

# SIKA BUSINESS YEAR 2023

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**BUILDING TRUST**



# FINANCIAL REPORT

Sika profits from a solid balance sheet and a strong A- credit rating.

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GROSS RESULT

+16.3%

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OPERATING FREE CASH FLOW  
IN CHF MILLION

1,372.7

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# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT for the year ended December 31

| in CHF mn  | Notes     | %            | 2022            | %            | 2023            | Change<br>in % |
|--|-----------|--------------|-----------------|--------------|-----------------|----------------|
| <b>Net sales</b>                                 | 1, 2      | <b>100.0</b> | <b>10,491.8</b> | <b>100.0</b> | <b>11,238.6</b> | <b>7.1</b>     |
| Material expenses                                | 3         | -50.6        | -5,312.0        | -46.4        | -5,213.8        |                |
| <b>Gross result</b>                              |           | <b>49.4</b>  | <b>5,179.8</b>  | <b>53.6</b>  | <b>6,024.8</b>  | <b>16.3</b>    |
| Personnel expenses                               | 4         | -16.3        | -1,710.5        | -17.8        | -2,006.8        |                |
| Other operating expenses                         | 5         | -14.4        | -1,505.1        | -17.6        | -1,973.3        |                |
| <b>Operating profit before depreciation</b>      |           | <b>18.7</b>  | <b>1,964.2</b>  | <b>18.2</b>  | <b>2,044.7</b>  | <b>4.1</b>     |
| Depreciation and amortization expenses           | 2, 15, 16 | -3.6         | -384.5          | -4.3         | -485.3          |                |
| Impairment                                       | 2, 15, 16 | 0.0          | 0.0             | -0.1         | -10.3           |                |
| <b>Operating profit</b>                          | 2         | <b>15.1</b>  | <b>1,579.7</b>  | <b>13.8</b>  | <b>1,549.1</b>  | <b>-1.9</b>    |
| Interest income                                  | 7         | 0.2          | 19.0            | 0.3          | 30.9            |                |
| Interest expenses                                | 6         | -0.6         | -59.4           | -1.5         | -165.7          |                |
| Other financial income                           |           | 0.1          | 6.9             | 0.1          | 7.3             |                |
| Other financial expenses                         | 6         | -0.5         | -48.4           | -0.8         | -86.3           |                |
| Income from associated companies                 | 7, 17     | 0.0          | 0.4             | 0.0          | 1.1             |                |
| <b>Profit before taxes</b>                       |           | <b>14.3</b>  | <b>1,498.2</b>  | <b>11.9</b>  | <b>1,336.4</b>  | <b>-10.8</b>   |
| Income taxes                                     | 8         | -3.2         | -335.7          | -2.4         | -273.8          |                |
| <b>Net profit</b>                                |           | <b>11.1</b>  | <b>1,162.5</b>  | <b>9.5</b>   | <b>1,062.6</b>  | <b>-8.6</b>    |
| Profit attributable to Sika shareholders         |           | 11.1         | 1,162.5         | 9.5          | 1,062.0         |                |
| Profit attributable to non-controlling interests | 24        | 0.0          | 0.0             | 0.0          | 0.6             |                |
| Basic earnings per share (in CHF)                | 9         |              | 7.57            |              | 6.82            | -9.9           |
| Diluted earnings per share (in CHF)              | 9         |              | 7.29            |              | 6.65            | -8.8           |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended December 31

| in CHF mn  | Notes | %           | 2022           | %           | 2023           | Change<br>in % |
|--|-------|-------------|----------------|-------------|----------------|----------------|
| <b>Net profit</b>  |       | <b>11.1</b> | <b>1,162.5</b> | <b>9.5</b>  | <b>1,062.6</b> | <b>-8.6</b>    |
| Remeasurements of defined benefit plans                                  | 22    | -0.7        | -74.7          | 0.5         | 53.7           |                |
| Income tax effect  | 8     | 0.1         | 7.3            | -0.1        | -8.2           |                |
| <b>Items that will not be reclassified to profit or loss</b>             |       | <b>-0.6</b> | <b>-67.4</b>   | <b>0.4</b>  | <b>45.5</b>    |                |
| Exchange differences taken to equity                                     |       | -2.3        | -237.2         | -7.2        | -806.7         |                |
| Income tax effect  | 8     | 0.0         | 2.2            | 0.0         | 5.4            |                |
| <b>Items that may be reclassified subsequently to<br/>profit or loss</b> |       | <b>-2.2</b> | <b>-235.0</b>  | <b>-7.1</b> | <b>-801.3</b>  |                |
| <b>Other comprehensive income</b>  |       | <b>-2.9</b> | <b>-302.4</b>  | <b>-6.8</b> | <b>-755.8</b>  |                |
| <b>Comprehensive income</b>  |       | <b>8.2</b>  | <b>860.1</b>   | <b>2.7</b>  | <b>306.8</b>   | <b>-64.3</b>   |
| Attributable to Sika shareholders  |       | 8.2         | 859.8          | 2.7         | 307.2          |                |
| Attributable to non-controlling interests                                | 24    | 0.0         | 0.3            | 0.0         | -0.4           |                |

## CONSOLIDATED BALANCE SHEET as at December 31

| in CHF mn                                       | Notes  | 2022            | 2023            |
|---|--------|-----------------|-----------------|
| Cash and cash equivalents                       | 10, 26 | 1,873.3         | 643.9           |
| Accounts receivable                             | 11, 26 | 1,719.6         | 2,009.1         |
| Inventories                                     | 12     | 1,212.8         | 1,240.7         |
| Prepaid expenses and accrued income             | 13     | 190.1           | 243.8           |
| Other assets                                    | 14, 26 | 25.5            | 63.8            |
| <b>Current assets</b>                           |        | <b>5,021.3</b>  | <b>4,201.3</b>  |
| Property, plant, and equipment                  | 15     | 1,822.3         | 2,257.3         |
| Intangible assets and goodwill                  | 16     | 4,229.1         | 8,223.6         |
| Investments in associated companies             | 17     | 9.5             | 19.1            |
| Deferred tax assets                             | 8      | 144.8           | 188.6           |
| Other assets                                    | 14, 26 | 92.2            | 160.8           |
| <b>Non-current assets</b>                       |        | <b>6,297.9</b>  | <b>10,849.4</b> |
| <b>ASSETS</b>                                   |        | <b>11,319.2</b> | <b>15,050.7</b> |
| Accounts payable                                | 18, 26 | 1,016.6         | 1,108.2         |
| Accrued expenses and deferred income            | 19     | 489.0           | 678.2           |
| Financial liabilities                           | 20, 26 | 303.0           | 1,217.9         |
| Income tax liabilities                          |        | 205.9           | 365.4           |
| Provisions                                      | 21     | 26.9            | 46.3            |
| <b>Current liabilities</b>                      |        | <b>2,041.4</b>  | <b>3,416.0</b>  |
| Financial liabilities                           | 20, 26 | 3,634.2         | 4,732.0         |
| Provisions                                      | 21     | 78.0            | 200.5           |
| Deferred tax liabilities                        | 8      | 322.5           | 404.7           |
| Employee benefit obligations                    | 22     | 239.9           | 328.6           |
| Other liabilities                               | 23     | 36.1            | 35.7            |
| <b>Non-current liabilities</b>                  |        | <b>4,310.7</b>  | <b>5,701.5</b>  |
| <b>LIABILITIES</b>                              |        | <b>6,352.1</b>  | <b>9,117.5</b>  |
| Capital stock                                   | 24     | 1.5             | 1.6             |
| Treasury shares                                 | 24     | -15.1           | -11.9           |
| Reserves  | 24     | 4,979.8         | 5,930.7         |
| <b>Equity attributable to Sika shareholders</b> | 24     | <b>4,966.2</b>  | <b>5,920.4</b>  |
| Non-controlling interests                       | 24     | 0.9             | 12.8            |
| <b>SHAREHOLDERS' EQUITY</b>                     | 24     | <b>4,967.1</b>  | <b>5,933.2</b>  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>     |        | <b>11,319.2</b> | <b>15,050.7</b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in CHF mn   | Capital stock | Capital surplus | Treasury shares | Currency translation differences | Retained earnings | Equity attributable to Sika shareholders | Non-controlling interests | Total equity   |
|---|---------------|-----------------|-----------------|----------------------------------|-------------------|--|---------------------------|----------------|
| <b>January 1, 2022</b>                                    | <b>1.4</b>    | <b>437.4</b>    | <b>-10.7</b>    | <b>-995.2</b>                    | <b>4,960.9</b>    | <b>4,393.8</b>                           | <b>2.1</b>                | <b>4,395.9</b> |
| Net profit  |               |                 |                 |                                  | 1,162.5           | 1,162.5                                  | 0.0                       | 1,162.5        |
| Other comprehensive income                                |               |                 |                 | -237.5                           | -65.2             | -302.7                                   | 0.3                       | -302.4         |
| <b>Comprehensive income</b>                               | <b>0.0</b>    | <b>0.0</b>      | <b>0.0</b>      | <b>-237.5</b>                    | <b>1,097.3</b>    | <b>859.8</b>                             | <b>0.3</b>                | <b>860.1</b>   |
| Transactions with treasury shares <sup>1</sup>            |               |                 | -4.4            |                                  | -15.6             | -20.0                                    |                           | -20.0          |
| Share-based payments                                      |               |                 |                 |                                  | 10.5              | 10.5                                     |                           | 10.5           |
| Conversion of convertible bonds                           | 0.1           | 1,441.4         |                 |                                  | -1,319.9          | 121.6                                    |                           | 121.6          |
| Dividends <sup>2</sup>                                    |               |                 |                 |                                  | -445.8            | -445.8                                   | -0.2                      | -446.0         |
| Buyout of existing non-controlling interests <sup>3</sup> |               |                 |                 |                                  | -5.1              | -5.1                                     | -1.3                      | -6.4           |
| Inflation adjustment <sup>4</sup>                         |               |                 |                 |                                  | 51.4              | 51.4                                     |                           | 51.4           |
| <b>December 31, 2022</b>                                  | <b>1.5</b>    | <b>1,878.8</b>  | <b>-15.1</b>    | <b>-1,232.7</b>                  | <b>4,333.7</b>    | <b>4,966.2</b>                           | <b>0.9</b>                | <b>4,967.1</b> |
| <b>January 1, 2023</b>                                    | <b>1.5</b>    | <b>1,878.8</b>  | <b>-15.1</b>    | <b>-1,232.7</b>                  | <b>4,333.7</b>    | <b>4,966.2</b>                           | <b>0.9</b>                | <b>4,967.1</b> |
| Net profit  |               |                 |                 |                                  | 1,062.0           | 1,062.0                                  | 0.6                       | 1,062.6        |
| Other comprehensive income                                |               |                 |                 | -805.7                           | 50.9              | -754.8                                   | -1.0                      | -755.8         |
| <b>Comprehensive income</b>                               | <b>0.0</b>    | <b>0.0</b>      | <b>0.0</b>      | <b>-805.7</b>                    | <b>1,112.9</b>    | <b>307.2</b>                             | <b>-0.4</b>               | <b>306.8</b>   |
| Transactions with treasury shares <sup>1</sup>            |               |                 | 3.2             |                                  | -8.5              | -5.3                                     |                           | -5.3           |
| Share-based payments                                      |               |                 |                 |                                  | 9.7               | 9.7                                      |                           | 9.7            |
| Conversion of convertible bonds                           | 0.1           | 1,264.2         |                 |                                  | -27.7             | 1,236.6                                  |                           | 1,236.6        |
| Dividends <sup>5</sup>                                    |               |                 |                 |                                  | -492.3            | -492.3                                   | -1.0                      | -493.3         |
| Non-controlling interests from MBCC acquisition           |               |                 |                 |                                  |                   | 0.0                                      | 73.8                      | 73.8           |
| Buyout of existing non-controlling interests <sup>6</sup> |               |                 |                 |                                  | -170.7            | -170.7                                   | -60.5                     | -231.2         |
| Inflation adjustment <sup>4</sup>                         |               |                 |                 |                                  | 69.0              | 69.0                                     |                           | 69.0           |
| <b>December 31, 2023</b>                                  | <b>1.6</b>    | <b>3,143.0</b>  | <b>-11.9</b>    | <b>-2,038.4</b>                  | <b>4,826.1</b>    | <b>5,920.4</b>                           | <b>12.8</b>               | <b>5,933.2</b> |

1 Including income tax of CHF 0.1 million (CHF 1.3 million) in retained earnings.

2 Dividend per registered share (par value CHF 0.01): CHF 2.90.

3 Increase in shareholdings in Mortero Spa, Algeria.

4 Hyperinflation accounting concerns the subsidiaries in Argentina and Turkey.

5 Dividend per registered share (par value CHF 0.01): CHF 3.20.

6 Increase in shareholdings in Master Builders Solutions Saudi Arabia for Manufacturing LLC, Saudi Arabia, MBS Construction Chemicals Egypt (SAE), Egypt, and MBS Construction Chemicals Trading (SAE), Egypt.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| in CHF mn   | Notes  | 2022           | 2023            |
|---|--------|----------------|-----------------|
| Profit before taxes   |        | 1,498.2        | 1,336.4         |
| Depreciation and amortization expenses  | 15, 16 | 384.5          | 495.6           |
| Increase (+)/decrease (-) in provisions/<br>employee benefit obligations and assets                       |        | -19.9          | -10.3           |
| Increase (-)/decrease (+) net working capital and accruals  |        | -326.5         | 82.2            |
| Non-liquidity-related financial expenses (+)/income (-) as well as<br>cash flow from hedging transactions |        | 46.4           | 85.6            |
| Profit on divestment of the industrial coatings business  |        | -166.5         | 0.0             |
| Other adjustments   | 25     | 0.1            | 29.0            |
| Income taxes paid   |        | -316.5         | -373.1          |
| <b>Cash flow from operating activities</b>  |        | <b>1,099.8</b> | <b>1,645.4</b>  |
| Property, plant, and equipment: capital expenditures  | 15, 25 | -238.0         | -256.8          |
| Property, plant, and equipment: disposals   | 15, 25 | 31.4           | 6.9             |
| Intangible assets: capital expenditures   | 16, 25 | -28.0          | -23.1           |
| Intangible assets: disposals  | 16, 25 | 0.0            | 0.3             |
| Proceeds from divestment of businesses  |        | 211.7          | 0.0             |
| Acquisitions less cash and cash equivalents   |        | -142.7         | -3,235.5        |
| Acquisition and capital increase of associated companies  |        | 0.0            | -10.3           |
| Acquisitions (-)/disposals (+) of financial assets  |        | -3.4           | 3.0             |
| <b>Cash flow from investing activities</b>  |        | <b>-169.0</b>  | <b>-3,515.5</b> |
| Increase in financial liabilities   | 20     | 20.6           | 1,416.4         |
| Repayment of financial liabilities  | 20     | -42.0          | -2,569.3        |
| Repayment of lease liabilities  | 20     | -95.5          | -118.0          |
| Repayment of a bond   | 20     | -150.0         | -200.0          |
| Issue of bonds  | 20     | 598.9          | 2,854.1         |
| Repayment liability component of mandatory convertible bond   | 20     | -48.8          | 0.0             |
| Repayment of convertible bond   | 20     | 0.0            | -3.1            |
| Purchase of treasury shares   |        | -67.0          | -44.9           |
| Sale of treasury shares   |        | 46.2           | 39.2            |
| Dividend payment to shareholders of Sika AG   |        | -445.8         | -492.3          |
| Dividend payment to non-controlling interests   |        | -0.2           | -1.0            |
| Buyout of existing non-controlling interests  |        | -6.4           | -186.2          |
| <b>Cash flow from financing activities</b>  |        | <b>-190.0</b>  | <b>694.9</b>    |
| <b>Exchange differences on cash and cash equivalents</b>  |        | <b>-42.5</b>   | <b>-54.2</b>    |
| <b>Net change in cash and cash equivalents</b>  |        | <b>698.3</b>   | <b>-1,229.4</b> |
| Cash and cash equivalents at the beginning of the year  | 10     | 1,175.0        | 1,873.3         |
| Cash and cash equivalents at the end of the year  | 10     | 1,873.3        | 643.9           |
| <b>Cash flow from operating activities contains:</b>  |        |                |                 |
| Dividends from associated companies   |        | 0.1            | 0.1             |
| Interest received   |        | 16.9           | 30.0            |
| Interest paid   |        | -31.9          | -98.8           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## PRINCIPLES OF CONSOLIDATION AND VALUATION

### Corporate Information

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Sika is a specialty chemicals company active in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and the motor vehicle industry.

### Accounting policies

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#### BASIS OF PREPARATION

The financial statements of Sika have been prepared in conformity with the provisions of the International Accounting Standards Board (IASB). All standards (IAS/IFRS) and interpretations (IFRIC/SIC) applicable as of December 31, 2023, were considered. The consolidated financial statements have been prepared according to the going-concern principle. Generally, assets and liabilities are valued at historical cost except for financial assets and liabilities (including derivative instruments) at fair value through profit and loss and the defined benefit liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed on p.208 of this report.

#### CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting standards applied conform to those standards that were valid in the prior year. Exceptions are the following revised and new standards, that Sika has applied since January 1, 2023. The application of these standards did not have any material impact on the consolidated financial statements of the Group:

- Amendments to IAS 1 – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

Sika has adopted the amendments to IAS 12 'Income Taxes' relating to 'International Tax Reform – Pillar Two Model Rules' issued by the International Accounting Standards Board (IASB) in May 2023. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

A number of new standards and amendments to standards and interpretations are effective for the financial year 2024 and later and have not been applied in preparing these consolidated financial statements. Their application is not expected to have a material impact on the Group's results and financial position.

- Amendments to IAS 1 – Non-current liabilities with covenants (applicable as of January 1, 2024)
- Amendments to IAS 1 – Classification of liabilities as current or non-current (applicable as of January 1, 2024)
- Amendments to IFRS 16 – Lease liability in a sale and leaseback (applicable as of January 1, 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (applicable as of January 1, 2024)
- Amendments to IAS 21 – Lack of Exchangeability (applicable as of January 1, 2025)

New standards and interpretations are usually applied on the applicable date. However, the options for early adoption are considered individually by Sika.



## Consolidation method

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### **BASIS**

The consolidated financial statements are based on the balance sheets and income statements of Sika AG, Baar (Switzerland) and its subsidiaries as of December 31, 2023, prepared in accordance with uniform standards.

### **SUBSIDIARIES**

Companies controlled by Sika are fully consolidated. The consolidation includes 100% of their assets and liabilities as well as expenses and income; non-controlling interests in shareholders' equity and net income for the year are excluded and shown separately as part of non-controlling interests.

### **ASSOCIATED COMPANIES**

The equity method is applied to account for investments ranging from 20% to 50%, if Sika exercises significant influence. The investments are included in the balance sheet under "Investments in associated companies" based on the Group's percentage share in net assets including goodwill; in the income statement, the Group's share in the net income for the year is disclosed in "Income from associated companies".

### **INTRA-GROUP TRANSACTIONS**

Transactions within the Group are eliminated as follows:

- Intra-Group receivables and liabilities are eliminated in full.
- Intra-Group dividends, income, and expenses and the unrealized profit margin from intra-Group transactions are eliminated in full.

### **BUSINESS COMBINATIONS AND GOODWILL**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquired company. For each business combination, the acquirer measures the non-controlling interests in the acquired company either at fair value or at the proportionate share of the acquired company's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in the income statement. A contingent consideration classified as equity is not revalued, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the non-controlling interest over the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit and loss.

Goodwill is subject to an annual impairment test. Impairments are recognized in the income statement. The impairment is not reversed later.

When subsidiaries are sold, the difference between the selling price and the net assets including goodwill plus cumulative translation differences is recognized in the consolidated financial statements as an operating result. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of takeover of control or up to the effective date of loss of control.

## Conversion of foreign currencies

Foreign currency transactions are translated into the functional (local) currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on every balance sheet date by applying exchange rates valid on the balance sheet date. The resulting exchange rate differences are recognized in the income statement. The exception is that exchange differences, arising on monetary items that form part of the net investment in a foreign operation (so-called equity like loans), are recognized in other comprehensive income and will only be recognized as profit or loss when the control of the net investment is lost.

The financial statements of the foreign subsidiaries are translated into Swiss francs as follows. Balance sheet positions are translated using year-end rates, the income statement at average rates. The effects from the translation of the functional currency into Swiss francs are recognized in other comprehensive income.

The rates listed below were applied:

| Country        | Currency | Quantity | 2022<br>Balance<br>sheet <sup>1</sup><br>CHF | 2022<br>Income<br>statement <sup>2</sup><br>CHF | 2023<br>Balance<br>sheet <sup>1</sup><br>CHF | 2023<br>Income<br>statement <sup>2</sup><br>CHF |
|----------------|----------|----------|--|---|--|---|
| Argentina      | ARS      | 100      | 0.5224                                       | 0.5224  | 0.1037                                       | 0.1037  |
| Australia      | AUD      | 1        | 0.6275                                       | 0.6625  | 0.5694                                       | 0.5967  |
| Brazil         | BRL      | 100      | 17.4600                                      | 18.4800   | 17.2700                                      | 18.0000   |
| Canada         | CAD      | 1        | 0.6819                                       | 0.7341  | 0.6324                                       | 0.6663  |
| Chile          | CLP      | 10,000   | 10.7800                                      | 10.9700   | 9.4800                                       | 10.7200   |
| China          | CNY      | 100      | 13.3800                                      | 14.1900   | 11.7900                                      | 12.7000   |
| Colombia       | COP      | 10,000   | 1.9037                                       | 2.2467  | 2.1699                                       | 2.0778  |
| Czech Republic | CZK      | 100      | 4.0832                                       | 4.0867  | 3.7453                                       | 4.0525  |
| Egypt          | EGP      | 100      | 3.7300                                       | 4.9900  | 2.7100                                       | 2.9300  |
| Eurozone       | EUR      | 1        | 0.9847                                       | 1.0049  | 0.9260                                       | 0.9726  |
| Great Britain  | GBP      | 1        | 1.1102                                       | 1.1776  | 1.0655                                       | 1.1180  |
| India          | INR      | 100      | 1.1168                                       | 1.2157  | 1.0076                                       | 1.0895  |
| Indonesia      | IDR      | 100,000  | 5.9610                                       | 6.4340  | 5.4220                                       | 5.9040  |
| Japan          | JPY      | 100      | 0.7001                                       | 0.7272  | 0.5923                                       | 0.6398  |
| Mexico         | MXN      | 100      | 4.7214                                       | 4.7445  | 4.9458                                       | 5.0679  |
| Poland         | PLN      | 100      | 21.0400                                      | 21.4200   | 21.3400                                      | 21.3900   |
| Romania        | RON      | 1        | 0.1989                                       | 0.2036  | 0.1861                                       | 0.1966  |
| Saudi Arabia   | SAR      | 1        | 0.2462                                       | 0.2546  | 0.2235                                       | 0.2399  |
| Sweden         | SEK      | 100      | 8.8500                                       | 9.4500  | 8.3500                                       | 8.4600  |
| Thailand       | THB      | 100      | 2.6733                                       | 2.7245  | 2.4385                                       | 2.5839  |
| Turkey         | TRY      | 100      | 4.9300                                       | 4.9300  | 2.8400                                       | 2.8400  |
| UAE            | AED      | 100      | 25.1400                                      | 26.0000   | 22.8200                                      | 24.5000   |
| USA            | USD      | 1        | 0.9232                                       | 0.9555  | 0.8380                                       | 0.9001  |
| Vietnam        | VND      | 100,000  | 3.9100                                       | 4.0800  | 3.4540                                       | 3.7776  |

1 Year-end rates.

2 Average rates.

In countries experiencing hyperinflation, namely Argentina and Turkey, prior to conversion into the presentation currency, the annual financial statements are adjusted for local inflation in order to eliminate changes in purchasing power. Adjustment for inflation is based on the relevant price indices at the end of the period under review.

## Significant accounting estimates

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Explanations of the key assumptions concerning forward-looking elements and other estimation uncertainties are provided below. These include the risk that a material adjustment to the carrying amounts of assets and liabilities may become necessary within the next financial year.

### IMPAIRMENT OF GOODWILL

The Group tests for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units or groups of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates such as expected future cash flows and discount rates.

### FAIR VALUE OF ACQUISITION

In connection with acquisitions, all assets, liabilities, and contingent liabilities are valued at fair value. Newly identified assets and liabilities are also recognized in the balance sheet. Fair value is determined in part based on assumptions regarding factors that are subject to a degree of uncertainty, such as interest rates and sales.

### TRADEMARKS AND CUSTOMER RELATIONS

Trademarks and customer relations are amortized over their estimated useful life. The estimated useful life is based on estimates of the time period during which this intangible asset generates cash flows. Calculation of the present value of estimated future cash flows includes significant assumptions, particularly in respect of future sales. Additionally, discounting is also based on assumptions and estimations concerning business-specific capital costs, which are themselves dependent on country risks, credit risks, and additional risks resulting from the volatility of the respective business.

### DEFERRED TAX ASSETS

Deferred tax assets resulting from the carryforward of unrealized tax losses or timing differences are recognized to the extent that a realization of the corresponding tax advantage is probable. Assessing the probability of realizing the tax benefit requires assumptions based on planning data.

### EMPLOYEE BENEFIT OBLIGATIONS

The Group maintains various employee benefit plans. Several statistical analyses and other variables are used in the calculation of expenses and liabilities to estimate future developments. These variables include estimations and assumptions concerning the discount rate established by management within certain guidelines. In addition, actuaries employ statistical information for the actuarial calculation of benefit liabilities such as withdrawal or death probabilities, which can deviate significantly from actual results due to changes in market conditions, the economic situation, as well as fluctuating rates of withdrawal and shorter or longer life expectancy of benefit plan participants.

### PROVISIONS

The calculation of provisions requires assumptions regarding the probability, size, occurrence, and timing of a cash outflow. As long as an outflow of resources is probable and a reliable estimation is possible, a provision is recognized.

## SCOPE OF CONSOLIDATION AND ACQUISITIONS

The consolidated financial statements of the Group comprise the financial statements of Sika AG, Zugerstrasse 50, 6340 Baar (Switzerland) as well as its subsidiaries (see list starting on p.248 et seq. of this report) and associated companies (see note 17). In the year under review, the scope of consolidation was expanded to include the acquired companies (see the next pages) and the following newly founded companies:

- Sika (Zhejiang) Novel Material Co., Ltd., Jiaxing City (China).
- SikaDavco (Liaoning) New Materials Co., Ltd., Liaoning (China).

The scope of consolidation was reduced to exclude the following companies:

- Parex Construction Chemical Canada Inc., Anjou/QC (Canada) was merged with Sika Canada Inc., Pointe Claire/QC.
- Sika Automotive Hamburg GmbH, Hamburg (Germany) was merged with Sika Automotive Deutschland GmbH, Frankfurt am Main.
- Sika Hamatite Co. Ltd., Tokyo (Japan), Sika Hamatite Sales Co. Ltd., Tokyo (Japan), Dyflex Co. Ltd., Tokyo (Japan), and Dic Proofing Co. Ltd., Tokyo (Japan) were merged with Sika Japan Ltd., Minato-ku.
- Sika Automotive Kentucky LLC, Lyndhurst/NJ (USA) was merged with Sika Corporation, Lyndhurst/NJ.
- Apurva India Pvt Ltd., Mumbai (India) was merged with Sika India Private Ltd., Mumbai.
- Master Builders Solutions (Thailand) Ltd., Samutprakarn (Thailand) was merged with Sika (Thailand) Ltd., Chonburi.
- Bexel Internacional S.A. de C.V., Monterrey (Mexico), Bexel PI S.A. de C.V., Monterrey (Mexico), and Bexel Productos Innovadores en Acabados S.A. de C.V., Monterrey (Mexico) were merged with Sika Mexicana SA de CV, Corregidora.
- Master Builders Solutions Hongkong Ltd., Hong Kong (China) was merged with Parex (China) Ltd, Hong Kong.
- Supermassa do Brasil Ltda., Pedro Leopoldo (Brazil) was merged with Sika S/A, Osasco.

## Acquisitions 2022

In 2022, Sika acquired the two companies Sable Marco Inc., Canada, as well as United Gilsonite Laboratories (UGL), USA. By the end of 2022, their purchase prices and allocations (PPAs) were still subject to uncertainties. Both PPAs were left unchanged and are now final.

### ACQUIRED NET ASSETS AT FAIR VALUES

| in CHF mn                            | Acquisitions <sup>1</sup> |
|--------------------------------------|---------------------------|
| Cash and cash equivalents            | 0.9                       |
| Accounts receivable                  | 12.5                      |
| Inventories                          | 20.1                      |
| Prepaid expenses and accrued income  | 1.5                       |
| Property, plant, and equipment       | 22.2                      |
| Right-of-use leased assets           | 5.2                       |
| Intangible assets                    | 49.0                      |
| <b>Total assets</b>                  | <b>111.4</b>              |
| Accounts payable                     | 4.3                       |
| Accrued expenses and deferred income | 2.7                       |
| Financial liabilities                | 11.0                      |
| Provisions                           | 2.1                       |
| Deferred tax liabilities             | 4.1                       |
| <b>Total liabilities</b>             | <b>24.2</b>               |
| <b>Net assets</b>                    | <b>87.2</b>               |
| Goodwill                             | 56.4                      |
| <b>Total purchase price</b>          | <b>143.6</b>              |
| Cash in acquired assets              | -0.9                      |
| <b>Net cash outflow</b>              | <b>142.7</b>              |

1 Sable Marco, Canada and UGL, USA.

Since the purchases, the acquired businesses have contributed sales in 2022 of CHF 59.7 million. The profit share was insignificant. If the acquisitions had occurred on January 1, 2022, consolidated pro forma net sales would have been CHF 10,515.7 million (+CHF 23.9 million). The net profit would have remained unchanged. The amounts have been calculated using the results of the acquired entities and adjusted for differences in the accounting policies and the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant, and equipment and intangible assets had applied from January 1, 2022.

The directly attributable transaction costs of all acquisitions in 2022 amounted to CHF 1.4 million and were charged to other operating expenses.

## Acquisitions 2023

In 2023, Sika acquired various companies or parts of companies.

| Company            | Type of transaction | Stake in % | Closing date |
|--------------------|---------------------|------------|--------------|
| MBCC Group         | Share deal          | 100.0      | 05/02/2023   |
| Thiessen Team, USA | Share deal          | 100.0      | 07/06/2023   |

On May 2, 2023, Sika acquired MBCC Group, a leading global supplier of construction chemicals. With this highly complementary transaction, Sika strengthens its footprint across all regions, reinforces its range of products and services across the entire construction life cycle and drives the sustainable transformation of the construction industry further and faster.

Prior to the closure of the transaction, MBCC Group's chemical admixtures business in the UK, the USA, Canada, Europe, Australia, and New Zealand was sold to the private equity firm Cinven. In compliance with the regulatory anti-trust requirements Sika did not obtain control of these assets at any point in time during the close of the MBCC transaction and Sika did not obtain control over the sales proceeds paid by Cinven to the former owner. Consequently, these assets and the sales proceeds do not form part of the net assets acquired by Sika and are not part of Sika's consideration transferred to acquire MBCC Group.

Sika acquired all remaining business of MBCC Group, consisting of business in over 60 countries and 95 production facilities.

Since the purchase, MBCC has contributed sales of CHF 1,381.0 million, and a net profit of CHF 51.1 million. Accounts receivable had a gross value of CHF 532.2 million, CHF 49.1 mn were expected to be uncollectable at the date of acquisition.

On July 6, 2023, Sika acquired Thiessen Team USA, a US manufacturer of shotcrete and grouting products for the mining industry in the USA. The company serves the Western US mining industry which produces essential minerals for the growing electric vehicle industry among many other critical minerals. The acquisition will open up significant cross-selling potential and will support Sika's expansion in the US mining market. Since the purchase, Thiessen has contributed sales of CHF 7.8 million.

## ACQUIRED NET ASSETS AT FAIR VALUES

| in CHF mn                            | MBCC Group     | Thiessen Team USA |
|--------------------------------------|----------------|-------------------|
| Cash and cash equivalents            | 94.8           | 0.8               |
| Accounts receivable                  | 483.1          | 1.8               |
| Inventories                          | 291.4          | 1.2               |
| Prepaid expenses and accrued income  | 34.5           | 0.2               |
| Property, plant, and equipment       | 475.7          | 3.2               |
| Right-of-use assets                  | 61.0           | 0.0               |
| Intangible assets                    | 1,321.4        | 2.1               |
| Deferred tax assets                  | 29.2           | 0.0               |
| Other assets                         | 17.5           | 0.0               |
| <b>Total assets</b>                  | <b>2,808.6</b> | <b>9.3</b>        |
| Accounts payable                     | 276.8          | 0.9               |
| Accrued expenses and deferred income | 128.9          | 0.2               |
| Financial liabilities                | 1,886.6        | 0.0               |
| Income taxes payable                 | 126.7          | 0.2               |
| Provisions                           | 160.9          | 0.0               |
| Employee benefit obligation          | 98.7           | 0.0               |
| Deferred tax liabilities             | 211.7          | 1.1               |
| <b>Total liabilities</b>             | <b>2,890.3</b> | <b>2.4</b>        |
| <b>Net assets</b>                    | <b>-81.7</b>   | <b>6.9</b>        |
| Non-controlling interests            | -73.8          | 0.0               |
| Goodwill                             | 3,475.5        | 4.2               |
| <b>Total purchase price</b>          | <b>3,320.0</b> | <b>11.1</b>       |
| Cash in acquired assets              | -94.8          | -0.8              |
| <b>Net cash outflow</b>              | <b>3,225.2</b> | <b>10.3</b>       |

If the acquisitions had occurred on January 1, 2023, consolidated pro forma net sales would have been CHF 11,910.9 million (+CHF 672.3 million). The additional profit share would have been insignificant. The amounts have been calculated using the results of the acquired entities and adjusted for differences in the accounting policies and the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant, and equipment and intangible assets had applied from January 1, 2023.

Since the purchase prices and the purchase price allocations for all acquisitions still entail some uncertainty, mainly due to the size and complexity of the acquisition structure, all positions except for "Cash and cash equivalents" are provisional. Product synergies as well as combined distribution channels and product portfolios justify the goodwill recognized. Goodwill is tax-deductible in the amount of CHF 191.8 million.

The directly attributable transaction costs of all acquisitions amounted to CHF 83.7 million in 2023 and were charged to other operating expenses.

## SUPPORTING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Net sales CHF 11,238.6 mn (CHF 10,491.8 mn)

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Sika sells systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and the motor vehicle industry. Sales are recognized when control of the products has been transferred to the customer, i.e., when the products have been physically transferred to the buyer and there is a right to receive payment. Revenue is recognized in the amount of the consideration expected to be received by Sika in exchange for these goods or services. A receivable from the buyer is recognized upon sale. The receivables do not bear interest and are generally due within 30 to 90 days. All proceeds from the sale of goods and services are recorded at sales prices less discounts granted.

In some cases, Sika grants retrospective volume discounts based on aggregate sales over a twelve-month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability (included in accrued expenses and deferred income) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Extended warranty contracts are sold for certain products on installed roofing systems. Revenue for separately priced extended warranties is deferred and recognized on a straight-line basis over the extended warranty period. The average warranty period is eleven years. In 2023, revenues of CHF 3.6 million (CHF 4.0 million) were recognized. The deferred revenue positions are included in accrued expenses and deferred income (see note 19) as well as in other liabilities (see note 23).

Contract revenue and contract costs are recognized in accordance with the stage of completion. An expected loss is recognized as an expense immediately.

### 2. Segment reporting

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Sika conducts its worldwide activities according to geographical regions and the global segment Global Business. Heads of the segments are Members of Group Management. Group Management is the highest executive body that measures the success of the operating segments and allocates resources. The key figure of profit by which the segments are directed is operating profit, which is consistent with the consolidated financial statements. Financing (including financial expenses and income) and income taxes are managed on a Group-wide basis and are not allocated to the individual segments. The composition of the segments is shown on p.36 of the download version of this report.

“Other segments and activities” includes expenses for Group headquarters, and income from services provided to Group companies.

The companies acquired in 2023 were allocated to the respective segments as follows:

- Thiessen Team USA, was allocated to the segment Americas.
- MBCC Group was allocated to the EMEA, Americas and Asia/Pacific geographical segments according to the respective country headquarters of the companies.



## NET SALES

| in CHF mn                             | 2022               |                     |                 | 2023               |                     |                 |
|---------------------------------------|--------------------|---------------------|-----------------|--------------------|---------------------|-----------------|
|                                       | With third parties | With other segments | Total           | With third parties | With other segments | Total           |
| EMEA                                  | 4,143.5            | 264.8               | 4,408.3         | 4,499.2            | 251.4               | 4,750.6         |
| Americas                              | 3,193.5            | 4.2                 | 3,197.7         | 3,423.5            | 4.9                 | 3,428.4         |
| Asia/Pacific                          | 2,350.6            | 27.2                | 2,377.8         | 2,474.3            | 22.5                | 2,496.8         |
| Global Business                       | 804.2              | 14.0                | 818.2           | 841.6              | 12.8                | 854.4           |
| Eliminations                          |                    | -310.2              | -310.2          |                    | -291.6              | -291.6          |
| <b>Net sales</b>                      | <b>10,491.8</b>    | <b>-</b>            | <b>10,491.8</b> | <b>11,238.6</b>    | <b>-</b>            | <b>11,238.6</b> |
| Products for construction industry    |                    |                     | 8,655.9         |                    |                     | 9,454.9         |
| Products for industrial manufacturing |                    |                     | 1,835.9         |                    |                     | 1,783.7         |

Sika's products for the construction industry include admixtures and additives for use in concrete, cement, and mortar production, waterproofing systems, roof waterproofing, flooring solutions, sealants, adhesive tapes, assembly foams and elastic adhesives for facade construction, interior and infrastructure construction, as well as concrete protection and repair solutions.

Products for industrial manufacturing are sold to manufacturers and service providers in automotive OEM, commercial vehicles, automotive aftermarket, marine vessels, renewable energy, sandwich panels, industrial equipment, HVAC, home and commercial appliances, modular building, facades, and fenestration.

## CHANGES IN NET SALES/CURRENCY IMPACT

| in CHF mn                             | 2022            | 2023            | Change compared to prior year (in %) |                     |                 |
|---------------------------------------|-----------------|-----------------|--------------------------------------|---------------------|-----------------|
|                                       |                 |                 | In Swiss francs                      | In local currencies | Currency impact |
| <b>By region</b>                      |                 |                 |                                      |                     |                 |
| EMEA                                  | 4,143.5         | 4,499.2         | 8.6                                  | 14.8                | -6.2            |
| Americas                              | 3,193.5         | 3,423.5         | 7.2                                  | 14.9                | -7.7            |
| Asia/Pacific                          | 2,350.6         | 2,474.3         | 5.3                                  | 15.1                | -9.8            |
| Global Business                       | 804.2           | 841.6           | 4.7                                  | 10.0                | -5.3            |
| <b>Net sales</b>                      | <b>10,491.8</b> | <b>11,238.6</b> | <b>7.1</b>                           | <b>14.5</b>         | <b>-7.4</b>     |
| Products for construction industry    | 8,655.9         | 9,454.9         | 9.2                                  | 16.9                | -7.7            |
| Products for industrial manufacturing | 1,835.9         | 1,783.7         | -2.8                                 | 3.4                 | -6.2            |

## OPERATING PROFIT

| in CHF mn                                  |                |                | Change compared to prior year |             |
|--|----------------|----------------|-------------------------------|-------------|
|  | 2022           | 2023           | (in %)                        |             |
| <b>By region</b>                           |                |                |                               |             |
| EMEA <sup>1</sup>                          | 782.6          | 667.7          | -114.9                        | -14.7       |
| Americas                                   | 570.8          | 630.0          | 59.2                          | 10.4        |
| Asia/Pacific                               | 370.5          | 426.2          | 55.7                          | 15.0        |
| Global Business                            | 48.8           | 117.8          | 69.0                          | 141.4       |
| Other segments and activities <sup>1</sup> | -193.0         | -292.6         | -99.6                         | n.a.        |
| <b>Operating profit</b>                    | <b>1,579.7</b> | <b>1,549.1</b> | <b>-30.6</b>                  | <b>-1.9</b> |

1. Including gain on disposal of European industrial coating business in 2022: CHF 146.4 million in EMEA and CHF 20.1 million in other segments and activities.

## RECONCILIATION OF SEGMENT RESULT AND NET PROFIT

| in CHF mn                        | 2022           | 2023           |
|----------------------------------|----------------|----------------|
| <b>Operating profit</b>          | <b>1,579.7</b> | <b>1,549.1</b> |
| Interest income                  | 19.0           | 30.9           |
| Interest expenses                | -59.4          | -165.7         |
| Other financial income           | 6.9            | 7.3            |
| Other financial expenses         | -48.4          | -86.3          |
| Income from associated companies | 0.4            | 1.1            |
| <b>Profit before taxes</b>       | <b>1,498.2</b> | <b>1,336.4</b> |
| Income taxes                     | -335.7         | -273.8         |
| <b>Net profit</b>                | <b>1,162.5</b> | <b>1,062.6</b> |

## OTHER DISCLOSURES

| in CHF mn                     | 2022   |                         | 2023   |                         |
|-------------------------------|--|-------------------------|--|-------------------------|
|                               | Depreciation/<br>Amortization/<br>Impairment | Capital<br>expenditures | Depreciation/<br>Amortization/<br>Impairment | Capital<br>expenditures |
| EMEA                          | 141.6  | 84.8                    | 185.2  | 77.3                    |
| Americas                      | 95.6   | 71.1                    | 126.8  | 87.0                    |
| Asia/Pacific                  | 88.6   | 67.6                    | 107.4  | 77.8                    |
| Global Business               | 27.8   | 17.8                    | 26.4   | 13.2                    |
| Other segments and activities | 30.9   | 24.7                    | 49.8   | 24.6                    |
| <b>Total</b>                  | <b>384.5</b>                                 | <b>266.0</b>            | <b>495.6</b>                                 | <b>279.9</b>            |

The following countries had a share of greater than 10% of at least one of the Group's key figures. Switzerland is listed as the country of domicile of Sika.

| in CHF mn    | Net sales       |              |                 |              | Non-current assets <sup>1</sup> |              |                 |              |
|--------------|-----------------|--------------|-----------------|--------------|---------------------------------|--------------|-----------------|--------------|
|              | 2022            | %            | 2023            | %            | 2022                            | %            | 2023            | %            |
| USA          | 2,253.5         | 21.5         | 2,411.3         | 21.5         | 1,051.3                         | 17.3         | 2,808.2         | 26.7         |
| China        | 1,303.4         | 12.4         | 1,303.6         | 11.6         | 1,228.4                         | 20.3         | 1,488.0         | 14.2         |
| France       | 650.9           | 6.2          | 670.0           | 6.0          | 608.4                           | 10.0         | 588.1           | 5.6          |
| Switzerland  | 389.5           | 3.7          | 392.4           | 3.5          | 556.5                           | 9.2          | 944.4           | 9.0          |
| All other    | 5,894.5         | 56.2         | 6,461.3         | 57.4         | 2,618.1                         | 43.2         | 4,674.0         | 44.5         |
| <b>Total</b> | <b>10,491.8</b> | <b>100.0</b> | <b>11,238.6</b> | <b>100.0</b> | <b>6,062.7</b>                  | <b>100.0</b> | <b>10,502.7</b> | <b>100.0</b> |

1 Non-current assets less financial assets, deferred tax assets, and employee benefit assets.

### 3. Material expenses CHF 5,213.8 mn (CHF 5,312.0 mn)

Material expenses decreased as a percentage of net sales by 4.2 percentage points largely due to a global decrease in raw material costs. Sustained sales pricing in conjunction with positive input cost dynamics have led to an overall increase of the material margin from 49.4% to 53.6%.

Unsaleable goods are written down to their fair value less costs of disposal, missing inventory to zero. The related cost of CHF 62.9 million (CHF 49.7 million) are included in material expenses.

### 4. Personnel expenses CHF 2,006.8 mn (CHF 1,710.5 mn)

| in CHF mn                 | 2022           | 2023           |
|---------------------------|----------------|----------------|
| Wages and salaries        | 1,400.4        | 1,637.9        |
| Social charges            | 311.6          | 369.7          |
| Government support        | -1.5           | -0.8           |
| <b>Personnel expenses</b> | <b>1,710.5</b> | <b>2,006.8</b> |

Personnel expenses comprise all payments to persons in an employment relationship with Sika. This item also includes expenses such as pension fund contributions, health insurance contributions, as well as taxes and levies directly related to personnel remuneration. Government grants related to employment relationships are recognized in personnel expenses when there is reasonable certainty that the grant will be received and all related conditions are met. They are recognized as income over the same period as the expenses they serve to compensate.

## POST-EMPLOYMENT BENEFIT EXPENSES

| in CHF mn                               | 2022        | 2023        |
|---|-------------|-------------|
| Defined benefit plans <sup>1</sup>      | 31.1        | 29.5        |
| Defined contribution plans              | 50.8        | 59.3        |
| <b>Post-employment benefit expenses</b> | <b>81.9</b> | <b>88.8</b> |

1. Includes pension expense recognized in income statement (see note 22) without interest income/interest expenses.

## EMPLOYEE PARTICIPATION PLAN – SHARE-BASED PAYMENTS

Sika operates the following share-based compensation plans. The cost of these compensation systems is recognized in personnel expenses over the period in which services are rendered by the employees.

The share-based payments are made by means of transfer of treasury stock of Sika AG or are settled in cash. Recognized personnel expenses for share-based compensation for the fiscal year 2023 totaled CHF 31.6 million (CHF 21.6 million), CHF 9.7 million (CHF 10.5 million) of which was recorded in equity and CHF 21.8 million (CHF 11.1 million) in liabilities. At year-end, liabilities from share-based compensation plans amounted to CHF 25.7 million (CHF 21.3 million). Thereof, CHF 19.4 million (CHF 12.3 million) is recognized in accrued expenses and deferred income and CHF 6.3 million (CHF 9.0 million) is included in employee benefit obligations.

### PERFORMANCE BONUS (SHORT-TERM INCENTIVE)

#### Sika Senior Management (SSM)

Part of the performance bonus of Sika Senior Management (by definition, Sika Senior Management includes the management level reporting to Group Management, managing directors of subsidiaries, and heads of central and regional functions; 147 (149) participants) is paid in Sika AG shares. The allocated shares are subject to a four-year blocking period from allocation. Sika Senior Managers can choose to receive 0%, 20%, or 40% of their performance bonus in Sika AG shares plus one bonus share for every two shares chosen. The market value of the grant was CHF 4.8 million. In the prior year, the market value of the grant amounted to CHF 5.2 million.

### LONG-TERM INCENTIVE (LTI PLAN)

#### Group Management

The members of the top management (extended Group Management) participate in a long-term incentive plan. It consists of performance share units (PSUs). At the beginning of the vesting period, a number of PSUs is granted to each plan participant. The PSUs vest after a period of three years, conditionally upon fulfilling two equally weighted performance conditions, the return on capital employed (ROCE), and relative total shareholder return (relative TSR). The ROCE objective is determined at the beginning of the vesting period by the Board of Directors and is measured at the end of the vesting period as the average ROCE of the first year, the second year, and the third year of the vesting period. Acquisitions are excluded from the ROCE calculation in the year of acquisition and for two additional calendar years. The relative TSR is measured in relation to a peer group as a percentile rank and the objective is to reach the median of the peer group. For both performance conditions, the maximum achievement level is capped at 200%, however, the overall vesting level for the LTI is capped at 150%. The share-based compensation is settled in Sika AG shares.

The market value of the PSUs includes both targets and is determined once at the time of grant. Thereby, in a Monte Carlo simulation generally available market data regarding Sika, including expected dividend payments, and the peer group as well as internal estimates regarding the degree of achievement of the ROCE target are combined.

### Senior Management

Sika introduced a new senior management layer in 2023 consisting of 284 managers with a high business and strategic impact called Regional Senior Management (RSM) and Corporate Senior Management (CSM), that complements the Sika Senior Management (SSM) group. Senior Management participates in long-term incentive plans, which are structured in the same way as that for Group Management (see above), except that they are settled in cash.

The fair value of the PSUs includes both targets and is determined at the time of allocation and redetermined at each balance sheet date. Thereby, in a Monte Carlo simulation, generally available market data regarding Sika, including expected dividend payments, and the peer group as well as internal estimates regarding the degree of achievement of the ROCE target are combined. For Senior Managers who move to another country during the performance period, a pro rata payment in shares is made for the earned portion up to the time of transfer. The shares are granted at market value on the grant date and are blocked until the end of the vesting period.

### LONG-TERM INCENTIVE

|                                | Number of PSUs granted | Fair value per PSU in CHF | Fair value of grant in CHF million |
|--------------------------------|------------------------|---------------------------|------------------------------------|
| Group Management LTI 2022–2024 | 10,968                 | 365.34                    | 4.0                                |
| Senior Manager LTI 2022–2024   | 13,608                 | 365.34                    | 5.0                                |
| <b>Granted in 2022</b>         |                        |                           | <b>9.0</b>                         |
| Group Management LTI 2023–2025 | 17,870                 | 221.70                    | 4.0                                |
| Senior Manager LTI 2023–2025   | 35,567                 | 221.70                    | 7.9                                |
| <b>Granted in 2023</b>         |                        |                           | <b>11.9</b>                        |

### Board of Directors

Part of the compensation for Members of the Board of Directors is awarded in Sika AG shares. The entitlement to shares is allocated at the beginning of the term of office and converted into shares at the end of the term of office. The shares are subject to a three-year blocking period. For the term of office from April 2023 to April 2024, entitlements to 5,869 shares were granted at a market value of CHF 1.5 million (CHF 261.78 per share). The conversion into shares will take place in April 2024. For the term of office from April 2022 to April 2023, entitlements to 4,949 shares were granted with a market value of CHF 1.5 million (CHF 310.40 per share). The conversion into shares took place in April 2023.

## 5. Other operating expenses CHF 1,973.3 mn (CHF 1,505.1 mn)

| in CHF mn                                   | 2022           | 2023           |
|---|----------------|----------------|
| Production and operations <sup>1</sup>      | 498.5          | 573.5          |
| Logistics and distribution                  | 519.4          | 566.1          |
| Sales, marketing, and travel costs          | 303.5          | 370.5          |
| Administration and other costs <sup>2</sup> | 183.7          | 463.2          |
| <b>Total</b>                                | <b>1,505.1</b> | <b>1,973.3</b> |

1 This position includes primarily costs for maintenance, repairs, and energy.

2 This position includes primarily costs of services and consulting in the fields of law, tax, and information technology. Furthermore, it covers training costs and government fees, costs for warranty settlements and legal claims, as well as the remuneration of the Board of Directors.

Other operating expenses increased from 14.4% to 17.6% mainly as a result of acquisition- and integration-related costs of MBCC Group of CHF 109.3 million (CHF 78.3 million) and a prior-year gain of CHF 166.5 million for the sale of the European industrial coatings business, both included in "Administration and other costs". Furthermore, higher costs are driven by increased expenses for energy, travel, freight, and operations-related costs.

Other operating expenses include government support of CHF 5.5 million (CHF 6.6 million). Government grants are recognized where there is reasonable certainty that the grant will be received, and all attached conditions will be complied with. The grant is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Research and development expenses are not capitalized since the recognition criteria are not met. Expenditures on research and development in the Group during the year under review totaled CHF 270.5 million (CHF 232.0 million), roughly equivalent to 2.4% (2.2%) of sales. Research and development expenses are included in personnel expenses, other operating expenses, as well as in depreciation and amortization expenses.

## 6. Interest expenses/other financial expenses CHF 252.0 mn (CHF 107.8 mn)

In general, interest and other expenses for the procurement of debt capital are charged to the income statement. Interest incurred in the course of development projects, such as the construction of new production facilities or the development of software, is capitalized together with the asset created.

Interest expenses consist of interest expenses for outstanding bond issues in the amount of CHF 107.0 million (CHF 32.6 million), interests on lease liabilities of CHF 18.4 million (CHF 12.7 million), other interest expenses of CHF 36.2 million (CHF 12.4 million), as well as the interest component of pension expenses of defined benefit plans of CHF 4.2 million (CHF 1.7 million).

Other financial expenses include foreign exchange gains and losses from the management of foreign currency, net gains and losses from hedging and revaluation of loans to Group companies denominated in foreign currencies, as well as the result of the application of inflation accounting (see note 26). Other financial expenses increased to CHF 86.3 million (CHF 48.4 million).

## 7. Interest income/income from associated companies CHF 32.0 mn (CHF 19.4 mn)

Interest income is recognized pro rata temporis using the effective interest method. Short-term surpluses in liquidity in various countries resulted in interest income of CHF 30.9 million (CHF 19.0 million). Income from associated companies is CHF 1.1 million (CHF 0.4 million).

## 8. Income taxes

| in CHF mn                               | 2022         | 2023         |
|---|--------------|--------------|
| Income tax during the year under review | 365.0        | 380.6        |
| Deferred income tax                     | -29.3        | -116.5       |
| Income tax from prior years             | 0.0          | 9.7          |
| <b>Total</b>                            | <b>335.7</b> | <b>273.8</b> |

### RECONCILIATION BETWEEN EXPECTED AND EFFECTIVE TAX EXPENSE

| in CHF mn   | %           | 2022         | %           | 2023         |
|---|-------------|--------------|-------------|--------------|
| Profit before taxes                                     |             | 1,498.2      |             | 1,336.4      |
| <b>Expected tax expense</b>                             | <b>23.1</b> | <b>346.4</b> | <b>21.8</b> | <b>290.7</b> |
| Non-taxable income/non-tax-deductible expenses          | 0.4         | 6.2          | 2.6         | 34.4         |
| Effect of changes in tax rates                          | 0.0         | 0.0          | -0.1        | -0.9         |
| Adjusted tax expense from earlier periods               | 0.0         | 0.0          | 0.7         | 9.7          |
| Valuation adjustment on deferred tax assets             | -1.2        | -18.0        | -0.5        | -6.5         |
| Withholding tax on dividends, licenses, and interests   | 1.0         | 14.4         | 1.8         | 24.4         |
| Other <sup>1</sup>                                      | -0.9        | -13.3        | -5.8        | -78.0        |
| <b>Tax expense as per consolidated income statement</b> | <b>22.4</b> | <b>335.7</b> | <b>20.5</b> | <b>273.8</b> |

1. Includes a decrease of CHF 66.9 million in 2023 for changes in estimates of deferred taxes related to Parex China and a decrease of CHF 23.2 million for a tax benefit on tax-deductible goodwill in Switzerland.

The effective tax rate decreased to 20.5% (22.4%). The expected average Group income tax rate of 21.8% (23.1%) corresponds with the average tax on profits of the individual Group companies in their respective fiscal jurisdictions. The expected average tax rate was calculated using absolute values. The decrease in the expected tax rate is mainly attributable to the extraordinary gain on the sale of the industrial coating business in Germany at a tax rate of 31.0% in 2022.

Tax liabilities include taxes due and accrued. If there is uncertainty as to whether a tax treatment will be accepted by the tax authorities, the uncertainty is reflected in the income tax payable based on a best estimate of the expected future cash outflow.

Deferred taxes are calculated using the liability method. According to this method, the effects on income taxes resulting from temporary differences between Group-internal and taxable balance sheet values are recorded as deferred tax assets or deferred tax liabilities, respectively. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is recognized, or the liability is settled based on the rates (and tax laws) that have been substantively enacted.

Changes in deferred tax assets and liabilities are reflected in income tax expense, the statement of comprehensive income, or directly in equity. Deferred income tax liabilities are provided for taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets including those that can be applied to carried forward tax losses are recognized to the extent that their realization is probable. Deferred tax liabilities are recognized for all taxable temporary differences insofar as the accounting regulations foresee no exception.

## RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES

| in CHF mn   | 2022          | 2023          |
|---|---------------|---------------|
| <b>January 1</b>  | <b>-223.8</b> | <b>-177.7</b> |
| Credited (+)/debited (-) to income statement <sup>1</sup> | 29.3          | 116.5         |
| Credited (+)/debited (-) to other comprehensive income    | 9.5           | -2.8          |
| Credited (+)/debited (-) to equity                        | -0.9          | -8.9          |
| Exchange differences                                      | 12.3          | 40.4          |
| Acquisitions/divestments                                  | -4.1          | -183.6        |
| <b>December 31</b>  | <b>-177.7</b> | <b>-216.1</b> |

1 The credited amount to the income statement 2023 originates to CHF 66.9 million from temporary differences on investments, to CHF 40.2 million from tax losses/tax credits, and to CHF 9.4 million from other positions on the balance sheet.

## ORIGIN OF DEFERRED TAX ASSETS AND LIABILITIES

| in CHF mn   | 2022         |               |               | 2023         |               |               |
|---|--------------|---------------|---------------|--------------|---------------|---------------|
|   | Assets       | Liabilities   | Net           | Assets       | Liabilities   | Net           |
| Tax losses/tax credits                            | 11.8         |               | 11.8          | 61.5         |               | 61.5          |
| Current assets                                    | 32.8         | -13.4         | 19.4          | 54.1         | -12.8         | 41.3          |
| Property, plant, and equipment                    | 10.8         | -134.5        | -123.7        | 13.0         | -171.0        | -158.0        |
| Other non-current assets                          | 94.1         | -171.7        | -77.6         | 91.7         | -329.8        | -238.1        |
| Liabilities                                       | 159.3        | -16.8         | 142.5         | 189.9        | -20.9         | 169.0         |
| Temporary differences on investments <sup>1</sup> | 0.0          | -150.1        | -150.1        | 0.0          | -91.8         | -91.8         |
| <b>Gross values</b>                               | <b>308.8</b> | <b>-486.5</b> | <b>-177.7</b> | <b>410.2</b> | <b>-626.3</b> | <b>-216.1</b> |
| Offsetting  | -164.0       | 164.0         | 0.0           | -221.6       | 221.6         | 0.0           |
| <b>Total</b>                                      | <b>144.8</b> | <b>-322.5</b> | <b>-177.7</b> | <b>188.6</b> | <b>-404.7</b> | <b>-216.1</b> |

1 This position includes expected withholding taxes of CHF 8.8 million (CHF 11.4 million) on undistributed dividends from Group companies. Deferred tax liabilities of CHF 55.1 million (CHF 138.7 million) and CHF 27.9 million (CHF 0.0 million) pertain to expected tax payments in connection with legal restructurings of the acquired Parex and MBCC companies, respectively, in the coming years.

## CARRY FORWARD OF TAX LOSSES, FOR WHICH NO DEFERRED TAX ASSETS HAVE BEEN RECOGNIZED

| in CHF mn                    | 2022        | 2023        |
|------------------------------|-------------|-------------|
| 1 year or less               | 5.4         | 3.6         |
| 1-5 years                    | 23.1        | 20.3        |
| Over 5 years or non-expiring | 0.7         | 1.5         |
| <b>Total</b>                 | <b>29.2</b> | <b>25.4</b> |

The underlying average tax rate of tax losses for which no deferred tax assets have been recognized is 25.8% (25.7%).

In the year under review, deferred tax assets from carried forward tax losses of CHF 6.6 million (CHF 3.0 million) were used and deferred carried forward tax losses of CHF 46.8 million (CHF 3.4 million) were capitalized.



There are deductible temporary differences of CHF 365.0 million (CHF 365.0 million). A deferred tax asset of CHF 2.8 million was recognized on CHF 65.0 million of this amount. The underlying average tax rate is 4.3% (5.2%). A further realization of these theoretical tax benefits is not expected. They result from the tax-free disclosure of hidden reserves in the tax balance sheet in Switzerland (so-called step-up).

## PILLAR TWO INCOME TAXES

The Organization for Economic Co-operation and Development (OECD) has published Global Anti-Base Erosion (GloBE) Model Rules, which include a minimum tax of 15% by jurisdiction (Pillar Two). Various countries intend to enact or have enacted tax legislation to either fully or partially comply with Pillar Two. The Group is within the scope of the OECD's Pillar Two. The Group is in the process of assessing its exposure to Pillar Two, which did not impact the 2023 results but will impact the results from January 1, 2024 onwards. On December 22, 2023 the Swiss government decided to partially implement Pillar Two by introducing a Qualified Domestic Minimum Top-up Tax (QDMTT) to reach the required taxation level of 15% on Pillar Two qualifying profits of subsidiaries in Switzerland effective from January 1, 2024. The Swiss government did not introduce the Income Inclusion Rule (IIR), which would require Switzerland to levy taxes on Pillar Two qualifying profits of subsidiaries in other countries not reaching the 15%. Based on the assessment to date and the expected business development, this global minimum tax regime should not materially impact Group's tax rate in 2024.

## 9. Earnings per share CHF 6.82 (CHF 7.57)

### BASIC EARNINGS PER SHARE

|   | 2022               | 2023               |
|---|--------------------|--------------------|
| <b>Net profit used to calculate basic earnings per share (CHF mn)</b>               | <b>1,162.5</b>     | <b>1,062.0</b>     |
| Weighted average number of shares outstanding <sup>1</sup>                          | 152,713,022        | 155,767,700        |
| Weighted average number of potential shares of the 3.75%-mandatory convertible bond | 814,049            | 0                  |
| <b>Weighted average number of shares used to calculate basic earnings per share</b> | <b>153,527,071</b> | <b>155,767,700</b> |
| <b>Basic earnings per share (CHF)</b>   | <b>7.57</b>        | <b>6.82</b>        |

1. Excluding treasury shares held in the Group.

### DILUTED EARNINGS PER SHARE

|  | 2022               | 2023               |
|--|--------------------|--------------------|
| Net profit attributable to Sika shareholders (CHF mn)  | 1,162.5            | 1,062.0            |
| Increase in profit assuming all conversion rights of the 0.15%-convertible bond have been exercised (CHF mn) | 8.1                | 5.5                |
| <b>Net profit used to calculate diluted earnings per share (CHF mn)</b>                                      | <b>1,170.6</b>     | <b>1,067.5</b>     |
| Weighted average number of shares outstanding <sup>1</sup>   | 152,784,517        | 155,842,369        |
| Weighted average number of potential shares of the 3.75%-mandatory convertible bond                          | 814,049            | 0                  |
| Weighted average number of potential shares of the 0.15%-convertible bond                                    | 6,887,394          | 4,679,271          |
| <b>Weighted average number of shares used to calculate diluted earnings per share</b>                        | <b>160,485,960</b> | <b>160,521,640</b> |
| <b>Diluted earnings per share (CHF)</b>  | <b>7.29</b>        | <b>6.65</b>        |

1. Excluding treasury shares held in the Group, including potential shares needed for share-based compensation plans.

## 10. Cash and cash equivalents CHF 643.9 mn (CHF 1,873.3 mn)

The cash management of the Group includes cash pooling, in which cash and cash equivalents available within the Group are pooled. The item "Cash and cash equivalents" includes cash and cash equivalents with a maturity of less than three months from the date of acquisition, bearing interest at a respectively valid rate.

## 11. Accounts receivable CHF 2,009.1 mn (CHF 1,719.6 mn)

Receivables are recognized net of an allowance for expected credit losses over the entire lifetime. The classification and valuation principles for accounts receivable are described in note 26.

The following tables show accounts receivable, the portion of not overdue and overdue receivables including their age structure as well as the development of the allowance for doubtful debts. Accounts receivable are non-interest-bearing and are generally due within 30 to 90 days.

### AGE DISTRIBUTION OF ACCOUNTS RECEIVABLE

| in CHF mn                      | 2022           | 2023           |
|--------------------------------|----------------|----------------|
| Not overdue                    | 1,351.5        | 1,607.5        |
| Past due <31 days              | 213.2          | 208.0          |
| Past due 31–60 days            | 64.3           | 77.7           |
| Past due 61–180 days           | 64.4           | 79.0           |
| Past due 181–365 days          | 7.7            | 10.9           |
| Past due >365 days             | 18.5           | 26.0           |
| <b>Net accounts receivable</b> | <b>1,719.6</b> | <b>2,009.1</b> |

### MOVEMENTS ON THE ALLOWANCE FOR DOUBTFUL DEBTS

| in CHF mn                              | 2022        | 2023         |
|--|-------------|--------------|
| <b>January 1</b>                       | <b>80.6</b> | <b>95.8</b>  |
| Additions to or increase in allowances | 27.3        | 33.1         |
| Reversal of allowances                 | -5.8        | -7.1         |
| Utilization of allowances              | -1.3        | -6.8         |
| Exchange differences                   | -5.0        | -13.7        |
| <b>December 31</b>                     | <b>95.8</b> | <b>101.3</b> |

The increase and decrease of allowances for doubtful debts are recognized in other operating expenses. Amounts entered as allowances are usually derecognized when payment is no longer expected.

## 12. Inventories CHF 1,240.7 mn (CHF 1,212.8 mn)

| in CHF mn                  | 2022           | 2023           |
|----------------------------|----------------|----------------|
| Raw materials and supplies | 495.6          | 491.0          |
| Semi-finished goods        | 75.5           | 70.5           |
| Finished goods             | 527.0          | 542.7          |
| Merchandise                | 114.7          | 136.5          |
| <b>Total</b>               | <b>1,212.8</b> | <b>1,240.7</b> |

Raw materials and merchandise are stated at historical cost and finished and semi-finished products are stated at production cost, however not exceeding net realizable sales value. The production costs comprise all directly attributable material and manufacturing costs as well as other costs incurred in bringing the inventories to their present location and condition. Acquisition or production costs are determined using a standard cost approach, or alternatively using the weighted average cost method. Net realizable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs. Allowances are made for obsolete and slow-moving inventories.

## 13. Prepaid expenses and accrued income CHF 243.8 mn (CHF 190.1 mn)

This includes advance payments and prepaid expenses for the accrual of expenses and income.

## 14. Other assets CHF 224.6 mn (CHF 117.7 mn)

### OTHER CURRENT ASSETS

| in CHF mn   | 2022        | 2023        |
|---|-------------|-------------|
| Derivatives (at fair value through profit and loss) | 6.8         | 47.2        |
| Securities (at fair value through profit and loss)  | 2.8         | 4.3         |
| Loans (at amortized cost)                           | 15.9        | 12.3        |
| <b>Other financial assets</b>                       | <b>25.5</b> | <b>63.8</b> |
| <b>Other current assets</b>                         | <b>25.5</b> | <b>63.8</b> |

### OTHER NON-CURRENT ASSETS

| in CHF mn  | 2022        | 2023         |
|--|-------------|--------------|
| Securities (at fair value through profit and loss) | 59.5        | 67.8         |
| Loans (at amortized cost)                          | 14.3        | 14.5         |
| <b>Other financial assets</b>                      | <b>73.8</b> | <b>82.3</b>  |
| Employee benefit assets <sup>1</sup>               | 16.6        | 75.8         |
| Other  | 1.8         | 2.7          |
| <b>Other non-financial assets</b>                  | <b>18.4</b> | <b>78.5</b>  |
| <b>Other non-current assets</b>                    | <b>92.2</b> | <b>160.8</b> |

1 Includes the excess of assets for employee benefit plans with defined benefits, see note 22.

Other current assets consist of assets with maturities of less than twelve months. Non-current other assets have a term of more than one year. The classification and valuation principles for financial assets are described in note 26.

## 15. Property, plant, and equipment CHF 2,257.3 mn (CHF 1,822.3 mn)

| in CHF mn                             | 2022           | 2023           |
|---------------------------------------|----------------|----------------|
| Own property, plant, and equipment    | 1,488.7        | 1,865.3        |
| Right-of-use assets                   | 333.6          | 392.0          |
| <b>Property, plant, and equipment</b> | <b>1,822.3</b> | <b>2,257.3</b> |

### OWN PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is carried at historical cost less accumulated depreciation required for business purposes. The capitalization is made based on components. Value-enhancing expenses are capitalized and depreciated over their useful lives. Repair, maintenance, and replacement costs are charged directly to the income statement. Depreciation is calculated using the straight-line method and is based on the anticipated useful life of the asset, including its operational usefulness and age-related technical viability. Property and plants include land and buildings. Equipment and vehicles include machinery, vehicles, laboratory and other equipment, furnishings and IT hardware.

## OWN PROPERTY, PLANT, AND EQUIPMENT

| in CHF mn                              | Property     | Plant        | Equipment and motor vehicles | Plants and buildings under construction | Total          |
|--|--------------|--------------|------------------------------|---|----------------|
| Acquisition cost                       | 209.1        | 941.3        | 2,184.8                      | 106.8                                   | 3,442.0        |
| Cumulative depreciation and impairment | -1.0         | -505.7       | -1,479.9                     | 0.0                                     | -1,986.6       |
| <b>Net values at January 1, 2022</b>   | <b>208.1</b> | <b>435.6</b> | <b>704.9</b>                 | <b>106.8</b>                            | <b>1,455.4</b> |
| Additions                              | 18.5         | 15.8         | 52.1                         | 151.6                                   | 238.0          |
| Acquired on acquisition                | 1.3          | 9.5          | 11.3                         | 0.1                                     | 22.2           |
| Exchange differences                   | -7.7         | -9.0         | -20.8                        | -5.0                                    | -42.5          |
| Disposals                              | -4.1         | -0.9         | -4.3                         | 0.0                                     | -9.3           |
| Reclassifications <sup>1</sup>         | 2.1          | 23.1         | 74.8                         | -100.6                                  | -0.6           |
| Depreciation charge for the year       | 0.0          | -31.6        | -142.9                       | 0.0                                     | -174.5         |
| <b>December 31, 2022</b>               | <b>218.2</b> | <b>442.5</b> | <b>675.1</b>                 | <b>152.9</b>                            | <b>1,488.7</b> |
| Acquisition cost                       | 219.1        | 958.3        | 2,218.5                      | 153.2                                   | 3,549.1        |
| Cumulative depreciation and impairment | -0.9         | -515.8       | -1,543.4                     | -0.3                                    | -2,060.4       |
| <b>Net values at January 1, 2023</b>   | <b>218.2</b> | <b>442.5</b> | <b>675.1</b>                 | <b>152.9</b>                            | <b>1,488.7</b> |
| Additions                              | 0.6          | 5.2          | 45.2                         | 205.8                                   | 256.8          |
| Acquired on acquisition                | 78.9         | 149.8        | 215.3                        | 34.9                                    | 478.9          |
| Exchange differences                   | -21.1        | -35.0        | -69.4                        | -16.5                                   | -142.0         |
| Disposals                              | -0.4         | -1.6         | -4.1                         | 0.0                                     | -6.1           |
| Reclassifications <sup>1</sup>         | 1.1          | 27.5         | 146.2                        | -175.5                                  | -0.7           |
| Depreciation charge for the year       | 0.0          | -37.0        | -163.0                       | 0.0                                     | -200.0         |
| Impairments                            | 0.0          | -0.7         | -9.6                         | 0.0                                     | -10.3          |
| <b>December 31, 2023</b>               | <b>277.3</b> | <b>550.7</b> | <b>835.7</b>                 | <b>201.6</b>                            | <b>1,865.3</b> |
| Acquisition cost                       | 277.9        | 1,080.2      | 2,413.6                      | 201.6                                   | 3,973.3        |
| Cumulative depreciation and impairment | -0.6         | -529.5       | -1,577.9                     | 0.0                                     | -2,108.0       |
| <b>Net values at December 31, 2023</b> | <b>277.3</b> | <b>550.7</b> | <b>835.7</b>                 | <b>201.6</b>                            | <b>1,865.3</b> |

1. Plants and buildings under construction are reclassified after completion within property, plant, and equipment as well as intangible assets.

## DEPRECIATION SCHEDULE

|                                |            |
|--------------------------------|------------|
| Buildings                      | 25 years   |
| Infrastructure                 | 15 years   |
| Machinery                      | 5-15 years |
| Furnishings                    | 6 years    |
| Vehicles                       | 4 years    |
| Laboratory equipment and tools | 4 years    |
| IT hardware                    | 3-4 years  |

The recoverability of property, plant, and equipment is reviewed if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount exceeds the recoverable amount, a special depreciation allowance is recorded on the higher of fair value less cost to sell and the value in use of an asset which corresponds to the discounted, anticipated future cash flows. For the purpose of impairment tests, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## CAPITAL COMMITMENTS

Significant capital expenditure for property, plant, and equipment contracted for as at December 31, 2023, but not recognized as liabilities is CHF 65.9 million (CHF 29.2 million).

## RIGHT-OF-USE ASSETS

After the inception of a contract, Sika assesses whether the contract is or contains a lease. Sika recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of twelve months or less, low-value asset leases of CHF 5,000 or less, and variable lease payments, which are expensed in the income statement over the lease term. The following expenses were recorded in other operating expenses:

| in CHF mn  | 2022 | 2023 |
|--|------|------|
| Expenses relating to leases of low-value assets                                | 10.4 | 16.4 |
| Expenses relating to short-term leases   | 29.0 | 28.5 |
| Expenses relating to variable lease payments not included in lease liabilities | 2.7  | 3.1  |

The cash-outflow of all lease payments amount to CHF 166.0 million (CHF 137.6 million) of which CHF 118.0 million (CHF 95.5 million) is included in financing activities and the residual amount in operating activities in the statement of cash flows.

For the asset class “motor vehicles”, the non-leasing components (e.g., services included in the lease payments) are accounted for separately and are directly expensed in the income statement. For all other asset classes, Sika does not account for the non-lease components separately.

At the commencement date of the lease, the lease liability, measured at the present value of the lease payments to be made over the lease term, is recognized. The lease payments include fixed payments, variable payments that depend on an index or rate, extension options, and exercise price of a purchase options reasonably certain to be exercised as well as payments of penalties for terminating a lease. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments. Lease liabilities are recognized under financial liabilities (current and non-current).

The lease payments are discounted using the incremental borrowing rate. For the Group, the rate implicit in the lease cannot be readily determined. To determine the incremental borrowing rate, the Group where possible uses recent intra-Group-financing rates. Otherwise, a build-up approach is used per country and currency.

At the commencement date of the lease, the ROU asset comprises the initial lease liability and initial direct costs. ROU assets are depreciated on a straight-line basis over the lease term. If Sika is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over their estimated useful life. If there is a change in future lease payments, the liability is revalued (with corresponding adjustment of the ROU asset).

Leases contractually committed but not yet commenced amount to CHF 6.7 million (CHF 4.9 million) as of December 31, 2023.

## RIGHT-OF-USE ASSETS

| in CHF mn                              | Right-of-use<br>production<br>sites | Right-of-use<br>offices and<br>warehouses | Right-of-use<br>equipment<br>and motor<br>vehicles | Total        |
|--|-------------------------------------|---|--|--------------|
| <b>Net values at January 1, 2022</b>   | <b>115.8</b>                        | <b>140.6</b>                              | <b>64.8</b>  | <b>321.2</b> |
| Additions                              | 20.0                                | 48.0                                      | 36.5   | 104.5        |
| Acquired on acquisition                | 5.2                                 | 0.0                                       | 0.0  | 5.2          |
| Exchange differences                   | -4.7                                | -5.9                                      | -2.8   | -13.4        |
| Remeasurements                         | 3.7                                 | 10.1                                      | 2.2  | 16.0         |
| Disposals                              | -7.8                                | -2.8                                      | -2.5   | -13.1        |
| Reclassifications <sup>1</sup>         | -0.9                                | 0.2                                       | 0.0  | -0.7         |
| Depreciation charge for the year       | -18.4                               | -34.2                                     | -33.5  | -86.1        |
| <b>December 31, 2022</b>               | <b>112.9</b>                        | <b>156.0</b>                              | <b>64.7</b>  | <b>333.6</b> |
| Acquisition cost                       | 169.4                               | 245.0                                     | 138.2  | 552.6        |
| Cumulative depreciation and impairment | -56.5                               | -89.0                                     | -73.5  | -219.0       |
| <b>Net values at January 1, 2023</b>   | <b>112.9</b>                        | <b>156.0</b>                              | <b>64.7</b>  | <b>333.6</b> |
| Additions                              | 17.1                                | 46.6                                      | 56.3   | 120.0        |
| Acquired on acquisition                | 13.6                                | 30.0                                      | 17.4   | 61.0         |
| Exchange differences                   | -13.8                               | -14.6                                     | -5.7   | -34.1        |
| Remeasurements                         | 5.8                                 | 16.9                                      | 1.5  | 24.2         |
| Disposals                              | -1.3                                | -2.1                                      | -5.1   | -8.5         |
| Reclassifications <sup>1</sup>         | 1.7                                 | 0.0                                       | 0.1  | 1.8          |
| Depreciation charge for the year       | -19.9                               | -44.5                                     | -41.6  | -106.0       |
| <b>December 31, 2023</b>               | <b>116.1</b>                        | <b>188.3</b>                              | <b>87.6</b>  | <b>392.0</b> |
| Acquisition cost                       | 179.5                               | 300.1                                     | 170.1  | 649.7        |
| Cumulative depreciation and impairment | -63.4                               | -111.8                                    | -82.5  | -257.7       |
| <b>Net values at December 31, 2023</b> | <b>116.1</b>                        | <b>188.3</b>                              | <b>87.6</b>  | <b>392.0</b> |

1 Right-of-use assets are reclassified to property, plant, and equipment when the purchase option is exercised.

## 16. Intangible assets and goodwill CHF 8,223.6 mn (CHF 4,229.1 mn)

| in CHF mn                              | Goodwill       | Software    | Trademarks   | Customer relations | Other intangibles | Total          |
|--|----------------|-------------|--------------|--------------------|-------------------|----------------|
| Acquisition costs                      | 3,301.4        | 175.9       | 385.8        | 996.2              | 194.6             | 5,053.9        |
| Cumulative amortization and impairment | -4.8           | -133.6      | -91.0        | -323.7             | -120.9            | -674.0         |
| <b>Net values at January 1, 2022</b>   | <b>3,296.6</b> | <b>42.3</b> | <b>294.8</b> | <b>672.5</b>       | <b>73.7</b>       | <b>4,379.9</b> |
| Additions                              | 0.0            | 28.0        | 0.0          | 0.0                | 0.0               | 28.0           |
| Acquired on acquisition                | 56.4           | 0.0         | 13.5         | 34.5               | 1.0               | 105.4          |
| Exchange differences                   | -127.3         | -0.9        | -9.0         | -23.2              | -0.9              | -161.3         |
| Disposals                              | 0.0            | -0.3        | 0.0          | 0.0                | 0.0               | -0.3           |
| Reclassifications                      | 0.0            | 1.3         | 0.0          | 0.0                | 0.0               | 1.3            |
| Amortization for the year              | 0.0            | -11.2       | -29.7        | -60.7              | -22.3             | -123.9         |
| <b>December 31, 2022</b>               | <b>3,225.7</b> | <b>59.2</b> | <b>269.6</b> | <b>623.1</b>       | <b>51.5</b>       | <b>4,229.1</b> |
| Acquisition costs                      | 3,230.1        | 197.8       | 388.7        | 996.6              | 191.4             | 5,004.6        |
| Cumulative amortization and impairment | -4.4           | -138.6      | -119.1       | -373.5             | -139.9            | -775.5         |
| <b>Net values at January 1, 2023</b>   | <b>3,225.7</b> | <b>59.2</b> | <b>269.6</b> | <b>623.1</b>       | <b>51.5</b>       | <b>4,229.1</b> |
| Additions                              | 0.0            | 22.2        | 0.0          | 0.2                | 0.7               | 23.1           |
| Acquired on acquisition                | 3,479.7        | 2.0         | 103.1        | 960.1              | 258.3             | 4,803.2        |
| Exchange differences                   | -505.0         | -3.1        | -15.3        | -125.1             | -2.7              | -651.2         |
| Disposals                              | 0.0            | 0.0         | 0.0          | 0.0                | -0.2              | -0.2           |
| Reclassifications                      | 0.0            | 0.1         | 0.0          | 0.0                | -1.2              | -1.1           |
| Amortization for the year              | 0.0            | -14.2       | -39.1        | -96.4              | -29.6             | -179.3         |
| <b>December 31, 2023</b>               | <b>6,200.4</b> | <b>66.2</b> | <b>318.3</b> | <b>1,361.9</b>     | <b>276.8</b>      | <b>8,223.6</b> |
| Acquisition costs                      | 6,204.4        | 208.3       | 469.8        | 1,799.3            | 408.8             | 9,090.6        |
| Cumulative amortization and impairment | -4.0           | -142.1      | -151.5       | -437.4             | -132.0            | -867.0         |
| <b>Net values at December 31, 2023</b> | <b>6,200.4</b> | <b>66.2</b> | <b>318.3</b> | <b>1,361.9</b>     | <b>276.8</b>      | <b>8,223.6</b> |

Internally generated patents, trademarks, and other rights are not capitalized. Research and development expenditures for new products are recognized in the income statement, since these do not fulfil the recognition criteria. Acquired intangible assets are generally capitalized and amortized using the straight-line method.

Development costs for software are capitalized as intangible assets, provided that the software will generate a future economic benefit through sale or use within the Group and that its cost can be reliably measured. Conditions for capitalization are the technical feasibility of the asset and the intention and ability to complete its development, as well as the availability of adequate resources.

### AMORTIZATION SCHEDULE

|                    |            |
|--------------------|------------|
| Software           | 3–8 years  |
| Trademarks         | 3–20 years |
| Customer relations | 1–23 years |
| Patents            | 5–10 years |
| Technology         | 5–20 years |

The intangible assets (except for goodwill) each have finite useful lives over which the assets are amortized.



Acquired trademarks are amortized if a useful life can be determined. Otherwise, trademarks are not amortized. Useful life assumptions are regularly reviewed. No acquired brand's useful life had been assessed to be indefinite.

#### GOODWILL ITEMS TESTED FOR IMPAIRMENT

Impairment tests were performed on all goodwill items (including the still provisionally allocated goodwill items from the purchase price allocations of the acquired companies). The operating segments constitute the cash-generating units.

The impairment tests are based on the discounted cash flow method. The calculation of the value in use is based on the target figures and cash flow forecasts, which were approved by the Board of Directors. The sales growth rates used in the impairment test correspond to market expectations of the segments. The forecasting horizon extends to 2025.

The growth rates used outside the planning period (terminal growth rates) correspond to weighted expected inflation rates of the segments. The discount rates are determined based on the weighted average cost of capital of the Group, considering country- and currency-specific risks within the context of cash flows taken into consideration. The sensitivity analyses performed on the growth rate outside the planning period and the discount rates indicate that a realistic change in assumptions would not result in the realizable value falling below the carrying amount.

#### GOODWILL ASSIGNED TO CASH-GENERATING UNITS

| in CHF mn                | Growth rates beyond the<br>planning period (%) | Discount rates pre-tax (%) | Goodwill       |
|--------------------------|--|----------------------------|----------------|
| EMEA                     | 3.1  | 9.2                        | 1,163.7        |
| Americas                 | 4.3  | 11.1                       | 738.3          |
| Asia/Pacific             | 2.3  | 9.7                        | 1,045.1        |
| Global Business          | 2.6  | 8.5                        | 278.6          |
| <b>December 31, 2022</b> |  |                            | <b>3,225.7</b> |
| EMEA                     | 3.0  | 11.9                       | 2,072.0        |
| Americas                 | 2.6  | 14.0                       | 2,129.5        |
| Asia/Pacific             | 2.3  | 9.8                        | 1,739.4        |
| Global Business          | 2.4  | 11.2                       | 259.5          |
| <b>December 31, 2023</b> |  |                            | <b>6,200.4</b> |

## 17. Investments in associated companies CHF 19.1 mn (CHF 9.5 mn)

The following associated companies are included in the consolidated financial statements as of December 31, 2023: HPS North America, LLC, USA (Sika stake 49%, prior year 20%), Condensil SARL, France (40%), Chemical Sangyo Ltd., Japan (50%), Seven Tech Co. Ltd., Japan (50%), and Concra Oy, Finland (30%). The stake in Concra Oy was acquired this year.

### STAKE IN NET SALES AND NET INCOME OF ASSOCIATES

| in CHF mn           | 2022 | 2023 |
|---------------------|------|------|
| Sales               | 8.1  | 18.9 |
| Profit (+)/loss (-) | 0.4  | 1.1  |

## 18. Accounts payable CHF 1,108.2 mn (CHF 1,016.6 mn)

Accounts payable do not bear interest and will usually become due within 30 to 60 days.

## 19. Accrued expenses and deferred income CHF 678.2 mn (CHF 489.0 mn)

Accrued expenses and deferred income relate to outstanding invoices and liabilities for the past financial year, including performance-based compensation payable to employees and social security expenses in the following year, as well as refund liabilities for expected volume discounts. In addition, deferred revenues for warranty extensions in the amount of CHF 3.8 million (CHF 4.6 million) are included (see note 1).

## 20. Financial liabilities CHF 5,949.9 mn (CHF 3,937.2 mn)

| in CHF mn                   | 2022         |                |                | 2023           |                |                |
|-----------------------------|--------------|----------------|----------------|----------------|----------------|----------------|
|                             | Current      | Non-current    | Total          | Current        | Non-current    | Total          |
| Derivatives                 | 9.1          | 0.4            | 9.5            | 82.0           | 0.0            | 82.0           |
| Bank loans                  | 11.1         | 0.0            | 11.1           | 4.3            | 669.6          | 673.9          |
| Lease liabilities           | 78.1         | 256.1          | 334.2          | 112.0          | 287.0          | 399.0          |
| Straight bonds              | 199.9        | 2,099.9        | 2,299.8        | 1,012.6        | 3,752.6        | 4,765.2        |
| Convertible bond            | 0.0          | 1,249.7        | 1,249.7        | 0.0            | 0.0            | 0.0            |
| Other financial liabilities | 4.8          | 28.1           | 32.9           | 7.0            | 22.8           | 29.8           |
| <b>Total</b>                | <b>303.0</b> | <b>3,634.2</b> | <b>3,937.2</b> | <b>1,217.9</b> | <b>4,732.0</b> | <b>5,949.9</b> |

Furthermore, Sika has the following credit facilities:

- Revolving credit facility of CHF 1,100.0 million, drawable in CHF, EUR, USD, or GBP. The term ends on December 13, 2028. As of December 31, 2023, Sika has utilized CHF 389.6 million under this credit line.
- Revolving credit facility of CHF 1,100.0 million, drawable in CHF, EUR, USD, or GBP. The term ends on August 10, 2028. As of December 31, 2023, Sika has utilized CHF 280.0 million under this credit line.

## OUTSTANDING STRAIGHT BONDS

| in CHF mn                               |               |             |                     |                 |  | 2022           | 2023           |
|---|---------------|-------------|---------------------|-----------------|--|----------------|----------------|
| Issuer                                  | Bond          | Nominal     | Coupon              | Term            |  | Book value     | Book value     |
| Sika AG, Baar, Switzerland              | Straight bond | CHF 200.0   | 1.875%              | 2013-11/14/2023 |  | 199.9          | 0.0            |
|   | Straight bond | CHF 100.0   | 1.600%              | 2022-05/28/2024 |  | 99.9           | 100.0          |
|   | Straight bond | CHF 250.0   | 0.625%              | 2018-07/12/2024 |  | 250.2          | 250.0          |
|   | Straight bond | CHF 200.0   | 2.125%              | 2023-10/11/2024 |  | 0.0            | 199.9          |
|   | Straight bond | CHF 200.0   | 1.900%              | 2022-11/28/2025 |  | 199.6          | 199.5          |
|   | Straight bond | CHF 140.0   | 0.600%              | 2018-03/27/2026 |  | 140.0          | 140.0          |
|   | Straight bond | CHF 200.0   | 2.250%              | 2023-04/13/2026 |  | 0.0            | 200.1          |
|   | Straight bond | CHF 130.0   | 1.125%              | 2018-07/12/2028 |  | 130.6          | 130.5          |
|   | Straight bond | CHF 300.0   | 2.350%              | 2022-11/28/2028 |  | 299.4          | 299.5          |
|   | Straight bond | CHF 250.0   | 2.250%              | 2023-04/13/2029 |  | 0.0            | 249.6          |
| Sika Capital B.V., Utrecht, Netherlands | Straight bond | EUR 500.0   | 4.168% <sup>1</sup> | 2023-11/01/2024 |  | 0.0            | 462.7          |
|   | Straight bond | EUR 1,000.0 | 3.750%              | 2023-11/03/2026 |  | 0.0            | 922.2          |
|   | Straight bond | EUR 500.0   | 0.875%              | 2019-04/29/2027 |  | 490.6          | 461.7          |
|   | Straight bond | EUR 750.0   | 3.750%              | 2023-05/03/2030 |  | 0.0            | 688.7          |
|   | Straight bond | EUR 500.0   | 1.500%              | 2019-04/29/2031 |  | 489.6          | 460.8          |
| <b>Total</b>                            |               |             |                     |                 |  | <b>2,299.8</b> | <b>4,765.2</b> |

1. Three-month Euribor plus 20 basis points, reoffered quarterly. The rate indicated is applicable as at December 31, 2023.

On April 13, 2023, Sika AG completed an offering of CHF 650 million fixed rate bonds issued in three tranches:

- CHF 200.0 million 2023 – Oct. 2024 with a fixed coupon of 2.125% p.a. The bond was issued at 100.091%
- CHF 200.0 million 2023 – Apr. 2026 with a fixed coupon of 2.25% p.a. The bond was issued at 100.338%.
- CHF 250.0 million 2023 – Apr. 2029 with a fixed coupon of 2.25% p.a. The bond was issued at 100.111%.

On May 3, 2023, Sika Capital B.V., Utrecht, completed an offering of EUR 2,250 million bonds issued in three tranches:

- EUR 500.0 million 2023 – Nov. 2024 with a floating coupon of 3mE+20bps payable quarterly.
- EUR 1,000.0 million 2023 – Nov. 2026 with a fixed coupon of 3.75% p.a. The bond was issued at 99.93%.
- EUR 750.0 million 2023 – May 2030 with a fixed coupon of 3.75% p.a. The bond was issued at 99.451%.

## CONVERTIBLE BONDS

A convertible bond is a compound financial instrument. The bond contains a conversion option embedded in the bond. On initial recognition, the convertible bond is split into a liability component and an equity component. The liability component corresponds to the fair value of an identical bond, but without a conversion option, and is accounted for at amortized cost. The difference between the carrying amount of the liability component and the redemption amount is amortized over the remaining term of the convertible bond using the effective interest method. The equity component is calculated as the difference between the liability component and the amount of the issue proceeds. The equity component is not remeasured and remains unchanged in equity until conversion. The issue costs are allocated proportionately to the liability and equity components.

In May 2018, Sika placed a convertible bond in the amount of CHF 1,650.0 million due in 2025. The convertible bond had a coupon of 0.15% p.a. On August 24, 2023, Sika notified the bondholders that it has exercised the early redemption option. As a result, by September 25, 2023, all outstanding bonds were either converted into new shares from the conditional capital of Sika AG or repaid. In the reporting year, bonds with a nominal value of CHF 1,264.2 million were converted (CHF 141.7 million), and bonds with a nominal value of CHF 3.1 million were repaid to the bondholders.

## RECONCILIATION LIABILITY COMPONENT 0.15%-CONVERTIBLE BOND 2018-2025

| in CHF mn                                 | 2022           | 2023           |
|---|----------------|----------------|
| <b>January 1</b>                          | <b>1,381.9</b> | <b>1,249.7</b> |
| Interest expense (amortized cost)         | 7.2            | 5.9            |
| Conversion of bond into registered shares | -139.4         | -1,252.5       |
| Redemption                                | 0.0            | -3.1           |
| <b>December 31</b>                        | <b>1,249.7</b> | <b>0.0</b>     |
| Open par value                            | 1,267.3        | 0.0            |

On January 22, 2019, Sika placed a mandatory convertible bond in the amount of CHF 1,300.0 million due end of January 2022. The mandatory convertible bond had a coupon of 3.75% p.a. These interest payments were classified as a liability component. Accordingly, the liability component was reduced annually by the interest payments made.

On January 31, 2022, the remaining convertible bonds with a nominal value of CHF 1,299.8 million were fully converted into new shares from the conditional capital of Sika AG. The conversion price per share was CHF 130.756.

## CHANGE IN FINANCIAL LIABILITIES

| in CHF mn                       | Bank loans      | Bonds           | Lease liabilities | Derivatives and other financial liabilities | Total financial liabilities |
|---------------------------------|-----------------|-----------------|-------------------|---|-----------------------------|
| <b>January 1, 2022</b>          | <b>18.0</b>     | <b>3,329.1</b>  | <b>317.6</b>      | <b>72.3</b>                                 | <b>3,737.0</b>              |
| Proceeds                        | 11.4            | 598.9           | 0.0               | 9.2   | 619.5                       |
| Repayments                      | -22.3           | -198.8          | -95.5             | -19.7                                       | -336.3                      |
| <b>Cash flow</b>                | <b>-10.9</b>    | <b>400.1</b>    | <b>-95.5</b>      | <b>-10.5</b>                                | <b>283.2</b>                |
| Acquired on acquisition         | 5.8             | 0.0             | 5.2               | 0.0   | 11.0                        |
| Exchange differences            | -1.9            | -48.1           | -12.8             | -2.7  | -65.5                       |
| New leases                      | 0.0             | 0.0             | 104.6             | 0.0   | 104.6                       |
| Conversion of bonds into shares | 0.0             | -139.4          | 0.0               | 0.0   | -139.4                      |
| Other changes                   | 0.1             | 7.8             | 15.1              | -16.7                                       | 6.3                         |
| <b>Non-cash movements</b>       | <b>4.0</b>      | <b>-179.7</b>   | <b>112.1</b>      | <b>-19.4</b>                                | <b>-83.0</b>                |
| <b>December 31, 2022</b>        | <b>11.1</b>     | <b>3,549.5</b>  | <b>334.2</b>      | <b>42.4</b>                                 | <b>3,937.2</b>              |
| <b>January 1, 2023</b>          | <b>11.1</b>     | <b>3,549.5</b>  | <b>334.2</b>      | <b>42.4</b>                                 | <b>3,937.2</b>              |
| Proceeds                        | 1,416.4         | 2,854.1         | 0.0               | 0.0   | 4,270.5                     |
| Repayments                      | -2,565.8        | -203.1          | -118.0            | -3.5  | -2,890.4                    |
| <b>Cash flow</b>                | <b>-1,149.4</b> | <b>2,651.0</b>  | <b>-118.0</b>     | <b>-3.5</b>                                 | <b>1,380.1</b>              |
| Acquired on acquisition         | 1,812.6         | 0.0             | 67.3              | 6.7   | 1,886.6                     |
| Exchange differences            | -0.7            | -192.3          | -33.9             | -4.0  | -230.9                      |
| New leases                      | 0.0             | 0.0             | 115.8             | 0.0   | 115.8                       |
| Conversion of bonds into shares | 0.0             | -1,252.5        | 0.0               | 0.0   | -1,252.5                    |
| Other changes                   | 0.3             | 9.5             | 33.6              | 70.2  | 113.6                       |
| <b>Non-cash movements</b>       | <b>1,812.2</b>  | <b>-1,435.3</b> | <b>182.8</b>      | <b>72.9</b>                                 | <b>632.6</b>                |
| <b>December 31, 2023</b>        | <b>673.9</b>    | <b>4,765.2</b>  | <b>399.0</b>      | <b>111.8</b>                                | <b>5,949.9</b>              |

The classification and valuation principles for financial liabilities are described in note 26.

## 21. Provisions and contingent liabilities CHF 246.8 mn (CHF 104.9 mn)

Provisions required for liabilities arising from guarantees, warranties, and environmental risks as well as restructuring costs are recognized as liabilities. Provisions are only recognized if Sika has a third-party liability that is based on a past event and can be reliably measured. Contingent liabilities are not recognized in the balance sheet except for acquisitions. Potential losses due to future incidents are not recognized in the balance sheet.

| in CHF mn                | Warranties  | Sundry risks | Total        |
|--------------------------|-------------|--------------|--------------|
| Current provisions       | 17.9        | 28.4         | 46.3         |
| Non-current provisions   | 60.8        | 139.7        | 200.5        |
| <b>Provisions</b>        | <b>78.7</b> | <b>168.1</b> | <b>246.8</b> |
| <b>Reconciliation</b>    |             |              |              |
| <b>January 1, 2023</b>   | <b>44.0</b> | <b>60.9</b>  | <b>104.9</b> |
| Additions                | 9.0         | 29.1         | 38.1         |
| Assumed on acquisition   | 48.1        | 112.8        | 160.9        |
| Exchange differences     | -5.4        | -7.2         | -12.6        |
| Utilization              | -4.6        | -11.5        | -16.1        |
| Reversal                 | -12.4       | -16.0        | -28.4        |
| <b>December 31, 2023</b> | <b>78.7</b> | <b>168.1</b> | <b>246.8</b> |

Provisions for guarantees reflect all known claims anticipated in the near future. The amounts of the provision are determined based on experience and are therefore subject to a degree of uncertainty. The outflow of funds depends on the timing of the filing and conclusion of warranty claims. Provisions for sundry risks include loan guarantees as well as open and anticipated legal cases with a probability of occurrence above 50%. Furthermore they include tax risks from acquisitions with a probability of occurrence below 50% (contingent liabilities, see below).

From the sum of provisions, CHF 200.5 million (CHF 78.0 million) are shown as non-current liabilities, since an outflow of funds is not expected within the next twelve months. For provisions of CHF 46.3 million (CHF 26.9 million), an outflow of funds is expected during the next twelve months. These amounts are shown as current provisions.

This year, several legal cases were resolved or forfeited where the amount accrued exceeded the amount required for settlement. In addition, certain legal cases were reassessed based on the current best estimates.

### CONTINGENT LIABILITIES

In ongoing business activity, the Group may be involved in legal proceedings such as lawsuits, claims, investigations, and negotiations due to product liability, mercantile law, environmental protection, health and safety, etc.

Sika AG acts as guarantor in the share and purchase agreement (SPA) regarding certain subsidiaries of the MBCC Group between Sika International GmbH, acting as seller, and the purchaser. Further to the obligations in the SPA, and as between the Sika entities, Sika AG agreed to accept all of the rights, claims, title, benefit and interest to, in and under the SPA, whether current or future, actual or contingent of Sika International GmbH. The recognition of risks embedded in the business acquired (mainly fiscal), as well as the fair value measurement of the contingent liabilities related thereto, led to the recognition of additional contingent liabilities at fair value for an amount of CHF 85.6 million (included in sundry risks).

Sika is part of antitrust investigations announced by the European, UK, US and Turkish competition authorities in relation to certain activities in the construction chemical industry. Sika is fully cooperating with the investigations which are still at an early stage. It is therefore too early to draw any conclusion on the likely outcome as these type of investigations are normally lengthy and it is not expected that any decision would be issued in the near future.

The Group is active in countries in which political, economic, social, and legal developments could impair business activity. The effects of such risks which can occur in the normal course of business is unforeseeable, but their probability of occurring is below 50%.

## 22. Employee benefit obligations

| in CHF mn                                    | 2022        |              |              | 2023        |              |              |
|--|-------------|--------------|--------------|-------------|--------------|--------------|
|  | Assets      | Liabilities  | Net          | Assets      | Liabilities  | Net          |
| Employee benefit plans with defined benefits | 16.6        | 138.9        | 122.3        | 75.8        | 211.6        | 135.8        |
| Other employee commitments                   | –           | 101.0        | 101.0        | –           | 117.0        | 117.0        |
| <b>Total</b>                                 | <b>16.6</b> | <b>239.9</b> | <b>223.3</b> | <b>75.8</b> | <b>328.6</b> | <b>252.8</b> |

The Group maintains various employee benefit plans that differ in accordance with local practices. Group contributions to defined contribution plans are recognized in the income statement. Defined benefit plans are administered either through self-governed pension funds (funded) or recognized directly in the balance sheet (unfunded). The amount of the liabilities resulting from defined benefit plans is regularly determined by independent experts under application of the projected unit credit method. Actuarial gains and losses are recognized directly in the statement of other comprehensive income and are not reclassified subsequently to profit and loss. Asset surpluses of employee pension plans are considered only to the extent of possible future reimbursement or reduction of contributions.

Other long-term liabilities arise from long-service bonuses and similar benefits that Sika grants to its employees.

### DEFINED CONTRIBUTION PENSION PLANS

The majority of Sika subsidiaries operate defined contribution pension plans. In these, employees and employer regularly contribute to funds administered by third parties. This does not give rise to any assets or liabilities in the consolidated balance sheet.

### DEFINED BENEFIT PENSION PLANS

Defined benefit pension plans for staff exist within 55 (45) Group companies. The biggest plans are in Switzerland, accounting for 78.6% (83.2%) of Sika's entire defined benefit pension obligations and 96.1% (96.8%) of plan assets.

#### SWISS PENSION PLANS

Sika companies in Switzerland have legally independent foundations, thereby segregating their pension obligation liabilities. The Federal Law on Occupational Retirement, Survivors' and Disability Pensions (BVG) regulates occupational benefits in Switzerland. In the event of a significant deficit, employees and employers must jointly bear any restructuring measures, for example through additional contributions. The Swiss pension plans therefore qualify as defined benefit plans and the actuarially determined surplus or deficit is recognized in the consolidated balance sheet. In accordance with local statutory requirements, Sika has no further obligations towards the pension plans beyond the regulatory contribution payments.

The Sika pension plan insures employees in Switzerland against the risks of old age, death, and disability. In addition, there is a management pension plan and a welfare foundation which provide for further regulatory benefits. Together with the statutory requirements, the retirement regulations form the basis for occupational pension benefits. The retirement pension is calculated by multiplying the retirement assets available at the time of retirement by the conversion rates stipulated in the regulations. The employee has the option of drawing the retirement benefit as a lump sum. The employee also has the right to early retirement.

The administration of the Sika pension plan is the responsibility of the board of trustees as the supreme body, which is composed of the same number of employee and employer representatives. It is responsible for the implementation of the pension fund regulations, the financing of benefits, and the investment of assets. The investment strategy is structured so that benefits can be paid when they fall due. The Sika pension fund as well as the welfare foundation bear the investment risks and the longevity risk themselves. The pension fund has taken out congruent reinsurance for the risks of death and disability. The insurance-related and investment risks of the management pension scheme are fully reinsured.

In the current year, as in the prior year, the Swiss pension plans are showing a surplus under BVG and it is not expected that additional contributions will be necessary for the next year.

#### MOVEMENT IN THE NET DEFINED BENEFIT OBLIGATION

| in CHF mn  | Present value of obligation | Fair value of plan assets | Impact of asset ceiling | Total         |
|--|-----------------------------|---------------------------|-------------------------|---------------|
| <b>At January 1, 2022</b>  | <b>-1,091.6</b>             | <b>1,039.2</b>            | <b>-3.9</b>             | <b>-56.3</b>  |
| Current service cost   | -31.8                       |                           |                         | -31.8         |
| Past service cost (-) and gains (+)/losses (-) on settlements and curtailments | 0.7                         |                           |                         | 0.7           |
| Interest expense (-)/interest income (+)                                       | -5.6                        | 3.9                       |                         | -1.7          |
| <b>Total expense recognized in income statement</b>                            | <b>-36.7</b>                | <b>3.9</b>                |                         | <b>-32.8</b>  |
| thereof Switzerland  | -27.6                       | 3.5                       |                         | -24.1         |
| thereof others   | -9.1                        | 0.4                       |                         | -8.7          |
| Return on plan assets, excluding amounts included in interest income           |                             | -147.9                    |                         | -147.9        |
| Actuarial gains (+)/losses (-) from change in financial assumptions            | 194.6                       |                           |                         | 194.6         |
| Actuarial gains (+)/losses (-) from change in demographic assumptions          | -0.6                        |                           |                         | -0.6          |
| Experience gains (+)/losses (-)  | -25.2                       |                           |                         | -25.2         |
| Change in asset ceiling  |                             |                           | -95.6                   | -95.6         |
| <b>Total remeasurement recognized in other comprehensive income</b>            | <b>168.8</b>                | <b>-147.9</b>             | <b>-95.6</b>            | <b>-74.7</b>  |
| thereof Switzerland  | 117.8                       | -144.2                    | -95.6                   | -122.0        |
| thereof others   | 51.0                        | -3.7                      | 0.0                     | 47.3          |
| Exchange differences   | 10.3                        | -1.1                      |                         | 9.2           |
| Contributions by employers   |                             | 23.8                      |                         | 23.8          |
| Contributions by plan participants   | -16.8                       | 16.8                      |                         | 0.0           |
| Benefits paid  | 36.7                        | -28.1                     |                         | 8.6           |
| Disposed of in a business combination and others                               | 8.7                         | -8.8                      |                         | -0.1          |
| <b>At December 31, 2022</b>  | <b>-920.6</b>               | <b>897.8</b>              | <b>-99.5</b>            | <b>-122.3</b> |
| thereof Switzerland  | -765.5                      | 869.5                     | -99.5                   | 4.5           |
| thereof others   | -155.1                      | 28.3                      | 0.0                     | -126.8        |

## MOVEMENT IN THE NET DEFINED BENEFIT OBLIGATION

| in CHF mn  | Present value of obligation | Fair value of plan assets | Impact of asset ceiling | Total         |
|--|-----------------------------|---------------------------|-------------------------|---------------|
| <b>At January 1, 2023</b>  | <b>-920.6</b>               | <b>897.8</b>              | <b>-99.5</b>            | <b>-122.3</b> |
| Current service cost   | -28.6                       |                           |                         | -28.6         |
| Past service cost (-) and gains (+)/losses (-) on settlements and curtailments | -0.9                        |                           |                         | -0.9          |
| Interest expense (-)/interest income (+)                                       | -25.5                       | 20.5                      | -2.2                    | -7.2          |
| <b>Total expense recognized in income statement</b>                            | <b>-55.0</b>                | <b>20.5</b>               | <b>-2.2</b>             | <b>-36.7</b>  |
| thereof Switzerland  | -41.7                       | 19.2                      | -2.2                    | -24.7         |
| thereof others   | -13.3                       | 1.3                       | 0.0                     | -12.0         |
| Return on plan assets, excluding amounts included in interest income           |                             | 17.2                      |                         | 17.2          |
| Actuarial gains (+)/losses (-) from change in financial assumptions            | -69.0                       |                           |                         | -69.0         |
| Actuarial gains (+)/losses (-) from change in demographic assumptions          | -3.7                        |                           |                         | -3.7          |
| Experience gains (+)/losses (-)  | 7.5                         |                           |                         | 7.5           |
| Change in asset ceiling  |                             |                           | 101.7                   | 101.7         |
| <b>Total remeasurement recognized in other comprehensive income</b>            | <b>-65.2</b>                | <b>17.2</b>               | <b>101.7</b>            | <b>53.7</b>   |
| thereof Switzerland  | -55.5                       | 16.0                      | 101.7                   | 62.2          |
| thereof others   | -9.7                        | 1.2                       | 0.0                     | -8.5          |
| Exchange differences   | 17.8                        | -2.2                      |                         | 15.6          |
| Contributions by employers   |                             | 26.3                      |                         | 26.3          |
| Contributions by plan participants   | -17.8                       | 17.8                      |                         | 0.0           |
| Benefits paid  | 43.2                        | -31.5                     |                         | 11.7          |
| Acquired in a business combination   | -105.5                      | 21.4                      |                         | -84.1         |
| <b>At December 31, 2023</b>  | <b>-1,103.1</b>             | <b>967.3</b>              | <b>0.0</b>              | <b>-135.8</b> |
| thereof Switzerland  | -867.0                      | 929.7                     | 0.0                     | 62.7          |
| thereof others   | -236.1                      | 37.6                      | 0.0                     | -198.5        |

The contributions expected to be paid into the defined benefit pension plans for 2024 amount to CHF 24.3 million.

The Group's total expenses for employee benefits are included in the consolidated financial statements under "Personnel expenses", excluding net interest that is recognized under interest expenses.

The stated deficit results mainly from the defined benefit obligation of the unfunded benefit plans of CHF 178.6 million (CHF 104.4 million). Schemes in Germany, in particular, do not have segregated assets. For the Swiss pension plan, the result is a surplus of CHF 62.7 million (surplus of CHF 4.5 million).



## MAJOR CATEGORIES OF TOTAL PLAN ASSETS

| in CHF mn                 | 2022         |             |              | 2023         |             |              |
|---------------------------|--------------|-------------|--------------|--------------|-------------|--------------|
|                           | Switzerland  | Others      | Total        | Switzerland  | Others      | Total        |
| Cash and cash equivalents | 17.3         | 6.8         | 24.1         | 15.0         | 6.5         | 21.5         |
| Equity instruments        | 337.7        | 0.7         | 338.4        | 388.9        | 0.5         | 389.4        |
| Debt instruments          | 307.8        | 2.7         | 310.5        | 322.4        | 12.5        | 334.9        |
| Real estate investments   | 204.3        | 0.0         | 204.3        | 203.4        | 0.0         | 203.4        |
| Other assets              | 2.4          | 18.1        | 20.5         | 0.0          | 18.1        | 18.1         |
| <b>Total</b>              | <b>869.5</b> | <b>28.3</b> | <b>897.8</b> | <b>929.7</b> | <b>37.6</b> | <b>967.3</b> |

Most of the plan assets of the pension schemes are invested in assets with quoted market prices. In the year under review, 8.3% (7.8%) of the investments in real estate did not have a quoted market price.

## AMOUNTS INCLUDED IN PLAN ASSETS

| in CHF mn                   | 2022        |            | 2023        |            |
|-----------------------------|-------------|------------|-------------|------------|
|                             | Switzerland | Others     | Switzerland | Others     |
| Shares Sika AG <sup>1</sup> | 24.9        | 0.0        | 32.1        | 0.0        |
| Property occupied by Sika   | 11.1        | 0.0        | 11.5        | 0.0        |
| <b>Total</b>                | <b>36.0</b> | <b>0.0</b> | <b>43.6</b> | <b>0.0</b> |

1. According to Swiss law, employer shareholdings may not exceed 5% of assets.

## ACTUARIAL ASSUMPTIONS - WEIGHTED AVERAGE

|  | 2022        |        | 2023        |        |
|--|-------------|--------|-------------|--------|
|  | Switzerland | Others | Switzerland | Others |
| Discount rate in the year under review (%) | 2.20        | 3.56   | 1.50        | 3.61   |

Significant actuarial assumptions for pension plans in Switzerland are the above stated discount rate in the year under review, interest rate on retirement savings capital of 1.5% (2.2%) as well as the life expectancy of plan participants for which the mortality table BVG 2020 GT (BVG 2020 GT) is applied. Actuarial assumptions for pension plans outside Switzerland are individually not significant.

## THE SENSITIVITY OF THE DEFINED BENEFIT OBLIGATION TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

| in CHF mn                                   | Change in assumptions | DBO increase (+)/decrease (-) |        |
|---|-----------------------|-------------------------------|--------|
|   |                       | Switzerland                   | Others |
| Discount rate                               | +0.25%                | -28.2                         | -6.6   |
| Discount rate                               | -0.25%                | 30.1                          | 6.4    |
| Life expectancy                             | one year increase     | 18.1                          |        |
| Interest rate on retirement savings capital | +0.25%                | 8.2                           |        |
| Interest rate on retirement savings capital | -0.25%                | -8.1                          |        |

## FURTHER INFORMATION

|  | 2022        |        | 2023        |        |
|--|-------------|--------|-------------|--------|
|  | Switzerland | Others | Switzerland | Others |
| Total number of defined benefit plans            | 3           | 41     | 3           | 58     |
| thereof number of defined benefit plans funded   | 2           | 12     | 2           | 19     |
| thereof number of defined benefit plans unfunded | 1           | 29     | 1           | 39     |
| Average weighted duration in years               | 12.8        | 12.7   | 13.6        | 12.2   |

## 23. Other liabilities CHF 35.7 mn (CHF 36.1 mn)

Other liabilities consist of deferred revenue for warranty extensions that will not be realized within the next twelve months.

## 24. Shareholders' equity CHF 5,933.2 mn (CHF 4,967.1 mn)

| in CHF mn                                       | 2022           | 2023           |
|---|----------------|----------------|
| Capital stock                                   | 1.5            | 1.6            |
| Capital surplus                                 | 1,878.8        | 3,143.0        |
| Treasury shares                                 | -15.1          | -11.9          |
| Currency translation differences                | -1,232.7       | -2,038.4       |
| Retained earnings                               | 4,333.7        | 4,826.1        |
| <b>Equity attributable to Sika shareholders</b> | <b>4,966.2</b> | <b>5,920.4</b> |
| Non-controlling interests                       | 0.9            | 12.8           |
| <b>Shareholders' equity</b>                     | <b>4,967.1</b> | <b>5,933.2</b> |

Equity accounts for 39.4% (43.9%) of the balance sheet total.

### CAPITAL STOCK

The capital stock is equal to the nominal capital of all issued registered shares at par value of CHF 0.01. Share capital is structured as follows and changed this year according to the table below (no changes in the previous year):

|   | Units <sup>1</sup> | Par value in CHF |
|---|--------------------|------------------|
| <b>At January 1, 2022</b>                 | <b>143,044,967</b> | <b>1,430,450</b> |
| Capital increase from conditional capital | 10,690,084         | 106,901          |
| <b>At December 31, 2022</b>               | <b>153,735,051</b> | <b>1,537,351</b> |
| <b>At January 1, 2023</b>                 | <b>153,735,051</b> | <b>1,537,351</b> |
| Capital increase from conditional capital | 6,744,242          | 67,442           |
| <b>At December 31, 2023</b>               | <b>160,479,293</b> | <b>1,604,793</b> |

1. Includes treasury shares which do not carry voting and dividend rights.

### CAPITAL SURPLUS

This item consists of the value of paid-in capital in excess of par value (less transaction costs).

### TREASURY SHARES

Treasury shares are valued at acquisition cost and deducted from shareholders' equity. Differences between the purchase price and sales proceeds of treasury shares are shown as a change in retained earnings.

### CURRENCY TRANSLATION DIFFERENCES

This item consists of the differential amount that arises from the translation into Swiss francs of assets, liabilities, income, and expenses of Group companies that do not use Swiss francs as their functional currency.

### RETAINED EARNINGS

Retained earnings mainly comprise accumulated retained earnings of the Group companies that are not distributed to shareholders, profit/loss of treasury shares, as well as remeasurements of defined benefit plans recognized in other comprehensive income. Profit distribution is subject to local legal restrictions.

The Board of Directors proposes to the Annual General Meeting a distribution to the shareholders in the total amount of CHF 3.30 per single-class registered share. This corresponds to a maximum possible payout of CHF 529.6 million. The dividend for 2022 was CHF 3.20 per single-class registered share.

### NON-CONTROLLING INTERESTS

Non-controlling interests are accounted for at the corresponding share of the respective company. There are no material companies with non-controlling interests. The capital shares of all companies are disclosed in the list of group companies (p.248 et seq. of this report).

## 25. Cash flow statement

### CASH FLOW ANALYSIS

| in CHF mn                                      | 2022         | 2023            |
|--|--------------|-----------------|
| Cash flow from operating activities            | 1,099.8      | 1,645.4         |
| Cash flow from investing activities            | -169.0       | -3,515.5        |
| Cash flow from financing activities            | -190.0       | 694.9           |
| Exchange differences                           | -42.5        | -54.2           |
| <b>Net change in cash and cash equivalents</b> | <b>698.3</b> | <b>-1,229.4</b> |

### FREE CASH FLOW AND OPERATING FREE CASH FLOW

| in CHF mn   | 2022         | 2023            |
|---|--------------|-----------------|
| Cash flow from operating activities                           | 1,099.8      | 1,645.4         |
| Net investment in   |              |                 |
| Property, plant, and equipment                                | -206.6       | -249.9          |
| Intangible assets   | -28.0        | -22.8           |
| Acquisitions less cash and cash equivalents                   | -142.7       | -3,235.5        |
| Proceeds from divestment of businesses                        | 211.7        | 0.0             |
| Acquisition of associated companies                           | 0.0          | -10.3           |
| Acquisitions (-)/disposals (+) of financial assets            | -3.4         | 3.0             |
| <b>Free cash flow</b>   | <b>930.8</b> | <b>-1,870.1</b> |
| Acquisitions (+)/disposals (-) less cash and cash equivalents | -69.0        | 3,245.8         |
| Acquisitions (+)/disposals (-) of financial assets            | 3.4          | -3.0            |
| <b>Operating free cash flow</b>                               | <b>865.2</b> | <b>1,372.7</b>  |

### OTHER ADJUSTMENTS

| in CHF mn  | 2022       | 2023        |
|--|------------|-------------|
| Profit (-)/loss (+) from disposals of non-financial assets | -21.8      | -0.9        |
| Personnel expenses settled through treasury shares         | 10.5       | 9.7         |
| Hyperinflation adjustment                                  | 7.0        | 11.4        |
| Others   | 4.4        | 8.8         |
| <b>Total</b>   | <b>0.1</b> | <b>29.0</b> |

## 26. Financial instruments and risk management

Sika's financial instruments and the related risk management are presented in this note.

### Classification and measurement of financial assets

The classification depends on the financial asset's contractual cash flow characteristics. Sika uses the following categories:

- At amortized cost – financial assets at amortized cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified, or impaired. Financial assets measured at amortized cost mainly comprise accounts receivable as well as smaller loans and other receivables. Accounts receivable are measured at the transaction price.
- At fair value through profit or loss – financial assets held for trading and derivatives are carried at fair value through profit or loss. Fluctuations in value are recognized in the income statement. The classification of equity instruments in this category is consistent with the Group's risk management and investment strategy. Sika does not apply hedge accounting.

All purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when Sika loses the rights to receive cash flows that comprise the financial asset. Normally, this occurs through the sale of assets or the repayment of loans and accounts receivable.

At each balance sheet date Sika, determines whether a financial asset is impaired. If there are objective indications that an impairment of assets carried at amortized cost has occurred or could occur based on forward-looking data, the amount of the impairment is the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate.

For accounts receivable, Sika applies a simplified approach in calculating expected credit losses. Therefore, an allowance is recognized at initial recognition and at each subsequent balance sheet date for the expected credit losses over the entire term. Sika has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors. Receivables are derecognized if they are considered uncollectible.

### PROVISION MATRIX OF ACCOUNTS RECEIVABLE

| in CHF mn                | Estimated total gross carrying amount at default | Expected credit losses |
|--------------------------|--|------------------------|
| Not overdue              | 1,353.8  | 2.3                    |
| Past due <31 days        | 216.3  | 3.1                    |
| Past due 31–60 days      | 67.4   | 3.1                    |
| Past due 61–180 days     | 76.7   | 12.3                   |
| Past due 181–365 days    | 23.9   | 16.2                   |
| Past due >365 days       | 77.3   | 58.8                   |
| <b>December 31, 2022</b> | <b>1,815.4</b>                                   | <b>95.8</b>            |
| Not overdue              | 1,610.6  | 3.1                    |
| Past due <31 days        | 210.9  | 2.9                    |
| Past due 31–60 days      | 81.5   | 3.8                    |
| Past due 61–180 days     | 92.0   | 13.0                   |
| Past due 181–365 days    | 23.0   | 12.1                   |
| Past due >365 days       | 92.4   | 66.4                   |
| <b>December 31, 2023</b> | <b>2,110.4</b>                                   | <b>101.3</b>           |

### **Classification and measurement of financial liabilities**

All financial liabilities are initially recognized at fair value, in the case of bonds and loans less directly attributable transaction costs. Subsequent measurement depends on their classification:

- At amortized cost – after initial recognition, interest-bearing bonds and loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are amortized or derecognized. Amortized cost is calculated taking into account any premium or discount and any fees or costs that are an integral part of the effective interest rate. Amortization using the effective interest method is included in the income statement as part of interest expense.
- At fair value through profit or loss – financial liabilities held for trading and derivative financial instruments are carried at fair value through profit or loss. Fluctuations in value are recognized in the income statement. Sika does not apply hedge accounting.

All purchases and sales of financial liabilities are recognized on the settlement date. A financial liability is derecognized when the underlying obligation has been fulfilled, cancelled, or expired. If an existing financial obligation is replaced by another financial liability of the same lender with substantially different contractual terms or if the terms of an existing liability are significantly changed, such an exchange or change is treated as a derecognition of the original liability and recognition of a new liability.

### **Fair Value of financial assets and financial liabilities**

The hierarchy below classifies financial instruments, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: procedures in which all input parameters having an essential effect on the registered market value are either directly or indirectly observable.
- Level 3: procedures applying to input parameters that have an essential effect on the registered market value but are not based on observable market data.

An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing data on an ongoing basis.

Sika holds level 2 derivative financial instruments, namely swaps and forward contracts. Their fair value is based on forward exchange rates.

Although the own bonds are listed on the stock exchange, their transaction frequency does not reliably meet our expectation of an active market and are therefore assigned to level 2. The disclosed fair value is based on the prices of the last transactions on or before the balance sheet date.

Sika does not own any financial instruments requiring evaluation according to level 3 procedures.

## FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

| in CHF mn   | Level | 2022           |            | 2023           |            |
|---|-------|----------------|------------|----------------|------------|
|   |       | Book value     | Fair value | Book value     | Fair value |
| Cash and cash equivalents                               |       | 1,873.3        |            | 643.9          |            |
| Accounts receivable                                     |       | 1,719.6        |            | 2,009.1        |            |
| Loans (at amortized cost)                               |       | 30.2           |            | 26.8           |            |
| Securities (at fair value through profit and loss)      | 1     | 62.3           | 62.3       | 72.1           | 72.1       |
| Derivatives (at fair value through profit and loss)     | 2     | 6.8            | 6.8        | 47.2           | 47.2       |
| <b>Financial assets at December 31</b>                  |       | <b>3,692.2</b> |            | <b>2,799.1</b> |            |
| Bank loans  |       | 11.1           |            | 673.9          |            |
| Accounts payable  |       | 1,016.6        |            | 1,108.2        |            |
| Lease liabilities                                       |       | 334.2          |            | 399.0          |            |
| Bonds   | 2     | 3,549.5        | 3,749.5    | 4,765.2        | 4,764.0    |
| Other financial liabilities                             |       | 32.9           |            | 29.8           |            |
| <b>Financial liabilities measured at amortized cost</b> |       | <b>4,944.3</b> |            | <b>6,976.1</b> |            |
| Derivatives (at fair value through profit and loss)     | 2     | 9.5            | 9.5        | 82.0           | 82.0       |
| <b>Financial liabilities at December 31</b>             |       | <b>4,953.8</b> |            | <b>7,058.1</b> |            |

The book value of cash and cash equivalents, accounts receivable, loans, bank loans, accounts payable, lease liabilities, the liability component of the mandatory convertible bond, as well as other financial liabilities almost equal the fair value.

## MANAGEMENT OF FINANCIAL RISKS

### BASIC PRINCIPLES

The Group's activities expose it to a variety of financial risks: market risks (primarily foreign exchange risks, price risks, and interest rate risks), credit risks, and liquidity risks.

The corporate finance department identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. Property, plant, and equipment of CHF 0.8 million (CHF 0.6 million) are pledged as security for own liabilities.

### FOREIGN EXCHANGE RISKS

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and the US dollar. Foreign exchange risks arise when commercial transactions as well as recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group makes every effort to offset the impact of exchange rate movements as far as possible by utilizing natural hedges. Foreign exchange forward contracts/swaps are used to hedge foreign exchange risks. Gains and losses on foreign exchange hedges and assets or liabilities carried at fair value are recognized through profit or loss. The Group does not apply hedge accounting.

## OPEN DERIVATIVES

| in CHF mn                            | Fair value  |              | Contract value | Contractual value upon maturity |                |                |
|--------------------------------------|-------------|--------------|----------------|---------------------------------|----------------|----------------|
|                                      | (+)         | (-)          |                | Up to 3 months                  | 3 to 12 months | Over 12 months |
| Forward contracts (foreign exchange) | 1.3         | -4.2         | 271.7          | 66.5                            | 205.2          | 0.0            |
| Swaps (foreign exchange)             | 5.5         | -4.9         | 991.2          | 224.7                           | 766.5          | 0.0            |
| Swaps (interest rate)                | 0.0         | -0.4         | 100.0          | 0.0                             | 0.0            | 100.0          |
| <b>Open derivatives 2022</b>         | <b>6.8</b>  | <b>-9.5</b>  | <b>1,362.9</b> | <b>291.2</b>                    | <b>971.7</b>   | <b>100.0</b>   |
| Forward contracts (foreign exchange) | 8.0         | -3.5         | 300.0          | 84.2                            | 215.8          | 0.0            |
| Swaps (foreign exchange)             | 39.2        | -78.1        | 4,106.0        | 1,256.9                         | 2,849.1        | 0.0            |
| Swaps (interest rate)                | 0.0         | -0.4         | 100.0          | 0.0                             | 100.0          | 0.0            |
| <b>Open derivatives 2023</b>         | <b>47.2</b> | <b>-82.0</b> | <b>4,506.0</b> | <b>1,341.1</b>                  | <b>3,164.9</b> | <b>0.0</b>     |

Losses from currency differences recognized in the income statement amounted to CHF 52.2 million (loss CHF 49.8 million), including a net loss of CHF 8.2 million (net gain of CHF 12.0 million) from currency hedging transactions, which is included in other financial expenses. The currency differences arise from purchases and sales as well as financing activities in foreign currencies and are recognized in the corresponding income statement account.

Sika carries out a sensitivity analysis for the dominant foreign currencies, namely the euro and US dollar. The assumption is that the euro and US dollar respectively change against all other currencies by +/- 10%. The other currencies remain constant. The assumed possible currency fluctuations are based on historical observations and future prognoses. Incorporated into calculations are the financial instruments, Group-internal financing, and foreign currency hedge transactions in the corresponding currencies. The following table shows the sensitivity of a reasonably possible change in exchange rates in relation to the financial instruments included in the balance sheet. All other variables remain constant for this test. Changes in exchange rates can have an impact on consolidated profit before tax and, in the case of net investments in a foreign operation, on the translation differences recognized directly in other comprehensive income.

## SENSITIVITY ANALYSIS ON EXCHANGE RATES

| Impact in CHF mn on | 2022              |                      | 2023              |                      |
|---------------------|-------------------|----------------------|-------------------|----------------------|
|                     | Profit before tax | Comprehensive income | Profit before tax | Comprehensive income |
| EUR: +10%           | -3.6              | 0.0                  | 5.6               | 0.0                  |
| EUR: -10%           | 3.6               | 0.0                  | -5.6              | 0.0                  |
| USD: +10%           | -14.1             | 10.6                 | 15.6              | 46.6                 |
| USD: -10%           | 14.1              | -10.6                | -15.6             | -46.6                |

## PRICE RISKS

The Group is exposed to purchasing price risks because the cost of materials represents one of the Group's largest cost factors. Purchasing prices are influenced far more by the interplay between supply and demand, the general economic environment, and intermittent disruptions of processing and logistics chains, ranging from crude oil to purchased merchandise, than by crude oil prices themselves. Short-term crude oil price increases have only limited impact on raw material prices. Sika limits market price risks for important products by means of maintaining corresponding inventories. The most important raw materials are polymers such as polyurethane, epoxy resins, polyvinyl chloride, and cementitious basic materials. Other measures such as hedging are not practical because there is no corresponding market for these semi-finished products.



## INTEREST RATE RISK

Interest rate risk arises from movements in interest rates which could affect the Group's financial result or the value of the Group equity. Interest rate risk is limited through the issue of fixed-interest long-term bonds (see note 20). The Group uses interest rate derivatives to manage its interest-rate-related exposure and financial result. Local bank loans and mortgages are moderate compared to the Group's total borrowing. Interest rate developments are closely monitored by management.

## CREDIT RISK

Credit risks arise from the possibility that the counterparty to a transaction may not be able or willing to discharge its obligations, thereby causing the Group to suffer a financial loss. Counterparty risks are minimized by only concluding contracts with reputable business partners and banks. In addition, accounts receivable are monitored on an ongoing basis via internal reporting procedures. Potential concentrations of risks are reduced by the large number of customers and their geographic dispersion. No individual customer represents more than 1% of the Group's net sales. The Group held no securities for loans and accounts receivable at year-end 2022 nor at year-end 2023. The largest possible risk represented by these items is the carrying amount of the accounts receivable and any warranties granted.

## LIQUIDITY RISK

Liquidity risk refers to the risk of Sika no longer being able to meet its financial obligations in full. Prudent liquidity management includes maintaining sufficient cash and cash equivalents and securing the availability of liquidity reserves which can be called upon at short notice. Group Management monitors the Group's liquidity reserve based on expected cash flows.

The table below summarizes the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

### MATURITY PROFILE OF FINANCIAL LIABILITIES

| in CHF mn   | Less than<br>1 year | Between<br>1 and 5 years | Over<br>5 years | Total          |
|---|---------------------|--------------------------|-----------------|----------------|
| Bank loans  | 11.1                | 0.0                      | 0.0             | 11.1           |
| Accounts payable  | 1,016.6             | 0.0                      | 0.0             | 1,016.6        |
| Lease liabilities   | 86.6                | 191.3                    | 129.7           | 407.6          |
| Bonds   | 233.7               | 2,543.9                  | 955.5           | 3,733.1        |
| Other financial liabilities                                 | 4.7                 | 16.0                     | 12.2            | 32.9           |
| <b>Financial liabilities measured at amortized cost</b>     | <b>1,352.7</b>      | <b>2,751.2</b>           | <b>1,097.4</b>  | <b>5,201.3</b> |
| Financial liabilities at fair value through profit and loss | 9.1                 | 0.4                      | 0.0             | 9.5            |
| <b>December 31, 2022</b>                                    | <b>1,361.8</b>      | <b>2,751.6</b>           | <b>1,097.4</b>  | <b>5,210.8</b> |
| Bank loans  | 4.3                 | 669.6                    | 0.0             | 673.9          |
| Accounts payable  | 1,108.2             | 0.0                      | 0.0             | 1,108.2        |
| Lease liabilities   | 122.5               | 230.5                    | 153.4           | 506.4          |
| Bonds   | 1,042.1             | 2,440.0                  | 1,424.7         | 4,906.8        |
| Other financial liabilities                                 | 7.1                 | 5.2                      | 17.5            | 29.8           |
| <b>Financial liabilities measured at amortized cost</b>     | <b>2,284.2</b>      | <b>3,345.3</b>           | <b>1,595.6</b>  | <b>7,225.1</b> |
| Financial liabilities at fair value through profit and loss | 82.0                | 0.0                      | 0.0             | 82.0           |
| <b>December 31, 2023</b>                                    | <b>2,366.2</b>      | <b>3,345.3</b>           | <b>1,595.6</b>  | <b>7,307.1</b> |

## CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios to support its business. The Group manages its capital structure and adjusts it considering changes in economic conditions. No changes were made in the objectives, policies, or processes during the years ended December 31, 2023, and December 31, 2022. The Group monitors its equity using the equity ratio, which is shareholders' equity divided by total capital.

## TAX RISK MANAGEMENT

Our multinational operations are taxed under the laws of the countries in which they operate. Changes in tax laws or in their application could lead to an increased risk of international tax disputes and an increase in our effective tax rate, which could adversely affect our financial results.

## Other disclosures

### SIGNIFICANT SHAREHOLDERS

At December 31, 2023, based on information supplied to the Group, there are four significant shareholders whose voting rights exceed 3%: (1) BlackRock Inc., which owned 7.7% of all voting rights. (2) William H. Gates and Melinda French Gates, who held 5.3% of all voting rights via Cascade Investment L.L.C. and Bill & Melinda Gates Foundation Trust. (3) The Capital Group Companies, who held 5% of all voting rights via Capital Research and Management Company, Capital Bank and Trust Company, Capital International Limited, Capital International, Inc., and Capital International Sarl. (4) Norges Bank (the Central Bank of Norway), which held 3.01% of all voting rights. Compared to December 31, 2022, there are no changes in significant shareholding.

A list of changes in significant shareholdings reported to the Disclosure Office of SIX Swiss Exchange during the year under review can be found at [https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/. There are no cross-shareholdings exceeding 3%, either in terms of capital or votes.](https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/)

### RELATED PARTIES

#### EMPLOYEE BENEFIT PLANS

In Switzerland, employee benefit plans are handled through independent foundations, to which a total of CHF 34.4 million (CHF 29.1 million) was paid in the year under review. As of the balance sheet date, no material receivables or payables were due from these foundations. Sika offices are located in a building leased from the pension fund foundation. Rent for 2023 amounted to CHF 0.7 million (CHF 0.7 million).

#### REMUNERATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

The Board of Directors and Group Management are entitled to the following remuneration:

| in CHF mn                         | 2022        | 2023        |
|-----------------------------------|-------------|-------------|
| Current benefits                  | 15.1        | 14.8        |
| Share-based payments <sup>1</sup> | 5.5         | 5.5         |
| Pension benefits                  | 1.3         | 1.4         |
| <b>Total</b>                      | <b>21.9</b> | <b>21.7</b> |

1. Refer to note 4, employee participation plan – share-based payments.

Information regarding participations of the Board of Directors and Group Management of Sika AG can be found in the Compensation Report (p.196 of this report).

### RELEASE OF FINANCIAL STATEMENTS FOR PUBLICATION

The Board of Directors of Sika AG approved the consolidated financial statements for publication on February 13, 2024. The financial statements will be submitted for approval to the Annual General Meeting on March 26, 2024.

## LIST OF GROUP COMPANIES

| Country                                   | Company <sup>1</sup>  |        | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|---|---|--------|-------------------------------|-------------------------------------|--------------------|
| <b>EMEA (Europe, Middle East, Africa)</b> |   |        |                               |                                     |                    |
| Albania                                   | ❖ Sika Albania SHPK, Tirana                                   | ALL    | 96,831                        | 100                                 |                    |
| Algeria                                   | ○ Sika El Djazaïr SpA, Les Eucalyptus                         | DZD    | 313,400                       | 100*                                | ◆ ★ *              |
|   | ○ Mortero Spa, Béjaïa   | DZD    | 60,000                        | 100*                                |                    |
|   | ❖ Sika Trading DZ Sarl, Algiers                               | DZD    | 43,000                        | 49 <sup>2*</sup>                    |                    |
|   | ○ Master Builder Solution Algeria SARL, Sidi Mousa            | DZD    | 30,000                        | 100*                                |                    |
| Angola                                    | ○ Sika Angola (SU), Limitada, Luanda                          | AOA    | 172,596                       | 100                                 |                    |
| Austria                                   | ○ Sika Österreich GmbH, Bludenz                               | EUR    | 2,500                         | 100                                 | ◆ ★                |
|   | ❖ TPH Bausysteme GmbH, Zwettl                                 | EUR    | 43                            | 100*                                |                    |
| Azerbaijan                                | ○ Sika Limited Liability Company, Baku                        | AZN    | 5,311                         | 100                                 | ◆                  |
|   | ○ Master Builders Solutions Azerbaijan LLC, Baku              | AZN    | 448                           | 100                                 |                    |
| Bahrain                                   | ○ Sika Gulf B.S.C., Adliya                                    | BHD    | 1,000                         | 100*                                | ◆ ★ *              |
|   | ▲ Sika Arabia Holding Company WLL, Manama                     | BHD    | 6,000                         | 100                                 |                    |
| Belarus                                   | ○ BellNECO LLC, Brest   | BYN    | 49,742                        | 100                                 | ◆                  |
| Belgium                                   | ○ Sika Belgium NV, Nazareth                                   | EUR    | 10,264                        | 100                                 | ◆ ★                |
|   | ❖ Sika Automotive Belgium S.A., Saintes                       | EUR    | 1,649                         | 100                                 |                    |
|   | ○ Master Builders Solutions Belgium NV, Ham                   | EUR    | 21,964                        | 100*                                | ◆ ★                |
| Bosnia-<br>Herzegovina                    | ❖ Sika BH d.o.o., Sarajevo                                    | BAM    | 795                           | 100                                 | ◆                  |
| Bulgaria                                  | ○ Sika Bulgaria EOOD, Sofia                                   | BGN    | 340                           | 100                                 | ◆ ★                |
| Cameroon                                  | ○ Sika Cameroon SARL, Douala                                  | XAF mn | 1,058                         | 100                                 | ◆ *                |
| Croatia                                   | ❖ Sika Croatia d.o.o., Zagreb                                 | EUR    | 531                           | 100                                 | ◆ ★                |
| Czech Republic                            | ○ Sika CZ s.r.o., Brno  | CZK    | 30,983                        | 100                                 | ◆ ★ *              |
|   | ○ Krkonošské vápenky Kunčice, a.s., Kunčice nad Labem         | CZK    | 25,000                        | 100*                                | ◆ ★                |
|   | ○ Master Builders Solutions CZ s.r.o., Chrudim                | CZK    | 28,000                        | 100*                                | ◆ ★                |
| Denmark                                   | ○ Sika Danmark A/S, Farum                                     | DKK    | 6,000                         | 100                                 | ◆ ★                |
| Djibouti                                  | ❖ Sika Djibouti FZE, Djibouti City                            | USD    | 300                           | 100                                 |                    |
| Egypt                                     | ○ Sika Egypt for Construction Chemicals S.A.E., Cairo         | EGP    | 246,025                       | 100                                 | ◆ ★ *              |
|   | ○ Sika Manufacturing for Construction S.A.E., Cairo           | EGP    | 2,000                         | 99.81                               | ◆ ★ *              |
|   | ○ Modern Waterproofing Company S.A.E., Cairo                  | EGP    | 119,000                       | 98.89                               | ◆ ★ *              |
|   | ○ MBS Construction Chemicals Egypt (SAE), Menoufa- Sadat City | EGP    | 6,000                         | 100                                 | ◆ ★ *              |
|   | ❖ MBS Construction Chemicals Trading (SAE), New Cairo         | EGP    | 5,000                         | 100*                                |                    |
| Estonia                                   | ❖ Sika Estonia OÜ, Tallinn                                    | EUR    | 3                             | 100                                 |                    |
| Ethiopia                                  | ○ Sika Abyssinia Chemicals Manufacturing PLC, Addis Ababa     | ETB    | 170,720                       | 100                                 | ◆ ★ *              |
| Finland                                   | ○ Oy Sika Finland Ab, Espoo                                   | EUR    | 850                           | 100                                 | ◆ ★                |
| France                                    | ○ Sika France SAS, Paris                                      | EUR    | 468,018                       | 100                                 | ◆ ★ *              |
|   | ○ Sika Automotive France SAS, Cergy-Pontoise Cedex            | EUR    | 1,343                         | 100*                                | ◆ ★ *              |
|   | ○ ParexGroup SAS, Issy-Les-Moulineaux                         | EUR    | 4,065                         | 100*                                | ◆ ★ *              |
|   | ○ Dixel SAS, Les Salles du Gardon                             | EUR    | 37                            | 100*                                |                    |
|   | ○ MBCC France S.A.S, Courcouronnes                            | EUR    | 1                             | 100                                 | ◆ ★                |
| Germany                                   | ▲ Sika Holding CH AG & Co KG, Stuttgart                       | EUR    | 26,000                        | 100*                                |                    |
|   | ○ Sika Deutschland GmbH, Stuttgart                            | EUR    | 75                            | 100*                                | ◆ ★                |
|   | ○ Sika Manufacturing Deutschland GmbH, Troisdorf              | EUR    | 4,000                         | 100*                                | ◆ ★                |

| Country     | Company <sup>1</sup>  |        | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|-------------|---|--------|-------------------------------|-------------------------------------|--------------------|
|             | ○ Sika Automotive Deutschland GmbH, Frankfurt am Main   | EUR    | 1,000                         | 100*                                | ◆ ★ *              |
|             | ▲ Sika Frankfurt Grundstücksgesellschaft mbH, Worms   | EUR    | 25                            | 100*                                |                    |
|             | ▲ Sika Worms Grundstücksgesellschaft mbH, Worms   | EUR    | 25                            | 100*                                |                    |
|             | ○ Hago PU GmbH, Munich  | EUR    | 1,000                         | 100                                 | ◆ ★                |
|             | ○ PCI Augsburg GmbH, Augsburg   | EUR    | 10,000                        | 100*                                | ◆                  |
|             | ○ Wolman Wood and Fire Protection GmbH, Sinzheim  | EUR    | 2,100                         | 100*                                | ◆ ★                |
|             | ▲ MBS Oldenburger Grundbesitz GmbH, Oldenburg   | EUR    | 25                            | 100*                                | ◆ ★                |
|             | ○ TPH Bausysteme GmbH, Norderstedt  | EUR    | 75                            | 100*                                |                    |
|             | ○ MBCC Investments GmbH, Mannheim   | EUR    | 25                            | 100*                                | ◆                  |
| Ghana       | ○ Sika Chemicals Ghana Ltd., Accra  | GHS    | 41,767                        | 100                                 |                    |
| Greece      | ○ Sika Hellas ABEE, Kryoneri  | EUR    | 9,000                         | 100                                 | ◆ ★ *              |
| Hungary     | ○ Sika Hungária Kft., Biatorbágy  | HUF    | 483,000                       | 100                                 | ◆ ★                |
| Iran        | ○ Sika Parsian P.J.S. Co., Tehran   | IRR mn | 293,229                       | 100                                 |                    |
| Iraq        | ○ Sika Company for General Trading LLC, Erbil   | IQD    | 1,000                         | 100                                 |                    |
| Ireland     | ❖ Sika Ireland Ltd., Dublin   | EUR    | 635                           | 100                                 | ◆ ★                |
| Italy       | ○ Sika Italia S.p.A., Peschiera Borromeo  | EUR    | 5,000                         | 100                                 | ◆ ★ *              |
|             | ○ Sika Engineering Silicones S.r.l., Peschiera Borromeo   | EUR    | 1,600                         | 100*                                | ◆ ★                |
|             | ○ Sika Polyurethane Manufacturing S.r.l., Cerano  | EUR    | 1,600                         | 100                                 | ◆ ★ *              |
|             | Index Construction Systems and Products S.P.A., Castel d'Azzano                                 | EUR    | 7,740                         | 100*                                | ◆ ★                |
| Ivory Coast | ○ Sika Côte d'Ivoire SARL, Abidjan  | XOF mn | 1,942                         | 100                                 | ◆ ★                |
| Jordan      | ○ Jordanian Swiss Company for Manufacturing and Marketing Construction Chemicals Limited, Amman | JOD    | 372                           | 80*                                 |                    |
| Kazakhstan  | ○ Sika Kazakhstan LLP, Almaty   | KZT mn | 1,413                         | 100                                 | ◆ ★                |
|             | ○ Master Builders Solutions Central Asia LLP, Almaty  | KZT    | 8,158,000                     | 100                                 | ◆                  |
| Kenya       | ○ Sika Kenya Limited, Nairobi   | KES    | 50,000                        | 100                                 | ◆ ★ *              |
|             | ○ MB Solutions Kenya Ltd., Nairobi Machakos   | KES    | 202,900                       | 100*                                |                    |
| Kuwait      | ❖ Sika Kuwait for Construction Materials & Paints Co WLL, Shuwaikh Industrial Area              | KWD    | 1,080                         | 100*                                |                    |
| Latvia      | ○ Sika Baltic SIA, Riga   | EUR    | 1,237                         | 100                                 |                    |
| Lebanon     | ○ Sika Near East s.a.l., Beirut   | LBP mn | 1,340                         | 100                                 | ◆                  |
| Luxemburg   | ▲ Sika HoldCo S.à.r.l., Luxembourg  | EUR    | 12                            | 100*                                |                    |
|             | ▲ Sika Investments S.à r.l., Luxembourg   | EUR    | 12                            | 100*                                |                    |
| Mauritius   | ○ Sika (Mauritius) Ltd., Plaine Lauzun  | MUR    | 2,600                         | 100*                                | ◆                  |
| Morocco     | ○ Sika Maroc, Casablanca  | MAD    | 264,000                       | 100                                 | ◆ ★ *              |
|             | ○ Master Builders Solutions Maroc S.A.R.L, Ain Sebaa Casablanca                                 | MAD    | 16,010                        | 100*                                | ◆                  |
| Mozambique  | ○ Sika Moçambique Limitada, Maputo Province   | MZN    | 410,535                       | 100                                 |                    |
| Netherlands | ○ Sika Nederland B.V., Utrecht  | EUR    | 1,589                         | 100                                 | ◆ ★ *              |
|             | ▲ Sika Capital B.V., Utrecht  | EUR    | 10,000                        | 100                                 |                    |
| Nigeria     | ○ Sika Manufacturing Nigeria Limited, Lagos   | NGN mn | 2,705                         | 100                                 |                    |
|             | ○ MB Construction Chemicals Solutions Nigeria LLC, Lagos  | NGN mn | 2,843                         | 100                                 |                    |
| Norway      | ○ Sika Norge AS, Skjetten   | NOK    | 42,900                        | 100                                 | ◆ ★ *              |
| Oman        | ❖ Sika LLC, Muscat  | OMR    | 150                           | 100*                                |                    |
|             | ○ Master Builders Solutions LLC, Muscat Misfah  | OMR    | 150                           | 70*                                 | ◆ ★                |
| Pakistan    | ○ Sika Pakistan (Pvt.) Limited, Lahore  | PKR    | 824,786                       | 100                                 | ◆ ★ *              |

| Country      | Company <sup>1</sup>   |        | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|--------------|--|--------|-------------------------------|-------------------------------------|--------------------|
|              | ○ Master Builders Solutions Pakistan Ltd., Karachi                                   | PKR    | 904,000                       | 100                                 |                    |
| Poland       | ○ Sika Poland Sp. z o.o., Warsaw   | PLZ    | 12,188                        | 100                                 | ◆ ★ *              |
|              | ○ Sika Automotive Zlotoryja Sp. z o.o., Zlotoryja                                    | PLZ    | 6,001                         | 100                                 | ◆ ★ *              |
| Portugal     | ○ Sika Portugal – Produtos Construção e Indústria SA, Vila Nova de Gaia              | EUR    | 1,500                         | 100                                 | ◆ ★ *              |
| Qatar        | ○ Sika Qatar LLC, Doha   | QAR    | 200                           | 100                                 | ◆                  |
|              | ○ Parex Group WLL, Doha  | QAR    | 200                           | 97*                                 | ◆                  |
| Romania      | ○ Sika Romania s.r.l., Brasov  | RON    | 665,138                       | 100                                 | ◆ ★ *              |
|              | ○ Adeplast S.R.L., Ploiești City   | RON    | 157,632                       | 100*                                | ◆ ★ *              |
| Russia       | ○ Sika LLC, Lobnya   | RUB    | 535,340                       | 100                                 | ◆ ★                |
|              | ○ Kreps Limited Liability Company, St. Petersburg                                    | RUB    | 338,379                       | 100                                 |                    |
|              | ○ MBS Building Systems LLC, Podolsk  | RUB    | 100,000                       | 100*                                |                    |
| Saudi Arabia | ○ Sika Saudi Arabia Limited (A Single Shareholder Limited Liability Company), Jeddah | SAR    | 41,750                        | 100*                                | ◆ ★                |
|              | ○ Master Builders Solutions Saudi Arabia for Manufacturing LLC, Khobar               | SAR    | 45,000                        | 100*                                | ◆                  |
| Senegal      | ○ Sika Sénégal S.U.A.R.L., Dakar   | XOF mn | 2,979                         | 100                                 | ◆ ★                |
| Serbia       | ○ Sika Srbija d.o.o., Simanovci  | EUR    | 373                           | 100                                 | ◆ ★                |
|              | ❖ Master Builders Solutions d.o.o. Beograd, Beograd                                  | RSD    | 211,700                       | 100                                 |                    |
| Slovakia     | ❖ Sika Slovensko, spol.s r.o., Bratislava  | EUR    | 1,131                         | 100                                 | ◆ ★ *              |
|              | ○ Sika Automotive Slovakia s.r.o., Zlaté Moravce                                     | EUR    | 7                             | 100                                 | ◆ ★ *              |
|              | ❖ Master Builders Solutions Slovakia spol s.r.o., Zilina                             | EUR    | 15                            | 100*                                |                    |
| Slovenia     | ❖ Sika d.o.o., Trzin   | EUR    | 1,029                         | 100                                 | ◆ ★                |
| South Africa | ○ Sika South Africa (Pty) Ltd, Pinetown  | ZAR    | 25,000                        | 100                                 | ◆ ★ *              |
|              | ○ MB Construction Chemicals Solutions South Africa (Pty) Ltd., Johannesburg          | ZAR    | 581,250                       | 100                                 | ◆                  |
| Spain        | ○ Sika S.A.U., Alcobendas  | EUR    | 19,867                        | 100                                 | ◆ ★ *              |
|              | ○ Sika Automotive Terrassa S.A., Terrassa  | EUR    | 2,965                         | 100                                 | ◆ ★ *              |
|              | ○ MBCC Spain S.L., Alcobendas  | EUR    | 16,598                        | 100                                 | ◆ ★                |
| Sweden       | ○ Sika Sverige AB, Spånga  | SEK    | 10,000                        | 100                                 | ◆ ★ *              |
| Switzerland  | ○ Sika Schweiz AG, Zurich  | CHF    | 1,000                         | 100                                 | ◆ ★ *              |
|              | ▲ Sika Services AG, Zurich   | CHF    | 300                           | 100                                 | ◆ ★ *              |
|              | ▲ Sika Technology AG, Baar   | CHF    | 300                           | 100                                 | ◆ ★ *              |
|              | ▲ Sika Informationssysteme AG, Zurich  | CHF    | 400                           | 100                                 |                    |
|              | ■ SikaBau AG, Schlieren  | CHF    | 5,300                         | 100                                 | ◆                  |
|              | ▲ Sika Finanz AG, Baar   | CHF    | 2,400                         | 100                                 |                    |
|              | ○ Sika Manufacturing AG, Sarnen  | CHF    | 14,000                        | 100                                 | ◆ ★ *              |
|              | ❖ Sika Supply Center AG, Sarnen  | CHF    | 1,000                         | 100                                 | ◆ ★                |
|              | ○ Sika Automotive AG, Romanshorn   | CHF    | 3,000                         | 100                                 | ★ *                |
|              | ▲ Sika Europe Management AG, Baar  | CHF    | 100                           | 100                                 |                    |
|              | ▲ Sika Americas Management AG, Baar  | CHF    | 100                           | 100                                 |                    |
|              | ▲ Sika Germany Management AG, Baar   | CHF    | 50                            | 100                                 |                    |

| Country        | Company <sup>1</sup>   |        | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|----------------|--|--------|-------------------------------|-------------------------------------|--------------------|
|                | ▲ Sika Global Business Management AG, Widen                      | CHF    | 100                           | 100                                 |                    |
|                | ○ Polypag AG, Altstätten   | CHF    | 700                           | 100                                 | ◆                  |
|                | ▲ Sika International GmbH, Baar                                  | CHF    | 100                           | 100                                 |                    |
|                | ❖ TPH Bausysteme Schweiz AG, Zürich                              | CHF    | 100                           | 100*                                |                    |
|                | ▲ Sika Investments AG, Baar                                      | CHF    | 100                           | 100                                 |                    |
| Tanzania       | ○ Sika Tanzania Construction Chemicals Limited, Dar es Salaam    | TZS mn | 8,244                         | 100                                 | ◆ ★                |
|                | MB Construction Chemicals Solutions Tanzania Ltd., Dar Es Salaam | TZS mn | 8'311                         | 100                                 |                    |
| Tunisia        | ○ Sika Tunisienne Sàrl, Douar Hicher                             | TND    | 150                           | 100*                                | ◆ ★                |
| Turkey         | ○ Sika Yapi Kimyasallari A.S., Tuzla                             | TRY    | 48,700                        | 100                                 | ◆ ★ *              |
|                | ○ ABC Kimya Sanayi ve Dış Ticaret Anonim Şirketi, Istanbul       | TRY    | 5,200                         | 100*                                | ◆                  |
|                | ❖ Sika Turkey Otomotiv Sanayi ve Tic. Ltd. Şti., Istanbul        | TRY    | 5,900                         | 100                                 | ◆                  |
|                | ▲ ParexGroup Yapi Kimyasallari Sanayi Ve Ticaret AŞ., Istanbul   | TRY    | 57,301                        | 100*                                |                    |
|                | Master Builders Solutions Yapi Kimyasallari Sanayi ve Ticaret    |        |                               |                                     |                    |
|                | ○ Limited Şirketi, Istanbul                                      | TRY    | 747,825                       | 100                                 | ◆ ★                |
| UAE            | ○ Sika UAE LLC, Dubai  | AED    | 1,000                         | 100*                                | ◆ ★ *              |
|                | ❖ Sika International Chemicals LLC, Abu Dhabi                    | AED    | 300                           | 100*                                | ◆ ★ *              |
|                | ▲ Sumam Arabia Holding Co Limited, Dubai                         | AED    | 1                             | 100                                 |                    |
|                | ▲ Master Builders Solutions Construction Chemicals FZE, Dubai    | AED    | 1,000                         | 100                                 |                    |
|                | ○ Master Builders Solutions Construction Chemicals LLC, Dubai    | AED    | 300                           | 100*                                | ◆ ★                |
| Ukraine        | ○ LLC Sika Ukraina, Kiev   | UAH    | 2,933                         | 100                                 | ◆                  |
|                | ▲ LLC Sika Property, Kiev  | UAH    | 4,000                         | 100                                 |                    |
| United Kingdom | ○ Sika Limited, Welwyn Garden City                               | GBP    | 116,000                       | 100                                 | ◆ ★ *              |
|                | ▲ Everbuild Building Products Limited, Leeds                     | GBP    | 21                            | 100*                                | ◆ ★ *              |
|                | ○ Incorez Limited, Preston                                       | GBP    | 1                             | 100                                 | ◆ ★ *              |
|                | ▲ Dry Mix Solutions UK Ltd., Welwyn Garden City                  | GBP    | 1                             | 100*                                |                    |
|                | ▲ Enevis Group Ltd, Lanarkshire                                  | GBP    | 1                             | 100*                                |                    |
|                | ▲ Parex Ltd., Welwyn Garden City                                 | GBP    | 345                           | 100*                                |                    |
|                | ○ MBCC Construction Chemicals Limited, Welwyn Garden City        | GBP    | 0                             | 100*                                | ◆ ★                |
|                | ▲ MBCC Investments UK Limited, Welwyn Garden City                | GBP    | 65,000                        | 100                                 |                    |
| Uzbekistan     | ○ Master Builders Solutions CC LCC, Tashkent                     | UZS    | 3,800,000                     | 100                                 |                    |

#### Americas

|           |  |     |         |      |       |
|-----------|--|-----|---------|------|-------|
| Argentina | ○ Sika Argentina SAIC, Caseros                           | ARS | 7,600   | 100  | ◆ ★ * |
|           | ▲ VDP Logistica SA, Ciudad de Buenos Aires               | ARS | 100     | 100* |       |
| Bolivia   | ○ Sika Bolivia SA, Santa Cruz de la Sierra               | BOB | 1,800   | 100  | ◆     |
| Brazil    | ○ Sika S/A, Osasco                                       | BRL | 410,246 | 100  | ◆ ★ * |
|           | Master Builders Solutions Brasil Indústria e Comércio de |     |         |      |       |
|           | ○ Químicos para Construção Ltda, São Paulo (Eb)          | BRL | 6,000   | 100  | ◆ ★   |
| Canada    | ○ Sika Canada Inc., Pointe Claire/QC                     | CAD | 88,384  | 100  | ◆ ★   |
|           | ○ Hydrotech Membrane Corporation, Anjou/QC               | CAD | 100     | 100* | ◆     |
|           | ○ Sable Marco Inc., Pont-Rouge/QC                        | CAD | 56,000  | 100* |       |
|           | ❖ MBSCS Canada Inc., Pointe-Claire                       | CAD | 4,899   | 100* |       |

| Country             | Company <sup>1</sup>   |        | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|---------------------|--|--------|-------------------------------|-------------------------------------|--------------------|
| Chile               | ○ Sika S.A. Chile, Santiago de Chile                           | CLP mn | 4,430                         | 100                                 | ◆ ★                |
|                     | ○ Master Builders Solutions Chile Limitada, Pudahuel           | CLP    | 493,775                       | 100                                 | ◆                  |
| Colombia            | ○ Sika Colombia S.A.S, Tocancipá                               | COP mn | 14,500                        | 100                                 | ◆ ★ *              |
|                     | ○ Master Builders Solutions Colombia S.A.S, Bogota D.C.        | COP    | 9,500,000                     | 100                                 | ◆ ★                |
| Costa Rica          | ○ Sika productos para la construcción S.A., Heredia            | CRC mn | 2,620                         | 100                                 |                    |
| Dom. Republic       | ❖ Sika Dominicana SRL, Santo Domingo Oeste                     | DOP    | 37,848                        | 100                                 |                    |
| Ecuador             | ○ Sika Ecuatoriana S.A., Durán                                 | USD    | 1,982                         | 100                                 | ◆ ★                |
|                     | ❖ Master Builders Solutions Ecuador S.A., Quito                | USD    | 351                           | 100                                 |                    |
| El Salvador         | ❖ Sika El Salvador S.A. de C.V., San Salvador                  | USD    | 2                             | 100                                 | ◆                  |
| Guatemala           | ○ Sika Guatemala S.A., Ciudad de Guatemala                     | GTQ    | 2,440                         | 100                                 | ◆ *                |
| Honduras            | ❖ Sika Honduras, S.A. de C.V., Ciudad de San Pedro Sula        | HNL    | 236                           | 100                                 | ◆                  |
| Mexico              | ○ Sika Mexicana SA de CV, Corregidora                          | MXN    | 1,851,620                     | 100                                 | ◆ ★ *              |
|                     | ○ Master B. Solutions Mexicana, S.A. de C.V., Ciudad De Mexico | MXN    | 200,050                       | 100*                                | ◆                  |
|                     | ❖ Imperarva S.A. de C.V., Cuautitlan Izcalli                   | MXN    | 300                           | 100*                                |                    |
|                     | ○ Pinturas Térmicas del Norte S.A. de C.V., Monterrey          | MXN    | 80,906                        | 100*                                | ◆                  |
| Nicaragua           | ❖ Sika Nicaragua, Sociedad Anonima, Managua                    | NIO    | 20,000                        | 100                                 |                    |
| Panama              | ○ Sika Panama S.A., Ciudad de Panamá                           | USD    | 7,200                         | 100                                 |                    |
|                     | ○ Master Builders Solutions Panamá S.A., San Francisco         | USD    | 10                            | 100                                 | ◆                  |
| Paraguay            | ○ Sika Paraguay S.A., Asunción                                 | PYG mn | 40                            | 100                                 |                    |
|                     | ○ Parex Group S.A., Limpio                                     | PYG mn | 5,867                         | 67*                                 |                    |
| Peru                | ○ Sika Perú S.A.C., Lima                                       | PEN    | 3,500                         | 100                                 | ◆ ★                |
|                     | ○ Master Builders Solutions Perú S.A., Lima Cercado            | PEN    | 7,552                         | 70*                                 | ◆ ★                |
| Uruguay             | ○ Sika Uruguay SA, Montevideo                                  | UYP    | 22,800                        | 100                                 | ◆ ★ *              |
|                     | ▲ Parex Group SA, Montevideo                                   | UYP    | 18,551                        | 100*                                |                    |
| USA                 | ○ Sika Corporation, Lyndhurst/NJ                               | USD    | 72,710                        | 100                                 | ◆ ★                |
|                     | ❖ Sarnafil Services Inc., Canton/MA                            | USD    | 1                             | 100*                                | ★                  |
|                     | ○ Emseal Joint Systems Ltd., Westborough/MA                    | USD    | 1,040                         | 100*                                |                    |
|                     | ○ Emseal LLC, Westborough/MA                                   | USD    | 0                             | 100*                                | ◆                  |
|                     | ○ Sika Automotive Gastonia Inc., Gastonia/NC                   | USD    | 1                             | 100*                                | ◆                  |
|                     | ○ Parex USA, Inc., Anaheim/CA                                  | USD    | 7,176                         | 100*                                |                    |
|                     | ❖ American Hydrotech, Inc., Chicago/IL                         | USD    | 7                             | 100*                                |                    |
|                     | ○ United Gilsonite Laboratories, Inc., Dunmore/PA              | USD    | 404                           | 100*                                |                    |
|                     | Master Builders Solutions Construction Systems US, LLC,        |        |                               |                                     |                    |
|                     | ○ Lyndhurst  | USD    | 0                             | 100*                                | ◆                  |
|                     | ○ Watson Bowman Acme Corp., Lyndhurst                          | USD    | 1                             | 100*                                | ◆                  |
|                     | ○ Colorbiotics, LLC, Lyndhurst                                 | USD    | 0                             | 100*                                |                    |
|                     | ○ Thiessen Equipment USA Inc., Lyndhurst                       | USD    | 10                            | 100*                                |                    |
|                     | ○ Master Builders Solutions Puerto Rico Corporation, Caguas/PR | USD    | 3,667                         | 100                                 |                    |
| Venezuela           | ○ Sika Venezuela SA, Valencia                                  | VED    | 0                             | 100                                 |                    |
| <b>Asia/Pacific</b> |  |        |                               |                                     |                    |
| Australia           | ○ Sika Australia Pty. Ltd., Wetherill Park                     | AUD    | 49,200                        | 100                                 | ◆ ★ *              |
| Bangladesh          | ❖ Sika Bangladesh Limited, Dhaka                               | BDT    | 238,294                       | 100                                 | ◆                  |

| Country  | Company <sup>1</sup>  |     | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|----------|---|-----|-------------------------------|-------------------------------------|--------------------|
| Cambodia | ○ MB Solutions Bangladesh Limited, Dhaka                            | BDT | 1,400,100                     | 100                                 |                    |
|          | ○ Sika (Cambodia) Ltd., Phnom Penh                                  | KHR | 422,000                       | 100                                 | ◆ ★ *              |
| China    | ○ Sika (China) Ltd., Suzhou   | USD | 50,000                        | 100                                 | ◆ ★ *              |
|          | ○ Sika Sarnafil Waterproofing Systems (Shanghai) Ltd., Shanghai     | USD | 22,800                        | 100                                 | ◆ ★ *              |
|          | ○ Sika Guangzhou Ltd., Guangzhou                                    | CNY | 80,731                        | 100                                 | ◆ ★ *              |
|          | ❖ Sika Ltd. Dalian, Dalian  | CNY | 45,317                        | 100                                 |                    |
|          | ❖ Sika (Guangzhou) Trading Company Ltd., Guangzhou                  | CNY | 3,723                         | 100*                                |                    |
|          | ○ Sika (Sichuan) Building Material Ltd., Chengdu                    | CNY | 60,010                        | 100*                                | ◆ ★                |
|          | ○ Sika (Jiangsu) Building Material Ltd., Zhengjiang                 | CNY | 60,010                        | 100*                                | ◆ ★ *              |
|          | ○ Sika Automotive Shanghai Co. Ltd., Shanghai                       | CNY | 2,666                         | 100                                 | ◆ ★                |
|          | ○ Sika Automotive (Tianjin) Co. Ltd., Tianjin                       | CNY | 83,262                        | 100                                 | ◆ ★ *              |
|          | ○ Ronacrete (Guangzhou) Construction Products Limited, Guangzhou    | CNY | 17,056                        | 100*                                | ◆ ★ *              |
|          | ❖ Home of Heart (Shanghai) E-Commerce Co. Ltd., Shanghai            | CNY | 10,000                        | 100*                                |                    |
|          | ❖ Sika (Shanghai) Management Co., Ltd., Shanghai                    | USD | 10,000                        | 100*                                |                    |
|          | ❖ SikaDavco (Guangzhou) Management Co. Ltd., Guangzhou              | USD | 2,000                         | 100*                                |                    |
|          | ❖ SikaDavco (Guangzhou) Co. Ltd., Guangzhou                         | USD | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Guangdong) New Materials Co. Ltd., Conghua             | CNY | 30,000                        | 100*                                | ◆ ★ *              |
|          | ○ Changsha SikaDavco New Materials Co. Ltd., Changsha               | CNY | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Chengdu) New Materials Co. Ltd., Chengdu               | CNY | 20,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Chongqing) New Materials Co. Ltd., Chongqing           | CNY | 10,000                        | 100                                 | ◆ ★ *              |
|          | ○ SikaDavco (Dezhou) New Materials Co. Ltd., Dezhou City            | USD | 1,500                         | 100                                 | ◆                  |
|          | ○ SikaDavco (Dongguan) Co. Ltd., Dongguan                           | CNY | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Nanjing) Co. Ltd., Nanjing                             | CNY | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Quanzhou) Co. Ltd., Quanzhou                           | CNY | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Shanghai) Co. Ltd., Shanghai                           | CNY | 25,000                        | 100*                                | ◆ ★ *              |
|          | ○ Davco (Shijiazhuang) Co. Ltd., Shijiazhuang                       | CNY | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ SikaDavco (Hubei) Co. Ltd., Ezhou                                 | CNY | 10,000                        | 100*                                | ◆ ★ *              |
|          | ○ Suzuka International (Shanghai) Co. Ltd., Shanghai                | CNY | 50,000                        | 100*                                | ◆ ★ *              |
|          | ▲ Suzuka International (Shijiazhuang) Co. Ltd., Shanghai            | CNY | 10,000                        | 100*                                |                    |
|          | ○ Sika (Jiangsu) Industrial Material Ltd., Jiangsu                  | CNY | 59,312                        | 100*                                | ◆                  |
|          | ○ SikaDavco (Zhejiang) New Materials Co. Ltd., Zhejiang             | CNY | 32,760                        | 100                                 | ◆ ★ *              |
|          | ○ SikaDavco (Zhanjiang) New Materials Co. Ltd., Zhanjiang           | CNY | 10,000                        | 100                                 | ◆ ★ *              |
|          | ○ Sika Hamatite Automotive (Zhejiang) Ltd., Zhejiang                | CNY | 113,700                       | 100*                                | ◆ ★ *              |
|          | ▲ Shenzhen Landun Holding Co. Ltd., Shenzhen                        | CNY | 60,000                        | 100*                                |                    |
|          | ○ Guangdong Landun Science and Technology Star Co., Ltd., Shenzhen  | CNY | 38,000                        | 100*                                |                    |
|          | ○ Hubei Landun Science and Technology Star Co., Ltd., Xiaogan       | CNY | 36,660                        | 100*                                |                    |
|          | ○ MB Solutions (China) Co., Ltd., Shanghai                          | CNY | 722,500                       | 100*                                | ◆ ★ *              |
|          | ○ MB Solutions Construction Systems (Huzhou) Co., Ltd., Huzhou City | CNY | 30,113                        | 100*                                | ◆ ★ *              |
|          | ○ Shanghai MBT & SCC Co. Ltd., Minhang                              | CNY | 56,000                        | 60*                                 | ◆ ★                |
|          | ○ SikaDavco (Liaoning) New Materials Co., Ltd., Liaoning            | USD | 1,500                         | 100                                 |                    |
|          | ▲ Sika (Zhejiang) Novel Material Co., Ltd., Jiaying City            | USD | 33,500                        | 100                                 |                    |



| Country     | Company <sup>1</sup>  |        | Capital stock<br>in thousands | Voting and<br>capital share<br>in % | Certifi-<br>cation |
|-------------|---|--------|-------------------------------|-------------------------------------|--------------------|
|             | ○ Sika Hongkong Ltd., Hong Kong                                 | HKD    | 30,000                        | 100                                 | ◆ ★                |
|             | ❖ Ronacrete (Far East) Ltd., Hong Kong                          | HKD    | 450                           | 100*                                |                    |
|             | ❖ Master Builders Solutions Hong Kong Limited, Hong Kong        | HKD    | 35,950                        | 100*                                |                    |
|             | ▲ Suzuka International Ltd, Hong Kong                           | HKD    | 10                            | 100*                                |                    |
|             | ▲ MBCC Hong Kong Establishment Limited, Hong Kong               | HKD    | 0                             | 100                                 |                    |
|             | ▲ MBCC Hong Kong Limited, Hong Kong                             | HKD    | 0                             | 100                                 |                    |
| India       | ○ Sika India Private Ltd., Mumbai                               | INR    | 85,000                        | 100                                 | ◆ ★ *              |
|             | ❖ Axson India Private Limited, Pune                             | INR    | 3,000                         | 100*                                |                    |
|             | ○ Master Builders Solutions India Private Limited, Navi Mumbai  | INR    | 4,150,100                     | 100                                 | ◆ ★                |
| Indonesia   | ○ Sika Indonesia P.T., Bogor                                    | IDR mn | 3,282                         | 100                                 | ◆ ★ *              |
|             | ○ PT Master Builders Solutions Indonesia, Cikarang              | IDR    | 22,500,000                    | 100*                                | ◆                  |
|             | ❖ PT Master Builders Solutions Distribution Indonesia, Cikarang | IDR    | 82,500,000                    | 100*                                |                    |
| Japan       | ○ Sika Japan Ltd., Minato-ku                                    | JPY    | 490,000                       | 100                                 | ◆ ★ *              |
|             | ■ DCS Co. Ltd., Toda-shi  | JPY    | 30,000                        | 100*                                |                    |
|             | ○ Pozzolite Solutions Ltd., Chigasaki City                      | JPY    | 5,177,269                     | 100*                                | ◆                  |
| Korea       | ○ Sika Korea Ltd., Seoul  | KRW mn | 5,596                         | 100                                 | ◆ ★                |
| Malaysia    | ○ Sika Kimia Sdn. Bhd., Nilai                                   | MYR    | 44,000                        | 100                                 | ◆ ★ *              |
|             | ▲ Sika Asia Pacific Services Sdn. Bhd., Kuala Lumpur            | MYR    | 500                           | 100                                 |                    |
|             | ○ Master Builders Solutions Malaysia Sdn. Bhd., Klang           | MYR    | 92,833                        | 100                                 | ◆ ★                |
|             | ○ Nautech Materials Sdn. Bhd, Johor                             | MYR    | 16,732                        | 100                                 |                    |
| Mongolia    | ○ Sika Mongolia LLC, Ulaanbaatar                                | MNT mn | 7,091                         | 100                                 | ◆ *                |
| Myanmar     | ○ Sika Myanmar Limited, Dagon Myothit (South) Township          | USD    | 3,018                         | 100                                 | ◆ ★                |
|             | ○ Master Builders Solutions Myanmar Ltd., Yangon                | MMK    | 5,978,002                     | 100                                 |                    |
| New Zealand | ○ Sika (NZ) Ltd., Auckland                                      | NZD    | 1,100                         | 100                                 | ◆ ★ *              |
| Philippines | ○ Sika Philippines Inc., Las Pinas City                         | PHP    | 55,610                        | 100                                 | ◆ ★ *              |
|             | ○ Master Builders Solutions Philippines Inc., Carmona           | PHP    | 10,500                        | 100*                                |                    |
| Singapore   | ○ Sika (Singapore) Pte. Ltd., Singapore                         | SGD    | 6,250                         | 100                                 |                    |
|             | ▲ Sika Asia Pacific Mgt. Pte. Ltd., Singapore                   | SGD    | 100                           | 100                                 |                    |
|             | ❖ Master Builders Solutions Singapore Pte. Ltd, Singapore       | SGD    | 1,500                         | 100*                                | ◆ ★                |
| Sri Lanka   | ○ Sika Lanka (Private) Limited, Ekala                           | LKR    | 711,506                       | 100                                 | ◆ ★                |
| Taiwan      | ○ Sika Taiwan Ltd., Taoyuan County                              | TWD    | 40,000                        | 100                                 | ◆ ★                |
| Thailand    | ○ Sika (Thailand) Ltd., Chonburi                                | THB    | 302,100                       | 100                                 | ◆ ★ *              |
| Vietnam     | ○ Sika Limited (Vietnam), Dong Nai Province                     | VND mn | 44,190                        | 100                                 | ◆ ★ *              |
|             | ○ Master Builders Solutions Vietnam Ltd., Ho Chi Minh City      | VND mn | 82,000                        | 100*                                | ◆                  |

- Production, sales, construction contracting  
 ○ Production and sales  
 ❖ Sales  
 ▲ Real estate and service companies  
 ■ Construction contracting
- ◆ ISO 9001 (Quality Management)  
 ★ ISO 14001 (Environmental Management)  
 \* ISO 45001 (Occupational Health and Safety)

1 For associated companies see note 17.

2 Fully consolidated – control over the company through shareholder agreement.

\* Company indirectly held by Sika AG.

Material changes are indicated p.209 of this report.



# Statutory Auditor's Report

To the General Meeting of Sika AG, Baar

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Sika AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 200 to 254) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Key Audit Matters



#### VALUATION OF GOODWILL



#### ACQUISITION OF MBCC GROUP

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



## VALUATION OF GOODWILL

### Key Audit Matter

As of 31 December 2023, the consolidated financial statements included goodwill amounting to CHF 6,200 million.

Goodwill is assessed for impairment by management at least on a yearly basis by determining the value in use, which is then compared to the carrying amount.

For determining the value in use the discounted cash-flow (DCF) method is applied. This requires the use of a number of key assumptions by management, including assumptions regarding expected future cash flows, long-term growth rates, future profitability levels and applicable discount rates, as well as assessments concerning the determination and allocation of assets to the cash generating units (CGUs).

In relation to total assets and net assets as per 31 December 2023, goodwill is of material importance.

In the financial year 2023 no impairment of goodwill was identified.

There is a risk that a potential impairment of goodwill is not or not adequately identified due to inappropriate assumptions.

### Our response

Amongst others, we have performed the following audit procedures:

- We evaluated the determination of the CGUs by management as well as the methodological and mathematical correctness of the valuation method used for the impairment test.
- We assessed the appropriateness of the most important assumptions used to determine the value in use as well as the method applied for the cash-flow projections. This included the allocation of goodwill to the CGUs, the long-term growth rates and the determination of the discount rate based on our business understanding of the respective CGUs. In this respect, we made comparisons with publicly available market data, where possible. Our valuation specialists supported us in assessing the appropriateness of the most important assumptions.
- We gained an understanding of the business plans and made comparisons with prior-year assumptions. Also, we traced back the data used in the value in use calculation of the CGUs to the business plans approved by the Board of Directors.
- We conducted sensitivity analyses taking into account the historical forecasting accuracy.
- We assessed the appropriateness of the disclosures related to the impairment test.

For further information on the valuation of goodwill refer to the following:

- Note “Principles of consolidation and valuation” on pages 205 - 208
- Note 16 “Intangible assets and goodwill” on pages 229 – 230



## ACQUISITION OF MBCC GROUP

### Key Audit Matter

On May 2, 2023 Sika acquired all shares of MBCC Group ("MBCC") for a total consideration of CHF 3.2 billion.

As part of the acquisition accounting, International Financial Reporting Standards require the recognition and measurement of the identifiable assets acquired and liabilities assumed at their fair values. As a result, Sika recognized goodwill of CHF 3.5 billion, representing the difference of the total consideration paid and the fair value of MBCCs net assets. Goodwill reflects market access, combined distribution channels and supplementary product portfolios.

Identifying and assessing the fair values of the assets acquired and liabilities assumed requires management judgement.

In particular, the valuation of intangible assets such as customer relationships and technology are based on estimates made by Sika management. In determining the fair values of these intangible assets, Sika management engaged experts who applied a valuation model that incorporates, amongst others, assumptions in respect of future revenues and margins, useful lives, customer attrition and discount rates.

Based on this rationale, we consider the acquisition of MBCC as a key audit matter.

### Our response

Our audit procedures to assess the accounting for the business combination included, among others, the following:

- We analysed the MBCC purchase agreement to understand the key terms and conditions of the transaction and their implications on the accounting and the purchase price allocation. In addition, we reconciled the consideration paid to the agreement and bank statements.
- We considered the appropriateness of the fair values ascribed to assets and liabilities, including the involvement of local component auditors for the audit of the opening balance sheet of entities acquired.
- We obtained the fair value calculations for specific assets and liabilities done by the experts engaged by Sika and assessed the expert's qualification, experience and expertise.
- We challenged the methods, assumptions and data used to identify and measure the fair values of assets and liabilities with the support of our own valuation and tax specialists.
- We assessed the appropriateness of the goodwill allocation to the cash generating units (CGUs).
- We evaluated the presentation and disclosure of the transaction in the consolidated financial statements.

For further information on the acquisition of MBCC Group refer to the following

- Note "Principles of consolidation and valuation" on pages 205 - 208
- Note "Scope of Consolidation and acquisitions" on pages 209 - 212

### 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 consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's reports thereon.

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

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

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

## **Board of Directors' Responsibilities for the Consolidated Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

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

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

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Anna Pohle  
Licensed Audit Expert

Zug, 13 February 2024

# FIVE-YEAR REVIEWS

## CONSOLIDATED INCOME STATEMENT for the year ended December 31

| in CHF mn   | 2019           | 2020           | 2021           | 2022            | 2023            |
|---|----------------|----------------|----------------|-----------------|-----------------|
| <b>Net sales</b>  | <b>8,109.2</b> | <b>7,877.5</b> | <b>9,252.3</b> | <b>10,491.8</b> | <b>11,238.6</b> |
| Material expenses   | -3,765.2       | -3,562.7       | -4,461.0       | -5,312.0        | -5,213.8        |
| <b>Gross result</b>   | <b>4,344.0</b> | <b>4,314.8</b> | <b>4,791.3</b> | <b>5,179.8</b>  | <b>6,024.8</b>  |
| Personnel expenses  | -1,544.3       | -1,525.9       | -1,635.3       | -1,710.5        | -2,006.8        |
| Other operating expenses                                      | -1,412.1       | -1,291.3       | -1,398.0       | -1,505.1        | -1,973.3        |
| <b>Operating profit before depreciation</b>                   | <b>1,387.6</b> | <b>1,497.6</b> | <b>1,758.0</b> | <b>1,964.2</b>  | <b>2,044.7</b>  |
| Depreciation/amortization/impairment                          | -332.5         | -367.1         | -366.6         | -384.5          | -495.6          |
| <b>Operating profit</b>                                       | <b>1,055.1</b> | <b>1,130.5</b> | <b>1,391.4</b> | <b>1,579.7</b>  | <b>1,549.1</b>  |
| Interest income/interest expense                              | -55.0          | -51.9          | -45.4          | -40.4           | -134.8          |
| Financial income/expense and income from associated companies | -33.5          | -18.2          | -10.4          | -41.1           | -77.9           |
| <b>Profit before taxes</b>                                    | <b>966.6</b>   | <b>1,060.4</b> | <b>1,335.6</b> | <b>1,498.2</b>  | <b>1,336.4</b>  |
| Income taxes  | -208.1         | -235.3         | -287.1         | -335.7          | -273.8          |
| <b>Net profit</b>   | <b>758.5</b>   | <b>825.1</b>   | <b>1,048.5</b> | <b>1,162.5</b>  | <b>1,062.6</b>  |
| Free cash flow  | -717.0         | 1,120.3        | 594.9          | 930.8           | -1,870.1        |
| Operating free cash flow                                      | 1,026.1        | 1,259.4        | 908.4          | 865.2           | 1,372.7         |
| Gross result as % of net sales                                | 53.6           | 54.8           | 51.8           | 49.4            | 53.6            |
| Operating profit as % of net sales                            | 13.0           | 14.4           | 15.0           | 15.1            | 13.8            |
| Net profit as % of net sales (ROS)                            | 9.4            | 10.5           | 11.3           | 11.1            | 9.5             |
| Net profit as % of shareholders' equity (ROE)                 | 24.0           | 25.1           | 23.9           | 23.4            | 17.9            |

## SEGMENT INFORMATION

| in CHF mn                 | EMEA  |       |       |       |       | Americas |       |       |       |       |
|---------------------------|-------|-------|-------|-------|-------|----------|-------|-------|-------|-------|
|                           | 2019  | 2020  | 2021  | 2022  | 2023  | 2019     | 2020  | 2021  | 2022  | 2023  |
| Net sales                 | 3,530 | 3,496 | 4,071 | 4,144 | 4,499 | 2,183    | 2,012 | 2,427 | 3,194 | 3,424 |
| Operating profit          | 488   | 572   | 691   | 783   | 668   | 356      | 345   | 446   | 571   | 630   |
| in % of net sales         | 13.8  | 16.4  | 17.0  | 18.9  | 14.8  | 16.3     | 17.1  | 18.4  | 17.9  | 18.4  |
| Depreciation/amortization | 141   | 154   | 153   | 142   | 185   | 78       | 82    | 81    | 96    | 127   |
| Capital expenditures      | 89    | 48    | 54    | 85    | 77    | 41       | 36    | 47    | 71    | 87    |

| in CHF mn                 | Asia/Pacific |       |       |       |       | Global Business |      |      |      |      |
|---------------------------|--------------|-------|-------|-------|-------|-----------------|------|------|------|------|
|                           | 2019         | 2020  | 2021  | 2022  | 2023  | 2019            | 2020 | 2021 | 2022 | 2023 |
| Net sales                 | 1,613        | 1,723 | 2,081 | 2,351 | 2,474 | 783             | 647  | 673  | 804  | 842  |
| Operating profit          | 263          | 285   | 349   | 371   | 426   | 92              | 55   | 50   | 49   | 118  |
| in % of net sales         | 16.3         | 16.5  | 16.8  | 15.8  | 17.2  | 11.7            | 8.5  | 7.4  | 6.1  | 14.0 |
| Depreciation/amortization | 59           | 76    | 78    | 89    | 107   | 25              | 25   | 25   | 28   | 26   |
| Capital expenditures      | 35           | 27    | 44    | 68    | 78    | 17              | 11   | 14   | 18   | 13   |

| in CHF mn                 | Other segments and activities |      |      |      |      | Total |       |       |        |        |
|---------------------------|-------------------------------|------|------|------|------|-------|-------|-------|--------|--------|
|                           | 2019                          | 2020 | 2021 | 2022 | 2023 | 2019  | 2020  | 2021  | 2022   | 2023   |
| Net sales                 | 0                             | 0    | 0    | 0    | 0    | 8,109 | 7,878 | 9,252 | 10,492 | 11,239 |
| Operating profit          | -144                          | -126 | -145 | -193 | -293 | 1,055 | 1,131 | 1,391 | 1,580  | 1,549  |
| in % of net sales         |                               |      |      |      |      | 13.0  | 14.4  | 15.0  | 15.1   | 13.8   |
| Depreciation/amortization | 29                            | 30   | 30   | 31   | 50   | 332   | 367   | 367   | 385    | 496    |
| Capital expenditures      | 11                            | 10   | 12   | 25   | 25   | 193   | 132   | 171   | 266    | 280    |

The internal reporting practice was changed on January 1, 2021. The Advanced Resin business has been reallocated from the Global Business segment to the geographical regions. The prior years have been restated accordingly.



## CONSOLIDATED BALANCE SHEET as at December 31

| in CHF mn  |   | 2019           | 2020           | 2021            | 2022            | 2023            |
|--|---|----------------|----------------|-----------------|-----------------|-----------------|
| Cash and cash equivalents                            |   | 995.1          | 1,318.7        | 1,175.0         | 1,873.3         | 643.9           |
| Accounts receivable                                  | a | 1,441.9        | 1,361.8        | 1,576.8         | 1,719.6         | 2,009.1         |
| Inventories  | b | 866.5          | 814.0          | 1,158.3         | 1,212.8         | 1,240.7         |
| Other assets <sup>1</sup>                            |   | 166.4          | 140.1          | 255.4           | 215.6           | 307.6           |
| <b>Current assets</b>                                |   | <b>3,469.9</b> | <b>3,634.6</b> | <b>4,165.5</b>  | <b>5,021.3</b>  | <b>4,201.3</b>  |
| Property, plant, and equipment                       |   | 1,795.8        | 1,702.6        | 1,776.6         | 1,822.3         | 2,257.3         |
| Intangible assets                                    |   | 4,351.0        | 4,172.3        | 4,379.9         | 4,229.1         | 8,223.6         |
| Other assets <sup>2</sup>                            |   | 343.0          | 284.5          | 384.8           | 246.5           | 368.5           |
| <b>Non-current assets</b>                            |   | <b>6,489.8</b> | <b>6,159.4</b> | <b>6,541.3</b>  | <b>6,297.9</b>  | <b>10,849.4</b> |
| <b>ASSETS</b>  |   | <b>9,959.7</b> | <b>9,794.0</b> | <b>10,706.8</b> | <b>11,319.2</b> | <b>15,050.7</b> |
| Accounts payable                                     | c | 837.2          | 846.3          | 1,033.2         | 1,016.6         | 1,108.2         |
| Financial liabilities                                |   | 342.9          | 334.7          | 343.1           | 303.0           | 1,217.9         |
| Other liabilities <sup>3</sup>                       |   | 632.9          | 644.1          | 719.9           | 721.8           | 1,089.9         |
| <b>Current liabilities</b>                           |   | <b>1,813.0</b> | <b>1,825.1</b> | <b>2,096.2</b>  | <b>2,041.4</b>  | <b>3,416.0</b>  |
| Financial liabilities                                |   | 4,070.1        | 3,851.9        | 3,393.9         | 3,634.2         | 4,732.0         |
| Non-current provisions, employee benefit obligations |   | 414.9          | 417.8          | 418.5           | 317.9           | 529.1           |
| Other liabilities <sup>4</sup>                       |   | 500.5          | 411.2          | 402.3           | 358.6           | 440.4           |
| <b>Non-current liabilities</b>                       |   | <b>4,985.5</b> | <b>4,680.9</b> | <b>4,214.7</b>  | <b>4,310.7</b>  | <b>5,701.5</b>  |
| <b>LIABILITIES</b>                                   |   | <b>6,798.5</b> | <b>6,506.0</b> | <b>6,310.9</b>  | <b>6,352.1</b>  | <b>9,117.5</b>  |
| Capital stock  |   | 1.4            | 1.4            | 1.4             | 1.5             | 1.6             |
| Treasury shares                                      |   | -7.3           | -5.2           | -10.7           | -15.1           | -11.9           |
| Reserves   |   | 3,130.0        | 3,289.6        | 4,403.1         | 4,979.8         | 5,930.7         |
| <b>Equity attributable to Sika shareholders</b>      |   | <b>3,124.1</b> | <b>3,285.8</b> | <b>4,393.8</b>  | <b>4,966.2</b>  | <b>5,920.4</b>  |
| Non-controlling interests                            |   | 37.1           | 2.2            | 2.1             | 0.9             | 12.8            |
| <b>SHAREHOLDERS' EQUITY</b>                          | d | <b>3,161.2</b> | <b>3,288.0</b> | <b>4,395.9</b>  | <b>4,967.1</b>  | <b>5,933.2</b>  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>          | e | <b>9,959.7</b> | <b>9,794.0</b> | <b>10,706.8</b> | <b>11,319.2</b> | <b>15,050.7</b> |

1. Prepaid expenses and accrued income, other current assets, and assets classified as held for sale.

2. Investments in associated companies, deferred tax assets, and other non-current assets.

3. Accrued expenses and deferred income, income tax liabilities, current provisions, other current liabilities, and liabilities classified as held for sale.

4. Deferred tax liabilities and other non-current liabilities.

### KEY BALANCE SHEET DATA

| in CHF mn                             | Calculation | 2019    | 2020    | 2021    | 2022    | 2023    |
|---------------------------------------|-------------|---------|---------|---------|---------|---------|
| Net working capital                   | (a+b-c)     | 1,471.2 | 1,329.5 | 1,701.9 | 1,915.8 | 2,141.6 |
| Net working capital as % of net sales |             | 18.1    | 16.9    | 18.4    | 18.3    | 19.1    |
| Net debt <sup>1</sup>                 | f           | 3,407.8 | 2,855.8 | 2,547.1 | 2,051.6 | 5,219.7 |
| Gearing in %                          | (f:d)       | 107.8   | 86.9    | 57.9    | 41.3    | 88.0    |
| Equity ratio in %                     | (d:e)       | 31.7    | 33.6    | 41.1    | 43.9    | 39.4    |

1. Net debt: Financial liabilities (less derivatives) less interest-bearing current assets (cash and cash equivalents and securities).

## VALUE-BASED KEY DATA

| in CHF mn                              | Calculation | 2019    | 2020    | 2021    | 2022    | 2023     |
|--|-------------|---------|---------|---------|---------|----------|
| Capital employed <sup>1</sup>          |             | 7,026.4 | 6,582.1 | 7,263.0 | 7,366.2 | 11,634.9 |
| Annual average of capital employed     | g           | 5,501.0 | 6,804.3 | 6,922.6 | 7,314.6 | 9,500.6  |
| Operating profit                       | h           | 1,055.1 | 1,130.5 | 1,391.4 | 1,579.7 | 1,549.1  |
| Return on capital employed (ROCE) in % | (h:g)       | 19.2    | 16.6    | 20.1    | 21.6    | 16.3     |

1 Capital employed: current assets, PPE, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bond).

## EMPLOYEES

|   | 2019          | 2020          | 2021          | 2022          | 2023          |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>EMEA (Europe, Middle East, Africa)<sup>1</sup></b> | <b>12,284</b> | <b>12,534</b> | <b>13,004</b> | <b>12,972</b> | <b>16,214</b> |
| Germany   | 2,334         | 2,247         | 2,256         | 2,168         | 3,469         |
| Switzerland   | 2,013         | 1,948         | 1,985         | 1,948         | 2,071         |
| France  | 1,392         | 1,362         | 1,375         | 1,396         | 1,515         |
| United Kingdom  | 951           | 890           | 972           | 1,013         | 1,001         |
| <b>America<sup>1</sup></b>                            | <b>6,271</b>  | <b>5,936</b>  | <b>6,820</b>  | <b>7,394</b>  | <b>8,825</b>  |
| USA   | 2,547         | 2,438         | 2,671         | 2,893         | 3,355         |
| Mexico  | 499           | 476           | 1,061         | 1,046         | 1,711         |
| Brazil  | 964           | 824           | 833           | 854           | 905           |
| <b>Asia/Pacific<sup>1</sup></b>                       | <b>6,586</b>  | <b>6,378</b>  | <b>7,235</b>  | <b>7,342</b>  | <b>8,508</b>  |
| China   | 2,753         | 2,806         | 3,414         | 3,480         | 3,773         |
| Japan   | 682           | 672           | 988           | 930           | 1,151         |
| <b>Total</b>  | <b>25,141</b> | <b>24,848</b> | <b>27,059</b> | <b>27,708</b> | <b>33,547</b> |
| <b>Personnel expenses (in CHF mn)</b>                 |               |               |               |               |               |
| Wages and salaries                                    | 1,257         | 1,235         | 1,328         | 1,399         | 1,637         |
| Social charges, other                                 | 287           | 291           | 307           | 312           | 370           |
| <b>Personnel expenses</b>                             | <b>1,544</b>  | <b>1,526</b>  | <b>1,635</b>  | <b>1,711</b>  | <b>2,007</b>  |
| Personnel expenses as % of net sales                  | 19.0          | 19.4          | 17.7          | 16.3          | 17.9          |
| <b>Key data per employee (in CHF thousands)</b>       |               |               |               |               |               |
| Net sales   | 359           | 315           | 356           | 383           | 367           |
| Net value-added <sup>2</sup>                          | 116           | 107           | 118           | 121           | 116           |

1 Does not correspond to the Sika segments. The employees of Global Business were assigned to the respective company locations.

2 See next page, five-year reviews, value-added statement.

## VALUE-ADDED STATEMENT

| in CHF mn  | 2019         | 2020         | 2021         | 2022         | 2023         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Source of value-added</b>                                       |              |              |              |              |              |
| Corporate performance (net sales)                                  | 8,109        | 7,878        | 9,252        | 10,492       | 11,239       |
| Intermediate inputs  | -5,157       | -4,819       | -5,838       | -6,806       | -7,196       |
| <b>Gross value-added</b>   | <b>2,952</b> | <b>3,059</b> | <b>3,414</b> | <b>3,686</b> | <b>4,043</b> |
| Non-liquidity-related expenses                                     |              |              |              |              |              |
| Depreciation and amortization                                      | -333         | -367         | -367         | -385         | -496         |
| Change in provisions   | -6           | -26          | 25           | 20           | 10           |
| <b>Net value-added</b>   | <b>2,613</b> | <b>2,666</b> | <b>3,072</b> | <b>3,321</b> | <b>3,557</b> |
| <b>Distribution of value-added</b>                                 |              |              |              |              |              |
| To employees   |              |              |              |              |              |
| Wages and salaries   | 1,257        | 1,235        | 1,328        | 1,399        | 1,637        |
| Social charges   | 287          | 293          | 309          | 312          | 370          |
| To governments   | 254          | 280          | 331          | 390          | 328          |
| To lenders (interest expenses)                                     | 56           | 33           | 55           | 57           | 159          |
| To shareholders (dividend payout, incl. non-controlling interests) | 293          | 327          | 355          | 446          | 493          |
| To the company   |              |              |              |              |              |
| Net profit for the year  | 759          | 825          | 1,049        | 1,163        | 1,063        |
| Less dividend payout   | -293         | -327         | -355         | -446         | -493         |
| <b>Net value-added</b>   | <b>2,613</b> | <b>2,666</b> | <b>3,072</b> | <b>3,321</b> | <b>3,557</b> |
| <b>Number of employees</b>   |              |              |              |              |              |
| End of year  | 25,141       | 24,848       | 27,059       | 27,708       | 33,547       |
| Annual average   | 22,601       | 24,995       | 25,954       | 27,384       | 30,628       |
| <b>Net value-added per employee (in CHF thousands)</b>             | <b>116</b>   | <b>107</b>   | <b>118</b>   | <b>121</b>   | <b>116</b>   |

# SIKA AG, BAAR, FINANCIAL STATEMENTS

## SIKA AG INCOME STATEMENT for the year ended December 31

| in CHF mn  | Notes | 2022         | 2023           |
|--|-------|--------------|----------------|
| Dividend income  | 1     | 553.9        | 636.3          |
| Financial income   | 2     | 133.3        | 511.1          |
| Other income   | 3     | 135.3        | 60.3           |
| <b>Income</b>  |       | <b>822.5</b> | <b>1,207.7</b> |
| Financial expenses   | 2     | -159.8       | -504.5         |
| Personnel expenses   | 4     | -14.7        | -20.1          |
| Other operating expenses   | 5     | -139.6       | -119.6         |
| <b>Operating profit before depreciation</b>                            |       | <b>508.4</b> | <b>563.5</b>   |
| Impairment losses (-)/reversal of impairment losses (+) on investments |       | -9.7         | -10.7          |
| Depreciation and amortization expenses                                 |       | -0.1         | -0.1           |
| <b>Net profit before taxes</b>   |       | <b>498.6</b> | <b>552.7</b>   |
| Direct taxes   |       | -6.5         | -5.1           |
| <b>Net profit for the year</b>   |       | <b>492.1</b> | <b>547.6</b>   |

## SIKA AG BALANCE SHEET as at December 31

| in CHF mn                                   | Notes | 2022           | 2023            |
|---|-------|----------------|-----------------|
| Cash and cash equivalents                   | 6     | 1,273.9        | 87.5            |
| Securities                                  |       | 0.1            | 3.1             |
| Other current receivables                   | 7     | 2,529.5        | 4,325.9         |
| Prepaid expenses and accrued income         |       | 12.1           | 36.0            |
| <b>Current assets</b>                       |       | <b>3,815.6</b> | <b>4,452.5</b>  |
| Financial assets                            | 8     | 0.9            | 464.4           |
| Investments                                 | 9     | 3,392.7        | 5,799.0         |
| Property, plant, and equipment              |       | 0.2            | 0.3             |
| Other non-current assets                    |       | 13.8           | 20.7            |
| <b>Non-current assets</b>                   |       | <b>3,407.6</b> | <b>6,284.4</b>  |
| <b>ASSETS</b>                               |       | <b>7,223.2</b> | <b>10,736.9</b> |
| Accounts payable                            | 10    | 13.2           | 32.1            |
| Current interest-bearing liabilities        | 11    | 580.3          | 1,197.9         |
| Other current liabilities                   |       | 1.2            | 3.2             |
| Accrued expenses and deferred income        | 12    | 58.6           | 77.4            |
| Current provisions                          |       | 0.0            | 1.0             |
| <b>Current liabilities</b>                  |       | <b>653.3</b>   | <b>1,311.6</b>  |
| Non-current interest-bearing liabilities    | 11    | 3,381.5        | 4,908.0         |
| Other non-current liabilities               |       | 2.9            | 3.0             |
| Non-current provisions                      |       | 2.5            | 8.6             |
| <b>Non-current liabilities</b>              |       | <b>3,386.9</b> | <b>4,919.6</b>  |
| <b>LIABILITIES</b>                          |       | <b>4,040.2</b> | <b>6,231.2</b>  |
| Share capital                               |       | 1.5            | 1.6             |
| Legal capital reserves                      |       | 1,736.8        | 3,000.9         |
| Legal retained earnings                     |       | 4.0            | 4.0             |
| Voluntary retained earnings                 |       | 121.7          | 121.7           |
| Profit brought forward                      |       | 1,334.1        | 1,389.4         |
| Treasury shares                             | 13    | -15.1          | -11.9           |
| <b>Shareholders' equity</b>                 | 14    | <b>3,183.0</b> | <b>4,505.7</b>  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |       | <b>7,223.2</b> | <b>10,736.9</b> |

# NOTES TO THE SIKA AG FINANCIAL STATEMENTS

## Principles

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### GENERAL

The 2023 financial statements were prepared according to the Swiss Law on Accounting and Financial Reporting. The significant accounting and valuation principles applied are as described below.

### SECURITIES

Securities are valued at historical costs.

### RECEIVABLES

The receivables are recorded at nominal value. If necessary, an allowance for doubtful debts is made on receivables from third parties, whereas for receivables from subsidiaries no allowance for doubtful debts is considered.

### INVESTMENTS

Investments are initially recognized at cost. On an annual basis, the investments are assessed individually and adjusted to their recoverable amount if required (individual value adjustment principle).

### PROPERTY, PLANT, AND EQUIPMENT, AND INTANGIBLE ASSETS

Property, plant, and equipment, and intangible assets are valued at acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method based on the useful life of the asset.

### CURRENT AND NON-CURRENT INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds are recognized as other non-current assets and amortized on a straight-line basis over the bond's maturity period. Premiums (less issue costs) are recognized in the other non-current liabilities and amortized on a straight-line basis over the bond's maturity period.

### PROVISIONS

Provisions are recognized to cover general business risks based on the most probable cash outflow, considering the principle of prudence.

### TREASURY SHARES

Treasury shares are recognized at acquisition cost and disclosed as a negative position within shareholders' equity. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

### SHARE-BASED PAYMENTS

For treasury shares used for share-based payment programs, the difference between the acquisition cost and the value at vesting date is recognized as personnel expenses.

## INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

### 1. Dividend income CHF 636.3 mn (CHF 553.9 mn)

Dividends from subsidiaries are recognized in this position.

### 2. Financial income CHF 511.1 mn (CHF 133.3 mn)/ Financial expenses CHF 504.5 mn (CHF 159.8 mn)

Financial income includes interest income and gains from foreign exchange transactions. Financial expenses include the interest costs on bonds, bank debts, cashpool and loan payables to subsidiaries (see note 11), as well as foreign currency losses on loans to subsidiaries and other financing costs.

| in CHF mn                              | 2022         |               |              | 2023         |               |            |
|--|--------------|---------------|--------------|--------------|---------------|------------|
|  | Income       | Expenses      | Net          | Income       | Expenses      | Net        |
| Interest – 3rd party                   | 0.9          | -19.4         | -18.5        | 4.4          | -65.6         | -61.2      |
| Interest – subsidiaries                | 38.3         | -20.5         | 17.8         | 215.5        | -111.3        | 104.2      |
| Realized foreign exchange result       | 22.0         | -89.2         | -67.2        | 183.1        | -268.5        | -85.4      |
| Unrealized net foreign exchange result | 72.1         | -7.3          | 64.8         | 108.1        | -39.3         | 68.8       |
| Other financial result                 | -            | -23.4         | -23.4        | -            | -19.8         | -19.8      |
| <b>Total</b>                           | <b>133.3</b> | <b>-159.8</b> | <b>-26.5</b> | <b>511.1</b> | <b>-504.5</b> | <b>6.6</b> |

Interest expenses increased in 2023 due to the additional financing needed for the MBCC acquisition, as explained in note 11.

In 2023, the refinancing of the acquired MBCC companies resulted in higher loan receivables (see note 7). Furthermore, the prevailing macroeconomic conditions are marked by an upward trend in interest rates, leading to an increase in interest income.

The realized and unrealized exchange rate gains and losses can be primarily attributed to the depreciation of the euro and the US dollar currencies. However, the net exchange rate risk is limited due to back-to-back financing arrangements and effective hedging strategies.

### 3. Other income CHF 60.3 mn (CHF 135.3 mn)

Other income includes income from the cost allocation to subsidiaries. In addition, costs related to the acquisition of the MBCC Group were recharged to selected subsidiaries in 2022 who benefit from the acquisition.

### 4. Personnel expenses CHF 20.1 mn (CHF 14.7 mn)

Personnel expenses comprise all payments to persons in an employment relationship. Also included are expenses such as pension fund contributions, health insurance contributions, employee participation plan costs as well as taxes and levies directly related to personnel remuneration. The annual cost of the long-term employee participation plan depends on Sika's share price performance. In 2023, the increased share price led to higher expenses.

## 5. Other operating expenses CHF 119.6 mn (CHF 139.6 mn)

This position includes the holding company's general expenses. Other operating expenses mainly include legal and consulting fees, costs related to management training, marketing expenses, as well as other operating expenses.

In 2023, non-recurring costs related to the acquisition of the MBCC Group of CHF 37.9 million were incurred. Furthermore, stamp taxes of CHF 12.5 million had to be paid due to the conversion of the convertible bond (see note 11).

In 2022, non-recurring costs related to the planned acquisition of the MBCC Group of CHF 78.3 million were incurred and recharged to the subsidiaries (see note 3). Furthermore, stamp taxes of CHF 14.3 million had to be paid due to the conversion of convertible bonds (see note 11).

## 6. Cash and cash equivalents CHF 87.5 mn (CHF 1,273.9 mn)

Bank deposits of CHF 42.9 million (CHF 1,216.7 million) are invested in Swiss francs and CHF 44.6 million (CHF 57.2 million) in foreign currencies. The high cash position at the end of the year 2022 was part of the financing strategy for the acquisition of the MBCC Group in May 2023.

## 7. Other current receivables CHF 4,325.9 mn (CHF 2,529.5 mn)

| in CHF mn                              | 2022           | 2023           |
|--|----------------|----------------|
| Receivables from third parties         | 3.0            | 2.0            |
| Receivables from subsidiaries          | 35.4           | 82.6           |
| Cashpool receivables from subsidiaries | 100.6          | 14.6           |
| Dividend receivables from subsidiaries | 30.5           | 22.9           |
| Loan receivables from subsidiaries     | 2,360.0        | 4,203.4        |
| Loan receivables from related parties  | -              | 0.4            |
| <b>Total</b>                           | <b>2,529.5</b> | <b>4,325.9</b> |

Refinancing and legal restructuring of the acquired MBCC companies resulted in higher loan receivables.

## 8. Financial assets CHF 464.4 mn (CHF 0.9 mn)

| in CHF mn                                       | 2022       | 2023         |
|---|------------|--------------|
| Loan receivables from subsidiaries <sup>1</sup> | -          | 463.3        |
| Financial assets                                | 0.9        | 1.1          |
| <b>Total</b>                                    | <b>0.9</b> | <b>464.4</b> |

1. Loan to a subsidiary with subordination.

## 9. Investments CHF 5,799.0 mn (CHF 3,392.7 mn)

The change in investments results mainly from the legal restructuring of the MBCC acquisition. Sika AG is now direct shareholder of several MBCC companies and has carried out capital increases at subsidiaries for local buy-outs. Other changes result from valuation changes, the formation of new companies, acquisitions, and liquidations. Major participations are summarized on the list of Group companies beginning on p.248 of this report.



## 10. Accounts payable CHF 32.1 mn (CHF 13.2 mn)

| in CHF mn                 | 2022        | 2023        |
|---------------------------|-------------|-------------|
| Payables to third parties | 2.7         | 3.2         |
| Payables to subsidiaries  | 10.5        | 28.9        |
| <b>Total</b>              | <b>13.2</b> | <b>32.1</b> |

## 11. Interest-bearing liabilities current CHF 1,197.9 mn (CHF 580.3 mn)/ non-current CHF 4,908.0 mn (CHF 3,381.5 mn)

| in CHF mn                            | 2022         |                |                | 2023           |                |                |
|--------------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|
|                                      | Current      | Non-current    | Total          | Current        | Non-current    | Total          |
| Bank debt                            | –            | –              | –              | –              | 669.6          | 669.6          |
| Cashpool liabilities to subsidiaries | 137.5        | –              | 137.5          | 473.4          | –              | 473.4          |
| Loan payables to subsidiaries        | 242.8        | 994.2          | 1,237.0        | 174.5          | 3,018.4        | 3,192.9        |
| Bonds                                | 200.0        | 2,387.3        | 2,587.3        | 550.0          | 1,220.0        | 1,770.0        |
| <b>Total</b>                         | <b>580.3</b> | <b>3,381.5</b> | <b>3,961.8</b> | <b>1,197.9</b> | <b>4,908.0</b> | <b>6,105.9</b> |

Interest-bearing liabilities increased due to the acquisition of MBCC as of May 2, 2023. The transaction was financed with the issuance of:

- 3 straight bonds in the total amount of CHF 650.0 million placed by Sika AG;
- 3 Euro bonds in the total amount of EUR 2,250 million placed via Sika Capital B.V., Netherlands (a 100% subsidiary of Sika AG);
- interim bridge financing. The interim bridge financing was fully repaid in August 2023.
- bank facilities. Both revolving credit facilities were increased from CHF 750.0 million to CHF 1,100.0 million each. As of December 31, 2023, Sika has utilized CHF 669.6 million under those two credit lines.

### OUTSTANDING BONDS

| in CHF mn        | Coupon | Term            | 2022           | 2023           |
|------------------|--------|-----------------|----------------|----------------|
|                  |        |                 | Book value     | Book value     |
| Straight bond    | 1.875% | 2013-11/14/2023 | 200.0          | n.a.           |
| Straight bond    | 1.600% | 2022-05/28/2024 | 100.0          | 100.0          |
| Straight bond    | 2.125% | 2023-10/11/2024 | n.a.           | 200.0          |
| Straight bond    | 0.625% | 2018-07/12/2024 | 250.0          | 250.0          |
| Convertible bond | 0.150% | 2018-06/05/2025 | 1,267.3        | n.a.           |
| Straight bond    | 1.900% | 2022-11/28/2025 | 200.0          | 200.0          |
| Straight bond    | 0.600% | 2018-03/27/2026 | 140.0          | 140.0          |
| Straight bond    | 2.250% | 2023-04/13/2026 | n.a.           | 200.0          |
| Straight bond    | 1.125% | 2018-07/12/2028 | 130.0          | 130.0          |
| Straight bond    | 2.350% | 2022-11/28/2028 | 300.0          | 300.0          |
| Straight bond    | 2.250% | 2023-04/13/2029 | n.a.           | 250.0          |
| <b>Total</b>     |        |                 | <b>2,587.3</b> | <b>1,770.0</b> |

The convertible bond in the total amount of CHF 1,650.0 million due in 2025 was placed by Sika AG in 2018. As of September 25, 2023, Sika has exercised its early redemption option. In the reporting year, bonds with a nominal value of CHF 1,264.2 million were converted (CHF 141.7 million). The remaining bonds of CHF 3.1 million have been repaid.

## 12. Accrued expenses and deferred income CHF 77.4 mn (CHF 58.6 mn)

Accrued expenses and deferred income include pro rata interest on bonds issued of CHF 13.0 million (CHF 4.5 million) as well as accrued interest expenses on loan payables of CHF 38.1 million (CHF 11.2 million). Also included are employee-related accruals and accruals for outstanding invoices.

## 13. Treasury shares CHF 11.9 mn (CHF 15.1 mn)

In general, treasury shares are used for a Group-wide employee participation program and for liquidity investments. The shares are traded on the stock exchange at current market prices.

| in CHF mn                | Units         | Share value |
|--------------------------|---------------|-------------|
| <b>January 1, 2022</b>   | <b>31,125</b> | <b>10.7</b> |
| Reductions               | -221,313      | -62.6       |
| Additions                | 254,634       | 67.0        |
| <b>December 31, 2022</b> | <b>64,446</b> | <b>15.1</b> |
| <b>January 1, 2023</b>   | <b>64,446</b> | <b>15.1</b> |
| Reductions               | -198,473      | -48.1       |
| Additions                | 182,814       | 44.9        |
| <b>December 31, 2023</b> | <b>48,787</b> | <b>11.9</b> |

In the year under review, the average share price was CHF 248.19 (CHF 258.37).

## 14. Shareholders' equity CHF 4,505.7 mn (CHF 3,183.0 mn)

The ratio of shareholders' equity to total assets amounts to 42.0% (44.1%).

| in CHF mn                         | Capital stock | Legal capital reserves <sup>1</sup> | Retained earnings <sup>2</sup> | Treasury shares | Shareholders' equity |
|-----------------------------------|---------------|-------------------------------------|--------------------------------|-----------------|----------------------|
| <b>January 1, 2022</b>            | <b>1.4</b>    | <b>295.4</b>                        | <b>1,413.5</b>                 | <b>-10.7</b>    | <b>1,699.6</b>       |
| Dividend payment                  |               |                                     | -445.8                         |                 | -445.8               |
| Increase from conditional capital | 0.1           | 1,441.4                             |                                |                 | 1,441.5              |
| Transactions with treasury shares |               |                                     |                                | -4.4            | -4.4                 |
| Net profit for the year           |               |                                     | 492.1                          |                 | 492.1                |
| <b>December 31, 2022</b>          | <b>1.5</b>    | <b>1,736.8</b>                      | <b>1,459.8</b>                 | <b>-15.1</b>    | <b>3,183.0</b>       |
| <b>January 1, 2023</b>            | <b>1.5</b>    | <b>1,736.8</b>                      | <b>1,459.8</b>                 | <b>-15.1</b>    | <b>3,183.0</b>       |
| Dividend payment                  |               |                                     | -492.3                         |                 | -492.3               |
| Increase from conditional capital | 0.1           | 1,264.1                             |                                |                 | 1,264.2              |
| Transactions with treasury shares |               |                                     |                                | 3.2             | 3.2                  |
| Net profit for the year           |               |                                     | 547.6                          |                 | 547.6                |
| <b>December 31, 2023</b>          | <b>1.6</b>    | <b>3,000.9</b>                      | <b>1,515.1</b>                 | <b>-11.9</b>    | <b>4,505.7</b>       |

1 Including reserves from capital contributions.

2 Retained earnings: legal retained earnings, voluntary retained earnings, and profit brought forward.

The higher profit in 2023 is mainly due to higher dividend income. In April 2023, the dividend of CHF 492.3 million from profit brought forward for 2022 was paid out to shareholders.

### SHARE CAPITAL

The share capital corresponds to the nominal capital of all issued registered shares with a par value of CHF 0.01 each and includes treasury shares which do not carry voting and dividend rights. The capital is fully paid, and structured as follows:

|   | Units              | Par value in CHF |
|---|--------------------|------------------|
| <b>At January 1, 2022</b>                 | <b>143,044,967</b> | <b>1,430,450</b> |
| Capital increase from conditional capital | 10,690,084         | 106,901          |
| <b>At December 31, 2022</b>               | <b>153,735,051</b> | <b>1,537,351</b> |
| <b>At January 1, 2023</b>                 | <b>153,735,051</b> | <b>1,537,351</b> |
| Capital increase from conditional capital | 6,744,242          | 67,442           |
| <b>At December 31, 2023</b>               | <b>160,479,293</b> | <b>1,604,793</b> |

### CONDITIONAL CAPITAL

In the reporting year, 6,744,242 (10,690,084) new shares were issued from conditional capital, which were used for the conversion of the issued bonds (see note 11).

The remaining conditional capital of 91,187 shares has been deleted and the article of association have been adjusted accordingly. As of December 31, 2022, there was a conditional capital of CHF 68,354.29, divided into 6,835,429 registered shares with a par value of CHF 0.01 each. These shares were reserved for the exercise of option or conversion rights.

## CAPITAL BAND

The Company has a capital band between CHF 1,527,925.41 (lower limit) and CHF 1,681,660.45 (upper limit). Within the capital band, the Board of Directors is authorized, until March 28, 2028 or until the earlier expiration of the capital band, to increase or decrease the share capital once or several times and in any amounts. The capital increase or reduction may be effected by the issuance of up to 7,686,752 fully paid-up registered shares with a nominal value of CHF 0.01 each or by cancelling up to 7,686,752 registered shares with a nominal value of CHF 0.01 each or by increasing or reducing the nominal value of the existing registered shares within the capital band. As of December 31, 2023, the capital band is not used.

## RESERVES FROM CAPITAL CONTRIBUTION

The reserves from capital contribution include the premium from capital increases less the distributions to shareholders.

| in CHF mn                        | 2022           | 2023 <sup>1</sup> |
|----------------------------------|----------------|-------------------|
| <b>January 1</b>                 | <b>239.2</b>   | <b>1,680.6</b>    |
| Premium from conversion of bonds | 1,441.4        | 1,264.1           |
| <b>December 31</b>               | <b>1,680.6</b> | <b>2,944.7</b>    |

1 Not yet approved by the Swiss Federal Tax Administration.

Due to existing different practices regarding the accounting of the stamp duties and other issue costs incurred in connection with the increase in share capital, there is a deviation of CHF 20.8 million between the reserves from capital contribution stated in the statutory financial statements of Sika AG and the amount the Swiss Federal Tax Administration recognizes at December 31, 2023.

## Other information

### FULL-TIME EQUIVALENTS

The number of full-time equivalents for the reporting year is 46 (44) employees.

### PARTICIPATIONS IN SIKA AG

Sika AG granted the following number of shares as part of employee participation plans. The shares were issued in April 2023 at a market price of CHF 248.80 (CHF 306.90).

| in CHF thousands   | 2022          |                | 2023          |                |
|--------------------|---------------|----------------|---------------|----------------|
|                    | Units         | Nominal        | Units         | Nominal        |
| Board of Directors | 4,843         | 1,486.3        | 4,949         | 1,231.3        |
| Group Management   | 9,494         | 2,913.6        | 5,854         | 1,456.5        |
| Employees          | 2,516         | 772.0          | 1,935         | 481.4          |
| <b>Total</b>       | <b>16,853</b> | <b>5,171.9</b> | <b>12,738</b> | <b>3,169.2</b> |

### CONTINGENT LIABILITIES

Letters of guarantee are issued to finance business transactions. Sika AG guarantees for euro bonds issued by Sika Capital B.V., Netherlands (a 100% subsidiary of Sika AG), in the total amount of nominal EUR 3,250.0 million.

Letters of comfort are issued to subsidiaries, e.g., to secure rents for buildings, obligations to customers, or when required by local regulations.

| in CHF mn                   | 2022  | 2023    |
|-----------------------------|-------|---------|
| <b>Letters of guarantee</b> |       |         |
| Issued                      | 986.1 | 3,018.4 |
| Used                        | 0.0   | 0.0     |
| <b>Letters of comfort</b>   |       |         |
| Issued                      | p.m.  | p.m.    |
| Used                        | 0.0   | 0.0     |

Sika AG is part of Sika Schweiz AG's value-added tax group and is jointly liable to the tax authorities for the value-added tax obligations of the tax group.

Sika AG acts as guarantor in the share and purchase agreement (SPA) regarding certain subsidiaries of the MBCC Group between Sika International GmbH, acting as seller, and the purchaser. Further to the obligations in the SPA, and as between the Sika entities, Sika AG agreed to accept all of the rights, claims, title, benefit and interest to, in and under the SPA, whether current or future, actual or contingent of Sika International GmbH.

### NET RELEASE OF HIDDEN RESERVES

There was no net release of hidden reserves in the current year nor in the previous year.

### SIGNIFICANT SHAREHOLDERS

On December 31, 2023, the company had 46,340 (42,240) registered shareholders. Information regarding significant shareholders can be found on p.247 of this report.

## Proposed appropriation of profit brought forward and repayment of reserves from capital contribution

The Board of Directors proposes to the Annual General Meeting the following appropriation of profit brought forward and repayment of reserves from capital contribution:

| in CHF mn  | 2022           | 2023           |
|--|----------------|----------------|
| <b>Composition of the profit brought forward</b>   |                |                |
| Net profit for the year                            | 492.1          | 547.6          |
| Results carried forward from prior year            | 842.0          | 841.8          |
| <b>Profit brought forward</b>                      | <b>1,334.1</b> | <b>1,389.4</b> |
| Dividend payment out of the profit brought forward | 492.3          | 264.8          |
| <b>Results carried forward</b>                     | <b>841.8</b>   | <b>1,124.6</b> |

As the general statutory reserve currently exceeds 20% of shareholders' equity, a further allocation to the reserve was waived.

| in CHF mn  | 2022           | 2023           |
|--|----------------|----------------|
| <b>Repayment of reserves from capital contribution</b>                 |                |                |
| Legal capital reserves qualified as reserves from capital contribution | 1,680.6        | 2,944.7        |
| Repayment of reserves from capital contribution                        | 0.0            | 264.8          |
| <b>Reserves from capital contribution carried forward</b>              | <b>1,680.6</b> | <b>2,679.9</b> |

On approval of this proposal, the following payment will be made per registered share:

| in CHF   | 2022        | 2023        |
|--|-------------|-------------|
| Gross dividend                                       | 3.20        | 1.65        |
| Repayment from reserves from capital contribution    | -           | 1.65        |
| <b>Gross payout per registered share<sup>1</sup></b> | <b>3.20</b> | <b>3.30</b> |
| 35% withholding tax on gross dividend                | 1.12        | 0.58        |
| <b>Net payout per registered share</b>               | <b>2.08</b> | <b>2.72</b> |

1 Registered shares, held by Sika AG, are non-voting shares and do not qualify for a dividend.

The Board of Directors proposes to the Annual General Meeting a distribution to the shareholders in the total amount of CHF 3.30 per single-class registered share. The dividend for 2022 was CHF 3.20 per single-class registered share.

Payment of the distribution is tentatively scheduled for Wednesday, April 3, 2024. Registered shareholders will receive payment of the distributed amount at the address provided to the company for the purposes of dividend distribution.

The Annual General Meeting of Sika AG will be held on Tuesday, March 26, 2024.

Baar, February 13, 2024

For the Board of Directors  
The Chair of the Board:  
Dr. Paul Hälgi



# Statutory Auditor's Report

To the General Meeting of Sika AG, Baar

## Report on the Audit of the Financial Statements

### Opinion

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

In our opinion, the financial statements (pages 265 to 275) comply with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

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

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

### Key Audit Matters



#### VALUATION OF INVESTMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.



## VALUATION OF INVESTMENTS

### Key Audit Matter

As of 31 December 2023, the financial statements of Sika AG include investments in subsidiaries in the total amount of CHF 5'799.0 million.

On an annual basis, the Company assesses whether there is a need for impairment on investments in subsidiaries. The assessment of the recoverability is based on a comparison of the carrying amount with the value in use. The value in use is calculated based on EBITDA multiples whereas the EBITDA used is an average of historical and forecasted EBITDAs. This requires the use of assumptions by management.

In relation to total assets and net assets as per 31 December 2023, investments in subsidiaries are of material importance.

In the financial year 2023, an impairment expense on investments in the amount of CHF 10.7 million was recognized.

There is a risk that a potential impairment of investments is not or not adequately identified due to inappropriate assumptions.

For further information on the valuation of investments refer to the following:

- Notes to the Sika AG financial statements: Principles on page 267
- Information on balance sheet and income statement items, 9. Investments on page 269

### 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 consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's reports thereon.

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

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

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

### Our response

Amongst others, we have performed the following audit procedures:

- We evaluated the methodical and mathematical accuracy of the model used for the impairment tests.
- We agreed historical EBITDAs used in the impairment tests to the numbers reported in the consolidation tool.
- We agreed forecasted EBITDAs used in the impairment tests to the business plans approved by the Board of Directors
- We challenged the multiples used and compared them with publicly available data if possible. Our valuation specialists supported us with our procedures.



## **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.

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

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Anna Pohle  
Licensed Audit Expert

Zug, 13 February 2024