

Best dairy moments

Annual Report

2022



Online report

The full version of the Emmi Annual Report and the
Summary Annual Report for 2022 are also available online:
report.emmi.com

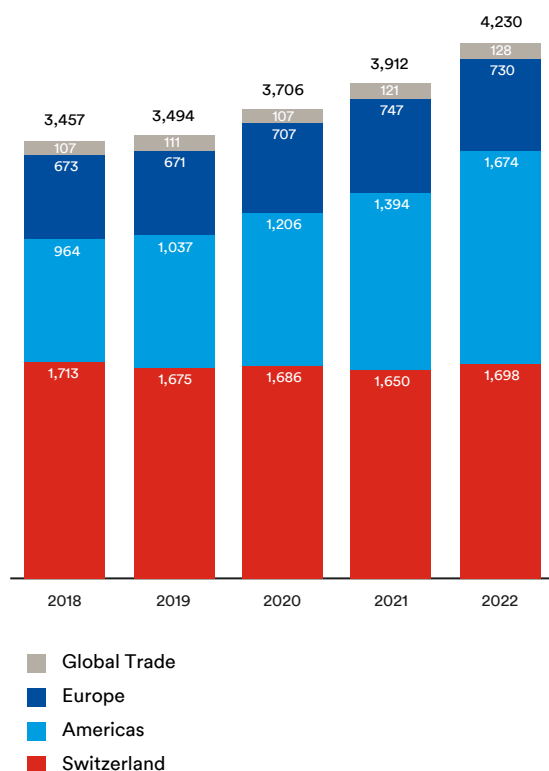
Key figures Emmi Group

in CHF million	2022	2022 adjusted ¹⁾	2021
Net sales	4,230		3,912
Sales development in %	8.1		5.6
Net sales increase in organic terms in %	7.0		3.6
Acquisition effect in %	2.1		2.3
Currency effect in %	-1.0		-0.3
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	379.3		394.7
as % of net sales	9.0		10.1
Earnings before interest and taxes (EBIT)	253.0	266.1	284.1
as % of net sales	6.0	6.3	7.3
Net profit	182.5	194.3	216.7
as % of net sales	4.3	4.6	5.5
Investment in fixed assets (excl. acquisitions)	206.2		152.6
as % of net sales	4.9		3.9
Headcount (full-time equivalents) as at 31.12.	9,368		9,230
Headcount (full-time equivalents) at yearly average	9,299		8,868
Net sales per employee in CHF 000s (average)	455		441
	31.12.2022		31.12.2021
Total assets	2,635		2,471
of which shareholders' equity incl. minority interests	1,284		1,182
as % of total assets	48.7		47.8
Market capitalisation	4,189		5,756

¹⁾ The adjustment effect in the year under review relates to an impairment of non-current assets at Gläserne Molkerei. This amounts to CHF 13.1 million on EBIT and CHF 11.8 million at net profit level. There were no significant non-recurring effects in the previous year.

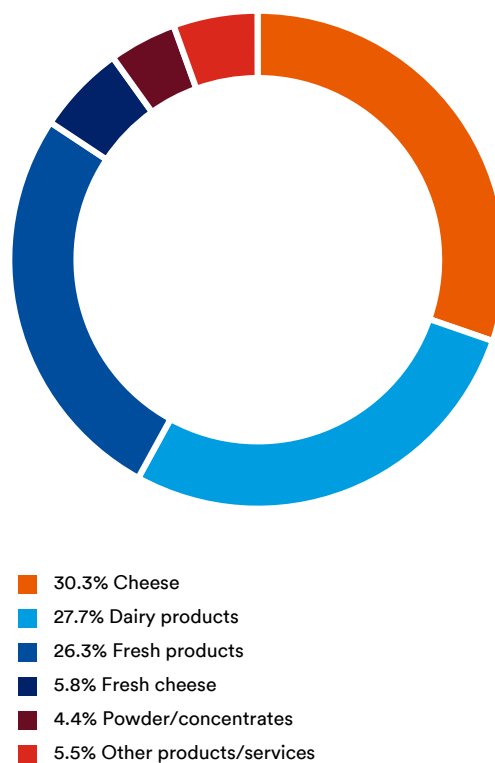
Net sales

in CHF million

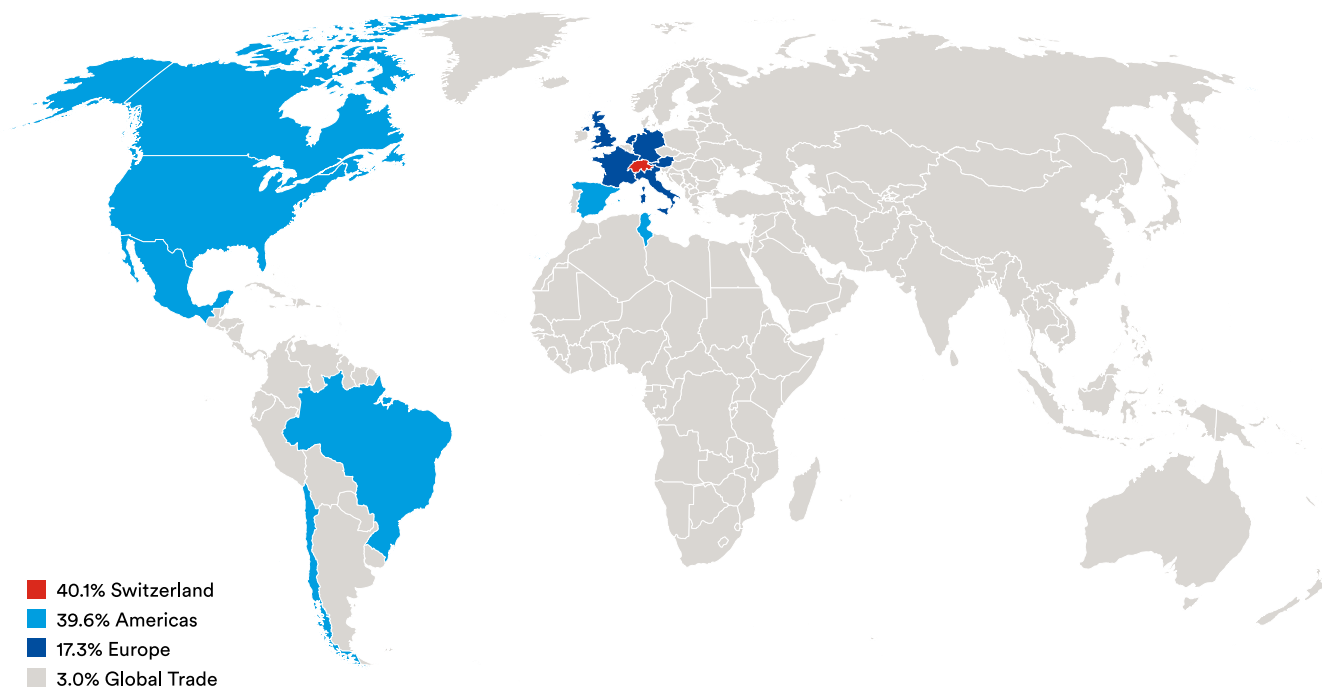


Since 1 January 2022, the companies in France have been part of the division Europe (previously division Americas). The previous year's figures have been restated accordingly.

Net sales by product group

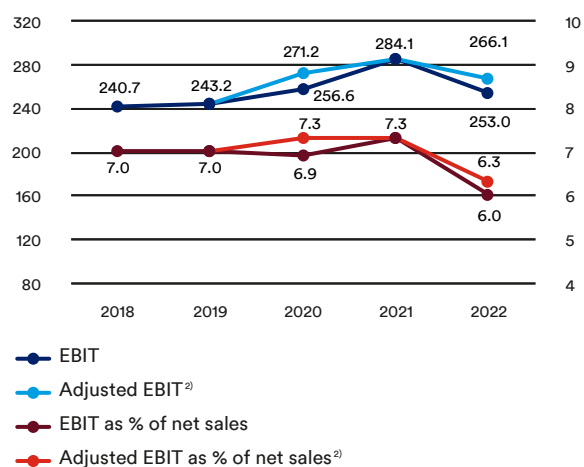


Net sales by division



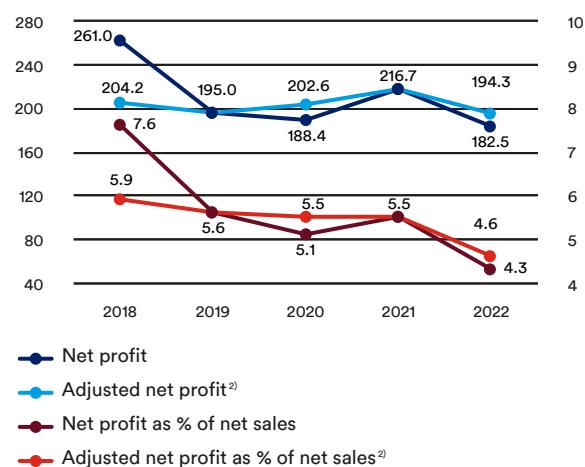
EBIT

in CHF million
(previous years restated)¹⁾ as % of net sales



Net profit

in CHF million
(previous years restated)¹⁾ as % of net sales



¹⁾ Previous-year figures for 2018 to 2019 restated due to change in the consolidation and accounting principles for goodwill in 2020.

²⁾ The adjustment effect in the year under review relates to an impairment of non-current assets at Gläserne Molkerei. The adjustment effect in 2020 related to the loss from the sale of the majority interest in Lácteos Caprinos S.A., and the one in 2018 arose from the gain on the sale of the minority interest in Icelandic Milk and Skyr Corporation ("siggi's").

Emmi sustainability targets with a 2027 time horizon



Developing employees

100% of employees have a development plan in place

International¹⁾

46%

Switzerland

75%

Previous year: 58%

50% of all vacancies are filled by internal candidates

International¹⁾

29%

Switzerland

37%

Previous year: 45%



Reducing water use

50% reduction in own water consumption in risk areas (vs. 2019)

1%

Previous year: 3%

15% reduction in own water consumption in non-risk areas (vs. 2019)

-7%

Previous year: -2%



Reducing emissions

60% reduction in our emissions (Scope 1 & 2 vs. 2014)

28%

Previous year: 20%

Vision netZERO 2050

25% reduction in emissions in the supply chain (Scope 3 vs. 2019)³⁾

-3%

Previous year: -2%



Reducing waste

50% reduction in waste (vs. 2017)

22%

Previous year: 19%

Zero waste disposal in landfills

11%

Previous year: 4%

50% reduction in waste (vs. 2017)²⁾

18%

Previous year: 13%

100% recyclable packaging^{1), 2)}

45%

30% recycled materials in plastic packaging^{1), 2)}

4%



Sustainable dairy

100% of Emmi's milk suppliers worldwide produce according to local above-average standards

International¹⁾

initiated

Switzerland

87%

Previous year: 85%

Further development of the Swiss industry standard

Provisional target achievement levels as at 31.12.2022

¹⁾ Considered for the first time (without prior-year figure) | ²⁾ Currently only Switzerland considered | ³⁾ Corrected due to new data basis

The best dairy moments – dear to our hearts

Emmi is shaped by its responsible approach and passion for carefully produced, high-quality dairy products. And our purpose expresses this. Day in, day out, our more than 9,000 MAKERS of the best dairy moments do their bit to ensure that things stay this way – for our consumers, for customers and partners, and for society as a whole.

TOGETHER, WE CREATE
— THE BEST —
DAIRY MOMENTS
TODAY AND FOR
GENERATIONS
TO COME

Alina Fischer
Trainee road
transport specialist

As part of her apprenticeship, Alina drives a carbon-neutral truck, contributing to a sustainable future.

› Page 14–15



Burton Christenson
Head Packaging

The sustainable initiatives developed by Burton reduce food waste and also our water consumption.

› Page 16–17



Stefania Cheng
Junior Product Manager

As part of the Emmi talent programme, Stefania receives support and encouragement while being trained to become a manager of tomorrow.

› Page 18–19



Alain Gabiña
Brand Manager Begetal

Alain inspires people with plant-based, sustainably packaged products made from natural ingredients.

› Page 20–21



Bernhard Ledermann
Team Leader Fresh
Products

Using freshly brewed coffee and high-quality Swiss milk, Bernhard produces delicious Emmi Caffè Latte creations.

› Page 22–23

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Konrad Graber
Chairman of the Board (left)

Urs Riedener
CEO (right)

Dear Shareholders

In the year under review, risks we thought had been overcome resurfaced – from inflation, an energy shortage and geopolitical confrontations, to a war in Europe. Reinforced by pandemic-related uncertainties, Emmi had to withstand the resulting upheavals with determination. Our teams did just that, acting thoughtfully and demonstrating extraordinary passion, expertise and flexibility. Alongside our enhanced strategy and supported by a culture of cooperation, we succeeded in maintaining business momentum and inspiring people with our high-quality products and unique brands.

› Our people, page 18–19

Robust business model

Emmi turned in a respectable performance in this challenging environment. With broad-based organic, higher-than-expected sales growth of 7.0%, we exceeded the historical 4-billion sales threshold for the first time. The CHF 4.2 billion in sales reflect how rigorously we have implemented our strategy and our differentiated market positions with innovative brand concepts and a

balanced product, country and customer portfolio.

› Our strategy, page 9

Our international business continued to display high momentum, with organic growth of 13.1% in the division Americas and 6.7% in the division Europe. In particular, our growth markets of Brazil, Mexico and Chile, along with the USA and Spain, made significant gains. Thanks to leading brand concepts and close co-operation with our customers, as well as recovered momentum in the food service and industry business, we also recorded pleasing organic growth of 2.9% in the Swiss domestic market.

Attractive brand and niche businesses

Activities in strategic niches once again proved to be a major growth driver, particularly ready-to-drink coffee with our flagship brand Emmi Caffè Latte and premium desserts with Italian dessert creations. The speciality cheese business did not quite reach the pandemic-related record levels seen in previous years in the counter segment in Europe, which is an

important channel for Emmi. However, our vegan brands Beleaf in Switzerland and Begetal in Spain were able to further expand their base for plant-based milk alternatives.

› Our brands, page 20–21

Thanks to the seamless integration of Athenos, the leading feta business in the USA, we were able to expand our range of speciality cheeses in the most significant foreign and key market for Emmi, and also reach new customers. In Switzerland, we believe we are well equipped for further growth thanks to the successful inauguration of our new resource-efficient, ultra-modern large cheese dairy in Emmen. As part of the transformation of our portfolio, we also announced the divestment of our minority stake in the Italian cheese specialist Ambrosi S.p.A., which has no longer a strategic priority.

Purchasing costs dampen results

In response to the dramatic increase in purchasing costs for raw and packaging materials, as well as energy and logistics services, we have further accelerated our efficiency programme at all levels. Thanks also to continued strong discipline in our cost management, we have succeeded in absorbing some of the additional costs. Together with necessary sales price increases we managed to deliver adjusted earnings within the range announced halfway through the year, with significant improvements in the second half of the year.

› Our operations, page 22–23

The operating result at EBIT level amounted to CHF 253.0 million, or CHF 266.1 million adjusted for an impairment at Gläserne Molkerei as a result of structural market changes. On the basis of adjusted values, this corresponds to a decline of CHF 18.0 million and an EBIT margin of 6.3% (previous year: 7.3%). Net profit amounted to CHF 182.5 million

“At Emmi, we will continue to act thoughtfully and responsibly also in future.”

Konrad Graber

(adjusted: CHF 194.3 million) and the net profit margin was 4.3% (adjusted: 4.6%). In the previous year, the net profit stood at CHF 216.7 million and the net profit margin at 5.5%. In view of our strong positioning, solid balance sheet and sound prospects, and in the interests of a continuous dividend policy and dividend growth, the Board of Directors is proposing to increase the dividend by 3.6% to CHF 14.50 per share (previous year: CHF 14.00).

Uncertain outlook for 2023

The outlook for 2023 remains subject to economic uncertainty and recessionary risks. In contrast to inflation, it is likely that purchasing costs have not yet reached their peak. At Emmi, we will therefore continue to exercise discipline and take our usual forward-looking approach to tackle the sustained cost pressure with intensive productivity measures alongside responsible sales price increases. We will also continue to drive forward our ongoing strategic development. For the financial year 2023 we are anticipating organic sales growth of 3% to 4%, which remains above medium-term expectations of 2% to 3%. In Switzerland, growth is likely to be 1% to 2%. Boosted by inflation, international business is expected to grow by 6% to 8% in the division Americas and 3% to 5% in the division Europe. At EBIT level, despite sustained cost pressure, Emmi is anticipating a result of between CHF 275 million and CHF 295 million and a net profit margin in the range of 4.5% to 5.0%.

Acting responsibly

Extreme weather and natural disasters in the previous year continued to make the risks of climate change feel ever-present. This confirmed us in our belief that acting sustainably and linking economic, social and environmental aspects remains essential. As a result of this conviction, also expressed by the Emmi Purpose, we have made our long-term commitment to sustainability an integral part of our strategy. Consequently, we continued to invest time, effort and resources in shaping our products, processes and value chain more sustainably in 2022.

“Emmi turned in a respectable performance in an extremely challenging environment.”

Urs Riedener

We made particular progress in decarbonising our energy supply and reducing our greenhouse gas emissions. We

also co-initiated the “KlimaStaR Milk” industry initiative in Switzerland, and have recently joined the international “Pathways to Dairy Net Zero” initiative. This enables us, in cooperation with over 100 private, public and scientific protagonists, to accelerate the development of evidence-based methods for reducing greenhouse gas emissions in milk production.

› Our responsible business model,
page 14–17

Continuity in leadership

Today, Emmi is on a very firm footing, both strategically and operationally, and is well positioned as an internationally successful manufacturer of premium dairy products. After almost 15 years in our roles as CEO and Chairman of the Board of Directors of the Emmi Group, we believe this is the ideal time to put responsibility for Emmi’s future path into new hands. As announced, Ricarda Demarmels started her new role as CEO at the turn of this year.

Together with a strong management team and over 9,000 employees, she is ideally qualified to carry forward Emmi’s success.



Change of CEO

On 1 January 2023, Ricarda Demarmels succeeded Urs Riedener as CEO of the Emmi Group.

The HSG graduate previously served for several years as Chief Financial Officer and as Member of Group Management at Emmi, helping to steer our strategic and operational development. Before that, she held management positions at various food, investment and strategic consultancy firms.

The 43-year-old hails from the Grisons, has two daughters and lives with her family in central Switzerland.

Konrad Graber
Chairman of the Board

Urs Riedener
CEO

Driving economic success

Our responsible business model, geared towards long-term profitable growth, and our focused strategy help us to do the right thing and remain economically successful. Our approach is based on unique, innovative brand concepts, a diversified portfolio and a highly agile, locally anchored organisation.



The dairy leader in Switzerland

Our roots are in Switzerland, where we are number 1. We want to consolidate this strategically central position in the long term. We will achieve this through innovative concepts, excellent customer service and, when reasonable, new business areas.



A strong international market player

All companies of the Emmi family play their part in achieving our common goals. We are now focusing on strengthening our position in those markets where we have established a stronghold or have seen solid growth in recent years.



An innovative leader in selected niches

We aim to get even closer to our consumers and stand out from our competitors with sophisticated innovations. Our particular focus is on niches where we already have leading market positions or are striving to achieve these.



Excellent in what we do

Through excellent cross-functional action and leadership, we are developing into the benchmark for our industry in selected areas.



A role model in sustainability

Building on our tradition, sustainability is an integral part of our business model and our strategy. We strive to achieve long-term profitable growth and to create added value for all our stakeholders.

Our ambition for the future

Together, we create the best dairy moments – today and for generations to come.

Our long-term success depends on sustainable and profitable growth and an intact planet. As a key player in the dairy industry, our aim is to continue to positively influence our industry by balancing economic, social and environmental aspects and promoting sustainable practices beyond our direct sphere of influence. We are committed to science-based targets (SBTi) and our **netZERO 2050 vision** to limit global warming in line with the goals of the UN Paris Agreement.



Support for the UN Sustainable Development Goals



Working together towards a sustainable future



Caring for our people

We provide a place where everyone feels welcome, valued and inspired and offer growth opportunities for all our employees.



Caring for our communities

We create positive social impact and shared value while making sustainable dairy the norm.



Caring for our planet

We aim to achieve netZERO by 2050 while driving circularity across our operations.

Information on the Emmi sustainability model, our goals and the progress we have made to date, along with the Emmi Sustainability Report, can be found at emmi.com/sustainability

Sustainability and responsibility

Code of Conduct

The Emmi Code of Conduct sets out the values and principles according to which we assume our responsibility towards our stakeholders.

Corporate Governance

Committed to the principle of good and transparent governance and based on the requirements of the SIX Swiss Exchange as well as national and international best practice, we have a clear framework of values, principles, rules and regulations in place. These specify how Emmi is managed and developed as a company.

UK Modern Slavery Act

We also fulfil our responsibility with regard to fundamental human rights.

Sustainability Report (GRI)

Since 2011, we have been providing transparent information about our sustainability commitments and progress by reporting in accordance with the Global Reporting Initiative (GRI) guidelines.

Emmi sustainability model

Our long-standing commitment and our ambitious targets are reflected in a comprehensive framework.

Environmental key performance indicators (KPIs)

Emmi reports key figures relating to greenhouse gas emissions, energy and water consumption as well as waste.

Materiality matrix

Our sustainability model focuses on topics that are of particular relevance to us and our stakeholders and where we can achieve the greatest positive impact.

Stakeholdermatrix

We take account of the diversity as well as the differing needs and demands of our stakeholders using a differentiated approach: from active engagement with social groups to regular dialogue and institutionalised exchanges.

netZERO 2050 roadmap

We pursue science-based reduction targets (SBTi) along the entire value chain aligned with our netZERO 2050 vision. A CO₂-reduction path with clear interim targets serves as a binding guideline.

Emmi Supplier Code of Conduct

The Emmi Supplier Code of Conduct is evidence of our commitment to managing the company with integrity, and reinforces our efforts to achieve sustainable procurement together with our partners and suppliers. In this way, we can minimise risks together and build trust among our stakeholders.

Whistleblowing hotline

An open culture of dialogue in line with our corporate values coupled with a high level of professionalism and integrity is of central importance for Emmi. The Emmi whistleblower hotline enables grievances and rule violations to be reported anonymously from anywhere in the world.

This and further information can be found at
 › emmi.com/sust-expert or downloaded from
 › emmi.com/download-center

Our highlights



Working together to make sustainable milk the norm

Gaining new, scientifically backed insights, and making the Swiss dairy industry more competitive in terms of climate action and resource efficiency: these are the goals pursued by the KlimaStaR Milk industry initiative, which we launched together with Nestlé and our milk suppliers aaremilch and the Central Switzerland Milk Producers Cooperative (ZMP). The project is supported by the Federal Office for Agriculture (FOAG) and scientific partners, and comprises around 240 agricultural pilot operations.

Blazing a trail in the goat's cheese market

The American supermarket chain Whole Foods chose Cypress Grove as the best supplier in 2022 in the Outstanding Innovation category. The goat's cheese manufacturer is breaking new ground with its refined cheese specialities, featuring innovative combinations like lavender and fennel seed and classics containing a layer of ash. The prize is awarded to manufacturers that make pioneering, innovative products that are setting new trends in the industry.

New purpose and enhanced strategy

Taking responsibility for the long term: our new purpose expresses this innermost conviction and guides our actions – today and in the future. Together, we create the best dairy moments – today and for generations to come. We have also enhanced our proven strategy and integrated future issues and the changing needs of our stakeholders even more firmly within our business model.

Emmi desserts sweep the board

The dessert creations by Emmi Dessert USA and our Italian manufacturer Pasticceria Quadrifoglio won three awards at the renowned Food & Beverage Innovator (FABI) Awards in the USA. The FABI Award recognises companies that have developed extraordinary food and drink products. These must stand out in their respective categories for their new flavours, taste profiles, creativity and innovative potential.





Pioneering role includes vegan cheese alternatives

Emmi is blazing a trail with Beleaf's innovative vegan, oat milk-based semi-hard cheese alternative, and is expanding its range in the growing segment of plant-based milk alternatives. Thanks to a sophisticated fermentation process and the addition of plant-based proteins and Swiss oats, the product is a viable alternative to the original in terms of both taste and nutritional value.

Emmi Dessert Italia wins organic prize

Rachelli's chilled tiramisu received the renowned "Bestes Bio 2023" award in Germany, which is bestowed each year for the best organic product. Rachelli, a premium brand from Emmi Dessert Italia, is a pioneer in authentic Italian dessert creations that use selected, organically produced ingredients and ethical production methods. This recognition shows the innovative strength of Emmi's Italian desserts.

Seamless integration of the Athenos feta business

Following the acquisition of the Athenos business in 2021, the leading speciality cheese on the US feta market was quickly and successfully integrated into Emmi Roth USA. This has enabled Emmi to systematically expand its portfolio in the strategic area of speciality cheese and in our most important foreign market. The integration also creates synergies and additional efficiency gains, further strengthening Emmi Roth's market position.



Pioneering solar thermal system

Emmi is the first Swiss private company to bring an industrial solar thermal system made by Geneva-based company TVP into operation. At the Langnau site, where products including the Gerber fondue specialties are made, the system converts sunlight into carbon-free heat using around 100 solar thermal collectors. This step towards netZERO has enabled us to further decarbonise our energy supply.



A role model in sustainability

Sustainability is an established component of our business model, and now also part of our strategy. Only by treating people and nature with care we can continue to create the best dairy moments for generations to come.

More extreme weather and natural disasters continued to highlight the risks and threat of long-term damage from climate change in 2022. We are therefore increasingly convinced that we need to act sustainably with regard to economic, social and ecological concerns. By working closely with our milk suppliers and partners, and by involving our consumers in the process, we can safeguard what sustains us all – an intact natural world.

Our sustainability model in practice

This conviction has led us to make our long-standing commitment to sustainability an integral part of the enhanced corporate strategy. Based on the Emmi sustainability model, which is focused on the netZERO target, we aim to continue to operate our business in a resource-efficient, environmentally friendly and socially responsible manner.

To ensure we achieve this and make further progress, sustainability has been incorporated into the central business processes at all Emmi companies. We believe that this is the key to jointly achieving our ambitious sustainability targets in the areas of people, communities and the planet.

Progress and challenges

We are now recording the development of our teams in all Emmi markets and seeing pleasing progress. By 2027 we aim to provide all employees with a personal

development plan and fill half of all positions internally. In Switzerland, three out of four employees (+17% compared with the previous year) already have a personal development plan, and almost half have one at the international level. Group-wide, in the year under review we were able to fill almost one in three positions internally.

We are also making progress in the area of communities and our focus topic of sustainable dairy. All Emmi companies now have qualitative targets for more sustainable milk production. To ensure that this development is also quantitatively measurable, we are relying on a science-based catalogue of criteria, which one in four of our companies applies.

While the number of our milk suppliers that meet the “swissmilk green” industry standard increased slightly in Switzerland, the volume of milk processed according to this standard remained the same as in the previous year, at 94%. Together with industry organisations and partners in the value chain, we are working towards developing this standard further with a particular focus on climate protection, biodiversity and animal welfare. The KlimaStaR Milk industry initiative, which we initiated together with Nestlé, milk suppliers and scientific partners, has got off to a successful start. This initiative is specifically aimed

at making the Swiss dairy industry more competitive in terms of climate action and feed-food and land competition. In terms of the planet, a greater volume of renewable electricity, additional photovoltaic systems and district heating, along with more intensive reduction measures, have enabled greenhouse gas emissions (Scope 1 and 2) to be reduced by 10% compared with the previous year. By contrast, the increased loss of refrigerants and gas consumption had a negative effect. Scope 3 emissions remained virtu-

ally unchanged on the previous year. We are committed to making progress in this area in the future, with projects such as KlimaStaR Milk. We were able to reduce waste by 4% and reduce landfill waste by 7%. In order to meet our target of making all packaging recyclable by 2027, we established a relevant data set in the year under review. In Switzerland, our plastic packaging already contains 4% recycled materials and is around 45% recyclable.

**“I’m proud to drive
for Emmi and make my
contribution to a sustainable
future.”**

Alina Fischer

Trainee road transport specialist

📍 Emmen, Emmi Switzerland

Her three-year apprenticeship includes driving carbon-neutral trucks as part of the standard programme. Alina loves the dynamic, almost silent driving experience they offer.





“I work with the sustainability team to develop innovative solutions that reduce food waste and also our water consumption.”

Burton Christenson
Head Packaging

📍 Monroe, Wisconsin, Emmi Roth USA

As part of our sustainability model, Burton develops initiatives that reduce food waste, for example from production processes, and also our water consumption. In this way he contributes every day to reducing our ecological footprint.

We achieved a reduction in food waste of 5% in Switzerland. We also reduced our water consumption in risk areas by 6% in absolute terms.

Looking towards the future

In view of the ongoing uncertainties in terms of energy supply, we are stepping up our focus on energy, decarbonisation and greenhouse gas reduction in 2023. Our priority is to diversify our energy supply with renewable energies. Focusing on the netZERO reduction target, we aim to further reduce our dependence

on fossil fuels and make the process of manufacturing our milk products more sustainable. As a major player in the dairy industry, and in view of the extent and importance of the collective challenges facing us, we will continue to work together with our dairy farmers, suppliers and partners and move forward with commitment. At Emmi, we see bringing more sustainability to our value chain as a mandate to create long-term added value and take responsibility with future generations in mind.

A shared goal: netZERO in the dairy industry

To demonstrate our commitment to this ambition and our netZERO reduction path, Emmi has signed up to the initiative of the Global Dairy Platform (GDP): “Pathways to Dairy netZERO”. We have joined over 100 dairy industry companies, organisations and stakeholders from the worlds of science and research. In cooperation with this network and together with our milk suppliers, we can continue to move forward with commitment: working to improve and accelerate the development of evidence-based methods for the reduction of greenhouse gas emissions in milk production.

Biodiversity initiative: “Our meadows are alive!”

Healthy ecosystems are of prime importance for the dairy industry. It is with that in mind that our German subsidiary Gläserne Molkerei launched the pilot project “Our meadows are alive!”. The project aims to sustainably increase biodiversity over 8,000 hectares of agricultural land. Managed by participating pilot farmers, an average of 40% of the land covered by the project was found to contain valuable habitats for rare and endangered animal and plant species. The businesses also receive support for implementing protective measures.

Energy ecosystems

Together with regional partners, Emmi is planning at its site in Dagmersellen to establish a renewable energy ecosystem that is unique in Switzerland. It will be centred around a wood-fired power plant designed to generate heat and renewable electricity beginning in 2027. The project is an important step towards our CO₂ reduction targets.

Fighting food waste together

Together with other companies and associations, we are committed to the federal government’s target to halve food waste in Switzerland by 2030. This target is already incorporated in our sustainability model, but it gives an additional boost to the existing measures.

“Pact” to close cycles

By 2027, we aim to make 100% of our packaging recyclable and have closed-loop resource systems in place. Stakeholders throughout the value chain need to work together to achieve this. In order to move more quickly towards a sustainable circular economy for plastic packaging and drink cartons in Switzerland, we have worked with 50 stakeholders on a Swiss Recycling project, “Drehscheibe Kreislaufwirtschaft” (circular economy hub), to bring the “pact” initiative to life.

Climate-friendly energy

Our subsidiary Quillayes Surlat in Chile has installed a photovoltaic system on the roof of its cheese dairy. The electricity generated covers about 10% of the power consumption of the entire plant. This shows how we are scaling up our expertise with sustainable energy sources outside Switzerland, reducing our CO₂ footprint and switching to climate-friendly energy sources.

Milk in a sustainable food system

Establishing sustainable practices in the dairy industry is a complex process and requires cooperation along the entire value chain. This is exactly what Emmi Roth USA is intending with its “Dairy Sustainability Alliance” initiative. Involving multiple stakeholders in the US state of Wisconsin, the initiative aims to bring about systemic changes in the dairy industry. In connection with this, Emmi Roth is also conducting a study to measure the carbon uptake of soil on the land of its dairy farmers.

We are Emmi. Our approach is personal.

Our employees are part of one big family. They are our most valuable resource. A cooperative culture based on appreciation, varied employment and development opportunities, and targeted support of junior staff: it is vital to keep renewing the foundations on which our success is built.

Our unique corporate culture, which has developed over decades and is continuously evolving to reflect Emmi's values, is a key element of our success. Working

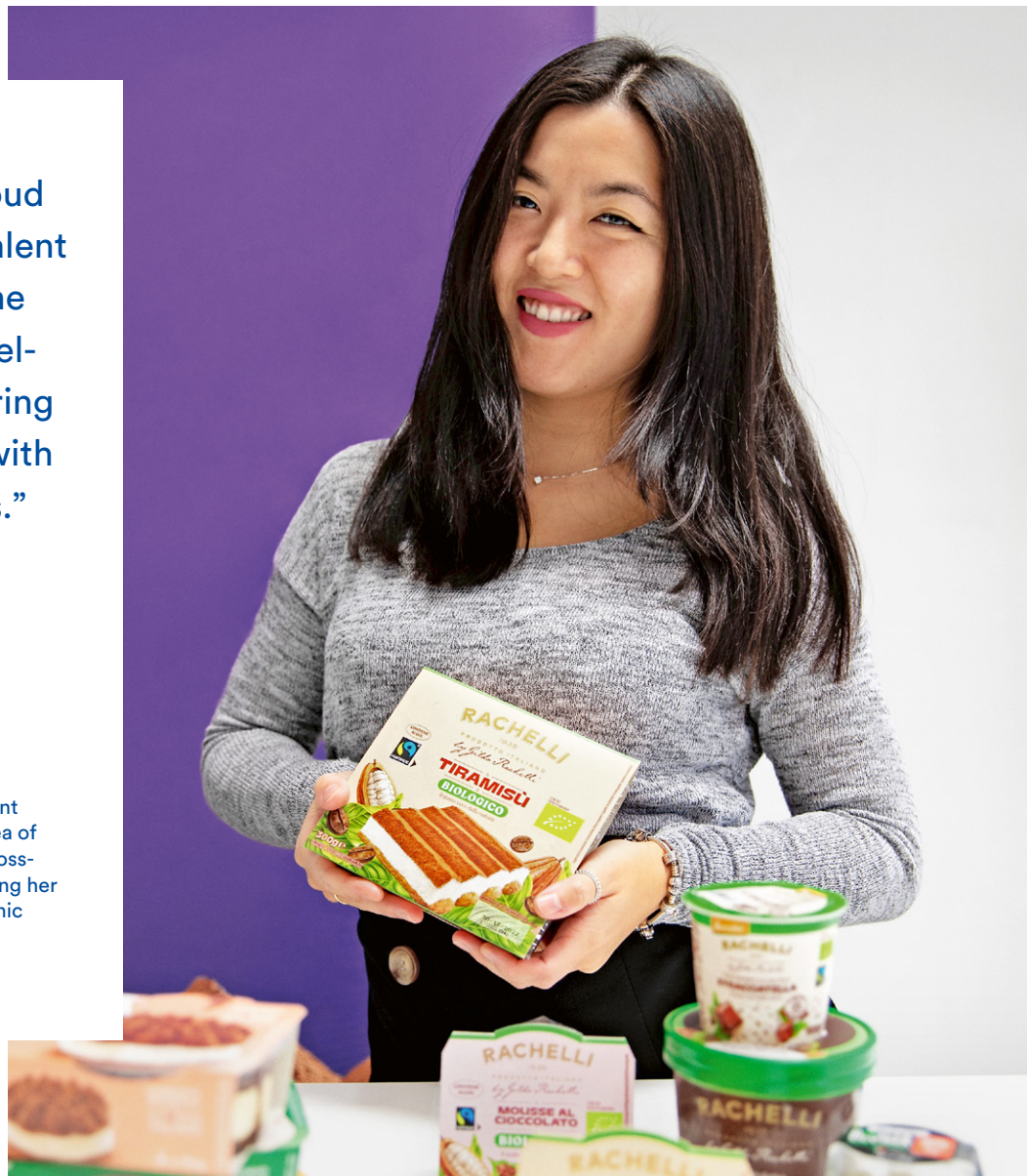
together with appreciation and in a spirit of collaboration is the cornerstone of this culture. It strengthens our bond, ensures we take shared responsibility for the

“As a food lover, I’m proud to be part of the Emmi talent programme. It gives me the opportunity to develop professionally and bring pleasure to customers with our delicious products.”

Stefania Cheng
Junior Product Manager

📍 Gattico (ITA), Emmi Dessert Italia

As a member of the Emmi Future Talent programme, Stefania focuses on the area of marketing. She is also enhancing her cross-functional and strategic abilities by pursuing her dream of making tiramisù the next iconic Italian food globally.



future, and enables us to keep inspiring people with high-quality food products. Employees become hands-on Emmi MAKERS, who put their heart and soul into creating the best dairy moments.

We are continuously developing

As an employer, Emmi offers a wide range of development opportunities for many different professional groups, with good prospects in both Switzerland and abroad. We offer employees targeted and personalised support that is appropriate for their development level and is aligned to the skills the company needs. As part of our sustainability model, our intention is for all employees to have a personal development plan in place by 2027. We are also committed to enhancing the employability of all our staff. We invest in talent development programmes that encompass a range of business units and countries, and ensure targeted succession planning is defined for key positions.

Promoting junior staff in times of skills shortage

In times of skills shortage, we place great importance on developing attractive education and training opportunities for our junior staff. This includes continuously increasing the number of apprenticeships available in Switzerland or expanding the trainee programme at Emmi Dessert Italia, at Laticínios Porto Alegre in Brazil and in Switzerland. The Young Professionals development programme gives young employees the opportunity to expand their professional horizons at one of Emmi's locations outside Switzerland.

Being healthy and staying healthy

Health is everything. We raise awareness among our employees and support them with the help of various preventative initiatives. The leadership training course "Health-oriented leadership", which was recently launched in Switzerland, teaches managers how to identify stresses and

risks to health at an early stage, tackle them by taking appropriate measures – and ultimately reduce them. Kaiku in Spain has also implemented a holistic Health & Safety training programme for managers, and Bettinehoeve in the Netherlands has introduced targeted measures to support healthy working right up to retirement. Moreover, we are promoting dialogue within the Group and encouraging employees to share their best practice experiences on health and safety issues.

Promoting and retaining talent

The trainee programme run by Emmi Dessert Italia, which was launched in 2020, aims to offer young adults an in-depth insight into a wide range of specialist areas after completing their studies. All successful graduates from the first cohort were offered permanent employment in 2022, and five new trainees started the programme. Across the Group, 14 employees took part in the interdisciplinary Management Practice programme, which trains the leaders and specialists of tomorrow.

Record number of apprentices

Fifty young people began their apprenticeship at Emmi in Switzerland in 2022 – more than ever before – and furthermore at a time when there is a skills shortage in many places. The hard work done by our teams is one reason why we are in high demand among apprentices: every day, our teams advocate for our young recruits and help raise awareness of our apprenticeships with information events, school visits and shadowing days.



“I work with a lot of passion and creativity to ensure that our plant-based Begetal creations inspire people and make them happy.”

Alain Gabiña
Brand Manager Begetal

📍 Bilbao (ESP), Kaiku Corporación Alimentaria

Alain and his team understand the needs of consumers. He is passionate about improving the taste of plant-based products and supporting sustainable lifestyles with a growing range of products, from yogurts to desserts.

Setting trends, gaining relevance and inspiring others

Setting trends with differentiated, innovative brand concepts and building trust – inspiring people with high-quality products that are tailored to individual preferences and produced in increasingly sustainable ways.

With established brand concepts, high-quality products that are produced in increasingly sustainable ways, and a range of innovative creations, we have inspired customers with our brands in these uncertain times.

By making targeted investments in our branded business, we have also been able to strengthen the relevance of our portfolio in markets that are important for us. We systematically focus on trends in growth areas, profitable markets and

strategic niches with concepts and innovations that are geared towards creating consumer benefit.

Brand concepts in profitable niches

In the strategic focus area of ready-to-drink coffee, the momentum of Emmi Caffè Latte was maintained across all markets. Alongside the limited editions, ongoing involvement in the Alpine Ski World Cup races and cooperation with casting shows such as “Germany’s Next Topmodel” and “Love Island” in the UK helped to boost its profile further. In the speciality cheese segment, we set new trends in the goat’s cheese segment in the USA with Cypress Grove, brand-name cheese at Emmi Roth and the newly integrated Athenos feta business. In Switzerland, the popularity of Luzerner Rahmkäse continued, while the internationally popular cave-aged Kaltbach cheese could not quite achieve the high levels reached in the domestic consumer market last year as a result of the pandemic.

Innovation as a growth driver

The premium dessert business continued to record dynamic growth. Our innovative Italian speciality desserts are manufactured and distributed internationally in our dessert network of specialist manufacturers in Italy and, since 2021, also in the USA. Our vegan brands Beleaf and Begetal have further established themselves among plant-based dairy alternatives. While the market for milk drink alternatives continued to grow, Beleaf launched the first Swiss cheese alternative, which is based on Swiss oats and has a high protein content. Alongside these premium concepts, we further strengthened our business with local leading brands and ranges in the basic products segment in growth markets such as Brazil and Mexico. Regardless of the brand and market, our passion for creating the best dairy moments guarantees our future success.

Less material, big impact

Emmi Caffè Latte is breaking new ground in many countries, and its packaging is no exception. In 2022, its packaging developers once again succeeded in reducing the amount of material used for each cup by 14%. This means Emmi Caffè Latte is lighter to carry and easier to stack. This step will enable around 350 tonnes of polypropylene to be saved each year and will avoid 65 truck journeys.



3 ingredients for a big taste

Double-digit growth in the yogurt segment confirms that our Jogurtpur concept, with its minimal list of ingredients, has captured the spirit of our times. We have now added chocolate and mocca to the fruity flavours in the portfolio.



More protein for active people

For active people who make conscious lifestyle choices, we have added the new banana-nougat flavour to the Emmi Energy Milk range. This protein-enriched, lactose-free milkshake with vitamins and no added sugar helps build muscle.



Success through forward planning and local networks

Increased costs and bottlenecks at suppliers continued in 2022 and presented ongoing challenges for Emmi. Thanks to our international procurement network and close cooperation with local suppliers, our supply chains proved solid and robust.

Emmi has not emerged unscathed from the soaring prices for commodities, raw materials, logistics and energy, which are well above long-term trends, not to mention the general inflationary environment. In addition to adverse cost implications, we were also confronted by challenges due to limited availability and longer delivery times.

Planning for success

Extremely volatile markets on both the procurement and sales sides again put our teams and planning processes through their paces. Thanks to close collaboration across the entire Group

and further progress made in our excellence and efficiency programmes, our teams in the areas of manufacture, procurement and logistics were again able to defy the challenging conditions. Without compromising on quality and safety, we have continued to supply consumers with our high-quality and increasingly sustainable food products.

Our stepped-up initiatives to establish efficient, sustainable procurement across all divisions and companies are an integral part of our corporate strategy and a pillar of our long-term success. Experienced, strategic procurement experts, well-thought-out procurement strategies, sustainable and highly efficient processes, and close interrelationships with our regional partners enable us to operate our more than 50 production sites across the world in a resource-efficient and environmentally friendly way.

Working in the network

Group-wide expertise and dialogue, combined with locally anchored supply chain teams, are key to Emmi's success. They enable solutions to be multiplied and scaled up, they strengthen our culture of cooperation, and they are a motivating force for all stakeholders. This will allow us to continue to exploit the potential for efficiencies and meet the growing challenges in an increasingly volatile environment.

Climate-neutral operations

Using renewable energy and innovative refrigeration systems, Käserei Studer and Mexideli have become our first sites to achieve climate-neutral production. The heating required at Käserei Studer is generated by a woodchip heating system and a photovoltaic system. From 2024, the plant will boast carbon-neutral operations thanks to a heat pump. At our Mexican subsidiary Mexideli, the refrigerators are run with the natural refrigerant CO₂, which sets new standards for climate-friendly refrigeration.



“I put everything into producing the finest Emmi Caffè Latte creations from high-quality ingredients, and maintaining a consistently high quality.”

Bernhard Ledermann
Team Leader Fresh Products

📍 Ostermundigen, Emmi Switzerland

For a drink that does not compromise on taste, Bernhard blends freshly brewed barista-quality coffee from certified beans with high-quality Swiss milk – all produced with care and without any artificial ingredients.

Our culture of continuous improvement is showing an impressive impact in various projects worldwide. By cooperating across functions and working in networked teams, our employees can develop and share their knowledge. This also promotes knowledge transfer within the Group and creates valuable and varied development prospects in an international context. We are facing the skills shortage head-on – creating the optimal conditions for excellent long-term results and the best dairy moments.

New large cheese dairy in Emmen

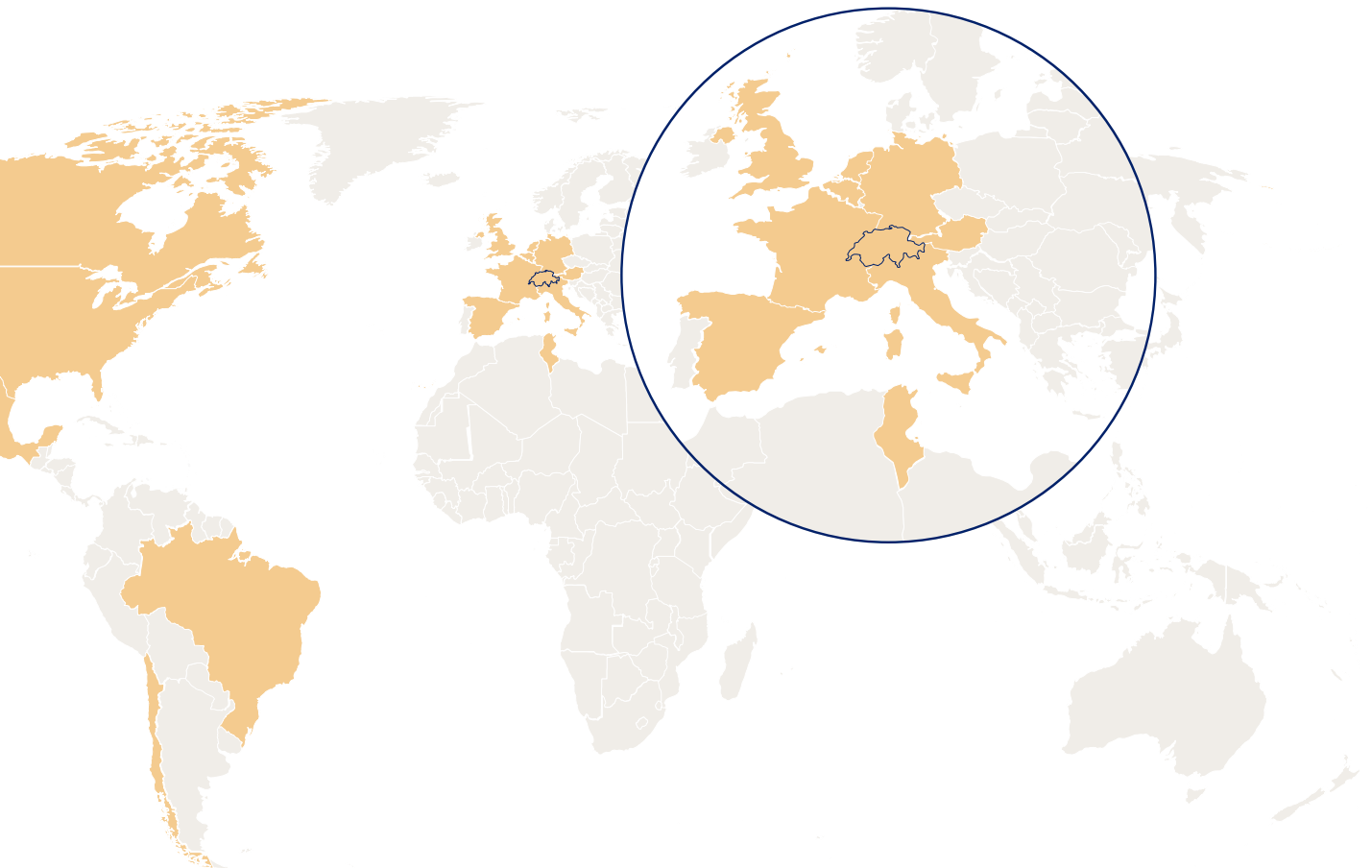
Emmi celebrated the opening of the new, resource-saving cheese dairy at its traditional location in Emmen. With an investment of CHF 50 million, this new dairy is one of the most significant projects in our history. The ultra-modern plant is geared to the company's long-term growth plans in the area of speciality cheeses such as Luzerner Rahmkäse and is boosting long-term value creation in central Switzerland in homage to the Swiss cheese tradition.

Local roots, international reach

Close to the market, agile and founded on networked collaboration – these are the principles at the heart of our organisation's success.

From a regionally based organisation, we have developed into a successful group on the international stage. Today, we are the dairy leader in Switzerland with an established presence in 14 countries. The Emmi Group operates 25 production sites in Switzerland and 8 abroad.

Our products are exported from Switzerland to around 60 countries around the globe. So that millions of people can rely on us each day to find what they need to live: high-quality and delicious food.



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Guidelines

The information provided below complies with the Directive on Information Relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange as well as the Articles of Association and Organisational Regulations of the Emmi Group. Unless otherwise indicated, all data relate to the balance sheet as at 31 December 2022.

www.emmi.com > Media & Investors > Reports & Downloads > Corporate Governance > Articles of Association of Emmi AG (in German)

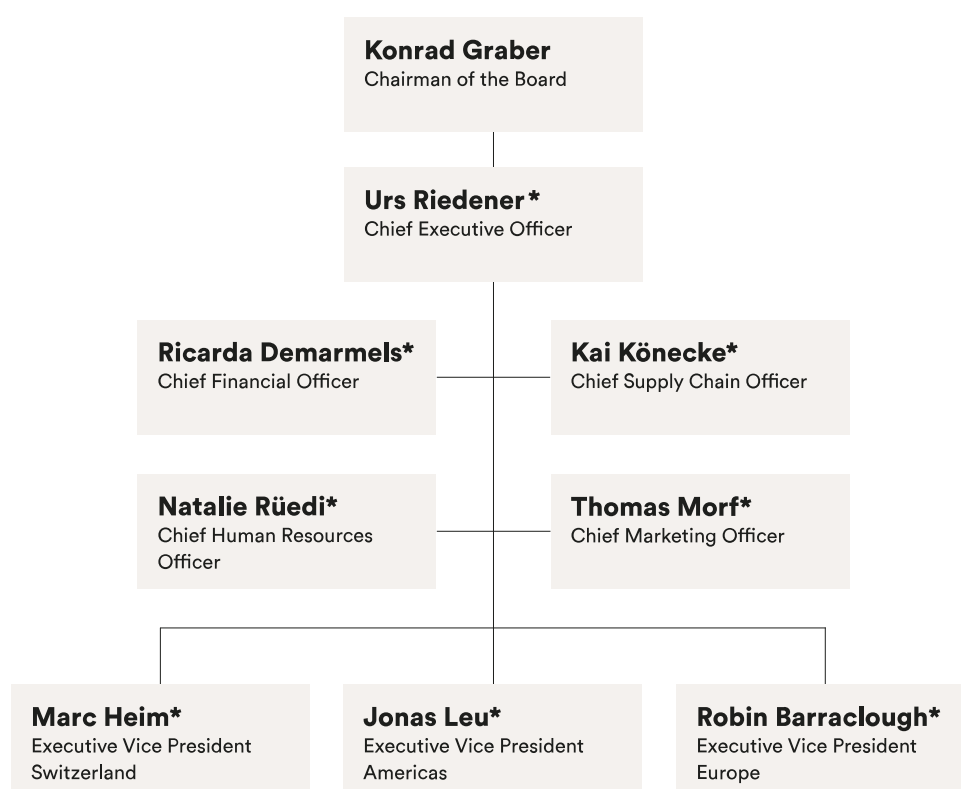
www.emmi.com > Media & Investors > Reports & Downloads > Corporate Governance > Organisational Regulations of Emmi AG (in German)

1. Group structure and shareholders

1.1 Group structure

The organisational structure of the Emmi Group is shown below.

Group structure Emmi Group
as at the balance sheet date



Member of the extended Group Management:

- Othmar Dubach: Dairy Products & Cheese Switzerland
- Matthias Kunz: Deputy Executive Vice President Americas

* Member of Group Management

Group functions:

- Corporate Development
- Corporate Communications & IR
- Internal Audit
- Legal

The Emmi Group is listed on the SIX Swiss Exchange through the holding company Emmi AG (headquartered in Lucerne, hereinafter referred to as "Emmi"). The group of consolidated companies contains only non-listed companies.

For market capitalisation, securities number and ISIN number, see section Share information of Emmi AG (Emmi Annual Report 2022).

For consolidated companies, see Summary of consolidated companies, associates and joint ventures in note 30 of the consolidated financial statements.

1.2 Significant shareholders

For significant shareholders, see section 2.5 Share capital and significant shareholders in the Notes to the financial statements of Emmi AG.

ZMP Invest AG, Lucerne, Zentralschweizer Käsermeister Genossenschaft, Sursee, and MIBA Genossenschaft, Aesch (canton of Basel-Landschaft), form a Group in the sense of Art. 121 of the Swiss Financial Markets Infrastructure Act (FinMIA) and hold 60.5% of the total voting rights. As at 7 June 2016, Capital Group Companies, Inc., Los Angeles, USA, reported a holding of 268,500 registered shares of Emmi AG (5.019%). No further disclosure notifications have been made since.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies that exceed 5% of capital or votes on both sides.

2. Capital structure

2.1 Share capital

Emmi's share capital amounts to KCHF 53,498.

2.2 Authorised and conditional capital

Emmi did not create any conditional or authorised capital in the reporting year, and there is no conditional or authorised capital from previous years.

2.3 Changes in capital

An overview of changes in capital in the reporting years 2019 to 2022 can be found in the section Statement of changes in equity of the annual financial statements of Emmi AG.

2.4 Shares and participation certificates

The share capital of Emmi comprises 5,349,810 registered shares with a par value of CHF 10 per share. Only one category of registered share exists, and no participation certificates exist. Each share carries the right to one vote. No preferential rights exist. The shares are fully paid up.

For further information on shares, see the section Share information Emmi AG.

2.5 Dividend-right certificates

No dividend-right certificates exist.

2.6 Restrictions on transferability and nominee registrations

There are no restrictions on the transfer of registered shares of Emmi. The only precondition for entry in the share register and hence for the exercise of voting rights is a declaration on the part of the purchaser that the shares have been acquired in their own name and for their account. No other registration restrictions exist.

The registration of fiduciaries/nominees without voting rights is permitted. On request, the Board of Directors shall decide on the registration of fiduciaries/nominees with voting rights on a case-by-case basis. No fiduciaries/nominees with voting rights were entered during the year under review, nor did the Board of Directors approve any other exceptions for entry in the share register.

2.7 Convertible bonds and options

Emmi has no convertible bonds outstanding. Furthermore, neither Emmi nor other Group companies have issued options on ownership interests in Emmi.

3. Board of Directors

All nine members of the Emmi Board of Directors (see table in section 3.1 Members of the Board of Directors) are non-executive members, who were not previously members of Emmi Group Management or the management team of one of its subsidiaries. The basis for nomination as a member of the Board of Directors is the fulfilment of a specific requirement profile of requirements, which reflects the relevant expertise for Emmi's strategic long-term development and seeks to achieve balance across the Board. Mandate agreements are in place with each member, governing all the necessary details.

Thomas Grüter, Hubert Muff and Werner Weiss are members of the Board of the Central Switzerland Milk Producers Cooperative (ZMP), which supplies a large proportion of its milk to Emmi. ZMP, via its subsidiary ZMP Invest AG, Lucerne, holds a majority stake in Emmi.

Fritz Wyss (born 1944) has been Honorary Chairman of the Emmi Board of Directors since 2010. He was a Delegate of the Board of Directors from 1993 to 2003 and its Chairman from 2003 to 2009.



Members of the Emmi Board of Directors from left (as at the balance sheet date): Hubert Muff, Christina Johansson, Alexandra Post Quillet, Dominik Bürgy, Monique Bourquin, Konrad Graber (Chairman of the Board of Directors), Thomas Grüter, Werner Weiss, Diana Strebel, Christa Wey (Secretary of the Board of Directors)

3.1 Members of the Board of Directors

	Year of birth	Nationality	Education	First elected
Konrad Graber Chairman of the Board of Directors	1958	Swiss	Business Administration HWV Swiss Certified Public Accountant	2006 2009 Chairman
Thomas Grüter Vice-Chairman of the Board of Directors	1964	Swiss	Swiss Certified Master Farmer	2021
Monique Bourquin	1966	Swiss	Business Economist lic. oec. HSG	2013
Dominik Bürgy	1966	Swiss	Lic.iur., Swiss Certified Tax Expert	2021
Christina Johansson	1966	Swiss/ Swedish	Business Economist, Master of Science in Business Administration & Economics	2018
Hubert Muff	1984	Swiss	Certified Agrotechnician	2022
Alexandra Post Quillet	1967	Swiss/ German	Business Economist lic. oec. HEC	2018
Diana Strebel	1960	Swiss	Dipl. oec. Business Economist Master of Science in Marketing GSBA and University of Wales	2012
Werner Weiss	1969	Swiss	Certified Farmer	2022

3.2 Professional background and other activities and interests

Konrad Graber

Member of the Board of Directors since 2006, Chairman since 2009

Professional background

2009 – 2020	BDO AG, Partner and Member of the Board of Directors
2005 – 2009	BDO AG, Head of Management Consultancy and IT service divisions, Member of the Swiss Executive Board
1999 – 2005	BDO AG, Head of Department for Public Administration and Non-profit Organisations, Partner
1983 – 1999	KPMG, Auditor for national and international companies, Partner

Other mandates

since 2020	Swiss Orienteering Association, Chairman
since 2020	HSLU Lucerne, Member of the University Council
2007 – 2019	Council of States, Member
2002 – 2017	CSS Versicherungen, Member of the Board of Directors
2000 – 2012	Verkehrsbetriebe Luzern AG, Chairman of the Board of Directors
1997 – 2001	Cantonal Parliament, canton of Berne, Auditor
1993 – 2004	SSBL (foundation for the severely disabled in Lucerne), President
1987 – 2007	Cantonal Parliament, canton of Lucerne, Member

Thomas Grüter

Member of the Board of Directors since 2021, Vice-Chairman since April 2022

Professional background

since 1996	Sonnhaldenhof, St. Urban, Tenant Farmer and Employer
1990 – 1996	Uf-Stocken Estate, Kilchberg, Farm Manager, Deputy Farm Manager
1985 – 1990	Employee on various farms

Other mandates

since 2021	Central Switzerland Milk Producers Cooperative (ZMP), Chairman
since 2021	Swiss Milk Producers (SMP), Member of the Board
since 2021	Swiss Farmers' Union, Member Chamber of Agriculture and Delegate
since 2015	Cantonal Councillor Lucerne, Member of the Commission for Spatial Planning, Environment and Energy
2000 – 2020	Municipality of Pfaffnau, Member of the Municipal Council, Chairman since 2004

Monique Bourquin

Member of the Board of Directors since 2013

Professional background

2012 – 2016	Unilever Germany, Austria and Switzerland (D-A-CH), Chief Financial Officer
2008 – 2012	Unilever Switzerland, Country Managing Director
2002 – 2008	Unilever Switzerland, Customer Development Director
1999 – 2002	Mövenpick Foods Switzerland, latterly Director Switzerland for the Food division
1997 – 1999	Rivella AG, National Account Manager
1994 – 1997	Knorr Nahrungsmittel AG, Product Manager
1990 – 1994	PriceWaterhouseCoopers, various roles

Other mandates

since 2021	W. Kündig & Cie AG, Member of the Board of Directors
since 2019	Swiss Board Institute, Member of the Advisory Council
since 2019	Weleda AG, Member of the Board of Directors
since 2018	Swisscontact, Member of the Foundation Board
since 2017	Swiss Federal Institute of Technology (ETH), Zurich, Lecturer in Change Management
since 2017	Promarca (Swiss branded goods association), President
since 2017	Kambly AG, Member of the Board of Directors
2017 – 2021	Straumann Group, Member of the Board of Directors
2012 – 2016	Unilever Germany pension fund, Chairwoman of the Board for the employer side
2009 – 2021	GfM (Swiss Marketing Association), Member of the Board of Directors
2008 – 2016	Unilever Switzerland pension fund, Chairwoman of the Foundation Board

Dominik Bürgy

Member of the Board of Directors since 2021

Professional background

since 2019	Wenger & Vieli, Attorneys at Law, Partner
2009 – 2012	Ernst & Young, Managing Partner Tax & Legal Switzerland
2008 – 2016	Ernst & Young, Partner, Member of the Executive Board
2008 – 2014	Ernst & Young, Member Tax Leadership Team GSA (D-A-CH)
2008 – 2010	Ernst & Young, People Partner Tax GSA
2002 – 2019	Ernst & Young, Partner
1993 – 2002	Arthur Andersen, Tax and Legal Consulting, since 2002 Partner

Other mandates

since 2020	Kuehne + Nagel International AG, Member of the Board of Directors
since 2020	Member of the Board of Directors of privately held companies
2016 – 2022	allianz denkplatz schweiz, Chairman
2013 – 2018	Swiss Employers' Association, Member of the Board
2012 – 2018	economiesuisse, Member of the Board
2011 – 2018	EXPERTsuisse, Chairman

Christina Johansson

Member of the Board of Directors since 2018

Professional background

since 2022	Dormakaba, CFO
2018 – 2022	Bilfinger SE, Group CFO and also CEO ad interim since 2021
2016 – 2018	Bucher Industries Group, Group CFO
2014 – 2016	SR Technics Group, Group CFO and Deputy Group CEO
2007 – 2014	Pöyry Energy Business Group and Management Consulting Business Group Switzerland, CFO
2005 – 2007	Zeag Group, CFO and Deputy CEO
1996 – 2005	Amcor Rentsch & Closures Group Switzerland/Germany/Canada, Group CFO, previously Corporate Finance Controller
1993 – 1996	Securitas Group, Financial Controller and Treasury Manager for Germany and Austria

Other mandates

since 2021	About You AG, Member of the Supervisory Board and Chairwoman of the Audit Committee
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Hubert Muff

Member of the Board of Directors since April 2022

Professional background

since 2014	Farm in Windblosen Neuenkirch, Manager
2010 – 2013	Krieger AG Ruswil, Dispatcher
2006 – 2009	Farm in Windblosen Neuenkirch, Farmer
2006 – 2007	Baumann Sempach forestry team, Forestry Worker

Other mandates

since 2021	Central Switzerland Milk Producers Cooperative (ZMP), Member of the Board
since 2014	Windblosen Neuenkirch dairy cooperative, President

Alexandra Post Quillet

Member of the Board of Directors since 2018

Professional background

since 2019	Acad Sarl, Académie des administrateurs, Partner and Co-owner
2004 – 2018	Crescendo Marketing, strategic brand and marketing consultancy, Managing Partner and Co-Founder
2000 – 2003	Unilever Poland, Managing Director Home and Personal Care
1998 – 1999	Unilever Poland, Marketing Manager Personal Care
1995 – 1998	Unilever Vietnam, Marketing Manager Home & Personal Care
1992 – 1995	Unilever Switzerland, National Sales Account Manager & Brand Manager
1990 – 1992	Nestle Switzerland, Controller Corporate Internal Audit

Other mandates

since 2020	Plateforme 10 (art district in Lausanne), Member of the Foundation Board
since 2018	Tele Villars-Gryon-Diablerets, Member of the Board of Directors
since 2016	Schenk SA, Vice Chairwoman of the Board of Directors, Chairwoman of the Board of Directors since 2022
since 2015	Hug AG, Member of the Board of Directors
since 2012	SBB AG, Member of the Board of Directors
2019 – 2021	Gluckschette, Member of the Foundation Council
2017 – 2021	SwissBoardForum, Member of the Board

Diana Strebel

Member of the Board of Directors since 2012

Professional background

since 2009	Strebel-Birt AG consultancy firm for brand management, marketing and communications, Managing Director and Co-founder
2005 – 2009	Interbrand Zintzmeyer & Lux AG, Managing Director
2005 – 2009	Interbrand Europa, Chief Operating Officer
1981 – 2003	Various advertising agencies, including as Deputy CEO at Publicis Group and CEO at Wunderman AG; Founder and Co-owner of Aebi, Strebel AG

Other mandates

since 2011	Globalance Bank AG, Vice President of the Board of Directors
since 2009	Ricola AG, Member of the Board of Directors
2006 – 2009	Interbrand Zintzmeyer & Lux AG, Member of the Board of Directors
2002 – 2005	Scholz & Friends AG, Member of the Board of Directors
2002 – 2004	Wundermann AG, Member of the Board of Directors

Werner Weiss

Member of the Board of Directors since April 2022

Professional background

since 1992	Family farm in Feldheim Meierskappel, Farm Manager
1991	Farm in Feldheim Meierskappel, Employee
1989 – 1991	Röllin AG milk transporters in Hirzel, Employee
1990	Eberle Zimmerei Holzbau carpentry firm in Edlibach, Employee
1988 – 1989	Röllin AG engine overhaulers in Hirzel, Employee
1987	Farm in Moos Hünenberg, Employee

Other mandates

since 2020	ZMP Invest AG, Member of the Board of Directors
since 2005	Genossenschaft Zentralschweizer Milchproduzenten ZMP, Member of the Board, Member of the Personnel Committee
	Various roles in agricultural organisations in Switzerland and commissions of Meierskappel municipality and surroundings

3.3 Permitted number of activities

The members of the Board of Directors may hold a maximum of five mandates in listed legal entities and 15 mandates in non-listed legal entities. In practice, the limits permitted by the Articles of Association are far from fully exhausted.

3.4 Election and term of office

The first election of members can be seen in the table in section 3.1 Members of the Board of Directors. The term of office of members of the Emmi Board of Directors is one year and accordingly lasts until the General Meeting 2023. Re-election is permitted, subject to an internal regulation passed by the Board of Directors on age limits and terms of office. The members of the Board of Directors and the Personnel and Compensation Committee are elected by the General Meeting, with the period between one Ordinary General Meeting and the end of the next deemed to be one year. The Chairman is elected by the General Meeting from among the members of the Board of Directors. Elections to the Board of Directors are generally carried out as individual elections. All votes and elections are carried out by open ballot unless a majority requests a secret ballot.

3.5 Internal organisation

Allocation of duties within the Board of Directors

The table below illustrates the areas of responsibility within the Board of Directors.

	Audit Committee	Market Committee	Personnel and Compensation Committee	Agricultural Council
Konrad Graber Chairman of the Board of Directors	●	●	● (Chairman)	● (Chairman)
Thomas Grüter Vice-Chairman of the Board of Directors		●	●	●
Monique Bourquin Member		●	●	●
Dominik Bürgy Member	●			
Christina Johansson Member	● (Chairwoman)			
Hubert Muff Member	●			●
Alexandra Post Quillet Member		●		
Diana Strebel Member		● (Chairwoman)		
Werner Weiss Member				●

The Board of Directors subjects its work and the work of the committees to a self-evaluation once a year. This involves assessing the company's own performance, organisation, work processes, competencies and responsibilities in accordance with the organisational regulations, the composition and diversity of the Board of Directors, the renewal process and cooperation with Group Management. Based on this, the Board of Directors determines any measures that are needed. In 2020, an external assessment of the Board of Directors and its activities was carried out. The resulting inputs and recommendations were implemented.

Composition, duties and delimitation of responsibilities of the committees

The composition of the committees and the Agricultural Council (hereinafter the "committees") is shown in the previous table.

The **Audit Committee** supports the Board of Directors in monitoring the management of the company, in particular from a financial perspective. As a body, it is entitled at any time to inspect all documents necessary for the performance of its duties and to request comprehensive information from all offices in the Group and the external auditors. It comprises at least three members of the Board of Directors, one of whom is the Chairman of the Board of Directors. Its meetings are attended by the CEO, CFO, Head of Group Controlling, Head of Internal Audit and, on invitation, the external auditor in charge.

The Audit Committee deliberates on and approves:

- the auditing plan and the personnel budget of Internal Audit
- the appointment and dismissal of the Head of Internal Audit
- the audit plan and the remuneration budget for the external auditors
- the auditors for consolidated subsidiaries where these differ from the Group auditors
- the list of counterparties and their credit limits for financial transactions

The Audit Committee assesses the following, in particular, for the Board of Directors in an advisory or preparatory capacity:

- the organisation of accounting, and the organisation and content of financial control including internal auditing
- the effectiveness and independence of the internal auditors
- the selection of the Group auditors
- the effectiveness and independence of the external auditors
- the results of internal and external audits and the monitoring of action plans by management based on these results
- the Group and holding company accounts and the results of the subsidiaries
- the financial ambitions of the Group companies and the Group during the strategy period
- the target-setting system that serves as a basis for setting annual financial targets
- the annual financial targets of the Group companies and the Group
- the total investments for the subsequent year
- the evaluation of risks and of the measures based on this
- financial and liquidity planning as well as business relations with financial institutions
- the rolling forecast
- financial reporting to shareholders and the public
- legal proceedings and out-of-court settlement of disputes whose outcome may have implications for the financial situation of the Group
- the treasury guidelines

The **Market Committee** supports the Board of Directors in monitoring the management of the company, in particular from a medium and long-term perspective. It offers recommendations on the basic organisation of the brand, product and market strategy as preparation for the corporate strategy. It comprises at least three members of the Board of Directors, one of whom is the Chairman of the Board of Directors. Its meetings are attended by the CEO, Chief Marketing Officer and, on invitation, other members of Group Management and management. The Market Committee has no approval power.

The Market Committee assesses or processes the following for the Board of Directors in an advisory or preparatory/follow-up capacity:

- the organisation based on the strategy
- merger and acquisition projects, brand projects, and product and marketing investments based on the strategy
- the strengthening of the Emmi brand portfolio and innovations based on the strategy
- the preparation of changes in strategy
- the development of key customers and markets as well as critical business units
- the controlling of major projects and major acquisitions

The **Personnel and Compensation Committee** supports the Board of Directors in monitoring the management of the company, in particular from a personnel perspective and regarding compensation topics. It comprises at least three members of the Board of Directors, one of whom is the Chairman of the Board of Directors. Its meetings are attended by the CEO and the Chief Human Resources Officer on invitation.

The Personnel and Compensation Committee deliberates on and approves:

- the remuneration system for management and employees
- the remuneration for the Chairman of the Board of Directors, the members of the Agricultural Council, the CEO and the other members of Group Management (taking into account the ceiling amounts approved by the General Meeting)
- nomination of the employer representation in the Emmi Pension Foundation and the Emmi Welfare Foundation
- other mandates of the members of the Board of Directors and Group Management

The Personnel and Compensation Committee elects and removes the members of Group Management and the members of the extended Group Management, with the exception of the CEO.

The Personnel and Compensation Committee assesses or processes the following, in particular, for the Board of Directors in an advisory or preparatory capacity:

- the remuneration system for the compensation of the Board of Directors as well as the remuneration of the members of the Board of Directors
- the remuneration system for the compensation of Group Management
- the ceiling amounts for the remuneration of the Board of Directors, the Agricultural Council and Group Management for approval by the General Meeting (see section 3.1 Approval model of the General Meeting in the Compensation report)
- the total amount of salary adjustments and bonuses for employees
- the composition of Group Management
- succession planning and the evaluation of candidates for the Board of Directors according to election regulations
- succession planning for the Chairman of Group Management and, at the request of the CEO, for the members of Group Management
- the regular review of the organisational regulations

The **Agricultural Council**, which consists of members of the Board of Directors and specialists, supports the Board of Directors in monitoring the management of the company, in particular with regard to milk procurement and agricultural issues. As such, it is not a committee of the Board of Directors, but rather acts as an advisory body. The Agricultural Council comprises at least four individuals, of whom at least three are members of the Board of Directors (the Chairman of the Board of Directors plus two further members). Internal and external experts inform the Agricultural Council about the latest developments and provide its members with advice where necessary. On Emmi's side, the meetings are attended by the CEO, the Executive Vice President Switzerland and the Head of Industrial Business Switzerland as internal experts. The external experts are the Managing Directors of the regional milk producer organisation ZMP, which has a stake in Emmi, and the national milk producer organisation SMP. Other members are the presidents of the national milk sector organisation BOM, the milk producer organisation Mittelland Milch and the Managing Director of the milk producer organisation mooh. The Agricultural Council has no approval power.

The Agricultural Council assesses or processes the following, in particular, for the Board of Directors in an advisory or preparatory capacity:

- general political issues
- the development of the milk and cheese industry and its organisations
- the volume and price management of milk as a raw material
- milk and cheese procurement

Working methods of the Board of Directors, its committees and the Advisory Board

As a rule, the Emmi Board of Directors, its committees and the Advisory Board meet as often as business requirements dictate, but at least quarterly. The Personnel and Compensation Committee and the Agricultural Council generally meet twice a year. In the year under review, the Board of Directors held ten half-day meetings and one all-day meeting. The Audit Committee met five times for three hours each, and the Market Committee four times for three hours each. The Personnel and Compensation Committee met seven times for two hours each. The meeting durations are averages. Attendance at all meetings of the Board of Directors and its three committees averaged 99%. The Agricultural Council met twice for two hours each.

Meetings held by the Board of Directors are also attended by the CEO, the CFO and, depending on the topic, other members of Group Management and management. Certain individual items on the agenda are handled exclusively by the members of the Board of Directors. The entire Group Management participates in the strategy meeting held by the Board of Directors. The inclusion of members of Group Management in meetings held by the committees is shown for the individual committees. With the exception of the Agricultural Council and Audit Committee, the Emmi Board of Directors holds its meetings without any external experts. The Chairman of the Board of Directors is a member of all committees for the purposes of coordinating the various committees of the Board of Directors and integrating the Board of Directors as a whole.

The chairpersons of the committees report to the Board of Directors at every Board meeting regarding their activities and results, and record details of their consultations and decisions in minutes that are distributed to all members of the Board of Directors. If any important issues arise, the Board of Directors is informed immediately following the meeting.

Overall responsibility for the duties assigned to the committees remains with the Emmi Board of Directors. The decisions of the Board of Directors are made with an absolute majority of the votes cast. In the event of a tied vote, the Chairman has the casting vote.

3.6 Definition of responsibilities between the Board of Directors and Group Management

The **Board of Directors** is responsible for the overall management of the company and the Group, as well as for monitoring the management of the company in accordance with Art. 716a of the Swiss Code of Obligations. On this basis, it deliberates on and determines issues including:

- the financial ambitions of the Group companies and the Group during the strategy period
- the target-setting system that serves as a basis for setting annual financial targets
- the annual financial targets of the Group companies and the Group
- the total investments for the subsequent year
- the annual and half-year results
- the Group structure up to and including Group Management
- the salary policy, in particular the remuneration system for the compensation of the members of the Board of Directors, the remuneration system for the compensation of Group Management, the total amount of salary adjustments and bonuses for employees
- ceiling amounts for remuneration of the Board of Directors, the Agricultural Council and Group Management for approval by the General Meeting (for approval model, see section 3.1 Approval model of the General Meeting in the Compensation report 2022)
- the evaluation of the main risks
- multi-year financial and liquidity planning
- strategy-relevant cooperations and agreements, in particular the purchase and sale of participations, companies, etc.
- Group regulations
- the founding, merger and closure of companies
- the approval of members of the Board of Directors of consolidated subsidiaries
- the nomination of candidates for the Board of Directors for the attention of the General Meeting

All other areas of management are delegated in full by the Board of Directors to the Chairman, the CEO and Group Management. The Board of Directors can, at any time, on a case-by-case basis or on the basis of general powers reserved, intervene in the duties and areas of competence of the corporate bodies that report to it and take over business carried out by these bodies.

The **CEO** is the Chairman of Group Management. He leads, supervises and coordinates the members of Group Management and – for Group tasks – of the extended Group Management, and grants them the necessary authority to perform their functions. In particular, he is responsible for implementing strategic objectives, defining operational thrusts and priorities, and providing the necessary material and personnel resources for this purpose. He communicates regularly with the Chairman of the Board of Directors and the Board of Directors as a whole regarding business developments.

The **members of Group Management** consistently ensure the implementation of strategic Group management. They manage the subsidiaries from a financial point of view and influence their strategic orientation. Their areas of competence and responsibility are determined, in particular, by instructions from the CEO and the budget approved by the Board of Directors, as well as by the business strategy defined by the Board of Directors.

The **members of the extended Group Management** selectively fulfil strategic projects assigned to them by the CEO as part of their activities as members of the Executive Board Switzerland or as long-standing former members of the Executive Board.

3.7 Information and control instruments vis-a-vis Group Management

The Emmi Board of Directors is informed at every meeting by the Chairman, the chairpersons of the committees, the CEO, the CFO and depending on the agenda item by other members of Group Management about current business developments, the financial situation and key business events. Additional information is provided during committee meetings. In the case of significant acquisitions, the Market Committee or delegations from the Board of Directors visit the companies concerned to assess the situation first-hand. The Chairman of the Board of Directors meets with a local Executive Board twice a year on average.

In addition to the meetings, every member of the Board of Directors can, having first informed the Chairman of the Board of Directors accordingly, request information from the members of Group Management about business developments and, with the authorisation of the Chairman, about individual transactions. The Chairman is kept up to date by the CEO on a regular basis, at least once every two weeks, and receives the minutes of all Group Management meetings. He and the CEO ensure an appropriate flow of information between Group Management and the Board of Directors. Members of the Board of Directors are informed immediately of exceptional incidents by means of circular letter.

Additional information and control systems are:

- Management Information System (MIS): Members of the Board of Directors receive a detailed Group Management Report, containing in-depth information on the company's financial position, on a monthly basis. The members of the Audit Committee receive a quarterly Group Treasury Report. A rolling prognosis for the following 18 months is additionally created at least three times a year. The Board of Directors is sent these documents and informed in detail about their contents.
- Risk management process: At least once a year, the Board of Directors is informed by the CEO regarding the main risks and their assessment on the basis of relevance and likelihood of occurrence. The Board of Directors approves the risk management measures defined by Group Management for implementation and monitors their progress (see also Notes to the consolidated financial statements of the Emmi Group in the Annual Report 2022).
- External and Internal Audit: Details of the external auditor are provided in section 8 Auditors. Internal Audit is a management tool used by the Board of Directors and Group Management, and as such forms a fundamental part of the internal control system. It is directly associated with the Chairwoman of the Audit Committee, as well as the Audit Committee as a whole, through participation in its meetings, which are held at least quarterly (five meetings in the year under review). The Audit Committee approves the audit programme and the annual planning; it also receives all auditors' reports and is kept informed at its meetings of all findings and the resulting measures. In addition, the Head of Internal Audit regularly meets with the Chairwoman of the Audit Committee.

Internal Audit works in accordance with standards defined in the Audit Manual and carries out audits in the entire Emmi Group. These audits involve assessing the risk potential in corporate governance, business processes and information systems of the company in terms of the reliability and integrity of accounting data and other fundamental information, the efficacy and efficiency of business processes, the securing of tangible and non-tangible business assets, and compliance with laws, ordinances and agreements. Internal Audit also works closely together with the external auditors and carries out special audits at the request of the Audit Committee. It evaluates the effectiveness of the internal and external control systems, as well as the risk management of the Emmi Group. Compliance is also supported and jointly monitored by the Legal department.

4. Group Management

4.1 Members of Group Management



Members of Emmi Group Management from left (as at the balance sheet date): Jonas Leu, Ricarda Demarmels, Robin Barraclough, Urs Riedener (CEO), Natalie Rüedi, Thomas Morf, Kai Könecke, Marc Heim

	Year of birth	Nationality	Education	Current function
Urs Riedener	1965	Swiss	Business Economist lic. oec. HSG Stanford Executive Program	Chief Executive Officer (CEO)
Marc Heim	1967	Swiss	Business Economist lic. oec. HSG	Deputy CEO, Executive Vice President Switzerland
Robin Barraclough	1967	British/ Swiss	Economist	Executive Vice President Europe
Ricarda Demarmels	1979	Swiss	Business Economist lic. oec. HSG	Chief Financial Officer
Kai Könecke	1966	German	Dipl.-Ing. Mechanical Engineering	Chief Supply Chain Officer
Jonas Leu	1983	Swiss	Master in Food Science ETH	Executive Vice President Americas
Thomas Morf	1974	Swiss	Business Economist lic. oec. HSG	Chief Marketing Officer
Natalie Rüedi	1971	Swiss	Certified Primary School Teacher EMBA, Lucerne University of Applied Sci- ences and Arts	Chief Human Resources Officer

4.2 Professional background and other activities and interests

Urs Riedener

CEO and Chairman of Group Management since 2008

Professional background

2000 – 2008	Migros Cooperative (MGB), Head of Marketing and Member of the Executive Board since 2002
1995 – 2000	Lindt & Sprungli Group, both in Switzerland and abroad, various management positions, latterly National Sales Manager and Member of the Board of Management for Switzerland
1992 – 1995	Kraft Jacobs Suchard Group, various positions, latterly Group Brand Manager

Other mandates

since 2022	Schwarz Unternehmenstreuhand KG, Member of the Council
since 2015	SMG (Swiss Management Association), Member of the Executive Committee
since 2014	Bystronic AG, Member of the Board of Directors
since 2007	Institute of Marketing at the University of St. Gallen, Member of the Executive Committee
2010 – 2022	Promarca (Swiss branded goods association), Member of the Executive Committee

Marc Heim

Executive Vice President Switzerland and Deputy CEO since 2017, Member of Group Management since 2009

Professional background

2014 – 2016	Emmi Group, Executive Vice President Europe
2009 – 2013	Emmi Group, Head of Sales
2004 – 2009	Halter Bonbons AG, Managing Director
1999 – 2004	Kambly AG, various management roles
1992 – 1999	Effems AG (now Mars Schweiz AG), various positions

Other mandates

since 2022	Promarca (Swiss branded goods association), Member of the Executive Committee
since 2022	Foodward, Member of the Council

Robin Barraclough

Executive Vice President Europe since 2017, Member of Group Management since 2009

Professional background

2014 – 2016	Emmi Group, Chief Marketing Officer
2009 – 2014	Emmi Group, Head of Marketing
2008	Kraft Foods, managing the coffee business in the German-speaking parts of Europe
1991 – 2007	Mars Incorporated, various managerial marketing roles at national and international level, latterly Senior Member of the Marketing Leadership Team at the European Masterfoods headquarters in Bremen (Germany)

Ricarda Demarmels

CFO and Member of Group Management since June 2019

Professional background

2015 – 2018	ORIOR Group, Chief Financial Officer
2009 – 2014	Capvis Equity Partners Switzerland, Investment Director
2005 – 2009	Oliver Wyman Financial Services, Project Manager
2002 – 2003	Swiss National Bank, Research Assistant

Other mandates

since 2018	Sensirion, Member of the Board of Directors, Chairwoman of the Audit Committee and Chairwoman of the Independent Directors' Committee
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Kai Könecke

Chief Supply Chain Officer and Member of Group Management since 2017

Professional background

2012 – 2016	Unilever Germany-Austria-Switzerland, Managing Director Supply Chain (D-A-CH)
2011 – 2012	Amazon, General Manager, Fulfillment Center Rheinberg (Germany)
2006 – 2011	Mars (Effems) Germany, Plant Director of the facility in Viersen (Germany)
1993 – 2006	Mars (Effems) Germany, various roles in Supply Chain, including Head of Logistics Germany and Head of Development of Supply Chain Management Europe

Jonas Leu

Executive Vice President Americas since 2022, Member of Group Management since 2022

Professional background

2021	Emmi Group, Deputy Executive Vice President Americas
2020	Emmi Group, Managing Director Quillayes Surlat SpA, Chile
2016 – 2019	Emmi Group, Managing Director Surlat Corporación SA, Chile
2013 – 2016	Emmi Group, Industry Manager Kaiku, Spain
2011 – 2012	Emmi Group, Managing Director of Nutrifrais SA, Geneva
1999 – 2011	Emmi Group, apprenticeship and various roles in production, quality management, development and engineering at different national locations

Thomas Morf

Chief Marketing Officer and Member of Group Management since 2017

Professional background

2012 – 2017	Danone Johannesburg, latterly Managing Director of the Mayo Dairy business unit
2010 – 2012	Danone Paris, Global Marketing Director Innovations
2007 – 2010	Danone Munich, various executive marketing roles
2000 – 2007	Procter & Gamble, Belgium, various executive marketing roles

Natalie Rüedi

Chief Human Resources Officer since 2014, Member of Group Management since 2011

Professional background

2009 – 2013	Emmi Group, Head of Human Resources, Member of extended Group Management until 2010
2004 – 2009	Emmi Group, responsible for developing and heading up staff development
2000 – 2004	Emmi Group, Human Resources Specialist
1992 – 2000	Teacher and headmistress at a primary school

Other mandates

since 2020	OPES Holding SA and OPES SA, Member of the Board of Directors
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Members of the extended Group Management

(as at balance sheet date)

Othmar Dubach

Head of Cheese and Dairy Products Switzerland, Member of the Executive Board Switzerland and of the extended Group Management since 2014

Professional background

since 1993	Emmi Group, Head of the Cheese Division
1992 – 1993	Emmi Group, Head of Marketing
1983 – 1991	Central Switzerland Milk Association, various roles

Matthias Kunz

Deputy Executive Vice President Americas since 2022, Member of the extended Group Management since 2022

Professional background

2014 – 2021	Emmi Group, Executive Vice President Americas
2009 – 2013	Emmi Group, Head of International Division
2002 – 2021	Emmi Group, Member of Group Management
2002 – 2009	Emmi Group, Head of International Cheese Division
1999 – 2002	Swiss Dairy Food, Member of Group Management
1997 – 1999	Toni International AG, Managing Director

4.3 Permitted number of activities

The members of Group Management may hold a maximum of two mandates in listed and ten mandates in non-listed legal entities. In practice, the limits permitted by the Articles of Association are far from fully exhausted.

4.4 Management contracts

No management contracts exist.

5. Compensation, participations and loans

Information on remuneration, the definition process, statutory rules, participations, and loans and credits to members of the Board of Directors, Agricultural Council and Group Management can be found in the Compensation report (see Compensation report 2022).

6. Shareholders' rights of co-determination

6.1 Restrictions on voting rights and proxies

Emmi's Articles of Association contain no restrictions on voting rights. A shareholder who has voting rights may only be represented at the General Meeting by a legal representative, another shareholder attending the General Meeting who has voting rights or the independent proxy. Power of attorney and instructions to the independent proxy may be issued electronically.

6.2 Statutory quorum

Unless the law stipulates otherwise, the General Meeting passes its resolutions and performs its elections by an absolute majority of the voting rights represented, not taking into account blank and invalid votes. In addition to the legal exceptions, the resolution concerning the amendment of the provision of the Articles of Association relating to the restrictions on registration (see section 2.6 Restrictions on transferability and nominee registration) also requires at least two-thirds of voting rights represented and the absolute majority of shares represented.

6.3 Convening of the General Meeting

The Ordinary General Meeting takes place annually, at the latest six months after the end of the financial year. It is convened by the Board of Directors. The procedure for convening Extraordinary General Meetings is governed by the applicable legal provisions.

6.4 Agenda

Shareholders who represent shares with a par value of CHF 1 million or higher can request that an item be placed on the agenda at the General Meeting. Such requests must be submitted to the Board of Directors in writing at least 45 days before the General Meeting, citing the motions concerned.

6.5 Entries in the share register

The share register is usually closed ten days prior to the General Meeting. The Board of Directors may approve exceptional subsequent entries on request. The effective closing date is published in the invitation to the General Meeting and in good time in the financial calendar on the Emmi website at:
www.emmi.com > Media & Investors > Financial calendar

7. Change of control/Defensive measures

7.1 Obligatory offer

Emmi's Articles of Association include neither an "opting up" clause pursuant to Art. 135 (1) FinMIA nor an "opting out" clause pursuant to Art. 125 (4) FinMIA regarding the legal obligation to make a takeover bid.

7.2 Change-of-control clauses

No contractual agreements exist either for members of the Board of Directors, members of Group Management or other management members in the event of a change in the controlling majority stake.

8. Auditors

8.1 Duration of the mandate and term of the Auditor in Charge

At the General Meeting 2014, KPMG, Lucerne, was elected as the new auditors for one financial year. Since then, they have been re-elected annually. According to the Articles of Association, their term ends with the approval of the financial statements for the relevant financial year. The Auditor in Charge, François Rouiller, has been in office since the General Meeting 2021. According to the provisions of the Swiss Code of Obligations, he may execute this mandate for a maximum of seven years.

8.2 Audit fees

For the year under review, the agreed audit fees for the performance of their mandate as statutory auditors (including the audit of the consolidated financial statements) amounted to a total of KCHF 1,475.

8.3 Additional fees

During the year under review, KPMG charged a total of KCHF 216 for additional services beyond the scope of their statutory mandate. These fees included KCHF 165 for tax advice and KCHF 51 for other consulting and audit-related services.

8.4 Information tools used by the external auditors

The supervision and monitoring of the auditors is exercised by the full Board of Directors. The Board of Directors' Audit Committee assesses the performance, invoicing and independence of the external auditors and provides the Board of Directors with corresponding recommendations. It also annually reviews the scope of the audit, the audit plans and the relevant procedures, and discusses the audit reports with the Auditor in Charge. Details of the term of the Auditor in Charge can be found in section 8.1. The report on the final audit of the annual accounts is also sent to all members of the Board of Directors for the final approval of the Annual Report. The Auditor in Charge attended three meetings of the Audit Committee in the year under review. Details on Internal Audit are provided in section 3.7 Information and control instruments vis-a-vis Group Management.

9. Information policy

Investor Relations guidelines: Emmi strives to maintain open and ongoing communication with shareholders, existing and potential investors, and other stakeholder groups. Emmi aims to provide rapid, real-time and transparent information about the company, its strategy and business developments, and to offer a truthful picture of Emmi's performance in the past and the present, as well as its future prospects. This picture is intended to reflect the assessment of the current situation of the company by Group Management and the Board of Directors.

Methodology: Emmi publishes an extensive Annual Report every year that presents operating activities, corporate governance and financial reporting for the current year, drafted and audited in accordance with Swiss GAAP FER. A half-year report is also published.

Furthermore, media releases are published about events relevant to the share price, such as acquisitions, minority or majority shareholdings, joint ventures and alliances in accordance with guidelines relating to ad-hoc publicity. Important announcements, in particular half- and full-year results, are accompanied by presentations together with press and analyst conferences or analyst calls.

Emmi meets during the course of the year with institutional investors both in Switzerland and abroad, presents its published results on a regular basis, organises road shows and holds meetings with individual institutional investors and groups. The main point of contact for these meetings and presentations is the CFO. The meetings and presentations focus on Emmi's financial results, its strategic orientation and the current initiatives of the Group.

Emmi uses the Internet in order to ensure rapid, real-time and consistent distribution of information. The company's website features an electronic information tool that enables shareholders and other interested parties to add their names to an electronic distribution list: www.emmi.com > Media & Investors > Emmi News Service

Media releases and investor information can be accessed via the following link:
www.emmi.com > Media & Investors > Media Releases

Notifications to SIX Exchange Regulation of participations that exceed the level at which notification becomes obligatory can be found via the following link:
www.six-group.com > Market Data > Shares > Share Explorer > Company: Emmi AG

Contact for Investor Relations:

Emmi Management AG, Corporate Communications & IR, Landenbergstrasse 1, P.O. Box 230, CH-6002 Lucerne,
Phone +41 58 227 50 69, E-mail ir@emmi.com, www.emmi.com

The General Meeting will take place on 13 April 2023. All registered shareholders will receive an invitation to the General Meeting by post.

The next business results (half-year results 2023) will be published on 18 August 2023.

10. Trading blackout periods

For members of the Board of Directors, Group Management and the global management team (management level 2) and other selected employees – primarily from the Finance and Corporate Communications departments – a general ban on trading in Emmi shares, bonds, options and derivatives applies for a defined period prior to the publication of the annual and half-year results. These general trading blackout periods extend from the first working day in January and July until after publication of the annual and half-year results. No exceptions are foreseen.

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1. Guidelines

Productive employees with integrity are the key factor in Emmi's success. They enable objectives to be met through their commitment, mutual respect and honest business practices. In this way, they contribute to the sustainable growth of the Group. Remuneration is only one part of the overall reward: respect, meaningful work, responsible organisation of the working environment and opportunities for further development are just as important.

The Board of Directors supports employees and thus the corporate strategy with an appropriate remuneration policy, i.e. one that is performance-focused and in line with market conditions and that incorporates the company's commercial development. Basic remuneration should reflect the requirements, skills and responsibilities of the respective role, as well as the performance and conduct of the employee. In addition, it should provide income security. The variable remuneration component at management level strengthens shared responsibility. It focuses performance and conduct on sustainable business development and provides the opportunity to share in the company's success.

The Board of Directors firmly believes that the aforementioned factors improve and reward job motivation while at the same time reflecting Emmi's corporate values. It therefore considers a share and option programme to be unnecessary at present, also with a view to a simple and transparent remuneration system.

With regard to the remuneration of the company's management, Article 29b of the Articles of Association of Emmi AG states: Remuneration of members of the Board of Directors, Group Management and any advisory body should be adequate, competitive and performance-based. In addition, it should be determined in accordance with the strategic objectives and success of the Emmi Group.

2. Remuneration system

2.1 Remuneration components

The remuneration of the Board of Directors and the Agricultural Council is a fixed remuneration. The remuneration of Group Management comprises a fixed and a variable component. Variable means: depending on success and performance in the previous financial year in connection with defined objectives ("bonus"). The variable remuneration of a member of Group Management should not exceed 50% of fixed remuneration. No long-term variable component has been implemented. For further information on this topic see section 2.3 Remuneration of Group Management.

According to Article 29b of the Articles of Association of Emmi AG, the company can issue equity securities, conversion or option rights, or other rights to equity securities to members of the Board of Directors, the Agricultural Council and Group Management as part of their remuneration. Emmi currently intentionally forgoes share or option plans or other share ownership programmes. This is intended to ensure that the remuneration system remains straightforward and transparent.

2.2 Remuneration of the Board of Directors and the Agricultural Council

The remuneration of members of the Board of Directors and the Agricultural Council is not related to performance. It is therefore purely basic remuneration, which is paid in cash. It comprises a basic salary and compensation for attending meetings. The amount of the remuneration reflects the time and work which the members invest to fulfil their duties in the Board of Directors, the Agricultural Council and the three committees, as well as in the two pension fund foundations. In particular, the members of the Board of Directors and the Agricultural Council do not receive any bonus payments or other financial benefits such as employee terms and conditions or discounted share options. They have no entitlement to services or non-cash benefits.

Once a year, the Personnel and Compensation Committee assesses the remuneration of the Board of Directors compared to listed (small cap) and private Swiss companies. The Committee takes into account companies from the consumer goods sector with a similar level of internationalisation, together with firms based in the region from various sectors and of different sizes. Approximately 20 companies meeting the criteria given above, primarily from the food, machinery, plastics and retail industries, served as the comparison group. In addition, the Committee has access to an external benchmark study from 2021 which compared the remuneration of the Emmi Board of Directors with external salaries and analysed whether the current remuneration and remuneration structure were in line with the market.

The basic remuneration and social security contributions are components of the fixed remuneration according to the table in section 6 Remuneration for the year under review. The General Meeting approves this fixed remuneration as a maximum ceiling amount for the current financial year.

2.3 Remuneration of Group Management

Remuneration of the members of Group Management comprises a fixed and a variable remuneration component (short-term bonus). Both components are paid in cash.

The basic remuneration reflects the experience, knowledge and continuing performance of members of Group Management as well as the competitiveness in external market comparisons based on function-related salary benchmarks. The Personnel and Compensation Committee has access to a current external study from 2021 for the purpose of comparing the adequacy and competitiveness of the total remuneration. The same comparison group was used for the function-related salary benchmark and for the assessment of the remuneration of the Board of Directors.

The basic remuneration, non-cash benefits (company car) and relevant social security and pension benefits are part of the fixed remuneration according to the table in section 6 Remuneration for the year under review. The General Meeting approves this fixed remuneration prospectively as a maximum ceiling amount for the coming financial year.

The Personnel and Compensation Committee decides the fixed remuneration of the CEO and other members of Group Management for the following year, taking into account the maximum ceiling amount approved by the General Meeting.

Variable remuneration: Article 29b of the Articles of Association of Emmi AG states that, in general, the variable remuneration paid to a member of Group Management must not exceed 50% of fixed remuneration. This is a bonus based on achievement of performance targets, which is paid in cash. The amount reflects the result of the previous financial year and comprises the following three criteria:

- Group performance (weighting 50%)
- business area performance (weighting 30%)
- achievement of individual performance targets (weighting 20%)

The measurement of business performance is based on the three pillars of sales, income and market share. For service areas, the relevant targets also relate to ongoing development with a view to providing the core business with continuously better support.

The non-achievement of targets may lead to this remuneration not being paid at all in extreme cases; in the event of over achievement of targets, it can increase up to a maximum of 120% of the target amount. The variable remuneration of the CEO and the other members of Group Management is agreed by the Personnel and Compensation Committee in connection with the business results. The General Meeting approves the total variable remuneration from the previous financial year.

3. Responsibilities and definition process

3.1 Approval model of the General Meeting

Article 29e of the Articles of Association of Emmi AG defines the approval model. Each year, the General Meeting approves in a separate and binding manner the proposals put forward by the Board of Directors with regard to:

- the maximum total amount of remuneration of the Board of Directors and the Agricultural Council for the current financial year
- the maximum total amount of fixed remuneration for Group Management for the following financial year
- the total amount of variable remuneration for Group Management for the previous financial year

The following **approval model** clarifies on which remuneration components and for which period the shareholders will vote on at the Ordinary General Meeting 2023.

Approval model for the General Meeting 2023



3.2 Decision-making process

Remuneration system: The Board of Directors determines the principles of the remuneration system for the Board of Directors and Group Management as part of its general overall management. The Personnel and Compensation Committee undertakes its regular review and assessment. In this respect, it supports the Board of Directors in determining the remuneration system. External experts would only be involved at most in a fundamental restructuring of the remuneration system.

Remuneration amounts: The Personnel and Compensation Committee submits a proposal for the remuneration of the members of the Board of Directors to the Board of Directors. The Board of Directors decides annually on its remuneration and submits the maximum total remuneration to the General Meeting for approval.

The remuneration for the Chairman of the Board of Directors, the members of the Agricultural Council, the CEO and the other members of Group Management is decided annually by the Personnel and Compensation Committee. The Board of Directors proposes the total amounts of the relevant remuneration to the General Meeting for approval.

3.3 Personnel and Compensation Committee

With the exception of the remuneration of the members of the Board of Directors, the Personnel and Compensation Committee decides on remuneration. It defines the remuneration of the Chairman of the Board of Directors and CEO (associate member) in compliance with the rules on abstention.

Composition of the Personnel and Compensation Committee

Election by the General Meeting 2022 until the General Meeting 2023.

Konrad Graber Chairman	Independent Member and Chairman of the Board of Directors
Monique Bourquin Member	Independent Member of the Board of Directors
Thomas Grüter Member	Independent Member and Vice-Chairman of the Board of Directors

4. Loans and credits

Article 29c of the Articles of Association of Emmi AG stipulates that the members of the Board of Directors, Agricultural Council and Group Management may be granted advance payments up to a maximum of KCHF 1,000, in particular in the form of advances on costs for litigation connected to the activity of the person concerned as a member of the Board of Directors, Agricultural Council or Group Management. These limits were not utilised in the financial year.

5. Proposals to the General Meeting

The proposed total amounts ensure the required level of entrepreneurial flexibility to be able to react to changes (additional members of the Board of Directors, Agricultural Council and Group Management; transfers in committees; extraordinary occurrences; general reserve). There is no intention to use up the full ceiling amounts. Article 29e of the Articles of Association of Emmi AG provides for an additional amount of a maximum of 20% if additional or replacement members are appointed to Group Management following approval of the fixed remuneration.

All amounts mentioned under point 5 are in KCHF.

5.1 Board of Directors

Approval of the total amount of fixed remuneration of the Board of Directors up to a maximum of KCHF 1,300 for financial year 2023.

Proposal to GM 2023 for full year 2023	Remuneration paid 2022 (see section 6)	Proposal to GM 2022 for full year 2022
1,300 (ceiling amount)	1,149	1,200 (ceiling amount)

5.2 Agricultural Council

Approval of the total amount of fixed remuneration of the Agricultural Council up to a maximum of KCHF 40 for financial year 2023.

Proposal to GM 2023 for full year 2023	Remuneration paid 2022 (see section 6)	Proposal to GM 2022 for full year 2022
40 (ceiling amount)	36	40 (ceiling amount)

5.3 Group Management fixed remuneration

Approval of the total amount of fixed remuneration of Group Management up to a maximum of KCHF 5,200 for financial year 2024.

Proposal to GM 2023 for full year 2024	Proposal to GM 2022 for full year 2023	Fixed remuneration paid 2022 (see section 6)	Proposal to GM 2021 for full year 2022
5,200	5,540	4,638	5,500
(ceiling amount)	(ceiling amount)		(ceiling amount)

5.4 Group Management variable remuneration

Approval of the total amount of variable remuneration of Group Management of KCHF 1,189 for financial year 2022.

Proposal to GM 2023 for full year 2022 (see section 6)	Variable remuneration 2021 paid in 2022	Proposal to GM 2022 for full year 2021
1,189	1,025	1,025

6. Remuneration for the year under review

in CHF 000s

	Fixed remuneration			Variable remuneration				
	Basic remuneration ¹⁾	Non-cash benefits	Other remuneration ²⁾	Total fixed ³⁾	Bonus ¹⁾	Total variable	Total fixed and variable	Total previous year
Board of Directors								
Konrad Graber								
Chairman	268	–	46	314	–	–	314	314
Thomas Grüter								
Member (since 15.4.2021), Vice-Chairman (since 1.7.2022)	91	–	24	115	–	–	115	71
Christian Arnold-Fässler								
Member (until 15.4.2021)	–	–	–	–	–	–	n/a	38
Monique Bourquin								
Member	87	–	30	117	–	–	117	103
Dominik Bürgy								
Member (since 15.4.2021)	68	–	18	86	–	–	86	64
Christina Johansson								
Member	80	–	29	109	–	–	109	95
Niklaus Meier								
Member (until 15.4.2021)	–	–	–	–	–	–	n/a	46
Hubert Muff								
Member (since 7.4.2022)	55	–	14	69	–	–	69	n/a
Thomas Oehen-Bühlmann								
Vice-Chairman (until 7.4.2022)	48	–	16	64	–	–	64	122
Alexandra Post Quillet								
Member	80	–	2	82	–	–	82	75
Franz Steiger								
Member (until 7.4.2022)	30	–	11	41	–	–	41	76
Diana Strebel								
Member	73	–	19	92	–	–	92	85
Werner Weiss								
Member (since 7.4.2022)	48	–	12	60	–	–	60	n/a
Total Board of Directors	928	–	221	1,149	–	–	1,149	1,089
Agricultural Council								
Pirmin Furrer	6	–	1	7	–	–	7	7
Stephan Hagenbuch	7	–	–	7	–	–	7	7
Peter Hegglin	6	–	1	7	–	–	7	7
Andreas Hitz (until 30.6.2022)	3	–	1	4	–	–	4	7
Sabrina Schlegel (since 1.7.2022)	3	–	1	4	–	–	4	n/a
René Schwager	7	–	–	7	–	–	7	7
Total Agricultural Council	32	–	4	36	–	–	36	35
Group Management								
Urs Riedener, CEO	951	4	328	1,283	393	393	1,676	1,562
Other members	2,617	27	711	3,355	796	796	4,151	4,158
Total Group Management	3,568	31	1,039	4,638	1,189	1,189 ⁴⁾	5,827	5,720

¹⁾ Basic remuneration and bonuses comprise payments already made or still to be made and social security and pension contributions made by the employee.

²⁾ Other compensation comprises all additional benefits, such as pensions, child allowances and mandatory social security contributions made by the employer that are currently paid to the Board of Directors or to the members of Group Management directly or that will be paid to them at a later stage after the end of their employment.

³⁾ The remuneration of the Board of Directors also includes work in the committees, in the Agricultural Council (see Corporate Governance report for allocation of duties) and in the two pension fund foundations. Emmi Group employees who are members of the Agricultural Council do not receive any compensation for their work on the Agricultural Council.

⁴⁾ Subject to approval by the General Meeting.

Loans and credits in the year under review

No loans or credits were granted or made to members of the Board of Directors, Agricultural Council or Group Management in the year under review, and none were outstanding as at 31 December 2022. In addition, no loans or credits have been granted to former members of the Board of Directors, Agricultural Council or Group Management, or to related parties of current or former members of the Board of Directors, Agricultural Council or Group Management, and none were outstanding as at 31 December 2022.

7. Auditors' report



Report of the Statutory Auditor

To the General Meeting of Emmi AG, Luzern

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Emmi AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in section 6 on the pages 66 to 67 of the Compensation Report.

In our opinion, the information on remuneration, loans and advances in the attached Compensation Report complies with Swiss law and Art. 14-16 VegüV.

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 Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include section 6 on the pages 66 to 67 of the Compensation Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material



misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Compensation Report

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

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

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

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

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

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Manuel Odoni
Licensed Audit Expert

Lucerne, 28 February 2023

KPMG AG, Pilatusstrasse 41, CH-6003 Lucerne

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Income statement

Sales

Emmi generated net sales of CHF 4,230.0 million in 2022 (previous year: CHF 3,911.9 million) and growth of 8.1%. This consists of organic growth of 7.0%, a positive acquisition effect of 2.1% and a negative foreign currency effect of 1.0%. The broad-based organic growth exceeded our own expectations for the year as a whole (5% to 6%). In a year characterised by strong inflationary developments and markedly rising input costs along the entire value chain, sales growth was also heavily price-driven. The international business continued to exhibit strong momentum, with organic growth of 13.1% in the business division Americas and 6.7% in the business division Europe. With organic growth of 2.9%, the performance of the business division Switzerland was also positive.

Encouragingly, in addition to the key markets of Switzerland and the USA, the growth markets of Brazil and Chile also made a significant contribution to organic growth. The Swiss home market grew in particular in the food service and industrial businesses, after these had declined in the previous years due to the pandemic. Moreover, differentiated brand concepts and price effects fuelled growth in Switzerland. In the USA, the speciality desserts of Emmi Dessert USA, which was acquired in 2020, proved to be important growth drivers. Locally produced speciality cheeses as well as those imported from Switzerland also made an important contribution to organic growth. In Brazil, business in the basic segment with UHT milk and fresh cheese gave a sizeable boost to growth, while in Chile the milk business had a positive impact. In the division Europe, the sustained growth in the strategic niches with innovative Italian speciality desserts and the successful Emmi Caffè Latte brand concept are particularly noteworthy.

Thanks to leading market positions as well as differentiated brands and innovations, the strategic niches experienced strong growth. The continued strong sales performance of Emmi Caffè Latte in Switzerland and in all European markets is especially pleasing. Sales in the speciality cheese segment recorded another increase despite the higher at-home consumption due to the pandemic in the previous year. However, exchange rates and price effects negatively impacted the demand for Swiss speciality cheeses in Europe. Sales of chilled premium desserts produced in Italy and the USA were impressive, generating high growth in all sales markets. In the segment of plant-based milk alternatives, both sales in the USA and growth of the innovative vegan brand Beleaf in Switzerland made good progress.

The positive acquisition effect was due to the acquisition of the leading feta business of Athenos in the strategic area of speciality cheeses in the USA, Emmi's most important international market (1 December 2021).

Internal shifts in the distribution channels of certain customers also resulted in acquisition or divestment effects in the divisions Global Trade and Europe. However, these shifts between individual divisions did not have any impact on the Group.

Since 1 January 2022, the companies in France have been part of the division Europe (previously division Americas). For better comparability, the prior-year figures in the following sales tables of the two divisions have been adjusted accordingly.

Developments in the divisions Switzerland, Americas, Europe and Global Trade are explained below.

Sales development Switzerland

Net sales by product group: Switzerland

in CHF million	Sales 2022	Sales 2021	Difference 2022/2021	Acquisition effect	Organic growth
Dairy products	661.1	668.6	-1.1%	–	-1.1%
Cheese	411.4	416.2	-1.2%	–	-1.2%
Fresh products	362.3	339.2	6.8%	–	6.8%
Fresh cheese	106.0	101.4	4.6%	–	4.6%
Powder/concentrates	86.4	60.8	42.0%	–	42.0%
Other products/services	70.9	63.6	11.5%	–	11.5%
Total Switzerland	1,698.1	1,649.8	2.9%	–	2.9%

The division **Switzerland** generated sales of CHF 1,698.1 million in 2022 (previous year: CHF 1,649.8 million), which corresponds to growth of 2.9%. Growth accelerated in the second half of the year and clearly exceeding our own expectations for the full year (0.5% to 1.5%). Necessary price increases were mainly responsible for this growth, partly as a consequence of the increase in milk prices benefitting milk producers. The recovery of the food service and industrial businesses after the pandemic-related declines in previous years also reinforced growth. From a brand perspective, the growth of Emmi Caffè Latte remained strong. Other differentiated brand concepts such as Emmi Energy Milk and Luzerner Rahmkäse also performed well. These positive effects were offset by the expected decline in retail volumes, reflecting a normalisation of the previous years which were marked by the pandemic. The division Switzerland accounted for 40.1% of Group sales (previous year: 42.2%).

The **dairy products** segment (milk, cream and butter) recorded an organic decline in sales of 1.1%. This development, driven by lower retail sales of milk, could only be partially compensated by positive price effects and the further recovery of the food service business.

The **cheese** segment experienced an organic decline in sales of 1.2%. This decrease primarily affected retail sales of traditional cheeses, which had recorded exceptional growth in the previous year due to the pandemic. The decline was partially compensated by higher sales prices, which benefit producers in the form of higher milk prices. In this difficult environment, the continued growth of Luzerner Rahmkäse warrants positive mention.

The **fresh products** segment grew by 6.8% in organic terms, proving to be a major growth driver of the division. The branded products Emmi Caffè Latte and Emmi Energy Milk in particular continued to enjoy great popularity and recorded correspondingly strong gains. Ice cream as part of the food service business also saw an increase in sales.

In addition, the **fresh cheese** segment reported pleasing growth of 4.6%, primarily driven by sales of mozzarella in the food service business. This sales growth also compensated for the decline in retail sales of quark.

The strong growth of 42.0% in the **powder/concentrates** segment is based on the higher sales volumes of milk powder to industrial customers following the heavy losses in previous years due to the pandemic.

The **other products/services** segment also experienced strong organic growth of 11.5%. This pleasing result was thanks to the positive momentum in the plant-based products business, where the products of the vegan brand Beleaf, among others, continued to grow.

Sales development Americas

Net sales by product group: Americas

in CHF million	Sales 2022	Sales 2021	Difference 2022/2021	Acquisition effect	Currency effect	Organic growth
Cheese	663.0	531.3	24.8%	15.3%	3.9%	5.6%
Dairy products	414.1	381.8	8.4%	–	-3.5%	11.9%
Fresh products	342.7	288.8	18.6%	–	-0.8%	19.4%
Fresh cheese	96.9	71.7	35.2%	–	9.6%	25.6%
Powder/concentrates	40.2	32.2	25.0%	–	9.6%	15.4%
Other products/services	117.0	88.4	32.3%	0.4%	0.4%	31.5%
Total Americas	1,673.9	1,394.2	20.1%	5.8%	1.2%	13.1%

The division **Americas** includes the Emmi Group companies in the USA, Brazil, Spain, Chile, Tunisia, Mexico and Canada. Since 1 January 2022, the companies in France have been part of the division Europe (previously division Americas). For better comparability, the prior-year figures have been restated accordingly.

Sales in the division Americas increased from CHF 1,394.2 million in the previous year to CHF 1,673.9 million. The overall growth of 20.1% was driven by the high organic growth of 13.1% and the acquisition of the Athenos feta cheese business. Compared to the first half of the year, growth continued to accelerate in the second half of the year and thus exceeded our own expectations (10% to 12%). Growth was broad-based and driven by the US companies as well as the companies in Brazil, Spain and Mexico. The division Americas accounted for 39.6% of Group sales (previous year: 35.6%).

Adjusted for the acquisition effect from the Athenos business acquisition in the USA and the positive currency effects, the **cheese** segment recorded organic growth of 5.6%. A large part of this growth stems from the USA, with an increase in both locally produced and imported speciality cheeses from Switzerland. Sales in Canada and Brazil also performed well, as did the trading business in Mexico. However, the decline in sales in Chile due to distribution difficulties hampered performance in this segment.

The **dairy products** segment recorded organic growth of 11.9%. A key driver of the positive performance was Brazil and the new production facility for UHT milk that was commissioned there. Spain and Chile with cow's milk and Meyenberg in California with goat's milk also made a significant, positive contribution to organic growth. The decline in sales in Tunisia due to a shortage of milk, by contrast, restricted growth in this segment.

Organic growth of 19.4% was achieved in the **fresh products** segment. The majority of this growth was driven by locally produced speciality desserts of Emmi Dessert USA, which was acquired in 2020. The yogurt business in Tunisia, Spain and Brazil also made a positive contribution to performance, while Emmi Caffè Latte in Spain continued its pleasing growth trajectory.

The growth in the segments for **fresh cheese** (organic growth: 25.6%) and **powder/concentrates** (organic growth: 15.4%) is attributable to increased sales in Brazil. In the **other products/services** segment, the organic growth of 31.5% is due to the positive development of Mexideli's trading business and increased sales of plant-based products in the USA.

Sales development Europe

Net sales by product group: Europe

in CHF million	Sales 2022	Sales 2021	Difference 2022/2021	Acquisition effect	Currency effect	Organic growth
Fresh products	371.8	369.5	0.6%	–	-7.5%	8.1%
Cheese	138.5	170.5	-18.8%	-6.8%	-6.1%	-5.9%
Dairy products	96.8	94.8	2.2%	–	-7.8%	10.0%
Fresh cheese	43.2	38.4	12.3%	–	-8.6%	20.9%
Powder/concentrates	39.8	37.3	6.8%	–	-8.2%	15.0%
Other products/services	40.3	35.9	12.2%	–	-8.5%	20.7%
Total Europe	730.4	746.4	-2.1%	-1.5%	-7.3%	6.7%

The division **Europe** includes the Emmi Group companies in Italy, Germany, the Netherlands, France, the UK and Austria. Since 1 January 2022, the companies in France have been part of the division Europe (previously division Americas). For better comparability, the prior-year figures have been restated accordingly.

The division Europe generated sales of CHF 730.4 million, a decrease of 2.1% compared to the previous year (CHF 746.4 million). Adjusted for acquisition and currency effects, organic growth of 6.7% resulted, which is in line with our own forecast for the year as a whole (6% to 8%). Speciality desserts from Italy and Emmi Caffè Latte once again made a significant contribution to organic growth in all European markets. The strongly negative currency effects resulted from the depreciation of the euro and the British pound against the Swiss franc. The equally negative acquisition effects were driven by shifts in the distribution channels of certain customers to the division Global Trade. The division Europe accounted for 17.3% of Group sales (previous year: 19.1%).

The largest segment in terms of sales, **fresh products**, achieved pleasing organic growth of 8.1%. Once again, the growth drivers were innovative Italian speciality desserts and the product range of Emmi Caffè Latte, with significant growth across all European markets.

The **cheese** segment posted an organic decline of 5.9%. This mainly relates to speciality cheeses imported from Switzerland and sold in Germany and the Netherlands, which saw a normalisation in sales compared to the high volumes of the prior-year period influenced by the pandemic, particularly at cheese counters, and reinforced by signs of a slowdown in demand fuelled by prices and exchange rates.

The organic increase in sales of 10.0% in the **dairy products** segment reflects the positive sales performance of organic milk produced at Gläserne Molkerei in Germany.

The **fresh cheese** segment recorded high organic growth of 20.9%, supported by the recovery of fresh goat's cheese sales at Bettinehoeve in the Netherlands. During the pandemic, sales had temporarily fallen due to the high share of sales in the food service sector. Sales of goat's milk powder from the Netherlands also increased, resulting in organic growth of 15.0% in the **powder/concentrates** segment. The organic growth of 20.7% in the **other products/services** segment was driven primarily by non-dairy products.

Sales development Global Trade

Net sales by product group: Global Trade

in CHF million	Sales 2022	Sales 2021	Difference 2022/2021	Acquisition effect	Organic growth
Cheese	68.2	55.2	23.5%	20.9%	2.6%
Fresh products	35.3	34.8	1.6%	–	1.6%
Powder/concentrates	20.8	26.6	-21.9%	–	-21.9%
Dairy products	1.4	2.5	-45.0%	–	-45.0%
Other products/services	1.9	2.3	-15.8%	–	-15.8%
Total Global Trade	127.6	121.4	5.1%	9.5%	-4.4%

The division **Global Trade** primarily comprises direct sales from Switzerland to customers in countries where Emmi has no subsidiaries. These include the Asian and Eastern European markets, most South American countries and the Arabian Peninsula. The division Global Trade accounted for 3.0% of Group sales (previous year: 3.1%).

Sales in the division Global Trade amounted to CHF 127.6 million, compared to CHF 121.4 million in the previous year, growing by 5.1%. Adjusted for acquisition effects, which resulted from internal shifts in the distribution channels of certain customers from the division Europe to the division Global Trade, the result was an organic decline of 4.4%.

The **cheese** segment recorded organic growth of 2.6% despite the discontinuation of deliveries to Russia. The sales lost from Russia were compensated by exports to other European countries. The organic growth of 1.6% in the **fresh products** segment was primarily attributable to growing sales of yogurt in Asia. The decrease of 21.9% in the **powder/concentrates** segment reflects the lower exports of surpluses of skimmed-milk powder which had been necessary in the same period last year due to weaker domestic sales.

Gross profit

Gross profit increased by CHF 53.2 million to CHF 1,483.1 million in the year under review (previous year: CHF 1,429.9 million). While organic growth and the acquisition of Athenos in the USA in December 2021 had a positive impact on gross profit, overall negative foreign currency effects and in particular the lower **gross profit margin** of 35.1% compared to the previous year had a negative impact (previous year: 36.6%). This margin decline is due to a marked inflation-driven increase in input costs, which became even more expensive due to the war in Ukraine and have only been partially offset by sales price increases so far. The negative margin development was additionally mitigated by further strategic progress in the transformation of the company and product portfolio, as well as by the intensified measures to increase productivity and in the area of procurement.

Non-recurring effects in the consolidated financial statements

The current economic disruptions have triggered a series of structural market changes. These have hit the organic dairy product market in Germany particularly hard. This development placed a further strain on the business performance of Gläserne Molkerei, clouding its future prospects over the medium term. This resulted in an impairment of non-current assets of CHF 13.1 million, which is included in “Depreciation on property, plant and equipment” at CHF 13.0 million and “Amortisation on intangible assets” at CHF 0.1 million. Adjusted for this non-recurring effect, EBIT and EBT increased by CHF 13.1 million, while profit including minority interests and net profit increased by CHF 11.8 million.

No significant non-recurring effects were recorded in the previous year.

Operating result

Operating expenses rose by CHF 68.5 million to CHF 1,112.8 million in the year under review (previous year: CHF 1,044.3 million). In relation to sales, however, these decreased from 26.7% in the previous year to 26.3%, thus compensating for part of the loss of margin in gross profit.

Personnel expenses were CHF 556.5 million in the year under review, compared to CHF 534.8 million in the previous year. The increase of CHF 21.7 million resulted primarily from the worldwide rise in wage costs as a consequence of inflationary developments. Nevertheless, personnel expenses increased less sharply compared to sales (from 13.7% in the previous year to 13.2%), which had a correspondingly supportive effect on margins.

Other operating expenses were CHF 556.3 million in the year under review compared with CHF 509.5 million in the previous year, up CHF 46.8 million or 9.2%. In relation to sales, this also represents a slight increase from 13.0% in the previous year to 13.1%. A significant increase, both in absolute terms and in relation to sales, resulted in particular from higher logistics costs as well as the costs of energy and operating materials. Higher prices due to inflation combined with the continued instability of supply chains caused logistics costs to rise by a staggering CHF 31.2 million or 24.0% to CHF 161.5 million. The cost of electricity and fuel also rose significantly, driving up the cost of energy and operating materials to CHF 95.0 million, an increase of CHF 13.5 million or 16.5%. Accumulated marketing and sales-related expenses amounted to CHF 130.1 million, compared to CHF 139.1 million in the previous year, displaying a contrary and thus margin-supporting development. This decline, which stems primarily from the first half of the year, is due to a deliberate focus in terms of marketing activities on established brand concepts such as Emmi Caffè Latte.

Other operating income amounted to CHF 9.0 million in the year under review, down slightly on the previous year figure of CHF 9.2 million.

As a consequence of this development, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the year under review amounted to CHF 379.3 million. Compared to the previous year (CHF 394.7 million), this represents a decrease of CHF 15.4 million. The **EBITDA margin** therefore fell from 10.1% in the previous year to 9.0%.

Depreciation and amortisation increased by CHF 15.7 million in the year under review, from CHF 110.7 million to CHF 126.4 million. Adjusted for the impairment at Gläserne Molkerei of CHF 13.1 million, depreciation and amortisation in the year under review amounted to CHF 113.3 million, which corresponds to an adjusted increase of CHF 2.6 million.

Earnings before interest and taxes (EBIT) came in at CHF 253.0 million in the year under review, down CHF 31.1 million on the previous year. EBIT adjusted for the impairment at Gläserne Molkerei amounted to CHF 266.1 million. Therefore, the adjusted deviation from the previous year was CHF 18.0 million. The resulting **EBIT margin** of 6.0% (or adjusted 6.3%) was accordingly also below the previous year's margin of 7.3%.

Income from associates, financial results and income taxes

Following a profit of CHF 3.7 million in the previous year, **income from associates and joint ventures** recorded a loss of CHF 0.1 million.

The **financial result** (net financial expenses) was CHF 23.3 million, compared to CHF 11.9 million in the previous year. On the one hand, this increase reflects a CHF 5.3 million lower foreign currency result due to higher hedging costs, and on the other, a CHF 7.7 million higher net interest expense. This increased due to the bond issued in the previous year, the refinancing of the euro promissory note in the year under review, as well as the generally increased financing costs for various local financing arrangements.

Income taxes amounted to CHF 38.9 million, compared to CHF 45.2 million in the previous year. Adjusted for the positive tax effect from the impairment at Gläserne Molkerei, tax expenses amounted to CHF 40.3 million in the year under review. The tax rate of 17.0% (or adjusted 16.6%) thus increased slightly compared to the previous year (16.4%).

Net profit

Profit including minority interests was CHF 190.6 million. Compared to CHF 230.7 million in the previous year, this represents a decrease of CHF 40.1 million. The decrease on the basis of adjusted figures in the year under review was CHF 28.3 million.

Minority interests in profit recorded a decline from CHF 13.9 million in the previous year to CHF 8.1 million in the year under review, which is due to the buy-out of minority interests in the year under review as well as lower results from companies with minority interests.

The resulting **net profit** of CHF 182.5 million thus came in CHF 34.2 million lower than the previous year (CHF 216.7 million). Adjusted for the impairment at Gläserne Molkerei, the net profit for the year under review was CHF 194.3 million and the adjusted deviation from the previous year was CHF 22.4 million. The **net profit margin** was 4.3% (or adjusted 4.6%) compared to 5.5% in the previous year.

Assets, financing and cash flow

Total assets as at 31 December 2022 increased by 6.6% or CHF 164.0 million compared to 31 December 2021 to CHF 2,635.4 million (previous year: CHF 2,471.4 million). This increase is primarily attributable to the price-driven higher net working capital as well as investments in property, plant and equipment, which were higher than depreciation.

Operating net working capital (consisting of inventories as well as trade receivables and payables) amounted to CHF 686.9 million. Compared to the previous year (CHF 589.4 million), this increased by a total of CHF 97.5 million or 16.6%, largely driven by price trends and the build-up of safety stocks in inventories to ensure the ability to deliver. In relation to sales, net working capital increased disproportionately to 16.2% compared to 15.1% in the previous year.

Non-current assets rose by CHF 80.5 million or 6.7% from CHF 1,197.5 million in the previous year to CHF 1,278.0 million. Property, plant and equipment of CHF 1,100.2 million account for the majority of non-current assets, and with an increase of CHF 84.8 million are also responsible for the increase in non-current assets. With overall slightly negative foreign currency effects, investments in property, plant and equipment – which were significantly higher than depreciation – were the main reason for the increase.

Liabilities as at 31 December 2022 amounted to CHF 1,351.5 million compared to CHF 1,289.7 million at the end of the previous year. The increase of CHF 61.8 million relates in roughly equal parts to the increase in financial liabilities and trade payables. Current liabilities rose due to the CHF 200.0 million bond maturing in July 2023, but declined due to the longer-term refinancing of bank debt that was still short-term in the previous year. With profit including minority interests exceeding distribution, the **equity ratio** increased from 47.8% as at 31 December 2021 to 48.7%. Lower cash and cash equivalents compared to the previous year, combined with higher financial liabilities, resulted in **net debt** of CHF 473.2 million as at 31 December 2022, compared to CHF 389.4 million in the previous year. The ratio of net debt to EBITDA also rose accordingly from 0.99 in the previous year to 1.25 at the end of the year under review.

Cash inflow from operating activities amounted to CHF 208.3 million in the year under review, a significant reduction of CHF 51.6 million compared to the previous year (CHF 259.9 million). While profit including minority interests was significantly below the previous year, cash flow before changes in net working capital, interest and taxes was CHF 377.2 million, a positive difference of CHF 3.1 million compared to the previous year (CHF 374.1 million). The majority of this positive variance is attributable to the impairment at Gläserne Molkerei as well as other non-cash items, where non-cash currency losses and gains are reflected accordingly. The change in net working capital had an overall negative impact on cash flow from operating activities of CHF 111.2 million in the year under review. Although the change in net working capital also burdened the cash flow from operating activities in the previous year, in 2021 the impact was significantly lower at CHF 60.0 million. The main driver of this deviation is operating net working capital, which has increased sharply due to price-related factors, but also due to the build-up of safety stocks in inventories to ensure the ability to deliver. Interest and taxes paid also dented the cash flow from operating activities by a total of CHF 3.4 million more than in the previous year.

Cash outflow from investing activities amounted to CHF 228.2 million in the year under review, compared to CHF 428.7 million in the previous year. This decrease is attributable to the significantly lower cash outflow from acquisition activities. In the year under review, this amounted to CHF 23.5 million compared to CHF 276.8 million in the previous year, which was marked by the acquisition of the Athenos business in the USA. By contrast, net investments in property, plant and equipment were up sharply to net CHF 198.3 million versus CHF 147.0 million in the previous year.

Not including cash flow from acquisition activities, the level of **free cashflow** generated in the year under review amounted to CHF 3.7 million. Compared to the previous year (CHF 108.1 million), this corresponds to a significant decrease of CHF 104.4 million, which is due in roughly equal parts to the lower cash flow from operating activities and the simultaneously higher investments in non-current assets.

There was a **cash outflow from financing activities** in the year under review totalling CHF 23.1 million, while the previous year saw a cash inflow from financing activities totalling CHF 121.3 million due to the issuance of a bond in the amount of CHF 200.0 million. In the year under review, cash inflows resulted from the refinancing of euro promissory notes and the capital increase at companies with minority interests. Cash outflow, on the other hand, increased due to the higher dividend paid to Emmi AG shareholders.

As a consequence of the cash flows described above, **cash and cash equivalents** contracted by CHF 45.1 million in financial year 2022 from CHF 247.3 million in the previous year to CHF 202.2 million as at 31 December 2022.

Outlook 2023

The challenging economic conditions are expected to continue in 2023. Although the rise in inflation rates seems to have peaked, this is probably not yet the case when it comes to cost prices, and a return to earlier, significantly lower inflation levels is still nowhere on the horizon. In addition, there are signs of a significant economic slowdown and recessionary risks in many of Emmi's relevant markets and regions, which will dampen consumer sentiment and put increased pressure on sales volumes.

Emmi therefore expects input costs to continue to rise in 2023. This applies equally to energy costs, even if the uptick has eased slightly in recent months. Due to ongoing high inflation rates, the pressure on personnel costs will also remain high, exacerbated by the acute shortage of skilled workers and labour in various countries. In addition, further interest rate hikes by major central banks to fight inflation are likely to increase financing costs.

As in the previous year, continued rising costs will make it impossible to avoid responsible sales price increases in 2023. Their impact is likely to be partly responsible for organic sales growth above the medium-term forecast. The sales price adjustments which were already executed in 2022 and intensified in the second half of the year will also have an impact, as will the ongoing recovery of the food service business, particularly in Switzerland. This stands in contrast to the increasing pressure on volumes, which is why we expect a normalisation overall and lower organic growth compared to the high levels of 2022.

Persistently high and increasing input costs and personnel expenses will put unrelenting pressure on operating margins in 2023. At Emmi, we will therefore continue to exercise our usual discipline and prudence, and counter the pressure on margins with further efficiency and cost-saving initiatives as well as targeted portfolio transformation along the strategic priorities.

Markets

In the **business division Switzerland**, conditions for Emmi remain challenging. Import pressure will persist, while an increase in shopping tourism in foreign countries close to the border is also to be expected due to the strong Swiss franc. High Swiss milk prices and the limited supply of milk will have an additional negative impact. In addition, new production capacities for milk processing have been built in Switzerland in recent years, which need to be fully utilised and create further price pressure. Emmi will counter these negative developments with its strong brand concepts, trend-led innovations, a strong focus on customers and consumers, as well as robust production output.

Innovative Italian speciality desserts and the product range of Emmi Caffè Latte are key success factors in the **business division Europe**, which will continue to generate organic growth in the current year. Alongside brand and trend concepts, it is extremely important for Emmi to further expand its strong position in interesting niches such as Italian premium desserts. Sales should also be boosted by the powder business in the Netherlands, where Emmi significantly increased production capacities through targeted investments in 2022.

The **business division Americas** should continue to see ongoing rising demand in the USA as well as in the growth markets of Brazil, Mexico and Chile in 2023. As long as the milk supply in Tunisia normalises, growth impulses can also be expected from this market. While continued inflation will support organic growth, expected purchasing power devaluations coupled with continued high volatility in these markets are likely to pose growth risks for Emmi.

Sales and profit growth

Emmi expects organic sales growth of 3% to 4% at Group level in 2023, which remains above the medium-term forecast of 2% to 3%. In Switzerland, organic growth is likely to be 1% to 2%. Internationally, Emmi also expects price-supported sales growth above its own mid-term expectations. We therefore forecast growth of 6% to 8% for the business division Americas and 3% to 5% for the business division Europe. However, the ongoing challenging economic environment and potential recessionary trends are likely to create significant uncertainties in terms of volume developments and continued high volatility, especially in the international divisions.

In order to protect the earnings base in the face of the expected continuing negative input cost trend, Emmi will rigorously pursue initiatives to increase profitability and implement responsible sales price increases. Despite ongoing high cost pressure, Emmi expects an operating result at EBIT level of between CHF 275 million and 295 million and a net profit margin of between 4.5% and 5.0% for the financial year 2023. Emmi also confirms its medium-term targets for organic sales growth (Group 2% to 3%, Switzerland 0% to 1%, Americas 4% to 6%, Europe 1% to 3%), net profit margin (5.5% to 6.0%), ROIC (improving trend) and distribution rate (35% to 45%).

Consolidated income statement

in CHF 000s

	Notes	2022 ¹⁾	%	2021	%
Sales of products		4,198,712		3,883,201	
Sales of services		31,297		28,660	
Net sales	1	4,230,009	100.0	3,911,861	100.0
Change in inventories of semi-finished and finished products		5,324	-0.1	-15,496	0.4
Cost of materials and services		-2,752,198	65.0	-2,466,478	63.0
Gross profit		1,483,135	35.1	1,429,887	36.6
Other operating income	2	9,022	0.2	9,178	0.2
Personnel expenses		-556,487	13.2	-534,821	13.7
Other operating expenses	3	-556,326	13.1	-509,495	13.0
Operating expenses		-1,112,813	26.3	-1,044,316	26.7
Earnings before interest²⁾, taxes, depreciation and amortisation (EBITDA)		379,344	9.0	394,749	10.1
Depreciation of property, plant and equipment	4	-113,414	2.7	-101,121	2.6
Amortisation of intangible assets	4	-12,969	0.3	-9,538	0.2
Earnings before interest²⁾ and taxes (EBIT)		252,961	6.0	284,090	7.3
Income from associates and joint ventures		-148		3,718	
Financial result	5	-23,268		-11,920	
Earnings before taxes (EBT)		229,545	5.4	275,888	7.1
Income taxes	6	-38,941		-45,202	
Profit incl. minority interests		190,604	4.5	230,686	5.9
Minority interests		-8,058		-13,948	
Net profit		182,546	4.3	216,738	5.5
Earnings per share (diluted/basic in CHF)	7	34.12		40.51	

¹⁾ Please refer to page 1 for earnings adjusted for the impairment of non-current assets at Gläserne Molkerei.

²⁾ Incl. income from associates and joint ventures and other financial positions that are reported in the financial result.

Consolidated balance sheet

in CHF 000s

Assets	Notes	31.12.2022	%	31.12.2021	%
Cash and cash equivalents		202,195		247,281	
Securities		1,920		9,287	
Trade receivables	8	533,584		475,084	
Other receivables	9	58,611		61,135	
Inventories	10	508,240		434,844	
Prepayments and accrued income	11	52,872		46,212	
Current assets		1,357,422	51.5	1,273,843	51.5
Investments in associates and joint ventures	30	18,251		18,144	
Loans and other receivables	12	16,589		12,475	
Securities		7,775		7,879	
Employer contribution reserves	20	1,668		2,048	
Deferred tax assets	6	4,881		2,714	
Total financial assets		49,164		43,260	
Prepayments and accrued income	11	5,009		5,305	
Property, plant and equipment	13	1,100,243		1,015,418	
Intangible assets	14	123,601		133,561	
Non-current assets		1,278,017	48.5	1,197,544	48.5
Total assets		2,635,439	100.0	2,471,387	100.0
Liabilities and shareholders' equity					
Bank overdrafts	18	45,424		104,623	
Finance lease liabilities	18	677		550	
Loans	18	26		1,217	
Bonds	18	200,000		–	
Trade payables	15	354,931		320,578	
Other payables	16	30,720		22,807	
Accrued liabilities and deferred income	17	183,407		199,314	
Provisions	19	5,957		10,042	
Current liabilities		821,142	31.2	659,131	26.7
Bank overdrafts	18	145,806		51,258	
Finance lease liabilities	18	434		387	
Loans	18	2,028		888	
Bonds	18	299,520		499,520	
Accrued liabilities and deferred income	17	5,363		8,530	
Provisions	19	77,240		69,997	
Non-current liabilities		530,391	20.1	630,580	25.5
Liabilities		1,351,533	51.3	1,289,711	52.2
Share capital		53,498		53,498	
Capital reserves		2,088		2,088	
Retained earnings		1,113,790		1,025,424	
Shareholders' equity excl. minority interests		1,169,376	44.4	1,081,010	43.7
Minority interests		114,530	4.3	100,666	4.1
Shareholders' equity incl. minority interests		1,283,906	48.7	1,181,676	47.8
Total liabilities and shareholders' equity		2,635,439	100.0	2,471,387	100.0

Consolidated cash flow statement

in CHF 000s

	2022	2021
Profit incl. minority interests	190,604	230,686
Net interest expense	14,072	6,399
Income taxes	38,941	45,202
Result from sale of fixed assets	-878	-2,958
Depreciation and amortisation	111,273	108,756
Impairment charges	15,110	1,903
Change in provisions	974	-7,559
Income from associates and joint ventures	148	-3,718
Other non-cash adjustments	6,914	-4,600
Cash flow before changes in net working capital, interest and taxes	377,158	374,111
Change in inventories	-76,150	-50,737
Change in trade receivables	-66,143	-19,281
Change in other receivables, prepayments and accrued income	-3,741	-12,828
Change in trade payables	39,194	14,855
Change in other payables, accrued liabilities and deferred income	-4,394	7,955
Interest paid	-15,705	-6,989
Taxes paid	-41,871	-47,180
Cash flow from operating activities	208,348	259,906
Investments in property, plant and equipment	-200,264	-151,196
Proceeds from disposal of property, plant and equipment	1,992	4,166
Investments in intangible assets	-4,307	-6,218
Acquisition of consolidated investments/businesses	-5,983	-261,823
Acquisition of minority interests	-17,558	-15,009
Change in loans receivable	-4,985	67
Dividend received	782	700
Interest received	2,155	654
Cash flow from investing activities	-228,168	-428,659
Change in other current financial liabilities	-65,838	-1,064
Change in other non-current financial liabilities	108,942	-2,833
Proceeds from bond-issuance	-	200,416
Share of minority shareholders in capital increases of Group companies	10,847	-
Dividend payments to shareholders	-74,897	-69,548
Dividend payments to minority shareholders	-2,148	-5,681
Cash flow from financing activities	-23,094	121,290
Currency translation	-2,172	73
Net change in cash and cash equivalents	-45,086	-47,390
Cash and cash equivalents at beginning of period	247,281	294,671
Cash and cash equivalents at end of period	202,195	247,281

Consolidated statement of changes in equity

in CHF 000s

	Share capital	Capital reserves (premium)	Retained earnings	Accumulated translation differences	Total profit reserves	Total excl. minority interests	Minority interests	Total incl. minority interests
Shareholders' equity at 1 January 2021	53,498	2,088	1,179,718	-108,267	1,071,451	1,127,037	106,029	1,233,066
Offset goodwill	–	–	-182,382	–	-182,382	-182,382	–	-182,382
Acquisition of minority interests	–	–	–	–	–	–	-6,600	-6,600
Profit incl. minority interests	–	–	216,738	–	216,738	216,738	13,948	230,686
Currency translation differences	–	–	–	-10,835	-10,835	-10,835	-7,030	-17,865
Dividend	–	–	-69,548	–	-69,548	-69,548	-5,681	-75,229
Shareholders' equity at 31 December 2021	53,498	2,088	1,144,526	-119,102	1,025,424	1,081,010	100,666	1,181,676
Capital increases of Group companies	–	–	–	–	–	–	10,847	10,847
Offset goodwill	–	–	-12,982	–	-12,982	-12,982	–	-12,982
Acquisition of minority interests	–	–	–	–	–	–	-3,718	-3,718
Profit incl. minority interests	–	–	182,546	–	182,546	182,546	8,058	190,604
Currency translation differences	–	–	–	-6,301	-6,301	-6,301	825	-5,476
Dividend	–	–	-74,897	–	-74,897	-74,897	-2,148	-77,045
Shareholders' equity at 31 December 2022	53,498	2,088	1,239,193	-125,403	1,113,790	1,169,376	114,530	1,283,906

As at 31 December 2022, 5,349,810 registered shares with a par value of CHF 10 were issued (unchanged from previous year). With regard to the rights associated with the shares, we refer to note 2 in the Corporate Governance report.

The accumulated non-distributable reserves amounted to CHF 37.9 million (previous year: CHF 32.6 million).

Notes to the consolidated financial statements

Principles of consolidation

General information

The Board of Directors of Emmi AG approved the Group financial statements on 28 February 2023. They are subject to the approval of the Annual General Meeting.

Accounting principles

The consolidated financial statements are based on the annual accounts of the Group companies for the year ending 31 December 2022, prepared on a uniform basis. The Group prepares its accounts in compliance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations) and the provisions of Swiss law.

Valuation is based on historical cost (acquisition cost or production cost) or actual value. The section “Principles of valuation” contains the valuation principles of specific balance sheet items. The income statement is presented using the classification of expenses based on their nature. The consolidated financial statements are based on economic values and present a true and fair view of the company’s assets, financial position and results of operations. They are prepared under the assumption of a going concern.

The consolidated financial statements are presented in Swiss francs (CHF). Except where stated otherwise, all amounts in the Financial report are presented in thousands of Swiss francs.

Scope of consolidation

The consolidated financial statements include the annual accounts of Emmi AG as well as the Group companies in which Emmi AG directly or indirectly holds more than 50% of the voting rights or where Emmi has a controlling influence over the financial and business policy of a company by contractual agreement. Investments in joint ventures and investments in associates where Emmi has significant influence (this is usually assumed when the Group owns 20% to 50% of the voting rights in the company) are accounted for using the equity method. Accounts based on or reconciliations to Swiss GAAP FER are used to calculate Emmi’s proportionate share in shareholders’ equity. Minority holdings in companies where Emmi does not have a significant influence are carried in the balance sheet at acquisition cost less any necessary adjustments for impairment. The consolidated companies are listed in the Notes to the consolidated financial statements (note 30).

Changes to the scope of consolidation

The following changes to the scope of consolidation took place in the year under review. For changes of the capital share without impact on the scope of consolidation or on the consolidation method, please refer to note 30.

Consolidated companies		Currency	Capital in thousands	Capital share 31.12.2022	Capital share 31.12.2021
Emmi Equator RTD Coffee LLC, Delaware, US ¹⁾	Founded on 23.3.2022	USD	p.m.	70%	–
Lecherias de Madrid, S.L., Madrid, Spain ²⁾	Founded on 28.11.2022	EUR	3	29%	–

¹⁾ Emmi Equator RTD Coffee LLC was founded on 23 March 2022. See note 30.

²⁾ Lecherias de Madrid, S.L. was founded on 28 November 2022. See note 30.

Associates and joint ventures		Currency	Capital in thousands	Capital share 31.12.2022	Capital share 31.12.2021
Floralp Butter GmbH, Berne, Switzerland ¹⁾	Founded on 21.12.2022	CHF	125	33%	–

¹⁾ Floralp Butter GmbH was founded on 21 December 2022. See note 30.

Consolidation method

Capital is consolidated using the purchase method. Assets and liabilities as well as expenses and income of the fully consolidated companies are included in their entirety. Minority interests in consolidated shareholders' equity and in net profit are shown separately. All intercompany transactions and relations between the consolidated companies are offset against each other and eliminated. Profits on such intercompany transactions are eliminated.

Companies and businesses acquired during the course of the year are consolidated as from the date of acquisition. Net assets acquired are revalued on the acquisition date at fair value. Non-current assets acquired are recognised on a gross basis. As part of the purchase price allocation, intangible assets are only recognised and revalued at fair value if they were already recognised in the balance sheet at the acquisition date.

Goodwill from the acquisition of companies and businesses is equivalent to the difference between the purchase price and the interest in revalued net assets of the acquired company. This is offset against retained earnings at the date of acquisition. The impact of theoretical capitalisation and amortisation of goodwill are disclosed in the Notes to the consolidated financial statements. In a business acquisition achieved in stages (step acquisition), the goodwill of each separate transaction is determined.

Companies and businesses sold during the year are excluded from the consolidated financial statements from the date of sale. Minority interests acquired are likewise measured using the purchase method. As a consequence, the difference between purchase price and proportionate equity is offset as goodwill against retained earnings in accordance with Swiss GAAP FER.

When acquiring investments in associates and joint ventures, no purchase price allocation is performed. As a consequence, the difference between purchase price and proportionate equity is offset as goodwill against retained earnings in accordance with Swiss GAAP FER.

Where interests in fully consolidated companies or companies accounted for using the equity method are sold, goodwill acquired at an earlier date and offset against retained earnings is recognised in the income statement at original cost for the purpose of calculating the gain or loss resulting from the sale.

Translation of foreign currencies

Foreign currency transactions in Group companies

The foreign currency transactions and items contained in the individual financial statements of the consolidated companies are translated as follows: foreign currency transactions are translated into the functional currency at the exchange rate valid on the transaction date (current rate). At year-end, monetary assets and liabilities in foreign currency are measured using the exchange rate valid at the balance sheet date, with any profit or loss from such valuation taken to the income statement. Foreign exchange gains and losses resulting from the measurement of intercompany loans that are part of the net investment in a subsidiary are recognised in equity.

Exchange differences resulting from the revaluation of shares in associates are recognised in equity.

Translation of financial statements to be consolidated

Group financial statements are presented in Swiss francs. Assets and liabilities of Group companies with a functional currency other than the Swiss franc are translated at year-end rates (rates on balance sheet date); equity is translated at historical rates, while the income statement and cash flow statement are translated using average rates for the year. Any resulting exchange differences are recognised in shareholders' equity.

Accumulated exchange differences of foreign companies recognised in equity resulting from the translation of annual statements and loans between Group companies that are part of the net investment in a subsidiary are derecognised upon sale of the company and repatriated in the income statement as part of the gain or loss resulting from the sale.

Currency exchange rates in CHF

	Annual average rates		Year-end rates	
	2022	2021	31.12.2022	31.12.2021
1 BRL	0.19	0.17	0.17	0.16
1 CAD	0.73	0.73	0.68	0.72
100 CLP	0.11	0.12	0.11	0.11
1 EUR	1.00	1.08	0.98	1.04
1 GBP	1.18	1.26	1.11	1.23
1 MXN	0.05	0.05	0.05	0.04
1 TND	0.31	0.33	0.30	0.32
1 USD	0.95	0.91	0.92	0.91

Cash flow statement

Cash and cash equivalents form the basis for the presentation of the cash flow statement. Cash flow from operating activities is presented using the indirect method.

Principles of valuation

Cash and cash equivalents

Cash and cash equivalents include cash, balances in postal giro and bank accounts, and short-term time deposits with a residual term of less than three months. They are valued at their nominal value.

Securities (current)

Listed securities (incl. OTC securities with a market price) are valued at the market values prevailing on the balance sheet date. Unlisted securities are valued at acquisition cost less any necessary adjustments for impairment.

Trade receivables

Trade receivables include short-term receivables with a residual term of up to one year arising from ordinary operating activities. These receivables are valued at their nominal values. Credit default risks are accounted for by specific and general allowances. General allowances are recognised for items that have not yet been considered with a specific allowance. The general allowance is based on the assumption that the default risk increases as the debt becomes increasingly overdue.

Inventories

Goods manufactured by the company itself are valued at production cost. Any lower net market value is taken into account (lower of cost or market principle). Merchandise and other stocks of goods are valued at the lower of average cost or net market price. Discounts are treated as purchase value reductions.

Financial assets

Financial assets include, alongside non-consolidated investments, securities held as long-term investments, long-term loans, employer contribution reserves and deferred tax assets. Securities held as long-term investments and loans are valued at cost less any necessary impairment. Employer contribution reserves are recognised at nominal value. For a description of the valuation principles of investments, refer to the consolidation principles, whereas for the valuation principles of deferred taxes, refer to the separate description within the valuation principles.

Property, plant and equipment

Property, plant and equipment are valued at purchase cost less depreciation and any necessary impairment. Company produced additions to plant and equipment are only recognised if they are clearly identifiable and the costs reliably determinable, and they bring a measurable benefit to the company over the course of several years. Depreciation is calculated on a straight-line basis over the useful life of the fixed asset.

The useful lives of assets have been determined as follows:

Land	no depreciation
Administrative buildings and residential buildings	40 years
Industrial buildings, rock caves	25 to 40 years
Installations and fittings	15 years
Machinery and equipment	10 to 15 years
Business infrastructure	5 to 10 years
Vehicles	4 to 7 years
Company-produced additions to plant and equipment	5 years

Intangible assets

This item includes mainly trademarks and EDP software. Intangible assets are recognised if they are clearly identifiable and the costs reliably determinable, and they bring a measurable benefit to the company over the course of several years. Intangible assets are valued at purchase cost less amortisation and any necessary impairment. Amortisation is calculated on a straight-line basis over the useful life and recognised in the income statement. The useful life of EDP software is 2 to 5 years. Trademarks are amortised over useful lives of 5 to 20 years. The expected useful life of other intangible assets is determined on a case-by-case basis. The useful life is usually 5 years and in justified cases up to 20 years. Goodwill is not capitalised, but offset against retained earnings at the date of acquisition.

Impairment

The value of non-current assets is assessed on the reporting date for indicators of impairment. If there is evidence of any lasting reduction in value, the recoverable amount is calculated (impairment test). If the book value exceeds the recoverable amount, the difference is recognised in the income statement as an impairment charge. Major goodwill items are tested for impairment annually, based on a value-in-use calculation. The value-in-use calculation is based on cash flows for usually the next five years and the extrapolated values thereafter. Since the goodwill is already offset against retained earnings at the date of acquisition, any impairment to goodwill does not lead to a charge to the income statement, but only to disclosure in the Notes.

Government grants

Government grants relating to investments in property, plant and equipment are deducted from the carrying value of the assets once the conditions to receive the grant are fully met. Consequently, as of the date when the conditions are met, government grants are released to the consolidated income statement on a straight-line basis over the expected lives of the related assets. Government grants that are received as a compensation of costs are credited to the income statement in the period when the costs are recognised. Grants received for which the conditions are not fully met are recognised as liabilities.

Liabilities

Group liabilities are recognised at their nominal values.

Leasing

Leasing transactions are divided into finance leases and operating leases. A lease is classified as a finance lease if it essentially transfers all the risks and rewards of an asset incidental to ownership. The assets and liabilities arising out of finance leases are recognised in the balance sheet. Leasing liabilities arising out of operating leases that cannot be cancelled within one year are disclosed in note 24.

Provisions

Provisions are recognised if an event in the past gives rise to a justified, likely obligation which is of uncertain timing and amount, but which can be estimated reliably. Provisions are measured on the basis of the estimated amount of money required to satisfy the obligation.

Employee benefit plan liabilities

Employees and former employees receive various employee benefits and old age pensions which are provided in accordance with the laws of the countries in question.

The Swiss companies of the Emmi Group are affiliated to the “Emmi Vorsorgestiftung” (legally independent pension scheme) or are members of collective occupational pension foundations provided by banks or insurance companies, which do not carry risk themselves. These pension schemes are financed by employer and employee contributions.

The economic impact of existing pension schemes on the Emmi Group is reviewed each year. An economic benefit is recognised if it is permitted and intended to use the surplus to decrease the future pension expenses of the company. An economic obligation is recognised if the conditions for recognising a provision are met. The employer contribution reserves available are recognised as assets. Similar to pension contributions, changes of economic benefits or economic obligations are recognised in the income statement under personnel expenses.

Deferred income taxes

The annual accrual of deferred income taxes is based on a balance-sheet oriented approach and takes all future income tax effects into account. The future tax rate valid on the balance sheet date for the tax subject in question is used for the deferred income tax calculation. Deferred income tax assets and deferred income tax liabilities are offset, provided they relate to the same tax subject and are levied by the same tax authority. Deferred income tax assets on temporary differences and on tax losses carried forward are only recognised if it is probable that they can be realised in future through sufficient taxable profits.

Derivative financial instruments

Emmi uses derivative financial instruments to hedge its currency, interest rate and commodity risks. Recognition of derivative financial instruments depends on the underlyings hedged. Derivatives used to hedge changes in the value of an underlying transaction already recognised in the financial statements are accounted for using the same valuation principle used for the underlying transaction hedged. Instruments for hedging future cash flows are not recognised in the balance sheet but disclosed in the Notes until the future cash flow is realised. Upon the occurrence of the future transaction or the disposal of the derivative instrument, the current value of the derivative financial instrument is recognised in the balance sheet and recorded in the income statement at the same time as the cash flow hedged. Any derivative financial instruments which are open as at the balance sheet date are disclosed in note 22 of the consolidated financial statements.

Net sales and revenue recognition

Net sales represent amounts received and receivable for goods supplied and for services rendered. Revenue from the sale of goods is recognised in the income statement at the moment when the risks and rewards as well as the power of disposal of ownership of the goods have been transferred to the buyer, generally upon shipment. Revenue from services is recognised in the period when the services were rendered. Net sales consist of the amounts invoiced for products and services less deductions and sales tax.

Research and development

Research and development costs are fully charged to the income statement. These costs are included under "Personnel expenses" and "Other operating expenses".

Contingent liabilities

The probability and the potential economic impact of contingent liabilities are assessed at each balance sheet date. Based on that assessment, contingent liabilities are evaluated and disclosed in the Notes.

Notes to the consolidated financial statements

in CHF 000s

1. Segment reporting

Net sales by product groups and divisions	Switzerland		Americas		Europe		Global Trade		Group	
	2022	2021	2022	2021 (restated) ¹⁾	2022	2021 (restated) ¹⁾	2022	2021	2022	2021
Natural cheese	357,572	362,902	626,354	502,066	123,573	153,958	61,576	49,592	1,169,075	1,068,518
Processed cheese	53,838	53,340	36,665	29,199	14,934	16,552	6,586	5,622	112,023	104,713
Cheese	411,410	416,242	663,019	531,265	138,507	170,510	68,162	55,214	1,281,098	1,173,231
as % of net sales	24.2	25.2	39.6	38.1	19.0	22.8	53.4	45.5	30.3	30.0
Milk	227,354	251,478	342,777	316,347	66,601	64,086	1,376	2,489	638,108	634,400
Butter and margarine	257,399	249,224	39,837	39,553	27,223	27,747	–	–	324,459	316,524
Cream	176,372	167,901	31,464	25,923	3,017	2,927	2	18	210,855	196,769
Dairy products	661,125	668,603	414,078	381,823	96,841	94,760	1,378	2,507	1,173,422	1,147,693
as % of net sales	38.9	40.5	24.7	27.4	13.3	12.7	1.1	2.0	27.7	29.3
Fresh products	362,288	339,173	342,686	288,839	371,753	369,523	35,354	34,805	1,112,081	1,032,340
as % of net sales	21.3	20.6	20.5	20.7	50.9	49.5	27.7	28.7	26.3	26.4
Fresh cheese	106,031	101,399	96,904	71,674	43,144	38,414	–	–	246,079	211,487
as % of net sales	6.3	6.1	5.8	5.1	5.9	5.2	–	–	5.8	5.4
Powder/ concentrates	86,360	60,821	40,233	32,180	39,851	37,298	20,753	26,572	187,197	156,871
as % of net sales	5.1	3.7	2.4	2.3	5.4	5.0	16.3	21.9	4.4	4.0
Other products	46,392	41,060	111,745	84,060	39,169	34,600	1,529	1,859	198,835	161,579
Sales of services	24,504	22,515	5,257	4,383	1,130	1,322	406	440	31,297	28,660
Other products and services	70,896	63,575	117,002	88,443	40,299	35,922	1,935	2,299	230,132	190,239
as % of net sales	4.2	3.9	7.0	6.4	5.5	4.8	1.5	1.9	5.5	4.9
Net sales	1,698,110	1,649,813	1,673,922	1,394,224	730,395	746,427	127,582	121,397	4,230,009	3,911,861
as % of Group	40.1	42.2	39.6	35.6	17.3	19.1	3.0	3.1	100.0	100.0

¹⁾ The companies in France have been part of division Europe since 1 January 2022 (previously division Americas). For better comparability, the prior-year figures have been restated accordingly.

Net sales by country group	2022	in %	2021	in %
Switzerland	1,698,110	40.1	1,649,813	42.2
North and South America	1,360,611	32.2	1,068,796	27.3
Europe excl. Switzerland	930,457	22.0	948,157	24.2
Africa	163,549	3.9	177,400	4.6
Asia/Pacific	77,282	1.8	67,695	1.7
Total	4,230,009	100.0	3,911,861	100.0

Emmi does not publish segment results since this would cause significant competitive disadvantages towards customers as well as non-listed and larger listed competitors both in Switzerland and abroad.

The divisions are not defined strictly according to geographical considerations. The division Americas includes the Emmi Group companies in the USA, Brazil, Spain, Chile, Tunisia, Mexico and Canada. The division Europe comprises those in Italy, Germany, the Netherlands, France, the UK and Austria. The division Global Trade primarily comprises direct sales from Switzerland to customers in countries where Emmi has no subsidiaries. These include the Asian and Eastern European markets, most South American countries and the Arabian Peninsula.

2. Other operating income

	2022	2021
Company-produced additions	72	295
Gain on disposal of fixed assets	980	3,469
Miscellaneous operating income	7,970	5,414
Total	9,022	9,178

3. Other operating expenses

	2022	2021
Marketing and sales-related expenses	130,116	139,056
Occupancy expense, maintenance and repair, leasing	87,758	81,362
Insurance, fees and HGV road tax	19,459	18,699
Energy, operating material and supplies	95,045	81,556
Administrative expenses	44,639	42,901
Logistic expenses	161,493	130,260
Other operating expenses	17,816	15,661
Total	556,326	509,495

4. Depreciation and amortisation

	2022	2021
Depreciation of property, plant and equipment	98,477	99,218
Impairment of property, plant and equipment	14,937	1,903
Amortisation of intangible assets	12,796	9,538
Impairment of intangible assets	173	–
Total	126,383	110,659

Of the impairment on property, plant and equipment, CHF 13.0 million are related to Gläserne Molkerei.

5. Financial result

	2022	2021
Interest income	2,155	675
Other financial income	499	275
Total financial income	2,654	950
Interest expense	-16,227	-7,074
Other financial expenses	-1,316	-2,717
Total financial expenses	-17,543	-9,791
Total excl. currency result	-14,889	-8,841
Currency result	-8,379	-3,079
Financial result	-23,268	-11,920

6. Income taxes

	2022	2021
Current income taxes	38,048	41,084
Deferred income taxes	893	4,118
Total	38,941	45,202
Average tax rate	17.0%	16.4%

Net accruals for current income taxes decreased from CHF 21.3 million in 2021 to CHF 19.5 million in 2022. Deferred income taxes are calculated for every company using the effective applicable tax rate. As at 31 December 2022, the resulting weighted average tax rate was 18.8% (previous year: 17.9%). Adjusted for the non-recurring effect related to an impairment of non-current assets at Gläserne Molkerei, the weighted average tax rate was 18.4%. Deferred income taxes include recognised tax claims from tax loss carryforwards amounting to CHF 2.6 million (previous year: CHF 1.1 million).

The effective average tax rate adjusted for the tax effect on the impairment of non-current assets at Gläserne Molkerei amounted to 16.6% in the reporting year.

Details on change of tax claims from tax loss carryforwards	2022	2021
Recognised tax claims from tax loss carryforwards	2,575	1,059
Unrecognised tax claims from tax loss carryforwards	25,913	11,439
Total tax claims from tax loss carryforwards	28,488	12,498
Recognised tax claims from tax loss carryforwards at 1.1.	1,059	3,474
Additions	1,949	151
Utilisation	-363	-2,465
Reassessment	127	100
Other adjustments	-197	-201
Recognised tax claims from tax loss carryforwards at 31.12.	2,575	1,059

The net change of recognised tax claims from tax loss carryforwards decreased the income tax expenses of the reporting year by CHF 1.5 million (previous year: increase of CHF 2.4 million).

7. Earnings per share

	2022	2021
Number of shares at 1.1.	5,349,810	5,349,810
Number of shares at 31.12.	5,349,810	5,349,810
Average number of shares	5,349,810	5,349,810
Net profit in CHF 000s	182,546	216,738
Earnings per share (in CHF)	34.12	40.51

Earnings per share is calculated by dividing the net profit attributable to the shareholders of Emmi AG by the average number of shares outstanding. There are no treasury shares that need to be considered in the calculation of the average number of shares outstanding.

Earnings per share of CHF 34.12 include the impairment of non-current assets at Gläserne Molkerei. Excluding this non-recurring effect, earnings per share amounted to CHF 36.31.

8. Trade receivables

	2022	2021
Third parties	539,313	478,866
Associates	7,603	7,628
Shareholders	619	502
Allowance for doubtful accounts	-13,951	-11,912
Total	533,584	475,084

9. Other receivables

	2022	2021
Value-added tax	17,941	28,380
Income taxes	3,770	2,666
Other – third parties	36,866	30,070
Other – associates	34	19
Total	58,611	61,135

10. Inventories

	2022	2021
Finished products	143,273	133,911
Merchandise	42,214	28,945
Raw materials, semi-finished products and packaging material	332,483	287,282
Other inventories	4,080	4,533
Allowances for inventories	-13,810	-19,827
Total	508,240	434,844

11. Prepayments and accrued income

	2022	2021
Value-added tax	21,712	18,647
Income taxes	7,934	7,851
Social insurance	434	1,292
Other – third parties	27,691	23,510
Other – associates	78	201
Other – shareholders	32	16
Total	57,881	51,517
Thereof current prepayments and accrued income	52,872	46,212
Thereof non-current prepayments and accrued income	5,009	5,305

Other prepayments and accrued income of the year under review and the previous year consist mainly of prepayments, various refunds, as well as accrued income for advertising costs and milk invoices.

12. Loans and other receivables

	2022	2021
Third parties	13,047	9,243
Associates	3,542	3,232
Total	16,589	12,475

The carrying amount of loans and other receivables from third parties includes impaired loans in the amount of CHF 1.5 million (unchanged from previous year).

13. Property, plant and equipment

	Undeveloped land	Properties/ buildings	Machinery/ equipment	Tangible fixed assets under construction	Other tangible assets	Total
2022						
Purchase value at 1.1.2022	11,679	772,742	1,672,315	128,166	81,277	2,666,179
Additions	–	504	8,469	190,856	2,417	202,246
Disposals	-133	-4,505	-73,984	–	-3,304	-81,926
Reclassification	9,417	93,949	73,892	-185,563	8,086	-219
Currency translation differences	-152	-2,395	-7,371	-1,834	-580	-12,332
As at 31 December 2022	20,811	860,295	1,673,321	131,625	87,896	2,773,948
Accumulated depreciation at 1.1.2022	1,056	382,051	1,213,269	–	54,385	1,650,761
Depreciation	–	18,106	72,928	–	7,443	98,477
Impairment charges	–	6,136	8,801	–	–	14,937
Disposals	–	-4,391	-73,209	–	-3,267	-80,867
Reclassification	–	3,490	-4,713	–	1,223	–
Currency translation differences	-2	-2,094	-7,009	–	-498	-9,603
As at 31 December 2022	1,054	403,298	1,210,067	–	59,286	1,673,705
Net book value at 31 December 2022	19,757	456,997	463,254	131,625	28,610	1,100,243
Thereof finance leases	–	–	–	–	1,841	1,841

Of the impairment on property, plant and equipment, CHF 13.0 million are related to Gläserne Molkerei.

	Undeveloped land	Properties/ buildings	Machinery/ equipment	Tangible fixed assets under construction	Other tangible assets	Total
2021						
Purchase value at 1.1.2021	10,854	777,726	1,648,140	95,456	79,918	2,612,094
Additions	–	1,558	15,465	129,222	1,063	147,308
Disposals	–	-4,934	-54,527	–	-3,433	-62,894
Reclassification	950	6,513	79,540	-93,692	4,556	-2,133
Currency translation differences	-125	-8,121	-16,303	-2,820	-827	-28,196
As at 31 December 2021	11,679	772,742	1,672,315	128,166	81,277	2,666,179
Accumulated depreciation at 1.1.2021	1,058	373,171	1,201,496	–	50,706	1,626,431
Depreciation	–	18,079	73,607	–	7,532	99,218
Impairment charges	–	601	1,199	–	103	1,903
Disposals	–	-4,390	-53,509	–	-3,249	-61,148
Reclassification	–	-2,541	380	–	28	-2,133
Currency translation differences	-2	-2,869	-9,904	–	-735	-13,510
As at 31 December 2021	1,056	382,051	1,213,269	–	54,385	1,650,761
Net book value at 31 December 2021	10,623	390,691	459,046	128,166	26,892	1,015,418
Thereof finance leases	–	–	–	–	1,573	1,573

14. Intangible assets

			Other intangible assets	
2022	Trademarks	Software		Total
Purchase value at 1.1.2022	157,782	85,418	12,073	255,273
Additions	–	3,903	12	3,915
Disposals	–	-5,490	–	-5,490
Reclassification	–	219	212	431
Currency translation differences	-3,238	-476	-173	-3,887
As at 31 December 2022	154,544	83,574	12,124	250,242
Accumulated amortisation at 1.1.2022	37,444	74,224	10,044	121,712
Amortisation	8,106	4,452	238	12,796
Impairment charges	–	173	–	173
Disposals	–	-5,488	–	-5,488
Reclassification	–	–	212	212
Currency translation differences	-2,357	-279	-128	-2,764
As at 31 December 2022	43,193	73,082	10,366	126,641
Net book value at 31 December 2022	111,351	10,492	1,758	123,601

			Other intangible assets	
2021	Trademarks	Software		Total
Purchase value at 1.1.2021	75,541	81,431	12,855	169,827
Change in scope of consolidation	85,032	–	–	85,032
Additions	–	5,264	–	5,264
Disposals	–	-789	–	-789
Reclassification	–	102	-779	-677
Currency translation differences	-2,791	-590	-3	-3,384
As at 31 December 2021	157,782	85,418	12,073	255,273
Accumulated amortisation at 1.1.2021	34,570	70,260	10,646	115,476
Amortisation	4,239	5,043	256	9,538
Disposals	–	-789	–	-789
Reclassification	–	102	-779	-677
Currency translation differences	-1,365	-392	-79	-1,836
As at 31 December 2021	37,444	74,224	10,044	121,712
Net book value at 31 December 2021	120,338	11,194	2,029	133,561

All intangible assets were acquired.

Goodwill from acquisitions

The goodwill from the acquisition of companies and businesses or the purchase of interests in associates or joint ventures is offset against retained earnings at the date of acquisition. The theoretical capitalisation of goodwill and its amortisation over the expected useful life of usually 20 years would have the following effects on the consolidated financial statements as at 31 December 2022.

Theoretical movement schedule for goodwill

	Goodwill Group companies	Goodwill associated companies	Total
At cost 1.1.2022	965,649	18,693	984,342
Additions	12,982	–	12,982
Currency translation differences	-4,640	-677	-5,317
At cost 31.12.2022	973,991	18,016	992,007
Theoretical accumulated amortisation 1.1.2022	252,451	15,027	267,478
Amortisation	47,363	644	48,007
Impairment	9,090	–	9,090
Currency translation differences	-6,278	-503	-6,781
Theoretical accumulated amortisation 31.12.2022	302,626	15,168	317,794
Theoretical net book value 31.12.2022	671,365	2,848	674,213

The impairment in the year under review relates to Gläserne Molkerei.

	Goodwill Group companies	Goodwill associated companies	Total
At cost 1.1.2021	791,631	19,255	810,886
Additions	182,382	–	182,382
Currency translation differences	-8,364	-562	-8,926
At cost 31.12.2021	965,649	18,693	984,342
Theoretical accumulated amortisation 1.1.2021	217,228	14,741	231,969
Amortisation	38,202	693	38,895
Currency translation differences	-2,979	-407	-3,386
Theoretical accumulated amortisation 31.12.2021	252,451	15,027	267,478
Theoretical net book value 31.12.2021	713,198	3,666	716,864

Theoretical impact on shareholders' equity incl. minority interests

	31.12.2022	31.12.2021
Shareholders' equity as per balance sheet	1,283,906	1,181,676
Theoretical capitalisation of net book value of goodwill	672,749	722,404
Currency translation differences	1,464	-5,540
Theoretical shareholders' equity incl. net book value of goodwill	1,958,119	1,898,540
Theoretical shareholders' equity ratio	59.2%	59.5%

Theoretical impact on earnings before interest and taxes (EBIT)

	2022	2021
Earnings before interest and taxes (EBIT) as per income statement	252,961	284,090
Theoretical amortisation of goodwill	-47,363	-38,202
Theoretical impairment of goodwill	-9,090	-
Theoretical earnings before interest and taxes (EBIT) after goodwill amortisation and impairment	196,508	245,888

Theoretical impact on net profit

	2022	2021
Net profit as per income statement	182,546	216,738
Theoretical amortisation of goodwill	-48,007	-38,895
Theoretical impairment of goodwill	-9,090	-
Theoretical net profit after goodwill amortisation and impairment	125,449	177,843

15. Trade payables

	2022	2021
Third parties	325,699	298,506
Associates	6,795	4,036
Shareholders	22,437	18,036
Total	354,931	320,578

16. Other payables

	2022	2021
Value-added tax	2,573	2,113
Social insurance	7,493	7,438
Other – third parties	17,417	11,808
Other – related parties	3,237	1,448
Total	30,720	22,807

17. Accrued liabilities and deferred income

	2022	2021
Contractual discounts	47,465	49,325
Vacation, overtime, bonuses	37,322	39,690
Income taxes	27,405	29,200
Interest	3,484	2,820
Social insurance	2,191	1,932
Other – third parties	70,043	83,936
Other – associates	860	941
Total	188,770	207,844
Thereof current accrued liabilities and deferred income	183,407	199,314
Thereof non-current accrued liabilities and deferred income	5,363	8,530

Other accrued liabilities and deferred income of the year under review and the previous year comprise in particular contributions to brand organisations, expected earn-out payments for acquisitions, energy costs, advertising costs, HGV road tax and various services.

18. Financial liabilities

18.1 Bonds

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	21492608 / ISIN CH021492608
Interest rate	1.625%
Term	12 July 2013 to 12 July 2023
Maturity	12 July 2023 at par value

The CHF 2.1 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 12 July 2013. This accrual will be released over the term of the bond. The actual interest rate on the bond is thereby increased from 1.625% to 1.72% per year.

Bond type	Bond with reopening option
Nominal amount	CHF 100 million
Securities number	36869775 / ISIN CH0368697758
Interest rate	0.5%
Term	21 June 2017 to 21 June 2029
Maturity	21 June 2029 at par value

The CHF 0.4 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 21 June 2017. This accrual will be released over the term of the bond. The issue price at 100.4% led to premium income of CHF 0.4 million. The actual interest rate on the bond is thereby increased from 0.50% to 0.51% per year.

In 2020, securities with a nominal value of CHF 0.5 million were repurchased from the stock exchange for investment purposes.

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	114638248 / ISIN CH1146382481
Interest rate	0.375%
Term	1 December 2021 to 1 December 2031
Maturity	1 December 2031 at par value

The CHF 0.7 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 1 December 2021. This accrual will be released over the term of the bond. The issue price at 100.54% led to premium income of CHF 1.1 million. The actual interest rate on the bond was thereby reduced from 0.375% to 0.37% per year.

The proceeds from the bond were used to fund the acquisition of the Athenos business in the USA. Emmi has entered into a cross currency swap to hedge currency and interest rate risks over the long term. Taking this hedge into account, the net interest rate on the USD nominal value of USD 215.6 million is 2.30% instead of 0.375% on the CHF nominal value of CHF 200.0 million.

18.2 Maturing structure of financial liabilities

2022	Residual terms up to 1 year	Residual terms 1 to 5 years	Residual terms over 5 years	Total	Thereof secured by real estate liens	Interest rate in %
Bank overdrafts	45,424	96,472	49,334	191,230	20,070	0.1 – 21.2
Finance lease liabilities	677	434	–	1,111	–	9.8 – 13.8
Loans from third parties	26	2,019	9	2,054	–	0.0 – 8.0
Bonds	200,000	–	299,520	499,520	–	0.5 – 2.3
Total	246,127	98,925	348,863	693,915	20,070	–

All bonds and the vast majority of bank loans are set at fixed interest rates. For the bond issued in December 2021, the interest rate was applied after including cash flows from the cross currency swap. There are no financing arrangements in place linked to financial covenants.

In the year under review, financial liabilities increased by CHF 35.5 million, mainly due to an increase of EUR 30.0 million in promissory notes. On 21 July 2022, promissory notes from 2017 in the amount of EUR 70.0 million became due for repayment. On the same date, new promissory notes totalling EUR 100.0 million were paid. Of this amount, EUR 50.0 million are subject to a term of five years, EUR 40.0 million of seven years and the remaining EUR 10.0 million of ten years. Around three quarters of the new promissory notes bear interest at fixed rates over the entire term and one quarter at variable rates with adjustments every six months. A margin surcharge of 0.60% to 0.90% is added to the mid-swap or Euribor base interest rate, depending on the term. In addition, local financing was raised in Chilean pesos and Tunisian dinars. At the end of the year under review, the share of financing in Swiss francs was 72.3% (previous year: 76.2%), mainly relating to the three bond issues. 20.1% (previous year: 17.8%) of the financial liabilities are denominated in euros. CHF 52.8 million or 7.6% (previous year: 6.0%) of the financing is denominated locally in emerging market currencies such as the Tunisian dinar, Chilean and Mexican peso and Brazilian real.

2021	Residual terms up to 1 year	Residual terms 1 to 5 years	Residual terms over 5 years	Total	Thereof secured by real estate liens	Interest rate in %
Bank overdrafts	104,623	50,753	505	155,881	15,156	0.5 – 10.6
Finance lease liabilities	550	387	–	937	–	4.0 – 12.5
Loans from third parties	1,217	874	14	2,105	–	0.0 – 8.0
Bonds	–	200,000	299,520	499,520	–	0.5 – 2.3
Total	106,390	252,014	300,039	658,443	15,156	–

19. Provisions

	Ongoing restructuring	Other provisions	Deferred income taxes	Total provisions
As at 1 January 2022	5,450	20,141	54,448	80,039
Additions	4,050	8,569	2,449	15,068
Utilisation	-4,500	-3,729	–	-8,229
Release	–	-2,289	–	-2,289
Currency translation differences	–	-503	-889	-1,392
As at 31 December 2022	5,000	22,189	56,008	83,197
Thereof current provisions	2,500	3,457	–	5,957
Thereof non-current provisions	2,500	18,732	56,008	77,240

The restructuring provisions relate to anticipated costs in connection with the decision to reorganise business activities.

Other provisions include among other things liabilities for staff expenses in foreign countries as required by law (year under review: CHF 6.2 million, unchanged from previous year) and provisions for pending legal matters and business disputes (year under review: CHF 1.6 million, previous year: CHF 1.7 million). In all cases, the likelihood of such events occurring has been assessed at above 50%.

	Ongoing restructuring	Other provisions	Deferred income taxes	Total provisions
As at 1 January 2021	2,000	31,471	53,562	87,033
Additions	4,000	4,768	1,318	10,086
Utilisation	-500	-7,659	–	-8,159
Release	-50	-8,013	-396	-8,459
Currency translation differences	–	-426	-36	-462
As at 31 December 2021	5,450	20,141	54,448	80,039
Thereof current provisions	3,950	6,092	–	10,042
Thereof non-current provisions	1,500	14,049	54,448	69,997

20. Employee benefit schemes

Employer contribution reserve (ECR)	Nominal value ECR 31.12.2022	Waiver of usage 31.12.2022	Other value adjustments 31.12.2022	Balance sheet 31.12.2022	Balance sheet 31.12.2021	Result from ECR in personnel expenses	
						2022	2021
Pension schemes without excess/insufficient cover (domestic)	2,048	–	-380	1,668	–	380	–
Pension schemes with excess cover (domestic)	–	–	–	–	2,048	–	–
Total	2,048	–	-380	1,668	2,048	380	–

Economic benefit/ economic obligation and pension expenses	Excess/ insufficient cover as per Swiss GAAP FER 26 31.12.2022		Economic benefit/obligation for the company 31.12.2021	Change vs. previous year or taken to the income statement in the FY	Contributions limited to the period ¹⁾	Pension expenses in personnel expenses	
		31.12.2022	31.12.2021			2022	2021
Welfare funds	29,000	–	–	–	–	–	–
Pension schemes without excess/insufficient cover (domestic)	–	–	–	–	21,385	21,765	–
Pension schemes without excess/insufficient cover (abroad)	–	–	–	–	3,096	3,096	3,546
Pension schemes with excess cover (domestic)	–	–	–	–	–	–	21,005
Total	29,000	–	–	–	24,481	24,861	24,551

¹⁾ Including result from employer contribution reserves or comparable items in connection with pension schemes abroad.

Breakdown of pension expenses 2022	Domestic	Abroad	Total
Contributions to pension plans at cost to the companies	21,385	3,096	24,481
Contributions to pension plans from employer contribution reserves	–	–	–
Total contributions	21,385	3,096	24,481
Change in ECR due to asset performance, value adjustments, etc.	380	–	380
Contributions and change to employer contribution reserves	21,765	3,096	24,861
Increase in economic benefit to the company due to excess cover	–	–	–
Reduction in economic obligations of the company due to insufficient cover	–	–	–
Total change in economic impact arising from excess/insufficient cover	–	–	–
Pension expenses in personnel expenses for the period	21,765	3,096	24,861

Breakdown of pension expenses 2021	Domestic	Abroad	Total
Contributions to pension plans at cost to the companies	21,005	3,546	24,551
Contributions to pension plans from employer contribution reserves	–	–	–
Total contributions	21,005	3,546	24,551
Change in ECR due to asset performance, value adjustments, etc.	–	–	–
Contributions and change to employer contribution reserves	21,005	3,546	24,551
Increase in economic benefit to the company due to excess cover	–	–	–
Reduction in economic obligations of the company due to insufficient cover	–	–	–
Total change in economic impact arising from excess/insufficient cover	–	–	–
Pension expenses in personnel expenses for the period	21,005	3,546	24,551

21. Acquisitions

No companies were taken over in the year under review. The Athenos business acquired in the previous year reported the following main balance sheet items at the date of acquisition:

		Athenos Business
	2022	2021
Cash and securities	-	-
Trade receivables	-	-
Inventories	-	-
Other current assets	-	-
Non-current assets	-	85,032
Trade payables	-	-
Other current liabilities	-	-
Non-current liabilities	-	-
Net assets	-	85,032

As at 1 December 2021, Emmi acquired the Athenos business in the USA, which is operated within Emmi Roth USA, Inc. This acquisition makes Emmi number one in the US feta cheese business.

22. Unsettled derivative financial instruments

	Positive value	Negative value	Purpose	Positive value	Negative value	Purpose
	31.12.2022			31.12.2021		
Forward currency transactions	3,234	1,886	Hedging	9,900	620	Hedging
Interest rate swaps	–	1,039	Hedging	–	5,254	Hedging
Other forward transactions	–	–	–	49	–	Hedging
Total forward transactions	3,234	2,925	–	9,949	5,874	–
Thereof to hedge future cash flows	1,162	1,172	–	858	5,335	–
Total recognised in the balance sheet	2,072	1,753	–	9,091	539	–

Similar to the underlying transactions, currency forwards, interest rate swaps and other forward transactions used to hedge future cash flows are not recognised in the balance sheet. The result of these derivative instruments is recognised in the income statement upon occurrence of the transaction hedged. Derivative financial instruments used to hedge balance sheet positions in foreign currencies are recognised as securities in the current assets or other payables in the current liabilities, respectively. Corresponding changes in value are recognised in the financial result.

In connection with the CHF 200 million bond issued in December 2021 to fund the USD acquisition of the Athenos business in the USA, Emmi entered into a cross-currency swap. This hedges currency and interest rate risks in USD over the entire term of the bond. While the fair value of the currency portion serves as a hedge of balance sheet items and is therefore accounted for in the same way as the hedged item, the fair value of the interest portion is a hedge of future cash flows. Accordingly, the fair value of the interest portion is not recognised.

Emmi also has options to acquire additional shares in a number of Group companies with minority interests. At the same time, put options have been granted in general to the counterparties. These options are not recognised in the balance sheet as they represent derivatives on equity instruments of the own organisation, which are explicitly excluded from the scope of Swiss GAAP FER 27. The strike price of these options is generally based on the corresponding enterprise value at the exercise date and cannot currently be reliably measured. The exercise date varies depending on the agreement. The maturities range from short-term to unlimited options.

23. Contingent assets and liabilities

Emmi is involved in legal disputes in connection with ordinary operating activities. Although the outcome of the lawsuits currently cannot be predicted with certainty, Emmi assumes that none of the disputes will have any significant negative impact on operating activities or on the Group's financial situation. Expected outgoing payments are provided for accordingly. As at the date of the financial statements, the Group had no major contingent assets.

24. Pledged assets and off-balance sheet leasing/rental obligations

Pledged assets	31.12.2022	31.12.2021
Pledges on property, nominal values	250,478	240,029
Pledges on other assets	698	1,202
Thereof used as security for own liabilities	20,431	15,925
Off-balance sheet leasing/rental obligations		
up to 2 years	23,072	22,627
3 to 5 years	19,094	19,611
over 5 years	17,336	25,732
Total	59,502	67,970

25. Investment obligations and other off-balance sheet liabilities

	31.12.2022	31.12.2021
Investment obligations in connection with previously concluded agreements	17,307	36,118
Long-term commodity contracts	2,686	2,950
Cooperation agreements with suppliers/customers	p.m.	p.m.

Furthermore, there are milk purchase agreements which are not quantifiable.

The long-term commodity contracts are purchase agreements for coffee which will be settled at the market price valid in the period of delivery.

26. Transactions with related parties

Business transactions with related parties are based on arm's length conditions. All transactions are reported in the consolidated financial statements for 2022 and 2021, and consist of deliveries of products and raw materials, loans, and services to and from related parties. The corresponding receivable and payable balances are reported separately in these financial statements (see notes 8, 9, 11, 12, 15, 16 and 17).

Transactions with associates	2022	2021
Net sales	28,130	31,675
Cost of materials and services	57,348	48,525
Other expenses	2,384	2,632
Financial income	785	645

Transactions with shareholders	2022	2021
Net sales	6,424	6,494
Cost of materials and services	253,253	218,608
Other expenses	11	12

Transactions with other related parties	2022	2021
Net sales	41	35
Other expenses	157	102

Milk purchases from the main shareholder are included in cost of materials under transactions with shareholders. These are made at arm's length conditions. Emmi Group is jointly and severally liable within the scope of VAT group taxation for the associated liabilities of the Central Switzerland Milk Producers Cooperative (ZMP) and ZMP Invest AG.

Other transactions

The compensation paid to members of the Board of Directors and Group Management is disclosed in the Compensation report of Emmi AG.

27. Shareholders

Nominal capital	31.12.2022	%	31.12.2021	%
ZMP Invest AG, Lucerne ¹⁾	28,488	53.2	28,488	53.2
Zentralschweizer Käsermeister Genossenschaft, Sursee ¹⁾	2,150	4.0	2,150	4.0
MIBA Genossenschaft, Aesch (BL) ¹⁾	1,727	3.3	1,740	3.3
Other	21,133	39.5	21,120	39.5
Total	53,498	100.0	53,498	100.0

¹⁾ ZMP Invest AG, Lucerne, the Zentralschweizer Käsermeister Genossenschaft, Sursee, and the MIBA Genossenschaft, Aesch (BL), form a group in the sense of Article 121 FinMIA. The Group owns 60.5% (previous year: 60.5%) of the total voting rights.

As at 7 June 2016, Capital Group Companies Inc., Los Angeles, USA, informed us that it owned 268,500 registered shares of Emmi AG (5.019%). No further disclosure notifications have been made since.

As at 31 December 2022, Emmi Wohlfahrtsfonds (welfare fund) owned a total of 6,000 shares of Emmi AG (unchanged from previous year).

28. Risk management and internal controls

The Board of Directors of Emmi AG has the ultimate responsibility for risk management, while implementation is delegated to Group Management. Irrespective of the type of risk, there is a generally applicable risk management process. As part of a formal process, significant business risks are assessed in a first process step in workshops and individual interviews, and then analysed and evaluated according to the extent of the potential damage and their likelihood of occurrence. The second process step involves risk management and the creation of a list of measures per risk as well as risk reporting.

The Board of Directors of Emmi AG discussed and approved the risk assessment in the year under review. It monitors the implementation of the defined measures by Group Management. No exceptional risks that went beyond normal limits were identified during the assessment. The process is repeated annually. The following risks, among others, were identified as significant risks to the Emmi Group:

- Milk price difference internationally: The milk price difference between Switzerland and other countries continues to have a negative impact on the sales of domestically produced products both in Switzerland, as the volume of imported milk products increases, and abroad. Although full liberalisation of the Swiss milk market remains a long-term risk, this is absorbed through targeted and sustainable growth abroad. Any risks related to the international growth of the Emmi Group are minimised by strictly focusing on the strategy and its implementation.
- Inflation: Inflation rose in all markets relevant to the Emmi Group last year; in some particularly important markets, such as the USA or many European countries, it rose to a historically very high degree. Inflationary trends have made a major portion of Emmi's input costs significantly more expensive. This applies not only to various raw materials, but also to energy and logistics costs, for example. In addition, we had to acknowledge that wage costs have already risen significantly in many countries on the back of high inflation. If Emmi is unable to pass on the significant increase in costs to customers via higher sales prices, or if this is only achieved with a time lag, this could lead to a loss of margin.
- Energy risk: Energy price increases, the rationing of energy supplies and interrupted energy supplies of electricity, natural gas and oil pose a significant risk for some production sites. The risk of price increases for electricity, natural gas and crude oil has already materialised in part, significantly increasing energy costs. A risk of rationing exists for electricity, natural gas and oil, although it is not assumed that this could occur simultaneously for all three energy sources. There is a risk of a short-term interruption to energy supply for electricity and natural gas. This risk is

mitigated through strategic purchasing of energy sources, efficiency improvement measures, business continuity management and price increases.

- Currency risk: Currency movements represent a significant risk for the Emmi Group, which has a tendency to increase based on the continuing internationalisation of business activities. We aim to achieve natural hedges with purchases in foreign currencies. Furthermore, in line with the Emmi strategy, expenditure and production volumes in foreign currency zones are being increased through capital expenditures and acquisitions.
- Price pressure: National and international product tenders, as well as a potentially successful market launch of products made from milk alternatives, threaten in the medium term to result in price erosion, which could lead to a loss of margin mainly for generic products. If the prices of Emmi products remain stable in foreign currency, this may lead to a margin loss. If prices increase, market shares might be lost. However, the successfully established Emmi brands, including the ones in the milk alternatives segment, offer long-term value creation potential.
- Trade agreements: The drafting of trade agreements with countries in which Emmi operates presents both opportunities and risks for the company. Switzerland is currently engaged in various talks aimed at negotiating new trade agreements or renegotiating existing ones, but progress is slow. As a result, the Swiss dairy industry is increasingly falling behind its competitors – especially those from the European Union – on the international market in terms of market access conditions. Negotiations that are unfavourable for Emmi could potentially also lead to heavy import pressure in Switzerland. A suspension of the bilateral agreements with the European Union would make it harder for Swiss export products to gain access to the market (e.g. due to the reintroduction of customs duties on cheese), posing a considerable risk. With the growth and local anchoring of our foreign subsidiaries, this risk is becoming smaller in its effect.
- IT outages: With the growing continuity of processes and increasing penetration and standardisation of IT systems, the extent of damage caused by a potential outage increases. Shutdowns of entire plants can very quickly lead to high losses. With increasing investments in IT security, this risk is continuously analysed and mitigated; however, a residual risk remains.

The Emmi Group is exposed to various financial risks through its business activities, including credit, liquidity and other market risks. Credit risks are managed by means of continual monitoring of day-to-day business and appropriate risk assessment when closing a transaction. Liquidity risk is managed by means of central cash management, which ensures that the planned liquidity requirement is covered by corresponding financing agreements. Other market risks, such as currency and interest rate risks, are partially hedged using derivative instruments. The non-hedged portion is consciously borne as a risk. The currencies which are of particular relevance to the Emmi Group are the euro, the US dollar and the British pound.

To ensure that the consolidated financial statements comply with the applicable accounting standards and are reported accurately, the Emmi Group has set up effective internal control and management systems, which are reviewed regularly. Accounting and valuation include estimates and assumptions regarding the future. These are based on the knowledge possessed by the respective employees and are regularly examined with a critical eye. Where a financial position includes a major valuation uncertainty that could lead to a significant change in the carrying amount, this uncertainty is disclosed accordingly in the Notes. However, no risks that could lead to a significant correction to the company's assets, financial position or results of operations as reported in the annual accounts were identified as at the balance sheet date.

29. Subsequent events

From the balance sheet date until the consolidated financial statements were approved by the Board of Directors on 28 February 2023, no other major events occurred which could have adversely affected the validity of the consolidated financial statements for 2022 or which would have to be disclosed.

30. Summary of consolidated companies, associates and joint ventures

Consolidated companies	Head office	Currency	Capital in 000s 31.12.2022	Capital share 31.12.2022	Capital share 31.12.2021
Switzerland					
Emmi AG	Lucerne	CHF	53,498	100%	100%
Baumann Käse AG	Münchenbuchsee	CHF	100	100%	100%
Emmi Dessert International SA	Lugano	CHF	250	100%	100%
Emmi Finanz AG	Lucerne	CHF	100	100%	100%
Emmi International AG	Lucerne	CHF	5,000	100%	100%
Emmi Langnau AG	Langnau i.E.	CHF	3,000	100%	100%
Emmi Management AG	Lucerne	CHF	500	100%	100%
Emmi Schweiz AG	Lucerne	CHF	5,700	100%	100%
FDS Fromagerie de Saignelégier SA	Saignelégier	CHF	1,050	86%	86%
Fromco S.A. Moudon	Moudon	CHF	2,100	60%	60%
Käserei Studer AG	Hefenhofen	CHF	720	100%	100%
Lesa Lataria Engiadinaisa SA	Bever	CHF	2,000	80%	80%
Mittelland Molkerei AG	Suhr	CHF	20,000	100%	100%
Molkerei Biedermann AG	Bischofzell	CHF	1,010	100%	100%
MOPRO Luzern AG	Lucerne	CHF	120	100%	100%
Regio Molkerei beider Basel AG	Frenkendorf	CHF	3,000	80%	80%
Swissexport, Aktiengesellschaft					
Schweizerischer Käseexporteure	Berne	CHF	100	79%	79%
Spain					
Admilac Servicios Profesionales, S.L.	San Sebastian	EUR	3	73%	73%
Altamira Alimentaria, S.L.	Renedo	EUR	3	73%	73%
Kaiku Corporación Alimentaria, S.L.	San Sebastian	EUR	82,110	73%	73%
Kaiku Internacional, S.L.	San Sebastian	EUR	77,877	73%	73%
Kaiku Km0, S.L.	Bilbao	EUR	625	73%	73%
Lácteos de Navarra, S.L.	Pamplona	EUR	9,647	73%	73%
Lecherías de Madrid, S.L. ¹⁾	Madrid	EUR	3	29%	–
Llet Nostra Alimentaria, S.L.	Barcelona	EUR	2,764	33%	33%
SDA Bilbao, S.L.	Bilbao	EUR	3	73%	73%
SDA Catalunya	Barcelona	EUR	3	53%	53%
SDA Guipuzcoa, S.L.	Bilbao	EUR	3	73%	73%
Servicios Logísticos Jundiz, S.L.	Vitoria	EUR	102	73%	73%
Soc. Servicios Logísticos SDA Central, S.L.	Bilbao	EUR	3	73%	73%
Tecnología y Calidad Láctea, S.L.	San Sebastian	EUR	3	73%	73%

¹⁾ Lecherías de Madrid, S.L. was founded on 28 November 2022.

Consolidated companies	Head office	Currency	Capital in 000s 31.12.2022	Capital share 31.12.2022	Capital share 31.12.2021
Italy					
Emmi Dessert Italia S.p.A.	Milan	EUR	1,000	100%	100%
Emmi Holding Italia S.r.l.	Milan	EUR	1,714	100%	100%
Emmi Italia S.p.A.	Milan	EUR	500	100%	100%
Pasticceria Quadrifoglio S.r.l.	Piumazzo	EUR	104	100%	100%
Netherlands					
AVH dairy trade B.V. ²⁾	Heerhugowaard	EUR	18	100%	90%
Bettinehoeve B.V. ²⁾	Etten-Leur	EUR	18	100%	90%
Emmi Benelux B.V.	Tiel	EUR	525	100%	100%
Emmi Finance Netherlands B.V.	Tiel	EUR	p.m.	100%	100%
Emmi Javelin B.V. ³⁾	Tiel	EUR	–	–	100%
Goat Milk Powder B.V. ⁴⁾	Etten-Leur	EUR	1	100%	81%
Germany					
Emmi Deutschland GmbH	Essen	EUR	75	100%	100%
Gläserne Molkerei GmbH	Dechow	EUR	375	100%	100%
Gläserne Molkerei Münchehofe GmbH	Münchehofe	EUR	100	100%	100%
Hofmolkerei Münchehofe GmbH	Münchehofe	EUR	25	100%	100%
Molkerei Biedermann GmbH	Constance	EUR	25	100%	100%
France					
Distribution Frais Disfrais SAS	Avignon	EUR	192	100%	100%
EF Immo 84 SCI	Nice	EUR	270	100%	100%
Emmi France SAS	Nice	EUR	3,927	100%	100%
Ets Schoepfer SAS	Avignon	EUR	1,252	100%	100%
Austria					
Emmi Österreich GmbH	Nüziders	EUR	2,800	100%	100%
Hale GmbH ⁵⁾	Wartberg	EUR	18	83%	66%
Leeb Biomilch GmbH ⁵⁾	Wartberg	EUR	70	83%	66%
United Kingdom					
Emmi UK Limited	London	GBP	4,717	100%	100%
Tunisia					
Centrale Laitière de Mahdia, S.A.	Mahdia	TND	36,000	47%	47%
Société tunisienne d'engraissement des veaux S.A.R.L. in liquidation ⁸⁾	Mahdia	TND	140	47%	47%

²⁾ Emmi increased both of its stakes in AVH dairy trade B.V. and Bettinehoeve B.V. from 90% to 100% on 11 April 2022.

³⁾ Emmi Javelin B.V. was merged with Goat Milk Powder B.V. on 29 June 2022.

⁴⁾ Emmi increased its stake in Goat Milk Powder B.V. from 81% to 100% on 11 April 2022.

⁵⁾ Emmi increased both of its stakes in Hale GmbH and Leeb Biomilch GmbH from 66% to 83% on 26 April 2022.

Consolidated companies	Head office	Currency	Capital in 000s 31.12.2022	Capital share 31.12.2022	Capital share 31.12.2021
United States					
Bello LLC	Delaware	USD	6,948	88%	88%
Classe Foods LLC	Delaware	USD	p.m.	88%	88%
Cypress Grove Chèvre, Inc.	Arcata	USD	202	100%	100%
Emmental Cheese Corp.	Orangeburg	USD	6	100%	100%
Emmi Dessert Intermediate Holdings (USA) LLC	New York	USD	7,988	100%	100%
Emmi Dessert Participations (USA) Corp.	Delaware	USD	18,195	100%	100%
Emmi Dessert USA LLC	Delaware	USD	75,521	88%	88%
Emmi Equator RTD Coffee LLC ⁶⁾	Delaware	USD	p.m.	70%	–
Emmi Holding (USA), Inc.	Orangeburg	USD	1	100%	100%
Emmi Resume LLC	Delaware	USD	p.m.	100%	100%
Emmi Roth USA, Inc.	Monroe	USD	2	100%	100%
Emmi USA Inc.	Orangeburg	USD	800	100%	100%
Jackson-Mitchell, Inc.	Turlock	USD	27	100%	100%
Luce Foods LLC	New Jersey	USD	22,214	88%	88%
Luna Foods LLC	Delaware	USD	4,903	88%	88%
Redwood Hill Farm & Creamery, Inc.	Sebastopol	USD	835	100%	100%
Switzerland Cheese Marketing (USA) Inc.	Orangeburg	USD	1	79%	79%
Tomales Bay Foods, Inc.	Petaluma	USD	895	100%	100%
Vivi Foods LLC	New York	USD	11,411	88%	88%
Zingg + Co. Inc.	Orangeburg	USD	1	100%	100%
Mexico					
Alimentos Finos del Sureste, S.A. de C.V.	Cancun, Qroo	MXN	100	41%	41%
Comalca 2000, S.A. de C.V.	Cancun, Qroo	MXN	14,960	41%	41%
Comalca Gourmet, S.A. de C.V.	Cancun, Qroo	MXN	12,623	41%	41%
Distribuidora Internacional de Lacteos, S.A. de C.V.	Mexico City	MXN	50	38%	38%
Distribuidora Mexideli, S.A. de C.V.	Mexico City	MXN	100	51%	51%
Mexideli 2000 Holding S.A. de C.V.	Mexico City	MXN	101,759	51%	51%
Mexideli, S.A. de C.V.	Mexico City	MXN	68,350	51%	51%
Tecnologías Narcisco, S.A. de C.V.	Mexico City	MXN	60	51%	51%
Chile					
Chevrita S.p.A.	Santiago	CLP	676,077	38%	38%
Distribuidora de Alimentos Chile S.p.A.	Santiago	CLP	798,271	38%	38%
Eurolac Chile S.p.A.	Santiago	CLP	47,040,582	73%	73%
Surlat Corporación S.p.A.	Santiago	CLP	47,008,983	73%	73%
Surlat Industrial S.p.A.	Pitrufquen	CLP	31,310,389	38%	38%
Quillayes Peteroa S.p.A.	Santiago	CLP	12,222,584	38%	38%
Quillayes Surlat S.p.A.	Santiago	CLP	54,392,884	38%	38%
Quillayes Surlat Comercial S.p.A.	Santiago	CLP	7,934,483	38%	38%
Canada					
Emmi Canada Inc.	Saint-Hubert	CAD	19,150	100%	100%
Switzerland Cheese Marketing Inc.	Saint-Hubert	CAD	1	79%	79%
9314 – 8591 Québec Inc.	Saint-Hubert	CAD	3,137	100%	100%
Brazil					
Emmi do Brasil Holding Ltda.	Sao Paulo	BRL	825,000	100%	100%
Laticínios Porto Alegre Indústria e Comércio S.A.	Ponte Nova	BRL	463,312	70%	70%

⁶⁾ Emmi Equator RTD Coffee LLC was founded on 23 March 2022.

The percentage of voting rights controlled by the Emmi Group in the subsidiaries of Kaiku Corporacion Alimentaria, S.L. and the subsidiaries of Mexideli 2000 Holding S.A. de C.V. differs from the capital share since Emmi controls these subsidiaries through its control of the parent companies.

Associates and joint ventures	Head office	Currency	Capital in 000s 31.12.2022	Capital share 31.12.2022	Capital share 31.12.2021
Switzerland					
BO Butter GmbH	Berne	CHF	500	33%	33%
Cetra Holding SA	Mezzovico-Vira	CHF	250	34%	34%
FDC Fromagerie de Courgenay SA	Courgenay	CHF	990	25%	25%
Floralp Butter GmbH ¹⁾	Berne	CHF	125	33%	–
Sbrinz Käse GmbH	Sursee	CHF	180	24%	24%
Switzerland Cheese Marketing AG	Berne	CHF	290	23%	23%
Thurgauische Käse-Reifungs AG	Weinfelden	CHF	2,000	25%	25%
Spain					
Batiovo I.A.E.	Madrid	EUR	12	37%	37%
NaturAll BBVV-2018, S.L.	Corella	EUR	2,617	18%	18%
Serkolat Bide, S.L.	San Sebastian	EUR	8	37%	37%
Italy					
Ambrosi S.p.A.	Brescia	EUR	10,000	25%	25%
Sepa S.r.l.	Pieve Porto Morone	EUR	100	40%	40%
Germany					
Carl Fr. Scheer GmbH + Co. KG	Willstätt	EUR	500	25%	25%
Scheer Verwaltungs u. Beteiligungs GmbH	Willstätt	EUR	26	25%	25%
United States					
Big Red Cheese Company LLC	Monroe	USD	p.m.	50%	50%
EB Snacks LLC	Delaware	USD	2	50%	50%
Emmi Meister LLC	Fitchburg	USD	2	50%	50%
Kindred Creamery LLC	Fitchburg	USD	1	30%	30%

¹⁾ Floralp Butter GmbH was founded on 21 December 2022.

Auditors' Report



Statutory Auditor's Report

To the General Meeting of Emmi AG, Lucerne

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emmi AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 82 to 119) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

REVENUE RECOGNITION FROM SALES OF PRODUCTS

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.



REVENUE RECOGNITION FROM SALES OF PRODUCTS

Key Audit Matter

Consolidated net revenue from sales of products amount to CHF 4,199 million in the financial year 2022.

Revenue from the sale of products is recognised in the income statement when the risks and rewards as well as the title over the goods are transferred to the buyer, generally upon shipment. Net sales are reported net of credit notes and sales deductions.

Net sales form an important basis for assessing the course of business and the performance of the group and are therefore in the focus of internal and external stakeholders.

The fact that different delivery times, contractual terms and Incoterms have to be considered when determining the correct time for recognising revenue leads to an increased audit risk.

In addition, there is a risk of management overriding controls to achieve planned results.

Accordingly, we focused our audit in this area on the existence of revenue transactions and their recognition in the correct period.

Based on these considerations, we determined revenue recognition to be a key audit matter.

Our response

As part of our audit, we assessed the appropriateness of the accounting policies used for recognising revenue and specifically, regarding the recognition in the correct accounting period.

We obtained an understanding of the revenue recognition process from order to receipt of payment and, based on this, critically assessed whether the transactions are completely and accurately recognised in the consolidated financial statements.

For the identified key controls in the area of revenue recognition, we assessed the existence (design and implementation) of the relevant controls and tested their operating effectiveness on a sample basis.

Our procedures included, amongst others, the following audit procedures:

- On a sample basis, we reconciled sales transactions before and after the balance sheet date with delivery notes and customer contracts. Based on this, we verified the transfer of title to the buyer and thus the recording in the correct reporting period in accordance with the agreed terms.
- On a sample basis, we reconciled the accounts receivables balances as at the balance sheet date with third party confirmations or, alternatively, with delivery documents, invoices and/or incoming payments.
- For selected companies, we have verified the existence and accuracy of sales transactions by using data analytics.
- On a sample basis, we examined credit notes issued after year-end and payments received.
- In addition, we performed analytical procedures at Group level as well as at company level for selected entities. These included, among other things, analyses of the developments of sales and margins.

In addition to the audit procedures described above, we assessed the risk of management overriding controls by analysing manual journal entries in sales accounts.

For further information on revenue recognition refer to the following:

- Principles of valuation, pages 89 to 93
- Segment reporting, pages 94 to 95



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 Remuneration Report, the consolidated financial statements, the financial statements 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 Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 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 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 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

A handwritten signature in black ink, appearing to read 'FR-11', written over a light blue rectangular background.

François Rouiller
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'MO', written over a light blue rectangular background.

Manuel Odoni
Licensed Audit Expert

Lucerne, 28 February 2023

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Income statement

in CHF 000s

	Notes	2022	2021
Income from investments	2.1	125,710	123,767
Other financial income	2.2	16,158	9,582
Other operating income		7,338	6,975
Total income		149,206	140,324
Financial expenses	2.3	-15,605	-8,575
Personnel expenses		-1,422	-1,381
Other operating expenses		-7,169	-7,310
Direct taxes		-254	9
Total expenses		-24,450	-17,257
Net profit		124,756	123,067

Balance sheet

in CHF 000s

Assets	Notes	31.12.2022	%	31.12.2021	%
Cash and cash equivalents		4,530		5,057	
Other current receivables from third parties		70		43	
Other current receivables from companies in which the entity holds an investment		104,521		185,351	
Prepayments and accrued income		857		640	
Current assets		109,978	7.1	191,091	13.0
Loans to companies in which the entity holds an investment		128,011		31,127	
Investments in subsidiaries and associates	2.4	1,309,064		1,250,138	
Financial assets		1,437,075		1,281,265	
Prepayments and accrued income		112		18	
Non-current assets		1,437,187	92.9	1,281,283	87.0
Total assets		1,547,165	100.0	1,472,374	100.0
Liabilities and shareholders' equity					
Current interest-bearing debts due to third parties		–		72,629	
Other current payables to third parties		300		199	
Accrued liabilities and deferred income		1,803		1,227	
Provisions		62		62	
Current liabilities		2,165	0.1	74,117	5.0
Non-current interest-bearing debts due to third parties		128,011		31,127	
Provisions		648		648	
Non-current liabilities		128,659	8.3	31,775	2.2
Liabilities		130,824	8.4	105,892	7.2
Share capital	2.5	53,498		53,498	
Legal capital reserves					
– Reserves from capital contributions	2.6	8,294		8,294	
Legal retained earnings		2,886		2,886	
Voluntary retained earnings					
– Free reserves		1,225,000		1,175,000	
– Available earnings					
– Profit brought forward		1,907		3,737	
– Net profit		124,756		123,067	
Shareholders' equity		1,416,341	91.6	1,366,482	92.8
Total liabilities and shareholders' equity		1,547,165	100.0	1,472,374	100.0

Statement of changes in equity

in CHF 000s

	Share capital	Legal capital reserves	Legal retained earnings	Free reserves	Available earnings	Total
Shareholders' equity at 1 January 2019	53,498	13,644	2,886	1,065,000	89,457	1,224,495
Allocation	–	–	–	40,000	-40,000	–
Dividend	–	-5,350	–	–	-42,798	-48,148
Net profit for the year	–	–	–	–	99,766	99,766
Shareholders' equity at 31 December 2019	53,498	8,294	2,886	1,105,000	106,435	1,276,113
Allocation	–	–	–	40,000	-40,000	–
Dividend	–	–	–	–	-64,198	-64,198
Net profit for the year	–	–	–	–	101,048	101,048
Shareholders' equity at 31 December 2020	53,498	8,294	2,886	1,145,000	103,285	1,312,963
Allocation	–	–	–	30,000	-30,000	–
Dividend	–	–	–	–	-69,548	-69,548
Net profit for the year	–	–	–	–	123,067	123,067
Shareholders' equity at 31 December 2021	53,498	8,294	2,886	1,175,000	126,804	1,366,482
Allocation	–	–	–	50,000	-50,000	–
Dividend	–	–	–	–	-74,897	-74,897
Net profit for the year	–	–	–	–	124,756	124,756
Shareholders' equity at 31 December 2022	53,498	8,294	2,886	1,225,000	126,663	1,416,341

Notes to the financial statements

in CHF 000s

1. Principles

1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code Obligations).

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 Securities listed on a stock exchange

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

1.3 Financial assets

Financial assets include long-term loans and investments. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealised losses are recorded but unrealised profits are not recognised (impairity principle).

1.4 Non-current interest-bearing debts

Interest-bearing debts are recognised in the balance sheet at nominal value.

1.5 Foregoing a cash flow statement and additional disclosures in the Notes

As Emmi AG has prepared its consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), it was decided not to present additional information on interest-bearing liabilities and audit fees in the Notes as well as a cash flow statement, in accordance with the law.

2. Information on balance sheet and income statement items

2.1 Income from investments

This position includes dividend income from investments.

2.2 Other financial income

Other financial income mainly comprises foreign currency gains and interest income on loans granted to companies in which the entity holds an investment.

2.3 Financial expenses

Financial expenses mainly comprise foreign currency losses and interest expenses.

2.4 Investments

	Currency	Capital in 000s 31.12.2022	Capital share 31.12.2022	Capital share 31.12.2021
Switzerland				
Baumann Käse AG, Münchenbuchsee	CHF	100	100%	100%
Cetra Holding SA, Mezzovico-Vira	CHF	250	34%	34%
Emmi Finanz AG, Lucerne	CHF	100	100%	100%
Emmi International AG, Lucerne	CHF	5,000	100%	100%
Emmi Langnau AG, Langnau i.E.	CHF	3,000	100%	100%
Emmi Management AG, Lucerne	CHF	500	100%	100%
Emmi Schweiz AG, Lucerne	CHF	5,700	100%	100%
Fromco S.A. Moudon, Moudon	CHF	2,100	60%	60%
Käserei Studer AG, Hefenhofen	CHF	720	100%	100%
Mittelland Molkerei AG, Suhr	CHF	20,000	100%	100%
Molkerei Biedermann AG, Bischofszell	CHF	1,010	100%	100%
MOPRO Luzern AG, Lucerne	CHF	120	100%	100%
Switzerland Cheese Marketing AG, Berne	CHF	290	23%	23%
Austria				
Hale GmbH, Wartberg ¹⁾	EUR	18	83%	66%
Leeb Biomilch GmbH, Wartberg ¹⁾	EUR	70	83%	66%
Germany				
Emmi Deutschland GmbH, Essen	EUR	75	100%	100%
Italy				
Emmi Holding Italia S.r.l., Milan	EUR	1,714	70%	70%
Netherlands				
Emmi Finance Netherlands B.V., Tiel	EUR	p.m.	100%	100%
Spain				
Kaiku Corporación Alimentaria, S.L., San Sebastián	EUR	82,110	73%	73%
United Kingdom				
Emmi UK Limited, London	GBP	4,717	100%	100%
Canada				
Emmi Canada Inc., Saint-Hubert	CAD	19,150	100%	100%
United States				
Emmi Holding (USA), Inc., Orangeburg	USD	1	100%	100%

¹⁾ Emmi increased both of its stakes in Hale GmbH and Leeb Biomilch GmbH from 66% to 83% on 26 April 2022.

The above-mentioned investments are directly held by Emmi AG. Investments which are indirectly held by Emmi AG are mentioned in note 30 of the consolidated financial statements.

2.5 Share capital and significant shareholders

The share capital of KCHF 53,498 as at 31 December 2022 consists of 5,349,810 registered shares with a nominal value of CHF 10 (unchanged from previous year).

1,036,844 shares or 19.4% were not registered as at 31 December 2022 (previous year: 1,072,536 shares were not registered or 20.0%).

The following significant shareholders with more than three percent of voting rights are known to the company:

Nominal capital	31.12.2022	%	31.12.2021	%
ZMP Invest AG, Lucerne ¹⁾	28,488	53.2	28,488	53.2
Zentralschweizer Käsermeister Genossenschaft, Sursee ¹⁾	2,150	4.0	2,150	4.0
MIBA Genossenschaft, Aesch (BL) ¹⁾	1,727	3.3	1,740	3.3
Other	21,133	39.5	21,120	39.5
Total	53,498	100.0	53,498	100.0

¹⁾ ZMP Invest AG, Lucerne, the Zentralschweizer Käsermeister Genossenschaft, Sursee, and the MIBA Genossenschaft, Aesch (BL), form a Group in the sense of Article 121 FinMIA. The Group owns 60.5% (previous year: 60.5%) of the total voting rights.

As at 7 June 2016, Capital Group Companies Inc., Los Angeles, USA, informed us that it owned 268,500 registered shares of Emmi AG (5.019%). No further disclosure notifications have been made since.

As at 31 December 2022, Emmi Wohlfahrtsfonds (welfare fund) owned a total of 6,000 shares of Emmi AG (unchanged from previous year).

2.6 Capital contribution reserve

	31.12.2022	31.12.2021
Confirmed by the tax authorities	2,522	2,522
Not confirmed by the tax authorities	5,772	5,772
Total	8,294	8,294

The capital contribution reserve results from capital contribution payments above the nominal amount during past years.

3. Other disclosures

3.1 Full-time equivalents

In the year under review and in the previous year, Emmi AG employed fewer than 10 employees on average.

3.2 Collateral provided for liabilities of third parties

	31.12.2022	31.12.2021
Guarantees and joint liability for loans of Group companies	713,939	660,748
Of which used by Group companies	508,681	508,954
Other guarantees for Group companies	1,339	1,200

3.3 Contingent liabilities

Emmi AG is jointly and severally liable for the VAT liabilities of the other Swiss-domiciled Emmi companies and of the Central Switzerland Milk Producers Cooperative (ZMP) and ZMP Invest AG.

3.4 Net release of hidden reserves

No hidden reserves were released in the year under review or in the previous year.

3.5 Participations of members of the Board of Directors, the Council and Group Management

As at 31 December 2022, individual members of the Board of Directors, the Agricultural Council and Group Management (including affiliated persons) held the following number of shares in the company:

	No. of shares 31.12.2022	No. of shares 31.12.2021
Board of Directors		
Konrad Graber, Chairman	960	960
Thomas Grüter, Member (since 15.4.2021), Vice-Chairman (since 1.7.2022)	-	-
Monique Bourquin, Member	-	-
Dominik Bürgy, Member	-	-
Christina Johansson, Member	-	-
Hubert Muff, Member (since 7.4.2022)	-	n/a
Thomas Oehen-Bühlmann, Vice-Chairman (until 7.4.2022)	n/a	615
Alexandra Post Quillet, Member	-	-
Franz Steiger, Member (until 7.4.2022)	n/a	400
Diana Strebel, Member	-	-
Werner Weiss, Member (since 7.4.2022)	58	n/a
Agricultural Council		
Pirmin Furrer	-	-
Stephan Hagenbuch	50	50
Peter Hegglin	-	-
Andreas Hitz (until 30.6.2022)	n/a	50
Sabrina Schleger (since 1.7.2022)	-	n/a
René Schwager	-	-
Group Management		
Urs Riedener, CEO	-	-
Marc Heim, Deputy CEO	150	150
Robin Barraclough, Member	20	20
Ricarda Demarmels, Member	-	-
Kai Könecke, Member	-	-
Matthias Kunz, Member (until 31.12.2021)	n/a	27
Jonas Leu, Member (since 1.1.2022)	-	n/a
Thomas Morf, Member	-	-
Natalie Rüedi, Member	-	-

The members of the Board of Directors, the Agricultural Council and the Group Management own a total of 1,238 shares (previous year: 2,272 shares) and thus hold 0.02% of the voting rights.

3.6 Significant events after the balance sheet date

From the balance sheet date until the financial statements were approved by the Board of Directors on 28 February 2023, no other major events occurred which could have adversely affected the validity of the financial statements for 2022 or which would have to be disclosed.

Proposed appropriation of available earnings

in CHF 000s

Available earnings	31.12.2022	31.12.2021
Retained earnings carried forward	1,907	3,737
Net profit	124,756	123,067
Available for distribution by the General Meeting	126,663	126,804

Appropriation of available earnings

The Board of Directors proposes that the General Meeting approve the distribution of a dividend of CHF 14.50 (previous year: CHF 14.00) gross per registered share for the 2022 financial year, to be paid out of retained earnings (subject to withholding tax).

Earnings available for distribution by the General Meeting	126,663	126,804
Dividend	-77,572	-74,897
Allocation to free reserves	-45,000	-50,000
Carried forward to new account	4,091	1,907
Total distribution	77,572	74,897
Of which from other available earnings	-77,572	-74,897

Auditors' report



Statutory Auditor's Report

To the General Meeting of Emmi AG, Lucerne

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Emmi AG (the Company), which comprise the balance sheet as at 31 December 2022, 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 128 to 136) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and 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

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the 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.



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

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Manuel Odoni
Licensed Audit Expert

Lucerne, 28 February 2023

Share information of Emmi AG

Stock exchange information		2022	2021	2020	2019	2018
Share price at 31.12.	in CHF	783.00	1,076.00	911.50	842.50	681.50
Year's high (end-of-day position)	in CHF	1,138.00	1,101.00	949.50	967.50	868.00
Year's low (end-of-day position)	in CHF	737.00	896.50	732.50	680.00	671.00
Market capitalisation at 31.12.	in CHF million	4,189	5,756	4,876	4,507	3,646
Average trading volume	Units	3,643	3,086	5,454	5,693	4,842

Key share data						
Earnings per share	in CHF	34.12	40.51	35.21	36.45	48.79
Adjusted earnings per share	in CHF	36.31	40.51	37.86	36.45	38.16
Shareholders' equity per share	in CHF	218.58	202.07	210.67	225.58	221.44
Return on shareholders' equity ¹⁾	in %	-25.93	19.47	9.61	24.94	-1.43
Distribution	in CHF	14.50	14.00	13.00	12.00	9.00
Distribution rate ²⁾	in %	42.49	34.56	36.92	32.92	18.45
Adjusted distribution rate ³⁾	in %	39.93	34.56	34.34	32.92	23.58
Dividend return ⁴⁾	in %	1.85	1.30	1.43	1.42	1.32

1) (Share price gain per share + distribution per share)/share price at the beginning of the year

2) Distribution per share/earnings per share

3) Distribution per share/adjusted earnings per share

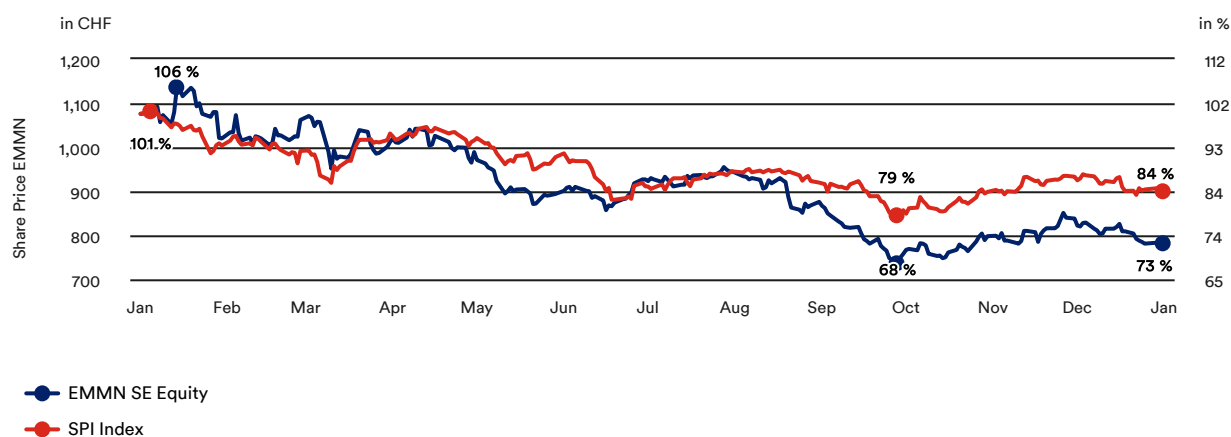
4) Distribution per share/year-end closing price

Capital structure at 31.12.

Share capital	CHF 000s	53,498	53,498	53,498	53,498	53,498
divided into number of registered shares	Units	5,349,810	5,349,810	5,349,810	5,349,810	5,349,810
Par value per registered share	in CHF	10	10	10	10	10

Share ranking for dividends	All
Voting rights	All registered shareholders have full voting rights
Securities number	1.282.989
ISIN code	CH0012829898
Ticker	EMMN
Common code	20,592,664
Traded	in the SIX Local Caps segment on the SIX Swiss Exchange
Index inclusion	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index

Share price 2022



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Potential risks and uncertainties include such factors as general economic conditions, foreign exchange and commodity price fluctuations, competitive product and pricing pressures, regulatory developments and IT failure risks.

Emmi is providing the information in this report as of the dates specified and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.



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