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Styrelsen och verkställande direktören för

Oerlikon Balzers Coating Sweden AB

Org. nummer 556098-1333

får härmed avge

ÅRSREDOVISNING

för räkenskapsåret 1 januari – 31 december 2022

Innehåll: sida

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Undertecknad verkställande direktör i Oerlikon Balzers Coating Sweden AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 21 Juni 2023. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2023-09-26

.....

Anders Jonsson

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Årsredovisning

för

Oerlikon Balzers Coating Sweden AB

556098-1333

Räkenskapsåret

2022

Innehållsförteckning

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Styrelsen och verkställande direktören för Oerlikon Balzers Coating Sweden AB avger följande årsredovisning för räkenskapsåret 2022.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inget annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten
Oerlikon Balzers Coating Sweden AB:s verksamhet består av att sälja skiktbeläggningstjänster till industrin, i huvudsak inom den nordiska marknaden (DK, FI, NO, SE). Beläggningen utförs huvudsakligen vid Oerlikon Balzers Coating Sweden AB:s produktionsanläggningar i Norsborg, Halmstad, Köping och Uppsala, samt vid dotterbolaget i Finland, men även hos europeiska systerbolag.

Oerlikon Balzers Coating Sweden AB äger 100 % det finska bolaget Oerlikon Balzers Coating Finland Oy som driver produktion och marknadsföring av skiktbeläggningstjänster, huvudsakligen på den finska marknaden. Verksamheten bedrivs för närvarande i förhyrda lokaler i Pirkkala och Esbo.

Oerlikon Balzers Coating Sweden AB ingår i Oerlikon koncern, OC Oerlikon Corporation AG, och upprättar koncernredovisning i Schweiz.

Företaget har sitt säte i Stockholm.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer
Företaget har en stark position med välinarbetade produkter och processer. Inför nästkommande år prognoseras fortfarande vissa risker inom bilindustrin iom logistikproblem och brist på halvledare; däremot prognoser för olja och gas visar positiva signaler som kan ge en positiv effekt för företagets utveckling. Även vidare utveckling inom elbilar och liknande verksamhet öppnar upp vidare framtida potential för verksamheten.

Hållbarhetsupplysningar
Oerlikon Balzers Coating Sweden AB har alltid haft som hög prioritering att säkerställa hälsa och säkerhet för anställda, kunder, besökare och närsamhälle som företaget verkar i. Målet är noll säkerhetsrelaterade olyckor och att kontinuerligt minska antalet olycksfall och arbetsskador.

Utöver arbetet med att minska miljöpåverkan av verksamheten, så hjälper företagets teknik andra tillverkare att minska deras energiförbrukning och utsläpp, samtidigt som jungfruliga resurser sparas.

Oerlikon koncern fastslår riktlinjer för hälsa, säkerhet och miljö via sin Health, Safety & Environment (HSE) kommitté. Utöver det så driver den på implementering av relaterade program och övervakar utfallet. Detta team arbetar övergripande för alla center och affärsdelar.

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Hälsa & Säkerhet
Oerlikon Balzers Coating Sweden AB använder sig av Total Accident Frequency Rate (TAFR) som huvudsakligt KPI för att följa upp arbetet med hälsa och säkerhet. Detta KPI har en bredare omfattning än det tidigare använda Loss Time Accident (LTA) frequency rate då det också omfattar all skada även utanför det som kräver första hjälpen. TAFR tar hänsyn till LTA (olycka som genererar frånvaro i minst en dag eller minst ett skift) och till Medical Treatment Accidents MTA (olyckor som kräver behandling av en medicinskt utbildad person, t. ex. läkare, sjuksköterska, men som inte ger upphov till någon frånvaro) per 200 000 arbetade timmar. Under året inträffade ingen LTA och 1 MTA vilket gör att TAFR för 2022 var 15% lägre an året innan 2,5 (2,95).

Följande åtgärder blev genomförda under året:

Företaget tog beslut om att höja friskvårdsbeloppet till det maximala för att stärka friskvårdsarbetet och motverka ohälsa.

För att standardisera det globala arbetet med HSE-frågor har ett online verktyg implementerats som möjliggör tilldelning, spårning och uppföljning av uppgifter. Detta sker genom ett s.k. balanced scorecard där det kan följas upp initiativen kring utbildning, säkert ledarskap och riskhantering.

Miljö
De lösningar och utvecklade tekniker som tagits fram genom åren stödjer en minskad energianvändning och minskade utsläpp, samtidigt som det sparar på jungfruliga resurser. Nedan ges några exempel:

- För att minska utsläppen och optimera förbrukningen av ändliga resurser inom verksamheten så är centren i Halmstad och Norsborg certifierade i enlighet med ISO 14001:2015.
- Totala CO2 utsläppen minskade med 17% för enheten i Stockholm. Orsaken var inköp av grön elektricitet samt användande av miljöbilar som tjänstebilar.
- Företaget använder sig av en miljöbonus vid val av tjänstebilar
- Beslut togs att implementera ett energiledningssytem för Köping som steg 1.

Tillstånds- eller anmälningspliktig verksamhet enligt miljöbalken
Oerlikon Balzers Coating Sweden AB bedriver tillståndspliktig verksamhet enligt miljöbalken.

Ägarförhållanden
Oerlikon Balzers Coating Sweden AB ägs av OC Oerlikon Corporation AG (Pfäffikon, Schweiz), CHE-103.488.578 till 100 %.

Flerårsöversikt (Tkr)	**2022**	**2021**	**2020**	**2019**	**2018**
Nettoomsättning	111 006	111 497	98 289	110 049	111 517
Resultat efter finansiella poster	7 742	6 568	2 975	-3 511	10 607
Balansomslutning	140 383	145 789	144 346	153 580	172 607
Eget kapital	105 807	110 268	105 735	103 866	117 183
Soliditet (%)	75,4	76,4	74,0	68,5	67,9

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

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Förändringar i eget kapital

	Aktie-kapital	Reserv-fond	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	11 600 000	2 320 000	91 814 816	4 533 066	**110 267 882**
Disposition enligt beslut av årsstämman:					
Utdelning			-10 000 000		**-10 000 000**
Balanseras i ny räkning			4 533 066	-4 533 066	**0**
Årets resultat				5 538 800	**5 538 800**
Belopp vid årets utgång	**11 600 000**	**2 320 000**	**86 347 882**	**5 538 800**	**105 806 682**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	86 347 882
årets vinst	5 538 800
	91 886 682
disponeras så att	
till aktieägare utdelas	5 000 000
i ny räkning överföres	86 886 682
	91 886 682

Styrelsen föreslås bemyndigas att besluta om tidpunkt då utdelningen skall betalas.

Styrelsen anser att förslaget är förenligt med försiktighetsregeln i 17 kap. 3 § aktiebolagslagen enligt följande redogörelse: Styrelsens uppfattning är att vinstutdelningen är försvarlig med hänsyn till de krav verksamhetens art, omfattning och risk ställer på storleken på det egna kapitalet, bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

Resultaträkning

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Rörelsens intäkter			
Nettoomsättning	3	111 006 044	111 496 771
Övriga rörelseintäkter		14 802 200	9 296 446
		125 808 244	**120 793 217**
Rörelsens kostnader			
Råvaror och förnödenheter		-12 188 500	-11 464 072
Övriga externa kostnader	4, 5	-39 253 456	-38 559 006
Personalkostnader	6	-53 248 276	-47 600 829
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-15 782 159	-15 296 714
Övriga rörelsekostnader		-1 702 002	-951 455
		-122 174 393	**-113 872 076**
Rörelseresultat		**3 633 851**	**6 921 141**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	7	2 599 875	0
Övriga ränteintäkter och liknande resultatposter	8	1 012 354	406 158
Räntekostnader och liknande resultatposter	9	-690 600	-759 339
		2 921 629	**-353 181**
Resultat efter finansiella poster		**6 555 480**	**6 567 960**
Bokslutsdispositioner	10	1 338 202	0
Resultat före skatt		**7 893 682**	**6 567 960**
Skatt på årets resultat	11	-2 354 882	-2 034 894
Årets resultat		**5 538 800**	**4 533 066**

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Balansräkning

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	12	0	2 219 667
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	13	0	2 860 833
Goodwill	14	14 803 267	17 919 745
		14 803 267	**23 000 245**
Materiella anläggningstillgångar			
Maskiner och andra tekniska anläggningar	15	27 175 323	27 714 812
		27 175 323	**27 714 812**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	16, 17	38 839 225	38 839 225
		38 839 225	**38 839 225**
Summa anläggningstillgångar		**80 817 815**	**89 554 282**
Omsättningstillgångar			
Varulager m m	18		
Råvaror och förnödenheter		2 742 481	2 317 015
		2 742 481	**2 317 015**
Kortfristiga fordringar			
Kundfordringar		21 041 789	21 487 484
Fordringar hos koncernföretag		1 775 926	1 299 961
Övriga fordringar	19	109 188	213 819
Förutbetalda kostnader och upplupna intäkter	20	4 077 365	3 880 369
		27 004 269	**26 881 633**
Kassa och bank		29 818 622	27 036 274
Summa omsättningstillgångar		**59 565 372**	**56 234 922**
SUMMA TILLGÅNGAR		**140 383 187**	**145 789 203**

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Balansräkning

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	21		
Bundet eget kapital			
Aktiekapital		11 600 000	11 600 000
Reservfond		2 320 000	2 320 000
		13 920 000	**13 920 000**
Fritt eget kapital			
Balanserad vinst eller förlust		86 347 882	91 814 816
Årets resultat		5 538 800	4 533 066
		91 886 682	**96 347 882**
Summa eget kapital		**105 806 682**	**110 267 882**
Obeskattade reserver	22	0	1 338 202
Avsättningar			
Uppskjuten skatteskuld	23	183 272	1 229 855
Summa avsättningar		**183 272**	**1 229 855**
Kortfristiga skulder			
Leverantörsskulder		6 487 525	7 187 740
Skulder till koncernföretag		663 129	833 002
Aktuella skatteskulder		5 656 660	3 799 732
Övriga skulder		7 730 943	5 400 578
Upplupna kostnader och förutbetalda intäkter	24	13 854 977	15 732 213
Summa kortfristiga skulder		**34 393 234**	**32 953 264**
SUMMA EGET KAPITAL OCH SKULDER		**140 383 187**	**145 789 203**

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Kassaflödesanalys

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Den löpande verksamheten			
Inbetalningar från kunder		125 777 972	117 647 059
Utbetalningar till leverantörer och anställda		-107 327 024	-100 873 103
Kassaflöde från den löpande verksamheten före betalda räntor och inkomstskatter		**18 450 948**	**16 773 956**
Erhållna utdelningar		2 599 875	0
Realiserade kursförluster/kursvinster		0	0
Erhållen ränta		330 170	0
Erlagd ränta		-8 416	-353 182
Betald inkomstskatt		-1 544 537	-1 390 873
Kassaflöde från den löpande verksamheten		**19 828 040**	**15 029 901**
Investeringsverksamheten			
Investeringar i materiella anläggningstillgångar		-7 045 692	-4 129 549
Kassaflöde från investeringsverksamheten		**-7 045 692**	**-4 129 549**
Finansieringsverksamheten			
Utbetald utdelning		-10 000 000	0
Kassaflöde från finansieringsverksamheten		**-10 000 000**	**0**
Årets kassaflöde		**2 782 348**	**10 900 352**
Likvida medel vid årets början		27 036 274	16 135 922
Likvida medel vid årets slut	25	**29 818 622**	**27 036 274**

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Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Pågående tjänsteuppdrag
Inkomster från uppdrag på löpande räkning redovisas som intäkt i takt med att arbetet utförs och material levereras eller förbrukas innebärande att vinsten från uppdragen avräknas successivt.

Om det inte är sannolikt att betalning kommer att erhållas för belopp som redan har redovisats som intäkt redovisas det belopp som sannolikt inte kommer att erhållas som en kostnad.

I balansräkningen jämförs redovisade intäkter med de belopp som fakturerats beställaren under samma period. Om de fakturerade beloppen överstiger den redovisade intäkten utgör mellanskillnaden en skuld, vilken redovisas som fakturerad men ej upparbetad intäkt. Om intäkten överstiger de fakturerade beloppen utgör mellanskillnaden en fordran vilken redovisas som upparbetad men ej fakturerad intäkt.

Pågående entreprenadarbeten och liknande
Inkomster från uppdrag på löpande räkning redovisas som intäkt i takt med att arbetet utförs och material levereras eller förbrukas innebärande att vinsten från uppdragen avräknas successivt.

Om det inte är sannolikt att betalning kommer att erhållas för belopp som redan har redovisats som intäkt redovisas det belopp som sannolikt inte kommer att erhållas som en kostnad.

I balansräkningen jämförs redovisade intäkter med de belopp som fakturerats beställaren under samma period. Om de fakturerade beloppen överstiger den redovisade intäkten utgör mellanskillnaden en skuld, vilken redovisas som fakturerad men ej upparbetad intäkt. Om intäkten överstiger de fakturerade beloppen utgör mellanskillnaden en fordran vilken redovisas som upparbetad men ej fakturerad intäkt.

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Redovisningsprinciper för enskilda balansposter

Anläggningstillgångar
Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde. Följande avskrivningsprocent tillämpas:

Immateriella anläggningstillgångar	
Balanserade utgifter för utvecklingsarbeten	5 år
Koncessioner, patent, licenser, varumärken	5 år
Goodwill	10 år
Materiella anläggningstillgångar	
Maskiner och andra tekniska anläggningar	3-10 år

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Andelar i dotterföretag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Kundfordringar/kortfristiga fordringar
Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Låneskulder och leverantörsskulder
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Nedskrivningsprövning av finansiella anläggningstillgångar
Vid varje balansdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

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Leasingavtal
Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella, som operationella leasingavtal. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden.

Varulager
Varulagret har värderats till det lägsta av dess anskaffningsvärde och dess nettoförsäljningsvärde på balansdagen. Med nettoförsäljningsvärde avses varornas beräknade försäljningspris minskat med försäljningskostnader. Den valda värderingsmetoden innebär att inkurans i varulagret har beaktats.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Ersättningar till anställda
Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitlig uppskattning av beloppet kan göras.

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Ersättningar till anställda efter avslutad anställning

Klassificering
Planer för ersättning efter avslutad anställning klassificeras som antingen avgiftsbestämda eller förmånsbestämda pensioner. Bolaget har endast avgiftsbestämda pensionsplaner.

Vid avgiftsbestämda planer betalas fastställda avgifter till ett annat företag, normalt ett försäkringsföretag, och har inte längre någon förpliktelse till den anställde när avgiften är betald. Storleken på den anställdes ersättningar efter avslutad anställning är beroende av de avgifter som har betalats och den kapitalavkastning som avgifterna ger.

Avgiftsbestämda planer
Avgifterna för avgiftsbestämda planer redovisas som kostnad. Obetalda avgifter redovisas som skuld.

Koncernförhållanden
Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Bolaget ingår i Oerlikon koncernen som upprättar koncernredovisning där bolaget omfattas.

Kassaflödesanalys
Kassaflödesanalysen upprättas enligt direkt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar.

Som likvida medel klassificerar företaget, förutom kassamedel, disponibla tillgodohavanden hos banker och andra kreditinstitut samt kortfristiga likvida placeringar som är noterade på en marknadsplats och har en kortare löptid än tre månader från anskaffningstidpunkten. Förändringar i spärrade medel redovisas i investeringsverksamheten.

Nyckeltalsdefinitioner
Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Eget kapital
Företagets nettotillgångar, dvs skillnaden mellan tillgångar och skulder.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

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Uppskattningar och bedömningar

Oerlikon Balzers Coating Sweden AB gör uppskattningar och bedömningar om framtiden. De uppskattningar för redovisningsändamål och andra viktiga källor till osäkerheter och uppskattningar på balansdagen som innebär en betydande risk för en väsentlig justering av de redovisade värdena för tillgångar och skulder under nästa räkenskapsår. Om så är fallet skall upplysning lämnas om tillgångarnas och skuldernas karaktär och deras redovisade värde på balansdagen.
Oerlikon Balzers Coating Sweden AB bedömer att bolaget inte har några betydande uppskattningar och bedömningar som påverkar finansiella rapporter för räkenskapsår.

Not 2 Transaktioner med närstående

Inköp och försälining mellan koncernföretag

Inköp inom koncernen motsvarar 31 (38) procent av företagets rörelsekostnader under året. Försäljning inom koncernen uppgår till 15 (10) procent av årets försäljning.

Not 3 Nettoomsättningens fördelning

	2022	2021
Nettoomsättningen per geografisk marknad		
Sverige	92 533 374	95 645 401
Övriga länder	18 472 670	15 851 370
	111 006 044	**111 496 771**

Not 4 Leasingavtal

Årets leasingkostnader avseende leasingavtal, uppgår till 8 044 817 kronor.

Framtida leasingavgifter, för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:

	2022	2021
Inom ett år	-5 019 329	-5 187 892
Senare än ett år men inom fem år	-10 376 870	-16 743 217
Senare än fem år	0	-783 211
	-15 396 199	**-22 714 320**

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Not 5 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2022	2021
PwC		
Revisionsuppdrag	-97 809	-97 809
	-97 809	**-97 809**

Not 6 Anställda och personalkostnader

	2022	2021
Medelantalet anställda		
Kvinnor	12	10
Män	48	47
	60	**57**
Löner och andra ersättningar		
Styrelse och verkställande direktör	-2 608 586	-1 753 822
Tantiem och liknande ersättning till styrelse och verkställande direktör	-259 939	-259 939
Övriga anställda	-31 643 862	-28 880 403
	-34 512 387	**-30 894 164**
Sociala kostnader		
Pensionskostnader för styrelse och verkställande direktör	-509 933	-700 076
Pensionskostnader för övriga anställda	-3 739 217	-2 960 195
Övriga sociala avgifter enligt lag och avtal	-12 362 270	-11 300 283
	-16 611 420	**-14 960 554**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**-51 123 807**	**-45 854 718**

Under 2021 har bolaget fått en återbetalning från FORA på 863 606 SEK avseende tidigare år. Denna har hanterats som en kostnadsreducering.

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Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	20 %	20 %
Andel män i styrelsen	80 %	80 %
Andel kvinnor bland övriga ledande befattningshavare	33 %	33 %
Andel män bland övriga ledande befattningshavare	67 %	67 %

Övriga ledande befattningshavare är Nordiska ledningsgruppen som består av VD, HR, Sälj, CFO och Operation.

Avtal om avgångsvederlag
För VD gäller ömsesidig uppsägningstid om 6 månader. Om uppsägning sker från företagets sida, utan synnerliga skäl har VD rätt till 6 månaders lön efter uppsägningsperiodens slut.

Not 7 Resultat från andelar i koncernföretag

	2022	2021
Erhållna utdelningar	2 599 875	0
	2 599 875	**0**

Not 8 Övriga ränteintäkter och liknande resultatposter

	2022	2021
Ränteintäkter från koncernföretag	78 583	0
Övriga ränteintäkter	109	0
Koncerninterna kursdifferenser	16 011	9 689
Kursdifferenser	917 651	396 469
	1 012 354	**406 158**

Not 9 Räntekostnader och liknande resultatposter

	2022	2021
Koncerninterna kursdifferenser	-1 208	-29 237
Externa räntekostnader	-8 416	-9 019
Kursdifferenser	-680 976	-721 083
	-690 600	**-759 339**

Not 10 Bokslutsdispositioner

	2022	2021
Återföring av periodiseringsfond	278 000	0
Förändring av överavskrivningar	1 060 202	0
	1 338 202	**0**

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Not 11 Aktuell och uppskjuten skatt

	2022	2021
Skatt på årets resultat		
Aktuell skatt	-3 401 465	-3 290 794
Förändring av uppskjuten skatt avseende temporära skillnader	1 046 583	1 255 900
Totalt redovisad skatt	**-2 354 882**	**-2 034 894**

Avstämning av effektiv skatt

		2022		2021
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		7 893 682		6 567 960
Skatt enligt gällande skattesats	20,60	-1 626 098	20,60	-1 353 000
Ej avdragsgilla kostnader		-83 090		-39 615
Ej skattepliktiga intäkter		22		
Schablonintäkt p-fond		-286		-285
Goodwill avskrivning		-641 994		-641 994
Övrigt		-3 436		
Redovisad effektiv skatt	**29,83**	**-2 354 882**	**30,98**	**-2 034 894**

Not 12 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	13 318 000	13 318 000
Försäljningar/utrangeringar	-13 318 000	0
Utgående ackumulerade anskaffningsvärden	**0**	**13 318 000**
Ingående avskrivningar	-11 098 333	-8 434 733
Årets avskrivningar	-2 219 667	-2 663 600
Försäljningar/utrangeringar	13 318 000	0
Utgående ackumulerade avskrivningar	**0**	**-11 098 333**
Utgående redovisat värde	**0**	**2 219 667**

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Not 13 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	17 165 000	17 165 000
Försäljningar/utrangeringar	-17 165 000	0
Utgående ackumulerade anskaffningsvärden	**0**	**17 165 000**
Ingående avskrivningar	-14 304 167	-10 871 167
Årets avskrivningar	-2 860 833	-3 433 000
Försäljningar/utrangeringar	17 165 000	0
Utgående ackumulerade avskrivningar	**0**	**-14 304 167**
Utgående redovisat värde	**0**	**2 860 833**

Not 14 Goodwill

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	31 164 774	31 164 774
Utgående ackumulerade anskaffningsvärden	**31 164 774**	**31 164 774**
Ingående avskrivningar	-13 245 029	-10 128 551
Årets avskrivningar	-3 116 478	-3 116 478
Utgående ackumulerade avskrivningar	**-16 361 507**	**-13 245 029**
Utgående redovisat värde	**14 803 267**	**17 919 745**

Not 15 Maskiner och andra tekniska anläggningar

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	140 869 791	136 740 241
Inköp	7 045 692	4 129 550
Utgående ackumulerade anskaffningsvärden	**147 915 483**	**140 869 791**
Ingående avskrivningar	-113 154 979	-107 071 343
Årets avskrivningar	-6 398 295	-6 083 636
Utgående ackumulerade avskrivningar	**-119 553 274**	**-113 154 979**
Ingående nedskrivningar	0	0
Utgående ackumulerade nedskrivningar	**0**	**0**
Utgående redovisat värde	**28 362 209**	**27 714 812**

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Not 16 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	38 839 225	38 839 225
Utgående ackumulerade anskaffningsvärden	**38 839 225**	**38 839 225**
Utgående redovisat värde	**38 839 225**	**38 839 225**

Not 17 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Oerlikon Balzers Coating Finland Oy	100	100	1 000	38 839 225
				38 839 225

	Org.nr	Säte
Oerlikon Balzers Coating Finland Oy	2167163-9	Tampere

Not 18 Varulager

	2022-12-31	2021-12-31
Råvaror och förnödenheter	1 989 554	1 552 836
Reservdelar	6	6
Handelsvaror	752 921	764 173
	2 742 481	**2 317 015**

Not 19 Övriga fordringar

	2022-12-31	2021-12-31
Skattekonto	106 640	211 819
Övriga fordringar	2 548	2 000
	109 188	**213 819**

Not 20 Förutbetalda kostnader och upplupna intäkter

	2022-12-31	2021-12-31
Förutbetalda hyror	2 546 801	2 490 121
Övriga förutbetalda kostnader	1 530 564	1 390 248
	4 077 365	**3 880 369**

Not 21 Antal aktier och kvotvärde

	Antal aktier	Kvot-värde
Aktier	116 000	100
	116 000	

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Not 22 Obeskattade reserver

	2022-12-31	2021-12-31
Periodiseringsfond	0	278 000
Överavskrivningar	0	1 060 202
	0	**1 338 202**
Skatteeffekt av schablonränta på periodiseringsfond	286	

Not 23 Uppskjuten skatteskuld

	2022-12-31	2021-12-31
Belopp vid årets ingång	1 229 855	2 485 754
Under året ianspråktagna belopp	-1 046 583	-1 255 899
Belopp vid årets utgång	**183 272**	**1 229 855**

Not 24 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Personalrelaterade kostnader	12 960 047	11 822 752
Övriga upplupna kostnader	894 930	3 909 461
	13 854 977	**15 732 213**

Not 25 Likvida medel

	2022-12-31	2021-12-31
Likvida medel		
Kassamedel	29 818 622	27 036 274
	29 818 622	**27 036 274**

Not 26 Ställda säkerheter

Företaget har inga ställda säkerheter.

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Not 27 Eventualförpliktelser

	2022-12-31	2021-12-31
Samlad garanti	1 238 448	1 197 944
Samlad garanti Tullverket	23 546	23 546
	1 261 994	**1 221 490**

Stockholm 2023-

Wolfgang Schmitz
Ordförande

Martin Bartsch

Mike Dietrich

Lejla Tulic

Anders Jonsson
Verkställande direktör

Vår revisionsberättelse har lämnats 2023-

Öhrlings PricewaterhouseCoopers AB

Gabriella Hermansson
Auktoriserad revisor

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Not 27 Eventualförpliktelser

	2022-12-31	2021-12-31
Samlad garanti	1 238 448	1 197 944
Samlad garanti Tullverket	23 546	23 546
	1 261 994	**1 221 490**

Stockholm 2023- 06-15

Wolfgang Schmitz
Ordförande

Martin Bartsch

Mike Dietrich

Lejla Tulic

Anders Jonsson
Verkställande direktör

Vår revisionsberättelse har lämnats 2023-

Öhrlings PricewaterhouseCoopers AB

Gabriella Hermansson
Auktoriserad revisor

20230627072780

Not 27 Eventualförpliktelser

	2022-12-31	2021-12-31
Samlad garanti	1 238 448	1 197 944
Samlad garanti Tullverket	23 546	23 546
	1 261 994	**1 221 490**

Stockholm 2023-06-15

Wolfgang Schmitz
Ordförande

Martin Bartsch

Mike Dietrich

Lejla Tulic

Anders Jonsson
Verkställande direktör

Vår revisionsberättelse har lämnats 2023-06-21

Öhrlings PricewaterhouseCoopers AB

Gabriella Hermansson
Auktoriserad revisor

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Revisionsberättelse

Till bolagsstämman i Oerlikon Balzers Coating Sweden AB, org.nr 556098-1333

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Oerlikon Balzers Coating Sweden AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Oerlikon Balzers Coating Sweden ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Oerlikon Balzers Coating Sweden AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Oerlikon Balzers Coating Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Oerlikon Balzers Coating Sweden AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Oerlikon Balzers Coating Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

pwc

Stockholm den 21 juni 2023

Öhrlings PricewaterhouseCoopers AB

Gabriella Hermansson
Auktoriserad revisor

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oerlikon

Annual Report 2022

About Oerlikon

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

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

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

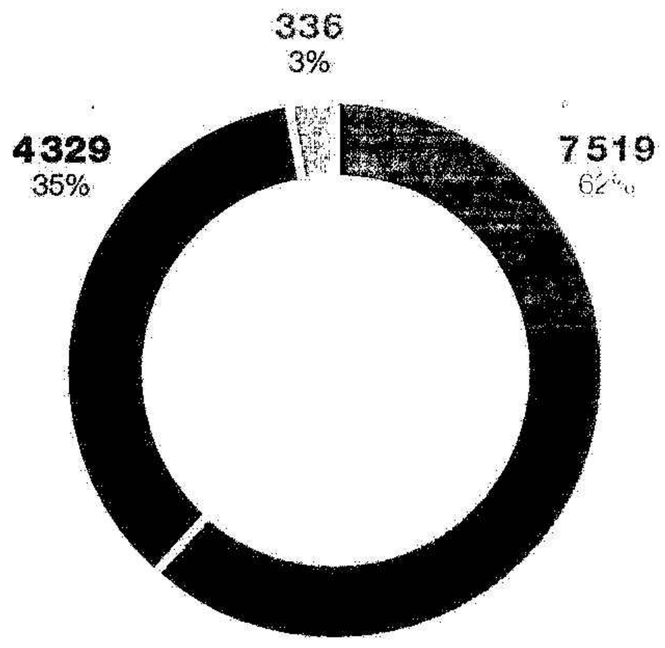
Everything we invent, develop and do is guided by our passion to support our customers' goals and foster a sustainable world.

Headquartered in Pfaeffikon, Switzerland, the Group operates its business in two divisions – Surface Solutions and Polymer Processing Solutions. It has a global footprint of more than 12 100 employees at 205 locations in 37 countries and generated sales of CHF 2.9 billion in 2022.

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

oerlikon

Surface Solutions Division	Polymer Processing Solutions Division
oerlikon balzers	oerlikon barmag
oerlikon metco	oerlikon neumag
oerlikon am	oerlikon nonwoven
oerlikon hrsflow	



Employees (FTE) 2022 by Division

- Surface Solutions Division
- Polymer Processing Solutions Division
- Other

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2022 at a Glance

Strong strategic and operational **execution** and **achieved robust growth** despite macroeconomic headwinds.

Polymer Processing Solutions recorded one of its highest annual order intakes and sales amounts and improved its operating margin.

Surface Solutions increased sales, driven by market recovery and customers demand for efficient solutions. Signed agreement in Q4 to acquire Riri to become a market leader in providing an integrated and complete portfolio of luxury metal-ware.

Proactively implemented measures and **prepared** Oerlikon for weaker filament demand.

Order Intake

3.0 billion

6.9% above prior year

Sales

2.9 billion

9.8% above prior year

Operational EBITDA Margin

17.1%

Same as prior year

Net Result

93 million

44.9% below prior year

Earnings per Share

0.27

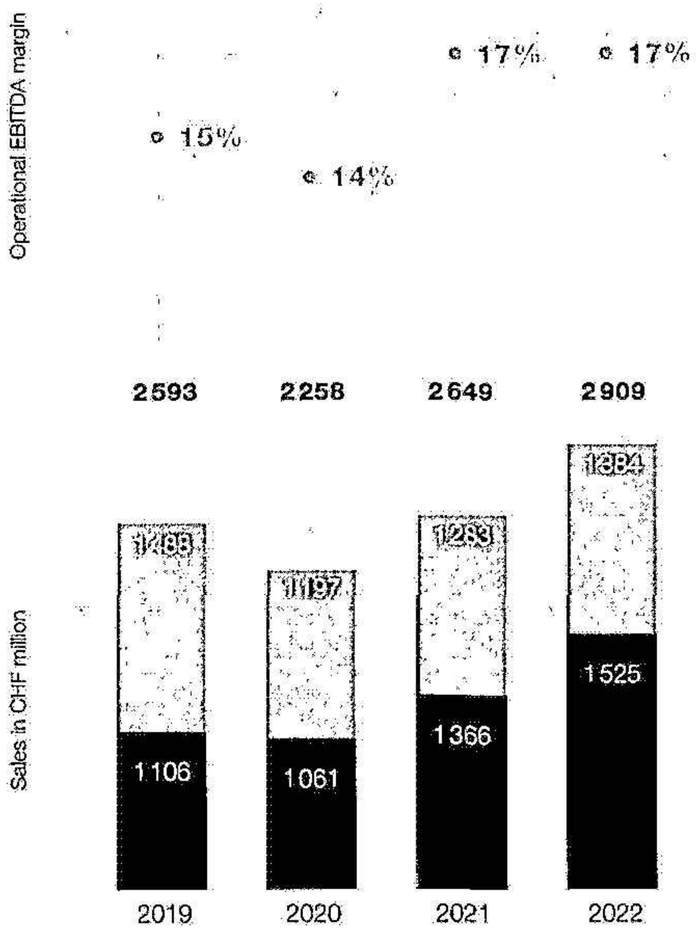
45.5% below prior year

Ordinary Dividend Proposal

0.35

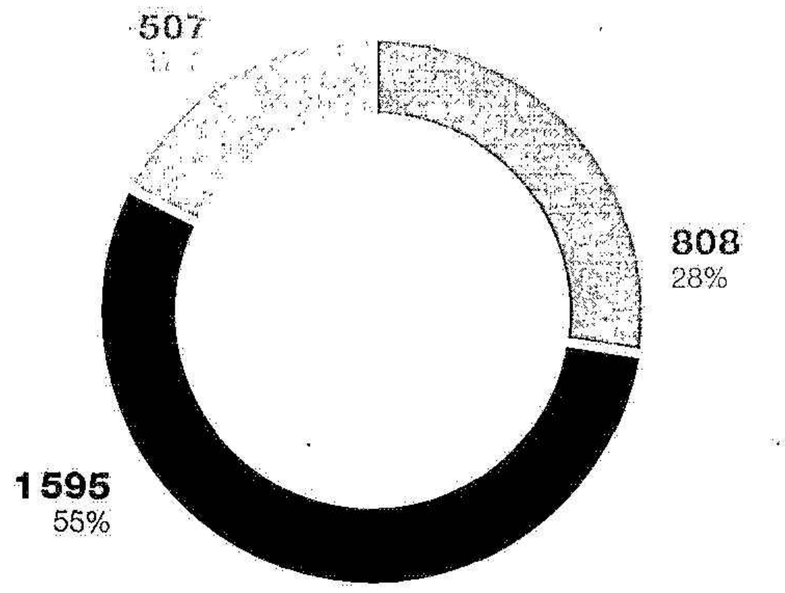
Stable dividend per share for six years

All financial figures in CHF.



Oerlikon Group Sales
in CHF million

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

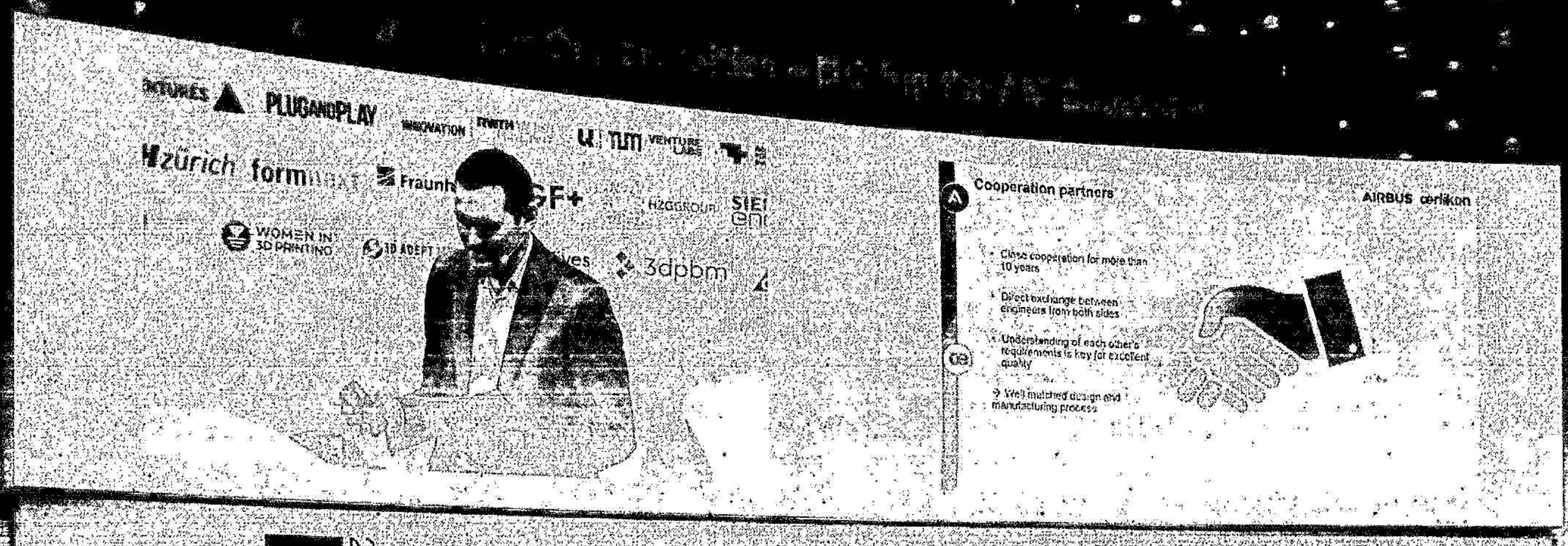


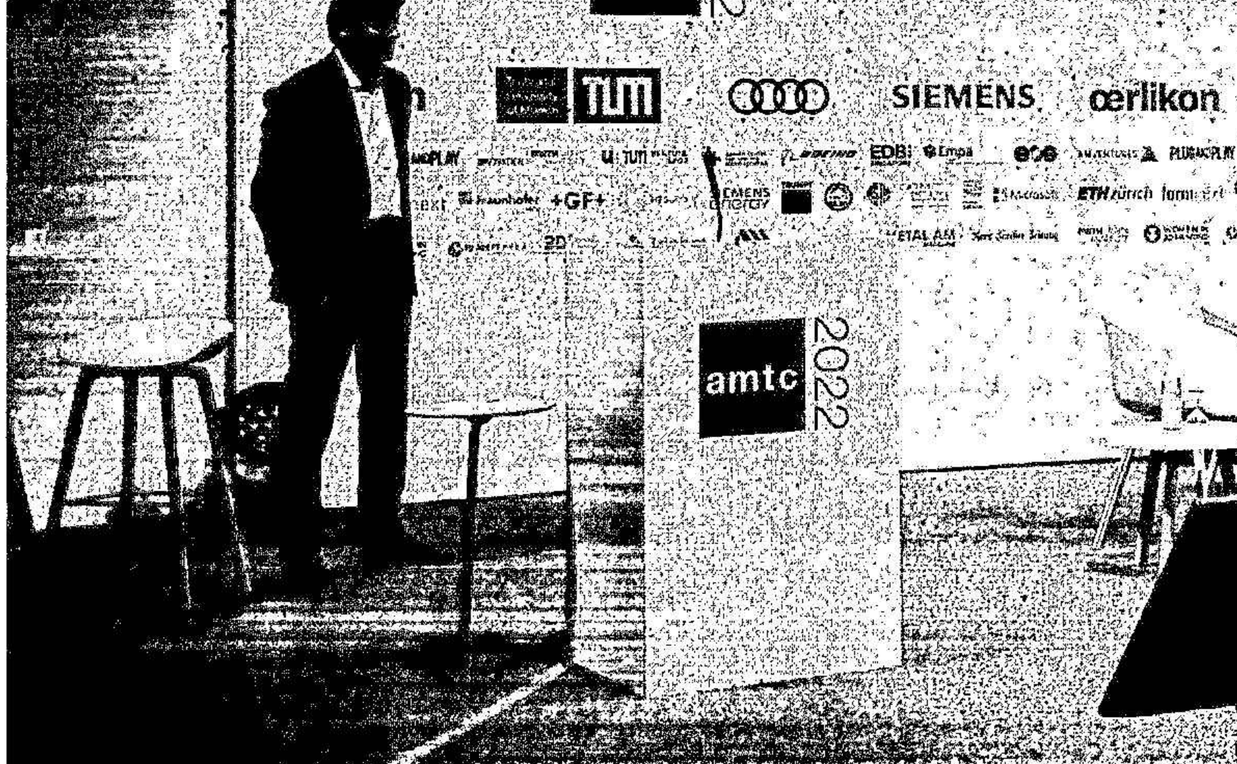
Sales 2022 by Region[1]
in CHF million

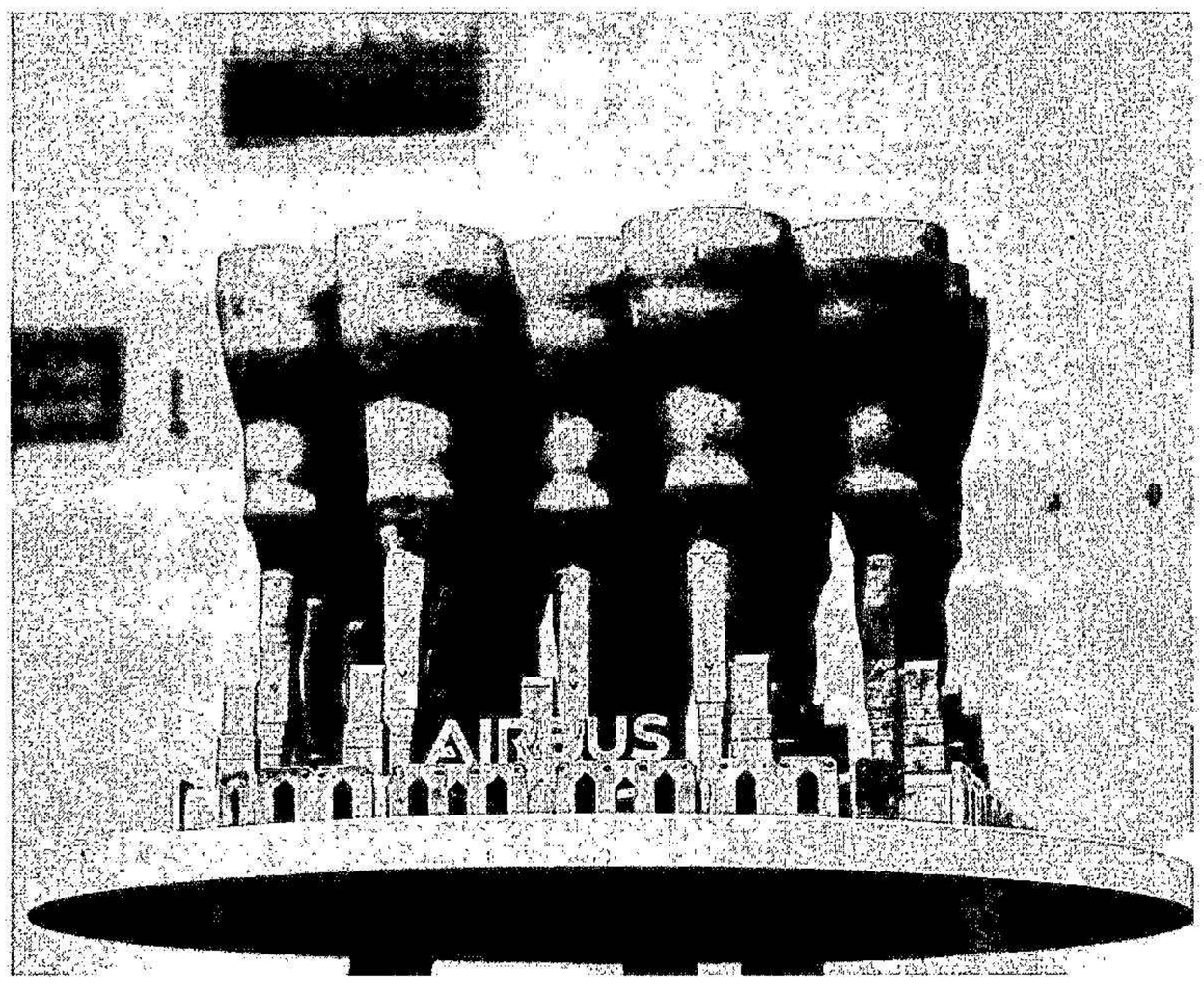
- Europe
- Asia-Pacific
- Americas

[1] Differences in total reported figure due to rounding.

From October 11–12, 2022, more than 2 000 participants from 69 countries, 33 partners, 69 speakers and 30 start-up exhibitors gathered online and on-site at **AMTC 2022.** Under the theme Connecting Opportunities – Driving the AM Ecosystem, the most influential C-level event in additive manufacturing set the focus on collaboration.







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Interview with the Executive Chairman

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

How was 2022 for Oerlikon?

We demonstrated strong execution on our strategy, focusing on growth, diversification and sustainability, despite macroeconomic headwinds.

Our Polymer Processing Solutions Division recorded one of its highest orders and sales and improved its operational EBITDA. Our Surface Solutions Division also saw increases in sales and orders, driven by customers' demand for efficient solutions. As a Group, we increased orders (+7% to CHF 3.0 billion) and sales (+10% to CHF 2.9 billion), and improved the operational EBITDA (+10% to CHF 498 million, or 17.1% of sales).

What were the key drivers for your robust performance?

We provide solutions to many key sectors, from aerospace, tooling, energy and automotive to luxury, general industries, textile and polymer applications. Basically, there is not a single day when someone will not come into contact with a technology from Oerlikon.

Our strategy for profitable growth is anchored in our well-established positions in these sectors and in our innovative and sustainable technologies, as well as in our high performance culture. With our leading technologies, we hold unique sweet spots in end markets, which serve as high barriers of entry.

In 2022, we strongly executed on our strategy. We expanded our regional structure and business for surface solutions, especially in the Americas, where we grew sales by more than 20%. We strengthened our focus on growth businesses, like luxury, by signing the agreement to acquire Riri, and we exited our inline embedded PVD business, which saw slower-than-anticipated uptake and interest.

We have strengthened our commitment to Switzerland with a plan to establish a new state-of-the-art site at Campus Reichhold, Hausen, for our surface solutions and equipment businesses. The site will house production, office space and an IT competence center and will also serve as a sales and distribution center for the materials product line.

Moreover, we continued to provide sustainable technologies to customers and were pleased to see our sustainability ratings upgraded.

Can you explain why Oerlikon is investing in luxury?

Surface coatings are very much part and parcel in the production of luxury accessories, jewelry and components. These metal pieces need coatings to provide them with wear and erosion protection and give them a glossy finish. In addition, the industry is looking at transiting away from galvanization to more environmental friendly technologies like PVD that is offered by Oerlikon. Moreover, the industry is exploring the use of additive manufacturing to help create bespoke designs and unique pieces in exclusive quantities.

In 2021, we acquired Coeurdor to complement our high-end deco business. In December 2022, we took the next ideal move and signed the agreement to acquire Riri, a leading provider of coated metal accessories for the luxury fashion industry. Combining both will make us a market leader in providing a complete portfolio of luxury metalware for high-end fashion brands.

Tell us more about sustainability at Oerlikon?

Sustainability has always been a core part of Oerlikon's products, services and operations. We continue develop sustainable products and empower our customers to increase their efficiency and improve their environmental footprint, such as in energy savings, waste reduction or lowering emissions. For example, our BALINIT MAYURA coatings can save up to 80% of materials and our WINGS systems help customers save up to 40% of energy.

Similarly, we made progress in improving our own operational sustainability. To name a few examples: we implemented energy management systems at an additional 22

sites, bringing the total to 54 sites. Together, they account for 68% of the Group's total energy consumption. We also gained a better understanding of our Scope 3 emission within our ecosystem and along our value chain.

We once again organized our Diversity Conference. This year focusing on disability to raise awareness of the topic, including understanding of "invisible disabilities", which create unique challenges but may go unnoticed by coworkers and managers. We expanded our employee resource groups, including Pride@Oerlikon, the Women's Business Council and the Disability & Support groups. Moreover, we hosted official celebrations of International Women's Day and Pride Month for the first time. We are also a proud signatory of Switzerland's Equal Voice United Charter to promote gender equality in our organization.

For us, sustainability is a journey, and we are taking actions one-step at a time as we continuously advance (see our sustainability reports for further progress and examples). Everyone has a role to play – from industry and governments to end consumers. And technology, such as those from Oerlikon, will play a vital role to support customers and industries.

Can you elaborate on innovation at Oerlikon?

Innovation is and will continue to be our key strength, and despite the current economic challenges, we remain committed to the planned levels of R&D spending, as well as to activities such as digitalization, which will position us for future successes.

In 2022, we invested 4% of our sales in R&D, and around 73% of this R&D expenditure is in sustainable products. We have also strengthened our capital allocation framework by focusing R&D investments on high-return and growth areas.

Some products launched in 2022 include: a new coating for injection molding and extrusion of filled polymers to reduce abrasion and corrosion resistance, making the coating perfect for applications with glass fiber reinforced plastics and fully recycled materials. In our polymer processing solutions business, we launched a new hycuTEC hydro-charging solution, which increases filter efficiency to more than 99.99%, translating to 30% savings of nonwoven materials for customers. This innovative technology went on to win the biannual Innovation Award at the Filtrex 2022 conference.

Digitalization is another key driver of our innovation. In 2022, we launched multiple digital innovations for customers and for our own operations and supply chain. For example, vConnect allows customers to connect their coating systems to their global production dashboard, giving them a real-time, 24/7 all-round overview of system utilization, material/energy consumption, coating quality and many more data. Oerlikon HRSflow provided an updated user interface for its FLEXflow Control Unit. This HMI 4.0, web-based solution is accessible online through a standard PC or tablet and makes operation even more intuitive and convenient for customers.

What has changed since you took over as the Executive Chairman?

Upon taking on the role of Executive Chairman, we strengthened our corporate governance with the appointment of an independent lead director and introduced a Governance Committee that is responsible for ensuring adequate control mechanisms.

Both division CEOs have additional operational control and accountability. They have been empowered and have more agility and speed of execution in running and growing their respective business, enabling them to adapt faster to global trends.

I also undertook new engagement initiatives with our key stakeholders with the purpose of improving the understanding of strategically relevant governance and sustainability topics. Taking their feedback into consideration, we have expanded our disclosures in our corporate governance and remuneration reports (part of this report) to provide additional transparency and promote better understanding of the company's policies and procedures. It is my personal ambition to constantly work on improving disclosure and the level of communication with our key stakeholders.

What is Oerlikon adopting in regard to the revised Swiss Corporate law?

The revised Swiss corporate law that was adopted by the Swiss Parliament in 2020 entered into force on January 1, 2023. Pursuant to the new law, Swiss corporations are obliged to revise their articles of association to comply with the new law by the end of 2024.

The Board will be proposing to shareholders various amendments to Oerlikon's Articles of Association. The details of which will be sent to shareholders together with the invitation to the Annual General Meeting of Shareholders (AGM). These amendments are aligned with the revised law and in line with prevailing market standards in Switzerland and the company's needs.

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Subject to the approval by the AGM 2023 to amend the Articles of Association with respect to increasing the potential maximum number of Board members, the Board of Directors proposes to nominate Inka Koljonen for election at the 2023 AGM. All current Board members will be standing for re-election. Inka Koljonen is Chief Financial Officer at MAN Truck & Bus SE. Her significant experience in strategy and finance in the automotive and aerospace industry – both key sectors for Oerlikon – will further strengthen the diversity and independence of the Board.

Do you intend to continue paying dividends?

Oerlikon is committed to provide attractive returns to shareholders while maintaining financial flexibility to invest in growth. In line with our strategy, the Board will recommend an ordinary dividend of CHF 0.35 per share at the 2023 AGM on March 21, 2023.

What is your outlook for 2023?

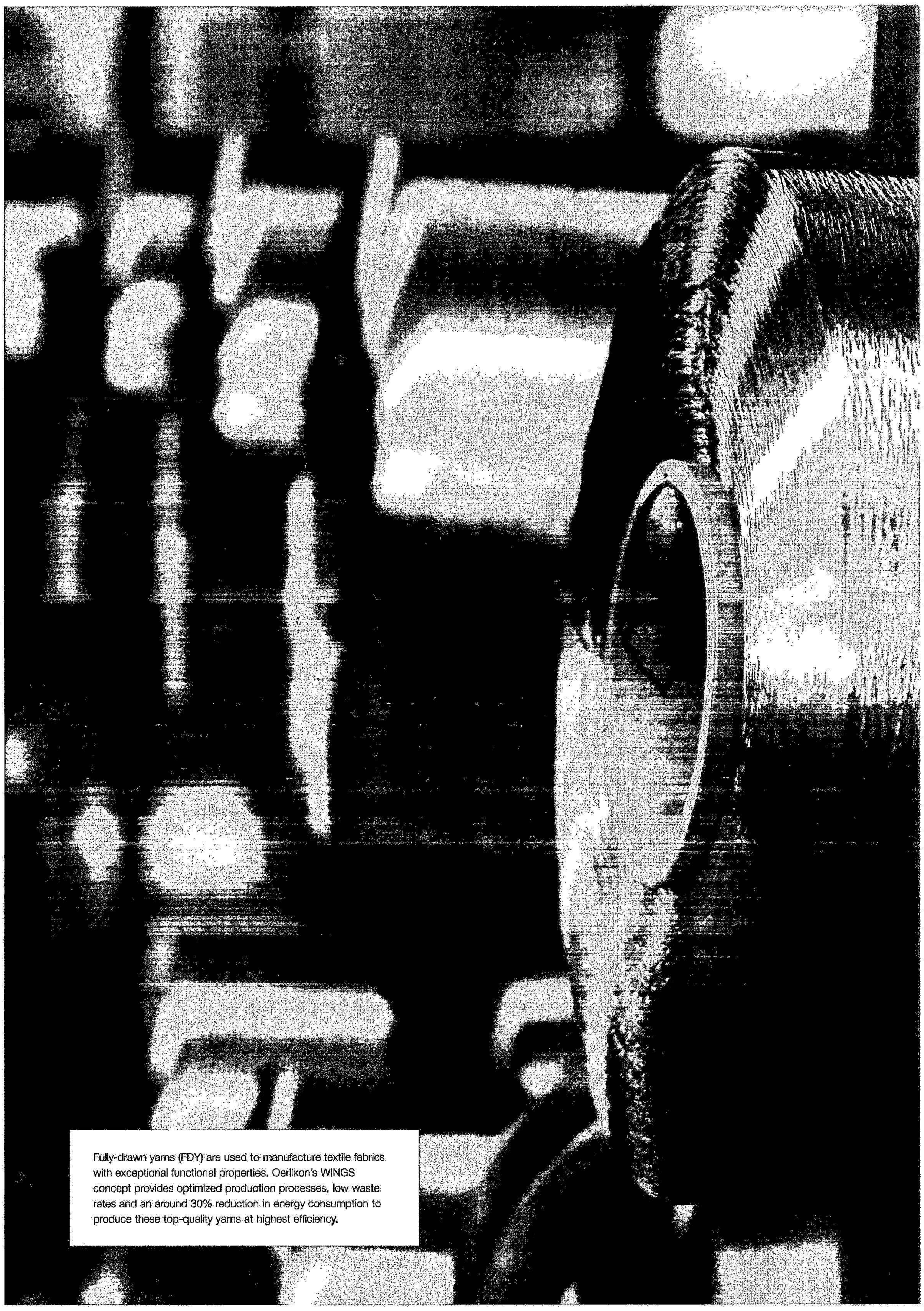
We expect polymer processing solutions to see weakness in the filament market in China. Thus, we started in the fourth quarter of 2022 to prepare Oerlikon.

For 2023, Oerlikon expects a mid-single-digit percentage organic sales decrease at constant currencies to CHF ~2.8 billion, reflecting primarily the postponement of customer investment decisions in Polymer Processing Solutions. Depending on the closing date of the announced Riri acquisition, an additional CHF 100 to 150 million of sales is expected. The operational EBITDA margin is expected to be between 16.0% and 16.5%.

Do you have any additional comments you wish to share?

I would like to thank all our employees, the management team and my colleagues on the Board of Directors for their dedication and commitment throughout 2022. In addition, I would also like to thank our partners, customers and our shareholders for their continued trust in Oerlikon.

Looking ahead, even in times of global uncertainty and instability, a clear vision and steady hand will help us navigate a course forward. I am confident that Oerlikon has all the ingredients – innovation, technologies, services and collective talents – for us to find the most productive and profitable way forward to level up our sales game, hunt for new opportunities and fortify our market positions.



Fully-drawn yarns (FDY) are used to manufacture textile fabrics with exceptional functional properties. Oerlikon's WINGS concept provides optimized production processes, low waste rates and an around 30% reduction in energy consumption to produce these top-quality yarns at highest efficiency.

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Group 2022 Performance

Oerlikon delivered profitable growth in 2022. The Polymer Processing Solutions Division achieved record orders and sales and improved the operating margin in 2022. The Surface Solutions Division noted year-over-year increases in sales and orders as it capitalized on opportunities from the gradual recovery in aerospace, automotive and general industries.

In 2022, Group order intake increased 6.9% to CHF 2990 million, including an adverse currency impact of 3.7%, compared to CHF 2797 million in the previous year. Group sales increased by 9.8% in 2022 to CHF 2909 million, including an adverse currency impact of 4.1% (2021: CHF 2649 million).

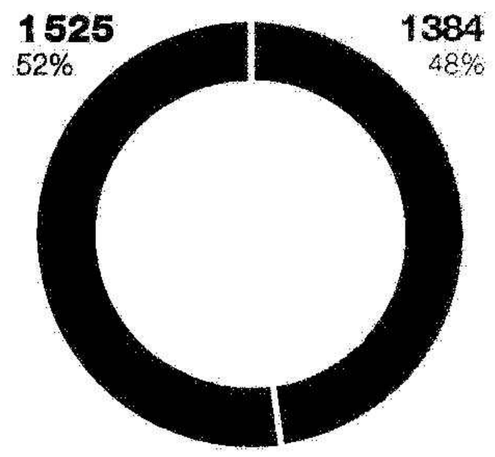
Group operational EBITDA increased by 10.1% to CHF 498 million, or 17.1% of sales (2021: CHF 452 million). The operational EBIT margin was 9.5% (CHF 277 million), compared to 9.0% (CHF 240 million) in the previous year. Group unadjusted EBITDA decreased by 5.8% to CHF 418 million, or 14.4% of sales, while Group unadjusted EBIT was CHF 176 million, or 6.0% of sales. In 2021, unadjusted Group EBITDA was CHF 444 million, or 16.7% of sales, and EBIT was CHF 220 million, or 8.3% of sales.

The Oerlikon Group's income from continuing operations in 2022 was CHF 93 million, compared with CHF 162 million in 2021. Net profit amounted to CHF 93 million in 2022, or earnings per share of CHF 0.27, versus CHF 168 million, or earnings per share of CHF 0.50, in 2021.

A Globally Balanced Business

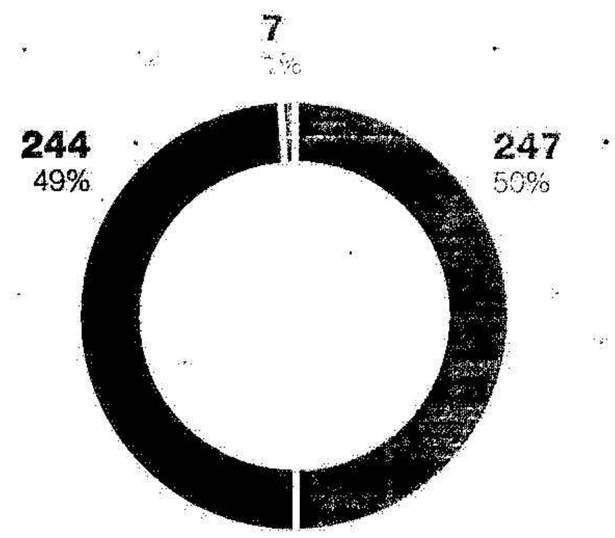
A portfolio and pipeline full of innovative technologies, a global footprint and an industry-leading scope of comprehensive services continue to be key components of Oerlikon's strategy. The Surface Solutions Division generated 48% of total Group sales in 2022, while the Polymer Processing Solutions Division accounted for 52% of Group sales.

Serving customers in close proximity, Oerlikon operates 205 sites in 37 countries, with 92 sites in Europe, the Middle East and Africa, 68 sites in Asia-Pacific and 45 sites in the Americas. Asia-Pacific continued to account for the largest proportion of Group sales in 2022. Sales in Asia-Pacific increased by 5% to CHF 1595 million, or 55% of Group sales, versus CHF 1512 million, or 57% of Group sales, in 2021. Europe remained the second-



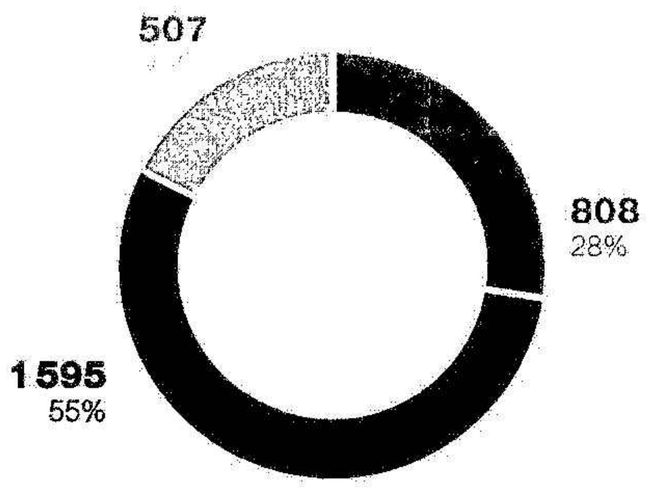
Sales 2022 by Division
in CHF million

- Surface Solutions Division
- Polymer Processing Solutions Division



Operational EBITDA 2022 by Division
in CHF million

- Surface Solutions Division
- Polymer Processing Solutions Division
- Other



Sales 2022 by Region[1]
in CHF million

- Europe
- Asia-Pacific
- Americas

[1] Differences in total reported figure due to rounding.

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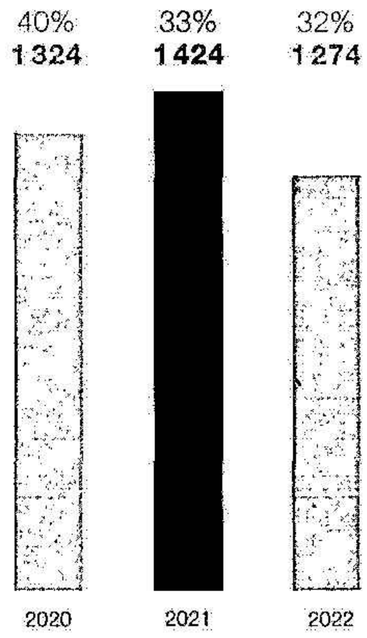
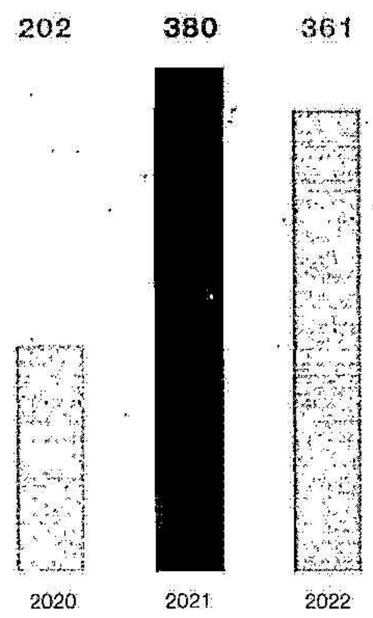


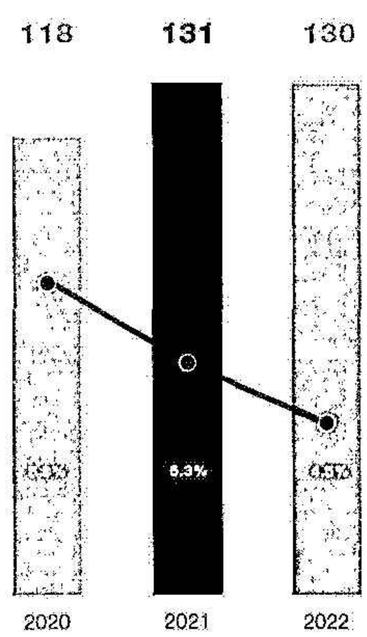
Equity[1]
in CHF million (as % of assets)

[1] Attributable to shareholders of the parent.



Operating Cash Flow[1]
in CHF million

[1] Before changes in net current assets.



Capital Expenditure
in CHF million

— In % of sales

largest regional contributor to Group sales in 2022, with sales totaling CHF 808 million, or 28% of sales, compared with CHF 784 million, or 30% of sales, in 2021. Group sales in the Americas increased by 43% to CHF 507 million in 2022, versus CHF 353 million in 2021, and the share of the region's sales to Group sales increased to 17%.

Solid Balance Sheet Strength with Equity Ratio of 32%

As of December 31, 2022, Oerlikon had total assets of CHF 3937 million, compared to CHF 4341 million at year-end 2021. The Oerlikon Group had equity (attributable to shareholders of the parent) of CHF 1274 million, representing an equity ratio of 32%. The decrease in total assets is mainly attributed to foreign exchange effects and a lower cash and cash equivalent position.

Operating Cash Flow

Cash flow from operating activities before changes in net current assets decreased by 5.0% to CHF 361 million, compared with CHF 380 million in 2021. Net working capital, defined as trade receivables plus inventories minus trade payables and current customer advances, totaled CHF 179 million in 2022, versus CHF -57 million in 2021.

Capital expenditure (CAPEX) amounted to CHF 130 million, compared to CHF 131 million in 2021. Excluding amortization of acquired intangible assets, the CAPEX-to-depreciation ratio was 1.0 times.

Cash flow from investing activities was CHF -155 million in 2022, compared with CHF -413 million in 2021. Cash flow from financing activities amounted to CHF -182 million in 2022, compared with CHF 266 million in 2021. Oerlikon reported a change in cash and cash-equivalent position at the end of 2022 of CHF -138 million, mainly driven net working capital fluctuation, compared with CHF 187 million at the end of 2021.

Acquisitions and Divestitures

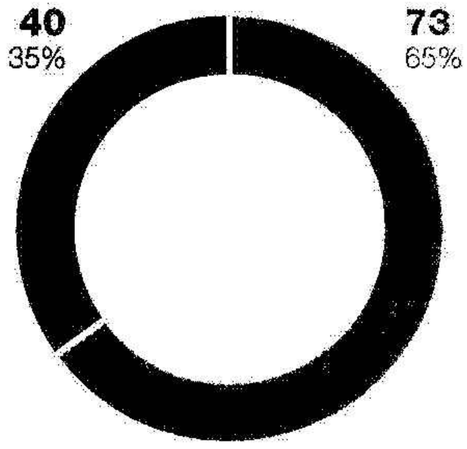
In December 2022, the Surface Solutions Division signed an agreement to acquire the Riri Group, a leading provider of coated metal accessories for the luxury fashion industry. This is the ideal next step following Oerlikon's acquisition of Coeurdor in 2021 and will make Oerlikon a market leader, providing a complete offering of coated luxury metalware for high-end fashion brands.

Commitment to R&D

Oerlikon remains committed to investing around 4% of its annual revenues in research and development (R&D). In 2022, R&D expenditure for the year was CHF 113 million, or 3.9% of Group sales, compared with CHF 105 million, or 4.0% of Group sales, in 2021.

Dividend Payout

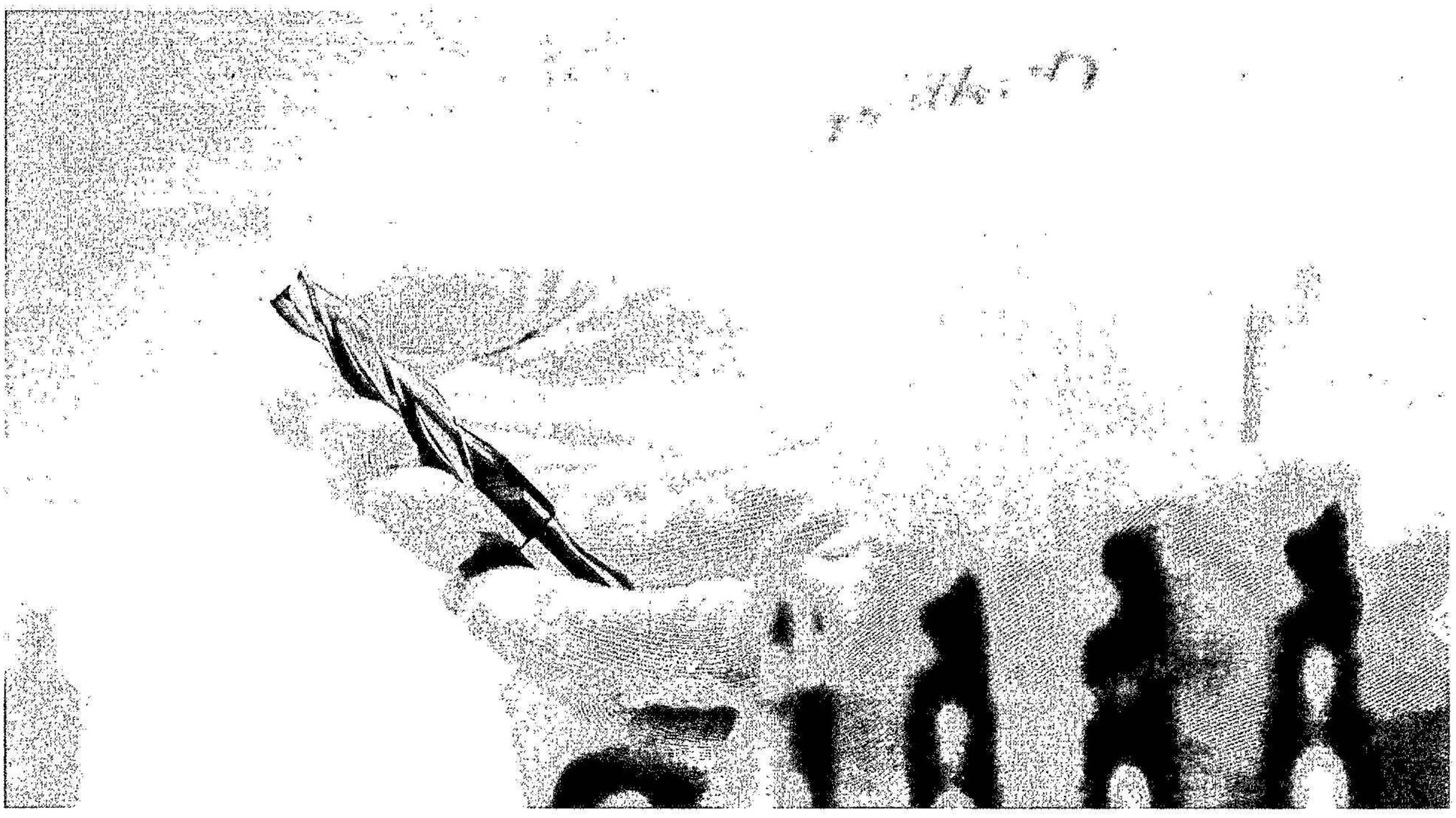
Oerlikon believes that a dividend payout is an important means of returning value to shareholders. Thus, the Board of Directors is recommending an ordinary dividend, consistent with the previous five years, of CHF 0.35 per share at the 50th AGM on March 21, 2023.



R&D Expenditure by Division
in CHF million

- Surface Solutions Division
- Polymer Processing Solutions Division

With the new BALINIT MAYURA coating from Oerlikon Balzers, manufacturers and end users benefit from longer tool service life and higher productivity in the manufacturing process. It is harder and smoother than comparable coatings while being extremely thin and heat resistant. This makes it especially suitable for the demanding processing of nonferrous materials, such as aluminum alloys, copper alloys and polymers.



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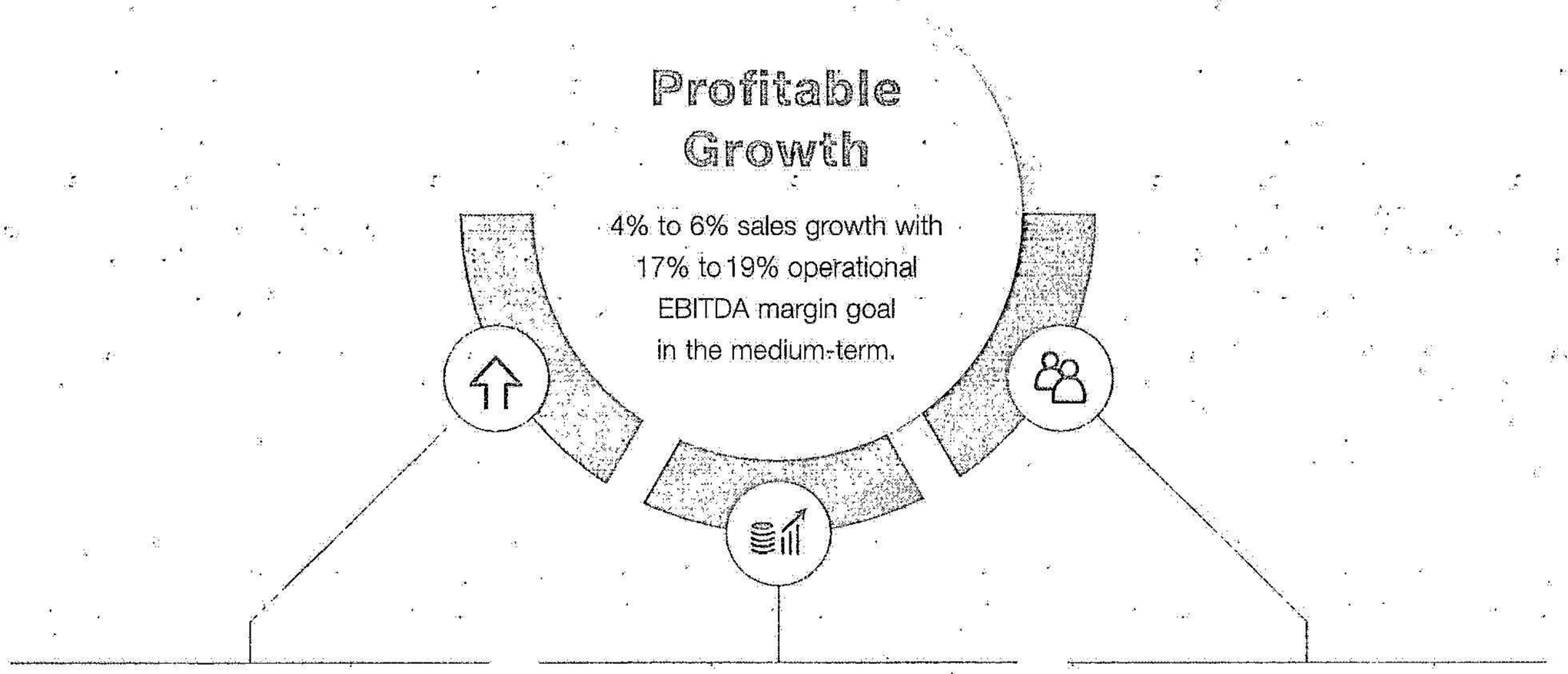
Group Medium-Term Strategy

Medium-Term Strategy to Drive Profitable Growth

Oerlikon has a long-standing track record of innovation leadership and has nurtured a high-performance culture in the past years. Moreover, the Group has been accelerating its sustainability agenda in providing increased transparency and commitment by setting ambitious 2030 targets. Through both its divisions, Oerlikon intends to grow faster than its end markets by leveraging its technology leadership and sustainable innovation and to expand into adjacent high-potential markets, such as non-filament, e-mobility and luxury metalware, organically and with accretive M&A. The Group will also focus on improving its profitability through strict cost focus and will continue to drive its sustainability progress, both in its own operations and through its products and solutions for customers.



Grow & Diversify

- **Outgrow** markets by focusing on technology leadership and sustainable innovation.
- Expand into adjacent high-potential markets organically and with **accretive M&A.**
- **Expand** Polymer Processing Solutions into non-filament; capture structural growth opportunities in Surface Solutions.

Improve Profitability

- Apply strict **cost focus** and benefit from operating leverage.
- Improve capital return to double digits.
- Maintain strong balance sheet and pay stable or progressive dividends.

Drive Sustainability Progress

- Drive environmental and social **progress at Oerlikon** via operational excellence, focus on energy efficiency and cultural change.
- **Support customers** in meeting their own sustainability targets: provide environmental and economical value propositions by focusing R&D and new products on sustainability criteria.

Oerlikon's 2030 Sustainability Targets

It is Oerlikon's goal to be recognized equally for its innovation and its integrity – and to the extent to which its work supports countries' progress toward sustainability goals. Oerlikon focuses in particular on the environmental, social and governance (ESG) areas in which it can make the greatest impact.

In 2021, Oerlikon published its first sustainability report, disclosing its existing ESG activities and its ambitious 2030 targets (see below). Since then, Oerlikon has been reporting annually on its sustainability actions, programs and progress toward its targets, as well as providing examples of efficient and sustainable innovation for customers. Detailed information can be found in its sustainability reports, according to the GRI Sustainability Reporting Standards.

Environment

- Implementing energy management system at all relevant sites
- Increasing the share of electrical energy from renewable sources
- Increasing the share of operations that are climate neutral
- Reducing the share of disposed waste
- 100% of R&D investments in products must cover ESG criteria

Social

- Increasing the % of women in management and leadership roles
- Increasing the % of women in high potential talent programs
- Ensuring Zero Harm to People

Governance

- Increasing the % of employees who have completed compliance and Code of Conduct training

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Not a Single Day Without Oerlikon

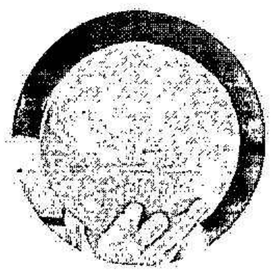
Oerlikon solutions can be found in such a broad spectrum of applications and industries that there is not a single day that a person will not come into contact with a technology from Oerlikon. It is the Group's aim to empower customers, their customers and the industries it serves to achieve more with less. Specifically, more in terms of savings, efficiency and productivity, while using fewer resources such as energy and materials. In doing so, Oerlikon supports customers in their sustainability and economic goals. For example, Oerlikon's technologies enable less fuel consumption in airplanes, facilitate future mobility, extend the lifetime of tools, save energy and reduce waste in processing polymers and beyond. Below are some examples of Oerlikon's sustainable technologies for customers and further details can be found in Oerlikon's sustainability reports.

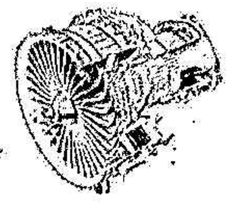
Lifetime Extension

160× lifetime extension of a metal tool through coating (vs. uncoated).

2 Bowling Balls

Saving 13.7 kg metal per coated tool, which is the weight of 2 bowling balls.



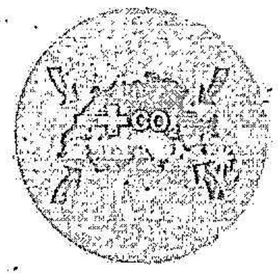


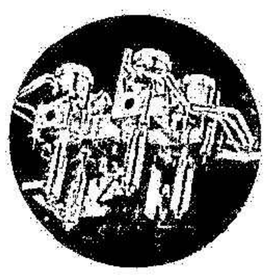
Increase Efficiency

Coatings on aero turbine increase efficiency ~5%.

80% Swiss Emissions

Equals ~26 mt of CO_2 reduction annually[1], ~80% of Swiss emissions[2].



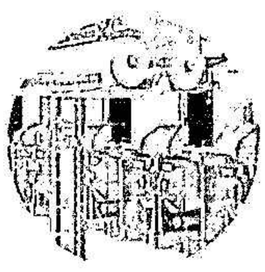


Lightweight

Coatings and hot runner systems enable lightweight materials.

A Marathon

10% less weight extends car driving range by 5 to 7% for a 650 km EV. This is equivalent to a marathon.

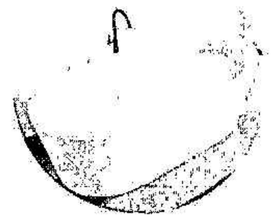


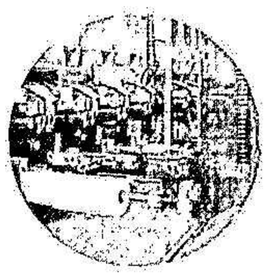
Less Resources

Manmade fibers are less resource intensive than natural fibers and increasingly recyclable.

9 Bathtubs

A cotton t-shirt requires around 1 300 l of water compared to ~8 l for polymers, savings equivalent to ~9 bathtubs.





Energy Saving

~30% energy saving with new filament equipment.

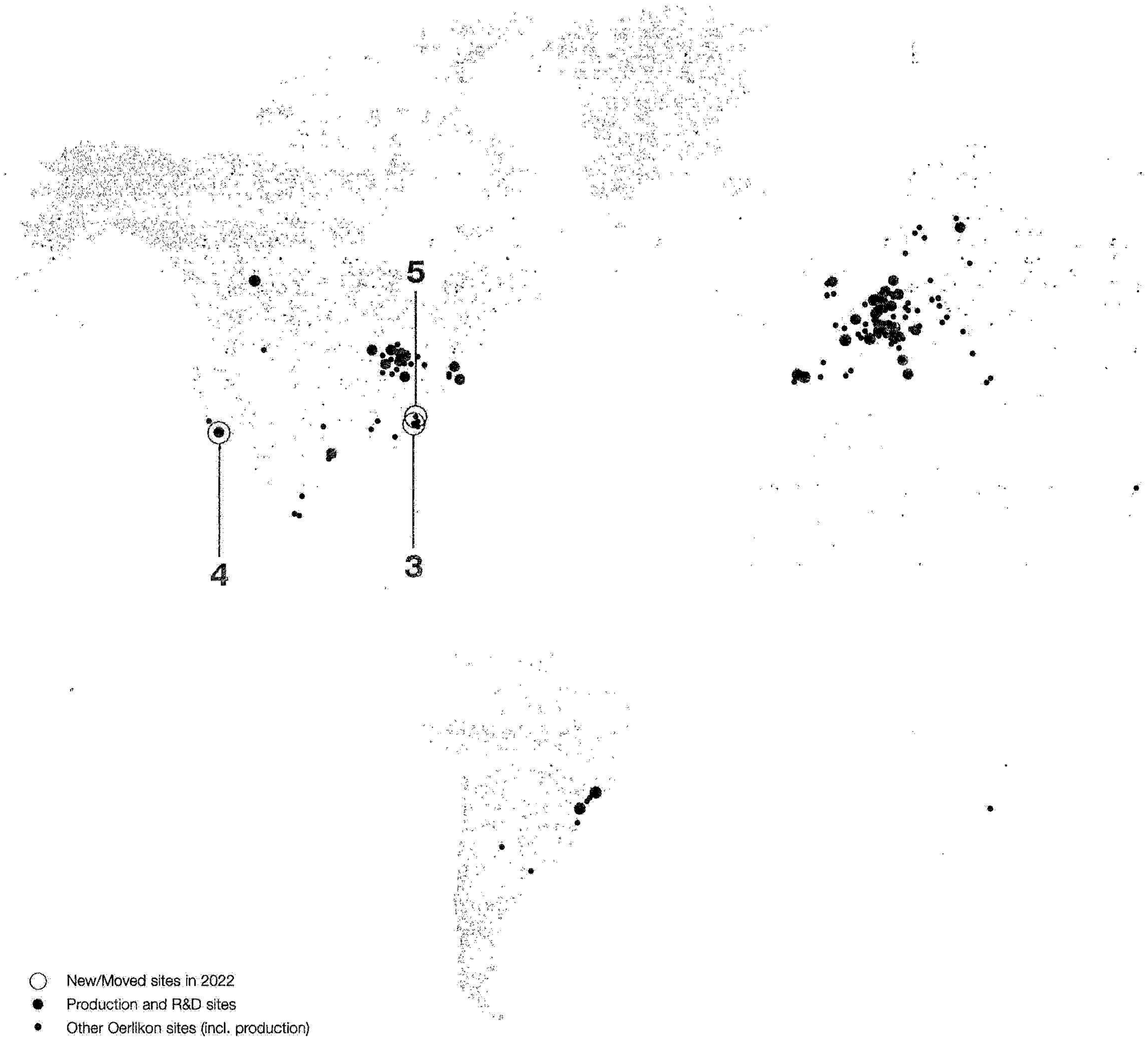
500 000 Cars

Annual CO_2 emission savings[3] of Oerlikon winders of 2.6 mt, equivalent to annual gasoline consumption of ~500 000 cars.

[1] Installed base of aero engines in 2019.
[2] Emissions from thermal and motor fuels in 2019.
[3] Data per 2020 installed base for new vs. older generation of FDY on POY take-up and winding machinery.

Serving our Customers Locally

Oerlikon has a global footprint with 205 sites in 37 countries. The Group is strongly committed to research and development, which is reflected by its 70 production and R&D sites world-wide. Together with its sales and services network of 148 sites, Oerlikon operates in close proximity to its customers, improving customer interaction, response times and satisfaction.



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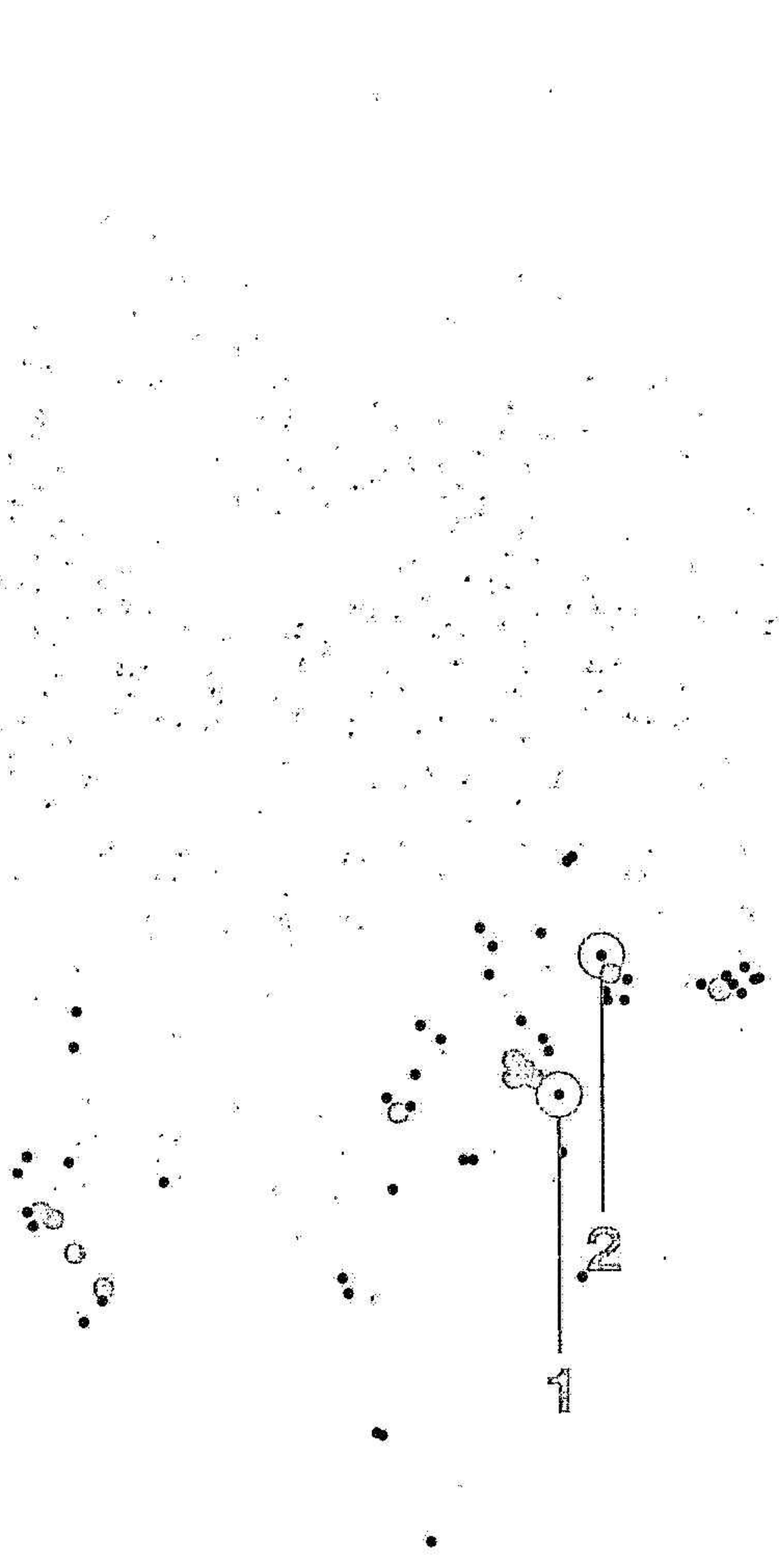
1 Friction Systems
New Thermal Insulation Systems Lab
Shanghai, China

2 Polymer Processing Solutions
HRSflow Sales Office
Gwangmyeong, Korea

3 Surface Solutions
Metco Joining & Cladding
Laser Cladding Service Center
Huntersville, NC, USA

4 Surface Solutions
R&D (Materials)
San Diego, CA, USA

5 Polymer Processing Solutions
Sales & Services
Charlotte, NC, USA



148

Sales and Services Sites

128 Surface Solutions Division
20 Polymer Processing Solutions Division

70

Production and R&D sites

58 Surface Solutions Division
12 Polymer Processing Solutions Division

205

Sites globally

45 in the Americas
68 in Asia-Pacific
92 in Europe, Middle East & Africa

Surface Solutions Division

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

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2022 Business Review

Surface Solutions is a technology and market leader in attractive key markets, offering products and services under the brands of Oerlikon Balzers, Oerlikon Metco and Oerlikon AM. Moreover, the division serves the high-end luxury market through its company, Coeurdor. The division has a comprehensive portfolio of surface coating solutions, materials, components and equipment as well as a trusted base of customers, which positions it well to grow.

The division's global network of production and coating service centers, consisting of 167 sites in 37 countries provides fast response times and timely delivery to customers. Highly productive and reliable systems, standardized or customizable materials for surface coatings and additive manufacturing are other key factors that will drive the division's mid-to-long-term growth in end markets.

In 2022, Oerlikon markets and customers faced supply chain disruptions, energy shortages and rising inflation, driven by geopolitical and macroeconomic developments. Against these headwinds, the division performed well, increasing order intake and sales.

Order intake (CHF)
1.4 bn

Sales (CHF)
1.4 bn

Operational EBITDA margin
17.7%

Sites
167

Employees (FTE)
7519

R&D expenditure (CHF)
73 m

The division accounted for 48% of Oerlikon's sales and 50% of Group operational EBITDA. Order intake increased in 2022 by 5.4% (8.7% FX adjusted) to CHF 1 418 million. Sales of CHF 1 384 million were 7.9% higher (11.4% FX adjusted).

In 2022, operational EBITDA improved by 4.5% to CHF 247 million, or 17.7% of sales, impacted by higher input costs and mix. Operational EBIT was CHF 96 million in 2022, or 6.9% of sales (2021: CHF 81 million, or 6.3% of sales).

The division experienced a pickup in the aerospace market as the industry continued to recover from the COVID-19 pandemic effects. In this market, Oerlikon was able to realize a number of strategically important projects, including supplying Oerlikon Balzers' flagship coating BALINIT C for precision components, such as shell clips, deflectors and thrusters, for the Orion spacecraft in NASA's Artemis moon mission. The division also provided nickel-based superalloy powders, such as MetcoAdd™ 718C, to the space industry for additive manufacturing of antenna parts.

In the automotive sector, internal combustion engines (ICE) and hybrid remain an important market, though the industry's increasing focus is gearing toward solutions for battery electric vehicles (BEV). For ICE, Oerlikon's BALIFOR T coating was specifically designed and launched in 2022 for demanding piston pins applications for passenger cars. Furthermore, Oerlikon successfully entered the piston pin market with BALINIT DLC STAR for heavy duty vehicles, which are expected to be longer in demand than ICE passenger vehicles. Moreover, Oerlikon succeeded in further expanding into the motorcycle market, especially in India with BALINIT DLC STAR, which employs innovative pre- and post-treatment steps.

For BEV, Oerlikon has been developing new coatings, such as a low-temperature coating of differential shafts in the transmission that leads to higher efficiency of the drive system. Thanks to this coating, Oerlikon was able to secure in 2022 two multi-year orders. In addition, Oerlikon's innovative, ultra-thin and lightweight thermal heat shield solutions that provide excellent thermal insulation and increase safety for EV battery systems are making inroads. In 2022, the division opened a laboratory in Shanghai to offer its thermal insulation solutions to BEV customers in the China market.

Following the acquisition of Coeurdor in 2021, a leading full-service provider of metal components for the luxury goods industry, Oerlikon grew this business. For example, Oerlikon secured in 2022 with a leading Paris fashion house a deal of over CHF 2 million for leather goods and footwear, on top of the existing jewelry business that is worth more than CHF 5 million. To further grow in this market, Oerlikon has launched a new coating, Coeurdor PVD AURISE, and developed a new deep black coating based on BALINIT DLC specifically for a major French luxury house.

As the luxury market sees a shift from electroplated brass to PVD-coated stainless steel, Oerlikon's PVD solutions are well-positioned to support this market not only with greener technologies but also by offering designers the option to use multiple and iridescent colors.

Toward the end of 2022, the division took the next ideal strategic step after Coeurdor by signing an agreement to acquire Riri, a market leader in metal accessories manufacturing, with a wide product range and unique offering. With the acquisition, the division will become a market leader and provider of a complete portfolio of coated luxury metalware to high-end fashion brands.

Oerlikon grew its business in the energy market in 2022. For example, Oerlikon's BALINIT TURBINE PRO coating for steam turbine valves was qualified at six global coating centers and across five different machines, resulting in a tenfold growth of the business, and an expectation that the volume will increase by 20% to 30% in 2023.

The division saw sales increase in 2022 across all regions. Europe accounted for 44%, Asia-Pacific 32% and the Americas 24% of division sales in 2022.

Other Key Developments

In 2022, Oerlikon announced that it is planning a new state-of-the-art assembly and production site at Campus Reichhold, in the canton of Aargau, Switzerland, for its surface solutions and equipment businesses. The new location is expected to be ready for move in from mid-2025 onward.

With the introduction of the new brand, Metco Joining & Cladding, Oerlikon laid the foundation for the further expansion of its welding portfolio for applications such as welded overlays, brazing, laser cladding and plasma transferred arc processes. In 2022, Oerlikon decided to exit its embedded PVD (ePD) inline business, due to the slower-than-anticipated uptake of such inline ePD services.

R&D Partnerships

Oerlikon is a partner in the EWARP project, funded by the German Federal Ministry for Economic Affairs and Climate Action. The project aims to increase the energy efficiency of water-lubricated friction pairs in small water pumps. Oerlikon is providing its coatings BALINIT MILUBIA, BALINIT DYLYN and BALINIT DLC STAR to be used on mechanical seals and plain bearings sliding against graphite to reduce friction and wear in the systems.

For the development of new coatings for the aerospace manufacturer Safran, Oerlikon installed new INNOVENTA kila PVD equipment and a MultiCoat thermal spray coating system at the joint research laboratory at the University Limoges, which Oerlikon created together with partners Safran, the French National Center for Scientific Research (CNRS) and the University of Limoges. The aim is to develop next-generation coatings for aerospace engines.

In 2022, Oerlikon launched two initiatives to drive forward additive manufacturing technologies and master the technical challenges on the road to industrialization. Together with the Technical University of Munich (TUM), Oerlikon has founded the TUM-Oerlikon Advanced Manufacturing Institute where TUM researchers and the Oerlikon AM R&D team will be working closely together.

During the AMTC conference 2022 in Munich, Germany, Oerlikon and its partners AUDI AG, EOS, GE Additive, Linde, MTU Aero Engines and Siemens, as well as TUM, signed a memorandum of understanding with the aim of founding the "Bavarian AM Cluster" (BAMC) as a non-profit association in spring 2023. The purpose is to facilitate a state-supported, close consortium cooperation between companies and the university to overcome technical and economic hurdles along the way toward the industrialization of additive manufacturing.

Oerlikon is also partnering with several AM research projects that started in 2022. The aim of the project InShape, funded by the EU with EUR 6.8 million, is to develop and demonstrate a novel first-time-right powder bed fusion process of metals using a laser beam (PBF-LB/M) in four different industrial use cases. The process is enabled by two technical innovations that apply artificial intelligence techniques, among others. The EU-funded project DISCO2030 combines laser powder bed fusion (LPBF) and Directed Energy Deposition (DED), each with a different material, to make products with functionally graded materials.

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In Japan, Oerlikon is collaborating with an academic consortium for additive manufacturing, led by Gifu University. Consortium members are Japanese companies in the fields of automotive, aerospace, mold and dye production, as well as the Japanese branch of EOS.

Innovation

In 2022, Oerlikon introduced several new products and innovations, including:

- **Design oxide compositions**: The proprietary Scoperta Rapid Alloy Development technology was extended to also design oxide compositions in addition to its proven capability of designing novel metal alloys. This led to the development of a platform of high-entropy oxide compositions for applications such as thermal barrier coatings in turbine engines and electrolyte materials for solid-oxide fuel cells.
- **BALINIT MOLDENA:** A new coating for injection molding and extrusion of filled polymers. Polymers are becoming more and more abrasive and corrosive, thus increasing process costs for the customers. The superior abrasion and corrosion resistance make the coating perfect for applications with glass fiber reinforced plastics (GFRP) and fully recycled materials.
- **BALIQ ANTOS**: A new coating for industrial taps for tooling customers to enable high process reliability and longer tool service life. It considerably increases production output thanks to its homogenous running-in behavior.
- **BALINIT MAYURA**: A new carbon-based coating for machining and forming non-ferrous materials that increases tool service life and productivity.
- **BALORA HALONA YOF:** A next-generation proprietary coating for 3nm etch processes that sets new technical standards in the dynamic semiconductor market.

Digitalization

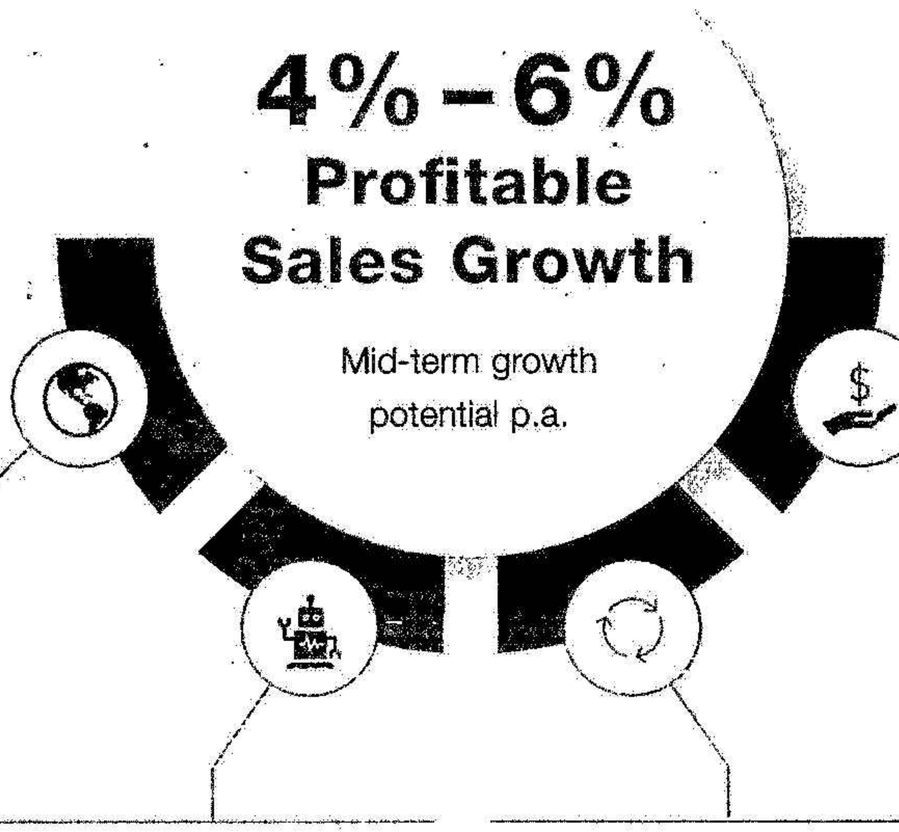
In 2022, Oerlikon worked on several digital innovations for its own operations and supply chain, as well as products and services for its customers. Here are some examples of digital solutions for customers:

- **R&D lab data library:** The goal of R&D Lab Data Digitization is to establish a digital R&D library. Providing digital laboratory results will help to simplify workflows and to reduce manual work. Additionally, sourcing knowledge from Oerlikon's development history will make it possible to predict and enhance the development of new materials and coatings. In this way the project will help to speed up the overall R&D life cycle.
- **myBalzers:** The digital customer platform for coating services, allowing customers to order online, track orders in real time, check the order status and delivery date or retrieve order-related documents, has been further rolled out in various countries. Among others in Poland, where more than 100 customers created a myBalzers account following the launch.
- **vConnect:** Customers can connect their coating systems to their global production dashboard, giving them a real-time, 24/7 all-round overview of system utilization, material/energy consumption, coating quality and many more data. vConnect supports a widely used industry standard (UPC UA), so that various types of data from customers' systems can be read in real time and used in manufacturing execution system (MES) or enterprise resource planning (ERP) programs.
- **Tool ID:** Oerlikon Balzers partnered with a German customer, Brinkmann Schleiftechnik, to deliver the proof of concept for the performance of a cloud solution to track tools. Tool ID enables each tool to be identified in a split second based on its unique DMC code by a scanning unit specially developed by Oerlikon. All lifecycle data is available in real time thanks to bundled data management via the cloud, and order processing is paperless. Customers benefit from the significantly higher data availability, e.g. from the number of regrinding cycles to order, life cycle and application data of the tools, resulting in less effort and smoother order processing.

Surface Solutions Mid-Term Growth Strategy

Increasing Demand for Surface Solutions Driven by Efficiency and Sustainability

Surface Solutions is a technology leader in providing coatings and materials that improve efficiency and durability while driving sustainability. As customers in automotive, aerospace, tooling, energy and general industries look for sustainable and higher performance improvements in their products, the division is well-positioned to take advantage of the further untapped potentials in these industries. Additionally, the division is broadening and diversifying its portfolio by extending the application of its technology into growth markets, such as battery, hydrogen, semiconductor, medical and luxury metalware. To realize its mid-term growth, the division is accelerating its regional footprint, capitalizing on new technologies and optimizing its portfolio, while driving cost stewardship.



Accelerate Regional Expansion

- Realize >20% geographic sales upside via expansion into the Americas and Asia.
- Leverage competitive advantages of integrated offering and broad technology portfolio.

Capitalize on New Technologies

- **+10% sales upside** from extending technology leadership and diversifying business.
- Focus on growth opportunities in future mobility, luxury, semiconductor, cleantech and additive manufacturing industries.

Optimize Portfolio

- **Actively manage portfolio** towards high-margin solutions.
- Envision selective and accretive bolt-on acquisitions, opportunistically.

Drive Cost Stewardship

- **~300 bps upside[1]** – 20% to 22% EBITDA margin target in mid-term.
- Drive operating leverage based on structurally reduced cost base and continue to focus on cost efficiency.

[1] Comparing mid-point of 20% to 22% mid-term guidance with 2022 EBITDA margin.

Polymer Processing Solutions Division

For the packing line in their automatic filament handling system, customers typically need a high degree of customization. By using well-proven and intelligent solutions for its innovative packing systems, Oerlikon Barmag manages to accommodate all packing requirements with minimum hardware efforts, often leading to a reduction in packaging material and shipping costs.

Polymer Processing Solutions Division

A global market leader for solutions and systems used to manufacture polymer processing solutions, the Polymer Processing Solutions Division is represented by the brands Oerlikon Barmag, Oerlikon Neumag, Oerlikon Nonwoven and Oerlikon HRSflow. The division's solutions enable customers to produce high-quality synthetic fibers that are processed into clothing, carpets, airbags, safety belts, hygiene products, geotextiles and industrial textiles.

The division also offers innovative hot runner systems under the brand Oerlikon HRSflow to help customers produce complex and accurate polymer parts that require high design flexibility, fast color change and low weight. The division also provides consulting, engineering and life cycle management services and is at the forefront of developing Industry 4.0-based smart plant solutions.

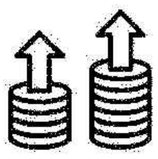
The division achieved one of its highest annual order intake and sales and improved its operational EBITDA in 2022. It accounted for 52% of the Oerlikon Group's 2022 sales and 49% of Group operational EBITDA. The division experienced strong market demand in the first half of 2022, but saw some order postponements toward the end of the year due to discretionary spending decline.

Order intake increased by 8.3% (12.4% FX-adjusted) to CHF 1 572 million year-over-year and sales increased by 11.7% (16.2% FX-adjusted) to CHF 1525 million, driven by filament and non-filament and in part by the Oerlikon HRSflow business, which recorded all-time high sales and notably increased its market share.

Operational EBITDA in 2022 improved 14.6% year-over-year to CHF 244 million, or 16.0% of sales, attributed to positive impacts from operating leverage, cost control and acquisition. Operational EBIT for 2022 was CHF 187 million (2021: CHF 163 million), or 12.2% of sales (2021: 12.0%).

Order intake (CHF)

1.6bn



Sales (CHF)

1.5bn

Operational EBITDA margin

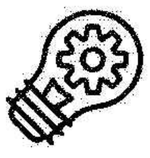
16.0%

Sites

36

Employees (FTE)

4329



R&D expenditure (CHF)

40 m

Regional Development

In 2022, the division saw sales increase in Asia-Pacific, Europe and other regions. Europe accounted for 13%, Asia-Pacific 75% (thereof: China 60%, India 14%) and the Americas 12% of division sales.

China remained the division's major sales market. The division secured further wins from customers, for example a notable order from the Shenghong group for its proprietary WINGS POY technology. Pre-oriented yarns (POY) are used to produce a wide range of fashion, sports, functional and home textiles.

In line with its diversification efforts, the division has been growing its business in other parts of Asia. India and Bangladesh, for example, are increasingly investing in polymer and textile manufacturing, and both markets offer good opportunities for further polymer processing projects.

In 2022, Oerlikon was able to commission a 300-tons-per-day film-grade continuous polycondensation plant through its joint venture Oerlikon Barmag Huitong (Yangzhou) Engineering in India. The customer, Sumilon Industries Limited, is currently the largest manufacturer and exporter of metallic yarn and one of the leading manufacturers of BOPET film, metalized film and lacquered film.

Bangladesh is today the world's second-largest exporter of textiles and is planning to expand into raw material

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production (MEG, PTA) and continuous polycondensation – technologies that are provided by Oerlikon. Currently, Oerlikon is building its first "From Melt to Yarn and Fibers" plant, for the customer Modern Syntex, in the city of Chittagong.

Another growing market for the division is Turkey. In 2022, a customer, Sasa, ordered six staple fiber lines from Oerlikon Neumag, with a capacity of 225 tons per day each. This is a part of Sasa's plan to be able to produce 4 × 225 tons of cotton type fibers per day, and 2 × 225 tons of special yarns per day, that is bicomponent fibers that consist of two distinct raw material components in a single fiber.

Other Key Developments

In 1922, Oerlikon Barmag was founded as Barmer Maschinenfabrik Aktiengesellschaft (Barmag). In 2022, 100 years later, Oerlikon Barmag is a leading supplier of manmade fiber spinning systems with revolutionary and market-leading products such as WINGs. It marked its 100th anniversary with celebrations around the world in a series of events for employees and customers.

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

In 2022, Oerlikon participated with its whole product portfolio for the plastic industry in the K 2022, a leading international trade fair for the plastics industry. Oerlikon presented a broad range of products and services for numerous applications and stages along the entire process chain of manufacturing and processing polymers. The focus was on raw material preparation based on modern polycondensation and extrusion systems, the latest recycling technologies, efficient hot runner systems, innovative coating solutions, sustainable nonwoven manufacturing processes for filtration applications and high-quality gear metering pumps.

To improve productivity and efficiency, the division is investing in a new modernized factory in China, in the city of Wuxi. The groundbreaking ceremony took place in May 2022 and the start of production is planned for August 2023. The new plant is larger and more modern, featuring ergonomic manufacturing and adhering to the very latest safety and environmental standards.

In South Korea, a new office was opened to provide Oerlikon HRSFlow solutions. The local presence in this important automotive market will help to increase market share in automotive.

Sustainable Hot Runner Systems

Automotive remains the key sales market for HRSflow, in which it continues to provide multiple solutions. An example in 2022: together with Techniplas PD Systems, Covestro, Engel Austria and Summerer Technologies, Oerlikon HRSflow was one of the partners to develop the futuristic Mercedes star pattern panel that is used in the manufacturer's EQS series. For the injection molding process, an 11-door FLEXflow hot runner technology was employed.

To expand in non-automotive markets, Oerlikon HRSflow developed a new product portfolio for packaging and medical applications, focusing on rPET and biopolymers, which won a significant number of new customers. For example, together with French customer Collomb, the business unit developed a thin wall packaging injection mold and hot runner system.

In the packaging market, customers are striving for thinner and lighter containers to reduce the use of plastic and to increase the use of biomaterials in food packaging. An innovation that fulfills these expectations is the new hot runner system Line Xp series that will be launched in April 2023. The new Xp valve gate nozzles are designed for high injection pressures of up to 2 200 bar. They enable very fast injection and cycle times in a stable process with high part-to-part weight consistency and without compromising quality and surface finish.

Oerlikon HRSflow presented in 2022 the new Vp and Vf series, a new multicavity line for injection molding of small parts, such as caps and closures with weights from 0.95 g to 2.4 g, with very high requirements for fast cycles, targeted for market segments such as medical technology, beverages, home goods, beauty and personal care and technical applications.

Oerlikon HRSflow also made inroads in the fast-moving consumer goods industry. For instance, it is jointly developing and commissioning an energy- and machine-saving sustainable hot runner system within the Siebenwurst injection molding process for BSH Hausgeräte GmbH, Germany.

R&D and Innovation

In 2022, Oerlikon launched its new hycuTEC hydrocharging solution. This new technology for charging nonwovens increases filter efficiency to more than 99.99%. For meltblown producers, this means material savings of 30% with significantly superior filter performance. For end consumers, it noticeably improves comfort resulting from significantly reduced breathing resistance. With its considerably lower water and energy consumption, this new development is also a future-proof, sustainable technology.

In November, HycuTEC won the biannual Innovation Award at the Filtrex 2022 conference, as one-third of the votes from around 100 filtration media professionals chose the innovation from four shortlisted nominations. The Filtrex Innovation Award is the only award that recognizes innovation in the filtration industry.

Partnering with a potential customer, the division succeeded in converting its meltblown line to process polylactide (PLA), a polyester based on renewable raw materials such as sugar cane or corn. The meltblown line included ecuTEC – an inline static charging unit. The result was a successfully certified PLA face mask, which is a noteworthy development to enable the production of bio-degradable face masks, and thus removing the problematic discard of face masks and reducing waste. The potential customer is planning production sites in Germany and the UAE.

Oerlikon's joint venture company BB Engineering has been looking at the topic of recycling for many years. Its VacuFil is a unique and innovative PET recycling line, uniting gentle large-scale filtration and targeted IV regulation for consistently outstanding rPET melt quality. It can be used for various recycling applications as it processes a variety of input materials – post-production and post-consumer – and converts them directly into new textile products. In 2022, BB Engineering expanded its melt filter portfolio with a patented large-area vacuum filter specifically for the treatment of polyester waste. The Visco+ filter is a core component of the VacuFil system, but is now also available as a separate component for upgrading existing systems and can be easily integrated.

Partnering with Haelixa, the division is looking to enable proprietary and innovative solutions to physically mark, trace and authenticate products from producer to retail, thereby creating transparency along the entire supply chain (linear or circular). The solution can be applied to textiles, gold, diamonds and other products or raw materials.

To leverage synergies within the Group, Oerlikon HRSflow is working with Oerlikon AM to additively manufacture cooling circuits for all market segments and is jointly working with Oerlikon Balzers to develop innovative surface protection coatings for all molded part surfaces to increase their corrosion resistance.

Digitalization

In 2022, Oerlikon further developed its AIM4DTY solution. AIM4DTY – Artificially Intelligent Manufacturing for DTY – is a digital system that continuously "learns" using data from yarn tension trend charts and their respective fault information by means of machine learning and artificial intelligence. By automatically and smartly recognizing different fault patterns, faults and deviations are identified more swiftly. The system can significantly reduce the processing time of manual monitoring and analysis, provide faster feedback to experts to improve troubleshooting, measure effectiveness, and thus continually optimize the processes and production efficiency.

In 2022, Oerlikon HRSflow revised the software for the control unit of its FLEXflow hot runner systems. Easy and intuitive, the updated user interface of FLEXflow Control Unit, HMI 4.0, is a web-based solution accessible through a standard PC or tablet. The updated Human Machine Interface (HMI) 4.0 now makes operation even more intuitive and convenient. Systems with different nozzle types can be integrated and several parameter sets can be saved per mold. Extended possibilities have been added to individually control each servo motor for nozzle needle positioning and to monitor process stability. In addition, specific user accounts for individual access authorizations can now be set up and managed. Thanks to the web connection, access to the control unit is possible regardless of location.

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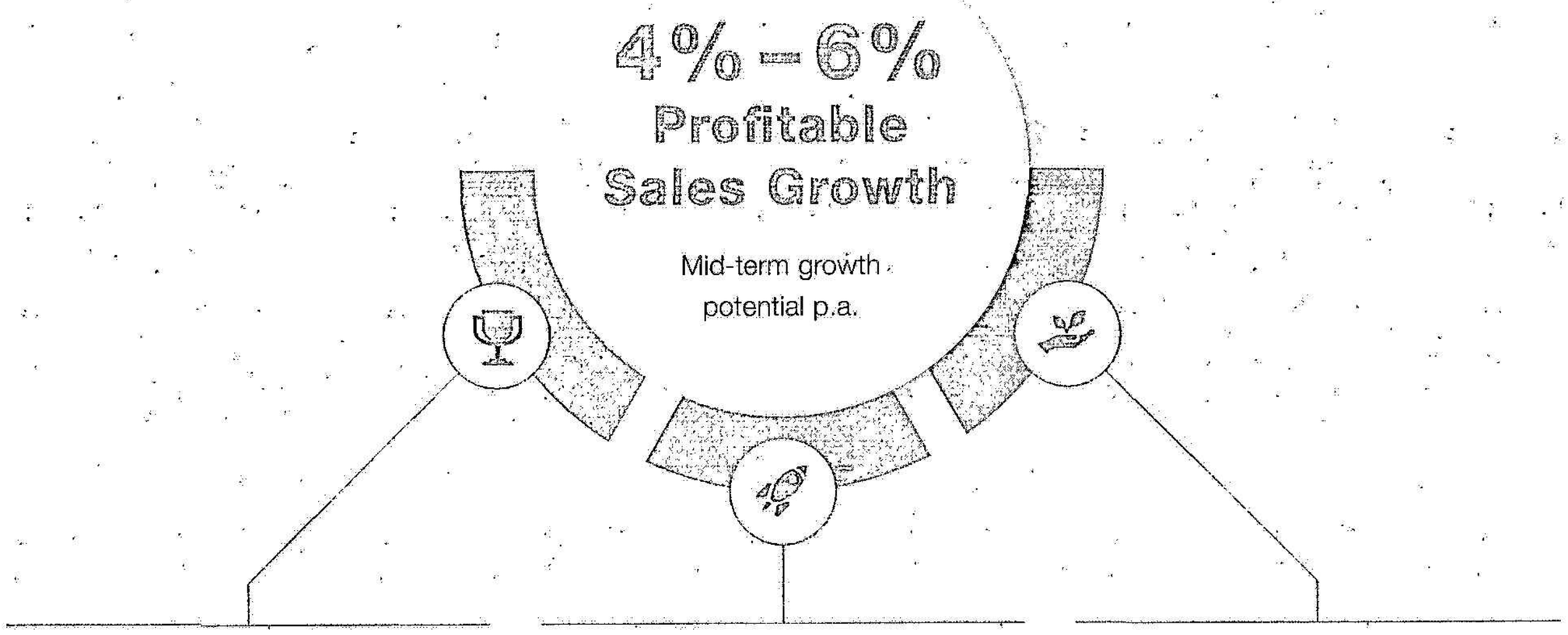
Polymer Processing Mid-Term Growth Strategy

Technological Leadership Drives Growth

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



Enhance Leadership in Filament

- Filament equipment market grew with 4% CAGR 01-22 driven by underlying manmade fibers market growth.
- Positive mid-term outlook supported by need for energy saving machines and vertical integration of filament products.
- Short-term headwinds from macro environment resulting in customers postponing orders.

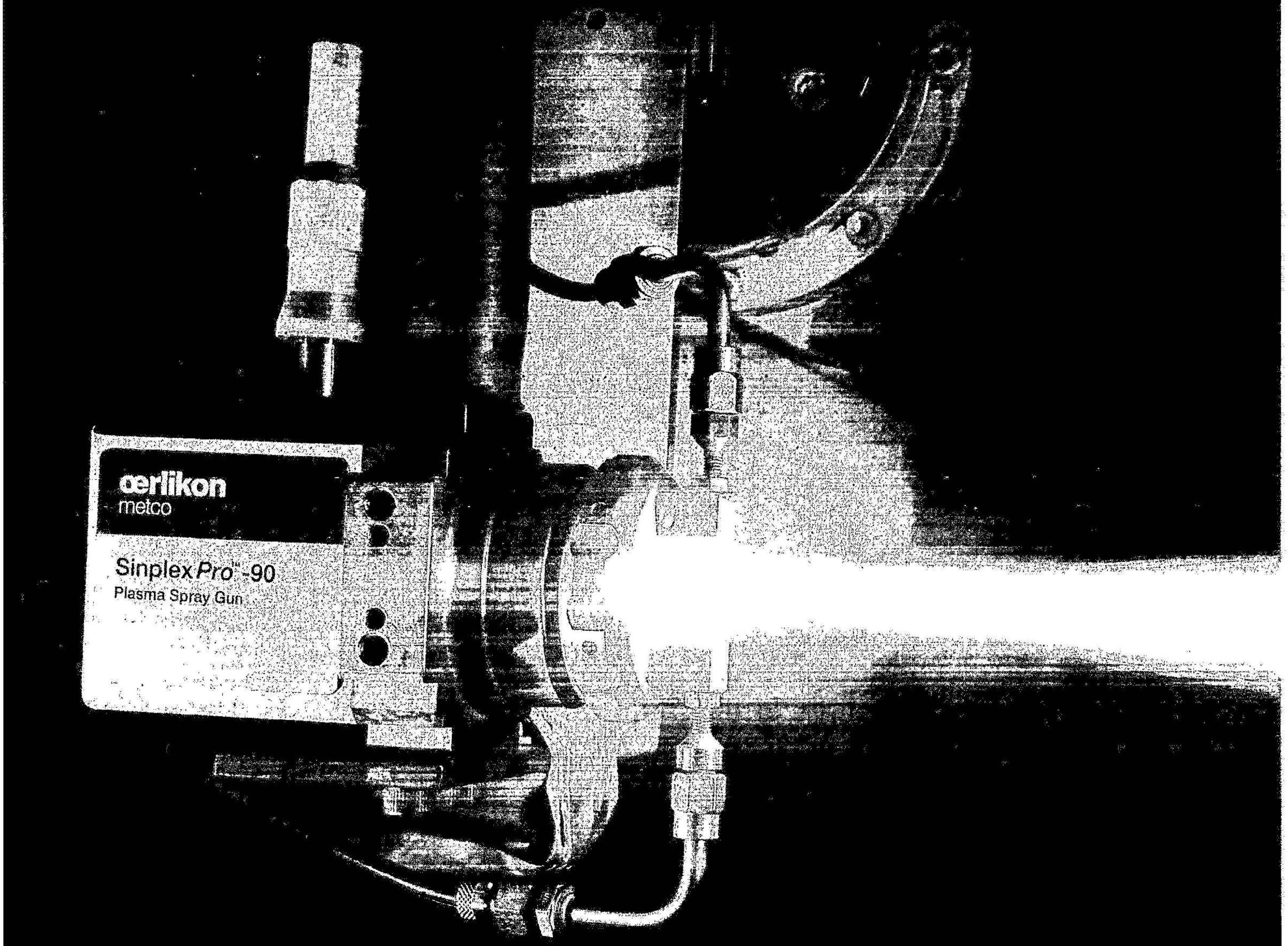
Expand in Non-Filament

- Solid market growth; Oerlikon has increased strategic focus on non-filament since 2015.
- Expansion supported by technology synergies with filament and opportunistic bolt-on M&A in highly fragmented markets.
- Growth initiatives in nonwovens, plant engineering, industrial yarn and carpet yarn to outperform market.
- Expand into new flow control end markets.

Capitalize on Long-Term Trends

- Drive R&D to capitalize on long-term trends like textile recycling and biopolymers beyond 2025.
- Supported by leveraging of machinery and process know-how, as well as market access and industry 4.0.
- Drive growth of lightweight and increasingly sophisticated polymer components in future mobility.
- Long-term population growth and rising affluence underpin the need for polymer processing solutions.

Corporate Governance Report



Oerlikon is a leading supplier to the world's premier aerospace and industrial gas turbine manufacturers, providing high-end surface solutions, advanced materials, additive manufacturing and turbine components that withstand the highest temperatures and significantly improves engine efficiency.

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Corporate Governance

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

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

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

Further information regarding corporate governance can be found on the company website at www.oerlikon.com/en/company/about-us/organization

Group Structure and Shareholders

Operational Group Structure

The Oerlikon Group is divided into the following two divisions: Polymer Processing Solutions and Surface Solutions. The operational responsibility lies with the divisions, each of which is overseen by its own Division CEO. Business performance is reported according to this operational Group structure. For further information regarding the operational Group structure, see page 2 (Group Structure), page 10 et seqq. (Group 2022 Performance) and page 79. (Financial Report: Key Figures by Division).

Listed Group Company

OC Oerlikon Corporation AG, Pfäffikon is listed on the SIX Swiss Exchange (symbol: OERL; securities number: 81682; ISIN: CH0000816824). On December 31, 2022, the company's market capitalization came to a total of CHF 2059 million. Its registered office is in Freienbach (Canton of Schwyz, Switzerland). For further information on OC Oerlikon Corporation AG, Pfäffikon see page 2.

Non-Listed Group Companies

As the parent company of the Group, OC Oerlikon Corporation AG, Pfäffikon owns all of the Group companies either directly or indirectly, mostly with a 100% interest. The local companies included in the scope of consolidation are shown on page 140 et seq. in their legal ownership structure, and on page 124 et seq., they are listed by country together with each company's place of registered office, share capital, percentage of shares owned and number of employees.

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

Cross-Shareholdings

There are no cross-shareholdings.

Significant Shareholders

	Number of Shares	Shareholdings[1] in Percent[2]
Liwet Holding AG, Zurich, Switzerland[3]	145086913[4]	42.70
OC Oerlikon Corporation AG, Pfäffikon	15380434[5]	4.53

[1] As of December 31, 2022. Source: Disclosure notifications pursuant to Art. 120 et seqq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA) (www.ser-ag.com/en/resoures/notifications-market-participants/significant-shareholders.html#).

[2] Basis: shares issued (339758576).

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

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

[5] 15380434 is the effective number of treasury shares as per December 31, 2022. Oerlikon notified SIX Exchange Regulation Ltd when the threshold of 3% was exceeded by holding 10234717 treasury shares corresponding to 3.012%. Source: Disclosure notification published by SIX Exchange Regulation Ltd on June 30, 2021.

Capital Structure

Capital

The share capital of OC Oerlikon Corporation AG, Pfäffikon amounts to CHF 339758576, composed of 339758576 registered shares, each with a par value of CHF 1.00. The company also has conditional capital amounting to CHF 40 million for warrant and convertible bonds, etc., and CHF 7.2 million for employee stock option plans.

Authorized Capital and Conditional Capital in Particular

Authorized Capital

The company has no authorized capital.

Conditional Capital for Warrant and Convertible Bonds

Pursuant to Art. 11a of the Articles of Association, the company's share capital will be increased by a maximum aggregate amount of CHF 40 million (corresponding to 11.77% of the current share capital) through the issuance of a maximum of 40 million registered shares with a par value of CHF 1.00 each by exercising the option and conversion rights granted in connection with bonds of the company or one of its Group companies. The subscription rights of shareholders are excluded in this regard. Current holders of option certificates and/or convertible bonds are entitled to acquire the new shares. When issuing warrants or convertible bonds, the Board of Directors can limit or exclude the preemptive subscription rights of shareholders (1) to finance and refinance the acquisition of enterprises, divisions thereof, or of participations, or of newly planned investments of the company, and (2) to issue warrants and convertible bonds on international capital markets. Insofar as preemptive subscription rights are excluded, (1) the bonds are to be placed publicly on market terms, (2) the exercise period for the option and conversion rights may not exceed seven years from the date the bond was issued and (3) the exercise price for the new shares must at least correspond to the market conditions at the time the bond was issued.

Conditional Capital for Employee Stock Option Plans

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

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Changes in Capital

The share capital has remained unchanged since 2016. Detailed information on changes in the total equity of OC Oerlikon Corporation AG, Pfäffikon can be found in the holding company's equity capital statement on page 136 of the Annual Report.

Shares and Participation Certificates

The equity securities of OC Oerlikon Corporation AG, Pfäffikon consist exclusively of 339 758 576 fully paid-in registered shares with a par value of CHF 1.00 each, all of which are equal with respect to their attendant voting rights, dividend entitlement and other rights. In principle, the registered shares of OC Oerlikon Corporation AG, Pfäffikon are not certificated but instead issued as uncertificated securities within the meaning of the Swiss Code of Obligations, and as intermediated securities as defined in the Federal Intermediated Securities Act, respectively. Shareholders may request that the company print and deliver their shares in certificate form at any time free of charge, and the company may, at any time and without the shareholders' approval, convert the uncertificated securities into share certificates, global certificates or collectively deposited securities. If registered shares are to be printed, OC Oerlikon Corporation AG, Pfäffikon may issue certificates covering multiples of registered shares. The share certificates must bear the facsimile signatures of two members of the Board of Directors.

Profit-Sharing Certificates

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

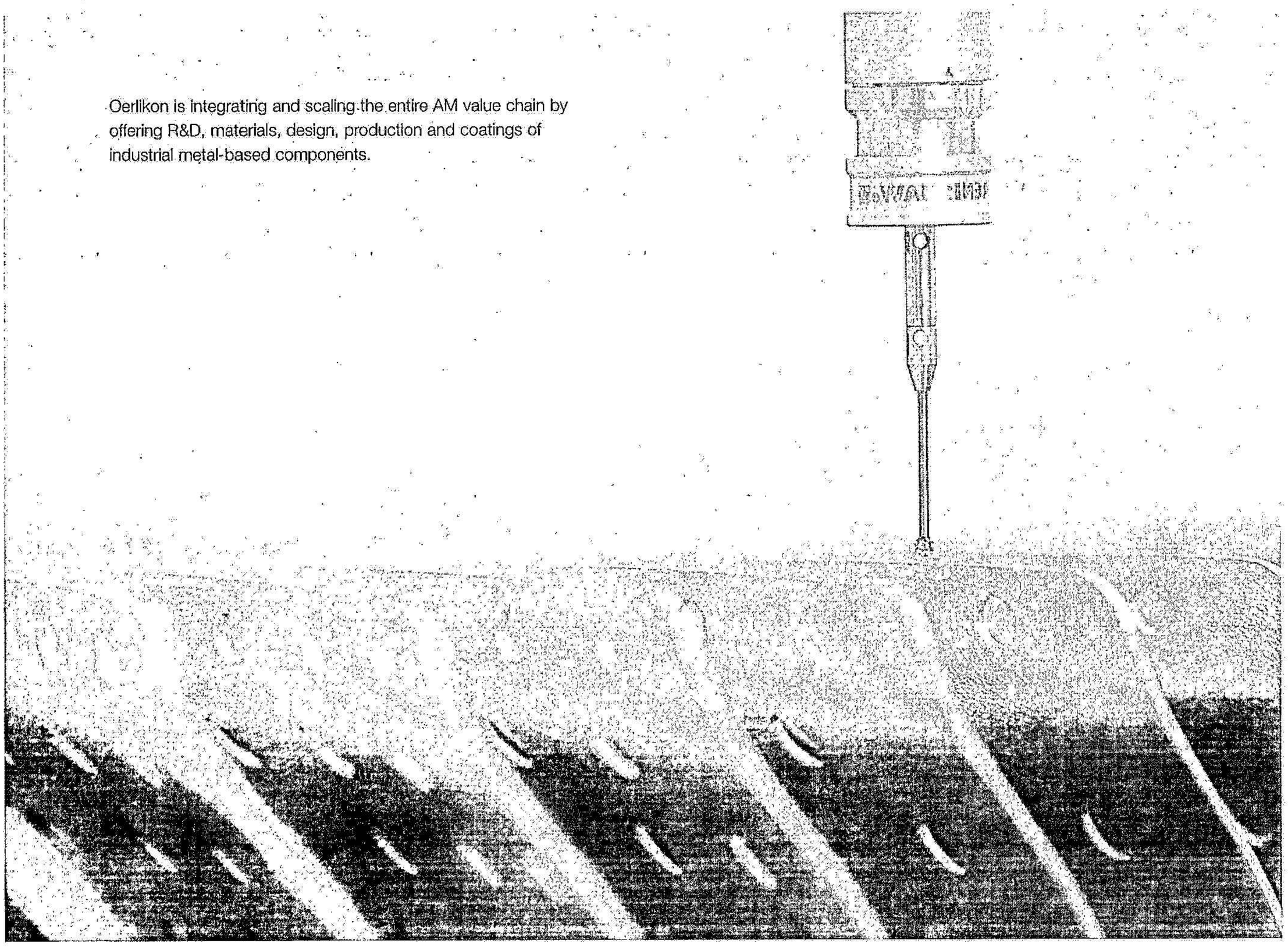
Limitations on Transferability and Nominee Registrations

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

Convertible Bonds and Options

As at December 31, 2022, there were neither convertible bonds nor options outstanding.

Oerlikon is integrating and scaling the entire AM value chain by offering R&D, materials, design, production and coatings of industrial metal-based components.



Board of Directors

Prof. Dr. Michael Suess

1963, German citizen
Executive Chairman (since July 1, 2022)

Professional Background and Education

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

Other Activities and Vested Interests

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

Gerhard Pegam

1962, Austrian citizen
Vice-Chairman of the Board of Directors
Chair of the Human Resources Committee (since April 5, 2022)
Chair of the Audit & Finance Committee
Member of the Governance Committee (since July 1, 2022)

Professional Background and Education

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

Other Activities and Vested Interests

Mr. Pegam is a Board member of Schaffner Holding AG*.

* Publicly listed company.

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Paul Adams

1961, US citizen
Member of the Board of Directors
Lead Director (since July 1, 2022)
Chair of the Governance Committee (since July 1, 2022)
Member of the Human Resources Committee
Member of the Audit & Finance Committee (since April 5, 2022)

Professional Background and Education

Paul Adams was elected to the Board of Directors at the 2019 Annual General Meeting of Shareholders. He served as Chief Operating Officer of Precision Castparts Corp., Portland, Oregon, USA, a worldwide manufacturer of complex metal components and products for critical aerospace and power generation applications, from 2016 to 2018. He brings with him over 30 years of leadership experience in the aviation industry. From 2014 to 2016, he was President of Pratt & Whitney, Hartford, Connecticut, USA, a world leader in the design, manufacture and service of aircraft engines and auxiliary power units. From 1999 to 2014, he served in a number of senior management positions, including as Chief Operating Officer and SVP Operations and Engineering. Prior to joining Pratt & Whitney, he held various engineering, operations and program management roles for more than 15 years at Williams International, Walled Lake, Michigan, USA. He holds a Bachelor of Science degree in Aerospace Engineering from the University of Michigan, USA, and completed the Stanford Executive Program at the Stanford Graduate School of Business, California, USA. In 2013, Mr. Adams was inducted into the National Academy of Engineering, Washington, D.C., USA. In 2015, Mr. Adams was awarded the "Public Service Star" from the government of Singapore for his work with Singapore's Economic Development Board. Mr. Adams holds 11 patents.

Other Activities and Vested Interests

Mr. Adams is a Member of the Board of Rolls Royce PLC* and Aclara Resources* and a Senior Advisor of VulcanForms.

Jürg Fedier

1955, Swiss citizen
Member of the Board of Directors
Member of the Audit & Finance Committee (since April 5, 2022)

Professional Background and Education

Jürg Fedier was elected to the Board of Directors at the 2021 Annual General Meeting of Shareholders. He was Chief Financial Officer of the Oerlikon Group from January 2009 to December 2019. From 2007 to 2008, he acted as CFO of Ciba, Switzerland. Prior to that, Mr. Fedier held senior financial management positions at Dow Chemical for 30 years. Between 2006 and 2007, he was Head of Finance of Dow Europe and a member of its Executive Board. Before that, Mr. Fedier served as Vice President Finance for Dow Chemical Performance Chemicals, USA, and between 2000 and 2002 as Global Business Finance Director for Dow Chemical, Thermosets. From 1978 to 2000, he filled several management positions with Dow Chemical in the USA, Europe and Asia. Mr. Fedier holds a Commercial Diploma from the College of Commerce in Zurich, Switzerland, and completed international executive management programs at IMD, Lausanne, Switzerland, and the University of Michigan, USA. He has various turnaround experience, including the major refinancing of the Oerlikon Group in 2009, was in the lead for various capital market transactions, including IPO transactions, has vast experience in strategy development work and M&A transactions throughout his career, was the lead in creating an international treasury and trading center for a globally acting company in Singapore and established offshore corporate finance centers in India and Poland.

Other Activities and Vested Interests

Mr. Fedier is a Member of the Board of Directors of Dätwyler Holding AG* and Ascom Holding AG* and serves on the Advisory Board for the CFO Forum Schweiz.

* Publicly listed company.

Irina Matveeva

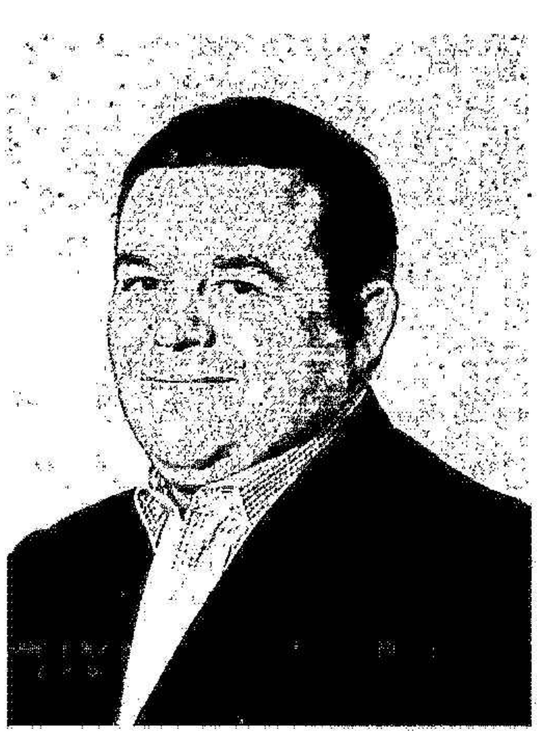
1973, Russian citizen
Member of the Board of Directors
Member of the Audit & Finance Committee
Member of the Human Resources Committee (since April 5, 2022)

Professional Background and Education

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

Other Activities and Vested Interests

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



Alexey V. Moskov

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

Professional Background and Education

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

Other Activities and Vested Interests

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

Zhenguo Yao

1964, Chinese citizen
Member of the Board of Directors (since April 5, 2022)
Member of the Human Resources Committee (since April 5, 2022)
Member of the Governance Committee (since July 1, 2022)

Professional Background and Education

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

Other Activities and Vested Interests

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

* Publicly listed company.

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Board of Directors

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

Members of the Board of Directors

In the year under review, the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon was composed of Prof. Dr. Michael Suess (Chairman until June 30, 2022; Executive Chairman since July 1, 2022), Gerhard Pegam (Vice-Chairman), Paul Adams (Lead Director since July 1, 2022), Jürg Fedier, Irina Matveeva, Alexey V. Moskov, Dr. Suzanne Thoma (until April 5, 2022) and Zhenguo Yao (since April 5, 2022). The six previous Board members who remained on the Board of Directors and the one new Board member were all reelected and elected, respectively, by the Annual General Meeting of Shareholders on April 5, 2022 for a term of office of one year.

Other Activities and Vested Interests

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

Number of Permitted Mandates

Pursuant to Art. 32 of the Articles of Association, no member of the Board of Directors may hold more than four additional mandates in the supreme governing body of listed companies and ten additional mandates in the supreme governing body of legal entities that are required to be registered in the commercial register or a comparable foreign register. Not subject to these limitations are (1) mandates in inactive companies and in companies that are controlled by OC Oerlikon Corporation AG, Pfäffikon or which control OC Oerlikon Corporation AG, Pfäffikon and (2) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations, whereby no member of the Board of Directors may hold more than ten such mandates. Mandates in different legal entities that are under joint control are deemed one mandate.

Elections and Terms of Office

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

Internal Organizational Structure

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

Composition of the Board of Directors

Name (Nationality)	Domicile	Position	Age	Joined	Term Expires	Role
Prof. Dr. Michael Suess (DE)	DE	Chairman until June 30, 2022, Executive Chairman since July 1, 2022	59	2015	2023	Executive
Gerhard Pegam (AT)	DE	Vice-Chairman	60	2010	2023	Non-executive
Paul Adams (US)	US	Member, Lead Director since July 1, 2022	61	2019	2023	Non-executive
Jürg Fedier (CH)	CH	Member	67	2021	2023	Non-executive
Irina Matveeva (RU)	RU	Member	49	2020	2023	Non-executive
Alexey V. Moskov (CY/IL)	CH	Member	51	2016	2023	Non-executive
Dr. Suzanne Thoma (CH)	CH	Member until April 5, 2022	60	2019	2023	Non-executive
Zhenguo Yao (CN)	CN	Member since April 5, 2022	58	2022	2023	Non-executive

Pfäffikon and the Oerlikon Group and periodically reviews their implementation. See Oerlikon's Organizational and Governance Rules (OGR) published on Oerlikon's website: www.oerlikon.com/en/company/about-us/organization.

Board Independence and Independence Assessment

The Board of Directors shall consist of at least three but not more than seven Board members, the majority of whom should be independent. Oerlikon in principle defines Board independence in line with the Swiss Code of Best Practice for Corporate Governance (Art. 14). According to Section II, Art. 1.2 of the OGR, in general, a Board member will be deemed to be independent if, during the three years immediately prior to taking office, he was neither a member of the executive management of OC Oerlikon Corporation AG, Pfäffikon, the Oerlikon Group, an Oerlikon Group company or an audit firm of any of these, nor close to any of the latter, and had no significant business relations, whether directly or indirectly, with the Oerlikon Group. Beyond this, Oerlikon defines representatives from large shareholders to be non-independent in line with good international corporate governance practice.

In the three financial years preceding the reporting period, except Jürg Fedier, who was CFO until the end of 2019, none of the other members of the Board of Directors were involved in the executive management of OC Oerlikon Corporation AG, Pfäffikon or any other Group company. They also do not have any significant business connections with companies of the Oerlikon Group. Until May 2022, Ms. Matveeva was an ultimate beneficiary, without any ownership / proprietary interest, control or voting rights and without right to claim the distribution and any other interest of proprietary nature, of the Next Generation Trust, an irrevocable and fully discretionary trust established under the laws of Cyprus and thereby associated with the Company's anchor shareholder. Thus, as of May 2022, Ms. Matveeva is no longer associated with the Next Generation Trust and the anchor shareholder Liwet Holding AG.

Oerlikon considers the majority of its Board members independent. Oerlikon currently deems Prof. Dr. Michael Suess (Executive Chairman), Jürg Fedier (until the end of 2022, i.e., end of the three-year cooling-off period as former executive) and Alexey V. Moskow (representative of anchor shareholder) as non-independent.

Diversity on the Board

Oerlikon strives to have a well-diversified Board, among other things, in terms of skills, experience, geographic reach, tenure and gender. Over time, Oerlikon intends to increase diversity where needed and possible, always in the best interests of the Company. The table below provides an overview of the current Board members along with the diversity criteria considered most important for the Company. In line with good governance practice and regulatory requirements, the Board targets a female representation of at least two to three members. Furthermore, diversity is not only considered a key topic and priority for the Board of Directors, but the entire organization. In the Executive Committee, Oerlikon currently has a female representation of 20%.

Board Skills and Experience Overview

Independence through Board Composition and Skill Assessment

Members of the Board of Directors (2022 – 2023)

	Board Experience			Corporate Officer Experience			Business Experience									Personal Information			
Board Member	**OC Oerlikon Tenure (years until AGM 2023)**	**Other Public Board Experience**	**Large, Privately-Held International Company Experience**	**CEO**	**CFO**	**Other Executive Experience**	**Risk Management**	**ESG / Sustainability**	**Industrial Production and R&D**	**International Experience**	**Change and Crisis Management in Public Companies**	**Communications and Stakeholder Management**	**International Supply Chain Management**	**Strategic M&A**	**Strategic Financing**	**Nationality**	**Gender**	**Non-Executive**	**Independent**
Prof. Dr. Michael Suess	8	●	●	●	○	COO	●	●	●	●	●	●	●	●	◑	GER	M	NO	NO
Paul Adams	4	●	●	●	○		●	●	●	●	●	●	●	●	◑	USA	M	YES	YES
Jürg Fedier	2	●		●	●		●	○	○	●	●	●	○	●	●	CHE	M	YES	YES
Irina Matveeva	3	○	●	○	●		◑	○	○	●	◑	◑	○	●	●	RUS	F	YES	YES
Alexej V. Moskow	7	●	●	○	○		◑	◑	○	●	◑	○	○	●	●	CYP/ISR	M	YES	NO
Gerhard Pegam	13	●		●	○		●	◑	●	●	●	●	●	●	◑	AUT	M	YES	YES
Zhenguo Yao	1	○		●	○		●	◑	●	●	●	◑	●	○	◑	CHN	M	YES	YES

Assessment reflects company view

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

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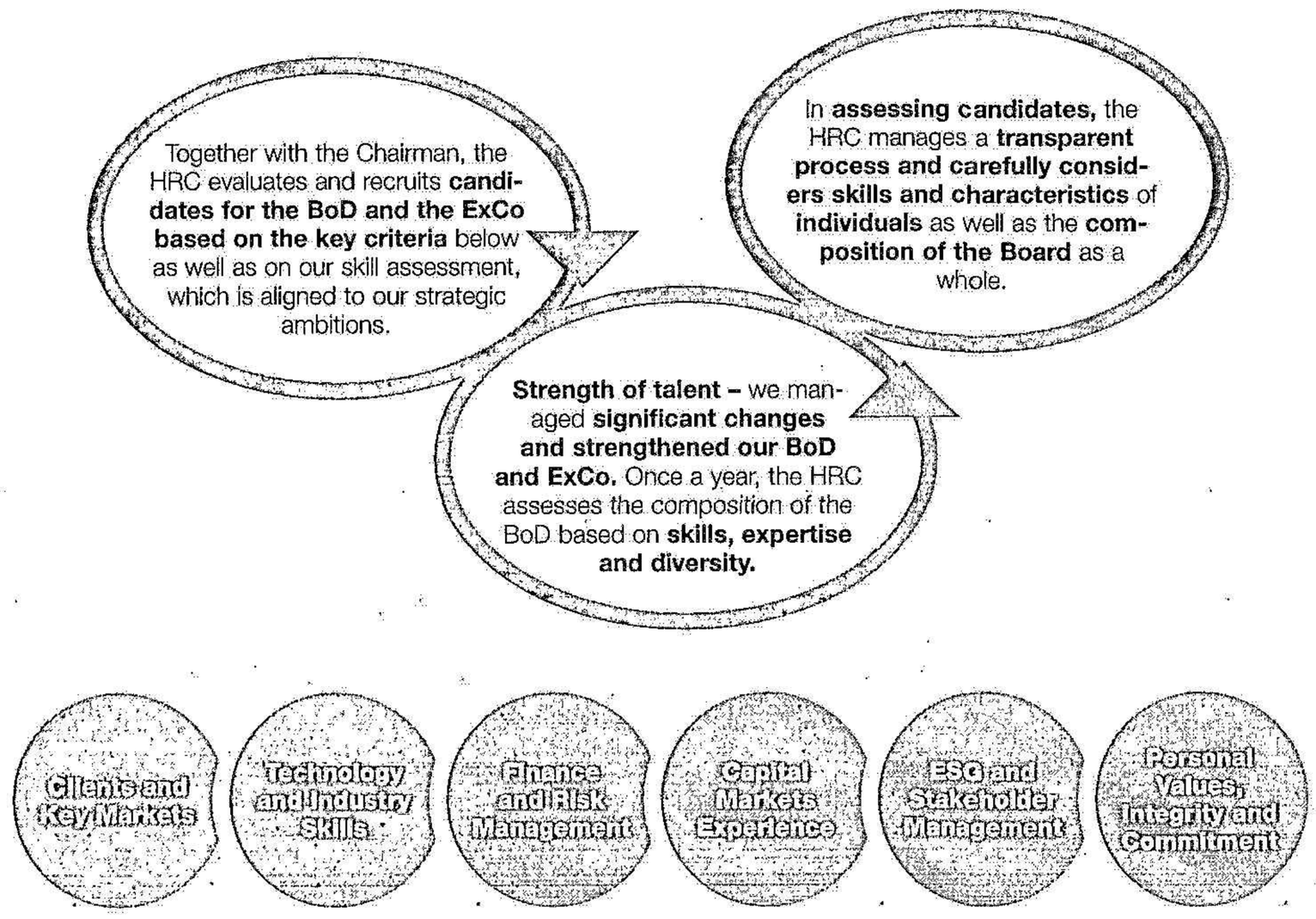
Board Refreshment Process

Thorough board refreshment process to ensure expertise, diversity and independence



Board Refreshment Process

Oerlikon has no tenure limits in place, but established a thorough Board of Directors' refreshment process to ensure its members bring the right mix of expertise, diversity and independence to the table. The figure above describes Oerlikon's Board refreshment process and the main factors against which new Board candidates are assessed. With a view toward current and expected future challenges, the Board of Directors identifies potential gaps in its skill matrix (see figure Board Skills and Experience Overview). Balancing against longer-tenured directors with substantial know-how of Oerlikon, the Board intends to fill these gaps with new members who are able to amend the Board with the required skill, experience and diversity considerations.

Board Training and Onboarding Process

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

Executive Chair Model – Overview

As of July 1, 2022, Oerlikon Group introduced an Executive Chair Model to strengthen the Group's strategic focus with two business units, enable faster decision-making, improve organizational agility and thereby ensure sustainable profitable growth of the Group. Under the Executive Chair model, the Board of Directors delegates the operational management of the Group as follows:

i. The two current Division CEOs, Dr. Markus Tacke and Georg Stausberg, continue to have operational control and accountability in leading their divisions. In addition, the new management model provides them with the added agility and speed of execution to run and grow their business.

ii. Prof. Dr. Michael Suess assumed the position of Executive Chairman, overseeing all Group-level management topics and leading the Executive Committee in addition to his role as Chair of the Group's Board of Directors.

iii. The Executive Committee is responsible for ensuring the harmonized Group-wide management of all organizational topics with cross-divisional relevance.

With the introduction of the Executive Chair Model on July 1, 2022, the appointed Executive Chair stepped down from his Board committee appointments. The Strategy Committee was dissolved and replaced with a Governance Committee. The OGR was further amended to balance power among the members of the Executive Committee, which now have to pass resolutions by a simple majority instead of individual decisions. The conflict of interest rules were further adapted to the new model, requiring potentially conflicted members to inform the full Board of Directors.

For further details, see page 43.

Executive Chairman

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

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

Vice-Chairman

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

Lead Director

With the appointment of an Executive Chairman, Oerlikon introduced the new function of Lead Director to further strengthen its corporate governance. An existing independent and experienced member of the Board of Directors, Paul Adams, took on the role of Lead Director. The Lead Director chairs the Governance Committee that consists of independent members of the Board of Directors. The Governance Committee serves the Lead Director as a sounding board and is responsible for ensuring adequate control mechanisms in light of the appointed Executive Chairman.

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

Committees

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

There are currently three permanent committees of the Board of Directors, namely the Audit & Finance Committee (AFC), the Human Resources Committee (HRC) and the Governance Committee (GOC; since July 1, 2022). The Strategy Committee (SC) existed until April 5, 2022. Since April 5, 2022, all strategy-relevant topics are discussed directly in the Board of Directors to further strengthen the Group's strategic focus and to enable faster decision-making.

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

Composition of Committees of the Board of Directors

Name (Nationality)	Audit & Finance Committee (AFC)	Human Resources Committee (HRC)	Strategy Committee (SC) until April 5, 2022	Governance Committee (GOC) since July 1, 2022
Prof. Dr. Michael Suess (DE)		Chair until April 5, 2022	Chair until April 5, 2022	
Gerhard Pegam (AT)	Chair	Chair since April 5, 2022	Member until April 5, 2022	Member since July 1, 2022
Paul Adams (US)	Member since April 5, 2022	Member	Member until April 5, 2022	Chair since July 1, 2022
Jürg Fedier (CH)	Member since April 5, 2022		Member until April 5, 2022	
Irina Matveeva (RU)	Member	Member since April 5, 2022		
Alexey V. Moskov (CY/IL)		Member		
Dr. Suzanne Thoma (CH)	Member until April 5, 2022	Member until April 5, 2022		
Zhenguo Yao (CN)		Member since April 5, 2022		Member since July 1, 2022

Audit & Finance Committee (AFC)

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

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

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

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

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

Human Resources Committee (HRC)

The HRC is a permanent committee of the Board of Directors within the meaning of Art. 716a para. 2 of the Swiss Code of Obligations. As a rule, the HRC is composed of at least three members of the Board of Directors. Members of the HRC are not eligible if they perform any executive management duties within the Oerlikon Group while in office, have significant business relations with OC Oerlikon Corporation AG, Pfäffikon or the Oerlikon Group or have been members of the Executive Committee in the preceding three years. In all cases, they must have the degree of independence required by the Swiss Code of Best Practice for Corporate Governance, as amended from time to time.

The HRC supports the Board of Directors with regard to matters related to human resources, including compensation policies, performance assessment, appointments and succession planning, and other general topics related to human resources.

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

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

Governance Committee (GOC)

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

The GOC is chaired by the Lead Director. The Lead Director, with the support of the GOC, is responsible for ensuring adequate control mechanisms under the Executive Chair model and vis-à-vis the Executive Chairman as set forth in the Rules and Regulations of the GOC and in line with recommendations of the Swiss Code of Best Practice for Corporate Governance. Hence, generally, the GOC assists the Board of Directors and the Executive Chairman in fulfilling their responsibilities with respect to the Company's corporate governance insofar as checks and balances are concerned in a governance model where certain Board members do have executive functions.

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

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

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

Work Methods of the Board of Directors and its Committees

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

In 2022, seven physical Board meetings were held, four of which were ordinary Board meetings (average duration: 8.3 hours) and three were Board workshops (average duration: 13.2 hours). The main topics of the workshops were digitalization, human resources and business development. In addition, the Board held five telephone conferences (average duration: 0.8 hours). The members of the Executive Committee were invited to all meetings, workshops and conference calls of the Board of Directors.

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

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Their respective terms of office in those committees correspond to their terms of office as Board members. Those Board members who are not members of a committee have the right to attend committee meetings with a consultative vote. As a rule, the Company's CFO, external auditor, Head of Group Accounting & Reporting and Head of Internal Audit (who is also the secretary of the AFC) should attend the meetings of the AFC; the CHRO should attend the meetings of the HRC; and other members of the Board who are not members of the GOC may attend the meetings of the GOC. Additional persons (e.g. other members of the Executive Committee or Heads of corporate functions) may be invited, if required. At every Board meeting, each committee Chair provides the Board of Directors with an update on the current activities of his committee and important committee issues.

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

In 2022, there were six meetings of the AFC (average duration: 2.2 hours). The members of the AFC participated in the meetings along with the CFO and representatives of the corporate functions concerned (in particular Group Accounting & Reporting, Group Controlling, Internal Audit and Group Legal). The external auditors (PricewaterhouseCoopers Ltd) took part in all six AFC meetings. In 2022, the HRC held three meetings (average duration: 3 hours) and the GOC held two meetings (average duration: 0.8 hour).

Definition of Areas of Responsibility

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

- The ultimate direction of the business of OC Oerlikon Corporation AG, Pfäffikon and issuing of the relevant directives
- Laying down the organization of OC Oerlikon Corporation AG, Pfäffikon
- Formulating accounting procedures, financial controls and financial planning
- Nominating and removing persons entrusted with the management and representation of OC Oerlikon Corporation AG, Pfäffikon and regulating the power to sign for OC Oerlikon Corporation AG, Pfäffikon
- The ultimate supervision of those persons entrusted with management of OC Oerlikon Corporation AG, Pfäffikon with particular regard to adherence to the relevant law, the Articles of Association and the regulations and directives of OC Oerlikon Corporation AG, Pfäffikon

2022 Board and Board Committee Meetings

	Pre Annual General Meeting 2022						Post Annual General Meeting 2022					
	Board						Board					
Meetings and Attendance	Mtg.	Conf. Call	Work-shop	AFC	HRC	SC*	Mtg.	Conf. Call	Work-shop	AFC	HRC	GOC
Average duration (hours)	7.4	1.0	13.5	1.6	2.0	-	9.3	0.8	13.0	2.5	3.5	0.8
Number of meetings	2	1	1	2	1	0	2	4	2	4	2	2
Meetings attended:												
Prof. Dr. Michael Suess	2	1	1	-	1	0	2	3	2	-	-	-
Gerhard Pegam	2	1	1	2	1	0	2	4	2	4	2	2
Paul Adams	2	1	1	-	1	0	2	4	1	4	2	2
Jürg Fedier	2	0	1	-	-	0	2	2	2	4	-	-
Irina Matveeva	2	1	1	2	0	-	2	4	2	3	2	-
Alexey V. Moskov	2	1	1	-	1	-	2	3	2	-	2	-
(until April 5, 2022) Dr. Suzanne Thoma	2	1	1	1	-	-	-	-	-	-	-	-
(since April 5, 2022) Zhenguo Yao	-	-	-	-	-	-	2	3	2	-	2	1

* The SC did not meet until its dissolution on April 5, 2022, as all topics of strategic relevance were discussed by the full Board of Directors.

- Issuing the Annual Report and the Compensation Report, preparing for the Annual General Meeting of Shareholders and carrying out its resolutions
- Informing the court in case of indebtedness
- Determining the strategic direction and approving the strategy for the Oerlikon Group and its divisions

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

Key Board Activities in 2022

- Strategic considerations around M&A
- Continuous evaluation of portfolio optimizations, e.g. ongoing Polymer Processing Solutions expansion into non-filament
- Closely monitor introduction of new organizational structure in Surface Solutions
- Monitor sanction risks and ensure contingency measures
- Successfully manage supply chain challenges
- Continuously develop cybersecurity strategy and ensure readiness in case of incidents
- Ensure progress on digitalization initiatives
- Review ESG strategy and plan and drive progress

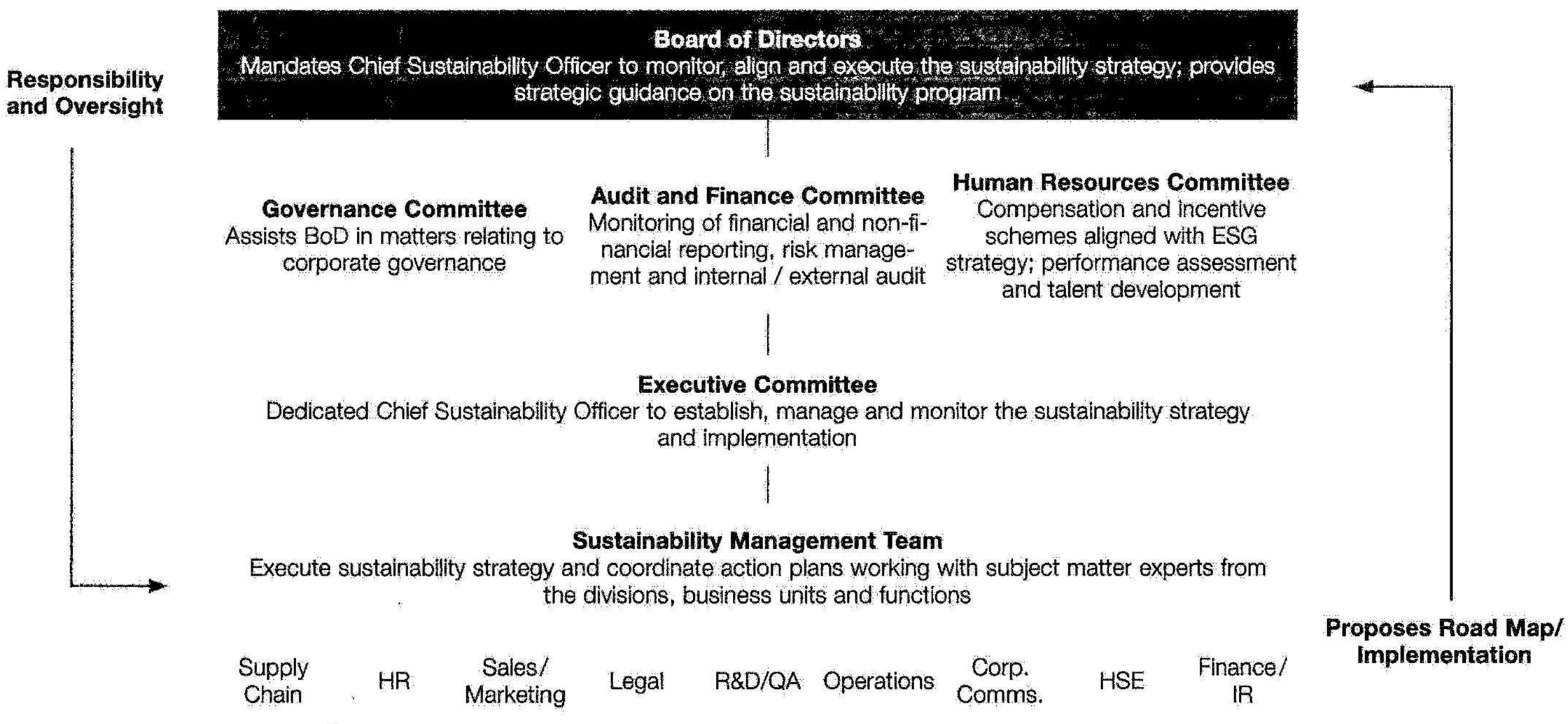
Sustainability

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

As highlighted in the overview figure below, ESG is embedded comprehensively in our governance framework:

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

Sustainability Governance and Decision-Making Framework



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We are Active in Engaging With Our Stakeholders

Stakeholder	Key Concerns	Stakeholder	Key Concerns	Month 2022	Shareholder Events
Employees	▪ Equality and diversity ▪ Career advancement ▪ Education and training ▪ Health and safety ▪ Environment ▪ Social Impact	**Local communities**	▪ – Employment ▪ – Compliance ▪ – Environment ▪ – Social impact	Apr.	AGM
Customers	▪ Quality ▪ Health and safety ▪ Environment ▪ Competitive pricing	**Authorities and government reps.**	▪ Taxes ▪ Responsible business practices ▪ Compliance ▪ Health and safety ▪ Environment	Mar., May, Aug., Nov.	Quarterly results
Suppliers and partners	▪ Responsible business practices ▪ Health and safety ▪ Environment	**Non-governmental organizations and civil society**	▪ Responsible business practices ▪ Compliance ▪ Health and safety ▪ Environment	Mar., May, Sep., Nov.	Roadshows/ conferences
Investors and analysts	▪ Management ▪ Quality ▪ Responsible business practices ▪ Compliance ▪ Health and safety ▪ Environment ▪ Innovation			May	Capital Markets Day

Executive Chair Model – Further Details

As already mentioned on page 37 et seq., in accordance with Art. 716b CO, Art. 20 para. 3 and 22 para. 3 of the Articles of Association, the Board of Directors has delegated the operational management of the Oerlikon Group and all matters not reserved for the Board of Directors to (i) the Executive Chairman, (ii) the Division CEO's and (iii) the EC, subject to mandatory law, the Articles of Association and the Organizational and Governance Rules.

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

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

Within the delegated matters and apart from running the operational management of the divisions, which is fully delegated to the Division CEOs, the Division CEOs are in particular responsible for preparing and implementing the strategy for each of the divisions in coordination with and under the guidance of the Executive Chairman.

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

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

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

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

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

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

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

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

Accounting & Reporting

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

Controlling

With regard to mid-term controlling, the key instruments are specific analyses prepared by the divisions, as well as annually updated five-year business plans on Group and division level. In terms of short-term controlling, the Board of Directors receives the annual financial plan (budget) as well as periodic financial forecasts for the current fiscal year. In addition to the business updates provided by the Executive Chairman or CFO at the Board of Directors and AFC meetings, the Board of Directors and the Executive Committee receive a monthly actual/target analysis of the key financials to assist them in the assessment of the divisions' performance and potential corrective measures. Furthermore, the Executive Committee holds regular business review meetings at Group and division level, examining current performance and outlook, market competitive dynamics, division product portfolios and scenarios explored to improve division value creation.

Risk Management

Oerlikon has a risk management system in place with which the enterprise-wide risk management is centrally managed and decentrally implemented. A key component of it is the generation and semi-annual update of risk profiles for the Group as a whole, as well as for its individual divisions and Group functions. All types of risks, internal and external, such as market, credit and operational risks are considered, including compliance and reputational aspects, and actions are defined in order to mitigate risk exposure. Internal risk reporting to the Executive Committee is performed semi-annually and annually to the AFC and the Board of Directors based on consolidated risk reports. On this basis, the Board of Directors monitors the risk profile of the Group and the risk mitigation actions. For further information regarding risk management, see page 68 et seq. (Risk Management and Compliance) and pages 122 et seq. (Note 18 to the consolidated financial statements).

Compliance

The Group-wide compliance function focuses on compliance within a regulatory framework, which includes legal and internal regulations as well as ethical standards, values and principals. The Company's written Code of Conduct, renewed in 2020, serves as the backbone of the Group's mandatory compliance e-training, showcasing the Company's undertaking to ensure that preventive measures are a foundational part of the Group's commitment to implementing engaging learning tools and legal

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compliance training. Furthermore, Oerlikon has enhanced and promoted behavioral aspects of leadership awareness while dealing with integrity issues by enforcing its business partner integrity screening process and updating its Business Partner Code of Conduct.

In the data protection field, the Group Data Privacy and Data Compliance Officer continues the optimization of the Group's internal processes and practices in light of the GDPR's (the EU's General Data Protection Regulation) Privacy By Design principle, and alignment with other data protection laws applicable in the countries where the Oerlikon Group operates. The Group Data Protection Policy has been updated in 2022 to fully align with the latest legal developments in data privacy and further explain the Group's data privacy strategy. In 2022, annual mandatory data protection training was provided to all Group employees, new data protection guidance was issued and data protection processes were streamlined.

The new EU, Swiss and UK legal requirements concerning data transfers outside of the EEA, Switzerland and the UK to non-adequate countries remains a top priority in 2022. We are also closely monitoring the evolution of the cyber and data protection framework in China. For further information regarding compliance, see page 70 (Compliance and Ethics).

Internal Audit

An internal audit is an independent and objective assurance activity that assists Oerlikon in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, controls and governance processes. The Head of Internal Audit reports functionally to the AFC and administratively to the CFO. The AFC approves the budget, the resources and the internal audit plan. Internal Audit closely coordinates its plans and activities with the external auditor. Internal Audit projects are selected on the basis of a Group-wide risk assessment in coordination with Group Risk Management. The annual audit plan strikes the appropriate balance between operational, financial, compliance and follow-up reviews. The results of internal audits are communicated to the responsible management team, the Executive Committee, the AFC, the Executive Chairman and the external auditors through formal audit reports. In 2022, Internal Audit conducted 40 internal audits.

External Audit

The external auditor examines the books and accounts of OC Oerlikon Corporation AG, Pfäffikon and those of the Oerlikon Group, coordinating its audit plan with that of Internal Audit. Upon completion of the audit, the external auditor prepares a comprehensive auditor's report to inform the AFC and the Board of Directors about the detailed findings of the audit, and prepares a summary thereof for the Annual General Meeting of Shareholders. In 2022, the external auditors participated in all six AFC meetings. Since 2016, the external audit has been carried out by PricewaterhouseCoopers Ltd. For further information regarding the external auditors, see page 49 et seq.

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

The Oerlikon Executive Committee[1]

Leadership and Accountability

Prof. Dr. Michael Suess

Professional Background and Education

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

Other Activities and Vested Interests

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

Philipp Müller

Professional Background and Education

Philipp Müller was appointed Chief Financial Officer effective January 1, 2020. He has more than 15 years of financial and strategic experience across multiple industries. Prior to joining the company, he led the investor relations functions at Baker Hughes in Houston, Texas, USA. Before that, he served as CFO of GE's oil and gas drilling business from 2014 to 2016. Previously, Mr. Müller held various financial leadership positions in GE's industrial businesses and spent five years on GE's corporate audit staff, where he advanced to Executive Audit Manager at GE Healthcare. Mr. Müller holds a Master's degree in Business from the University of Mannheim, Germany.

Other Activities and Vested Interests

None.

Anna Ryzhova

Professional Background and Education

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

Other Activities and Vested Interests

None.

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From top left to right:
Prof. Dr. Michael Suess
Philipp Müller
Anna Ryzhova
Georg Stausberg
Dr. Markus Tacke

Georg Stausberg

Professional Background and Education

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

Other Activities and Vested Interests

None.

Dr. Markus Tacke

Professional Background and Education

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

Other Activities and Vested Interests

Chairman of the Board of RHEMAG, Frankfurt, Germany.

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

Executive Committee

Management Philosophy

The Oerlikon Group's strategy is to expand its leading position worldwide as a powerhouse in surface solutions and advanced materials as well as for equipment for processing polymers. In line with this strategy, the Group has headquarters and two operative divisions (Surface Solutions Division and Polymer Processing Solutions Division). Group Headquarters still determines strategic guidelines, sets operational targets and monitors these with effective management processes and controlling while the divisions continue to be responsible for operations and for delivering on the agreed strategy and targets within given guidelines.

Members of the Executive Committee

On December 31, 2022, the Executive Committee consisted of Prof. Dr. Michael Suess, Executive Chairman (since July 1, 2022), Philipp Müller, CFO (since January 1, 2020), Anna Ryzhova, CHRO (since October 10, 2016), Dr. Markus Tacke, CEO of the Surface Solutions Division (since January 1, 2021) and Georg Stausberg, CEO of the Polymer Processing Solutions Division (since January 1, 2021). Oerlikon announced on March 1, 2022 that Group CEO Dr. Roland Fischer will step down for private reasons, effective June 30, 2022, and that Prof. Dr. Michael Suess will assume the position of Executive Chairman, in addition to his role as Chairman of the Board of Directors, effective July 1, 2022.

With the exception of Georg Stausberg, the other members of Oerlikon's Executive Committee have not previously carried out tasks for OC Oerlikon Corporation AG, Pfäffikon or any other Group company. For further information, see page 46 et seq.

Other Activities and Vested Interests

Regarding the activities of the members of the Executive Committee in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law, as well as permanent management and consultancy functions for Swiss and foreign interest groups and official functions and political posts, see page 46 et seq.

Number of Permitted Mandates

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

Management Contracts

There are no management contracts with third parties.

Shareholders' Participation

Voting Rights Restrictions and Representation

The right to vote and the other member rights may only be exercised by shareholders or beneficiaries who are registered in the share register. Any shareholder may appoint the independent proxy, another registered shareholder with written authorization or a legal representative to act as proxy to represent their shares at the General Meeting of Shareholders. The Executive Chairman decides whether to recognize the power of attorney.

Regarding the written or electronic issuing of the proxy and of instructions to the independent proxy, the Articles of Association do not contain any provisions that deviate from the legal provisions. Entitled to vote in the General Meeting of Shareholders are the shareholders whose

Composition of the Executive Committee

Name	Nationality	Age	Position	Joined	In Position Since	Stepped Down
Prof. Dr. Michael Suess	DE	59	Executive Chairman	2015	7/1/2022	
Philipp Müller	DE	44	CFO	2019	1/1/2020	
Anna Ryzhova	RU	43	CHRO	2016	10/10/2016	
Georg Stausberg	DE	59	CEO Polymer Processing Solutions Division	1989	1/1/2021	
Dr. Markus Tacke	DE	57	CEO Surface Solutions Division	2020	1/1/2021	
Dr. Roland Fischer	DE	60	CEO	2016	3/1/2016	6/30/2022

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names are entered into the share register as shareholders with voting rights at the cut-off date to be determined by the Board of Directors (as a rule, the cut-off date is six working days before the General Meeting of Shareholders). Otherwise, there are no restrictions on voting rights.

Statutory Quorums

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

Convocation of the Annual General Meeting of Shareholders

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

Inclusion of Items on the Agenda

The Articles of Association provide that shareholders with a holding of CHF 1 000 000 nominal value are entitled to request that an item be included on the agenda, provided that their requests are submitted in writing and include the actual agenda item and the actual motions. This request is to be made at the latest ten weeks prior to the date of the General Meeting of Shareholders.

Entry into the Share Register

The 50th General Meeting of Shareholders will be held on March 21, 2023. Entitled to vote in the General Meeting of Shareholders are those shareholders whose names are entered into the share register as shareholders with voting rights at the cut-off date to be determined by the Board of Directors.

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

The minutes of the 49th General Meeting of Shareholders, held on April 5, 2022, can be viewed on the website at www.oerlikon.com/en/company/annual-general-meeting-of-shareholders. Shareholders may also read the minutes at Group Headquarters upon prior notice. The minutes of the 2023 Annual General Meeting of Shareholders will be published on the Oerlikon website as soon as they have been compiled.

Changes of Control and Defense Measures

Duty to Make an Offer

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

Clauses on Changes of Control

There are no change-of-control clauses in agreements and schemes benefiting Members of the Board of Directors and/or of the Executive Committee, as well as other members of the Oerlikon management.

Auditors

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

PricewaterhouseCoopers Ltd was elected by the 43rd Annual General Meeting of Shareholders on April 5, 2016 as auditor of OC Oerlikon Corporation AG, Pfäffikon, and the Group for the first time. The auditor is elected at the Annual General Meeting of Shareholders for a one-year term of office. The lead auditor responsible for the mandate, Mr. Rene Rausenberger, has been serving in this function since the financial year that ended on December 31, 2019. In accordance with Art. 730a para. 2 of the Swiss Code of Obligations, the lead auditor's term of office is a maximum of seven years.

Auditing Fees

In the calendar year 2022, PricewaterhouseCoopers Ltd invoiced the company CHF 2.7 million in global auditing fees.

Additional Fees

In the calendar year 2022, PricewaterhouseCoopers Ltd invoiced the company CHF 0.6 million for additional services. The additional fees were mainly invoiced for worldwide general and project-specific tax consultancy services.

Informational Instruments Pertaining to an External Audit

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

Once the auditing work has been completed, the AFC assesses the results and findings of the external audit, discusses its assessment with the lead auditor in charge and reports the relevant findings to the Board of Directors. Furthermore, the AFC submits proposals in response to the

external auditors' recommendations, objections and other discovered deficiencies, if any, to the Board of Directors for consideration and monitors the implementation of any relevant action decided upon by the Board of Directors.

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

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

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

Outlook

Oerlikon will propose to the 2023 Annual General Meeting of Shareholders to revise its Articles of Association in particular to implement the changes by the revised Swiss corporate law that entered into force on January 1, 2023. Further, immediately following the AGM, the Board of Directors plans to amend relevant other regulations of the Company accordingly, in particular Oerlikon's Organization and Governance Rules and the three Committee Rules of the Audit & Financing Committee, the Human Resources Committee and the Governance Committee.

Material Changes Since Balance Sheet Date

None.

Information Policy

General

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

Apart from its audited Annual Report and Half-Year Report, which are prepared in accordance with the International Financial Reporting Standards (IFRS), Oerlikon publishes its key financial figures and a related commentary for the first and third quarters of its financial year. In this way, Oerlikon increases its communication and transparency on its financial development. Additionally, Oerlikon issues press releases on key company news during the year to ensure that shareholders and market participants are informed of significant changes and developments in the company. The company's website, www.oerlikon.com, offers a permanently accessible platform for all current information concerning the company. For all news, the publication medium is the Swiss Official Gazette of Commerce. The Board may select additional publishing media. Communications to registered shareholders must be sent in writing to the most recent address provided by the shareholders to the company.

Press Releases

As a company listed on the SIX Swiss Exchange, OC Oerlikon Corporation AG, Pfäffikon is obligated to disclose price-sensitive information to the public, including all market participants (ad hoc publicity obligation). In compliance with the revised SIX Exchange Regulation Ltd's Directive on Ad Hoc Publicity dated March 10, 2021, in force since October 1, 2021, press releases determined by Oerlikon to be an ad hoc announcement pursuant to Art. 53 Listing Rules will be clearly classified as such in press releases and on Oerlikon's website.

Press releases published in 2022, along with previous releases dating back to January 2004, can be accessed on Oerlikon's website at www.oerlikon.com/en/company/media/press-releases. Those interested in receiving the company's press releases regularly by e-mail can subscribe for the service at www.oerlikon.com/en/company/media/registration-for-corporate-news.

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Financial Calendar

For the financial calendar with Oerlikon's 2023 key financial disclosure events, please refer to page 76 of this Annual Report. The financial calendar, including further details on dates of road shows, conferences and events, can be found at www.oerlikon.com/en/investors/financial-calendar.

Quiet Periods (Blackout Periods)

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

Contact

Please refer to page 76 of this Annual Report for contact information for the Oerlikon Group, Investor Relations and Corporate Communications.

Shareholder Letter

Remuneration Report

Dear Shareholders

It is my pleasure as the Chairman of the Human Resources Committee (HRC) to present to you the 2022 Remuneration Report of OC Oerlikon Corporation AG, Pfäffikon.

As announced in the first quarter of 2022, we introduced the Executive Chair Model to strengthen our strategic focus, increase our divisions' agility and enable faster decision making. Our existing Chairman Michael Suess has assumed the position of the Executive Chairman as of July 1, 2022. The support provided by the HRC was instrumental in ensuring that this new approach was implemented with proper oversight and advice.

Furthermore, the HRC registered and acknowledged the feedback from shareholders on the 2021 Remuneration Report and compensation amounts. This resulted in an energetic engagement campaign in fall 2022 to discuss and explain improvements in our disclosure, transparency and compensation design. We have begun to reflect the feedback from this outreach in our 2022 report to further strengthen our relationship with our investors. Some of the key improvements following the outreach include:

- Enhanced disclosure of our Board and Executive Committee remuneration schemes with a particular focus on the new Executive Chair Model's target and maximum opportunity compensation.
- Extended the disclosure around our benchmarking process and the performance assessment of the short-term incentive.
- In order to extend the lock-in period of Board members to two years and align with best governance practices, the Board decided to replace the current one-year restricted share unit plan with a quarterly restricted share grant with a one-year blocking period. This will first apply for the Board term 2023-2024.
- The adjustment in 2023 of the Short-Term Incentive (STI) program, by splitting the financial objectives into divisional financial and business-related financial objectives, to better empower the regions and business lines.

Throughout the year, the HRC continued to perform its regular duties. This includes performance goal setting and assessment of the Executive Committee, the determination of the remuneration of the members of the Board and the compensation of the Executive Committee, as well as the preparation of the Remuneration Report and the say-on-pay vote at the AGM. Following the regular review of Board remuneration, the HRC decided, over ten years after the last adjustment, to increase Board fees to align with peer companies. Due to the difficult global environment and the high inflation in various countries of operation, the HRC also regularly discussed and evaluated amendments to the current employees' compensation schemes.

Despite the adverse macroeconomic conditions such as high energy prices, volatile inflation and supply chain disruptions, Oerlikon performed well in 2022. Based on the STI plan rules, the Executive Committee will receive a payout equivalent of, on average, 91.6% of target. In 2022, the LTI vested at 76.6%, reflecting the performance of the company over the past three years.

Like our underlying business operations, our robust corporate governance processes and controls were carried out smoothly in 2022, and we remain committed to continue providing a high level of transparency with respect to compensation. In our 2022 Remuneration Report, we again show the compensation of the Executive Committee from three perspectives, namely the effective compensation that was paid in 2022, the forward-looking target value that was granted in 2022 and its market value at year-end. These perspectives enable shareholders to better interpret the amounts on which they are voting, that is, the target value granted, and to monitor the relationship between the company's performance and management's compensation.

DOCUMENT 1 OF 1 PAGE 10

The Board's proposals for the binding votes on the compensation of the members of the Executive Committee and the Board will be published with the invitation to the 2023 AGM. To increase the transparency on the composition of these amounts, we are providing a specific compensation booklet together with the AGM invitation. In 2023, we will continue to work on our compensation framework, further improve transparency and better integrate Oerlikon's sustainability goals into the compensation system.

Sincerely

Gerhard Pegam
Chairman of the Human Resources Committee

This Remuneration Report provides detailed information on compensation programs at Oerlikon, on the remuneration awarded to the members of the Board of Directors (Board) and the compensation of the Executive Committee for 2022, and on the governance framework around compensation.

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

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

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

- General principles of the compensation policy
- Compensation governance
- Remuneration systems and remuneration paid or granted to the Board of Directors in 2022
- Compensation systems and compensation paid or granted to the Executive Committee for 2022

Executive Chair Model

As of July 1, 2022, Oerlikon Group introduced an Executive Chair Model to support the strategic focus of the Group (see Corporate Governance Report from pages 29-51 for a detailed description).

Consequently, Prof. Dr. Michael Suess assumed the position of the Executive Chairman in addition to his role as Chairman of the Group's Board of Directors, while the two current Division CEOs, Dr. Markus Tacke and Georg Stausberg, continue to have operational control and accountability in leading their divisions. Roland Fischer left the EC on June 30, 2022 and was on Garden Leave until the end of the year. This is also reflected in the compensation system, with the Executive Chairman being compensated in a way to ensure that the incumbent has the maximum incentive to pursue good governance standards.

- The Executive Chairman's fixed remuneration (CHF 2 000 000) is contractually considered a Non-Executive Director fee.
- The Executive Chairman's target STI (CHF 1 500 000) and target LTI (CHF 1 500 000, at grant) are subject to the same plan rules as for the Executive Committee. The Executive Chairman's variable compensation elements are considered and disclosed as executive compensation since they reflect the achievement of annual and multi-year operational objectives. Pension contributions for the Executive Chairman's executive role are based on his base salary.
- The Executive Chairman's total target compensation of CHF 5 000 000 is therefore composed of a CHF 2 000 000 fixed amount of consisting of (i) the regular Board Chairman fee prior to the 2022-2023 term, including the 10% adjustment announced, CHF 750 000, and (ii) the CEO annual base salary consisting of CHF 1 250 000 as well as the variable executive components, disclosed above, with a target amount of CHF 3 000 0000. The hypothetical stand-alone CEO target compensation would thus amount to CHF 4.25 million, which is in line with market practice across European executives of similar seniority and experience.
- There is no notice period for the Executive Chairman's fixed remuneration. In case of not being reelected, the Executive Chairman will no longer receive a fixed remuneration. For the STI and the LTI, the same leaver rules apply to the Executive Chairman as for the Executive Committee. The Executive Chairman has a non-compete clause of 12 months, which can be waived by the Board of Directors. Only in the case when the non-compete is enforced, the amount payable amounts to a maximum of the Executive Chairman's fixed remuneration.

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

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The Lead Director chairs the newly created Governance Committee that consists of independent members of the Board of Directors only. For an overview of the fees paid to the Lead Director and the members of the Governance Committee, see Board Remuneration 2022 on page 58.

Compensation Policy

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

Board of Directors

Board remuneration was benchmarked against the median of a Swiss peer group operating in the same sector and being closest in size, the peer group consists of the following companies:

Benchmark Group 2022 – Board of Directors

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

Executive Committee

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

Benchmark Group 2022 – Executive Committee

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

In the past, Oerlikon used the Swiss peer group from PwC and Mercer benchmarking for the executive compensation. In Q3 2022, Oerlikon designed a dual peer group approach, consisting of a global peer group provided by Aon & Mercer and a Swiss peer group provided by PwC. Mercer also provided other compensation services to the Oerlikon Group and its subsidiaries. These

benchmark groups comprise companies chosen to reflect the competitive environment in which Oerlikon operates and are selected according to criteria such as market capitalization, business type and geographic location. Oerlikon uses these peer groups in a holistic way, benchmarking fixed compensation to median peer group levels, and total direct compensation at the 75th percentile if performance targets are achieved. This competitive peer group positioning is crucial for Oerlikon, being a mid-sized company operating in a niche market, to attract the globally experienced talent required to drive its business.

Determining Compensation

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

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

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

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

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

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

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

Approval Process

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

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which form the basis for the disclosure below at the December meeting.

Finally, the HRC determines the overall STI payout, based on factual business circumstances and reasonable business judgment in order to achieve a fair result originating from true performance, and makes a recommendation to the Board of Directors for a final decision in February following the performance year. At this meeting, the HRC also recommends to the Board of Directors the aggregate amount for variable pay components that are submitted to a vote at the AGM for approval.

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

- The Executive Chairman is present at the meeting when decisions are approved by the Board of Directors, excluding his own remuneration. Members of the Board of Directors, other than those of the HRC, do not participate in determining the remuneration of Directors.

- The Executive Chairman is involved in determining the compensation of members of the Executive Committee and is present when the Board of Directors approves it. He is not present when his own compensation is determined or approved. Similarly, members of the Executive Committee are not present when decisions on their respective compensation are made.

Board of Directors

Remuneration System

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

Board Compensation

in CHF 000	AGM 2022 - AGM 2023[6]	AGM 2021 - AGM 2022	Expense Allowance
Member of the Board of Directors	82.5	75	35
Executive Chairman of the Board of Directors[1,2]	2000		
Vice Chairman of the Board of Directors	137.5	125	
Chair of a committee[3]	55	50	
Member of a committee	33	30	
Restricted stock units (RSU)	137.5[4]	125[5]	

[1] The Executive Chairman's remuneration comprises a Board (fixed) and an Executive (STI and LTI) part. The fixed Board part has no notice period.
[2] Chairman of the Board received CHF 375 000 as board remuneration in 2021.
[3] The Lead Director does not receive any additional fees in addition to those paid for chairing the Governance Committee.
[4] The Executive Chairman does not receive any RSU grant as part of his fixed remuneration.
[5] Chairman of the Board received CHF 280 000 in RSUs.
[6] Board remuneration was reviewed and adjusted for the 2022–2023 Board term (first time in over 10 years).

The value of the RSU is fixed (CHF 137 500 per Board member, excluding Executive Chairman). The number of RSU is determined by the share price at grant date. RSUs are blocked from the grant date on the day of the AGM until the following AGM, at which time they are converted into Oerlikon shares. For Directors resigning their mandate prior to the end of the term, the number of RSUs converted into Oerlikon shares may be reduced at the sole discretion of the Board of Directors. The RSU program is financed with treasury shares.

Board Remuneration 2022

Besides the Executive Chairman, no member of the Board of Directors served in an executive role at Oerlikon in 2022. The Board of Directors consists of six non-executive members and the Executive Chairman. At the AGM 2022, Suzanne Thoma left the Board of Directors and Zhenguo Yao joined. Total remuneration for 2022 was CHF 3.6 million, up from CHF 2.5 million in 2021. This increase was due to the introduction of the Executive Chair Model and the fee increases resulting from the benchmarking exercise (see previous sections for more details).

Remuneration of Members of the Board of Directors from 1.1.2022 – 31.12.2022 (Audited)

in CHF 000	Board of Directors	Governance Committee	Audit & Finance Committee	HR Committee	Cash	RSU[1]	Other[2]	Total Remuneration 2022	Market Value per Dec. 31, 2022[3]	Total Remuneration 2021[4]
Prof. Dr. Michael Suess	C				1571[5]	-	35	**1606**	1606	690
Gerhard Pegam	V	M	C	C	269	138	37	**443**	421	389
Alexey Moskov	M			M	113	138	35	**285**	263	265
Paul Adams	M	C	M	M	185	138	36	**359**	337	287
Zhenguo Yao[6]	M	M		M	109	138	35	**282**	259	-
Irina Matveeva	M		M	M	137	138	36	**311**	288	265
Jürg Fedier	M		M		113	138	35	**285**	263	236
Geoffery Merszei					-	-	-	**-**	-	43
Dr. Suzanne Thoma[7]					36	-	2	**38**	38	287
Total					2533	825	251	**3609**	3474	2462
Mandatory employer contributions[8]								**191**	184	130

C(hairperson), V(ice Chairperson), M(ember)

[1] The share price at grant date of RSUs was CHF 7.24. The amounts have been rounded. Thus, an addition of the figures presented can result in rounding differences.

[2] Other remuneration consists of an expense allowances and gifts/presents.

[3] The value per year-end is based on a share price of CHF 6.06.

[4] The total amount in 2021 includes an additional member who served until the AGM 2022.

[5] This amount reflects the change of Prof. Dr. Michael Suess's Board remuneration as of April 5, 2022, with the rest of the Executive Committee package – STI & LTI taking effect on July 1, 2022.

[6] As of April 5, 2022.

[7] Until April 5, 2022.

[8] The Swiss Code of Obligations requires the disclosure of employer contributions to social security. These have been estimated at 5.3% for the full Board of Directors, though actual amounts for non-Swiss-based members may differ based on local legislation.

Members of the Board of Directors did not receive any fees or other remuneration for additional services to OC Oerlikon or its subsidiaries in the 2022 business year. Neither OC Oerlikon nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Board of Directors or related parties in 2022 or 2021.

No remuneration was paid to any former members of the Board of Directors of OC Oerlikon Corporation AG, Pfäffikon or a Group company or related parties in 2022 or 2021.

On April 14, 2021, the AGM approved a maximum aggregate amount of remuneration for the Board of Directors of CHF 2.6 million for the term from April 14, 2021 to April 5, 2022, which covers the fees paid. The following table shows the reconciliation between the effective Board remuneration and the amount approved for this period.

April 14, 2021 – April 5, 2022

in CHF 000	Cash Remuneration	RSU	Other	Total	Approved Amount 2021–2022
Mandate 2020/21 – Apr. 2021 – Apr. 2022	1195	1030	245	2470	2600

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Management

Compensation System

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

The compensation system for the Executive Committee consists of fixed and variable components. The fixed component entails a base salary commensurate with the role and local market level and, depending on local practice, includes allowances and fringe benefits. The variable component entails a performance-related annual cash bonus (Short-Term Incentive, STI) and a three-year performance-related equity program (Long-Term Incentive, LTI). Performance goals for these pay components are derived from Oerlikon's strategic priorities and related operational objectives, reflecting its corporate culture and striving for excellence. The mix between these variable pay components is defined by the profile, strategic impact and pay level of the role, as described hereinafter.

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

Annual Base Salary

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

Compensation System – Executive Committee (EC)

	Fixed Compensation – Annual Base Salary (ABS) and Benefits	Variable Pay – Short-Term Incentive (STI)	Variable Pay – Long-Term Incentive (LTI)	Share Ownership Requirement
Purpose and link to strategy	Annual base salary paid in cash, determined primarily by tasks, responsibilities, skills and managerial experience, as well as labor market conditions; Benchmarked 2021 with data from Mercer provided 2020 against comparable companies in Switzerland / Germany.	STI program paid as annual cash bonus, incorporating specific financial and individual objectives derived from strategic priorities and related operational objectives. Intended to align immediate efforts to individual and company performance.	Intended to align long-term performance of the EC with shareholders' interests. Based on award of stock with a multi-year vesting period, subject to continued employment and KPIs with longer-term horizons aligned with Oerlikon's stratgic objectives.	Members of the EC are required to build a significant personal shareholding in OC Oerlikon. This further aligns the interests of management and shareholders.
Operation	Salary in cash, benefits in kind and pension contribution	Annual incentive; payable in cash following the performance year, subject to financial goals related to sales growth, EBIT, operating cash flow and RONA as well as individual objectives and an ESG modifier.	LTI split equally in two components: • Restricted Stock Units, cliff-vesting after three years (vesting cap at 100%) based on continued employment. • Performance Share Awards, cliff-vesting after three years (vesting cap at 165%) subject to: • Continued employment. • ROCE above WACC. • Absolute TSR modifier. Vesting of combined LTI is capped at 132.5% of target amount.	Current members of the EC are required to reach their investment limit within 3 full vesting periods after the time of implementation of the guideline or after nomination to the EC.
Target opportunity level / requirement as % of ABS	Based on scope of responsibilities, personal experience and skill set	• Executive Chairman: 75% • EC members: 50%–80%	• Executive Chairman: 75% • EC members: 50%–80%	• Executive Chairman: 200% • EC members: 100%
Maximum opportunity level as % of ABS	–	• Executive Chairman: 150% • EC members: 100%–160%	• Executive Chairman: 99.4% • EC members: 66.3%–106%	

Short-Term Incentive (STI) Program

The STI program is an annual cash bonus aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives aligned with Oerlikon's strategic priorities and related operational objectives. It is intended to help them align their efforts, promote initiative and contribute to the performance of individuals and the company (see table on previous page for an overview). It remains unchanged compared to the previous year.

STI Program 2022

Financial objectives are set for the Group and the two divisions (Surface Solutions and Polymer Processing Solutions) to simplify levels and foster cross-division collaboration. Those with divisional responsibilities get divisional targets and those with Group responsibilities get Group targets. The measures chosen aim to increase the growth, profitability and cash efficiency of the Oerlikon Group. All three measures are weighted equally at one third. The weighted result is multiplied with a modifier of 0.9, 1,0 or 1.1 depending on whether the return on net assets (RONA) of the Oerlikon Group is within a competitive range. The RONA metric was added to increase the emphasis on efficient capital allocation by company leadership and align it with the strategic targets communicated at Oerlikon's Capital Market Day 2022.

Individual objectives focus on medium- and longer-term business objectives, such as inorganic growth or people development. One third of these objectives must be specifically linked to further Group- or division-related metrics. The weighted result is modified with a modifier of either 0.9, 1.0 or 1.1, depending on whether the safety targets of the respective business are within a predefined range that is aligned with Oerlikon's operational targets. The safety modifier was chosen to put management's focus on the well-being of a key stakeholder group for Oerlikon, its employees.

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

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

Oerlikon has a history of setting aggressive targets and a strict payout track record. For the payout of the STI, a cap of 200% of target applies.

Performance achievement levels and respective payouts for the 2022 plan are discussed in Compensation 2022 section.

	Financial Objectives	Individual Objectives
Purpose	Reaching strategic growth and profitability goals and increasing cash efficiency	Focus on medium- and long-term objectives such as business and people development
Weight	70% of target amount	30% of target amount
Conditions	Sales growth: 33 ⅓% EBIT: 33 ⅓% Operating free cash flow: 33 ⅓%	Targets set and weighted
Modifier	RONA: 0.9–1.1	Safety (Total Accident Frequency rate): 0.9–1.1
Potential	0-200% of target amount	

Long-Term Incentive (LTI) Program 2022

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

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

The RSU award is designed to provide participants with an ownership interest in the long-term value creation of the company and tie the award's ultimate value directly to Oerlikon's share price development, aligning shareholders' and management's experience with respect to share

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LTI Program

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

[1] Target amount corresponds to 75% of annual base salary for the Executive Chairman and 50-80% for the other members of the Executive Committee.

price development. The vesting of the RSU award is not tied to any performance indicators, but requires continued service with the company. It is the Board's belief that this RSU component provides better alignment with shareholder and company interests than a comparable PSA element with a total shareholder return performance metric and the possibility of an above-100% vesting.

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

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

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

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

Target, Performance and Payout per December 31, 2022 for the current programs are:

	ROCE			aTSR			rTSR				
	Target	per Dec. 31, 2022	**Payout**	Target	per Dec. 31, 2022	**Payout**	per Dec. 31, 2022	**Payout**	*Dividend* Equivalent Payout	RSU Payout	**Potential *Total* Payout per Dec. 31, 2022**
LTI 2020–2023				25.0%	-29.8%	**0%**	32.4%	**70.6%**	26.5%	100%	**80.7%**
LTI 2021–2024	10.0%	8.5%	63.3%	30–60%	Modifier	**90.0%**	N/A	N/A	11.6%	100%	**90.1%**
LTI 2022–2025	10.5%	9.2%	73.3%	30–50%	Modifier	**90.0%**	N/A	N/A	5.8%	100%	**88.8%**

20 plan: E.g. LTI 2020–23: 0% * 40% + 70.6% * 20% + 26.5% + 100% * 40% = 80.7%
21 and 22 plans: E.g. LTI 2021-24: 63.3% * 0.5 * 90% + 11.6% + 100% * 50% = 90.1%

Considering the equal split between RSUs and PSAs, the potential payout for the 2022 awards, subject to continued employment, effectively ranges between 50% and 132.5% of the target plus dividend equivalents. The LTI program is served with treasury shares.

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

Target, performance and payout per December 31, 2022 for the current programs are:

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

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

Benefits

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

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

Shareholding Requirement

Members of the Executive Committee are required to build a significant personal shareholding in the business to further align their interests with those of shareholders. The minimum threshold is a percentage of their annual base salary. Only vested shares count toward the requirement.

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

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

Employment Agreements

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

Expected Changes for the 2023 Executive Compensation

OC Oerlikon updates the STI weighting to reflect the change of the Executive Chair Model and will split the current 70% for financial objectives into two parts. 40% will remain as financial objectives with 1/3 each for sales growth, Operational EBIT and operating free cash flow. The remaining 30% will be linked to business specifies objectives, which are cascaded from the respective division (Surface Solutions, Polymer Processing Solutions and Group). The modifier will remain RONA with the business specifies objectives linked to the respected financial results.

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Compensation 2022

Effective Compensation

The following section discloses the compensation components effectively paid in 2022, including salary and bonus payments, contributions to pension plans, fringe benefits, as well as the actual value of equity plans vested in the year under review. This perspective reflects the income effectively received by members of the Executive Committee, which in 2022 amounted to CHF 9.2 million (2021: CHF 7.3 million). The highest compensation effectively received by an individual member of the Executive Committee in 2022 was CHF 4.2 million (2021: CHF 2.6 million).

The effective compensation increased compared to the previous year mainly due to the implementation of the Executive Chair Model during the year. Furthermore, under the LTI plan rules, the departure of Roland Fischer resulted in the accelerated vesting of his outstanding RSUs and PSAs based on performance over the vesting period.

In 2022, Oerlikon's sales increased by 10%, from CHF 2 649 million to CHF 2 909 million. Operational EBIT for 2022 was CHF 277 million (an increase of 16% compared to CHF 240 million in 2021). For the STI 2022 program, this performance resulted in a payout of 94.3% to the Executive Chairman and an average payout of 91.1% to other members of the Executive Committee. For the STI 2021 program, the payout to the CEO reached 106.5% and the average payout to other members of the Executive Committee was 105.8%.

Based on the three-year performance of the company's absolute and relative Total Shareholder Return, the LTI 2019 vested in 2022 with a performance of 76.6%.

Effective Compensation of Members of the Executive Committee

	Fixed Compensation			Variable Compensation			
in CHF 000	Base salary [1]	Pension	Other [2]	Bonus [3]	Equity Plans (Effective Value at Vesting Date) [4]	Total Effective Compensation 2022	Total Compensation 2021
Total compensation to members of the Executive Committee	2836	788	99	2572	2889	9184	7345
Highest thereof paid to one individual: Dr. Roland Fischer (CEO) [5]	500	117	9	1065	2550	4242	2573

[1] The Executive Chairman is paid a monthly fee in his capacity as a Board member, which is reported under the compensation of the Board of Directors.
[2] Other compensation includes fringe benefits such as car allowance or relocation.
[3] The bonus is determined on Group and individual level and depends on business and individual performance.
[4] Equity plans include the LTI 2019 plan based on PSA, which vested with a performance of 76.6%, and RSU compensating for forgone compensation at the previous employer.
[5] From January 1 until June 30.

Granted Compensation

The following section discloses the pay components granted in 2022, including salary and bonus payments, contributions to pension plans, fringe benefits as well as the target value of equity programs at grant date. This perspective reflects the compensation potential provided to members of the Executive Committee, which in 2022 amounted to CHF 9.0 million. The highest compensation granted to an individual member of the Executive Committee in 2022 was CHF 1.7 million. The higher bonus payments in light of lower achievement levels compared to the previous year are due to the overlap between the former CEO's exit and the Executive Chairman's appointment. Total LTI grant values (at target levels) are below previous year's level as no grant was allocated to the leaving CEO.

Apart from the Executive Chairman, in 2022, one member had his target compensation modified in light of the enlargement of his role. However, no other members' target compensation was modified in 2022.

Compensation Granted to Members of the EC (Audited)

	Fixed Compensation			Variable Compensation				
In CHF 000	Base salary	Pension	Other[1]	Bonus[2]	LTI 2022–2025 (Target Value at Grant Date)[3]	Total Compensation Granted 2022	Total Compensation Granted 2022 (Market Value per Dec. 31, 2022)[4]	Total Compensation Granted 2021
Total compensation to members of the Executive Committee	2836	788	99	3031	2249	9002	8652	10362
Highest thereof paid to one individual:								
Philipp Müller (CFO)	623	159	24	453	475	1734	1646	
Roland Fischer (Former CEO)								3821
Estimated mandatory employer contributions[5]						477	459	549

[1] Other compensation includes fringe benefits such as car allowance or relocation.

[2] The bonus is determined on Group and Indidivual level and depends on business and individual performance. Roland Fischer's full 2022 STI is included here, as Oerlikon does not prorate STI during Garden Leave.

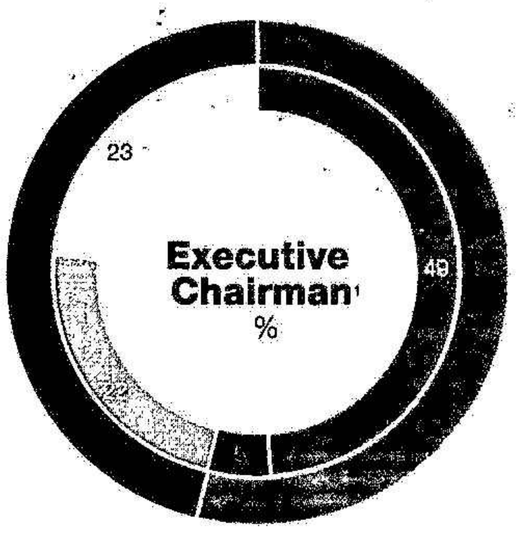
[3] The LTI 2022 consists of 50% PSA and 50% RSU. The fair value at grant date for the PSA portion was CHF 7.01 and CHF 7.01 for the RSU portion. The performance of the LTI plan per December 31, 2022 is 88.8% for the PSA portion. The RSU portion is subject to service but not to performance conditions. The effective performance of the plan will be determined per December 31, 2024 and the effective value at the time of vesting on April 30, 2025 and disclosed as effective compensation in the remuneration report the following year.

[4] The market value per year-end is based on a share price on Dec 31, 2022 of CHF 6.06 and a performance of the PSA portion of the LTI of 88.8%.

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

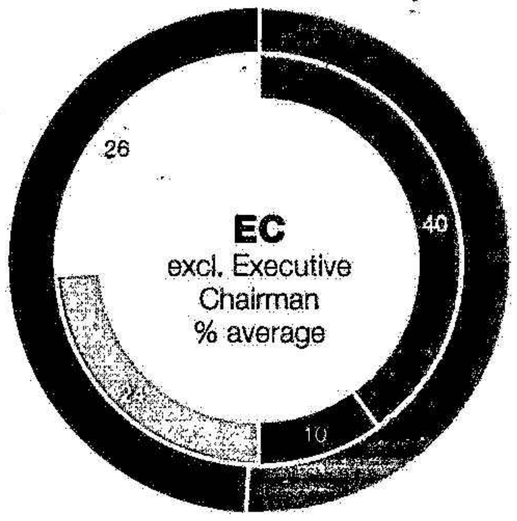
46%
variable components

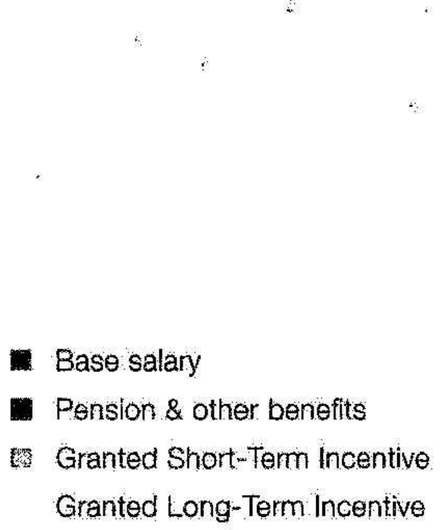
54%
fixed components



49%
variable components

51%
fixed components





[1] The distribution corresponds to the Executive Chairman's total compensation (member of the Board and Executive Committee) and also reflects that he has only been the Executive Chairman for half a year, since July 1, 2022.

Compensation Granted to Former Members of the EC

	Fixed Compensation				
in CHF 000	Base salary	Pension	Other	Total Compensation Granted 2022	Total Compensation Granted 2021
Total compensation to former members of the EC[1]	500	117	16	634	0

[1] Compensation for Roland Fischer from July 1 to December 31. Roland Fischer's STI for 2022 is included in the Table "Granted Compensation of members of the Executive Committee" under Bonus.

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On April 5, 2021, the Annual General Meeting of Shareholders approved a maximum aggregate amount of fixed compensation to the Executive Committee of CHF 4.0 million from July 1, 2021 to June 30, 2022, with an additional amount of CHF 600 000 approved at the 2022 Annual General Meeting of Shareholders, for a total of CHF 4.6 million. The table below shows the reconciliation between the effective Executive Committee fixed compensation and the amount approved for this period.

July 1, 2021 – June 30, 2022

In CHF 000	Base salary	Pension	Other	Total	Approved Amount 2021 – 2022
Period Jul. 2021 – Jun. 2022	3 498	852	117	4 468	4 600

Current or former members of the Executive Committee did not receive any fees or other compensation for additional services to OC Oerlikon or its subsidiaries in the 2022 business year. Neither OC Oerlikon nor its subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or related parties in 2022 or 2021.

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

Equal Pay

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

To be updated in Feb

Report of the statutory auditor

to the General Meeting of OC Oerlikon Corporation AG

Pfäffikon

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of OC Oerlikon Corporation AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the section "Remuneration of Members of the Board of Directors from 1.1.2022 - 31.12.2022" labelled 'audited' on page 58 and section "Compensation Granted to Members of the EC" labelled 'audited' on page 64 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the accompanying remuneration report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

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

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

Other information

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

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

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

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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

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Board of Directors' responsibilities for the remuneration report

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

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

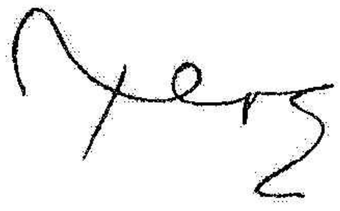
As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

PricewaterhouseCoopers AG



René Rausenberger

Licensed audit expert
Auditor in charge

Oliver Illa

Licensed audit expert

Zürich, 20 February 2023

Risk Management and Compliance

Oerlikon's Risk Management System

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

Objectives and Principles

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

Organization

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

- In accordance with Swiss stock corporation law, the Board of Directors has overall responsibility for supervising and monitoring risk management. Supported by the Audit & Finance Committee, it monitors the Group's risk profile on the basis of internal reporting. In addition, it reviews the Risk Management System's performance and effectiveness. The Board of Directors also uses internal auditing to fulfill and document its supervisory and monitoring duties.
- Pursuant to Oerlikon's Organizational and Governance Rules, the Chief Financial Officer (CFO), with the support of the Executive Committee, bears overall responsibility for structuring and implementing risk management (delegated management responsibility for risk management). He is responsible for revising the risk management directive, and also monitors the Group's risk profile and the implementation of risk mitigation actions.
- In accordance with the principle of risk ownership, the divisions and Group departments (assessment units) bear responsibility for risks and damage/losses in their respective areas. Each is responsible for the implementation of the risk management process. Each assessment unit has a risk management coordinator who coordinates the unit's activities with Group Risk Management. The assessment units conduct risk assessments, establish risk mitigation actions and report the results to Group Risk Management. They continuously monitor their risk profiles and report damage/losses to Group Risk Management.
- As process owner, Group Risk Management is tasked with the operation and further development of the Risk Management System. The Head of Group Risk Management assumes technical responsibility for risk management. Group Risk Management provides, among other things, methods and tools, supports the assessment units in conducting risk assessments and developing mitigation actions, and oversees the implementation of risk mitigation actions. Other responsibilities include calculating the total risk exposure and the risk-adjusted key performance indicators (KPIs), monitoring risk-bearing capacity, internal reporting, conducting internal audits and providing training with respect to the Risk Management System. Group Risk Management also coordinates the risk-related activities of other units as and when necessary. Central units and decentralized departments carry out certain risk-related activities. For example: Group Treasury (liquidity, foreign exchange and interest rate risks), Group Tax (tax risks), Group Legal Services (legal risks, compliance risks, including trade control), IT Security (IT risks), Security (security risks), and Insurance Management (insurable risks).

Process and Reporting

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

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Culture

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

Current Situation

Oerlikon operates in markets characterized by various uncertainties. The divisions have different risk profiles contingent upon strategy, the business model and operational implementation. From the perspective of the Group holding company, the following risks might impact Oerlikon's businesses and its performance:

Market Risks

- Economic slowdown and business cycles: As a result, order intake, sales and profitability could decrease. Such effects could be overlain and worsened due to global economic and geopolitical environment.
- Competition: Competition and overcapacity in various markets could exert pressure on prices or trigger a decline in orders. As a result, order intake, sales and profitability could decrease.
- Digitalization: Industry 4.0 could change the marketplace, and failing to adapt and to seize opportunities could further increase pressure from competition.
- E-mobility: The automotive industry is in a fundamental change from combustion engines toward electrical and digital mobility. Suppliers in the entire value chain will also be affected, and sales and profitability could decrease.
- Foreign currency effects (transaction and translation risk): Unfavorable currency developments, mainly with respect to the euro and US dollar, could trigger higher procurement costs and lower sales figures. In addition, profitability could decline as a result of local currencies being translated into the Group's reporting currency (the Swiss franc). The above-mentioned foreign currency effects could also be impacted by increasing inflation rates and corresponding monetary policy actions.
- Country risks: For example, geopolitical events, regulations, new or higher taxes and fees, currency appreciation or depreciation, higher interest rates, reduced growth, or loss of proprietary information (intellectual property) could cause sales to decline and costs to rise. As a result, profitability could decrease.

Credit Risks

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

Operational & Sustainability Risks

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

Compliance and Ethics

There is a Group-wide compliance function that focuses on compliance within the legal and regulatory spectrum and internal regulations, including the Group's ethical standards, by actively invoking its three-pillar framework to enhance compliance best practices such as prevention, detection and monitoring. Oerlikon focuses its preventive measures on training, communication and awareness.

The foundation of the compliance program was laid between 2009 and 2012 and has been enhanced year over year with a focus on key elements of an anti-bribery and anti-corruption framework compliance program, including a written Code of Conduct and the development of both electronic and face-to-face mandatory compliance training.

In 2020, Oerlikon updated its long-standing Code of Conduct and in 2022, it updated its Supplier Code of Conduct to ensure compliance with the German Supply Chain Act. Once again, its non-operational staff, have been invited to complete its mandatory electronic training. Face-to-face training for operational employees began in 2022 and will continue in 2023. Oerlikon continues to promote ethical behavioral aspects of leadership awareness while dealing with integrity issues. Oerlikon has done so by implementing and benefiting from its business partner integrity screening process.

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

In 2021, the Global Data Privacy and Compliance Officer focused on (i) enhancing the GDPR framework and optimizing the internal GDPR handling to align with the Privacy by Design principles and (ii) intensifying data protection trainings. New data protection guidance was issued and data protection processes were streamlined.

The implementation of the new EU legal requirements concerning the data transfers outside of the EEA, Switzerland and the UK to non-adequate countries and in particular the USA has been a top priority in 2021 and 2022.

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

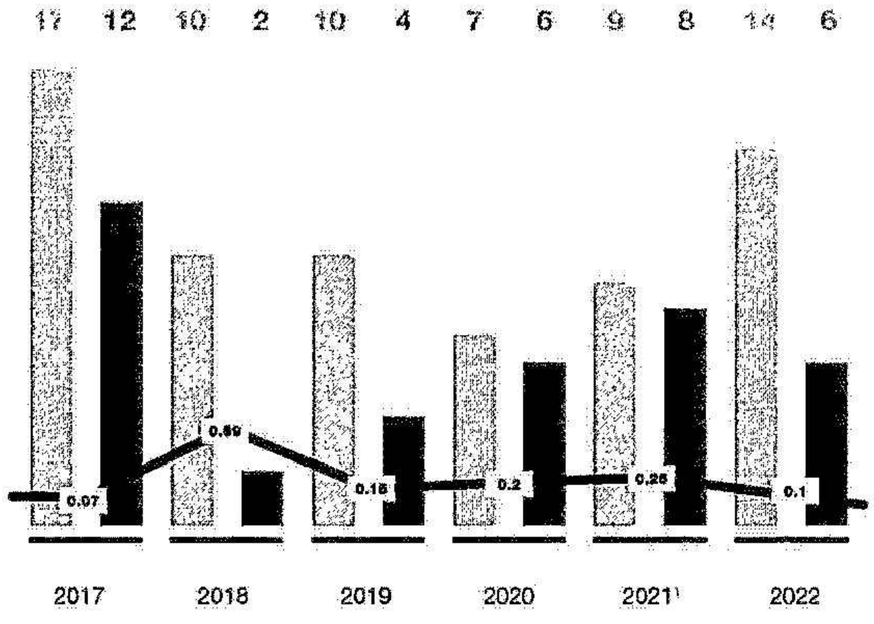
The Compliance program has a three-pillar framework:

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

Compliance Enforcement

Oerlikon's Compliance office and Internal Audit oversees the company's internal investigation protocol. As a result of this office's efforts, compliance breaches have been reduced by more than 40% from 2014 to 2021.

In 2022, Oerlikon received 14 complaints via the reporting hotline, which is intended primarily to alert management to anti-bribery and corruption issues, but which yielded information on additional topics as well. There were 6 substantiated cases: 6 related to incidents of Code of Conduct.

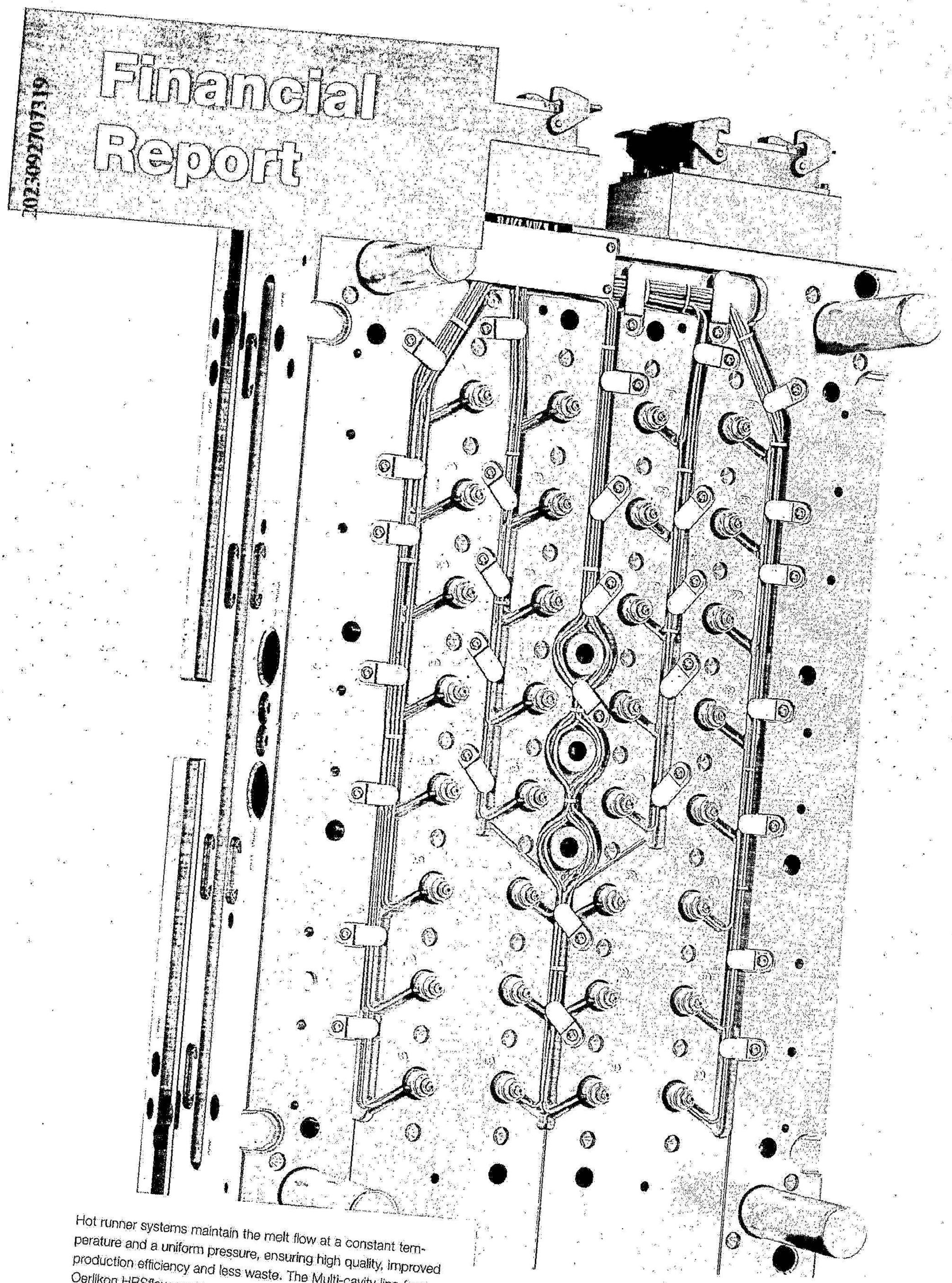


Compliance cases 2017–2022

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

[1] The damages incurred were all related to cyberfraud.

Financial Report



Hot runner systems maintain the melt flow at a constant temperature and a uniform pressure, ensuring high quality, improved production efficiency and less waste. The Multi-cavity line from Oerlikon HRSflow covers market segments such as medical technology, thin-walled packaging, beverages, and home goods, e.g. caps produced in multi-cavity moulds, as well as beauty and personal care and technical applications. The latest version of the system is highly reliable for processing even biopolymers and PCR compounds.

Information for Shareholders

Stock price performance

The Oerlikon stock price closed at CHF 6.06 at year-end 2022. This represents a 35% decrease in 2022. The total shareholder return, which takes into account stock price performance and reinvested dividends, amounted to -32% in 2022 and -3% since 2016.

2022 stock markets were negatively impacted by rising interest rates, inflation, geopolitical tensions (including the Russia-Ukraine conflict), supply chain shortages, and continued lockdowns related to COVID-19. The SMI Mid (SMIM) Index decreased by 28% and the STOXX Europe Total Market General Industrials Index decreased by 23% in 2022.

Oerlikon's stock price performance was broadly in-line with earlier cycle industrial stocks. From May 2022, key industrial indicators (e.g. manufacturing PMIs) across relevant markets have moved from expansion to contraction. Furthermore in China, a major geographical market for Oerlikon, market conditions for Oerlikon customers have weakened as 2022 progressed.

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

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

Stock Performance[1]

	2022	Since 2016
Oerlikon	-35%	-32%
SMIM Index	-28%	30%
STOXX Europe Total Market General Industrials	-23%	21%

[1] All indices in CHF for comparability reasons.

Total Shareholder Return (incl. Dividend)[1]

	2022	Since 2016
Oerlikon	-32%	-3%
SMIM Index	-26%	52%
STOXX Europe Total Market General Industrials	-23%	21%

[1] All indices in CHF for comparability reasons.

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Analyst Recommendations

As of the end of 2022, ten sell-side research analysts covered the Oerlikon stock, publishing regular research. Five analysts rated the stock as "buy", four as "hold" and one as "sell". The table below shows the analyst recommendations as per the end of 2022:

Broker	Recommendation [1]	Price Target
Baader Helvea	Sell	7.00
Credit Suisse	Buy	8.30
Deutsche Bank	Hold	9.00
Kepler Cheuvreux	Buy	9.00
Octavian	Buy	9.50
RBC Capital Markets	Buy	8.00
Stifel	Hold	8.50
UBS	Buy	10.20
Vontobel	Hold	7.20
ZKB	Hold	-

[1] Buy also includes outperform / overweight / add ratings; Hold also includes marketperform / equal weight / neutral ratings; Sell also includes underperform / under weight / reduce ratings

Dividend

The proposed 2022 dividend per share amounts to CHF 0.35 (2021: CHF 0.35) and will be paid in H1 2023 subject to approval at the Annual General Meeting (AGM). The proposed dividend represents a dividend yield of 5.8% based on the closing price of year-end 2022.

Oerlikon's dividend policy remains unchanged. The proposed dividend payout can be based on up to 50% of the Group's underlying net result and beyond after considering the Group's financial position and affordability from the balance sheet.

Yield

	2022	2021	2020	2019	2018	2017	2016
Year-end stock price	6.1	9.4	9.2	11.4	11.0	16.5	10.0
Year average stock price	7.2	10.1	8.2	11.4	14.7	13.2	9.3
Underlying earnings per share (undiluted) [1]	0.62	0.65	0.30	0.46	0.59	0.50	0.31
Ordinary dividend per share	0.35	0.35	0.35	0.35	0.35	0.35	0.30
Extraordinary dividend per share				0.65	0.65		
Dividend per Share	0.35	0.35	0.35	1.00	1.00	0.35	0.30
% of year-end price	5.8%	3.7%	3.8%	8.8%	9.1%	2.1%	3.0%
% of average price	4.9%	3.5%	4.3%	8.8%	6.8%	2.7%	3.2%
Ordinary as % of underlying EPS	56%	54%	117%	76%	59%	70%	97%

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

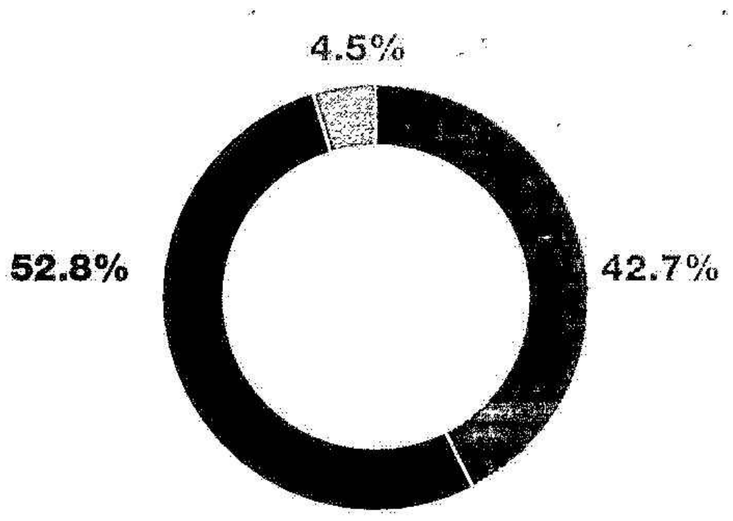
Shareholder Structure

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

Treasury shares of 15380434 accounted for 4.5% of the share capital (2021: 13119789). On November 4, 2022, Oerlikon completed its share buyback program launched on November 7, 2019. In total, Oerlikon repurchased 19672989 of its own shares, representing 5.8% of the share capital. Oerlikon intends to utilize the repurchased securities to finance potential inorganic growth and to fund its global long-term employee incentive program. Oerlikon used 3737187 treasury shares for inorganic growth in 2021.

Oerlikon's free float totaled 53% as of December 31, 2022.

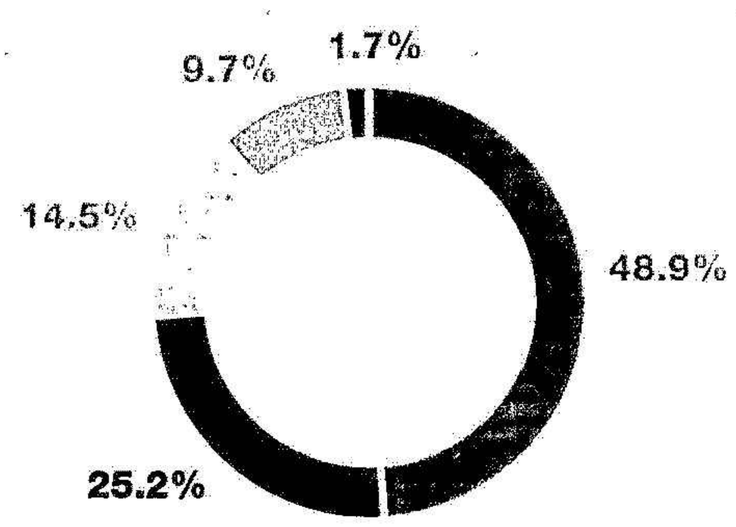
Oerlikon regularly commissions an analysis of its shareholder base in order to track the composition of registered shareholders as well as that of nonregistered shareholders. The latest study from year-end 2022 shows that the share capital held by private investors (retail) amounted to 13%. The other 87% is owned by professional investors, which include financial investors such as Liwet Holding AG and institutional investors, insurance companies and pension funds. The geographic distribution of the holdings of institutional investors was diversified, with Switzerland accounting for 49%, North America for 25%, continental Europe (excl. Switzerland) for 14% and the UK and Ireland representing 10%.



Shareholder Structure

- Liwet Holding AG[1]
- Free Float
- Treasury Shares

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



Regional Distribution of Institutional Investors

- Switzerland
- North America
- Continental Europe
- United Kingdom and Ireland
- Rest of World

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External Financing

Syndicated Credit Facility Agreements

On December 7, 2021, Oerlikon signed an agreement for an unsecured syndicated sustainability-linked credit facility amounting to CHF 600 million. The facility comprises a revolving credit facility and an ancillary credit facility with a five-year term and two optional one-year extensions. The first extension option was exercised in November 2022 for a total amount of CHF 491 million.

At the balance sheet date a total of CHF 25 million was drawn from the revolving credit facility.

In December 2022, Oerlikon signed a three-year unsecured term loan facility. The purpose of this facility is 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.

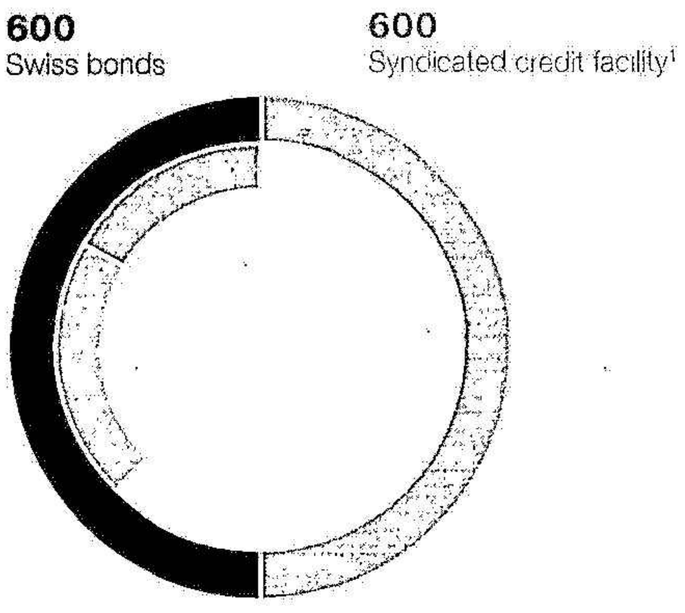
Cash and cash equivalents amounted to CHF 463 million at the balance sheet date. The Group had total net debt of CHF 471 million as of December 31, 2022.

Capital Market Bonds and Other Debt Instruments

In 2022, Oerlikon redeemed a CHF 125 million senior unsecured Swiss bond at maturity on November 25. The remaining bonds outstanding at the balance sheet date amount to a total of CHF 600 million and will mature in 2024, 2025 and 2028 respectively. No new instruments were issued in debt capital markets in 2022.

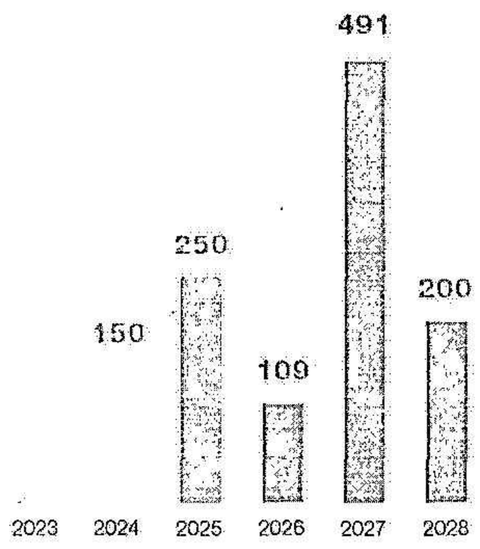
At the 2022 balance sheet date, the Group had loans and borrowings amounting to CHF 755 million, attributable primarily to the three outstanding domestic bonds (CHF 600 million) and drawings from bilateral credit lines (CHF 118 million).

The creditworthiness of the domestic bonds were BBB– as assessed by UBS, BBB as assessed by Zürcher Kantonalbank, low BBB as assessed by Credit Suisse and Baa– as assessed by fedafin (all investment grade). All assessments remained unchanged. The Group also had total current and non-current lease liabilities of CHF 192 million as of December 31, 2022.



Financing Instruments
as of December 31, 2022

□ Syndicated credit facility CHF 600 million
[1] Total drawings amounted to CHF 25 million at the balance sheet date
■ Swiss bonds CHF 600 million



Maturity of Financing Instruments
as of December 31, 2022

□ Syndicated credit facility CHF 600 million
□ Swiss bonds CHF 600 million

Outstanding Bonds as of December 31, 2022

ISIN	Coupon	Maturity	Volume	Issue price	Price as of Dec. 31, 2022[1]	Price as of Dec. 31, 2021[1]
CH0244692536	2.625%	June 17, 2024, redemption at par	CHF 150 million	100.000%	100.10%	106.05%
CH1112455790	0.375%	November 27, 2025, redemption at par	CHF 250 million	100.078%	93.60%	100.50%
CH1112455808	0.800%	November 27, 2028, redemption at par	CHF 200 million	100.091%	87.55%	101.55%

[1] The market values of the bonds are based on quotes provided by Refinitiv.

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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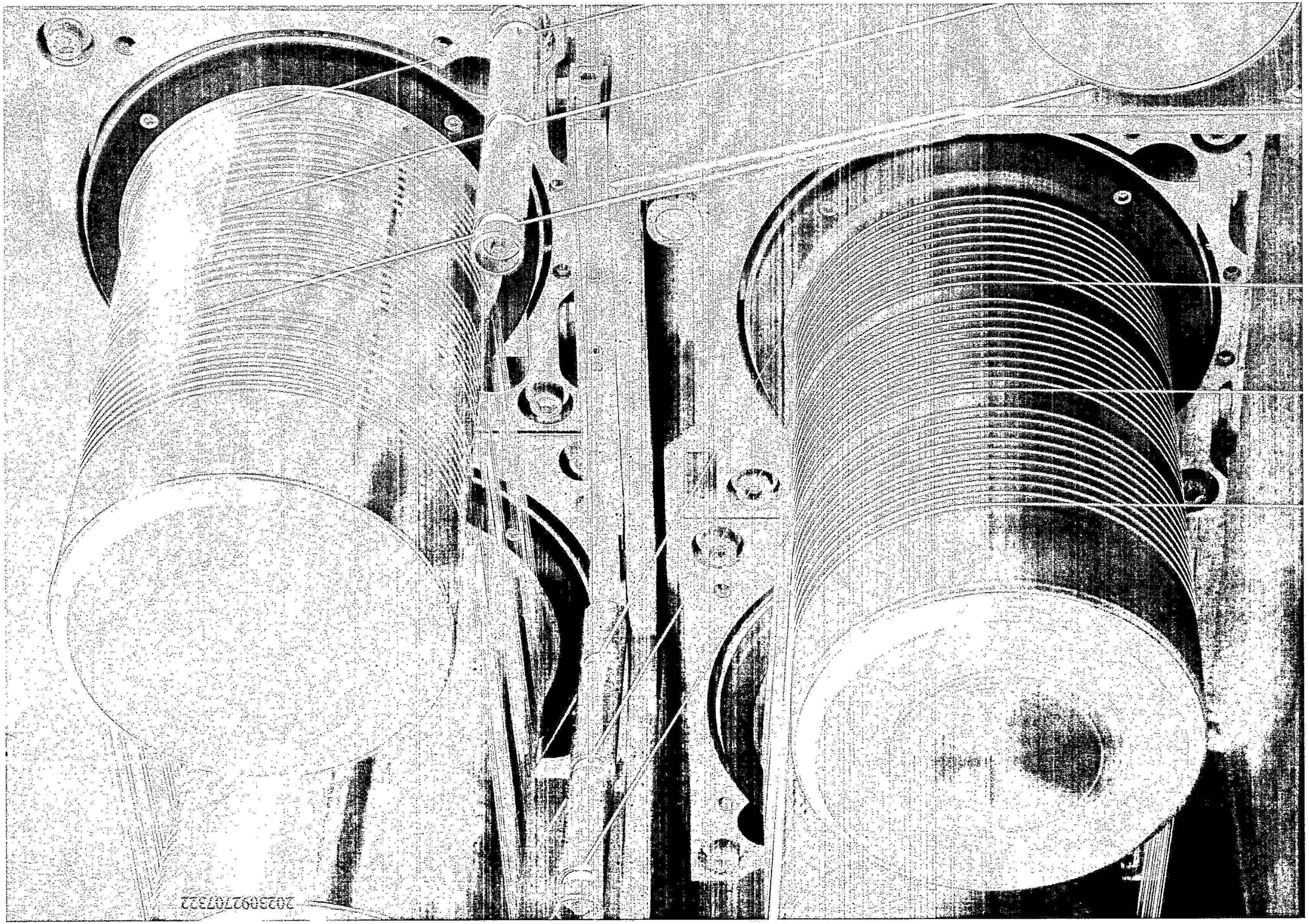

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Key Figures Oerlikon Group

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.

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Key Figures by Division

in CHF million	January 1 to December 31, 2022	January 1 to December 31, 2021
Oerlikon Group[1]		
Order intake	2990	2797
Order backlog	782	736
Sales	2909	2649
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	2063	2204
Number of employees (full-time equivalents)	12184	11808
Surface Solutions Division		
Order intake	1418	1345
Order backlog	206	178
Sales	1392	1290
– thereof sales to third parties	1384	1283
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	1551	1629
Number of employees (full-time equivalents)	7519	7250
Polymer Processing Solutions Division		
Order intake	1572	1452
Order backlog	576	558
Sales	1525	1366
– thereof sales to third parties	1525	1366
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)	4329	4218

[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		1989	1731
Services rendered		920	918
Total sales	3	**2909**	**2649**
Cost of sales		–2178	–1903
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		**1597**	**1734**
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	1445	1538
Post-employment benefit assets	13	–	58
Deferred tax assets	7	117	145
Non-current contract assets	3	6	5
Non-current assets		**2339**	**2607**
Total assets		**3937**	**4341**

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		**1462**	**1522**
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		**1158**	**1351**
Total liabilities		**2620**	**2873**
Share capital		340	340
Treasury shares		–134	–120
Retained earnings and reserves		1069	1204
Equity attributable to shareholders of the parent		**1274**	**1424**
Non-controlling interests		42	45
Total equity		**1316**	**1469**
Total liabilities and equity		**3937**	**4341**

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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**	**1324**	**28**	**1352**
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**	**1424**	**45**	**1469**
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**	**1274**	**42**	**1316**

[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").

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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**	**1384**	–	–	–	–	**1384**
	EBITDA	**247**	–3	–17	–	–	**226**
	EBIT	**96**	–3	–39	–	–	**54**
Polymer Processing Solutions Division	**Sales**	**1525**	–	–	–	–	**1525**
	EBITDA	**244**	–51	–	–	**–1**	**193**
	EBIT	**187**	–51	–	–	–1	**135**
Total Divisions	**Sales**	**2909**	–	–	–	–	**2909**
	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**	**2909**	–	–	–	–	**2909**
	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**	**1283**	–	–	–	–	**1283**
	EBITDA	**236**	3	–5	–	–1	**232**
	EBIT	**81**	3	–9	–8	–1	**66**
Polymer Processing Solutions Division	**Sales**	**1366**	–	–	–	–	**1366**
	EBITDA	**213**	–1	–	–	–4	**208**
	EBIT	**163**	–1	–	–	–4	**158**
Total Divisions	**Sales**	**2649**	–	–	–	–	**2649**
	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**	**2649**	–	–	–	–	**2649**
	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		**1418**	**1345**	**1572**	**1452**	**2990**	**2797**
Order backlog		**206**	**178**	**576**	**558**	**782**	**736**
Sales							
Sales to third parties		1384	1283	1525	1366	2909	2649
Sales to other divisions		8	7	–	–	8	7
Eliminations		–8	–7	–	–	–8	–7
		1384	**1283**	**1525**	**1366**	**2909**	**2649**
Sales to third parties by market region[4]							
Asia/Pacific		449	430	1145	1082	1595	1512
Europe		605	585	203	198	808	784
Americas		330	268	177	85	507	353
		1384	**1283**	**1525**	**1366**	**2909**	**2649**
Sales to third parties by location[4]							
Asia/Pacific		**389**	**374**	**628**	**517**	**1017**	**891**
thereof	China	137	137	607	499	745	636
Europe		**660**	**634**	**841**	**810**	**1500**	**1444**
thereof	Switzerland/Liechtenstein	119	117	–	–	119	117
	Germany	307	299	755	736	1063	1036
Americas		**335**	**276**	**57**	**39**	**392**	**315**
thereof	USA	277	225	52	36	329	262
		1384	**1283**	**1525**	**1366**	**2909**	**2649**
Timing of revenue recognition							
At a point in time		1384	1283	798	527	2182	1810
Transferred over time		–	–	728	839	728	839
		1384	**1283**	**1525**	**1366**	**2909**	**2649**
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]	1848	1923	1344	1447	3192	3370
Operating liabilities[3]	–297	–295	–900	–984	–1197	–1279
	1551	**1629**	**444**	**463**	**1995**	**2091**

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	1775	1767	1672	1722	3446	3488
Europe	4111	3968	2474	2334	6585	6301
Americas	1634	1516	183	163	1817	1679
	7519	**7250**	**4329**	**4218**	**11848**	**11469**

	Group/ Eliminations		Total from continuing operations	
	2022	2021	**2022**	2021
	–	**–**	**2990**	**2797**
	–	**–**	**782**	**736**
	–	–	2909	2649
	–8	–7	–	–
	8	7	–	–
	–	**–**	**2909**	**2649**
	–	–	1595	1512
	–	–	808	784
	–	–	507	353
	–	**–**	**2909**	**2649**
	–	**–**	**1017**	**891**
	–	–	745	636
	–	**–**	**1500**	**1444**
	–	–	119	117
	–	–	1063	1036
	–	**–**	**392**	**315**
	–	–	329	262
	–	**–**	**2909**	**2649**
	–	–	2182	1810
	–	–	728	839
	–	**–**	**2909**	**2649**
	–	–	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	3304	3525
	–44	–42	–1241	–1321
	68	**113**	**2063**	**2204**
	31.12.22	31.12.21	**31.12.22**	31.12.21
	54	–	3500	3488
	282	340	6867	6641
	–	–	1817	1679
	336	**340**	**12184**	**11808**

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

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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

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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.)

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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	**1384**	**1283**	**1525**	**1366**	**2909**	**2649**

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).

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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.

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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.

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.

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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.

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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**

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Right-of-use assets

Note 11 (cont.)

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	2190
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	2125
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	1538
Net book values at December 31, 2022	**785**	**161**	**91**	**407**	**1445**

[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	1748
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	2190
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	1135
Net book values at December 31, 2021	**815**	**167**	**100**	**456**	**1538**

[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).

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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:

				2022				2021
In CHF million	**Total**	Quoted	Unquoted	**%**	**Total**	Quoted	Unquoted	%
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			**2022**			2021
In percentage	**Germany**	**USA**	**Switzerland/ FL**	Germany	USA	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			**2022**			2021
In years	**Germany**	**USA**	**Switzerland/ FL**	Germany	USA	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

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

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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.

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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 financial assts/liabilities**	Non-financial assets/liabilities	**Total balance sheet position**	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.

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Financial instruments

Note 15 (cont.)

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

	2022		2021	
in CHF million	**Gross amount**	**Value adjustment**	Gross amount	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:

			2022			
in CHF million	**Carrying amount**	**Contractual cash flow**	**within 1 year**	**1 to 5 years**	**more than 5 years**	**of which secured**
Trade payables	400	400	400	–	–	–
Current and non-current financial liabilities	755	782	159	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	**1534**	**1610**	**755**	**523**	**313**	**–**
Foreign exchange contracts used for hedging	6	1416	1395	21	–	–
– thereof: for hedging fx-outflows (notional value)	–	978	978	–	–	–
– thereof: for hedging fx-inflows (notional value)	–	438	417	21	–	–
Derivative financial instruments[1]	**6**	**1416**	**1395**	**21**	**–**	**–**
Total	**1540**	**3026**	**2170**	**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

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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	3937	4341
Equity attributable to shareholders of the parent	1274	1424
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.

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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 (Non-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 All 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.

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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	500 000	100.00	5
Austria	Oerlikon Balzers Coating Austria GmbH, Kapfenberg/AT	EUR	350 000	100.00	143
Austria	OT Textile Verwaltungs GmbH, Kapfenberg/AT	EUR	35 000	100.00	–
Belgium	Oerlikon Balzers Coating Benelux N.V., St.-Truiden/BE	EUR	620 000	100.00	45
Brazil	H.R.S. Flow do Brasil Comércio de Sistemas de Câmara Quente Importação e Exportação Ltda., São Paulo, SP/BR	BRL	5 225 000	100.00	17
Brazil	Oerlikon Balzers Revestimentos Metálicos Ltda., Jundiaí, SP/BR	BRL	31 343 200	99.99	142
Brazil	Oerlikon Friction Systems do Brasil Ltda., Diadema, SP/BR	BRL	4 418 300	100.00	20
Canada	HRS Hot Runner Systems NA Inc., Halifax, NS/CA	CAD	487 000	100.00	31
Canada	Oerlikon Metco (Canada) Inc., Fort Saskatchewan, AB/CA	CAD	100	100.00	73
China	HRS (Hangzhou) Trading Co. Ltd., Hangzhou/CN	CNY	2 000 000	100.00	–
China	HRS (Hong Kong) Limited, Hong Kong/CN	HKD	10 000	100.00	–
China	INglass Tooling & Hot Runner Manufacturing (China) Co., Ltd., Hangzhou/CN	EUR	10 800 000	100.00	436
China	Oerlikon (China) Technology Co. Ltd., Suzhou/CN	USD	30 000 000	100.00	433
China	Oerlikon Balzers Coating (Suzhou) Co. Ltd., Suzhou/CN	USD	6 150 000	100.00	413
China	Oerlikon Barmag Huitong (Yangzhou) Engineering Co. Ltd., Yangzhou/CN	CNY	100 000 000	60.00	111
China	Oerlikon Chemical Fiber Machinery (Wuxi) Co., Ltd., Wuxi/CN	CNY	21 011 000	100.00	–
China	Oerlikon Metco Surface Technology (Shanghai) Co. Ltd., Shanghai/CN	CHF	9 500 000	100.00	278
China	Oerlikon Textile China Investments Ltd., Hong Kong/CN	HKD	266 052 500	100.00	–
China	Oerlikon Textile Far East Ltd., Hong Kong/CN	HKD	100 000	100.00	–
China	Oerlikon Textile Machinery (Wuxi) Co. Ltd., Wuxi/CN	USD	7 000 000	100.00	191
China	Oerlikon Textile Technology (Beijing) Co. Ltd., Beijing/CN	USD	1 112 200	100.00	246
China	Zigong Golden China Specialty Carbides Co., Ltd., Zigong/CN	CNY	10 000 000	60.00	56
Finland	Oerlikon Balzers Coating Finland Oy, Helsinki/FI	EUR	2 500	100.00	34
France	HRS France S.à r.l., Bonchamp-lès-Laval/FR	EUR	710 000	100.00	3
France	Oerlikon Balzers France SAS, Ferrières-en-Brie/FR	EUR	4 900 000	100.00	184
France	SAS COEURDOR, Maîche (Belfort)/FR	EUR	1 010 700	85.01	151
Germany	Dr. Schippers Unterstützungskasse GmbH, Remscheid/DE	EUR	26 000	100.00	–
Germany	HRSflow GmbH, Raunheim/DE	EUR	25 000	100.00	21
Germany	Oerlikon AM Europe GmbH, Feldkirchen/DE	EUR	51 000	100.00	193
Germany	Oerlikon Balzers Coating Germany GmbH, Bingen/DE	EUR	511 300	100.00	778
Germany	Oerlikon Business Services GmbH, Remscheid/DE	EUR	25 000	100.00	27
Germany	Oerlikon Coating Services GmbH, Langenfeld/DE (formerly: Oerlikon Metco Coating Services GmbH, Langenfeld/DE)	EUR	1 533 900	100.00	129
Germany	Oerlikon Deutschland Holding GmbH, Remscheid/DE	EUR	30 680 000	100.00	–
Germany	Oerlikon Friction Systems (Germany) GmbH, Bremen/DE	EUR	1 000 000	100.00	94
Germany	Oerlikon Metaplas GmbH, Salzgitter/DE	EUR	1 000 000	100.00	122
Germany	Oerlikon Metco Europe GmbH, Raunheim/DE	EUR	1 000 000	100.00	88
Germany	Oerlikon Metco WOKA GmbH, Barchfeld/DE	EUR	1 000 000	100.00	125
Germany	Oerlikon Surface Solutions Holding GmbH, Raunheim/DE	EUR	17 345 100	100.00	–
Germany	Oerlikon Textile GmbH & Co. KG, Remscheid/DE	EUR	41 000 000	100.00	2 009
Germany	Oerlikon Vermögens-Verwaltungs GmbH, Remscheid/DE	EUR	25 000	100.00	–
Germany	W. Reiners Verwaltungs-GmbH, Remscheid/DE	EUR	38 346 900	100.00	–
Great Britain	Oerlikon Balzers Coating UK Ltd., Milton Keynes/GB	GBP	2 000 000	100.00	54
Great Britain	Oerlikon Metco (UK) Ltd., Cwmbran/GB	GBP	500 000	100.00	16
Great Britain	Oerlikon Metco Coatings Ltd., Dukinfield/GB	GBP	57 100	100.00	28
Great Britain	Oerlikon Neomet Ltd., Stockport/GB	GBP	292 700	100.00	22
Hungary	Oerlikon Eldim (HU) Kft., Debrecen/HU	HUF	161 000 000	100.00	164
India	HRS Flow India Private Limited, Pune/IN	INR	5 000 000	100.00	95
India	Oerlikon Balzers Coating India Ltd., Pune/IN	INR	70 000 000	100.00	360
India	Oerlikon Friction Systems (India) Ltd., Chennai/IN	INR	7 100 000	100 00	92
India	Oerlikon Textile India Pvt. Ltd., Mumbai/IN	INR	57 360 000	100.00	194
Italy	FCM S.p.A., Campi Bisenzio (FI)/IT	EUR	50 000	68.00	21
Italy	FIR. Parts S.r.l., Milano/IT	EUR	10 000	85.01	–
Italy	INglass S.p.A., San Polo di Piave/IT	EUR	2 750 000	100.00	347
Italy	Mercurio S.r.l, Milano/IT	EUR	10 000	85.01	1
Italy	Oerlikon Balzers Coating Italy S.p.A., Brugherio/IT	EUR	129 100	100.00	97
Italy	Oerlikon Friction Systems (Italia) S.r.l., Caivano/IT	EUR	250 000	100.00	43
Italy	Teknoweb Materials S.r.l., Palazzo Pignano/IT	EUR	20 000	66.90	41
Japan	HRS JAPAN Co. Ltd, Tokyo/JP	JPY	80 000 000	100.00	7
Japan	Oerlikon Japan Co., Ltd., Hiratsuka/JP	JPY	100 000 000	100.00	239
Liechtenstein	OC Oerlikon Balzers AG, Balzers/LI	CHF	1 000 000	100.00	67
Liechtenstein	Oerlikon Balzers Coating AG, Balzers/LI	CHF	1 000 000	100.00	207
Luxembourg	Oerlikon Balzers Coating Luxembourg S.à.r.l., Differdange-Niederkorn/LU	EUR	1 000 000	60.00	20

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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.

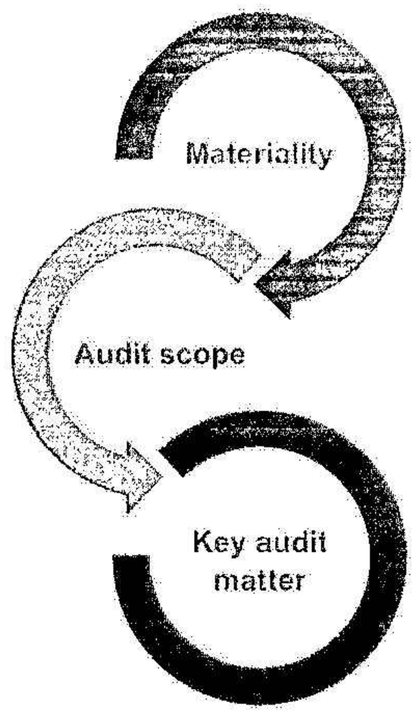
Basis for opinion

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.

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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.

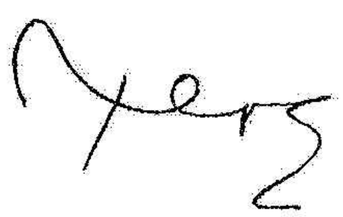
A more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERTsuisse website: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an *integral part of our report.*

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

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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**

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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	1916	1876
Non-current assets		**2311**	**2291**
Total assets		**3110**	**3193**

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		**1570**	**1615**
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		**1539**	**1577**
Total liabilities and equity		**3110**	**3193**

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

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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 339 758 576 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	119 709 590	13 119 789	–	–	–
Acquisitions	19 829 182	2 840 552	6.801	7.310	6.981
Allocation to Board members	–719 486	–78 853	–	–	9.124
Allocation to management	–4 566 726	–501 054	–	–	9.114
Balance at December 31, 2022	134 252 560	15 380 434	–	–	–

in CHF	Amount	Number of treasury shares	Lowest rate	Highest rate	Average rate of treasury shares
Balance at January 1, 2021	122 630 481	13 936 546	–	–	–
Acquisitions	32 024 747	3 158 313	9.978	10.770	10.140
Sales	-32 895 467	-3 737 187	8.802	8.802	8.802
Allocation to board members	–924 083	–105 019	–	–	8.799
Allocation to management	–1 125 814	–132 864	–	–	8.473
Balance at December 31, 2021	119709590	13 119 789	–	–	–

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
Phillipp 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.

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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**	**1852**
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**	**1455**
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**	**1577**
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**	**1539**

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

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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.

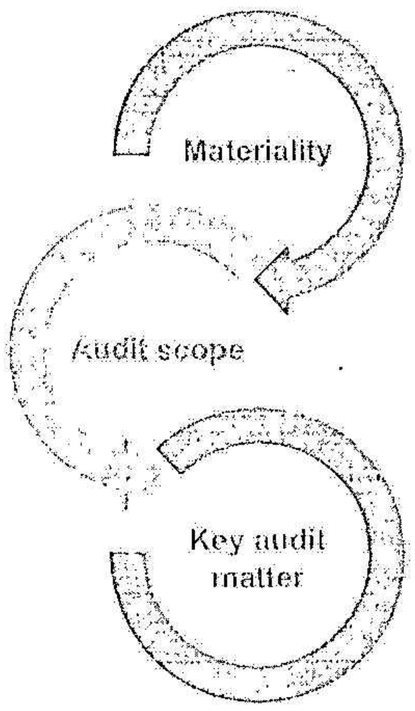
Basis for opinion

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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Telefon: +41 58 792 44 00, www.pwc.ch

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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.

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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.

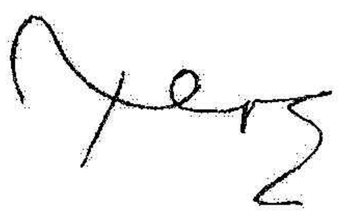
A more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an integral part of our report.

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

Licensed audit expert
Auditor in charge

Oliver Illa

Licensed audit expert

Zürich, 20 February 2023

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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., Boncharnp-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

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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

Glossary

General

AGM	Annual General Meeting of Shareholders
CAGR	Compound Annual Growth Rate is an annual growth rate over a period of years, where each year's growth is included in the following year to generate further growth.
CAPEX	Capital expenditure are funds used by a company to acquire, upgrade and maintain physical assets such as property, industrial buildings or equipment.
climate-friendly	Not harmful to the environment, especially because of not making climate change worse by producing carbon dioxide or other greenhouse gases.
COVID-19	Coronavirus disease 2019, caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
DEI	DEI stands for diversity, equity and inclusion. Diversity is the presence of differences within a given setting. Equity is the process of ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual. Inclusion is the practice of ensuring that people feel a sense of belonging in the workplace.
EBIT(DA)	Earnings before interest and tax (depreciation and amortization)
EcoVadis	EcoVadis is the world's most trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chain.
EnMS	ISO-50001-certified or Oerlikon defined Energy Management System (EnMS).
ESG	Environmental, Social and Corporate Governance, factors to measure the sustainability and societal impact of a company.
FTE	Full time equivalent; indicates the workload of an employed person. An FTE of 1.0 is equivalent to a full-time worker.
IIoT	The Industrial Internet of Things connects and synchronizes systems and devices with computers' industrial applications, enabling intelligent industrial operations using advanced data analytics.
KPI	Key performance indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives.
LTA	Lost time accident; accident causing an absence of personnel for one or more days or shifts.
MSCI World/Aero & Defense	The MSCI World Aerospace and Defense Index is composed of large and mid-cap stocks across 23 Developed Markets countries.
OEM	Original Equipment Manufacturer
OOE	Oerlikon Operational Excellence
ROCE	Return on capital employed is a ratio used as a measurement between earnings and the amount invested into a project or company.
Scope 3	Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.
SMI	Swiss Market Index: Switzerland's blue-chip stock market index. It is made up of 20 of the largest and most liquid Swiss Performance Index (SPI) large- and mid-cap stocks.
SMIM	Swiss Market Index Mid: consists of 30 biggest mid-cap Swiss companies which are not already covered in the SMI.
STOXX Europe 600 Auto & Parts EUR	STOXX Europe 600 Automobiles & Parts; a version of the STOXX Europe 600, a stock index of European stocks designed by STOXX Ltd with a fix number of 600 components
STOXX Europe 600 IndGd & Ser EUR	STOXX Europe 600 Industrial Goods & Services; a version of the STOXX Europe 600, a stock index of European stocks designed by STOXX Ltd with a fix number of 600 components
TAFR	Total Accident Frequency Rate

Surface Solutions Division

AM	Additive manufacturing is a manufacturing process to create three-dimensional (3D) solid objects by laying down a series of layers in succession ("3D printing"). Different metals, plastics and composites are available as materials.
BALINIT DURANA	BALINIT DURANA is a coating with a combination of AlTiN-based and TiSiXN layers developed for demanding machining tasks such as bevel gear cutting.
BALINIT CROMA PLUS	Coating solution for plastics processing, even for large components. Ideal coatings for PVC window frame and plastic extrusion, and for rubber processing.
BALDIA	BALDIA is a portfolio of diamond coatings that is tailored to cut highly abrasive special materials.
BALORA	BALORA is a coating solution portfolio for applications in high-temperature environments, such as in the aerospace and power generation industries.
BALORA PVD MCrAlY	BALORA PVD MCrAlY, represents the next generation of high-density MCrAlY coatings, which use Oerlikon Balzers' proven PVD Arc surface and equipment technologies to form an outstanding barrier against oxidation and hot corrosion inside the hot section of turbines.
BALINIT FUTURA NANO	Titanium aluminium nitride (TiAlN) based coating solution for metal forming and precision components.
INUBIA	Oerlikon Balzers fully-integrated and automated solution for high-volume plastic metallisation providing sustainable coatings based on the ePD technology, fully coatings in accordance with automotive specifications.

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SCOPERTA Rapid Alloy Development	Scoperta™ is a computational alloy development process which is a powerful analytical tool used to quickly create revolutionary alloy products for our customers.
SinplexPro 03C	Leading cascading arc technology, the SinplexPro 03C spray gun is designed for controlled atmosphere plasma spray and delivers exceptional benefits such as significantly reduced energy consumption and longer spray campaigns without process drift.
SOFC	A solid oxide fuel cell (or SOFC) is an electrochemical conversion device that produces electricity directly from oxidizing a fuel. Fuel cells are characterized by their electrolyte material; the SOFC has a solid oxide or ceramic electrolyte.
primeGear	primeGear is a customised and integrated service to optimize gear cutting tool performance consisting of detailed analysis, consultation and tailored solutions for production. From treating tools and establishing optimal machining/ environmental conditions to the basic materials and designs.

Polymer Processing Solutions Division

Geotextile	Extremely tear resistant and often simultaneously very extensible spunbond solution used in a layer to protect or hold in place soil, water, small pieces of stone. Geotextiles can also be made out of Industrial Yarn (IDY).
eAFK EVO	3- and 4-deck texturing solution launched by Oerlikon Barmag.
Doffing System	The doffing system is the first handling step for winders. Fully automated, it is directly connected to the production machines to achieve maximum production efficiency and can match the needs of different winder types.
HRSCool Evo	Designed for thermal insulation optimization, it avoids cooling for the most common automotive applications
Manmade fibers	Synthetic fibers
Meltblown	Meltblown is a process in which non-woven fabrics are produced directly from granules. A special spinning process combined with high-speed hot air is used to produce fine-fiber fabrics with different structures.
Nonwoven	A nonwoven fabric is a structure made of fibers of limited length, continuous fibers (filaments) or chopped yarns of any kind that have been bonded together.
P&G / Phantom technology	A production process where disposable substrates are created by combining spunbound and / or meltbown with fluff pulp in a single step, making it significantly simpler than complex card and spunlace systems.
PET	Polyethylene terephthalate (PET) is a thermoplastic from the polyester family produced by polycondensation.
Polymer	A polymer is a chemical substance consisting of macromolecules. Synthetic or semi-synthetic polymers are the main components for the production of plastics.
Polymer Flow Control	Polymer Flow Control components regulate and control the melt flow within the polymer processing.
Smart Factory	Automated and digitalized Industry 4.0 solutions for the production of manmade fibers.

This annual report is only available in English and is the binding version.

Disclaimer and cautionary statements

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