related material and labor costs, as well as a reasonable allocation of indirect production costs. Recognizable reductions in value resulting from excess inventory, reduced replacement cost or sales price and similar are taken into account through appropriate write-downs of inventory items.

Property, plant and equipment

Note 10

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

Open purchase commitments for property, plant and equipment at the end of 2022 amounted to CHF 8 million (previous year: CHF 8 million).

in CHF million	Plant, equipment and furniture	Production and administration buildings	Developed land	Facilities under construction	**2021 Total**
Cost					
Balance at January 1, 2021	1 305	328	35	48	1 715
Conversion differences	–22	–4	–1	–1	–28
Changes in the scope of consolidated companies	20	17	1	–	38
Additions	32	2	–	50	83
Disposals	–3	–	–	–	–3
Transfers	39	11	–	–50	–
Balance at December 31, 2021	1 370	353	34	47	1 805
Accumulated depreciation and impairment losses					
Balance at January 1, 2021	–938	–210	–	–	–1 149
Conversion differences	18	3	–	–	21
Depreciation	–84	–12	–	–	–96
Disposals	1	–	–	–	1
Balance at December 31, 2021	–1 004	–219	–	–	–1 223
Net book values at January 1, 2021	367	118	35	48	567
Net book values at December 31, 2021	**367**	**135**	**34**	**47**	**583**

Accounting Principles

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

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

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

Right-of-use assets

Note 11

Leases as lessee

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

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

in CHF million	Plant, equipment and furniture	Production and administration buildings	2021 Total
Balance at January 1, 2021	**19**	**185**	**204**
Depreciation	–8	–29	–37
Impairment losses	–	–1	–1
Additions	7	25	32
Disposals	–	–2	–2
Changes in the scope of consolidated companies	4	12	15
Conversion differences	–	–2	–2
Balance at December 31, 2021	**21**	**188**	**209**

Note 11 (cont.)

Right-of-use assets

Amounts included in the consolidated income statement

Leases

in CHF million	2022	2021
Depreciation and impairments on right-of-use assets	–44	–38
Expenses relating to short-term leases	–1	–1
Expenses relating to low-value leases, excluding short-term leases of low-value assets	–3	–2
Expense for variable lease payments not included in lease liabilities	–1	–1
Interest on lease liabilities (included in financial expense)	–6	–6

Amounts included in the statement of cash flows

in CHF million	2022	2021
Total cash outflow for leases[1]	–46	–46

[1]Including short-term and low-value leases as well as expenses for variable lease payments.

Leases as lessor

The Group leases out selected buildings and machines. All leases are classified as operating leases from a lessor perspective.
During 2022, the Group recognized rental income of 4 CHF million (previous year: 3 CHF million).
The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

in CHF million	2022	2021
Due in 1st year	3	4
Due in 2nd year	2	3
Due in 3rd year	2	3
Due in or beyond 4th year	2	5
Total	**9**	**15**

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

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

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

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

Goodwill and intangible assets

Note 12

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

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

in CHF million	Goodwill	Brands	Development costs	Other intangible assets[1]	2021 Total
Cost					
Balance at January 1, 2021	751	145	215	637	1 748
Conversion differences	–26	–5	–3	–12	–47
Changes in the scope of consolidated companies	271	27	4	174	476
Additions	–	–	22	26	48
Disposals	–	–	–	–35	–35
Transfers	–	–	3	–2	1
Balance at December 31, 2021	995	167	240	787	2 190
Accumulated amortization and impairment losses					
Balance at January 1, 2021	–189	–	–110	–314	–613
Conversion differences	9	–	2	5	15
Amortization	–	–	–23	–60	–83
Impairment losses	–	–	–7	–	–7
Disposals	–	–	–	35	35
Transfers	–	–	–3	2	–1
Balance at December 31, 2021	–180	–	–140	–332	–653
Net book values at January 1, 2021	562	145	105	323	1 135
Net book values at December 31, 2021	**815**	**167**	**100**	**456**	**1 538**

[1] The Net book values contain mainly acquired customer relations (CHF 291 million), licenses, patents and technologies (CHF 94 million) and software (CHF 69 million).

Goodwill and intangible assets

Note 12 (cont.)

The capitalized development costs pertain to the divisions as follows:

Capitalized development costs for the period

in CHF million	**2022**	2021
Surface Solutions Division	17	15
Polymer Processing Solutions Division	7	7
Total	**24**	**22**

Goodwill and brands are attributed to the divisions as follows:

Goodwill and brands

	Goodwill		Brands	
in CHF million	**2022**	2021	**2022**	2021
Surface Solutions Division	455	469	20	21
Polymer Processing Solutions Division	329	346	141	147
Total	**785**	**815**	**161**	**167**

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

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

Growth and discount rates per division

	Growth rates[1]		Discount rates	
	2022	2021	**2022**	2021
Surface Solutions Division	2.0%	2.0%	11.2%	10.0%
Polymer Processing Solutions Division	2.0%	2.0%	13.4%	11.4%

[1] For periods following the five-year plan period after 2027 (previous year: 2026).

For 2022 and 2021, a reasonably possible change in a key assumption would not give rise to an impairment.

Accounting Principle

Goodwill and Brands with indefinite useful life are allocated to those cash-generating units (CGUs) that are expected to benefit from the relevant business combination. Both the Surface Solutions Division and the Polymer Processing Solutions Division correspond to one group of CGUs and represent the lowest level at which goodwill is monitored by management.

Goodwill is tested annually for possible impairment using discounted cash flow analysis. Asset values used in the impairment testing are based on value in use and on the latest forecasts approved by management. The fair value measurement was categorized as Level 3 based on the inputs in the valuation technique used. The forecast period used for future cash flows covers the next 5 years. The discount rates used are based on the weighted average cost of capital (WACC) derived from peer groups adjusted to specific risks of the businesses concerned and the countries in which they operate. The capital costs were determined using the capital asset pricing model (CAPM).

Impairment on Brands with indefinite useful life is tested using the 'relief from royalty' method (applying royalty rates ranging from 0.3% to 1.5%), based on the Group's estimated sales attributable to the respective trademark according to the forecasts used for the impairment test on Goodwill.

Intangible assets with finite useful lives are amortized on a straight-line basis over their expected useful lives, as follows.

	years
Development costs:	*5*
Other intangible assets:	
▪ *Acquired customer relations*	*5–23*
▪ *Licenses, patents and technologies*	*5–10*
▪ *Software*	*2–3*
▪ *ERP platform*	*7*

Intangible assets with indefinite useful lives like Goodwill and Brands are not amortized but tested for impairment annually at the balance sheet date or earlier on the occurrence of a triggering event.

Development costs are recognized as intangible assets if they meet the criteria for such recognition set forth in IAS 38. The cost capitalized comprises all costs directly attributable to the development process. After the development phase is complete, the asset is amortized over its estimated useful life.

Significant Estimates

Impairment tests contain estimates of future cash flows to be expected from the use of the assets concerned, or from their potential sale. Actual cash flows may vary significantly from these estimates following changes of plan for the use of assets.

Note 13

Post-employment benefits

in CHF million	2022 Total	2022 due within 1 year	2022 due beyond 1 year	2021 Total	2021 due within 1 year	2021 due beyond 1 year
Net defined benefit liability[1]	**208**	12	196	**230**	13	217
Other employee benefit liabilities	**18**	5	13	**19**	6	13
Subtotal	**226**	**18**	**209**	**249**	**19**	**230**
Post-employment benefit assets	**–**	–	–	**58**	–	58
Post-employment benefit liabilities	**226**	18	209	**307**	19	288

[1] In 2022, net defined benefit liability related to funded plans was CHF 86 million and CHF 123 million related to unfunded plans (previous year: funded CHF 64 million and CHF 166 million related to unfunded plans).

Post-employment benefit expense

in CHF million	2022 Total	2022 Defined benefit	2022 Defined contribution	2021 Total	2021 Defined benefit	2021 Defined contribution
Pension cost (operating)	**26**	18	8	**30**	22	8
Pension cost (financial)	**2**	2	–	**1**	1	–
Total post-employment benefit plan cost in the income statement	**28**	19	8	**32**	23	8

Defined benefit plans

The Group’s material defined benefit pension plans are located in Germany, the USA, and Switzerland and account for 98 % of the Group's net defined benefit liability (previous year: 97 %). Usually, the plans are established as trusts independent of the Group and are funded by payments from Group companies and by employees. The cash funding of these plans is designed to ensure that present and future contributions should be sufficient to meet future liabilities. The funding requirements are based on the pension fund’s actuarial measurement framework set out in the funding policies of the plan. Most of the major plans in Germany are unfunded and, as the result the Group pays pensions to retired employees directly from its own financial resources.

Pension plans in Germany

12 unfunded and 6 funded defined benefit plans existed in 2022 (previous year: 12 and 6 respectively). These pension arrangements are governed by the German Occupational Pensions Act (BetrAVG). The employer is required by German law to increase pension payments every three years according to price inflation, as measured by the Consumer Price Index (“Verbraucherpreisindex – VPI”) or according to comparable pay grades. In case of unfunded pension plans, the Group pays pensions to retired employees directly from its own financial resources. Funded pension plans are administered through a Contractual Trust Agreement (CTA). In a CTA arrangement, the assets are outsourced to an independent entity (e.g. a trust), which has the sole purpose of financing, paying out and ensuring benefits. The transferred assets are completely segregated from the employer’s assets to protect these assets against the risk of the employer’s insolvency. The employer is free to determine the scope and the kinds of assets that are to be transferred to the Trust and used for funding the pension liabilities. No minimum funding requirements or regular funding obligations apply to CTAs. Based on a special trust agreement between the employer and the Trust, the Trust acquires legal title in the transferred assets while the economic ownership rests with the employer. By creating the CTA, the employer creates additional insolvency protection for the beneficiaries.

Pension plans in the USA

1 funded defined benefit plan existed in 2022 (previous year: 1 funded). The Oerlikon USA Holding, Inc. Pension Plan is non-contributory for the employees. The plan uses a final-average-pay-based formula, with benefits based on members’ years of service and final average pay earned while in the employ of a participating company. This plan has been closed to new members since 2006 and benefit accruals under the plan ceased in January 2010. Participants receive their benefits in the form of monthly annuities, which are actuarially reduced for early retirement and/or election of a form of payment providing for continued payments after the participant’s death to a surviving beneficiary. Some participants have the option of receiving their benefits in a single lump-sum payment in lieu of an annuity. The plan does not provide for automatic pension increases. The companies' contributions to the defined benefit plan are made based on US pension funding regulations, in the form of cash. Employees joining Oerlikon USA Holding after specified dates participate in a defined contribution pension plan.

Pension plans in Switzerland and Liechtenstein

7 funded defined benefit plans existed in 2022 (previous year: 7 plans). These plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The pension plan assets are held within a separate foundation and cannot revert to the employer. The Board of Trustees, the most senior governing body of the collective foundation, is responsible for investment strategy and policy. This Board is composed of equal numbers of employees and employer representatives. The plans provide old-age, disability and death-in-service (survivors') benefits to plan participants, their spouses and children, as defined in pension plan rules compliant with the BVG, which specifies the minimum benefits to be provided. Pension funds are financed according to a level premium system, which means that every insured person directly finances his/her own retirement benefits and saves up for his/her retirement. The insured and the employer usually pay equal contributions to the pension fund in case of retirement benefits. The employer must contribute an amount that equals at least the contributions of all employees together. Disability and survivors' benefits are funded via risk contributions; the corresponding benefits are defined based on the current salary.

The following risks arise from the 7 funded defined benefit plans (5 autonomous and 2 partly-autonomous).

The autonomous pension institutions bear the risks from the savings process, the asset management and the demographic risks (longevity, death, disability). The respective pension institution may change the funding system (contributions and future benefits) at any time. In case of a deficit according to BVG and if there are no other measures, the pension institution may require contributions for financial recovery by the employer.

Post-employment benefits

Note 13 (cont.)

The partly-autonomous pension institutions insure the demographic risks with a life insurance company, but bear the risks from the savings process and asset management. The respective pension institution may change the funding system (contributions and future benefits) at any time. In case of a deficit according to BVG and if there are no other measures, the pension institution may require contributions for financial recovery from the employer. With respect to the insured demographic risks, there are further risks, namely that the insurance coverage is only of a temporary nature (cancellation by the life insurance company) and that the inherent risks of the plan result in variable insurance premiums over time.

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	Defined benefit obligation		Fair value of plan assets		Adjustment to asset ceiling		Net defined benefit liability	
in CHF million	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance at January 1	**803**	**883**	**–591**	**–563**	**19**	**8**	**230**	**328**
Included in the income statement								
Current service cost (employer)	18	21	–	–	–	–	18	21
Loss on settlement	–	1	–	–	–	–	–	1
Interest expense on defined benefit obligation	4	3	–	–	–	–	4	3
Interest income on plan assets	–	–	–3	–2	–	–	–3	–2
Administration cost (excl. cost for managing plan assets)[1]	–	–	–	–	–	–	–	–
Total in the income statement	**22**	**25**	**–3**	**–2**	**–**	**–**	**19**	**23**
Included in other comprehensive income								
Remeasurement of defined benefit plans	–127	–42	52	–41	76	11	2	–72
-Actuarial gain (-)/loss (+) arising from:								
- demographic assumptions	–	–18	–	–	–	–	–	–18
- financial assumptions	–136	–21	–	–	–	–	–136	–21
- experience adjustments	9	–3	–	–	–	–	9	–3
-Return on plan assets excluding interest income	–	–	52	–41	–	–	52	–41
-Change in effect of asset ceiling excluding interest expense/income	–	–	–	–	76	11	76	11
Conversion differences	–14	–15	2	3	–	–	–12	–12
Total in other comprehensive income	**–141**	**–57**	**54**	**–38**	**76**	**11**	**–10**	**–84**
Other								
Employer contributions[2]	–	–	–17	–19	–	–	–17	–19
Employee contributions	8	8	–8	–8	–	–	–	–
Benefits paid/deposited	–49	–57	36	40	–	–	–12	–18
Effect of business combination and disposal	–	1	–	–	–	–	–	–
Other	–	–	–1	–	–	–	–1	–
Total in other	**–40**	**–49**	**9**	**12**	**–**	**–**	**–31**	**–37**
Balance at December 31	**644**	**803**	**–531**	**–591**	**95**	**19**	**208**	**230**

of which:

in CHF million								
– Germany	248	334	–49	–56	–	–	199	277
– USA	37	47	–32	–43	–	–	5	4
– Switzerland/Liechtenstein	348	409	–443	–485	95	19	–	–57

[1] Administration costs are less than CHF 1 million (previous year: less than CHF 1 million).

[2] Employer contributions to defined benefit plans for 2023 are expected to be approximately CHF 17 million.

Post-employment benefits

Note 13 (cont.)

The plan assets consist of the following:

in CHF million	2022 Total	2022 Quoted	2022 Unquoted	2022 %	2021 Total	2021 Quoted	2021 Unquoted	2021 %
Equity instruments	**122**	**122**	**–**	**23 %**	**146**	**146**	**–**	**25 %**
Debt instruments, of which in:	**174**	**174**	**–**	**33 %**	**182**	**182**	**–**	**31 %**
– Government bonds	52	52	–		55	55	–	
– Corporate bonds - investment grade	121	121	–		128	128	–	
Real estate, of which in:	**126**	**60**	**66**	**24 %**	**127**	**59**	**68**	**22 %**
– Properties[1]	66	–	66		68	–	68	
– Real estate funds	60	60	–		59	59	–	
Cash and cash equivalents	**17**	**17**	**–**	**3 %**	**24**	**24**	**–**	**4 %**
Investment funds	**69**	**43**	**25**	**13 %**	**85**	**55**	**29**	**14 %**
Other	**23**	**15**	**8**	**4 %**	**27**	**17**	**9**	**5 %**
Total plan assets	**531**	**431**	**100**	**100 %**	**591**	**484**	**107**	**100 %**

[1] Real estate in Germany with a fair value of CHF 7 million (previous year: CHF 8 million) is rented by a Group company, with an annual rent of CHF 1 million (previous year: CHF 1 million).

Plan assets

In the Group's financial statements, the difference between the actual return on plan assets and interest income is as remeasurement recorded directly to other comprehensive income. During 2022, the actual return on plan assets was a loss of CHF 49 million (previous year: gain of CHF 43 million). The recognition of a net defined benefit asset is limited to the present value of any economic benefits available out of refunds from the plans or reductions in future contributions to the plans.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date for significant defined benefit plans in Germany, USA and Switzerland/Liechtenstein (FL) (expressed as weighted averages):

Assumptions used in actuarial calculations

in percentage	2022 Germany	2022 USA	2022 Switzerland/FL	2021 Germany	2021 USA	2021 Switzerland/FL
Discount rate	3.7	5.3	1.9	0.6	2.7	0.2
Future salary increases	2.3	–	1.0	0.1	–	1.0
Future pension increases	2.4	–	–	1.7	–	–

The discount rate is determined by reference to market yields at the end of the reporting period on AA and AAA rated corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the obligations.

Longevities

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date are provided below:

Longevities

in years	2022 Germany	2022 USA	2022 Switzerland/FL	2021 Germany	2021 USA	2021 Switzerland/FL
Retiring at the end of the reporting period:						
– Males	22.1	20.6	23.1	21.9	20.5	22.7
– Females	25.6	22.6	25.6	25.5	22.5	25.5
Retiring 20 years after the end of the reporting period:						
– Males	24.9	22.1	25.4	24.7	22.0	25.0
– Females	27.8	24.0	27.6	27.7	23.9	27.5

Weighted average duration of the defined benefit obligation	2022 Germany	2022 USA	2022 Switzerland/FL	2021 Germany	2021 USA	2021 Switzerland/FL
Number of years	8.5	8.5	12.8	11.3	10.1	15.1

Post-employment benefits

Note 13 (cont.)

The Group's major pension plans give members lump-sum or annuity benefit payment options. The Group values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently.

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation in 2022					
	Increase			**Decrease**		
Sensitivity analysis	**Germany**	**USA**	**Switzerland/ FL**	**Germany**	**USA**	**Switzerland/ FL**
Discount rate (0.5 % movement)	–10	–1	–20	11	2	23
Future salary (0.5 % movement)	–	–	2	–	–	–3
Future pension (0.5 % movement)	3	–	15	–6	–	–13
Future mortality (1 year movement)	–14	–2	–10	11	1	10

	Defined benefit obligation in 2021					
	Increase			Decrease		
Sensitivity analysis	Germany	USA	Switzerland/ FL	Germany	USA	Switzerland/ FL
Discount rate (0.5 % movement)	–17	–2	–26	19	2	30
Future salary (0.5 % movement)	–	–	3	–	–	–3
Future pension (0.5 % movement)	11	–	21	–10	–	–19
Future mortality (1 year movement)	–21	–2	–15	17	2	14

Accounting Principles
The Oerlikon Group operates various post-employment benefit schemes, including both defined benefit and defined contribution plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability (asset) recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, taking into account any asset ceiling. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements of the net defined benefit liability (asset) are charged or credited to other comprehensive income in the period in which they arise.

Current and past-service costs are recognized immediately in the income statement (operating result).

Net interest on the net defined benefit liability comprises interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of asset ceiling. The net interest is calculated using the same discount rate that is used in calculating the defined benefit obligation, applied to the net defined liability at the start of the period, taking into account any changes from contribution or benefit payments. Net interest on the net defined benefit liability is recognized in the income statement (financial result).

The contributions to defined contribution plans are recognized in the income statement (operating result) when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Significant Estimates
To determine the underlying defined benefit obligations estimates and assumptions are used which are based on future projections and actuarial calculations that have been determined together with the actuaries.

Provisions

Note 14

in CHF million	Product warranties	Acquiree's contingent liabilities[1]	Restructuring[2]	Other provisions[3]	2022 Total
Balance at January 1, 2022	23	37	7	35	**102**
Conversion differences	–1	–	–1	–1	**–4**
Additions[4]	8	6	55	11	**80**
Amounts used	–3	–	–4	–7	**–14**
Amounts reversed	–8	–10	–1	–8	**–27**
Balance at December 31, 2022	**19**	**33**	**56**	**29**	**137**
of which:					
Due within 1 year	18	–	56	18	**91**
Due beyond 1 year	1	33	–	12	**46**

[1] Acquiree's contingent liabilities pertain to the Surface Solutions Division (CHF 17 million) and to the Polymer Processing Solutions Division (CHF 16 million). Contingent liabilities in the Surface Solutions Division have been recognized primarily due to several environmental liabilities and potential tax risks. Any potential cash outflow is estimated to occur during the next 10 years. The selling shareholder has contractually agreed to indemnify Oerlikon for an amount up to CHF 20 million related to certain of these environmental liabilities. The contingent liabilities were reassessed in 2022; the related indemnification asset has been adjusted to CHF 1 million (previous year: CHF 10 million). In the Polymer Processing Solutions Division the contingent liabilities have been recognized primarily due to potential tax and environmental risks. Any potential cash outflow is estimated to occur during the next 5 years. The selling shareholders have contractually agreed to indemnify Oerlikon for these risks.

[2] The restructuring provisions pertain to the Surface Solutions Division (CHF 5 million) and to the Polymer Processing Solutions Division (CHF 51 million). The provisions mainly relate to productivity programs, primarily aimed at reducing costs in the divisions. The provisions mostly relate to personnel expenses.

[3] Consists mainly of provisions for pending litigation, technical risks, onerous contracts as well as environmental and tax risks.

[4] Includes unwinding of discount for non-current provisions.

Accounting Principles

Provisions are set up for obligations arising from past events if the future outflow of resources is more likely than not and can be estimated reliably. Other provisions represent uncertainties, for which a best estimate is made in arriving at the amount reserved. Non-current provisions are discounted at a pretax rate that reflects the current market assessments of the time value of money.

Warranty provisions: Provisions are established for known customer claims and also for potential warranty exposure and also for situations where it is known from recent experience that the company is exposed to claims, usually for technical reasons.

Acquirees' contingent liabilities: In a business combination, a contingent liability of the acquiree is recognized in acquisition accounting if it is a present obligation that arises from past events and its fair value can be measured reliably. The probability of payment being required is not relevant in determining whether a contingent liability that is a present obligation should be recognized in a business combination, but this probability will impact its fair value. A contingent liability recognized is initially measured at its fair value. Subsequently, it is measured at the higher of its acquisition-date fair value and the amount that would be recognized in accordance with the requirements for provisions above. A contingent liability initially recognized in a business combination is not derecognized until it is settled, cancelled or it expires.

Restructuring provisions: Provisions are established in cases where a detailed restructuring plan exists and the Group has informed those concerned, or the restructuring process has started.

Onerous contracts: Provisions are established when unavoidable estimated costs to fulfill a contract exceed the related contract revenues.

Significant Estimates

Provisions are based on a realistic estimate of the economic outflow that may result. However, the ultimate resolution of such disputes can give rise to claims against the Group, which may not be fully covered by provisions or insurance.

Financial instruments

Note 15

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2022, including their levels in the fair value hierarchy, are as follows:

	Carrying amount						Fair value		
in CHF million	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost[1]	**Total financial assts/liabilities**	Non-financial assets/liabilities	**Total balance sheet position**	Level 1	Level 2	Level 3
Cash, postal and bank current accounts	–	–	179	**179**	–	179			
Time deposits	–	–	150	**150**	–	**150**			
Money market funds[2]	–	–	135	**135**	–	**135**			
Cash and cash equivalents[3]	**–**	**–**	**463**	**463**	**–**	**463**			
Debt and equity securities	–	9	–	**9**	–	**9**	9	–	–
Deposits	–	–	4	**4**	–	**4**	–	–	–
Foreign exchange contracts	4	–	–	**4**	–	**4**	–	4	–
Current financial investments and derivatives	**4**	**9**	**4**	**17**	**–**	**17**	**9**	**4**	**–**
Trade and trade notes receivable	**–**	**–**	**434**	**434**	**–**	**434**			
Advances on inventory	–	–	–	**–**	32	**32**			
Other current receivables[4]	–	–	–	**–**	66	**66**			
Other receivables	**–**	**–**	**–**	**–**	**98**	**98**			
Loans and non-current financial receivables	–	–	7	**7**	–	**7**			
Other non-current receivables	–	–	–	**–**	18	**18**			
Loans and other non-current receivables	**–**	**–**	**7**	**7**	**18**	**26**			
Investments in associates and joint arrangements	–	–	–	**–**	25	**25**	–	–	–
Other investments[5]	17	–	–	**17**	–	**17**	–	–	17
Non-current financial investments	**17**	**–**	**–**	**17**	**25**	**42**	**–**	**–**	**17**
Total	**21**	**9**	**909**	**939**	**140**	**1 080**	**9**	**4**	**17**
Trade payables	**–**	**–**	**400**	**400**	**–**	**400**			
Foreign exchange contracts	6	4	–	10	–	10	–	10	–
Current loans and borrowings	–	–	151	151	–	151	–	–	–
Current financial liabilities and derivatives	**6**	**4**	**151**	**161**	**–**	**161**	**–**	**10**	**–**
Other operating payables[4]	–	–	–	–	87	87	–	–	–
Other current liabilities	–	34	–	34	–	34	–	–	34
Other current liabilities	**–**	**34**	**–**	**34**	**87**	**121**	**–**	**–**	**34**
Accrued personnel expenses	–	–	–	–	93	93			
Accrued material expenses	–	–	58	58	–	58			
Other accrued liabilities[6]	–	–	89	89	–	89			
Accrued liabilities	**–**	**–**	**147**	**147**	**93**	**240**			
Bonds	–	–	599	599	–	599	559	–	–
Non-current loans and borrowings	–	–	5	5	–	5			
Non-current financial liabilities	**–**	**–**	**604**	**604**	**–**	**604**	**599**	**–**	**–**
Other non-current liabilities	**–**	**4**	**2**	**7**	**–**	**7**	**–**	**–**	**4**
Total	**6**	**42**	**1304**	**1352**	**93**	**1445**	**599**	**10**	**38**

[1] With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

[2] Investment-grade rated money market funds available on a daily basis, with an initial maturity of less than 3 months.

[3] CHF 332 million of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

[4] Mainly include Receivables from and Payables to tax authorities (VAT).

[5] Mainly include a 12.62% investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) of CHF 17 million that is carried at fair value through other comprehensive income.

[6] Contains mainly accrued expenses for services.

Financial instruments

Note 15 (cont.)

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2021, including their levels in the fair value hierarchy, are as follows:

	Carrying amount						Fair value		
in CHF million	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost[1]	**Total finan-cial assts/lia-bilities**	Non-financial assets/liabilities	**Total balance sheet posi-tion**	Level 1	Level 2	Level 3
Cash, postal and bank current accounts	–	–	269	**269**	–	269			
Time deposits	–	–	136	**136**	–	**136**			
Money market funds[2]	–	–	196	**196**	–	**196**			
Cash and cash equivalents[3]	**–**	**–**	**601**	**601**	**–**	**601**			
Debt and equity securities	–	10	–	**10**	–	**10**	10	–	–
Deposits	–	–	8	**8**	–	**8**	–	–	–
Foreign exchange contracts	6	2	–	**8**	–	**8**	–	8	–
Current financial investments and derivatives	**6**	**12**	**8**	**26**	**–**	**26**	**10**	**8**	**–**
Trade and trade notes receivable	**–**	**–**	**440**	**440**	**–**	**440**			
Advances on inventory	–	–	–	**–**	37	**37**			
Other current receivables[4]	–	–	–	**–**	76	**76**			
Other receivables	**–**	**–**	**–**	**–**	**114**	**114**			
Loans and non-current financial receivables	–	–	4	**4**	–	**4**			
Other non-current receivables	–	–	–	**–**	25	**25**			
Loans and other non-current receivables	**–**	**–**	**4**	**4**	**25**	**30**			
Investments in associates and joint arrangements	–	–	–	**–**	13	**13**	–	–	–
Other investments[5]	28	–	–	**28**	–	**28**	–	–	28
Non-current financial investments	**28**	**–**	**–**	**28**	**13**	**41**	**–**	**–**	**28**
Total	**34**	**12**	**1 054**	**1 100**	**178**	**1 278**	**10**	**8**	**28**
Trade payables	**–**	**–**	**355**	**355**	**–**	**355**			
Foreign exchange contracts	1	4	–	5	–	5	–	5	–
Bonds	–	–	125	125	–	125	125	–	–
Current loans and borrowings	–	–	13	13	–	13	–	–	–
Current financial liabilities and derivatives	**1**	**4**	**137**	**142**	**–**	**142**	**125**	**5**	**–**
Other operating payables[4]	–	–	–	–	66	66	–	–	–
Other current liabilities	–	41	–	41	–	41	–	–	41
Other current liabilities	**–**	**41**	**–**	**41**	**66**	**106**	**–**	**–**	**41**
Accrued personnel expenses	–	–	–	–	94	94			
Accrued material expenses	–	–	38	38	–	38			
Other accrued liabilities[6]	–	–	84	84	–	84			
Accrued liabilities	**–**	**–**	**122**	**122**	**94**	**216**			
Bonds	–	–	599	599	–	599	613	–	–
Non-current loans and borrowings	–	–	12	12	–	12			
Non-current financial liabilities	**–**	**–**	**611**	**611**	**–**	**611**	**613**	**–**	**–**
Other non-current liabilities	**–**	**41**	**3**	**44**	**–**	**44**	**–**	**–**	**41**
Total	**1**	**86**	**1229**	**1315**	**159**	**1475**	**739**	**5**	**82**

[1] With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

[2] Investment-grade rated money market funds available on a daily basis, with an initial maturity of less than 3 months.

[3] CHF 330 million of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

[4] Mainly include Receivables from and Payables to tax authorities (VAT).

[5] Mainly include a 12.62% investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) of CHF 27 million that is carried at fair value through other comprehensive income.

[6] Contains mainly accrued expenses for services.

Financial instruments

Note 15 (cont.)

Measurement of fair values

Level 1 fair values
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume providing information on an ongoing basis. Instruments included in level 1 comprise investments in various debt and equity instruments via investment funds.

Level 2 fair values
The following table shows the valuation technique used in measuring level 2 fair values:

Type of financial instruments	
Foreign exchange contracts	The fair values of foreign exchange hedging contracts are derived from quoted foreign exchange rates received from brokers.

Level 3 fair values
The following table shows the valuation technique used in measuring level 3 fair values:

Type of financial instruments	Valuation technique
Other investments	Other investments mainly include a 12.62 % (2021: 12.62 %) investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) that is carried at fair value through other comprehensive income. Such investments are valued initially at fair value through the established purchase price between a willing buyer and seller and subsequently adjusted based on fair value less costs of disposal derived from a discounted cash flow analysis. The forecast period used for future cash flows covers the years 2023 to 2034. For the periods following the plan period a growth rate of 3 % was assumed. The discount rate of 25 % is based on the weighted average cost of capital (WACC).The capital costs were determined using the capital asset pricing model (CAPM).
Other non-current liabilities	The valuation of the contingent considerations is based on the current estimate of the fulfillment of the conditions on which the payment of the earnout depends. The fair value is based on various unobservable inputs. A change in these inputs may result in a significantly higher or lower fair value.

Transfers between levels of fair values
There were no transfers between levels during the year.

Accounting Principles
Financial assets are initially measured at fair value. Subsequent measurement depends on their classification according to IFRS 9 based on the entity's business model either at amortized cost, fair value through profit and loss or fair value through OCI. Debt and Equity securities include debt instruments frequently traded. Other debt investments (i.e. Trade and trade notes receivables, deposits) are for held and collect purpose.

Financial liabilities are initially measured at fair value less directly attributable costs. Subsequent measurement depends on their classification according to IFRS 9 either at amortized cost, fair value through profit and loss or fair value through OCI.

Financial instruments

Note 15 (cont.)

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The Group's financial risk management aims to limit any adverse effects that the markets may have on the Group's financial health, at an acceptable hedging cost. Risk limitation does not mean complete exclusion of financial risks, rather it means following a policy of economically sensible management of the Group's finances within an agreed framework of documented authority. The Group uses derivative financial instruments to hedge certain risks. Only preapproved instruments are used, and as a fundamental rule, no speculative transactions are conducted in the areas of foreign exchange or interest rates. No hedges are entered into without a corresponding base transaction. Management monitors and steers such risks continuously with the support of Group Treasury, which identifies and evaluates all financial risks, working with the Group's operating companies and hedging the risks as appropriate. The Group has documented guidelines for financial risk management, covering the use of derivative and non-derivative financial instruments and policies for use of surplus funds.

Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's customer receivables, investment securities and cash placed with banks.

The credit or default risk associated with operating receivables is monitored locally by the individual Group companies. These companies follow a credit policy defined by each operating unit, under which each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered. Credit ratings are reviewed regularly, and limits are set and monitored on an ongoing basis.

Trade receivables are valued at the original invoiced amount less any necessary value adjustments for default risks. These risks are insured with third parties only in exceptional cases. Value adjustments are set at varying levels corresponding to risks recognized in the different Business Units.

As a fundamental principle, the Group places funds only with investment grade rated domestic and foreign banking institutions, and Group Treasury periodically assesses the relevant ratings and credit default spreads of these banking institutions.

The Oerlikon Group's maximum credit risk from financial instruments is reflected in the book values of the individual financial assets as per year-end. There are no commitments or obligations which might lead to an exposure exceeding these book values.

in CHF million	**2022**	2021
Cash and cash equivalents	463	601
Current financial investments and derivatives	17	26
Trade and trade notes receivable	434	440
Current contract assets	38	85
Loans and other non-current receivables	7	4
Total	**960**	**1 156**

At December 31, trade and trade notes receivables are distributed geographically (by location of the Group company) as follows:

in CHF million	**2022**	2021
Asia/Pacific	155	166
Europe	202	212
Americas	78	63
Total	**434**	**440**

No concentrations of risk to the Group are expected from the outstanding receivables.

Financial instruments

Note 15 (cont.)

At December 31, the aging of trade receivables were as follows:

in CHF million	2022 Gross amount	2022 Value adjustment	2021 Gross amount	2021 Value adjustment
Current (not due)	**326**	**–1**	**325**	**–2**
Total past due	**123**	**–15**	**132**	**–15**
0–30 days	46	–1	55	–
31–60 days	17	–	20	–
61–90 days	13	–	11	–
91–120 days	11	–2	7	–1
Over 120 days	37	–12	40	–14
Total	**450**	**–16**	**458**	**–17**

The allowance for doubtful debts is based on the Expected Credit Loss (ECL) method, which consists in applying a current and forward-looking model to identify factors that may affect the ability of customers to settle their obligations as agreed. The Group applies IFRS 9 simplified approach and calculates expected credit losses using a provision matrix where trade receivables are grouped based on different customer attributes. If substantial expected payment delays occur, receivables are assessed individually for further impairment. Expected loss allowances relating to contract assets were not material in the reporting year, nor in the previous year.

Reconciliation of changes in allowance accounts for credit losses:

in CHF million	2022	2021
Balance at January 1	–17	–15
Additional impairment losses charged to income	–7	–6
Reversal of impairment losses	4	2
Write-off	4	2
Conversion differences	1	–
Balance at December 31	**–16**	**–17**

Liquidity risk

Liquidity risk is the risk that the Oerlikon Group may be unable to discharge its financial liabilities in a timely manner or at acceptable cost. Oerlikon supervises and manages the Group's liquidity centrally, in order to ensure that outstanding financial liabilities can at all times be met within their maturity period and at acceptable financing cost. Group Treasury prepares and provides the relevant decision support and arranges for the availability of the relevant funds once approval is given.

Oerlikon's liquidity is monitored using short-, medium- and long-term rolling forecasts, about which senior management is kept informed. On the basis of these plans, Oerlikon mobilizes the necessary liquid funds and takes any further steps necessary in a timely manner.

The remaining contractual maturities of financial liabilities as of December 31 were as follows:

in CHF million	2022 Carrying amount	Contractual cash flow	within 1 year	1 to 5 years	more than 5 years	of which secured
Trade payables	400	400	400	–	–	–
Current and non-current financial liabilities	755	782	159	442	202	–
Lease liabilities	192	241	35	94	111	–
Accrued liabilities	147	147	147	–	–	–
Other current and non-current liabilities	40	40	34	7	–	–
Non-derivative financial liabilities	**1 534**	**1 610**	**755**	**523**	**313**	**–**
Foreign exchange contracts used for hedging	6	1 416	1 395	21	–	–
– thereof: for hedging fx-outflows (notional value)	–	978	978	–	–	–
– thereof: for hedging fx-inflows (notional value)	–	438	417	21	–	–
Derivative financial instruments[1]	**6**	**1 416**	**1 395**	**21**	**–**	**–**
Total	**1 540**	**3 026**	**2 170**	**543**	**313**	**–**

[1] Contractual cash flows relate to underlying transactions that cover the contractual cash flows almost completely.

Financial instruments

Note 15 (cont.)

in CHF million	Carrying amount	Contractual cash flow	within 1 year	1 to 5 years	more than 5 years	of which secured
						2021
Trade payables	355	355	355	–	–	–
Current and non-current financial liabilities	748	783	152	428	203	–
Lease liabilities	212	278	38	106	134	–
Accrued liabilities	122	122	122	–	–	–
Other current and non-current liabilities	85	85	44	39	2	–
Non-derivative financial liabilities	**1523**	**1624**	**712**	**573**	**339**	**–**
Foreign exchange contracts used for hedging	3	865	772	93	–	–
– thereof: for hedging fx-outflows (notional value)	–	529	526	2	–	–
– thereof: for hedging fx-inflows (notional value)	–	336	246	91	–	–
Derivative financial instruments[1]	**3**	**865**	**772**	**93**	**–**	**–**
Total	**1526**	**2489**	**1484**	**666**	**339**	**–**

[1] Contractual cash flows relate to underlying transactions that cover the contractual cash flows almost completely.

Changes in liabilities arising from financial activities[1]

in CHF million	2022	2021
Liabilities from financial activities as of January 1	**960**	**371**
Cash flows from financing activities		
Repayment of financial debt	–135	–109
Proceeds from financial debt	143	573
Principal elements of lease payments	–35	–36
Total cash flows from financing activities	**–27**	**428**
Non-cash changes		
Increase of lease liabilities (net)	23	30
Decrease/increase from changes in the scope of consolidated companies	–2	135
Conversion differences	–7	–4
Total non-cash changes	**14**	**161**
Liabilities from financial activities as of December 31	**947**	**960**

[1] Liabilities from financial activities consist of current and non-current financial liabilities and lease liabilities.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may change as a result of fluctuations in market prices. The Oerlikon Group is exposed in particular to fluctuations in foreign exchange and interest rates. The Group also has a minor risk from exposure to fluctuations in raw material prices.

Financial instruments

Note 15 (cont.)

Foreign exchange risk

Foreign exchange transaction risk
Due to its most significant markets, the Group is primarily exposed to exchange risks versus the USD and EUR. If costs and revenues of Group companies are incurred or earned in differing or in non-functional currencies, the underlying business transactions are hedged on a centrally coordinated basis by means of commonly used financial instruments. Group companies make regular plans for receipt or payment of cash in foreign currencies and advise these to Group Treasury, which hedges the related exchange risks using external contracts with investment-grade-rated banks.

The Group's hedging strategy for exchange risks distinguishes between the routine business of supplying components or spare parts and the Group's project activities. For the routine business, cash flows in foreign currencies are hedged for a whole year in advance, based on the annual budget. The hedging quota, i.e. the percentage of the base volume to be hedged, is set forth in the related guidelines. Periodically, a check is performed as to whether the latest forecast of business volumes calls for an increase or a reduction in the hedging volume. For projects, the exchange risks are hedged when the contract is entered into. For special transactions that do not fall into either category – routine or project – the hedging strategy can be determined for individual cases.

Foreign exchange translation risk
Translation exposure arises from consolidation of foreign-currency-denominated financial statements of the Group's subsidiaries. The Group's consolidated financial statements are reported in Swiss francs. The translation risk arising from foreign subsidiary balance sheets, which affects the consolidated Group equity is not hedged.

Foreign exchange economic risk
The Group policy is not to hedge long-term foreign exchange risk.

The following rates were used to convert the most important foreign currencies in the financial statements:

	Average rates		Change	Year-end rates		Change
	2022	2021	22/21	**2022**	2021	22/21
1 USD	0.954	0.915	4.3%	0.924	0.913	1.2%
1 EUR	1.004	1.081	–7.1%	0.986	1.034	–4.6%
100 CNY	14.183	14.173	0.1%	13.311	14.358	–7.3%
100 HKD	12.184	11.760	3.6%	11.853	11.715	1.2%
100 JPY	0.727	0.832	–12.7%	0.702	0.794	–11.6%
1 SGD	0.692	0.680	1.8%	0.689	0.677	1.9%

Sensitivity analysis
For the sensitivity analysis, the three most important currencies were selected in which the Group holds significant amounts of receivables and payables. Based on a two-year volatility of 7.37 % (CNY/CHF), 7.96 % (USD/CHF) and 5.95 % (EUR/CHF), a corresponding appreciation of the foreign currencies on December 31, 2022, would have changed the equity and the income statement by the amounts listed below.

	2022		2021	
Effect in CHF million	**Equity**	**Income statement**	Equity	Income statement
USD	–	2	1	2
EUR	–2	–	–1	1
CNY	–	–	–	–

A depreciation of the three foreign currencies by 7.37 % (CNY/CHF), 7.96 % (USD/CHF) and 5.95 % (EUR/CHF) against the Swiss franc would have had the same but opposite effect on the equity and the income statement, assuming all other variables remain constant. In the previous period, the sensitivity analysis was calculated with 6.71 % (CNY/CHF), 6.87 % (USD/CHF) and 3.76 % (EUR/CHF).

The Group's exposure to foreign exchange risk was as follows, based on nominal amounts as of December 31:

	2022				2021			
in million	**EUR**	**USD**	**CNY**	**CHF**	EUR	USD	CNY	CHF
Trade receivables	20	31	–	1	21	29	–	–
Trade payables	11	11	4	1	15	7	5	1
Net financial position	5	24	22	1	15	23	20	1
Gross exposure consolidated balance sheet	**36**	**67**	**26**	**3**	**51**	**58**	**25**	**2**
Gross foreign exchange risk in business operations	**–78**	**143**	**–316**	**–26**	**–81**	**259**	**–452**	**–23**
Open net foreign exchange forward contracts	**37**	**–149**	**249**	**19**	**36**	**–236**	**358**	**18**
Net exposure	**–4**	**61**	**–41**	**–4**	**6**	**82**	**–69**	**–3**

Financial instruments

Note 15 (cont.)

Interest rate risk

Oerlikon is mainly exposed to interest rate risk in relation to its liquid funds, which are placed at variable rates or held as short-term investments.

Group Treasury prepares and provides the relevant decision support for senior management (Board of Directors, senior financial management) and arranges for hedging against interest rate fluctuations, once approval is given. Such hedging is carried out using derivative financial instruments, such as interest rate swaps and interest rate caps.

As of December 31, the interest rate profile of the Group's interest-bearing financial instruments was:

in CHF million	**2022** **Net carrying amount**	2021 Net carrying amount
Fixed rate interest		
Financial assets	16	9
Financial liabilities	–804	–959
Total	**–788**	**–950**
Variable rate interest		
Financial assets	476	615
Financial liabilities	–145	–3
Total	**330**	**612**

The terms and conditions of outstanding loans are as follows:

2022

in CHF million	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**
Syndicated loan/Revolving Credit Facility	CHF	risk free rate + 0.50 %	2026/2027	–	25
Bond	CHF	2.625 %	2024	150	150
Bond	CHF	0.375 %	2025	250	250
Bond	CHF	0.800 %	2028	200	199
Lease liabilities	var.	var.	var.	192	192
Current and non-current loans and borrowings	var.	var.	var.	155	131
Total current and non-current financial liabilities and lease liabilities					**947**

2021

in CHF million	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Syndicated loan/Revolving Credit Facility	CHF	risk free rate + 0.60 %	2026	–	–
Bond	CHF	0.00 %	2022	125	125
Bond	CHF	2.625 %	2024	150	150
Bond	CHF	0.375 %	2025	250	249
Bond	CHF	0.800 %	2028	200	199
Lease liabilities	var.	var.	var.	212	212
Current and non-current loans and borrowings	var.	var.	var.	24	24
Total current and non-current financial liabilities and lease liabilities					**960**

Financial instruments

Note 15 (cont.)

Syndicated loan facilities
In 2021, Oerlikon signed an agreement for an unsecured syndicated sustainability-linked credit facility amounting to CHF 600 million. The facility comprises a revolving credit facility and an ancillary credit facility with a five-year term and two optional one-year extensions, at the full discretion of the lenders. The first extension option was exercised in November 2022 for a total amount of CHF 491 million. As of December 31, 2022, the drawn revolving credit facility balance was CHF 25 million, and out of CHF 111 million allocated to the ancillary credit facility, the amount of CHF 42 million was used for issuing guarantees.

As per December 31, 2022, the interest rate of the loan under the syndicated credit facility is defined as the applicable risk-free rate plus a margin of 0.50 % per year, subject to a margin grid based on the ratio of Net Debt to EBITDA (within a range of 0.50 % and 1.90 %).

As of December 31, 2022 the syndicated credit facility contains the following financial covenant, which is tested quarterly:

– Net debt/EBITDA

In December 2022, Oerlikon signed a 3-year unsecured term loan facility to finance the intended acquisition of the Riri Group as announced on December 16, 2022. The facility is contingent on the successful closing of the acquisition and will mature three years after the closing date.

Bonds
On June 17, 2014, the Oerlikon Group issued a 10 year CHF 150 million straight bond with a nominal interest of 2.625 % (effective interest: 2.625 %).

On May 27, 2021, the Oerlikon Group issued a 1.5 year CHF 125 million straight bond with a nominal interest of 0.000 % (effective interest: 0.000 %), a 4.5 year CHF 250 million straight bond with a nominal interest of 0.375 % (effective interest: 0.358 %) and a 7.5 year CHF 200 million straight bond with a nominal interest of 0.800 % (effective interest: 0.788 %). At its maturity in November 2022, the 1.5 year CHF 125 million straight bond was repaid in full.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points (bp) in interest rates at the reporting date would have affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Income statement	
Effect in CHF million	**100 bp increase**	**100 bp decrease**
2022		
Cash flow sensitivity	2	–2
2021		
Cash flow sensitivity	5	–5

The assumption in the underlying sensitivity analysis is that an increase as well as a decrease by 100 bp has a full impact on interest income and expense. Due to the overall low interest rate environment, a decrease by 100 bp would lead to a negative average interest rate. The tax impact has been included in all figures regarding interest sensitivity.

A change of 100 basis points in interest rates would have the same impact in Group equity, as there is no direct impact in other comprehensive income.

Derivative assets and liabilities

			2022			2021
		Fair value			Fair value	
in CHF million	**Contract volume**	**positive**	**negative**	Contract volume	positive	negative
Foreign exchange contracts	**1 416**	**4**	**10**	**865**	**8**	**5**

Based on the Group's business activities, the following main currency pairs are hedged: EUR/USD, EUR/CHF, EUR/CNY, USD/CNY, and CNY/CHF. Positive and negative changes in fair values of foreign exchange contracts are offset by the corresponding gain or loss on the hedged transactions. The maximum risk from counterparty non-performance is equal to the positive market value of outstanding derivatives as per year-end. In view of the reputation of the counterparties, this risk is deemed to be minimal. In principle, the maturities of currency hedges correspond to the maturity of the hedged transactions. If the maturity of the base transaction shifts, the maturity of the hedge contract will be shifted correspondingly (roll-over/swaps). Thus, the cash flows deriving from the hedge contracts are synchronized with the impact of the base transaction in the income statement. The hedging transactions are first recorded in other comprehensive income, then released to the income statement when the base transaction is recorded. For this reason, there is no need for a separate presentation of the maturities of hedge contracts and their underlying transactions.

Maturity structure of open foreign exchange contracts at December 31:

in CHF million	**Carrying amount**	**Expected cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**more than 5 years**
Foreign exchange contracts							
2022	–6	**1 416**	1 117	278	21	–	–
2021	3	**865**	613	158	90	3	–

Netting of financial assets and liabilities
No significant netting of financial assets and liabilities occurred in 2022 and 2021.

Capital management

Note 16

Oerlikon Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using the ratios shown below:

in CHF million	2022	2021
Total assets	3 937	4 341
Equity attributable to shareholders of the parent	1 274	1 424
Equity ratio in %	**32 %**	**33 %**

With an equity ratio of 32 % (previous year: 33 %), the Oerlikon Group is within the target range of its financial strategy. The currently outstanding bonds have an investment-grade rating.

Return on Capital Employed (ROCE) in %	**5.3 %**	**7.6 %**

Return on Capital Employed (ROCE) is defined as Net Operating Profit After Tax (NOPAT) on the basis of 12 months rolling over the Capital Employed per year-end whereas NOPAT is composed of EBIT deducted by current and deferred income taxes and Capital Employed is composed of third-party net operating assets, current income tax receivables and current income taxes payable and deferred tax assets and liabilities.

OC Oerlikon participation plans

Note 17

On December 31, 2022, the following equity-settled plans were open, pursuant to which the holder is entitled to shares of OC Oerlikon Corporation AG, Pfäffikon:

Restricted Stock Units (RSU)
Members of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon, receive a portion of their compensation by means of Restricted Stock Units (RSU), which are allocated on the day of the Annual General Meeting of Shareholders and vest upon the next Annual General Meeting of Shareholders, at which time they are converted into Oerlikon shares. For Directors resigning their mandate prior to the end of the term, the number of RSU converted into shares is determined at the sole discretion of the Board of Directors. The fair value at grant date for the 2022 plan is CHF 6.89 and is based on the stock price at grant date of CHF 7.24 and an expected dividend of CHF 0.35.

Under the Long-Term Incentive Plan (LTI), members of the Executive Committee and senior management may receive a portion of their compensation as long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon, shares that are based on a vesting period of three years. Upon vesting, the RSU are converted into shares. For each RSU granted, the equivalent of dividends paid per share to shareholders during the vesting period is added to the final payout. The fair value for the 2022 plan is based on the stock price at grant date of CHF 6.90 (average). The RSU allocated in 2022 will vest on May 1, 2025.

Year of allocation	Outstanding on 1.1.	Granted in 2022	Forfeited in 2022	Exercised in 2022	Outstanding on 31.12.	Fair value at grant date in CHF[1]	Expense 2022 in CHF million	Vesting period
2016	8763	–	–	–	8763	-	–	06.04.16 - 12.04.17
2019	132545	–	–2901	–129644	–	-	0.2	01.05.19 - 30.04.22
2020	254277	–	–7116	–91150	156011	-	0.6	08.04.20 - 30.04.23
2021	359654	–	–5087	–167149	187418	-	1.6	14.04.21 - 30.04.24
2022	–	494157	–1826	–22700	469631	6.90	1.2	06.04.22 - 30.04.25
Total	**755239**	**494157**	**–16930**	**–410643**	**821823**		**3.6**	

[1] The fair values relate to the units granted in 2022.

Performance Share Awards (PSA)
Under the Long-Term Incentive Plan (LTI), members of the Executive Committee and senior management may receive a portion of their compensation as long-term bonus in the form of awards for OC Oerlikon Corporation AG, Pfäffikon, shares that are based on performance conditions and a vesting period of three years. The achievement of the performance conditions determines the effective number of total Performance Share Awards (PSA). Upon vesting, the effective number of PSA is converted into shares. For each PSA granted, the equivalent of dividends paid per share to shareholders during the vesting period is added to the final payout.

Performance conditions for the 2022 plan are Return on Capital Employed (ROCE) and absolute Total Shareholder Return (TSR) of Oerlikon. ROCE is defined as NOPAT (Net Operating Profit After Tax) over Capital Employed. TSR is defined as the net change in share price plus any dividend distributions over a period of time. To determine the final number of PSA, the effective average annual ROCE achievement over the performance period is mapped to a payout factor between 0% and 150% and multiplied with the effective TSR modifier of either 0.9, 1.0 or 1.1, depending on whether the absolute TSR achievement is below, within or above a preset TSR target corridor determined by the Board of Directors at the beginning of the program.

The fair value for the 2022 plan is based on the stock price at grant date of CHF 6.90 (average) and a TSR multiplier of 1.0. The PSA allocated in 2022 will vest on May 1, 2025.

Year of allocation	Outstanding on 1.1.	Granted in 2022	Forfeited in 2022	Performance adjustment	Exercised in 2022	Outstanding on 31.12.	Fair value at grant date in CHF[1]	Expense 2022 in CHF million[2]	Vesting period
2019	179008	–	–4350		–174658	–	-	0.2	01.05.19 - 30.04.22
2020	378102	–	–10675		–135071	232356	-	0.6	01.05.20 - 30.04.23
2021	251720	–	–5087	–5272	–66944	174417	-	1.1	01.05.21 - 30.04.24
2022	–	360359	–1826		–2854	355679	6.90	0.5	01.05.22 - 30.04.25
Total	**808830**	**360359**	**–21938**	**–5272**	**–379527**	**762452**		**2.5**	

[1] The fair values relate to the awards granted in 2022.

Accounting Principle
The fair value of share-based payments is determined on the day such share-based remuneration is granted and charged to the income statement on a straight-line basis over the vesting period within operating results, with a corresponding increase in equity (equity settled plans). Non-market conditions are incorporated in the expense measure by adjusting the number of equity instruments expected to vest at each reporting during the vesting period.

Related party transactions

Note 18

Related parties include joint arrangements, associates, members of the Board of Directors, the Executive Committee, employee benefit plans or important shareholders as well as companies under their control. Transactions with related parties are generally conducted at arm's length.

Primary shareholder
The share capital of CHF 339 758 576 consists of 339 758 576 registered shares, each with a par value of CHF 1.00. On December 31, 2022, conditional capital amounted to CHF 47 200 000.

The shareholders registered as holding more than 5 % of the shares as at December 31, 2022 were:

	Share ownership[1]	
Shareholder	**Number of shares**	**in %[2]**
Liwet Holding AG, Zurich, Switzerland[3]	145 086 913[4]	42.70 %

[1] Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), published by SIX Exchange Regulation.

[2] Basis: Shares issued (339 758 576).

[3] The shares of Liwet Holding AG are ultimately held as follows:
A) 44.46% by Columbus Trust, a trust established under the laws of Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia and Zug, Switzerland
B) 2.47% by Amapola Development Inc, Panama and Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia
C) 16.985% by Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Nikolay Olkhovik, Forch Switzerland and Nathalia Olkhovik, Corfu, Greece
D) 19.455% by Ali International Ltd., Bahamas and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, Swieqi, Malta.
E) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Mr. Alexey Valerievich Moskov, Wädenswil, Switzerland and Mr. Andrey Alekseevich Shtorkh, Limassol, Cyprus.

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

Share ownership, options and related instruments
The disclosure below follows Art. 663c, Para. 3, of the Swiss Code of Obligations, which requires disclosure of share ownership, options and related instruments individually for each member of the Board of Directors and Executive Committee, including shares, options and related instruments held by persons closely related to, and by companies controlled by members of the Board of Directors and Executive Committee.

Members of the Board of Directors	**Number of shares**	**Number of Restricted Stock Units (RSU)**
Prof. Dr. Michael Suess[1]	see below	see below
Gerhard Pegam	41 950	18 992
Alexey V. Moskov	66 222	18 992
Paul Adams	26 820	18 992
Zhenguo Yao	–	18 992
Irina Matveeva	19 912	18 992
Juerg Fedier	719 253	18 992
Dr. Suzanne Thoma	–	n/a
Total	**874 157**	**113 952**

Members of the Executive Committee	**Number of shares**	**Number of Performance Share Awards (PSA)**	**Number of Restricted Stock Units (RSU)**
Prof. Dr. Michael Suess[1]	1 392 218	59 056	59 056
Dr. Roland Fischer	379 988	n/a	n/a
Philipp Müller	27 378	85 822	74 757
Anna Ryzhova	53 180	60 355	52 056
Dr. Markus Tacke	10 000	48 629	46 208
Georg Stausberg	85 380	64 522	57 211
Total	**1 948 144**	**318 384**	**289 288**

[1] Since July 1, 2022, Prof. Dr. Michael Süss acts as Executive Chairman. Numbers of shares and of RSUs are only reported in the table for Executive Committee.

Note 18 (cont.)

Related party transactions

Overview on the compensation of the Board of Directors and the Executive Committee

	Executive Committee		Board of Directors	
in CHF thousand	**2022**	2021	**2022**	2021
Short-term employee benefits	5507	5577	2784	1432
Post-employment benefits	788	918	–	–
Share-based payments	2889	850	825	1030
Total	**9184**	**7345**	**3609**	**2462**

Disclosures required by the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies on Board and Executive compensation are shown in the Remuneration Report.

Group companies
An overview of the Group subsidiary companies can be found on pages 124 and 125. Transactions between the parent company and its subsidiaries as well as between the Group subsidiaries themselves have been eliminated in the consolidated annual financial statements.

Related party transactions
In 2022, OC Oerlikon sold goods and services to joint arrangements and associates in the amount of CHF 3 million (previous year: CHF 4 million). From these transactions accounts receivables in the amount of CHF 2 million (previous year: CHF 2 million) were outstanding as of December 31, 2022. The Group purchased goods and services from joint arrangements and associates in the amount of CHF 47 million (previous year: CHF 26 million). From these transactions accounts payables in the amount of CHF 3 million (previous year: CHF 3 million) were outstanding as of December 31, 2022.

The Group received services from key management personnel in the amount of CHF 0.1 million in 2021.

Participation plans: see Note 17.

During the year under review, there were no other related party transactions.

Contingent liabilities

Note 19

Contingent liabilities as of December 31, 2022, amount to less than CHF 1 million, mostly for excise duties and debt guarantees (previous year: CHF 1 million).

Pledged assets

Note 20

As of December 31, 2022, CHF 1 million in assets were pledged as a security (previous year: CHF 4 million).

Subsequent events

Note 21

No events occurred between the balance sheet date and the date on which this report was approved by the Board of Directors that could have a significant impact on the consolidated financial statements 2022.

Companies by Country

Country	Name, registered office of consolidated companies by country	Currency	Share capital[1]	Group owns %	Number of employees
Australia	Oerlikon Metco Australia Pty Ltd., Bella Vista, NSW/AU	AUD	500000	100.00	5
Austria	Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT	EUR	350000	100.00	143
Austria	OT Textile Verwaltungs GmbH, Kapfenberg/AT	EUR	35000	100.00	–
Belgium	Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE	EUR	620000	100.00	45
Brazil	H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR	BRL	5225000	100.00	17
Brazil	Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiaí, SP/BR	BRL	31343200	99.99	142
Brazil	Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR	BRL	4418300	100.00	20
Canada	HRS Hot Runner Systems NA Inc., Halifax, NS/CA	CAD	487000	100.00	31
Canada	Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA	CAD	100	100.00	73
China	HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN	CNY	2000000	100.00	–
China	HRS (Hong Kong) Limited, Hong Kong/CN	HKD	10000	100.00	–
China	INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN	EUR	10800000	100.00	436
China	Oerlikon (China) Technology Co. Ltd., Suzhou/CN	USD	30000000	100.00	433
China	Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN	USD	6150000	100.00	413
China	Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd., Yangzhou/CN	CNY	100000000	60.00	111
China	Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN	CNY	21011000	100.00	–
China	Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN	CHF	9500000	100.00	278
China	Oerlikon Textile China Investments Ltd., Hong Kong/CN	HKD	266052500	100.00	–
China	Oerlikon Textile Far East Ltd., Hong Kong/CN	HKD	100000	100.00	–
China	Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN	USD	7000000	100.00	191
China	Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN	USD	1112200	100.00	246
China	Zigong Golden China Specialty Carbides Co., Ltd., Zigong/CN	CNY	10000000	60.00	56
Finland	Oerlikon Balzers Coating Finland Oy, Helsinki/FI	EUR	2500	100.00	34
France	HRS France S.à r.l., Bonchamp-lès-Laval/FR	EUR	710000	100.00	3
France	Oerlikon Balzers France SAS, Ferrières-en-Brie/FR	EUR	4900000	100.00	184
France	SAS COEURDOR, Maîche (Belfort)/FR	EUR	1010700	85.01	151
Germany	Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE	EUR	26000	100.00	–
Germany	HRSflow GmbH, Raunheim/DE	EUR	25000	100.00	21
Germany	Oerlikon AM Europe GmbH, Feldkirchen/DE	EUR	51000	100.00	193
Germany	Oerlikon Balzers Coating Germany GmbH, Bingen/DE	EUR	511300	100.00	778
Germany	Oerlikon Business Services GmbH, Remscheid/DE	EUR	25000	100.00	27
Germany	Oerlikon Coating Services GmbH, Langenfeld/DE (formerly: Oerlikon Metco Coating Services GmbH, Langenfeld/DE)	EUR	1533900	100.00	129
Germany	Oerlikon Deutschland Holding GmbH, Remscheid/DE	EUR	30680000	100.00	–
Germany	Oerlikon Friction Systems (Germany) GmbH, Bremen/DE	EUR	1000000	100.00	94
Germany	Oerlikon Metaplas GmbH, Salzgitter/DE	EUR	1000000	100.00	122
Germany	Oerlikon Metco Europe GmbH, Raunheim/DE	EUR	1000000	100.00	88
Germany	Oerlikon Metco WOKA GmbH, Barchfeld/DE	EUR	1000000	100.00	125
Germany	Oerlikon Surface Solutions Holding GmbH, Raunheim/DE	EUR	17345100	100.00	–
Germany	Oerlikon Textile GmbH & Co. KG, Remscheid/DE	EUR	41000000	100.00	2009
Germany	Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE	EUR	25000	100.00	–
Germany	W. Reiners Verwaltungs-GmbH, Remscheid/DE	EUR	38346900	100.00	–
Great Britain	Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB	GBP	2000000	100.00	54
Great Britain	Oerlikon Metco (UK) Ltd., Cwmbran/GB	GBP	500000	100.00	16
Great Britain	Oerlikon Metco Coatings Ltd., Dukinfield/GB	GBP	57100	100.00	28
Great Britain	Oerlikon Neomet Ltd., Stockport/GB	GBP	292700	100.00	22
Hungary	Oerlikon Eldim (HU) Kft., Debrecen/HU	HUF	161000000	100.00	164
India	HRS Flow India Private Limited, Pune/IN	INR	5000000	100.00	95
India	Oerlikon Balzers Coating India Ltd., Pune/IN	INR	70000000	100.00	360
India	Oerlikon Friction Systems (India) Ltd., Chennai/IN	INR	7100000	100 00	92
India	Oerlikon Textile India Pvt. Ltd., Mumbai/IN	INR	57360000	100.00	194
Italy	FCM S.p.A., Campi Bisenzio (FI)/IT	EUR	50000	68.00	21
Italy	FIR. Parts S.r.l., Milano/IT	EUR	10000	85.01	–
Italy	INglass S.p.A., San Polo di Piave/IT	EUR	2750000	100.00	347
Italy	Mercurio S.r.l, Milano/IT	EUR	10000	85.01	1
Italy	Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT	EUR	129100	100.00	97
Italy	Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT	EUR	250000	100.00	43
Italy	Teknoweb Materials S.r.l., Palazzo Pignano/IT	EUR	20000	66.90	41
Japan	HRS JAPAN Co. Ltd, Tokyo/JP	JPY	80000000	100.00	7
Japan	Oerlikon Japan Co., Ltd., Hiratsuka/JP	JPY	100000000	100.00	239
Liechtenstein	OC Oerlikon Balzers AG, Balzers/LI	CHF	1000000	100.00	67
Liechtenstein	Oerlikon Balzers Coating AG, Balzers/LI	CHF	1000000	100.00	207
Luxembourg	Oerlikon Balzers Coating Luxembourg S.à.r.l., Differdange-Niederkorn/LU	EUR	1000000	60.00	20

Country	Name, registered office of consolidated companies by country	Currency	Share capital[1]	Group owns %	Number of employees
Malaysia	Oerlikon Balzers Coating Malaysia Sdn. Bhd., Kuala Lumpur/MY	MYR	6000000	100.00	36
Mexico	HRS Flow Mexico S. DE R.L. DE C.V., Querétaro/MX	MXN	750000	100.00	7
Mexico	Oerlikon Balzers Coating Mexico S.A. de C.V., Querétaro/MX	MXN	71458000	100.00	158
Netherlands	Oerlikon Eldim (NL) B.V., Lomm/NL	EUR	396400	100 00	126
Philippines	Oerlikon Balzers Coating Philippines Inc., Muntinlupa/PH	PHP	15000000	99.99	13
Poland	Oerlikon Balzers Coating Poland Sp. z o.o., Polkowice Dolne/PL	PLN	5000000	100.00	142
Poland	Oerlikon Business Services Europe Sp. z.o.o., Warsaw/PL	PLN	5000	100.00	136
Portugal	Cubimatéria Polimentos Unipessoal LDA, Fundão/Castelo Branco/PT	EUR	5000	85.01	108
Portugal	SCC Assistência Técnica Unipessoal Lda, Albergaria-a-Velha/PT	EUR	70000	100.00	33
Singapore	Oerlikon Metco (Singapore) Pte. Ltd., Singapore/SG	SGD	600000	100.00	23
Slovakia	Oerlikon Balzers Coating Slovakia s.r.o., Bratislava/SK	EUR	20060000	100 00	210
South Africa	INglass HRS South Africa (Pty) Ltd, Johannesburg/ZA	ZAR	100	100.00	3
South Korea	Oerlikon Balzers Coating Korea Co. Ltd., Pyongtaek/KR	KRW	6300000000	89.90	170
Spain	Oerlikon Balzers Coating Spain S.A.U., Antzuola/ES	EUR	150300	100.00	91
Spain	Sistemas De Canal Caliente Ibérica. S.L.U., Begues/ES	EUR	30000	100.00	7
Sweden	Oerlikon Balzers Coating Sweden AB, Stockholm/SE	SEK	11600000	100.00	55
Switzerland	OC Oerlikon Corporation AG, Pfäffikon, Freienbach/CH	CHF	339758600	100.00	–
Switzerland	OC Oerlikon Management AG, Pfäffikon, Freienbach/CH	CHF	2000000	100.00	77
Switzerland	OC Oerlikon Textile Holding AG, Pfäffikon, Freienbach/CH	CHF	112019600	100.00	–
Switzerland	Oerlikon Balzers Coating SA, Brügg, Brügg/CH	CHF	100000	100.00	26
Switzerland	Oerlikon IT Solutions AG, Pfäffikon, Freienbach/CH	CHF	500000	100.00	42
Switzerland	Oerlikon Metco AG, Wohlen, Wohlen/CH	CHF	5000000	100.00	230
Switzerland	Oerlikon Surface Solutions AG, Pfäffikon, Freienbach SZ/CH	CHF	10000000	100.00	226
Taiwan	Oerlikon Balzers Coating Taiwan Co. Ltd., Taipeh/TW	TWD	500000	100.00	17
Thailand	HRS Flow (Thailand) Co. Ltd, Bangkok/TH	THB	2000000	100.00	3
Thailand	Oerlikon Balzers Coating (Thailand) Co. Ltd., Chonburi/TH	THB	80000000	99.99	57
Turkey	Inglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. Sti., Nilüfer, Bursa/TR	TRY	799600	100.00	20
Turkey	Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi, Bursa/TR	TRY	2500000	99.99	71
USA	Oerlikon AM US Inc., Wilmington, DE/US	USD	2000	100.00	52
USA	Oerlikon Balzers Coating USA Inc., Wilmington, DE/US	USD	20000	100.00	541
USA	Oerlikon Friction Systems (US) Inc., Dayton OH/US	USD	1000	100 00	178
USA	Oerlikon HRSflow USA, LLC., Byron Center, MI/US (formerly: INglass USA Inc., Byron Center, MI/US)	USD	13376500	100.00	69
USA	Oerlikon Management USA Inc., Pittsburgh, PA/US	USD	500000	100.00	–
USA	Oerlikon Metco (US) Inc., Westbury NY/US	USD	1000	100.00	471
USA	Oerlikon Textile Inc., Charlotte, NC/US	USD	3000000	100.00	59
USA	Oerlikon USA Holding Inc., Wilmington, DE/US	USD	40234000	100.00	–
Vietnam	Oerlikon Balzers Coating Vietnam Co., Ltd., Bac Ninh/VN	USD	1000000	100.00	15

[1] Share capital partly rounded to full hundred. Some articles of association and trade registers still contain old European currencies that are converted to EUR.

Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG

Pfäffikon

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of OC Oerlikon Corporation AG and its subsidiaries (the Group), which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income for the year ended 31 December 2022, the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Reconciliation of Operational Figures and the Segment Information for the year ended 31 December 2022, and Notes to the consolidated financial statements, including a summary of significant accounting principles.

In our opinion, the consolidated financial statements (pages 80 to 125) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

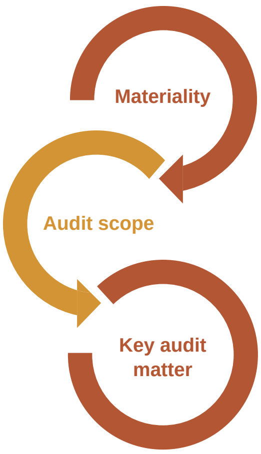
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and the Swiss Standards on Auditing (SA-CH). Our responsibilities under these regulations and standards are further described in the 'Auditor’s responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach

Overview



Overall Group materiality: CHF 11,600,000

We concluded full scope audits and audits of account balances at 23 reporting units. Our audit scope addressed over 73% of Group's sales.

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

Impairment assessment of goodwill

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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	CHF 11,600,000
Benchmark applied	Total Sales
Rationale for the materiality benchmark applied	We chose Total Sales as the benchmark because, in our view, this benchmark takes into account the volatility of the business environment and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit & Finance Committee that we would report to them misstatements above CHF 580,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors. As Group auditor, we performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements and of the impairment testing of goodwill. Where full scope audits or audits of account balances were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level, specifying the materiality thresholds to be applied, site visits in the USA and Germany, participating in local closing meetings (virtual), conducting telephone calls with the component auditors and reviewing the reporting received.

Key audit matters

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

Impairment assessment of goodwill

Key audit matter	How our audit addressed the key audit matter
The impairment assessment of goodwill is considered a key audit matter due to the size of the balance (goodwill: CHF 785 million) and the significant estimates required of management in determining the recoverable amount. The main estimates in the impairment assessment relate to the future cash flows of the underlying businesses as well as the discount rates applied to perform the necessary impairment tests. Please refer to pages 104 - 105 (Goodwill and intangible assets). Goodwill is tested annually for potential impairment whereby the carrying value is compared with the recoverable amount.	We obtained the impairment analyses undertaken by management and performed the following procedures: • We assessed the determination of the carrying values of the assets of individual cash-generating units and the allocation of goodwill to those units. • We ensured that the value in use calculations are based on the latest business plans. • We assessed the reasonableness of the business plan by comparing the implicit growth rates with market data. • We compared the revenue and the EBIT of the year under review with the budget in order to identify, in retrospect, any forecasts that were too optimistic and to assess the accuracy of the estimates that were made. • We compared model inputs, such as weighted average cost of capital and long-term growth rate, with observable market data. To this end, we involved our internal valuation experts. • We performed thorough sensitivity analyses on the key assumptions to ascertain the extent of changes in those assumptions that would be required for the goodwill to be impaired. Overall, on the basis of our work performed on the impairment testing model, the supporting evidence as well as our own sensitivity analyses, we concluded that the results of the impairment tests performed by management were reasonable.

Other information

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and 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 more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERTsuisse website: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. 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

René Rausenberger
Licensed audit expert
Auditor in charge

Oliver Illa
Licensed audit expert

Zürich, 20 February 2023

OC Oerlikon Corporation AG, Pfäffikon

Income Statement of OC Oerlikon Corporation AG, Pfäffikon

in CHF million	Notes	**2022**	2021
Income from investments	2.1	127	227
Financial income	2.2	24	21
Other income	2.3	41	38
Total income		**192**	**286**
Financial expenses	2.4	–30	–24
Personnel expenses		–4	–3
Other expenses	2.5	–66	–34
Result before taxes		**92**	**225**
Direct taxes		–	1
Result for the year		**92**	**227**

Balance Sheet at December 31 of OC Oerlikon Corporation AG, Pfäffikon

Assets

in CHF million	Notes	2022	2021
Cash and cash equivalents	3.1	44	194
Current financial receivables			
- from companies in which the entity holds an investment	3.2	751	703
Prepaid expenses and accrued income		5	4
Current assets		**800**	**901**
Non-current financial receivables			
- from third parties		1	2
- from companies in which the entity holds an investment	3.3	375	395
Other non-current financial assets	3.4	17	19
Investments	3.5	1 916	1 876
Non-current assets		**2 311**	**2 291**
Total assets		**3 110**	**3 193**

Liabilities and equity

in CHF million	Notes	2022	2021
Current interest-bearing payables			
- due to third parties		143	125
- due to companies in which the entity holds an investment	3.6	671	689
Current payables			
- due to third parties		1	–
- due to companies in which the entity holds an investment		4	–
Accrued liabilities and deferred income		5	7
Current liabilities		**823**	**821**
Non-current interest-bearing payables			
- due to third parties	3.7	600	600
- due to companies in which the entity holds an investment	3.8	114	162
Provisions	3.9	32	32
Non-current liabilities		**747**	**794**
Total liabilities		**1 570**	**1 615**
Share capital	3.10	340	340
Legal capital reserves			
– Reserves from capital contributions	3.11	259	259
Legal retained earnings			
– General legal retained earnings		71	71
Voluntary retained earnings			
– Free reserves and statutory reserves		294	294
– Available earnings			
- Profit brought forward		618	507
- Result for the year		92	227
Treasury shares	3.12	–134	–120
Total equity		**1 539**	**1 577**
Total liabilities and equity		**3 110**	**3 193**

Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

Principles (1)
General aspects (1.1)
These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Financial receivables (1.2)
Financial receivables include loans from third parties and from companies in which the entity holds an investment. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

Treasury shares (1.3)
Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized directly in equity in the position profit brought forward.

Interest-bearing payables (1.4)
Interest-bearing payables are recognized in the balance sheet at nominal value.

Foregoing a cash flow statement and additional disclosures in the notes (1.5)
As OC Oerlikon Corporation AG, Pfäffikon has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing payables and audit fees in the notes, as well as a cash flow statement, in accordance with the law.

Information on income statement items (2)
Income from investments (2.1)
The income from investments consists of dividend income from companies in which the entity holds an investment.

Financial income (2.2)
Financial income mainly includes interest income from loans from companies in which the entity holds an investment as well as net exchange gains (if any).

Other income (2.3)
Other income consists mainly of trademark fees.

Financial expenses (2.4)
Financial expenses include interest expenses due to companies in which the entity holds an investment and due to third parties as well as net exchange losses (if any).

Other expenses (2.5)
Other expenses consist mainly of management service fees charged by OC Oerlikon Management AG, Pfäffikon.

Information on balance sheet items (3)
Cash and cash equivalents (3.1)
This item consists mainly of current balances denominated in CHF and EUR and is held with European banks (2021: CHF, EUR and HKD).

Current financial receivables from companies in which the entity holds an investment (3.2)
The current financial receivables from companies in which the entity holds an investment consist mainly of cash pool deposits in CHF and EUR.

Non-current financial receivables from companies in which the entity holds an investment (3.3)
The non-current financial receivables from companies in which the entity holds an investment consist mainly of non-current deposits denominated in EUR.

Other non-current financial assets (3.4)
The other non-current financial assets consist of a 12.62% investment in an unquoted equity investment.

Investments (3.5)
Investments held by OC Oerlikon Corporation AG, Pfäffikon are recorded at historical costs less any valuation adjustments. Compared to prior year the amount of investments has increased due to the capital contribution in Oerlikon USA Holding Inc. and decreased due to the sale of OOO Oerlikon Balzers Rus. The list of investments can be found in the section "Investments".

Current interest-bearing payables due to companies in which the entity holds an investment (3.6)
The current interest-bearing payables due to companies in which the entity holds an investment contain mainly cash pool debts in CHF, EUR and USD.

Non-current interest-bearing payables due to third parties (3.7)
The interest-bearing payables due to third parties contain the following bond:

Conditions on outstanding bond:

in CHF million	2014–2024	2021–2022	2021–2025	2021–2028
Nominal value				
December 31, 2022	150	0	250	200
December 31, 2021	150	125	250	200
Interest	2.625%	0.000%	0.375%	0.800%
Duration in years	10	1.5	4.5	7.5
Maturity	June 17, 2024	November 25, 2022	November 27, 2025	November 27, 2028

Additional information about the bond can be found in Note 15 of the Group's consolidated financial statements.

Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

Non-current interest-bearing payables due to companies in which the entity holds an investment (3.8)
The non-current interest-bearing payables due to companies in which the entity holds an investment contain long-term loans mainly in CNY (2021: CNY and HKD).

Provisions (3.9)
Provisions cover mainly risks related to investments and other risks.

Share capital (3.10)
The share capital of CHF 340 million consists of 339758576 registered shares, each with a par value of CHF 1.00. On December 31, 2022, conditional capital amounted to CHF 47 million.

Reserves from capital contributions (3.11)
As of December 31, 2022, OC Oerlikon Corporation AG, Pfäffikon, shows reserves from capital contributions of CHF 259 million. Thereof CHF 259 million are not yet available for distribution due to the current practice of the Swiss Federal Tax Authorities.

Treasury shares (3.12)
Treasury shares are shown directly in equity.

in CHF	Amount	Number of treasury shares	Lowest rate	Highest rate	Average rate of treasury shares
Balance at January 1, 2022	119709590	13119789	–	–	–
Acquisitions	19829182	2840552	6.801	7.310	6.981
Allocation to Board members	–719486	–78853	–	–	9.124
Allocation to management	–4566726	–501054	–	–	9.114
Balance at December 31, 2022	134252560	15380434	–	–	–

in CHF	Amount	Number of treasury shares	Lowest rate	Highest rate	Average rate of treasury shares
Balance at January 1, 2021	122630481	13936546	–	–	–
Acquisitions	32024747	3158313	9.978	10.770	10.140
Sales	-32 895 467	-3 737 187	8.802	8.802	8.802
Allocation to board members	–924083	–105 019	–	–	8.799
Allocation to management	–1125814	–132864	–	–	8.473
Balance at December 31, 2021	119709590	13119789	–	–	–

On November 4, 2022, Oerlikon completed its share buyback program launched on November 5, 2019. In total, 19 672 989 shares were repurchased as part of the share buyback program for a consideration of CHF 170 million.

Other information (4)
Joint and several liabilities in favor of Group companies (4.1)
VAT group
OC Oerlikon Corporation AG, Pfäffikon belongs to a VAT group and therefore all participants are jointly liable to the Swiss Federal Tax Administration for the value-added tax debts of the whole group.

Cash pooling group
OC Oerlikon Corporation AG, Pfäffikon is liable for liabilities of the cash pool participants.

Full-time equivalents (4.2)
OC Oerlikon Corporation AG, Pfäffikon does not have any employees.

Contingent liabilities (4.3)
The contingent liabilities relate primarily to corporate guarantees and bank guarantees in favor of companies in which the entity holds an investment and amount to CHF 323 million (previous year: CHF 392 million).

Notes to the Financial Statements of OC Oerlikon Corporation AG, Pfäffikon

Significant shareholders (4.4)

Significant shareholders registered as holding more than 5% of the shares as at December 31 were:

Share ownership[1]

	2022		2021	
Shareholder	**Number of shares**	in %[2]	Number of shares	in %
Liwet Holding Ltd., Zurich, Switzerland[3]	145 086 913[4]	42.70%	140 484 860[4]	41.34%

[1] Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA), published by SIX Exchange Regulation.

[2] Basis: Shares issued (339 758 576).

[3] The shares of Liwet Holding Ltd. are ultimately held as follows:
A) 44.46% by Columbus Trust, a trust established under the laws of Cayman Islands, whose ultimate beneficiary is Mr. Viktor F. Vekselberg, Moscow, Russia and Zug, Switzerland.
B) 2.47% by Amapola Development Inc, Panama and Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Evgeny Olkhovik, Moscow, Russia.
C) 16.985% by Polaris Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Nikolay Olkhovik, Forch Switzerland and Nathalia Olkhovik, Corfu, Greece.
D) 19.455% by Ali International Ltd., Bahamas and Olympia Trust, a trust established under the laws of Cyprus, whose ultimate beneficiary is Mr. Andrey Lobanov, Swieqi, Malta.
E) 16.63% by Next Generation Trust, a trust established under the laws of Cyprus, whose ultimate beneficiaries are Mr. Alexey Valerievich Moskov, Wädenswil, Switzerland and Mr. Andrey Alekseevich Shtorkh, Limassol, Cyprus.

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

Equity owned by Executive Committee and the Board of Directors, including any related parties (4.5)

Members of the Board of Directors:

	2022	2021
	Number of shares	Number of shares
Prof. Dr. Michael Suess[1]	see below	see below
Gerhard Pegam	41 950	33 412
Alexey V. Moskov	66 222	55 380
Paul Adams	26 820	18 282
Zhenguo Yao	0	n.a.
Irina Matveeva	19 912	11 374
Jürg Fedier	719 253	708 303
Dr. Suzanne Thoma	0	23 211
Total	**874 157**	**849 962**

Members of the Executive Committee:

	2022	2021
	Number of shares	**Number of shares**
Prof. Dr. Michael Suess[1]	1 392 218	1 327 410
Dr. Roland Fischer	379 988	239 195
Philipp Müller	27 378	9 507
Anna Ryzhova	53 180	23 423
Dr. Helmut Rudigier	n.a.	27 313
Georg Stausberg	85 380	80 404
Dr. Markus Tacke	10 000	10 000
Total	**1 948 144**	**1 717 252**

[1] Since July 1, 2022, Prof. Dr. Michael Suess acts as Executive Chairman. Numbers of shares are only reported in the table for Executive Committee.

Shares or options on shares for members of the Board of Directors, Executive Committee and Senior Management (4.6)

Shares or options on shares are used for share-based compensation of members of the Board of Directors compensated by OC Oerlikon Corporation AG, Pfäffikon as well as of the Executive Committee and Senior Management employed by other companies of the Group. The number of Restricted Stock Units (RSU) and Performance Share Awards (PSA) is calculated based on fair value at grant date. The allocation was as follows:

	2022		2021	
in CHF million	**Number of RSU and PSA**	**Amount**	Number of RSU and PSA	Amount
Allocated to authorized members	854 516	6	613 620	7

For year 2022 a total of 854 516 Restricted Stock Units (RSU) and Performance Share Awards (PSA) are allocated and the total granted value for share-based-programms amounts to CHF 6 million. Thereof, 113 952 allocated Restricted Stock Units (RSU) and a granted value of CHF 1 million relates to the Board of Directors. Another 331 908 allocated Restricted Stock Units (RSU) and Performance Share Awards (PSA) and a granted value of CHF 2 million is attributed for the Executive Committee.

For year 2021 a total of 613 620 Restricted Stock Units (RSU) and Performance Share Awards (PSA) are allocated and the total granted value for share-based-programms amounts to CHF 7 million. Thereof, 94 933 allocated Restricted Stock Units (RSU) and a granted value of CHF 1 million relates to the Board of Directors. Another 280 242 allocated Restricted Stock Units (RSU) and Performance Share Awards (PSA) and a granted value of CHF 3 million is attributed for the Exeutive Committee.

Significant events after the balance sheet date (4.7)

There are no other significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Investments

Company	Place of business	Currency	Share capital 2022	Share capital 2021	Capital and share of votes in % 2022	Capital and share of votes in % 2021
OC Oerlikon Management AG, Pfäffikon	Freienbach/CH	CHF	2000000	2000000	100.00	100.00
OC Oerlikon Textile Holding AG, Pfäffikon	Freienbach/CH	CHF	112019600	112019600	100.00	100.00
Oerlikon Balzers Coating (Thailand) Co. Ltd.	Chonburi/TH	THB	80000000	80000000	99.99	99.99
Oerlikon Balzers Coating India Ltd.	Pune/IN	INR	70000000	70000000	78.40	78.40
Oerlikon Balzers Coating Korea Co. Ltd.	Pyongtaek/KR	KRW	6300000000	6300000000	89.10	89.10
Oerlikon Balzers Coating Luxembourg S.à.r.l.	Differdange-Niedercorn/LU	EUR	1000000	1000000	60.00	60.00
Oerlikon Balzers Coating Sweden AB	Stockholm/SE	SEK	11600000	11600000	100.00	100.00
Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi	Bursa/TR	TRY	2500000	2500000	99.99	99.99
Oerlikon Business Services Europe Sp. z.o.o.	Warsaw/PL	PLN	5000	5000	100.00	100.00
Oerlikon Deutschland Holding GmbH	Remscheid/DE	EUR	30680000	30680000	10.00	10.00
Oerlikon IT Solutions AG, Pfäffikon	Freienbach/CH	CHF	500000	500000	100.00	100.00
Oerlikon Surface Solutions AG, Pfäffikon	Freienbach/CH	CHF	10000000	10000000	100.00	100.00
Oerlikon USA Holding Inc.	Wilmington DE/USA	USD	40234000	40234000	100.00	100.00
Oerlikon Vermögens-Verwaltungs GmbH	Remscheid/DE	EUR	25000	25000	100.00	100.00
OOO Oerlikon Balzers Rus	Elektrostal/RU	RUB	–	1000000	–	100.00
PT Oerlikon Balzers Artoda Indonesia	Bekasi/ID	IDR	18000000000	18000000000	42.00	42.00

Refer to "Companies by Country" on pages 124 and 125 for a complete list of companies that are held directly and indirectly by OC Oerlikon Corporation AG, Pfäffikon.

Changes in Equity of OC Oerlikon Corporation AG, Pfäffikon

in CHF million	Share capital	Reserves from capital contributions	General legal retained earnings	Free reserves and statutory reserves	Available earnings	Treasury shares	Total equity
Balance at December 31, 2019	**340**	**259**	**71**	**294**	**951**	**–63**	**1 852**
Changes in treasury shares	–	–	–	–	–1	–60	–61
Dividend payment	–	–	–	–	–328	–	–328
Result for the year	–	–	–	–	–8	–	–8
Balance at December 31, 2020	**340**	**259**	**71**	**294**	**614**	**–123**	**1 455**
Changes in treasury shares	–	–	–	–	7	3	10
Dividend payment	–	–	–	–	–114	–	–114
Result for the year	–	–	–	–	227	–	227
Balance at December 31, 2021	**340**	**259**	**71**	**294**	**734**	**–120**	**1 577**
Changes in treasury shares	–	–	–	–	–1	–15	–16
Dividend payment	–	–	–	–	–114	–	–114
Result for the year	–	–	–	–	92	–	92
Balance at December 31, 2022	**340**	**259**	**71**	**294**	**710**	**–134**	**1 539**

Proposal of the Board of Directors

The available earnings amount to:

in CHF million	2022
Retained earnings brought forward	619
Loss on treasury shares	–1
Result for the year	92
Available earnings	**710**

The Board of Directors proposes to the Annual General Meeting of Shareholders that the available earnings are allocated as follows:

Distribution of a dividend of CHF 0.35 (before withholding tax) on dividend-bearing shares with a nominal value of CHF 1.00 each	119
Balance to be carried forward	**591**

The company will not pay a dividend on treasury shares held by OC Oerlikon Corporation AG, Pfäffikon.

Pfäffikon SZ, February 20, 2023

On behalf of the Board of Directors
Chairman

Prof. Dr. Michael Süss

Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG

Pfäffikon

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OC Oerlikon Corporation AG (the Company), which comprise the Income Statement for the year ended 31 December 2022, the Balance Sheet as at 31 December 2022, and Notes to the Financial Statements, including a summary of significant accounting principles.

In our opinion, the financial statements (pages 130 to 136) comply with Swiss law and the company's articles of incorporation.

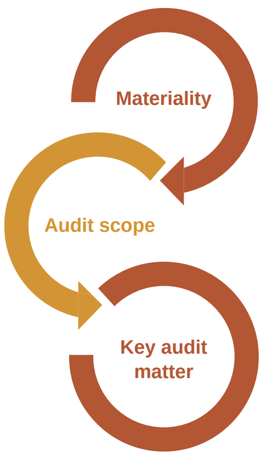
Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 15,400,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

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

Recoverability of the carrying value of the investments

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.

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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	CHF 15,400,000
Benchmark applied	Net Assets
Rationale for the materiality benchmark applied	We chose Net Assets as the benchmark because, in our view, it is a relevant benchmark against which holding companies can be assessed, is considered a key element for the user of the financial statements and it is a generally accepted benchmark for determining materiality.

We agreed with the Audit & Finance Committee that we would report to them misstatements above CHF 770,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Recoverability of the carrying value of the investments

Key audit matter	How our audit addressed the key audit matter
The valuation of investments is considered a key audit matter due to the size of the investments balance (CHF 1,916 million), the significant estimates involved in the valuation process and the estimation of the future profitability of the individual directly and indirectly held investments.	In our audit of the investments, we performed audit procedures including the following: • We compared the carrying amount of the investments as per 31 December 2022 with the book value of its equity or its valuation according to an accepted valuation method. • We performed plausibility checks on the key assumptions applied by management. Furthermore, we assessed the technical and mathematical correctness of the valuation model. Overall, based on the procedures performed, we concluded that management's assessments are based upon reasonable and consistently applied assumptions that support management's valuation conclusions.

Other information

The Board of Directors is responsible for the other information. The other information comprises all 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 more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. 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 financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

René Rausenberger	Oliver Illa
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 20 February 2023

Legal structure

Legal structure of consolidated companies as per December 31, 2022

OC Oerlikon Corporation AG, Pfäffikon, Freienbach/CH
- OC Oerlikon Management AG, Pfäffikon, Freienbach/CH
- OC Oerlikon Textile Holding AG, Pfäffikon, Freienbach/CH
  - Oerlikon Textile China Investments Ltd., Hong Kong/CN
    - Oerlikon (China) Technology Co. Ltd., Suzhou/CN
      - Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN
      - Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN
    - Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN
    - Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN
  - Oerlikon Barmag Huitong (Yangzhou) Engineering Co., Ltd, Yangzhou/CN
  - OT Textile Verwaltungs GmbH, Kapfenberg/AT
  - Teknoweb Materials S.r.l., Palazzo Pignano/IT
  - W. Reiners Verwaltungs-GmbH, Remscheid/DE
    - Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE
    - Oerlikon Textile GmbH & Co. KG, Remscheid/DE
      - Oerlikon Deutschland Holding GmbH, Remscheid/DE
        - Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE
        - Oerlikon Business Services GmbH, Remscheid/DE
        - Oerlikon Surface Solutions Holding GmbH, Raunheim/DE
          - Oerlikon AM Europe GmbH, Feldkirchen/DE
          - Oerlikon Balzers Coating Germany GmbH, Bingen/DE
          - Oerlikon Friction Systems (Germany) GmbH, Bremen/DE
          - Oerlikon Metaplas GmbH, Salzgitter/DE
          - Oerlikon Coating Services GmbH, Langenfeld/DE
          - Oerlikon Metco Europe GmbH, Raunheim/DE
          - Oerlikon Metco WOKA GmbH, Barchfeld/DE
      - Oerlikon Textile Far East Ltd., Hong Kong/CN
      - Oerlikon Textile India Pvt. Ltd., Mumbai/IN
  - INglass S.p.A., San Polo di Piave/IT
    - HRS Hot Runner Systems NA Inc., Halifax, NS/CA
    - HRS Flow Mexico S. DE R.L. DE C.V., Querétaro/MX
    - H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR
    - Sistemas De Canal Caliente Ibérica. S.L.U., Begues/ES
      - SCC Assistência Técnica, Unipessoal Lda, Albergaria-a-Velha/PT
    - HRSflow GmbH, Raunheim/DE
    - HRS France S.à r.l., Bonchamp-lès-Laval/FR
    - HRS JAPAN Co. Ltd, Tokyo/JP
    - HRS Flow (Thailand) Co. Ltd, Bangkok/TH
    - HRS (Hong Kong) Limited, Hong Kong/CN
      - HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN
    - INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN
    - INglass HRS South Africa (Pty) Ltd, Johannesburg/ZA
    - HRS Flow India Private Limited, Pune/IN
    - Inglass HRS Makine Kalip Yedek Parca Ve Servis San.Tic.Ltd. Sti., Nilüfer,Bursa/TR
- Oerlikon Balzers Coating India Pvt. Ltd., Pune/IN
  - Oerlikon Friction Systems (India) Ltd., Chennai/IN
- Oerlikon Balzers Coating (Thailand) Co. Ltd., Chonburi/TH
- Oerlikon Balzers Coating Korea Co. Ltd., Pyongtaek/KR
- Oerlikon Balzers Coating Luxembourg S.à r.l., Differdange-Niedercorn/LU
- Oerlikon Balzers Coating Sweden AB, Stockholm/SE
  - Oerlikon Balzers Coating Finland Oy, Helsinki/FI
- Oerlikon Balzers Kaplama Sanayi ve Ticaret Limited Sirketi, Bursa/TR
- Oerlikon Business Services Europe Sp. z.o.o., Warsaw/PL
- Oerlikon IT Solutions AG, Pfäffikon, Freienbach/CH
- Oerlikon Surface Solutions AG, Pfäffikon, Freienbach/CH
  - OC Oerlikon Balzers AG, Balzers/LI
  - Oerlikon Balzers Coating AG, Balzers/LI
  - Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN
  - Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT
  - Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT
  - Oerlikon Balzers Coating SA, Brügg, Brügg/CH

Legal structure of consolidated companies as per December 31, 2022

· Oerlikon Balzers Coating Spain S.A.U, Antzuola/ES
· Oerlikon Balzers Coating Poland Sp. z.o.o., Polkowice Dolne/PL
· Oerlikon Balzers Coating Mexico S.A. de C.V., Querétaro/MX
· Oerlikon Balzers Coating Malaysia Sdn. Bhd., Kuala Lumpur/MY
· Oerlikon Balzers Coating Philippines, Inc., Muntinlupa/PH
· Oerlikon Balzers Coating Slovakia s.r.o., Bratislava/SK
· Oerlikon Balzers Coating Taiwan Co. Ltd., Taipeh/TW
· Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB
· · Oerlikon Metco Coatings Ltd., Dukinfield/GB
· Oerlikon Balzers Coating Vietnam Co., Ltd., Bac Ninh/VN
· Oerlikon Balzers France SAS, Ferrières-en-Brie/FR
· Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiaí, SP/BR
· · Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR
· Oerlikon Eldim (NL) B.V., Lomm/NL
· · Oerlikon Eldim (HU) Kft., Debrecen/HU
· Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT
· Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA
· Oerlikon Metco (UK) Ltd., Cwmbran/GB
· Oerlikon Metco (Singapore) Pte. Ltd., Singapore/SG
· · Zigong Golden China Speciality Carbides Co. Ltd., Zigong/CN
· Oerlikon Metco AG, Wohlen, Wohlen/CH
· Oerlikon Metco Australia Pty Ltd., Bella Vista, NSW/AU
· Oerlikon Neomet Ltd., Stockport/GB
· Oerlikon Japan Co., Ltd., Hiratsuka/JP
· SAS COEURDOR, Maîche (Belfort)/FR
· · Cubimatéria Polimentos Unipessoal Lda, Fundão/Castelo Branco/PT
· · FIR. Parts S.r.l, Milan/IT
· · · FCM S.p.A., Campi Bisenzio (FI)/IT
· · · Mercurio S.r.l, Milan/IT
– Oerlikon USA Holding Inc., Wilmington, DE/US
· Oerlikon AM US Inc., Wilmington, DE/US
· Oerlikon Balzers Coating USA Inc., Wilmington, DE/US
· Oerlikon Metco (US) Inc., Westbury NY/US
· Oerlikon Friction Systems (US) Inc., Dayton OH/US
· Oerlikon HRSflow Inc. LLC., Byron Center, MI/US
· Oerlikon Management USA Inc., Pittsburgh, PA/US
· Oerlikon Textile Inc., Charlotte, NC/US
– Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE